

**Form ADV Part 2A**  
**Item 1 – Cover Page**

Flourish Wealth Management, Inc.  
3300 Edinborough Way, Suite 420, Edina, MN 55435  
952-392-4474  
[www.flourishwealthmanagement.com](http://www.flourishwealthmanagement.com)

November 16, 2023

This Brochure provides information about the qualifications and business practices of Flourish Wealth Management, Inc. ("FWM"). If you have any questions about the contents of this Brochure, please contact us at 952-392-4474. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Flourish Wealth Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about Flourish Wealth Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for FWM is 170591.



## Item 2 – Material Changes

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since the last annual update and provide clients with a summary of such changes. The last annual update of our Brochure was March 24, 2022.

Please note that we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on November 16, 2023.

(Brochure Date: 03/29/2023)

(Date of Most Recent Annual Updating Amendment: 03/29/2023)

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Kathleen Longo at 952-392-4474.

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## **Item 4 – Advisory Business**

FWM is owned by Kathleen M. Longo and has been providing comprehensive wealth management services since April 2014. FWM is a registered investment adviser in the State of Minnesota. As of December 31, 2022, FWM managed \$258,855,998 with \$253,065,540 on a discretionary basis and \$5,790,458 on a non-discretionary basis. FWM also advised on \$3,667,412 of self-directed retirement account assets as of December 31, 2022.

FWM provides wealth management services including investment advisory services to individuals, high net worth individuals, trusts, and foundations. As a registered investment adviser, FWM is held to the highest standard of client care – a fiduciary standard. As a fiduciary, FWM always puts our clients' interests first and must fully disclose any potential conflict of interest.

### **Wealth Management and Investment Management Services:**

FWM manages investment portfolios for individuals (including high net worth individuals), trusts, qualified retirement plans, charitable organizations and businesses. FWM works with clients to determine the client's specific investment objectives which may be set forth in a written Investment Policy Statement that describes an asset allocation model that conforms to a client's risk tolerance level. The determination of an appropriate portfolio for each client is a function of current and future cash flow needs, risk tolerance, time horizon, goals, and modeled returns. Investment and portfolio allocation software may be used to evaluate alternative portfolio designs. FWM evaluates the client's existing investments with respect to the client's investment policy statement. FWM works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio.

FWM will typically create a portfolio of no-load mutual funds or ETFs and may use model portfolios if the models match the client's investment policy. FWM will allocate the client's assets among various investments taking into account the overall risk profile selected by the client. FWM prefers passive investments through mutual funds and ETFs that offer low expense ratios, high transparency, and support a broadly diversified portfolio. Client portfolios may also include some individual equity securities and highly appreciated mutual funds in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason.

FWM manages mutual fund and equity portfolios on a discretionary basis according to the investment policy selected by the client. A client may impose any reasonable restrictions on FWM's discretionary authority, including restrictions on the types of securities in which

FWM may invest client's assets and on specific securities, which the client may believe to be appropriate. These situations will be specifically identified in the client's Investment Policy Statement (IPS). FWM may also recommend to advisory clients fixed income portfolios, which consist of managed accounts of laddered individual bond portfolios. FWM will request discretionary authority from advisory clients to manage fixed income portfolios, including the discretion to retain a third-party fixed income manager.

FWM will also incorporate Socially Responsible Investments (SRI) and Environmental, Social and Governance (ESG) strategies in client portfolio when requested by clients. We proactively provide education about these investment strategies which are available through no-load mutual funds and ETFs. These strategies focus on higher quality companies that are striving to meet SRI/ESG criteria. We work with clients to identify which themes are most important to them and then use investment strategies that reflect that preference. Although we believe that client portfolios with SRI/ESG will allow clients to fully align their investments with their personal values, there is no guarantee that these investment strategies will outperform traditional investments.

FWM will periodically review each client's investment policy, risk profile, and discuss the re-balancing of each client's accounts to the extent appropriate.

