



Colorado Capital  
MANAGEMENT

---

4430 Arapahoe Avenue, Suite 120  
Boulder, CO 80303  
P: 303.444.9300 F: 303.444.2027  
[www.coloradocap.com](http://www.coloradocap.com)

Part 2A  
SEC Form ADV  
Disclosure Brochure

April 1, 2023

This brochure provides information about the qualifications and business practices of Colorado Capital Management, Inc. (“CCM”). If you have any questions about the contents of this brochure, please contact us at (303) 444-9300 or send us an email at [info@coloradocap.com](mailto:info@coloradocap.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. Colorado Capital Management, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Colorado Capital Management, Inc. 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 Colorado Capital Management, Inc. is 114011.

---

## ITEM 2 – MATERIAL CHANGES

---

### **Summary of Material Changes**

The following material changes have occurred since our last ADV Annual Amendment filed on February 1, 2023.

- Item 4: We added a paragraph describing our Sustainable and ESG investment strategies.
- Item 8: We added a paragraph describing the risks of Sustainable and ESG investing.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our operations manager Andy Gilson at (303) 444-9300 or via email to: [info@coloradocap.com](mailto:info@coloradocap.com).

We strongly encourage you to read this document in its entirety.

**ITEM 3 – TABLE OF CONTENTS**

**ITEM 1 – COVER PAGE .....1**

**ITEM 2 – MATERIAL CHANGES .....2**

**ITEM 3 – TABLE OF CONTENTS .....3**

**ITEM 4 – ADVISORY BUSINESS .....4**

**ITEM 5 - FEES AND COMPENSATION .....8**

**ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....12**

**ITEM 7 - TYPES OF CLIENTS .....12**

**ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....12**

**ITEM 9 - DISCIPLINARY INFORMATION.....15**

**ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....15**

**ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....16**

**ITEM 12 - BROKERAGE PRACTICES .....16**

**ITEM 13 - REVIEW OF ACCOUNTS.....19**

**ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION .....20**

**ITEM 15 - CUSTODY.....21**

**ITEM 16 - INVESTMENT DISCRETION .....21**

**ITEM 17 - VOTING CLIENT SECURITIES.....22**

**ITEM 18 - FINANCIAL INFORMATION .....22**

## ITEM 4 – ADVISORY BUSINESS

Colorado Capital Management (CCM) offers this Disclosure document in connection with the investment advisory services we provide. It discloses information about the services we provide and the manner in which those services are made available to you, the client.

We are an investment management firm located in Boulder, Colorado, specializing in investment advisory services for individuals, high net worth individuals, families, trusts, corporations, foundations, and other charitable organizations. Steven Ellis and Lee Strongwater are the majority owners of CCM.

We are committed to helping clients build, manage, and preserve their wealth, and to provide assistance to clients to help achieve their stated financial goals. We may offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and CCM execute an engagement letter or client agreement.

### **Investment Management and Supervision Services**

We offer discretionary and non-discretionary investment management and investment supervisory services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio statements and ongoing monitoring services for the portfolio. In almost all cases, a written investment policy statement is developed for and agreed to by each new client before any trading is undertaken. This policy statement (and any subsequent direction by Client) guides all asset allocation and investment selection decisions. Discretionary and non-discretionary transactions are limited to cash, stocks, bonds, mutual funds, exchange-traded funds, certificates of deposit, government securities, options, and other publicly traded marketable securities of a similar nature. Private or non-traded investments may be purchased only by clients signing the appropriate subscription documents at the time of purchase.

Our advisory services are tailored to meet your individual needs. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities. However, when using mutual funds or Exchange Traded Funds (“ETFs”) this multi-fund manager approach makes it difficult for us to ensure that your portfolio will not invest in a particular industry or security. We are happy to discuss your preferences regarding socially conscious investment concerns and will try to accommodate them if possible.

Where we deem appropriate, or requested by our client, we will consider incorporating socially responsible investing (Sustainable Investing Strategies and/or Environment, Social, and Governance Strategies (“ESG”)) for those clients who wish to align their portfolios with their personal preference for Impact Investing. This may include investing in both public and private markets. A client’s investment allocation, along with our strategy, will depend on client responses in review meetings, written questionnaires, stated goals, risk tolerance, objectives, and personal preference for Impact Investing.

Once we have determined the types of investments to be included in your portfolio, and allocated them, we will provide ongoing portfolio review and management services. This approach requires us to review your portfolio at least quarterly.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. Clients have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

We will rebalance the portfolio, as we deem appropriate, to meet your financial objectives. We will trade these portfolios and rebalance them on a discretionary basis.

If a non-discretionary relationship is in place, calls will be placed presenting the recommendation made and only upon your authorization will any action be taken on your behalf.

In all cases, clients have a direct and beneficial interest in their securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from clients.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

### **Referrals to Third Party Money Managers**

Our firm utilizes the services of third-party money managers (TPMM's) for the management of client assets. Examples include mutual funds, exchange traded funds, and separately managed accounts (which may involve entering into a sub-advisory agreement). The cost of these third-party money managers is paid by the client, and that cost is in addition to any fees paid by the client to CCM. While we actively seek to limit these third-party expenses, cost is only one of many factors that are considered when selecting a manager. CCM does not receive any compensation from these managers, although they may provide CCM with information and research. (For more on TPMM fees, see item 5: Fees and Compensation).

When third party money managers are utilized, they are responsible for the investment selection and trading of the assets they manage. CCM does not provide advice or direction on the specific securities chosen by each manager. However, in the case of separately managed accounts, clients will typically have the opportunity to provide specific guidelines as to what they would like included or excluded from the account.

Prior to recommending or selecting a TPMM, our firm will conduct due diligence. CCM will also monitor the performance and approach of such managers on an ongoing basis. We are happy to provide you with detailed information about recommended TPMM's.

### **Financial Planning Services**

Through our Financial Planning process, we strive to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, we offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer and family legacy objectives. Our team partners with our client's other advisors (CPA, Estate Attorney, Insurance broker, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance on outside assets and periodic updates.

A written evaluation of each client's initial situation or Financial Plan is provided to the client. An annual review will be provided by the Adviser, if indicated by the Client and Advisor per the Financial Planning Agreement. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

### **Pontera (formerly FeeX)**

Our firm is engaged with Pontera (formerly FeeX), an unaffiliated entity, to offer service to our clients. Pontera is the third-party service provider whereby Colorado Capital Management provides an additional service for

accounts not directly held with our recommended custodian; but where our team has discretion and leverages an Order Management System to implement asset allocation or rebalancing strategies on behalf of the client. These are primarily 401(k) accounts, 403(b) accounts, 529 plans, variable annuities, and other assets not held with the recommended custodian. Colorado Capital Management and its Financial Advisors regularly review the current holdings and available investment options in these accounts, monitors the account, rebalances, and implements our firm's strategies, as necessary.

The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations and investment options. When deemed necessary, we will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly, and allocation changes will be made as deemed necessary.

### **Retirement Plan Advisory Services**

For employer-sponsored retirement plans with participant-directed investments, we provide advisory services as an investment advisor as defined under Section 3(21) and 3(38) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

When serving as an ERISA 3(21) investment advisor, the plan sponsor and our firm share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Advisor Agreement between our firm and the plan sponsor.

We provide the following services to the plan sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.
- Provide a quarterly monitoring report.

When serving as an ERISA 3(38) investment manager, the plan sponsor is relieved of all fiduciary responsibility for the investment decisions made by our firm. We are the discretionary investment manager in accordance with the terms of a separate ERISA 3(38) Investment Management Agreement between our firm and the plan sponsor. Our investment management is limited in that it has the discretion solely to replace funds in plan fund lineups and initiate the transfer of existing balances to the replacements without prior approval from the client.

We provide the following services to the plan sponsor:

- Select the investments.
- Monitor the investments and replace investments when appropriate.
- Provide a quarterly monitoring report.
- Develop a customized IPS.

Our goal in identifying the plan's investment options is to provide a range of options that will enable plan participants to invest according to varying risk tolerances, savings time horizons or other financial goals. The plan's investment options may consist of ETFs, CITs, mutual funds, model portfolios, or other similar investment funds. The investment funds from which our Firm will select from will be those that are available on the plan record-keeper's investment platform.

Retirement Plan Advisory Services consists of helping employer plan sponsors to establish, monitor and review their company's retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment selection and monitoring, plan structure, and participant education.

We will provide quarterly recommendations for the plan's investment allocation. Upon receipt we will review the investment options and provide positions for accounts in accordance with the management style chosen by the client. Analysis is provided for each fund held by the Plan. A report shows historical performance, asset allocation, and the performance of each fund, including its performance in comparison to its appropriate benchmark. The report also contains information regarding each Fund's managers, capitalization, investment style, expenses, portfolio composition and other qualitative factors relevant to the Fund's performance and adherence to the Plan's Investment Policy Statement. Clients are responsible for making the fund changes within the account.

#### **Participant Level Education**

We can also be engaged to provide financial education to plan participants. The scope of education provided to participants will not constitute "investment advice" within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants. We may meet with plan participants on a regular basis (quarterly, semi-annually, or annually) as agreed upon at the Client's discretion to discuss the reports and investment recommendations.

We provide Plan consulting services separately or combined with our Investment Management services. Clients may choose to use any or all of these services as indicated on the Plan Sponsor Investment Advisory Agreement with our Firm.

#### **Disclosure Regarding Rollover Recommendations**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. Our Firm's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding the oversight.

#### **Use of Alternative Investments**

Where determined suitable for a client, we will utilize or otherwise recommend alternative investments. Alternative Investments represent asset classes outside the realm of traditional stocks, bonds, mutual funds,

ETFs and cash equivalents and include, among other things, hedge funds, private equity, venture capital, private debt instruments, private real estate, infrastructure funds, and registered, publicly traded securities.

### **Consulting Services**

We also provide clients investment advice on a more limited basis on one or more isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, we may provide advice on non-securities matters in connection with the rendering of estate planning, insurance, real estate, and/or annuity advice.

In these cases, you will be required to select your own investment managers, custodian and/or insurance companies for the implementation of consulting recommendations. If your needs include brokerage and/or other financial services, we will recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals. You must independently evaluate these firms before opening an account or transacting business, and you have the right to effect business through any firm you choose.

### **Wrap Fee Programs**

We do not place Client assets into a wrap fee program.

### **Assets**

As of December 31, 2022, we managed a total of \$439,959,198 in client assets; \$386,362,747 in client assets on a discretionary basis and \$53,596,451 in client assets on a non-discretionary basis.

---

## **ITEM 5 - FEES AND COMPENSATION**

---

### **Investment Management Fees and Compensation**

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade execution, investment supervision, and other account-maintenance activities. Our custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule\*:

\$0	- \$1,000,000	= 1.00%
\$1,000,001	- \$3,000,000	= 0.70%
\$3,000,001	- \$6,000,000	= 0.50%
\$6,000,001	- \$10,000,000	= 0.35%
\$10,000,001 +		= 0.25%

\*Some legacy clients may be charged under a different fee schedule.

The specific advisory fees are set forth in your Investment Advisory Agreement.

The fees for investment management are based on an annual percentage of assets under management and are applied to the household asset value on a pro-rata basis and billed quarterly in advance or arrears, as outlined in the Investment Management Agreement. For new clients, the initial billing will typically occur at the beginning of first calendar quarter after the effective date of the Investment Management Agreement. This billing normally covers the period from the effective date of the agreement until the end of the calendar quarter in which the initial billing takes place. Fees are assessed on all assets under management, including securities, cash and money market balances, although exceptions may be made in certain circumstances.

Our firm may have some legacy accounts that have different fee billing arrangements. These arrangements are detailed and agreed to by the client and the firm in the Investment Advisory Agreement and Addendums.



We may negotiate a lower advisory fee or have the right to waive the minimum fee. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated.

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as “householding” portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of householding accounts for fee purposes looks at the overall family dynamic and relationship.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. At our discretion, you may pay the advisory fees directly to our Firm by check. Further, the qualified custodian agrees to deliver an account statement to you on a quarterly basis indicating all the amounts deducted from the account including our advisory fees.

Either CCM or you may terminate the management agreement, upon written notice to the other party. The management fee will be pro-rated to the date of termination and any unearned fees will be refunded to you or any earned fee will be billed to the account. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client’s death or disability, our Firm will continue management of the account until we are notified of client’s death or disability and given alternative instructions by an authorized party.

In no case are our fees based on, or related to, the performance of your funds or investments.

### **Third Party Asset Management (“TPMM Program” or “TPMM”) Fees**

Fees and billing methods are outlined in each respective TPMM’s prospectus or contract.

The Client pays an on-going fee directly to the TPMM (“Manager”) based upon a percentage of your assets under management with respect to each TPMM. You will receive disclosure of all fees by the TPMM, which include the terms of the compensation arrangement and a description of the compensation paid, at the time of signing an advisory agreement with the TPMM. The minimum account size for will vary from TPMM to TPMM. All such minimums will be disclosed in the respective TPMM’s Brochure. We may have the ability to negotiate such minimums for you.

You may terminate your relationship in accordance with the respective Managers’ disclosure documents. Pre-paid fees will be refunded in accordance with the respective Manager’s agreement and disclosure documents.

A Manager relationship may be terminated at your or your Investment Advisor Rep.’s discretion. CCM may at any time terminate the relationship with a Manager that manages your assets. CCM will notify you of instances where we have terminated a relationship with any Manager with whom you are investing. CCM will not conduct on-going supervisory reviews of the Manager following such termination. Factors involved in the termination of a Manager may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the Manager, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the Manager on our list of approved Managers.

Some separately managed accounts are only available through a custodian other than Charles Schwab & Co., which is the custodian we use most often. Such other custodians may offer different services, reporting and fee arrangements than Schwab.

### **Financial Planning Fees**

Fees may vary based on the extent and complexity of your individual or family circumstances and the amount of your assets under our management. Our fee will be agreed in advance of services being performed. The fee

will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether or not you intend to implement any recommendations through CCM. Fixed fees for individual financial plans, without investment management services, range from \$2,500 to \$5,000, but may be negotiated at the discretion of the Firm. The specific fixed fee for your financial plan is specified in your planning agreement with our Firm.

Typically, we complete a plan within a month and will present it to you within 90 days of the contract date, if you have provided us all information needed to prepare the financial plan. Fees are billed and payable at the time the financial plan is delivered to you. You may terminate the financial planning agreement by providing us with written notice. Upon termination, fees will be prorated to the date of termination and any earned portion of the fee will be billed to you based on an hourly rate of \$250.00. We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services.

When both investment management or plan implementation and financial planning services are offered, there is a potential conflict of interest since there is an incentive for the party offering financial planning services to recommend products or services for which CCM may receive compensation. However, CCM will make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs. As a financial planning client, you are under no obligation to act upon any of our recommendations or effect the transaction(s) through us if you decide to follow the recommendations.

#### **Retirement Plan Advisory Services**

For Retirement Plan Advisory Services compensation, we charge an annual fee as negotiated with the client and disclosed in the Investment Advisory Agreement. The compensation method is explained and agreed upon in advance before any services are rendered. Asset based fees for sponsors of retirement accounts range from 0.1% to 0.5% of the assets in the plan. This may be supplemented or replaced by a mutually agreed upon fixed annual fee.

Plan advisory services begin with the effective date of the Agreement, which is the date you sign the Investment Advisory Agreement. For that calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. Our fee is billed in arrears on an annual basis. Invoices are sent out each quarter to either the client or the custodian of the Plan. For clients where our fee is billed to the custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Investment Advisory Agreement.

Either party may terminate the Agreement at any time. You are responsible to pay for services rendered until the termination of the agreement.

#### **Initial Public Offerings**

When offered through Charles Schwab & Co., Inc as the account custodian, we may have the ability to request shares of initial public offerings (IPO's) and secondary offerings for our clients. These are short-term, speculative investments.

At this time, we will only request shares of an IPO for a client that has specifically requested those shares. We may charge a fee of up to \$500 per offering for assisting a client with buying and selling these shares.

In the event that multiple clients request shares of an IPO, and we receive fewer IPO shares than were requested, we must allocate those shares among the participating clients. The allocations are typically either equal or in proportion to the number of shares requested (rounded to the nearest hundred). Investing in securities involves risk of loss that clients should be prepared to bear.

#### **Consulting Fees**

We provide consulting services for clients who need advice on a limited scope of work. We will negotiate consulting fees with you. Fees range from \$2,500 to \$20,000 for Consulting Services and may vary based on the extent and complexity of the consulting project. Fees will be billed as services are rendered. Either party

may terminate the agreement. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you as described in the Agreement and our hourly rate described above.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively “Financial Institutions”). These additional charges include securities, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, below. Neither our Firm nor its supervised persons accept compensation for the sale of securities or other investment products. Further, our firm does not share in any of these additional fees and expenses outlined above.

CCM may include mutual funds and exchange traded funds, (“ETFs”) in our investment strategies. CCM policy is to purchase institutional share classes of those mutual funds selected for the client’s portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund, and one share class may have a lower expense ratio than another share class. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, CCM may use them in the client’s portfolio, and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with CCM would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client’s transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits, or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

When selecting investments for our clients’ portfolios we might choose mutual funds on your account custodian’s Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian’s NTF fund program pay a fee to the custodian to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund as it is captured in the fund’s expense ratio. When we decide whether to choose a fund from your custodian’s NTF list or not, we consider our expected holding period of the fund, the position size, and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

### **Administrative Services Provided by Orion**

We have contracted with Orion to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, payable reports, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client information, but Orion will not serve as an investment adviser to our clients. CCM and Orion are non-affiliated companies. Orion charges our Firm an annual fee for each account administered by Orion. Please note that the fee charged to the client will not increase due to the annual fee CCM pays to Orion.

### **ByAllAccounts and MoneyGuide Pro Platforms**

We make available “ByAllAccounts” and “MoneyGuide Pro” to clients to provide periodic comprehensive planning and/or reporting services, which can incorporate all the client’s investment assets, including those investment assets that are not part of the assets managed by CCM (the “Excluded Assets”). Unless otherwise specifically agreed in writing, our service relative to the Excluded Assets is limited to reporting and planning only. Therefore, we shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or the client’s other designated investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If we are asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and we shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that we provide investment advisory services for the Excluded Assets, the client may engage us to do so pursuant the terms and conditions of an agreement between Our Firm and the client.

MoneyGuide Pro Advisor also provides access to other types of information to our clients, including financial planning concepts, which should not be construed as personalized investment advice or recommendations provided by CCM unless a Financial Planning or Consulting agreement has been executed between our Firm and the client. Furthermore, we shall not be held responsible for any adverse results a client may experience if the client engages in financial planning concepts or other functions available on the MoneyGuide Pro Platform without our Firm’s assistance or oversight.

CCM and the platform providers are non-affiliated companies. We are charged an annual fee for subscriptions to the providers. Please note that the fee charged to the client will not increase due to any subscription fees paid by CCM.

---

### **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

---

CCM 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).

---

### **ITEM 7 - TYPES OF CLIENTS**

---

Our clients include individuals, high net worth individuals, families, trusts, corporations, foundations, employee sponsored retirement plans and other charitable organizations.

The minimum account size is \$1,000,000 per household. Fees and minimum account size may be negotiable or adjusted lower at our discretion, as a result of the size, complexity, and growth potential of an account.

---

### **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

---

#### **Types of Investments and Selection Methodology**

Approximately 70% of our work is related to investment research and management. The balance consists of advising clients on financial planning issues such as college saving vehicles, insurance needs, retirement plans, and strategies to reduce income and estate taxes.

We provide guidance on most types of investment securities. This includes all types of stocks, bonds, mutual funds and exchange-traded funds, and may also include commercial paper, certificates of deposit, real estate, oil and gas, life insurance, annuities, warrants, options, derivatives, hedge funds, venture capital, and other private equity and private debt investments. For clients interested in socially responsible investing, we also select investments that are screened to avoid certain industries and are evaluated on environmental, social and governance issues. Clients may elect how much exposure, if any, they would like to have to socially screened investments.

To select investments, we utilize fundamental analysis, which means that we focus on the underlying fundamental characteristics of each investment. The information that we utilize for this analysis is primarily procured from paid subscriptions to financial databases and publications. We also review financial newspapers, magazines, financial data and news released by public companies, research materials prepared by third-party firms, and other data available over the internet. In selecting index funds (which represent the majority of our equity investments), we focus on operating cost, fund size, sponsor, asset class, and the way in which the index is constructed.

Our investment approach is very much long-term in nature, and we may hold securities for several years. However, in some cases we will execute short-term trading strategies. In some instances, we may enter into a short sale or an option contract in order to address the specific needs or desires of a client. Clients may elect to utilize the margin borrowing features on their account at their discretion, although most do not.

Engagement of third-party money managers is one of the services we may offer, depending upon the suitability of such a strategy for the client. We monitor the performance of the selected managers.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to many risks, which include, but may not be limited to the following:

- **Market Risk** - Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation. Market values can change daily due to economic and other events (e.g., natural disasters, health crises, terrorism, conflicts, and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects of events.
- **Socially Responsible and Impact Investing Risk**: Strategies that incorporate Sustainable Investing and Environment, Social Responsibility, and Governance (“ESG”) ratings may underperform other strategies which do not utilize investment screens or ESG metrics. Investment screens may reduce or eliminate the holdings of certain companies or industries, while overweighting others relative to an unscreened benchmark. This will likely lead to variations in performance from the benchmark, and those variations (in either direction) may be significant. There can be no assurance that Socially Responsible strategies will result in more favorable investment performance. ESG ratings and social screening processes incorporate subjective decision making criteria, and are thus not uniformly agreed upon. We rely on data and ‘scores’ provided by third parties, along with our own proprietary selection methodology to determine whether an investment is included in client portfolios.
- **Alternative Risk** - Investments classified as "alternative investments" may include a broad range of underlying assets including, but not limited to, hedge funds, private equity, venture capital, private debt instruments, private real estate, infrastructure funds, and registered, publicly traded securities.

Alternative investments are speculative, not suitable for all clients and intended for only experienced and sophisticated investors who are willing to bear the high risk of the investment, which can include: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative investment practices; lack of liquidity in that there may be no secondary market for the fund and none expected to develop; volatility of returns; potential for restrictions on transferring interest in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor; absence of information regarding valuations and pricing; potential for delays in tax reporting; less regulation and typically higher fees than other investment options such as mutual funds. The SEC requires investors be accredited to invest in these more speculative alternative investments. Investing in a fund that concentrates its investments in a few holdings may involve heightened risk and result in greater price volatility.

- Management Risk - Your investment with us varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Currency Risk - The value of your portfolio's investments may fall as a result of changes in exchange rates.
- Credit Risk - Most fixed income instruments are dependent on the underlying credit of the issuer. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.
- Capitalization Risk - Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.
- ETF and Mutual Fund Risk - ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities in the ETF or mutual fund holds. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy. Clients may also incur brokerage costs when purchasing ETFs.

- Options Risk - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- Foreign Securities and Currency Risk - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- Industry Risk - The portfolio's investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact on your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- Inflation Risk - Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- Interest Rate Risk - In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.
- Liquidity Risk - Liquidity risk exists when particular investments would be difficult to purchase or sell and could possibly prevent clients from selling such securities at an advantageous time or price.
- Securities Lending Risk - Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

- Cybersecurity Risk - In addition to the Material Risks listed above, investing involves various operational and “cybersecurity” risks. These risks include both intentional and unintentional events at CCM or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients’ information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including certain risks may not have been identified, in large part because different or unknown threats may emerge in the future.

---

#### **ITEM 9 - DISCIPLINARY INFORMATION**

---

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CCM or the integrity of CCM’s management. We have no knowledge of any legal or disciplinary actions against anyone employed by CCM.

---

#### **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

---

##### **Insurance**

Colorado Capital Management is not an insurance agency and does not sell insurance of any type to its clients. Our services in this area are limited to reviewing existing policies, requesting quotes for new or alternative policies from third party firms (from which we receive no compensation of any kind), and advising clients on the merits of the available choices. Some members of our staff have prior experience and/or have held licenses in the industry.

##### **Friendship Bridge**

Steven Ellis is also involved on the finance committee of a non-profit organization, Friendship Bridge, in a volunteer capacity, with no compensation. Steven Ellis has invested in promissory notes issued by Friendship Bridge. Due to Steve’s involvement as a volunteer for and investor with this organization, it would be a conflict of interest for CCM to make recommendations concerning client investments with Friendship Bridge. As a result, CCM will make full disclosure of these facts and not provide investment guidance to clients with regard to any such investment.

##### **Avoiding Conflicts of Interest**

- Compensation: Colorado Capital Management does not receive any monetary compensation from any source other than the asset-based fees paid by clients. We do not sell any investment products and do not receive any commission income. We do not have any “soft dollar” arrangements with any brokerage firms.
- Employee Trading: Employees of CCM will from time-to-time purchase or sell for themselves the same securities (except for IPO’s) that are purchased for clients. There is deemed to be no conflict of interest as the securities involved (mostly mutual funds and exchange-traded funds) are widely held and publicly traded, and the transaction size is typically far too small to affect the market. We believe it is an alignment of our interests for us to own the same securities in both our personal and client accounts.
- Independence: CCM is completely independent, and employee owned. We have no ownership interest in any other organization, and no other organization owns any portion of CCM.
- Partnerships: We do not serve as the general partner in any partnership in which clients are advised to invest.

- Discounted Services & Events: We occasionally are offered and accept discounts from software vendors, and invitations to attend business research and/or training events where part or all of the full cost is paid by a third party (see Item 12 below for more detail).

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information. The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of our Firm, guard against violation of the securities laws, and the ethical principles of the firm.

Our Firm and persons associated with us are allowed to invest for their own accounts or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as transactions made in your account. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

- 1) A director, officer, or employee of CCM shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of CCM shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.
- 2) We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of CCM.
- 3) We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
- 4) We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any supervised employee not in observance of the above may be subject to termination.

You may request a complete copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Part 2; Attn: Chief Compliance Officer.

## **ITEM 12 - BROKERAGE PRACTICES**

Clients must maintain assets in an account at a "qualified custodian," typically, a broker-dealer or bank. It is our general practice to recommend our clients use Charles Schwab & Co., Inc. Advisor Services ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated, and unaffiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities as instructed. In some cases, our Firm may recommend that you establish accounts with a firm other than Schwab to maintain custody of your assets.

While we recommend that clients use Schwab as Custodian, clients must decide whether to do so and open accounts with Schwab or any other custodian by entering into account agreements directly with them. The client opens the accounts directly with the Custodian. The accounts will always be held in the name of the client and never in CCM or the Advisors' name.



### **How We Select Custodians**

We seek to recommend a custodian/broker who will hold client 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:

- 1) Combination of transaction execution services and asset custody services, usually without a separate fee for custody
- 2) Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- 3) Capability to facilitate transfers and payments to and from accounts, such as wire transfers, check requests, bill payment, etc.
- 4) Breadth of available investment products, such as stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.
- 5) Availability of investment research and tools that assist us in making investment decisions
- 6) Quality of services
- 7) Competitiveness of the price of services and willingness to negotiate the prices of commission rates, other fees, etc.
- 8) Reputation, financial strength, and stability
- 9) Prior service to CCM Advisors and our other clients
- 10) Availability of other products and services that benefit us, as discussed below in “Products and Services Available to Us from Schwab”

### **Client Brokerage and Custody Costs**

For our clients’ accounts that Schwab maintains, Schwab usually does not charge separately for custody services. On occasion, a client may be charged fees to custody alternative investments held outside of Schwab or for separately managed accounts custodied with Schwab. Schwab receives compensation by charging ticket charges or other fees on trades that it executes or that settle into clients’ Schwab accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Brokers/Custodians).

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide CCM Advisors and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts; others help us manage and grow our business. Schwab’s support services are typically available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered soft dollar benefits because there is an incentive to do business with Schwab. This creates a conflict of interest. We have established policies in this regard to mitigate any conflicts of interest. We believe that our selection of Schwab as custodian and broker is in the best interests of clients. CCM Advisors will always act in the best interest of their clients and act as a fiduciary in carrying out services to clients.

Following is a more detailed description of Schwab’s support services:

#### **Services That Benefit Our Clients**

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph benefit our clients and their accounts.

#### **Services That May Not Directly Benefit Our Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this

research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- 1) Provide access to client account data (such as duplicate trade confirmations and account statements)
- 2) Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- 3) Provide pricing and other market data
- 4) Facilitate payment of our fees from our clients' accounts
- 5) Assist with back-office functions, recordkeeping, and client reporting

#### **Services That Generally Benefit Only Us**

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- 1) Educational conferences and events
- 2) Consulting on technology, compliance, legal, and business needs
- 3) Publications and conferences on practice management and business succession
- 4) Access to employee benefits providers, human capital consultants, and insurance providers
- 5) Charitable Contributions directed to non-profits we may suggest

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

#### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients.

Some of the products, services and other benefits provided by Schwab benefit CCM Advisors and may not benefit our client accounts. Our recommendation or requirement that you place assets in Schwab's custody may be based in part on benefits Schwab provides to us, or our agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Schwab's execution quality may be different than other Custodians.

CCM annually reviews the relationship between Charles Schwab, CCM and the client in order to determine if the custodial relationship is in the best interest of the client.

#### **Aggregation and Allocation of Transactions**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. We may make trades in individual accounts (that are not aggregated with others) so that we may address that client's unique circumstances. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

- 1) Our policy for the aggregation of transactions shall be fully disclosed to our existing clients (if any) and the Custodian(s) through which such transactions will be placed;

- 2) We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
- 3) No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
- 4) We will submit specific instructions ("Allocation Statement") to the custodian specifying the participating client accounts and how to allocate the order among those clients;
- 5) If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
- 6) Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account, with fair and equitable treatment.
- 7) We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- 8) Individual advice and treatment will be accorded to each advisory client.

### **Trade Errors**

From time-to-time we may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the Custodian of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client accounts that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forgo the gain (e.g. due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. is the Custodian, Charles Schwab & Co. Inc. will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Charles Schwab & Co Inc. will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. If related trade errors result in both gains and losses in your account, they may be netted.

### **Directed Brokerage**

We do not routinely recommend, request, or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

In special circumstances, such as when purchasing individual bonds, we may execute trades at a brokerage firm that is not the custodian of the client's account. We do this to improve the range of potential offerings and the price at which they may be available. For such trades, clients typically pay a \$25 fee to the custodian of their account, plus whatever mark-up, or mark-down the originating broker has built into the price of the security being bought or sold. We only execute such trades when we believe they provide an advantage to the client.

---

## **ITEM 13 - REVIEW OF ACCOUNTS**

---

### **Account Reviews and Reviewers – Investment Supervisory Services**

Client accounts paying at least our quarterly minimum fee are monitored on an ongoing basis, with detailed written reports provided at the end of each calendar quarter. Our Investment Adviser Representatives will monitor client accounts on a regular basis and offer to perform annual reviews at least annually with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes

in an account holder's personal, tax or financial status. Geopolitical and macroeconomic specific events may also trigger reviews.

The purpose of these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances. Accounts falling below the minimum fee may be reviewed on an occasional or one-time basis, or at the specific request of the client.

### **Statements and Reports**

Each quarter, clients receive a CCM-prepared written report detailing their current positions, asset allocation, and year-to-date performance. Our written quarterly reports usually include a portfolio statement detailing the security holdings, by asset class, for each client. This appraisal describes the market value, portfolio weighting, and if available, the cost basis, of each position in the portfolio. In addition, information is typically provided on the performance of the portfolio for the quarter, and for longer periods of time. Quarterly reports also typically include detailed performance benchmark (market index) data and our thoughts on the current economic outlook.

The custodian for the individual client's account will provide clients with an account statement at least quarterly. You are urged to compare the reports provided by our firm against the account statements you receive directly from your account custodian.

Those clients who are exclusively Consulting or Financial Planning clients (i.e., those who have no assets under management with us in our advisory program) will receive no regular reports from the Firm.

---

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

---

We do not pay individual referral fees or receive compensation for referrals, although employees and owners of the firm may receive additional compensation or ownership in the firm for generating new business.

We do not compensate persons who refer clients to our firm. However, we occasionally send a modest thank you gift (no more than \$100 in value) to express our appreciation for a referral.

### **Lead Generation**

We pay a flat fee to unaffiliated third parties ("Promoters") to participate in online matching programs that seek to match prospective advisory clients with investment advisers. These programs provide information about investment advisory firms to persons who have expressed an interest in such firms. These programs also provide the name and contact information of such persons to the advisory firms as potential leads. The flat fee we pay the programs for being provided with potential leads is payable regardless of whether the prospect becomes our advisory client. Advisory clients do not pay an increased advisory fee as a result of our agreement with any Promoter.

### **Professional Referrals**

Our Firm may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, our Firm does not receive any direct compensation in return for any referrals made to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and clients have the right to choose any financial professional to conduct business. Individuals and firms in our financial professional network may refer clients to our Firm. Our Firm does recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

## ITEM 15 - CUSTODY

Custody has been defined by regulators as having access or control over client funds and/or securities. Our firm does not have physical custody, as it applies to investment advisors.

### **Deduction of Advisory Fees**

For all accounts, our firm has the authority to have fees deducted directly from client accounts. Our firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from our Firm. When you have questions about your account statements, you should contact our Firm or the qualified custodian preparing the statement. Please refer to Item 5 for more information about the deduction of adviser fees.

### **Standing Letters of Authorization ("SLOA")**

Our firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

## ITEM 16 - INVESTMENT DISCRETION

For discretionary accounts, prior to engaging our Firm to provide investment advisory services, you will enter a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable CCM, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange, and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by CCM for you are:

- 1) For discretionary accounts, we require that we be provided with the authority to determine which securities and the amounts of securities to be bought or sold.
- 2) Any limitations on this discretionary authority shall be in writing. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer-sponsored account.

---

**ITEM 17 - VOTING CLIENT SECURITIES**

---

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at 303-444-9300.

---

**ITEM 18 - FINANCIAL INFORMATION**

---

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

