

**Form ADV Part 2A: Firm Brochure**

**Item 1 – Cover Page**

**Lincoln Sparrow Advisors, LLC**

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Date of Disclosure Brochure: March 2023

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This disclosure brochure provides information about the qualifications and business practices of Lincoln Sparrow Advisors, LLC (also referred to as we, us and Lincoln Sparrow Advisors, LLC throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Joshua Heims at (716) 650-7180 or [jheims@lincolnsparrow.com](mailto:jheims@lincolnsparrow.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Lincoln Sparrow Advisors, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Lincoln Sparrow Advisors, LLC or our firm's CRD number 167632.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

In the last year we have made no material changes to this brochure. Since our last annual brochure submitted March 2022, we have updated Item 4 to reflect our firm's assets under management as of December 31<sup>st</sup>, 2022.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31<sup>st</sup>, so you will receive the summary of material changes no later than April 30<sup>th</sup> each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### **Item 4 – Advisory Business**

Lincoln Sparrow Advisors, LLC is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of New York.

- Joshua Heims is the Chief Compliance Officer (CCO) and Managing Member of Lincoln Sparrow Advisors, LLC. Joshua Heims owns 100% of Lincoln Sparrow Advisors, LLC.
- Lincoln Sparrow Advisors, LLC filed its initial application to become registered as an investment adviser in May 2013.

#### **Introduction**

The investment advisory services of Lincoln Sparrow Advisors, LLC are provided to you through an individual who is an investment adviser representative of Lincoln Sparrow Advisors, LLC (referred to as your investment adviser representative throughout this brochure).

#### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Lincoln Sparrow Advisors, LLC. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Lincoln Sparrow Advisors, LLC before we can provide you the services described below.

**Asset Management Services** – Lincoln Sparrow Advisors, LLC offers asset management services, which involves Lincoln Sparrow Advisors, LLC providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to

you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **VISION2020 WEALTH MANAGEMENT PLATFORM – ADVISOR MANAGED PORTFOLIOS**

The Wealth Management Platform – Advisor Managed Portfolios Program (“Advisor Managed Portfolios”) provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC (“Pershing”) or, on a limited basis National Financial Services, Inc. (“NFS”).

Advisor Managed Portfolios provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on your responses to a risk tolerance questionnaire (“Questionnaire”) and discussions that we have together regarding, among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct a portfolio of investments for you. Your Advisory Representative has the option to allocate your portfolio amongst a mix of stocks, bonds, options, exchange-traded funds, mutual funds and other securities (“Program Investments”) which are based on your investment goals, objectives, and risk tolerance.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

**Financial Planning & Consulting Services** - Lincoln Sparrow Advisors, LLC offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics: Investment Planning, Retirement Planning, Insurance Planning, Tax Planning, Education Planning, Portfolios Review, and Asset Allocation. When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. We also provide modular written financial plans which only cover those specific areas of concern mutually agreed upon by you and us. A modular written financial plan is limited or segmented and does not involve the creation of a full written financial plan. You should be aware that there are important issues that may not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a modular written financial plan. Written financial plans prepared by us do not include specific recommendations of individual securities.

We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan or in connection with your written plan. We also offer “as-needed” consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an “as-needed” consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through Lincoln Sparrow Advisors, LLC or retain Lincoln Sparrow Advisors, LLC to actively monitor and manage your investments, you must execute a separate written agreement with Lincoln Sparrow Advisors, LLC for our asset management services.

### **Limits Advice to Certain Types of Investments**

Lincoln Sparrow Advisors, LLC provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-Listed Equities
- Securities Traded Over-the-Counter
- Corporate Debt Securities
- Municipal Securities
- US Government Securities

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

Lincoln Sparrow Advisors, LLC's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Our financial planning and consulting services are always provided based on your individual needs. When providing financial planning and consulting services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When managing client accounts through our firm's Asset Management Services program, we may manage a client's account in accordance with one or more investment models. When client accounts are

managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates. Our models and, therefore, managed accounts are generally comprised of mutual funds. We may occasionally select ETFs and individual stock positions as well.

**Client Assets Managed by Lincoln Sparrow Advisors, LLC**

As of December 31st, 2022, Lincoln Sparrow Advisors, LLC has \$39,374,739 assets under management to report. The entire amount is managed on a discretionary basis.

**Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Lincoln Sparrow Advisors, LLC.

**Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a monthly basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the Account when services commence and is due immediately and will be deducted from Account when services commence.

The asset management services continue in effect until terminated. You may terminate the services by providing Lincoln Sparrow Advisors, LLC with notice. Lincoln Sparrow Advisors, LLC may terminate the services by providing you with written notice effective 30 days after you receive the written notice. Any prepaid, unearned fees will be promptly refunded by Lincoln Sparrow Advisors, LLC to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Fees charged for our asset management services are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

The annual fee for asset management services will be between 1.00% and 2.50%

Lincoln Sparrow Advisors, LLC believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

You can choose how to pay your investment advisory fees. The investment advisory fees can be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account or you can pay our firm upon receipt of a billing notice sent directly to you.