In addition to managing the client's investment portfolio and as part of the wealth management service offering, FWM consults with clients on various financial areas including income and estate tax planning, tax management, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, philanthropy, social security planning, establishment and design of retirement plans and trust designs, among other things.

FWM may occasionally provide project-based financial consulting services on a fixed-fee or an hourly fee basis that address some or all of the wealth management service offering described above.

FWM gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and various types of written reports may be prepared by FWM. Implementation of financial plan recommendations is entirely at the client's discretion although Flourish works with clients to implement the planning recommendations. Referrals to other professionals may be undertaken where appropriate to meet the client's needs.

## **Financial Planning Services:**

FWM also provides advice in the form of Financial Planning. Clients purchasing this service may receive various written financial reports, providing the client with detailed financial information designed to achieve their stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Education: General assistance in preparing to meet dependent's continuing education needs through development of an education plan.
- Risk: Review of existing insurance policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.
- Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years.
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- Investments: Analysis of current and alternative investment holdings and costs, examining the potential long-term effects on a client's portfolio, recommending appropriate investment options, allocations, or adjustments.

FWM gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and financial planning reports are typically prepared. Should a client choose to implement the recommendations in the financial plan, FWM suggest the client work closely with his/her attorney, accountant or insurance agent. In addition, FWM also assists in the implementation of the financial plan with client's approval. Clients are encouraged to review their plan on a regular basis, especially if there are any changes in their financial situation, goals, need, or investment objectives.

## **Employee Benefit Retirement Plan Services:**

FWM also provides advisory services to participant-directed retirement plans through third party administration services, which are online bundled service providers offering an opportunity for plan sponsors to provide their participants with daily account access, valuation, and investment education.

FWM will analyze the plan's current investment platform and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. FWM will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

FWM will recommend changes in the plan's investment vehicles as may be appropriate from time to time. FWM generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, FWM also works in coordination and support with Buckingham Retirement Services. Retirement plan clients will engage both FWM and Buckingham Retirement Services. Buckingham Retirement Services will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintaining the plans' investments according to the goals and investment objectives of the plan.

FWM will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

## **Item 5 – Fees and Compensation**

In certain circumstances, all fees, account minimums and their applications to family or other circumstances may be negotiable. Individual accounts for immediate family members (such as spouses and dependent children) are aggregated, and the fee is charged based on the total value of all family members' accounts.

The specific manner in which fees are charged by FWM is established in a client's written agreement with FWM. Generally, Wealth Management and Investment Management and Employee Benefit Plan clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the absence of market value; client account balances on which FWM calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted or will not be billed until the next quarter.

FWM will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients will receive custodial statements showing the advisory fees debited from their account(s).

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account at any time after the required 30-day notice, any prepaid, unearned fees will be promptly refunded. FWM collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check or return deposit back into the client's account. For all asset-based fees paid in advance, the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

FWM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to FWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. The services provided by FWM are designed, among other things, to assist the client in determining which mutual fund, ETF or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by FWM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Such charges, fees and commissions are exclusive of and in addition to FWM's fee, and FWM shall not receive any portion of these commissions, fees, and costs.

### **Advisory Fees**

### **Wealth Management Services:**

The annual fee for wealth management services will be charged as a percentage of assets under management, according to the schedule below:



<b>Total Assets Under Management</b>	<b>Annual Fee</b>
First \$0 - \$1,000,000	1.00%
Next \$1,000,001 - \$5,000,000	0.80%
Next \$5,000,001 - \$10,000,000	0.60%
Next \$10,000,001 - \$15,000,000	0.40%
\$15,000,001 plus	negotiable

The fee schedule may be amended from time to time by FWM upon at least forty-five (45) days advance written notice to client, subject to client's right to terminate the investment advisory agreement before an increased fee schedule takes effect upon at least thirty (30) days written notice to FWM.

FWM generally requires a minimum account size or client relationship of \$1,000,000 or a minimum annual fee of \$10,000 for Wealth Management Services. Client accounts where the total balance of all accounts is less than \$1,000,000 or minimum annual fee of \$10,000 will be accepted only on a case-by-case basis based on certain criteria (e.g. future earning capacity, anticipated future additional assets, related accounts, family relationships and pro bono work).

