

Lumin Financial, LLC

PART 2A OF FORM ADV – BROCHURE



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This brochure provides information about the qualifications and business practices of Lumin Financial, LLC. If you have any questions about the contents of this brochure, please contact us at (248)936-9480 or by email at: vhicks@luminfinancial.com. 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.

Additional information about Lumin Financial, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Lumin Financial, LLC's CRD number is: 124138.

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Registration does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

This item discusses only specific material changes that are made to the Brochure since our last annual update. It will also reference the date of the last annual update of the brochure. Since LF's last annual update dated February 18, 2020, we consider the following update to be material to our advisory business. We consider the following revision to be material.

Item 15: Custody

We have allowed clients to establish a standing letter of instruction ("SLOAs") or other asset transfer authorization arrangement with their qualified custodian. We have updated or disclosure to clarify that SLOAs granting authority to disburse client funds or securities to third parties, specifically designated by the client, is deemed to be custody.

Item 18: Financial Information

We have updated this section to reflect that at the beginning of the Covid-19 pandemic, we applied for and received a loan in the principal amount of \$100,255.00 under the Paycheck Protection Program (PPP) authorized pursuant to the coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP is a forgivable loan available to businesses who, because of the current and continuing economic uncertainty, desire to retain and continue paying employees and so use the loan to support ongoing operations. [Our bank submitted a PPP loan forgiveness application with the Small Business Administration (SBA). This application is pending approval by the SBA.]

Currently, Lumin Financial LLC's Brochure may be requested by contacting Victor H. Hicks II, Chief Compliance Officer, by phone at (248) 936-9480 or via email at vhicks@luminfinancial.com.

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ITEM 4: ADVISORY BUSINESS

Our Owners and Principals

Lumin Financial, LLC (hereinafter “LF,” “we,” “our,” and “us”) is an independent Registered Investment Adviser (under the 1940 Act), providing investment advisory services to employer-sponsored ERISA retirement plans, and 401(k) plan participants. Since the firm’s inception in February of 2000, LF has serviced plan trustees and fiduciaries in the various disciplines of investment management, fiduciary compliance, plan design, and participant education services.

Additionally, LF provides investment advisory services to individuals, primarily High-Net-Worth investors, who seek a comprehensive approach towards building a secure retirement. Advisory services for clients include investment management, retirement income planning, and estate planning.

Lumin Financial, LLC is 100% owned by Victor Hayes Hicks II.

Our Advisory Services

LF provides the following services to advisory clients:

ERISA Retirement Plan Services

Based on our analysis of a client situation, LF provides a variety of ongoing fiduciary and non-fiduciary Services.

As a plan “Fiduciary” [under Section 3(21) of the Employee Retirement Income Security Act (“ERISA”)] LF provides services that include, but are not limited to:

- Non-discretionary investment advice to the Plan Sponsor about asset classes and investment alternatives available for the Plan.
- Assisting the Plan Sponsor with the selection of a broad range of investment options consistent with ERISA section 404(c), and the regulations thereunder.
- Assisting the Plan Sponsor in the development, and ongoing management, of an Investment Policy Statement (IPS).
- Reporting on performance, risk and fees of investment alternatives available for the Plan.
- Providing the Plan Sponsor with advice on the selection of qualified default investment alternatives (“QDIA”), and other “default” funds.

As a “Non-Fiduciary,” LF provides services that include, but are not limited to:

- Delivering retirement and investment education to plan participants, designed to increase retirement plan participation and illustrate the importance of a calculated retirement savings strategy.
- Conducting “provider searches” of various record-keepers, custodians, and third party administrators.
- Performing an analysis of the fees and expenses associated with all service providers.

401(k) Plan Participant Services

As a plan “Fiduciary” [under Section 3(38) of the Employee Retirement Income Security Act (“ERISA”)], LF provides discretionary investment management services to 401(k) plan participants as a “Participant Adviser,” delivered through its advisory arrangement, titled “Managed Account Program” (hereinafter “MAP”).

The MAP offers a broad range of “Allocation Models,” representing various levels of risk and return. Each Allocation Model is comprised of a diversified portfolio of competitively-priced mutual funds, or Exchange-Traded Funds (ETFs).