If you choose to have the investment advisory fees deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to Lincoln Sparrow Advisors, LLC.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

If you choose to pay the fees after receiving a statement, fees are due upon your receipt of a billing notice sent directly to you. The billing notice will detail the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm will be due immediately after your receipt of the billing notice.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Lincoln Sparrow Advisors, LLC does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Lincoln Sparrow Advisors, LLC in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Lincoln Sparrow Advisors, LLC are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

## **VISION2020 WEALTH MANAGEMENT PLATFORM – ADVISOR MANAGED PORTFOLIOS PROGRAM**

We offer Advisor Managed Portfolios as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account"). In a Wrap Account, the wrap fee can be set-up so that either the Firm or the Advisory Representative pays the underlying ticket charges for securities transactions. In cases where the Advisory Representative pays the ticket charges, the Advisory Representative may be incentivized to trade less frequently which results in the Advisory Representative retaining a greater portion of the wrap fee. The Firm has policies and procedures to monitor and reduce the risk of this occurring.

We also offer Advisor Managed Portfolios with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described below for advisory services, you may also pay separate per-trade transaction charges.

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your participation in this program, you will be entitled to a pro rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after the date upon which the notice of termination is received.



Each of our Advisory Representatives negotiates his or her own account fee schedule.

Mutual funds and ETFs invested in the account have their own internal fees which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus).

Some Fund fees include 12b-1 fees which are internal distribution fees assessed by the Fund, all or a portion of which are paid to the distributor(s) of the Funds. The Firm and your Advisory Representative do not retain 12b-1 fees paid by Funds.

In certain instances, you may be eligible to purchase certain mutual funds and exchange-traded funds without incurring transaction charges subject to certain conditions. For details, please refer to Item 4 (No Transaction Fee Programs) of the Advisor Managed Portfolios wrap fee brochure. If your assets are held in a certain type of Wrap

Account, an incentive may exist for your Advisory Representative to purchase mutual funds or exchange-traded funds that are part of the No Transaction Fee Programs to avoid paying a transaction fee.

For complete fee details, including account fee schedule guidelines and a list of transaction charges, please see the Advisor Managed Portfolios Wrap Fee Program Brochure.

### **Financial Planning & Consulting Services**

Fees charged for our financial planning and consulting services are negotiable based upon the type of client, the services requested, the complexity of the client's situation and the relationship of the client and the investment adviser representative. The following are the fee arrangements available for financial planning and consulting services offered by Lincoln Sparrow Advisors, LLC.

Lincoln Sparrow Advisors, LLC provides financial planning and consulting services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for consulting services under this arrangement. There is a range in the amount of the fixed fee charged by Lincoln Sparrow Advisors, LLC for consulting services. The minimum fixed fee for consulting services will be \$500, and maximum fixed fee for consulting services will be generally no more than \$5,000. The fixed fee will cover a one-year period.

The amount of the fixed fee for your engagement is specified in your consulting agreement with Lincoln Sparrow Advisors, LLC. You are required to pay in advance 100% of the fixed fee at the time you when the initial advice and meetings are completed and upon receipt of an invoice. At no time will Lincoln Sparrow Advisors, LLC require payment of more than \$1,200 in fees more than six months in advance. The fixed fee will be considered earned by Lincoln Sparrow Advisors, LLC upon completion of the initial set of consultations and presentment of the invoice. However, additional meetings are provided during the one-year period. Such meetings are not required, but are covered under the fixed fee. There is no refund or rebate to the fixed fee if you choose not to utilize additional meetings.

You may terminate the "as-needed" consulting services upon providing Lincoln Sparrow Advisors, LLC with notice. Lincoln Sparrow Advisors, LLC may terminate the "as-needed" consulting services upon providing you with notice effective upon 30 days after you receive the notice.

If you terminate the consulting services after entering into an agreement with Lincoln Sparrow Advisors, LLC, you will be responsible for immediate payment of any consulting work performed by Lincoln Sparrow

Advisors, LLC prior to the receipt by Lincoln Sparrow Advisors, LLC of your notice of termination. For consulting services performed by Lincoln Sparrow Advisors, LLC under a fixed fee arrangement, you will pay Lincoln Sparrow Advisors, LLC a pro-rated fixed fee equivalent to the percentage of work completed by Lincoln Sparrow Advisors, LLC as determined by Lincoln Sparrow Advisors, LLC. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Lincoln Sparrow Advisors, LLC to you.

You may pay the investment advisory fees owed for the financial planning services by submitting payment directly by check.