As a fee-only advisor, FWM does not receive any other form of compensation. For example, we do not receive any payments or commission from fund or insurance companies. We believe this policy helps mitigate the conflict of interests inherent when a firm receives compensation based on the sale of specific securities or investment products.

#### **Separate Financial Consulting Services:**

Although FWM recommends an ongoing relationship, FWM also offers an hourly fee for non-managed accounts. FWM charges a fixed fee and/or hourly fee for its separate financial consulting services. These fees are negotiable, but generally range from \$7,500 to \$25,000 on a fixed fee basis and/or from \$150 to \$400 on an hourly rate basis, depending upon the level and scope of the services and the professional engaged to render the services.

Prior to engaging FWM to provide separate financial consulting services the client is required to enter into a written agreement with FWM setting forth the terms and conditions of the engagement. Generally, FWM requires full payment of the estimated hourly or fixed fee upon execution of the written agreement.

#### **Financial Planning Services:**

FWM Financial Planning fees are determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Financial Planning Services are typically charged a fixed fee, not to exceed \$25,000. These fees are dependent on the nature and complexity of the engagement, the number of financial planning topic analysis areas requested by the Client, the amount of hours projected to complete the engagement and the different reports to be produced. Fixed fees shall be mutually agreed upon with Client prior to starting the engagement.

An estimate for total hours may be determined at the start of the advisory relationship. 50% of the estimated fee may be due upon signing the advisory agreement, with the balance due upon presentation of the plan to the client. FWM will never hold client funds greater than \$1,200 for more than six months in advance of completion of the financial plan.

#### **Employee Benefit Retirement Plan Services:**

The annual fee for plan services will be charged as a percentage of assets within the plan.

<b>Assets Under Advisement</b>	<b>Annual Fee</b>
On the first \$1,000,000	1.00%
On the next \$4,000,000	0.65%
On the next \$5,000,000	0.40%
On all amounts above \$10,000,000	0.25%

In 2018 and prior years FWM followed a separate fee schedule for Employee Benefit Plan services which remains in effect with clients who signed agreements with FWM during such period and who have not agreed to an amended advisory fee schedule.

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

FWM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

FWM provides services to individuals, including high net worth individuals, trusts and foundations trusts, qualified retirement plans, charitable organizations and businesses.

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

### **Methods of Analysis and Investment Strategy**

FWM's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. FWM's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. FWM recommends diversified portfolios, principally through the use of mutual funds and exchange traded funds (ETFs). FWM selects or recommends to client's portfolios of securities, principally broadly traded open end mutual funds or ETFs or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, FWM's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients, the investment directly in conservative fixed income securities to represent the fixed income class. FWM's investment philosophy is designed for investors who desire a buy and hold strategy. The frequent trading of securities increases brokerage and other transaction costs that FWM's strategy seeks to minimize.

In the implementation of investment plans, FWM therefore primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. FWM may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and FWM may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

FWM's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

FWM receives supporting research from Dimensional Fund Advisors ("DFA"), Vanguard Advisors, JP Morgan Asset Management, BlackRock, Charles Schwab, and others. FWM

utilizes mutual funds and ETFs from these firms (and others) in client portfolios. The mutual funds and ETFs follow a largely passive asset class investment philosophy with low holdings turnover. Each of these organizations provide historical market analysis, risk/return analysis, and continuing education to FWM.

### *Analysis of a Client's Financial Situation*

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, FWM relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, FWM may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

### *Risk of Loss*

**Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds or stocks), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by FWM may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in FWM's investment strategies are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by FWM may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative prospectuses for funds managing assets within each applicable sector.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FWM or the integrity of FWM's management. FWM has no information applicable to this Item.

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

FWM is not engaged in any other financial activities and does not have industry affiliates.

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

FWM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. FWM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth FWM's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with FWM may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of FWM that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, FWM requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities

holding reports and quarterly transaction reports to the firm's principal. FWM also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPOs or private placements (limited offerings).

