
Part 2A of Form ADV: Firm Brochure
Item 1 Cover Page
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This brochure provides information about the qualifications and business practices of Vawter Financial, Ltd. If clients have any questions about the contents of this brochure, please contact us at (614) 451-1002 or info@vawterfinancial.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 our firm is also available on the SEC's website at www.adviserinfo.sec.gov by searching CRD #108830.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

Item 2 Material Changes

Vawter Financial, Ltd. is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update. We have the following material changes to disclose:

- Representatives of our firm are no longer registered representatives of Cambridge Investment Research, Inc.
- Our firm now utilizes TD Ameritrade as a qualified custodian.
- Our minimum annual retainer fee is \$5,000. Please see Item 5 below for more information.
- The monthly fee for account maintenance and supervision is \$100/month. Please see Item 5 below for more information.
- Quarterly financial planning fees range from a minimum of \$120 to a maximum of \$1,500. Please see Item 5 below for more information.
- Item 14 has been amended to disclose that our firm does not pay referral fees.
- The minimum retainer fee has been changed. The minimum fee is now \$8,000.
- Our fees have changed. The new tiered fees are as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>	<u>Quarterly Fee</u>
\$ 0-\$1,000,000	1.00%	0.250%
\$1,000,001-\$5,000,000	0.50%	0.125%
\$5,000,001-\$10,000,000	0.35%	0.0875%
\$10,000,001-\$25,000,000	0.25%	0.0625%
\$25,000,000+	Negotiable	Negotiable

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Item 4 Advisory Business

About Our Firm

Vawter Financial, Ltd. provides fee-based comprehensive financial planning and investment management services to its clients to help them achieve their unique personal and business financial objectives.

Gary Vawter, CFP®, MS has been the Principal Advisor and Owner of Vawter Financial, Ltd. since 1991. Gary received his Bachelor of Science in Business Administration majoring in Finance from The Ohio State University, and later the Certified Financial Planner™ (CFP®) certification from the College for Financial Planning in Denver, CO. He received his Master of Science (MS) degree with the specialty of retirement planning from the College for Financial Planning in 1993. He earned the Accredited Estate Planner® (AEP®) designation as well as a certificate in Estate Planning and Taxation in 2012. He earned the ChFC® designation in 2013. Gary also holds the Series 6, 7, 25, 53, and 62 licenses, and is licensed by the Ohio Department of Insurance for life, health, disability and variable products.

Personalized Advisory Services

The financial planning and investment advice that we provide is tailored to the individual needs of our clients. We understand that each client's goals are unique, as are the various factors of their personal and professional lives on which their financial plan and investment portfolio is built. Our plans, strategies and recommendations are adaptive to the changes in our clients' goals, priorities and financial situations.

Financial Planning Services

We provide comprehensive financial planning services to our clients, including:

- **Tax Planning:** Review current and projected cash flows with respect to tax brackets. Discuss strategies for current and future income tax reduction. Ongoing analysis/recommendation on tax planning strategies with respect to legislative changes and amendments. Recommend and facilitate conversations with allied advisors when necessary.
- **Estate Planning:** Review current estate planning documents and discuss estate tax saving strategies. Coordination with other allied professionals and advisors to assist

with the implementation of estate planning recommendations. Analysis and recommendations regarding various gifting/charitable strategies for income, tax, and estate minimization purposes. Recommend and facilitate conversations with allied advisors when necessary

- **Retirement Income Planning:** Review and analyze current retirement savings plans, discuss alternate available retirement plan options and strategies. Review current and expected lifestyle needs and potential changes.
- **College Expense Funding:** Determine suitability of various college funding vehicles and strategies. Coordination of account titling and registration to maximize available Federal Financial Aid packages and awards. Cost analysis and projections to develop funding strategies
- **Outside Account Recommendations:** Review and provide recommendations on outside accounts (company 401k, other brokerage accounts, etc.) not held at TD Ameritrade.
- **Debt and Cash Flow Planning:** Review current and anticipated sources and needs of cash. Creation of cash flow statement and analysis of current debt expense. Identify capacity issues with respect to prioritization and allocation of current income sources. Review overall debt structure and suggest ways to improve and/or eliminate. Recommend and facilitate conversations with lending specialists when necessary.
- **Business Owner Planning:** Discuss business entity considerations. Review suitability of qualified plan options. Income planning and tax considerations. Business succession planning consideration and strategies.
- **Insurance Needs Analysis:** Review current life insurance policies. Provide analysis for need of more/less coverage based on available and required resources. Review titling and beneficiary designations of all insurance policies and the effect on potential estate tax liability. Recommend and facilitate conversations with insurance professionals when necessary.
- **Corporate Executive Planning:** Review of benefit and compensation packages, stock option strategies. Review and analysis of supplemental executive benefits such as cafeteria plans, life insurance, and deferred compensation agreements.