You should notify Lincoln Sparrow Advisors, LLC within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

All fees paid to Lincoln Sparrow Advisors, LLC for advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

All fees paid to Lincoln Sparrow Advisors, LLC for financial planning and consulting services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

It should be noted that lower fees for comparable services may be available from other sources.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

#### **Item 7 – Types of Clients**

Lincoln Sparrow Advisors, LLC generally provides investment advice to the following types of clients:

- Individuals including high net worth individuals
- Trusts, estates, and charitable organizations
- Corporations and other business entities

You are required to execute a written agreement with Lincoln Sparrow Advisors, LLC specifying the particular advisory services in order to establish a client arrangement with Lincoln Sparrow Advisors, LLC.

#### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by Lincoln Sparrow Advisors, LLC. However, all clients are required to execute an agreement for services in order to establish a client arrangement with Lincoln Sparrow Advisors, LLC.

The minimum fixed fee generally charged for financial planning and consulting services on a fixed fee basis is \$500.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

Lincoln Sparrow Advisors, LLC uses Fundamental analysis in formulating investment advice. Fundamental analysis is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

### **Investment Strategies**

If you engage us to provide Asset Management Services, we will recommend that you invest in accordance with one or more of our mutual fund portfolios. We may also hold ETFs and equity positions to compliment or supplement mutual fund holdings. We research mutual funds to determine which mutual funds should be on our list of “Best in Breed Money Managers.”

The first step we take in determining our list of “Best in Breed Money Managers” is to establish the asset allocations of each of the portfolios. We use widely recognized broad asset allocations which are: income, conservative, moderate, moderate aggressive and aggressive. More generally, speaking we utilize the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases. Investments held at least a year.
- Short term purchases. Investments sold within a year.
- Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

After determining the broad asset classes, we next determine the more detailed allocations using categories from large cap growth and value to international real estate. In most cases, we use at least eight sub-asset classes in each portfolio. We then break down the enormous world of mutual funds into these

sub-asset classes. By doing so we are able to compare managers' styles and performance to other managers who are buying the same types of stocks. By following these specific research procedures we are able to identify our "Best in Breed Money Managers."

We re-evaluate mutual funds on a monthly basis in order to determine whether changes are needed. If we are concerned about the performance of one of the investments, the investment will be placed on probation and tracked on a weekly basis. If we determine that the investment is solidly performing, then the investment will likely stay on our list of approved investments. If we determine that the under-performance is due to a manager change, a shift in investment policy or just poor selection, the mutual fund or investment will be replaced.

The last step in our approach is re-balancing. We rebalance accounts invested in accordance with a particular portfolio on a bi-annual basis.

### **Do Not Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock

equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- **Company Risk.** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk.** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

### **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Lincoln Sparrow Advisors, LLC is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, accounting firm, a banking or thrift institution, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

#### **Registered Representative of a Broker-Dealer**

Our representatives are also registered representatives of SagePoint Financial, Inc., a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of SagePoint Financial, Inc. When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions

creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use SagePoint Financial, Inc. and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use SagePoint Financial, Inc. Prior to effecting any such transactions, you are required to enter into a new account agreement with SagePoint Financial, Inc. The commissions charged by SagePoint Financial, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

#### **Insurance Agent**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of Lincoln Sparrow Advisors, LLC by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

#### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Lincoln Sparrow Advisors, LLC has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. Lincoln Sparrow Advisors, LLC requires its supervised persons to consistently act in your best interest in all advisory activities. Lincoln Sparrow Advisors, LLC imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Lincoln Sparrow Advisors, LLC. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Lincoln Sparrow Advisors, LLC or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Lincoln Sparrow Advisors, LLC that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. Lincoln Sparrow Advisors, LLC and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Lincoln Sparrow Advisors, LLC.

Any associated person not observing our policies is subject to sanctions up to and including termination.

### **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Lincoln Sparrow Advisors, LLC. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

### **Brokerage Recommendations**

If you elect to utilize our management services, we recommend that you establish a brokerage account at Pershing LLC (PL). PL provides Lincoln Sparrow Advisors, LLC with access to their institutional trading and custody services, which are typically not available to retail investors. The services from PL include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

PL also makes available to Lincoln Sparrow Advisors, LLC other products and services that we benefit from but may not benefit your accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. PL also makes available other services intended to help us manage and further develop our business.

These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing.

In addition, PL may make available, arrange and/or pay for these types of services rendered to Lincoln Sparrow Advisors, LLC by independent third-parties providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our requirement that you maintain your assets in accounts at PL may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by PL. This creates a potential conflict of interest.