In its comprehensive approach to operating the MAP, LF’s investment management process adopts the seven “Global Fiduciary Principles,” which include:

1. Know the professional standards, governing laws, and provisions of ERISA plans
2. Diversify assets to a specific risk/return profile of the plan participant
3. Prepare the participant’s Investment Policy Statement
4. Select prudent investments, and document the activities
5. Control and account for investment expenses
6. Monitor the selected investments
7. Avoid conflicts of interest and prohibited transactions

Individual Investment Advisory Services

LF provides investment advisory services for individuals (which includes Individuals, High-Net-Worth investors, Charitable Organizations, Pension & Profit Sharing Plans, and Corporations).

Investment advisory services are based on the individual goals, objectives, time horizon, and risk tolerance of each client. For each client, LF creates an Investment Policy Statement

(IPS), which includes a projection of retirement income and investment risk. The IPS outlines the client's income, wealth, tax levels, and risk tolerance; and it helps establish parameters for the investment management process.

Investment Management Services include, but are not limited to, the following:

- Analyzing the economy and financial markets
- Developing and managing investment strategy
- Constructing and managing the personal investment policy
- Implementing asset allocation and securities selection
- Continuously monitoring and reporting progress of the portfolio

LF will request discretionary authority from clients in order to select securities and execute transactions, without permission from the client, prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

529 Education Plan Advisory Services

LF provides investment advisory services for 529 Education Plans. Investment advisory services are based on the individual goals, objectives, time horizon, and risk tolerance of each client.

Financial Planning Services

Financial Planning Services may include, but are not limited to: investment planning, life insurance, tax concerns, retirement planning, college planning, and debt/credit planning. These services are based on fixed fees or hourly fees.

Types of Investments

LF limits its investment advice and/or investment management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, insurance products including annuities, and government securities. LF may use other securities as well to help diversify a portfolio when applicable.

Client Tailored Services and Client Imposed Restrictions

LF offers the same suite of services to all of its clients. However, each client's financial plan and implementation is dependent upon the client's Investment Policy Statement. The IPS outlines each client's current situation (income, tax levels, time horizon, and risk tolerance levels) and is used to construct a specific plan that best matches the client's restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent LF from properly servicing the client account, or if the restrictions would require LF to deviate from its standard suite of services, LF reserves the right to end the relationship.

Assets Under Management

LF has the following assets under management:

| Regulatory Discretionary Assets | Regulatory Non-discretionary Assets | Non-Regulatory Assets | Date Calculated |
|--|--|------------------------------|------------------------|
| \$144,251,877 | \$39,316,068 | \$2,897,965 | 12/31/2020 |

ITEM 5: FEES AND COMPENSATION

Advisory Fee Schedules

ERISA Retirement Plan Advisory Fee Schedule

LF provides various fiduciary and non-fiduciary services to ERISA retirement plans, including, but not limited to, investment management, fiduciary compliance consulting, plan design consulting, participant education services, and other services.

| Total Plan Assets | Annual Fee (% of plan value) |
|--------------------------|-------------------------------------|
| First \$500,000 | 1.00% |
| Next \$500,000 | 0.80% |
| Next \$500,000 | 0.60% |
| Next \$500,000 | 0.40% |
| Next \$500,000 | 0.20% |
| Over \$2,500,000 | Negotiable |

These fees are negotiable depending upon the needs of the client and complexity of the situation. Fees are paid either quarterly or monthly, in advance or in arrears, depending on the capability of the selected record-keeper or custodian. Typically, fees charged in advance, are computed based on the last day of the preceding quarter. If a new account is opened after the billing quarter has already been paid; fees will be prorated accordingly on the next billing cycle. Clients may terminate the contract without penalty, for full refund of the adviser’s

fees, within five business days of signing the contract. Thereafter, client may terminate the contract with thirty days' written notice.

If an account is established with margin capabilities, we will determine the fee based upon the net equity in the account (It should be noted, however, that we do not use margin for trading purposes).

401(k) Plan Participant Advisory Fee Schedule

As a plan “fiduciary” [under Section 3(38) of the Employee Retirement Income Security Act (“ERISA”)], LF provides discretionary investment management services to plan participants as a “Participant Adviser,” delivered through its advisory arrangement, titled “Managed Account Program” (“MAP”).

The annual asset-based MAP fee can be as much as 0.80% of the assets invested within the Plan’s models. This fee is negotiable through the Plan Sponsor or Trustee on behalf of the Participants of the Plan and is typically paid quarterly in arrears. Fees are computed on the last day of the quarter. No proration of fees is calculated upon entry or termination of the program. Client may terminate the agreement by instructing the record-keeper to transfer funds from an Allocation Model of the MAP, into any of the Plan’s core investment alternatives.

Individual Investment Advisory Fee Schedule

LF provides investment advisory and management services for individuals (primarily High Net-Worth investors) and 529 education plans. Investment advisory services include, but are not limited to: market analysis, development of investment strategy, construction and management of the investment policy, securities selection and trading, and continuous portfolio monitoring.

| Total Assets Under Management | Annual Fee |
|--------------------------------------|-------------------|
| First \$200,000 | 1.75% |
| Next \$300,000 | 1.50% |
| Next \$500,000 | 1.25% |
| Next \$1,000,000 | 1.00% |
| Next \$2,000,000 | 0.85% |
| Next \$2,000,000 | 0.70% |
| Next \$2,000,000 | 0.55% |
| Next \$2,000,000 | 0.40% |
| Over \$10,000,000 | 0.25% |

The fees shown above are negotiable. Fees are typically paid quarterly in advance, based on the previous quarter end market value, and clients may terminate their contracts within thirty days' written notice. If a new account is opened after the billing quarter has already been paid, fees will be prorated accordingly on the next billing cycle. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with written client authorization.

Not less than quarterly, the custodian will provide the client with a statement indicating all amounts disbursed from the account; this will include a separate amount for advisory fees paid. This may be contained in the custodian's regular periodic report to the client.

529 Education Plan Fee Schedule

LF's fee for these services is 1.00% of plan assets for those accounts whose fees are direct-billed. This fee is negotiable and is paid annually in arrears, and clients may terminate their contracts within thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. For 529 plans that are held with a brokerage account, the fee is determined by the entire household relationship. This fee is billed directly to the owner of the account. If assets are held with certain custodians that allow direct fee debiting, then the client will have the fee directly debited from the education plan account. If Client has a managed account with Charles Schwab, or TD Ameritrade, 529 fees will be deducted on a quarterly basis from one of those managed accounts.

Financial Planning Fixed Fee Schedule

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is typically between \$1,000 and \$10,000. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

Financial Planning Hourly Fee Schedule

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$150 and \$350. The fees are negotiable. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

Payment Method of Advisory Fees

Payment of ERISA Retirement Plan Advisory Fees

Advisory fees are withdrawn directly from Plan Participant accounts with Plan Sponsor's written authorization or may be invoiced and billed directly to the Plan Sponsor. The Plan Sponsor will select the method in which they are billed.

Payment of Individual Investment Advisory Fees

Advisory fees are withdrawn directly from the client's investment account, with client written authorization. Fees are paid quarterly, in advance. Advisory fees may be invoiced and billed directly to the client with payments due by the fifteenth day following the start of the calendar quarter. The client will select the method in which they are billed.

Payment of 529 Plan Fees

If client is a 529 Plan client only, fees are billed directly to the owner/trustee of the account annually in advance. Otherwise, 529 Fees are collected in the same fashion as our Individual Investment Advisory fees.

Payment of Financial Planning Fees

Hourly Financial Planning fees are paid via check or account debit in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

Fixed Financial Planning fees are paid via check or account debit in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

Clients are Responsible for Third Party Fees

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by LF. Please see Item 12 of this brochure regarding broker/custodian.

Prepayment of Fees

LF may collect fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen calendar days to the client via check or deposit back into client's account.

Outside Compensation for the Sale of Securities to Clients

Neither LF nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

LF does not accept performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a client.

ITEM 7: TYPES OF CLIENTS

LF generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ERISA Retirement Plans (including Trustee-Directed services)
- Individuals (Individuals, High-Net Worth Investors, Charitable Organizations, and Corporations)
- 401(k) Plan Participants

Minimum Account Size

There is an account minimum, \$250,000, which we may waive based on the needs of the client and the complexity of the situation.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

LF reviews trading practices to ensure all recommendations made are executed in respective client accounts, at various custodians, within a reasonable time period. LF utilizes software to expedite these recommendations and documents decisions and actions accordingly. In addition, should this not occur, files will be maintained with our brief rationale of changes, if any.

Methods of Analysis

LF's primary method of analysis is fundamental analysis.

Fundamental analysis (also known as economic analysis) involves the consideration of economic conditions, as well as, financial or economic trends. Many indicators are employed to quantify economic and industry conditions; such as, providing insight into the future risks (and profit potential) of corporations and governments.

Fundamental analysis includes, but is not limited to, the following indicators: Gross Domestic Production, corporate profits, job creation, international interactions, securities markets, monetary policy, fiscal policy, inflation and interest rates.

Industry analysis, a form of fundamental analysis, involves the process of making investment decisions based on the different stages of an industry, during a given point in time. The position taken in a security will depend on firm-specific characteristics, as well as, industry life cycles.

Industry analysis includes, but is not limited to, the following factors: Business cycle sensitivities, influences on industry outcomes, demographics, politics and regulations, credit risk, and liquidity risk.

Investment Strategies

In each of its strategies, LF seeks to choose securities that outperform their relative benchmark over time; through careful securities selection, combined with rigorous portfolio risk management. As with any investment strategy, there is no assurance that the strategy will achieve its stated objective.

In our pursuit of optimal risk-adjusted returns, we pay close attention to other (more controllable) factors that can have a negative impact on investment performance; such as, taxes, investment fees, and inflation.

Sources of information used in the investment management process include: various electronic financial data providers, electronic news services, portfolio optimization software, financial software applications, and research materials prepared by outside services.

Equity Strategy

LF's method of analysis for equities is fundamental, intended to lead to the understanding of business and investment success. Our equity strategy is primarily value-based, one of the two mainstream approaches to investing.

Our approach is based on two principles which guide our activity:

First, our definition of "value" is based on earning power, or a company's ability to generate a profit to reinvest or pay out to shareholders. So, we attempt to invest in stocks of companies with rising or high returns on equity or invested capital. We recognize that equity

prices deviate from levels that reflect corporate earning power. Thus, we intend to primarily purchase issues at attractive prices, using proven valuation methods.

Second, since investment decisions are made with uncertainty, preservation of value (or management of risk) requires effective diversification. Successful diversification increases the probability of good returns, while limiting capital losses.

We view the stock selection process as two distinct exercises: (i) fundamental analysis and (ii) valuation. Both portfolio holdings and potential investments are frequently sorted and ranked according to their industry dominance, sector outlook, and expected risk-based performance. We review a variety of financial and other fundamental characteristics to produce a pool of potentially investable candidates that merit further investigation. This universe typically includes U.S.-based publicly traded companies, as well as historically-successful foreign companies that trade ADRs.

Fixed Income Strategy

LF's fixed income strategy is consistently managed with a conservative and long-term approach. The successful management of fixed-income securities is as important to us as that of the (more popular) equity securities.

We attempt to "add value" to the Fixed Income strategy, in lower risk rather than higher risk methods. Most notably, bond duration, maturity, and credit quality are primary features of the approach. Additionally, a great deal of emphasis is placed on the identification of fixed income sectors that will perform best in the current and future, environments.

Material Risks Involved

Risk of Loss: Clients should understand that investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

The risk of loss with our equity strategy principally includes: a) general risk of the equity market, in which losses can be both large and frequent, b) risk in particular areas of the equity market (examples would be financial stocks during the recent global economic and financial market decline) and high portfolio concentrations in particular areas of the equity market and c) risk of individual holdings whose business may deteriorate substantially. Investments in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower-rated and non-rated securities present a greater risk of loss, to principal and interest, than higher-rated securities.

Risks of Specific Securities Utilized

LF generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. All investments carry some amount of risk. LF's investment strategy may be subject to the following principal investments risks:

- **Credit Risks** – The risk that the portfolio could lose money if the issuer of guarantor of a fixed income security, or the counter-party to a derivative contract, is unable or unwilling to meet its financial obligations.
- **Currency Risks** – The risk that foreign currencies will decline in value relative to the U.S. dollar and affect a portfolio's investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.
- **Debt Securities Risks** – The issuer of debt security may fail to pay interest of principal when due, and changes in the market interest rates may reduce the value of debt securities or reduce the portfolio's returns.
- **Emerging-Markets Risk** – Foreign investment risks are typically greater for securities in emerging markets, which can be more vulnerable to recessions, currency volatility, inflation and market failure.
- **Equity Risks** – The risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.
- **ETF Risks** – A portfolio will be exposed indirectly to all of the risks of securities held by an ETF.
- **Foreign Investment Risk** – Foreign investments face the potential of heightened liquidity, greater price volatility and adverse effects of political, regulatory, tax, currency, economic or other macroeconomic developments.
- **High-Yield Securities Risk** – High-yield securities have a much greater risk of default or of not returning principal and tend to be more volatile than higher-rated securities of similar maturity.
- **Interest-rate Risk** – The risk that fixed income securities will decline in value because of an increase in interest rates.
- **Issuer Risk** – The value of a security may decline because of adverse events or circumstances that directly relate to conditions at the issuer or any entity providing it credit or liquidity support.

- Issuer Non-Diversification Risk – The risks of focusing investments in a small number of issuers industries, or foreign currencies, including being more susceptible to risks associates with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- Leverage Risk – The risk that certain portfolio transactions may give rise to leverage, causing the portfolio to be more volatile than if had not been leveraged.
- Liquidity Risk – A security may not be able to be sold at the time desired or without adversely affecting the price.
- Market Risk – The market price of securities held by a portfolio may rapidly or unpredictably decline due to factors affecting securities markets generally or particular industries.
- Mortgage and Asset-Backed Securities Risk – These securities may decline in value when defaults on the underlying mortgage or assets occur and may exhibit additional volatility in periods of changing interest rates. When interest rate decline, the payment of mortgages or assets underlying such securities may require reinvestment of money at lower prevailing interest rates, resulting in reduced returns.
- Regulatory Risk – The risk that changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of this advisory business or the integrity of our management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a registered investment adviser, LF must disclose information regarding our business activities, other than giving investment advice, and financial planning, our other activities in the financial industry, and any arrangements with related persons that are material to you or our advisory business. Victor Hicks II, Sandra Kerr and Brad Bell, in their individual capacities, are licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. LF always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of LF in their capacity as an insurance agent.

We are also required to disclose if we receive cash or other economic benefits when recommending or selecting third-party investment advisers in connection with advising you. LF does not utilize or select other investment advisers to manage your assets and have no applicable information to disclose.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a Code of Ethics describing the standards of business conduct we expect all principals, employees, and advisory representatives to follow. Our Code also describes certain reporting requirements with which particular individuals associated with or employed by us must comply. Clients may request a copy of our Code of Ethics from management.

Investing in Securities Recommended to Clients

LF does not recommend that clients buy or sell any security in which a related person to LF has a material financial interest. From time to time, representatives of LF may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of LF to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. LF will ensure that our related persons transactions do not adversely affect our clients nor improperly benefit them. We typically mitigate this risk by transacting client business before our related persons when similar securities are being bought or sold.

ITEM 12: BROKERAGE PRACTICES

Factors Used to Select Custodians and/or Broker/Dealers

LF recommends clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them.

Schwab was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for

example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors

Research and Other Soft-Dollar Benefits

LF receives no research, product, or service in connection with client securities transactions. However, we do receive certain benefits through Schwab Advisor Services™ which serves independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our recommendation of Schwab as custodian and

broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

Brokerage for Client Referrals

LF receives no referrals from a broker-dealer or third party recordkeepers in exchange for using that broker-dealer or third party recordkeeper.

Clients Directed Brokerage

If a client account is subject to ERISA and the client directs us to use a particular broker-dealer to execute securities transactions for their account, the following apply:

- the plan fiduciary retains and accepts sole responsibility for determining whether the directed brokerage arrangement is reasonable in relation to the benefits the plan receives;
- the plan fiduciary acknowledges and represents to us that the directed brokerage arrangement is used solely and exclusively for the plan's and the participants' benefit; and
- the plan fiduciary acknowledges and represents to us that the directed brokerage arrangement is permissible under the plan's governing documents.

In addition, the client should understand that the direction of a particular broker-dealer is a limitation on our brokerage discretionary authority. As a result:

- We are not in a position to negotiate the commissions or spreads for clients;
- A disparity may occur in commission or transaction costs when compared to clients who do not direct us to use a specific broker;
- Best execution for a client's account and transactions may not be achieved due to higher commissions, greater spreads or less favorable prices than may be realized if we had the ability to select the broker-dealer and negotiate price and commission.

In directing us to use a broker-dealer for client transactions, client represents that it has evaluated the broker-dealer and confirmed to their own satisfaction that the broker-dealer will provide client with best execution.

Aggregating (Block) Trading for Multiple Client Accounts

LF maintains the ability to block trade purchases across accounts. In doing so, we strive to treat each client fairly and will not favor one client over another client. When executed, we will allocate the aggregated order in accordance with policies and procedures intended to achieve fair treatment. The purpose of aggregating orders is for our administrative convenience and, in

some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately. Each account that participates in an aggregated order will participate at the average share price for all transactions ordered by LF in that security on a given business day. Trades initiated by a client's cash deposit or request for a cash withdrawal, or any client-initiated change in their investment strategy, may not be subject to this block trading procedure.

We will not aggregate orders for a client having a directed brokerage relationship with a client who does not have a directed brokerage relationship with the same broker-dealer. A consequence of not aggregating a client's order with other orders for the same securities is that the client may not obtain as good a price in a separate transaction as clients whose orders have been aggregated.

Fees

For the purposes of limiting transaction costs; LF typically maintains about one percent, of the account, in cash to cover investment advisory fees.

ITEM 13: REVIEW OF ACCOUNTS

Frequency and Nature of Periodic Reviews

Client accounts are reviewed at least semi-annually by Victor Hicks II and/or Sandra Kerr. The advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. At a minimum, all accounts at LF are assigned to the CCO for review.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Victor Hicks II and/or Sandra Kerr. There is only one level of review and that is the total review conducted to create the financial plan.

Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

Frequency of Regular Reports Provided to Clients

As described in more detail under "Item 15: Custody," each client will receive, at least quarterly, a written report detailing the client's account which will come from the custodian. Clients also receive a quarterly performance report with current holdings from LF, but the statements received from the custodian are the client's "official" documents.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

LF must inform you if we receive an economic benefit from a third party, who is not a client, for providing investment advice or other advisory services to our clients. As described in more detail in the section titled “Item 12: Brokerage Practices”, we receive various benefits and services from Schwab.

As described above in Item 10: Other Financial Industry Activities and Affiliations, Victor Hicks II, Sandra Kerr and Brad Bell, in their individual capacities, are licensed insurance agents.

Compensation to Non-Advisory Personnel for Client Referrals

Our firm does pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information: The Solicitor's name and relationship with our firm; The fact that the Solicitor is being paid a referral fee; The amount of the fee; and whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor. As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

ITEM 15: CUSTODY

LF is deemed to have custody when we are authorized, by the client, to directly debit our advisory fees from the client's qualified custodian account. In addition, some clients wish to grant LF the limited power to disburse funds to one or more third parties as specifically designated by the client via a signed Standing Letter of Authorization “SLOA”. After granting us this limited authorization, the client then instructs the qualified custodian for the client's account to accept LF's direction on the client's behalf to move money to the third party designated by the client on the SLOA. We are authorized to act merely as an agent for the client. The client retains full power to change or revoke the arrangement. Under such an arrangement, we are deemed to have custody of client assets and are required to comply with the Custody Rule under Rule 206(4)-2 which requires investment advisers to obtain a surprise examination, except where it acts pursuant to such an arrangement under the following circumstances:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

At this time, LF ensures compliance with all seven conditions and therefore is not required to comply with the Custody Rule's annual surprise exam requirement.

You will receive account statements from the independent, qualified custodian holding your funds and securities at least quarterly. The account statements from your custodian will indicate the amount of our investment advisory fees deducted from your account each billing period. You should carefully review account statements for accuracy. You should compare our reports with the statements from your account custodian to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us.

ITEM 16: INVESTMENT DISCRETION

LF provides our services on a discretionary and non-discretionary basis to our clients. If you choose to give LF discretionary authority, you grant us the ability to determine, without obtaining your specific consent, the securities to purchase or sell for your portfolio and the amount of securities to be purchased or sold. In all cases, however, such discretion is to be exercised in a manner consistent with your stated Investment Policy Statement or any other investment policies, limitations and restrictions you provide to us in writing. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced. Also, you will sign an agreement with your custodian which generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within the account.

ITEM 17: VOTING CLIENT SECURITIES

LF will not ask for, nor accept voting authority for client securities. Clients will arrange to receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

ITEM 18: FINANCIAL INFORMATION

As a registered investment adviser, we must disclose certain information about our financial condition, if we have financial commitments that impair our ability to meet contractual and fiduciary obligations to you. We have not been the subject of a bankruptcy proceeding nor do we have any financial commitments that would impair our ability to meet contractual or fiduciary commitments to you. At the beginning of the Covid-19 pandemic, we applied for and received a loan in the principal amount of \$100,255.00 under the Paycheck Protection Program (PPP) authorized pursuant to the coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP is a forgivable loan available to businesses who, because of the current and continuing economic uncertainty, desire to retain and continue paying employees and so use the loan to support ongoing operations. Market volatility has and we expect will continue to adversely impact our business. In addition, state-issued “stay at home” and related orders, including workplace protocols for safely conducting business going forward, have and will continue to require significant unanticipated operating expenses to be incurred. Like thousands of small businesses who have been adversely impacted by the pandemic, we took advantage of the CARES Act’s support and obtained a forgivable PPP loan in order to meet these extraordinary operational and financial challenges. We used the proceeds of the PPP loan to pay for payroll and other expenses specifically permitted under the PPP.