Investment Management Services

Our firm recommends products and investments that help clients keep acquisition and ownership costs low while striving for best-in-class returns. We typically recommend that our clients maintain a diversified portfolio with an equity to fixed income ratio that we feel reflects each client's personal financial objectives. Investments that we may recommend a client purchase include mutual funds, exchange traded funds (ETFs), individual stocks, and in some cases, special products such as real estate investment trusts (REITs) and managed futures among others. There is a vast array of investment options available to our clients which exceeds options available through most traditional retail clearing firms.

If a client would like to request any restrictions on investing in certain securities or types of securities, we ask that they provide a signed written request which includes the reason for the restrictions. We will create their investment portfolio around these restrictions, if possible, while adhering to our company standards and Code of Ethics.

Wrap Fee Program

We do not offer wrap fee programs.

Assets Under Management

As of December 31, 2015, our assets under management total approximately \$70,000,000. Of the total managed assets, approximately \$65,000,000 is managed on a discretionary basis.

Term of Agreement and Termination

Our advisory agreement shall be valid for one (1) year from the effective date and will be automatically renewed for one (1)-year terms. However, either party may terminate the agreement at any time by giving written notice. See *Item 5: Fees and Compensation* regarding refunds of the portion of the prepaid management fee which is not utilized.

VF will not accept instructions to terminate the agreement unless such instructions are provided in writing by the client. All written notice shall be deemed effective when received by VF at its office or by client at the address of record unless notified in writing to the contrary. Receipt of an e-mail or facsimile transmission by either party will constitute receipt of proper written notice. Client agrees to indemnify and hold harmless VF upon receipt of an e-mail or facsimile transmission in client's name.

Item 5 Fees and Compensation

How We Are Compensated

There are two components to the advisory fee we charge – an Investment Management (IM) fee and a Financial Planning (FP) fee. All IM and FP fees are paid in advance by the client at the beginning of each calendar quarter. Clients have the option of having their fees drawn from an investment account managed by VF or paying by check. Clients receive an invoice at the beginning of each quarter stating the total values of assets on which their quarterly fee is based.

The initial IM and FP fees will be billed in arrears at the beginning of the quarter following the date the initial advisory agreement is signed. The IM fee will be pro-rated and based on the date the assets have transferred to an account managed by VF. The FP fee will be pro-rated and based on the date of the advisory agreement.

Investment Management Fees

The IM fee is based upon an approximate value of the assets will manage, according to the following fee schedule:

Standard quarterly fee for investment management (only) services:

<u>Assets Under Management</u>	<u>Annual Fee</u>	<u>Quarterly Fee</u>
\$ 0-\$1,000,000	1.00%	0.250%
\$1,000,001-\$5,000,000	0.50%	0.125%

\$5,000,001-\$10,000,000	0.35%	0.0875%
\$10,000,001-\$25,000,000	0.25%	0.0625%
\$25,000,000+	Negotiable	Negotiable

IM fees are adjusted each quarter using account values as of the last day of the previous quarter to reflect any changes in the value of assets managed.

Financial Planning Fees

The FP fee is based upon what we judge to be the complexity and amount of time we will need to help our clients accomplish their financial planning objectives. This fee may change depending on whether or not new complexities present themselves. Any changes made to a FP fee will be discussed with clients in advance, and a new advisory agreement will be signed to reflect the changes.

Annual Retainer Fees

In some cases, VF may accept an annual retainer fee for advisory services in place of the IM and FP fees. Our minimum annual retainer fee is \$8,000, which is negotiable.

Quarterly Fees

Quarterly financial planning fees range from a minimum of \$120 to a maximum of \$1,500.

Hourly Fees

VF may also agree to provide advisory services on an hourly basis. Our hourly fees are based on the following non-negotiable rates:

Lead Advisor	\$300.00
Book Advisor	\$175.00
Administrative	\$ 60.00

There is a \$100/month charge for account maintenance and supervision for clients invoiced on an hourly basis.

For clients who pay IM and FP fees, some services which are considered above usual and customary may be billed on an hourly basis. Clients will be notified in advance if additional charges apply. VF may discount its fees for friends and family members of up to 25%.

Custodian Fees

Some investment accounts may be subject to annual maintenance fees charged by the account custodian, usually on or around the anniversary of the date the account was opened. Clients have the option of having these fees drawn from the associated account or paying by check.

Processing fees and recordkeeping fees may apply to some account types, such as individual 401(k)s. If applicable, these fees will be disclosed to the client in advance of his/her agreement to open/own these type accounts.

Other Types of Fees & Expenses

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Purchase Options

Clients have the option of purchasing investment products recommended by VF through other brokers or agents that are not affiliated with our firm.

Advisory Agreement Termination

In the event that an advisory agreement is terminated by either party before the end of the billing period, the client will receive a pro-rated refund of their pre-paid quarterly fees based upon the date the termination notice is received (or issued) by VF. See *Item 4: Advisory Business* for additional information regarding termination of the advisory agreement.

Item 6 Performance-Based Fees and Side-By-Side Management

Our investment management (IM) fees are calculated using a fee schedule based on the value of assets under management; therefore, a client's IM fee may increase or decrease depending on the value of the assets subject to the investment management agreement. However, we do not charge fees based on a share of capital gains or capital appreciation of assets, also known as performance-based fees.

Item 7 Types of Clients

We typically provide investment advice to individuals, trusts, and small business owners, including those with 401ks or pension plans. In some cases, we may refer a small business owner with an employer plan to an unaffiliated plan servicing representative to manage the plan and its assets (VF will receive no additional compensation from this arrangement).

Our minimum annual retainer fee is \$5,000, which is negotiable. The minimum combined annual IM and FP fees for clients who sign an advisory agreement is \$5,000. The minimum value to open and maintain an investment account is \$200,000 and/or subject to the requirements of the account custodian. We reserve the right to waive or raise the minimum annual fee and/or account size.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Strategic Asset Allocation

We recommend a target equity to fixed income asset mix based on each client's individual financial situation and financial objectives. We suggest periodically rebalancing of a client's assets in order to maintain a range centered around the target mix as well as the risk potential, an approach known as

“strategic asset allocation.” When substantial growth in one category leads to an overexposure relative to others, investments in this category should be trimmed back (profits taken) and reallocated to where those where growth has not been as strong. This often results in a “selling high, buying low” approach to investing. Behavioral finance studies tell us people would rather do the opposite. We are a buy-hold investment firm preferring to use the Warren Buffett approach to investing – be greedy when others are fearful, and fearful when others are greedy.

Diversification

While most all of our clients are interested in having their wealth grow over time, their primary objective is to not lose what they’ve accumulated. Investing in any one particular type of security as this may increase the potential for hitting a “home run”, but it also brings in more chances to “strike out”. We strongly recommend a diversified financial portfolio for all of our clients to help reduce risk; however, it is important to understand that diversification does not necessarily prevent the loss of principal.

Fund Analysis

When choosing funds to recommend to our clients, we use data from outside sources (mainly Morningstar) to compare fund expenses, performance as compared to other funds within the same category (typically over the last 1-, 3-, and 5-year periods), total returns (also typically over the last 1-, 3-, and 5-year periods) and standard deviation, among other factors. We continue to monitor the investments held by our clients during periodic portfolio reviews.

Risk of Loss

Investing in any securities involves a risk of loss that clients should be prepared to bear. We impress upon clients that there are no “risk-free” investments. Even FDIC insured investments, after considering taxes and inflation, can cause a person to lose purchasing power over time. This in turn can jeopardize their standard of living while in their retirement years. We believe a prudent level of risk is necessary to combat the loss of purchasing power and other uncertainties when pursuing their goals.

Item 9 Disciplinary Information

Vawter Financial, Ltd. and its management personnel have not been the subject of any legal or disciplinary events by a criminal or civil court, regulatory agency, or self-regulatory organization.

Item 10 Other Financial Industry Activities and Affiliations

In the process of providing comprehensive financial planning to our fee-based clients, VF may recommend services that we feel are beneficial to the client in reaching their goals, such as estate planning and insurance services. We strive to develop relationships with other professionals who adhere to the same principles that our firm adopts to work in the best interest of the client. VF does not receive any direct or indirect benefits from these introductions.

CMP Financial

See *Item 14: Client Referrals and Other Compensation* for information regarding VF's relationship with Christina Povenmire, CFP®, MBA of CMP Financial, a former Registered Representative supervised by our office. Christina Povenmire is mainly involved in providing financial planning and/or investment advice to VF clients with whom she was previously the primary Investment Advisor Representative (IAR). She provides advisory services to these clients according to VF standards as described in this document. No conflicts of interest arise from VF's relationship with Christina Povenmire or CMP Financial. Gary Vawter makes all final investment and financial planning decisions.

Accountants/Tax Preparers

For our clients looking for tax preparation services or consultations, we refer our clients to Karen Pomajevich of CPA Solutions. With the approval of our mutual clients, we communicate with this tax preparer on a regular basis and provide her with input on the clients' account transactions and copies of tax documents related to their accounts managed by our firm. VF receives no fees when our clients use CPA Solutions' tax services.

Attorneys

Below are law offices that we often recommend to our clients:

Robert Giffin	David Onega
Robert Kennedy	Bailey Cavalieri LLC
4924-B Reed Rd	10 West Broad St #21
Columbus, OH 43220	Columbus, OH 43215

There may be other attorneys and CPA's to whom we would refer VF clients as well, depending on the client's needs. None of the firms above compensate VF for our referrals.

Insurance Agents

VF associates are licensed to sell insurance products. As such, they may have an incentive to sell and recommend insurance products to advisory clients. When such recommendations or sales are made, a conflict of interest exists as our representative may earn insurance commissions for the sale of those products. Clients are under no obligation to purchase insurance products recommended to them by our advisory representatives.

Pension Consultants

Our firm most often refers clients with qualified retirement plans to Earl Avakian, CLU of The Avakian Financial Group (AFG) as the plan servicing representative. We receive no compensation from AFG for our referrals.

Lending Specialists

Our firm most often refers clients with loan and lending needs to Michael Dolby of First Place Bank. We receive no compensation for these introductions or for products that our clients secure from them.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

An investment adviser is considered a fiduciary and our firm has a fiduciary duty to all clients. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics.

Item 12 Brokerage Practices

Selecting a Brokerage Firm

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, our firm has an arrangement with TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions.

TD Ameritrade may make certain research and brokerage services available at no additional cost to our firm all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services, we may have an incentive to continue to use or expand the use of TD Ameritrade services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with TD Ameritrade and we have determined that the relationship is in the best interest of our firm’s clients and satisfies our fiduciary obligations, including our duty to seek best execution.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade commission rates are generally discounted from customary retail commission rates. The commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to TD Ameritrade that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Soft Dollars

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Our firm does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution.

Client Brokerage Commissions

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

Procedures to Direct Client Transactions in Return for Soft Dollars

We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

Brokerage for Client Referrals

Our firm does not receive brokerage for client referrals.

Directed Brokerage

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for

execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of TD Ameritrade. Each client will be required to establish their account(s) with TD Ameritrade if not already done. Please note that not all advisers have this requirement.

Permissibility of Client-Directed Brokerage

We allow clients to direct brokerage outside our recommendation. We may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

Aggregation of Purchase or Sale

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13 Review of Accounts

Portfolio and Planning Reviews

In-depth reviews of client's investment portfolios and financial plans are completed at least annually; the scope depends on the complexity of a client's financial position. Our main emphasis is to ensure that a client's portfolio and the strategies now in place are consistent with their stated goals. During our periodic reviews, we may discuss items in the following areas: retirement planning, income tax

planning, estate planning, insurance planning, college planning, debt management, business planning, asset allocation and investment performance. Some review meetings are scheduled to explain recent developments in the client's portfolio and/or the financial markets. The client is given a summary of their portfolio, including accounts, investment holdings and performance at each meeting. Other reports which are prepared in-house or using financial planning software may also be reviewed with the client, as needed.

Portfolio reviews are conducted by Gary Vawter, CFP®, MS, ChFC®, AEP®, President. We may also occasionally receive assistance advising clients from Christina Povenmire, CFP®, MBA, owner of CMP Financial in Columbus, Ohio. Christina Povenmire is not employed by or affiliated with VF. Clients are always made aware that Christina will be reviewing their portfolios and financial plans, and they must give their consent prior to Christina accessing any information regarding the client or their financial information. VF pays Christina a consulting fee in cases where she is involved in advising clients. In all cases, Gary Vawter completes the final review.

Quarterly Portfolio Reports

Fee-based clients typically receive an Account Performance report during the first month of each quarter which shows their accounts with holdings, change in values, and investment returns for the report period (usually one year trailing the latest quarter end). This report is generated by our broker-dealer-provided online account information and reporting software, and is mailed to clients from our office. The quarterly Account Performance report is accompanied by a general market overview letter written by an advisor at our firm.

Account Statements and Transaction Confirmations

All clients receive monthly or quarterly account statements and transaction confirmations directly from the institution(s) having custody of their assets.

Item 14 Client Referrals and Other Compensation

TD Ameritrade

As disclosed under Item 12 of this Brochure, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance,

marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

Referral Fees

Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

Item 15 Custody

We do not have custody of client funds or securities. State Securities Bureaus, or their equivalents, generally take the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds and securities. As such, we have adopted the following safeguarding procedures:

1. Our clients must provide us with written authorization permitting direct payment to us of our advisory fees from their account(s) maintained by a custodian who is independent of our firm;
2. We must send a statement to our clients showing the amount of our fee, the value of your assets upon which our fee was based, and the specific manner in which our fee was calculated;
3. We must disclose to you that it is your responsibility to verify the accuracy of our fee calculation, and that the custodian will not determine whether the fee is properly calculated; and
4. Your account custodian must agree to send you a statement, at least quarterly, showing all disbursements from your account, including advisory fees.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

Item 16 Investment Discretion

As per our advisory agreement, we manage investment accounts on a discretionary basis. A client accepts this arrangement by signing our advisory agreement. If a client wishes to limit this discretionary authority in any way, he/she must submit a detailed letter describing the limitations, and an amendment to the advisory agreement must be signed by the client and the Investment Advisor Representative (IAR). VF will maintain discretionary authority until the amendment is signed by all parties.

The client and our IAR work together to set initial investment policies, guidelines and financial objectives to be followed by the IAR when making initial and subsequent changes to the client's portfolio of investments.

When implementing and maintaining the account according to the agreed upon policies, guidelines and financial objectives, the client is often but not always notified in advance of account transactions. However, the client will receive written transaction confirmations for all trades placed.

Any trades placed by the IAR will be within the scope of the agreed upon policies, guidelines and financial objectives and/or to accommodate ongoing account distributions. Some common examples of use of discretionary authority include:

- The IAR recommends an "international equity fund", and the IAR would make the final selection of the "XYZ" fund as the best to fill this recommendation.
- A client needs to raise cash to pay fees, expenses and/or to cover their income withdrawals, the IAR decides, using discretion, which are the best investments to be sold.

The IAR does not receive any additional fees or compensation when initiating discretionary transactions on behalf of the client.

Item 17 Voting Client Securities

Clients will receive their proxies or other solicitations directly from their account custodian or a transfer agent. We do not have the authority to vote client securities. However, clients may contact our office if they have any questions regarding these solicitations.

Item 18 Financial Information

We do not require pre-payment six months or more in advance. We have not had, nor do we expect that there will be, any financial conditions that would impair our abilities to meet contractual commitments to our clients with respect to use of discretionary authority or processing of client securities.

Item 19 Requirements for State-Registered Advisers

Gary Vawter, CFP®, MS, ChFC®, AEP®, is the Owner, Principal Advisor, and Branch Manager of Vawter Financial, Ltd (VF). For information regarding his education and business background, see *Item 4: Advisory Business*.

For information regarding the services that VF provides to its clients, other than investment advice, see *Item 4: Advisor Business*.

For information regarding how VF is compensated, see *Item 5: Fees and Compensation* and *Item 6: Performance-Based Fees and Side-By-Side Management*.

Our firm and management persons have not been involved in any arbitration awards, found liable in any civil, self-regulatory organization or administrative proceedings or have any relationships with issuers or securities. For information regarding any disciplinary action of which any VF advisor or employee had been subject, see *Item 9: Disciplinary Information*.

For information regarding VF relationships and arrangements with any issuer of securities, see *Item 10: Other Financial Industry Activities and Affiliations*.