### **Directed Brokerage**

Clients are allowed to select the broker-dealer that will be used for their accounts. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Lincoln Sparrow Advisors, LLC after effecting trades for other clients of Lincoln Sparrow Advisors, LLC. In the event that a client directs Lincoln Sparrow Advisors, LLC to use a particular broker or dealer, Lincoln Sparrow Advisors, LLC may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges



may exist between the commissions charged to clients who direct Lincoln Sparrow Advisors, LLC to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

#### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer. Lincoln Sparrow Advisors, LLC does not have a soft dollar agreement with a broker-dealer or a third-party.

#### **Block Trading Policy**

Investment advisors may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. Lincoln Sparrow Advisors, LLC does not engage in block trading.

It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or “block” client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

Managed accounts are reviewed at least bi-annually with underlying investments reviewed on a more frequent basis. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Joshua Heims and Alan Gnoinski and any other Investment Advisor Representatives that may be affiliated with Lincoln Sparrow, with reviews performed in accordance with your investment goals and objectives.

Our financial planning and consulting services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

#### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Lincoln Sparrow Advisors, LLC.

### **Item 14 – Client Referrals and Other Compensation**

Lincoln Sparrow Advisors, LLC has arrangements with unaffiliated financial professionals and other outside solicitors (Referring Parties) to refer clients to Lincoln Sparrow Advisors, LLC. If a referred client enters into an investment advisory agreement with Lincoln Sparrow Advisors, LLC, a referral fee is paid to

the Referring Party, which is based upon a percentage of the client advisory fees that are generated. The referral agreements between any referring party and Lincoln Sparrow Advisors, LLC will not result in any charges to clients in addition to the normal level of advisory fees charged.

When a client is referred to us by a referring party, the referring party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also will complete a Solicitor's Disclosure Statement document. If the referring party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Disclosure Brochure.

Referral agreements between Lincoln Sparrow Advisors, LLC and Referring Parties are in compliance with state and federal securities rules regarding paid solicitor arrangements.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Lincoln Sparrow Advisors, LLC is deemed to have custody of client funds and securities whenever Lincoln Sparrow Advisors, LLC is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Lincoln Sparrow Advisors, LLC will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Lincoln Sparrow Advisors, LLC is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Lincoln Sparrow Advisors, LLC. When clients have questions about their account statements, they should contact Lincoln Sparrow Advisors, LLC or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

When providing asset management services, Lincoln Sparrow Advisors, LLC maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is the policy of Lincoln Sparrow Advisors, LLC to consult with you prior to making significant changes in the account even when discretionary trading authority is granted.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Lincoln Sparrow Advisors, LLC so long as the limitations are specifically set forth or included as an attachment to the client agreement.

#### **Item 17 – Voting Client Securities**

Lincoln Sparrow Advisors, LLC does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

#### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. Lincoln Sparrow Advisors, LLC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Lincoln Sparrow Advisors, LLC has not been the subject of a bankruptcy petition at any time.

#### **Customer Privacy Policy Notice**

The information contained in this section will also be disclosed in Lincoln Sparrow Advisors, LLC's Privacy Policy Statement. This statement will be provided to all clients in accordance with the rules and regulations of the *Gramm-Leach-Bliley Act of 1999*.

As a registered investment advisor, Lincoln Sparrow Advisors, LLC and its investment adviser representatives will gather and develop personal information regarding our clients. This information will be gathered and developed by us for the following purposes:

1. To determine the client's financial goals and objectives
2. To determine the level of advisory services needed and desired by the client
3. To provide the client with specific recommendations regarding advisory services
4. To provide the client with specific recommendations regarding financial products
5. To provide ongoing support and recommendations regarding financial products held in the client's account

Client information that Lincoln Sparrow Advisors, LLC will collect may include, but not be limited to the following:

- Information received from clients on financial inventories through consultations with its representatives. This information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the clients' financial conditions and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about clients' financial products and services transactions with Lincoln Sparrow Advisors, LLC

When a client account is closed, Lincoln Sparrow Advisors, LLC will continue to keep all client information confidential in accordance with the principles stated in its privacy policy.

A copy of the Privacy Policy Notice will be delivered to all clients in writing by at least one of the following methods annually:

- By hand delivering a copy to the client
- Mailing a copy to the client's address on record
- If business is conducted electronically, a notice may be posted on an electronic site as long as the client acknowledges receipt of the Privacy Policy Notice prior to the client obtaining any services or products from Lincoln Sparrow Advisors, LLC

A copy of the Privacy Policy Notice will be provided to the client no later than the time a client establishes a relationship with Lincoln Sparrow Advisors, LLC, unless this situation would cause a delay in the client obtaining services and the client agrees to accept the notice at a later date. When this situation applies, a copy of the Privacy Policy Statement will be delivered to the client within a reasonable time period following the transaction.

Any time a change is made to the Privacy Policy, the statement to clients will be revised. The revised statement will be given to all affected clients prior to any disclosure of information. In addition, Lincoln Sparrow Advisors, LLC will provide a copy of its Privacy Policy Statement to all current and existing clients at least annually.