FWM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. FWM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

FWM will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

It is FWM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. FWM will also not initiate trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

FWM participates in the Schwab Advisor Services (SAS) program offered to independent investment advisers by Charles Schwab & Company, Inc. Schwab offers to independent investment adviser's services which include custody of securities, trade execution, clearance and settlement of transactions.

The Schwab brokerage program will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. FWM regularly reviews this program to ensure that its recommendations are consistent with its fiduciary duty. This trading platform is essential to FWM's service arrangements and capabilities, and FWM may not accept clients who direct the use of other brokers. As part of this program, FWM

receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

As FWM will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct FWM as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that FWM will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

FWM will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income manager retained by FWM on each client's behalf by designating the portfolio manager with trading authority over each client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of the portfolio manager.

SAS does not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker or a custodian and an additional broker. The authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

FWM generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which FWM arranges transactions.

FWM does not have any arrangements to compensate any broker dealer for client referrals.

When trading client accounts, errors may periodically occur. FWM does not maintain any client trade error gains. FWM makes clients whole with respect to any trade error losses incurred by client and caused by FWM.

### **Financial Planning Services:**

FWM financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select

their own broker dealers and insurance companies for the implementation of financial planning recommendations. FWM financial planning clients may use any broker or dealer of their choice.

#### **Employee Benefit Retirement Plan Services:**

FWM does not arrange for the execution of securities transactions for plans as a part of this service. Transactions are executed directly through employee plan participation.

### **Item 13 – Review of Accounts**

#### **Reviews**

#### **Wealth Management and Investment Management Services:**

Account assets are supervised continuously and generally formally reviewed quarterly by Kathleen M. Longo, Owner and Principal of FWM. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

#### **Financial Planning Services:**

Financial planning accounts will be reviewed as contracted for at the inception of the advisory relationship.

#### **Employee Benefit Retirement Plan Services:**

Plan assets are reviewed on a quarterly basis or as otherwise agreed between the parties, and according to the standards and situations described above for investment management accounts.



## **Reports**

### **Wealth Management and Investment Management Services:**

All clients will receive quarterly performance reports, prepared by Orion Advisor Services, LLC and reviewed by FWM. These quarterly reports summarize the client's account, asset allocation, portfolio performance, current positions, and current market value. Clients will also receive monthly statements from account custodians.

### **Financial Planning Services:**

Financial planning clients will receive reports as contracted for at the inception of the advisory relationship.

### **Employee Benefit Retirement Plan Services:**

Plan assets are reviewed on a quarterly basis or as otherwise agreed between the parties, and according to the standards and situations described above for investment management accounts.

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

As indicated under the disclosure for Item 12, SAS provides FWM with access to services which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit FWM but may not benefit its clients' accounts. Many of the products and services assist FWM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations 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 FWM's fees from its clients' accounts, and 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 FWM's accounts.

Recommended brokers also make available to FWM other services intended to help FWM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. FWM does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While serving as a fiduciary, FWM endeavors to act in its clients'

best interests, FWM's requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to FWM 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 the broker, which may create a potential conflict of interest.

FWM also receives software from DFA, which FWM utilizes in forming asset allocation strategies and producing performance reports. DFA also provides continuing education for FWM personnel. These services are designed to assist FWM plan and design its services for business growth.

FWM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15 – Custody**

Investment Management and Employee Benefit Plan Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FWM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

FWM requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities, this authority may include the discretion to retain a third-party money manager for fixed income accounts. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, FWM observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to FWM in writing.

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

Proxy Voting: As a matter of firm policy and practice, FWM does not have any authority to

and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. However, FWM may provide advice to clients regarding the clients' voting of proxies.

**Class Actions, Bankruptcies and Other Legal Proceedings:** Clients should note that FWM will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct FWM to transmit copies of class action notices to the client or a third party. Upon such direction, FWM will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about FWM's financial condition. FWM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. FWM neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance.