

# *Lottsa*

## **Lottsa Financial Services, Inc.**

**400 19th Avenue South  
Minneapolis, MN 55454**

**Phone: (612) 338-7487**

**Fax: (612) 338-7460**

[www.lottsa.com](http://www.lottsa.com)

**Form ADV Part 2A  
Brochure**

**October 12, 2023**

This Brochure provides information about the qualifications and business practices of Lottsa Financial Services, Inc., the Adviser. If you have any questions about the contents of this Brochure, please contact us at (612) 338-7487. 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 Adviser is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Adviser is 118995.

Adviser is an investment adviser registered with the Minnesota Department of Commerce. Registration does not imply a certain level of skill or training.

## Item 2 Material Changes

This Item 2 discloses material changes to this Brochure since its last annual updating amendment on March 30, 2023.

Since the last annual updating amendment on March 30, 2023, the following material changes have been made to this Brochure:

- We have amended Item 12, *Brokerage Practices*, to disclose that as of September 2023, we are using the brokerage and custodial services of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member SIPC.

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## Item 4 Advisory Business

Lotts Financial Services, Inc. ("LFS" or "we"), is a fee-only, comprehensive financial planning and investment management firm. LFS provides comprehensive Financial Planning and other related financial advisory services to our clients ("clients, you, your") including those listed below. LFS believes that comprehensive financial planning is an integral component or basis of investment advice, and as such, encourages clients to hire us as both your financial planner and portfolio (or asset) manager in an integrated package.

Scott Beers is a 90% owner and Sarah Lincoln Lauber is a 10% owner.

We offer you three different service options; with different fee schedules (see Item 5):

### Option 1 – Hourly Consultation/Financial Planning

You may have specific financial needs and prefer an analysis of these specific needs. Typically you have a limited number of critical issues and specific areas of concern. The "Hourly Consultation" is intended to meet the specific needs identified and is not designed to be a Comprehensive Financial Plan (the following topics would be considered "a la carte"). Examples of "Hourly Consultation" topical services include:

- Investment strategies,
- Retirement Income Planning,
- Education Planning,
- Business Succession Planning,
- Insurance and Risk Planning,
- Income Tax Planning,
- Survivors Needs Analysis,
- Cash Management, or
- Net Worth Evaluation

These services are typically short-term in duration with limited financial planning and financial analysis. The length of time to complete these engagements, the number of meetings, and the deliverable package will be discussed and agreed to, on a case-by-case basis, prior to LFS agreeing to or initiating services, as provided in the Hourly Consultation Agreement, between client and LFS. During the "Hourly Consultation" engagement there will be a minimum of two (2) meetings – initial scope review/data gathering and presentation of recommendations; however the total number of meetings is dependent on the agreed upon scope of our work.

### Option 2 – Investment Management (also known as Portfolio Management)

Investment Management is the management by LFS of one or more of client portfolios through asset allocation and rebalance methodology. LFS typically provides Investment Management services on a discretionary basis, although it may agree to accept accounts on a non-discretionary basis. In a discretionary account, LFS will place trades in its discretion, without obtaining client consent to each transaction, guided by the client's Investment Policy Statement ("IPS") described below.

During its initial data-gathering process, LFS assists the client in establishing the account's investment goals and objectives, investment time horizon, risk tolerance, and liquidity needs (all the "Suitability Information"), as well as any restrictions the client wishes to impose on the account's investments. As appropriate, LFS also reviews and discusses the client's prior investment history, as well as family composition and background.

For clients who request Comprehensive Financial Planning services and Investment Management services, LFS will typically conduct the financial planning services prior to the Investment Management services. Clients are not required to obtain Comprehensive Financial Planning services in order to obtain Investment Management services, nor are they are required to obtain Investment Management services to obtain Comprehensive Financial Planning Services; all services may be obtained separately at the client's discretion.

Through the personal discussions with the client, LFS develops the IPS for the client's approval and adoption. A single IPS may cover multiple accounts for the same client.

The purpose of the IPS is to establish a clear understanding as to the portfolio or investment guidelines applicable to each client's investment portfolio. It is the intent of the IPS to be sufficiently specific to be meaningful, but also flexible enough to be practical. The IPS is intended to be a summary of an investment philosophy that provides guidance for LFS in selecting, evaluating, and monitoring the account's investment options. As such, for each account covered by the IPS will:

- Establish reasonable expectations and guidelines in the investment of the account's assets, including any agreed portfolio or asset allocation;
- Provide an understanding of the account's Suitability Information;
- Encourage effective communication between LFS and the client; and
- Create the framework for a well-diversified asset mix consistent with the account's Suitability Information to generate acceptable long-term returns commensurate with the level of risk suitable for the account.

LFS and the client will periodically review the client's account(s) to determine whether risk and return objectives or investment policies need revision.

Many clients come to LFS because of our affinity for Socially Responsible Investing (SRI). The mix of such funds in a portfolio is discussed with clients to identify their preferences. The primary social screens we utilize are:

- No Weapons,
- No alcohol, tobacco, gambling, or pornography,
- Pro-environmental, and/or
- Good governance

No client is required to utilize SRI investments and most clients have some positions that are not SRI. Clients may impose reasonable restrictions on investing in certain securities or types of securities. Such instruction will be documented in the IPS.

LFS requires all investment management clients to execute a Limited Power of Attorney ("LPOA") to evidence LFS authorization to execute trades. The LPOA grants LFS the authority to trade securities on behalf of the client's accounts (by placing the trades with a broker we select to execute the trade; in most cases the custodian of the account). We also require each discretionary client to execute an Investment Management Agreement, through which the client grants us discretion to trade the account without consulting the client in advance.

### **Option 3 – Comprehensive Financial Plan**

LFS offers Comprehensive Financial Planning, with or without Investment Management. In preparing a written Comprehensive Financial Plan ("CFPlan"), LFS will typically schedule 2 to 4 meetings with the client; the number may vary depending on the client's unique facts and circumstances. LFS and client will enter into a written Comprehensive Planning Agreement.

Comprehensive Financial Planning is on-going and not a one-time process. We gather required information through in-depth personal interviews. The CFPlan begins with an analysis of the client's current financial condition, in tandem with explicit statements of the client's goals, financial status, tax status, future goals, return objectives and attitudes towards risk. Done properly, the result should be a map of how to achieve the client's desired goals. For many clients, Comprehensive Financial Planning encompasses the following areas:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Cash Flow: Current spending and anticipated future spending and how this relates to current and future needs.
- Education Funding: Funding alternatives and strategies to pay for elementary, secondary and post-secondary education.
- Death and Disability: Cash requirements at death or disability, including the needs of a surviving spouse or dependents. May include estate planning and income analysis.
- Retirement: Analysis of current strategies and investment plans to help achieve retirement goals.
- Income Taxes: Tax analysis of current position and options being considered.
- Estate Planning: Distribution of assets upon death and in anticipation of death.
- Investments: Analysis of investment alternatives and their effect on portfolio(s).
- Risk Management/Insurance: Asset Protection

We carefully review documents supplied by the client and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his or her attorney, insurance agent, or financial advisor.

Implementation of financial plan recommendations is entirely at the client's discretion. Client is under no obligation to effect any recommendations to purchase securities or insurance products, or any of the other recommendations made in the CFPlan. Neither LFS nor any of its employees sells any of such products. The client must locate a securities or insurance broker through which to implement such recommendations, if client decides, in client's discretion, to follow such recommendations.

Typically the financial plan is presented to the client within four months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

#### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based

compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

## **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are 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. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## **Assets Managed by LFS**

As of December 31, 2022, we managed \$34,832,830 of client assets on a discretionary basis, and \$29,735,549 of client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Option 1 - Hourly Consultation/Financial Planning**

The "Hourly Consultation" fee is billed on an hourly basis, in 3 minute increments; and will depend on the hours and type of work to be performed. The number of hours to be spent is estimated on a case-by-case basis depending on the client's unique needs and objectives. Our standard billing rate for these services is \$300.00 per hour.

An Initial Deposit of \$500 will be required, or a lower amount negotiated between client and LFS, as provided in the client's individual Hourly Consultation Agreement. Fees will be invoiced periodically for the work performed to date. All payments are due net 15 days.

### **Option 2 - Investment Management (also known as Portfolio Management)**

Clients will pay LFS a quarterly Advisory Fee for its services in managing client assets, as provided in the Agreement for Investment Management Services (the "Management Agreement"). Advisory Fees are calculated and payable quarterly in advance according to the applicable Fee Schedule, based on the value of Managed Assets as of the last day of the preceding calendar quarter (or for the initial calendar quarter, the value of managed assets as of the last day of the initial quarter prorated beginning on the effective date of the Management Agreement). Advisory Fees will be due approximately the 15th business day of each calendar quarter. Advisory Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.



Advisory Fees will be prorated on account additions or withdrawals in excess of \$100,000 based on the number of days services are (or are to be) provided.

Although client accounts are generally aggregated to determine the Advisory Fee Rate, there are situations (such as where a client chooses to have multiple investment strategies, multiple portfolio designs, multiple implementations and multiple reviews, rebalancings, reports, revisions, or reallocations) where client accounts will not be aggregated and each account will be treated separately for purposes of calculating the quarterly Advisory Fee. In that case, each such account will have its Advisory Fee Rate determined separately and its Advisory Fee calculated separately.

All investment management clients will execute an Investment Management Agreement granting LFS the authority to have its Advisory Fees debited from the client account upon LFS's upon presentation of a debit request to the custodian and the client.

### **Maximum Advisory Fee Rate Schedule**

#### **Aggregate Account Value of All Managed Accounts**

<b>Aggregate Value From</b>	<b>To</b>	<b>Quarterly Fee %</b>	<b>Annual Fee %</b>
\$ 1	\$ 100,000	.3750%	1.50%
\$ 100,001	\$ 250,000	.3125%	1.25%
\$ 250,001	\$1,000,000	.2500%	1.00%
\$1,000,001	\$5,000,000	.2000%	0.80%
\$5,000,001	And over	.1750%	0.70%

Note: All fees paid to LFS are separate and distinct from the fees and expenses charged by mutual funds, exchange traded funds, certificates of deposit and similar securities. These holdings carry a variety of charges that may include, but are not limited to:

- fund management fees,
- custodian transaction fees,
- fund trading costs, and
- other fund operating expenses.

These fees and expenses are paid by shareholders of mutual funds, exchange traded funds and similar securities. LFS does not receive or participate in these additional fees and expenses you pay as a shareholder of these securities.

### **Option 3 - Comprehensive Financial Plan**

The Comprehensive Financial Plan fees are based on the anticipated amount of time and type of work to be performed. The current minimum fee for Comprehensive Financial Planning is \$3,000 or 10 hours of time. The fee for our services is negotiable. As a result, LFS sometimes does not impose the minimum fee quoted above..

Financial plans can be complex. For a comprehensive plan and on-going service, planning fees may run as high as \$5,000 to \$10,000 per year depending on the client's facts, circumstances and complexity. The estimated hours and quarterly billings will be documented in the Comprehensive Planning Agreement. An initial deposit of \$500 is due upon signing contract. Additional fees due will be billed monthly, based on progress towards completion.

Clients for whom LFS provides both Comprehensive Financial Planning and Investment Management services will have a blended fee arrangement, which is normally less than if the services were obtained independently. The blended fee agreement is only offered to clients who maintain total assets under management of \$500,000 and greater. Under this arrangement, the fee for Comprehensive Financial Planning services is included in the fee for Investment Management services, which shall be negotiated with the client. In this structure, your Comprehensive Financial Planning fees are covered by the Investment Management fees. There will not be additional charges from LFS for financial planning.

If client terminates the Comprehensive Planning Agreement before the written plan is provided, LFS will bill client for the actual time spent on the plan through the date of termination. If the deposit was not all earned, LFS will refund the unused portion. If the deposit was used, LFS will bill client for additional time spent.

**GENERAL INFORMATION**

**Hourly Billing Rates:** For hourly services provided pursuant to an Hourly Consultation Agreement or Comprehensive Planning Agreement, client agrees to pay LFS for the services of LFS's Professional Staff, Support Service Staff, and Administrative Services Staff providing services pursuant to or in support of the client's Hourly Consultation Agreement or Comprehensive Planning Agreement, at the following hourly rates, billed in 3 minute increments:

<b>Hourly Billing Rate Table</b>	
	<b>2023 Hourly Billing Rates**</b>
<b>Admin Service Rate</b>	\$100/hr
<b>Support Service Rate</b>	\$180/hr
<b>Professional Service Rate</b>	\$300/hr
<b>Minimum Fee - (10 hours) Comprehensive Financial Plan</b>	\$3,000
**Annual increase to billing rates each April, Effective for existing clients as of June 1.	

**Limited Negotiability of Advisory Fees:** Although LFS has established the aforementioned fee rates, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the Advisor and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

**Fees Deducted From Client Accounts:** Advisory fees for Investment Management services will be deducted from the custodial account; clients are not billed directly. Fees for Hourly Consultation and Comprehensive Planning are billed directly to the client, except the hybrid fees, which are also deducted directly from the custodial account.

**Termination of the Advisory Relationship; Refunds:** An Hourly Consultation Agreement, Management Agreement, or Comprehensive Planning Agreement may be terminated by the client or us at any time upon written notice to the other, as provided in such agreement. Any report due for a period prior to termination will be prepared and the client's final report will be sent. If client terminates an agreement within five business days of the effective date of such agreement, Client shall receive a full refund of any prepaid fees. If an agreement is terminated more than five business days after the effective date, any prepaid fees shall be prorated based on the number of days the agreement was in effect during such quarter and the unused portion shall be refunded to Client within 30 days; any earned but unpaid advisory fees owed to LFS will be immediately due and payable upon termination; provided, for financial planning services, refunds shall be calculated based on the unearned portion of any prepaid fees based on the services LFS has actually rendered.

After an agreement has been terminated, client will be charged commissions, sales charges, and transaction, clearance, settlement, and custodial charges, at prevailing rates, by the custodian and any executing broker-dealer. Client will be responsible for monitoring all transactions and assets, and LFS shall not have any obligation to monitor or make recommendations with respect to client's account or assets.

**Risk of Liquidations to Pay Fees:** The custodian will be authorized to deduct the advisory fees directly from the client's account, without notice to the client. If sufficient cash is not available in the account to pay these fees when due, the custodian will liquidate securities selected by the custodian or LFS without prior notice to the client. The client may be charged an early redemption fee. If the liquidated securities have declined in value, the client will realize a loss and lose the opportunity for future appreciation of the securities.

**Mutual Fund and ETF Fees:** All fees paid to LFS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**ETF Expenses:** ETFs deduct from their assets the internal management fees, operating costs, and investment expenses they incur to operate the fund. These internal expenses generally include recordkeeping fees, and transfer and sub-transfer agent fees, among others. Like mutual funds, ETFs could charge so-called "12b-1 Fees" to pay for costs related to distribution of shares and servicing of shareholders. However, ETFs rarely actually charge these fees. All of these costs represent indirect expenses that are charged to the fund's shareholders.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by the custodian and broker dealers for transactions in client's account. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to LFS's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** LFS is deemed to be a fiduciary to advisory clients that are invested in employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, LFS never receives commissions or 12b-1 fees.

**Purchases of Similar Products and Services from Other Firms:** Clients can generally purchase similar investment products or services through other firms that are not affiliated with us. Our advisory fees and the other costs of our program may be higher (or lower) than amounts charged by other advisers or financial firms for similar services and who may provide better (or worse) performance.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

LFS provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans
- Trusts and Estates.

LFS's minimum annual fee for Investment Management services is \$750 (\$187.50 per quarter). LFS may impose a minimum fee of \$3,000 for Comprehensive Financial Planning services. There is a minimum account size of \$500,000 for a client to receive both a Comprehensive Financial Plan and Investment Management services for a blended fee, which will be at a negotiated rate.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or management of client assets. We may not use all methods of analysis in each service offered, as some methods are more applicable to different types of management.

**Asset Allocation.** LFS's investment philosophy is based on Modern Portfolio Theory, which holds that asset allocation is the primary determinant of portfolio performance. LFS calculates a "target asset allocation" for the client, which is a portfolio designed to accommodate client's unique constraints, and expected to achieve client's rate-of-return goal, while minimizing unnecessary risk.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals. We address the market movement issues through the use of periodic rebalancing.

LFS typically implements each client's target asset allocation using no-load or load-waived institutional asset class mutual funds. Depending on the particular asset class, LFS may use "Index" or "actively managed" mutual funds, ETFs, individual securities and non-traditional investment products. It is not LFS's typical investment strategy to attempt to time the market or select individual securities; however, with Client's written authorization, LFS may change its investment strategy to accommodate special situations such as low-basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, and special tax situations. Clients generally authorize LFS to use its discretion (based on investment costs, tax efficiency, product availability, and new product introductions) when implementing a client's target asset allocation.

LFS reviews a client's portfolio on a periodic basis by measuring the rate-of-return and market value. Rebalancing is typically triggered by account variances (as established by LFS, depending on the asset class) from target asset allocations, evaluated by weighing the benefits of the rebalancing against transaction costs. Periodically, and following significant market moves that cause the value of an asset class to exceed the target asset allocation to be outside the IPS asset class limits, LFS may rebalance the client's actual portfolio to the client's target asset allocation identified in the IPS, if the trades are expected to result in a benefit to our client.

Periodically, LFS meets with the client to discuss any changes that may impact the Client Risk Tolerance or Asset Allocation. Clients communicate their personal and financial changes to LFS as they occur; LFS may update their financial status, objectives and constraints. All of this is used to update the client's investment management strategy, risk tolerance level, and Client's written IPS. LFS calculates a "target asset allocation" designed for the client's unique objectives and constraints.

**Mutual Fund or ETF Analysis.** When we analyze mutual funds or ETFs, we look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations. We may not use all strategies listed in each service offered, as some strategies are more appropriate for different types of management.

**Long-term purchases.** When utilizing this strategy, we purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. In view of LFS's general investment strategies emphasizing long-term investments in mutual funds and ETFs, clients should expect LFS to utilize this strategy infrequently, if at all.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. The value of securities in the portfolio will go up and down. Consequently the overall valuation of the account may decline and you can lose money. The stock market is subject to significant fluctuations in value as a result of political, economic, and market developments. If the stock market declines in value, the portfolio is likely to decline in value. Because of changes in the financial condition or prospects of specific markets, sectors, regions, industries, or companies, the securities selected by LFS may decline in value, causing the account to decline in value. Investments are not deposits in a bank and are not insured or guaranteed against loss. We ask that you work with us to help us understand your tolerance for risk.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

We are required to disclose any relationships or arrangements involving the firm and related persons, including arrangements involving an accountant or accounting firm.

LFS's owner and President, Scott Beers, is controlling shareholder and President of accounting firm, Lotts Tax and Accounting Services, Inc. ("LTAS"), which is a sister corporation to LFS. Mr. Beers recommends the services of LTAS to LFS clients. The economic benefits derived by Mr. Beers from the fees paid by advisory clients to LTAS creates a conflict of interest because they provide an incentive for Mr. Beers to recommend such services based on such benefits rather than the needs of the clients in receiving accounting services at reasonable costs.

LFS has adopted the following steps to address the conflict of interest in this situation:

- LFS discloses in this Brochure the existence of the conflict of interest that arises from the incentive Mr. Beers has to earn additional compensation from recommending the accounting services of LTAS, and Mr. Beers' obligation to act consistently with our fiduciary duty;
- LFS discloses in this Brochure that clients have the right to decide whether or not to act on any such recommendation by Mr. Beers, or to engage another accountant or accounting firm of their choosing, which may charge less (or more) for their services; and
- LFS educates its employees regarding the responsibility of a fiduciary to act in the best interest of the client, and their obligation when recommending the services of LTAS, to inform the client of the relationship between Mr. Beers and LTAS, the existence of the conflict, and the client's unrestricted right to choose to act on such recommendation or to engage another accountant or accounting firm of their choosing, which may charge less (or more) for its services.

Mr. Beers is also a partner in Triangle Building Partnership, LLP, a real estate limited liability partnership. LFS does not solicit clients for investment in this limited liability partnership.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

LFS and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Clients should understand that while our Code of Ethics and policies and procedures provide for oversight and supervision of activities, transactions, accounts, reporting, and other matters by the CCO or the President, Mr. Beers currently serves as both the CCO and President. No officer or other employee is sufficiently senior to supervise Mr. Beers.

LFS's Code of Ethics includes the firm's policy prohibiting the use of material non-public information. While we do not believe we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our clients and prospective clients. You may request our Code of Ethics by calling LFS at (612) 338-7487.

LFS and individuals associated with our firm are prohibited from engaging in principal transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a security which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may knowingly purchase or sell any security (other than a mutual fund or other security not considered to be a reportable security under our Code of Ethics) immediately prior to a transaction(s) being immediately implemented for an advisory account.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating accounts will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, in addition to the policies described above, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No employee of our firm may put his or her own interest above the interest of an advisory client.
2. No employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. Our firm requires prior approval for any IPO or private placement investments by access persons of the firm.
4. We maintain records of the reportable securities holdings for our firm and its access persons. These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or designee.
5. We have established procedures for the maintenance of all required books and records.
6. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
7. All of our employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each employee.
9. We have established policies requiring the reporting of Code of Ethics violations.
10. Employees who violate any of the above restrictions may be subject to sanctions.



## **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

## **Item 12 Brokerage Practices**

### **The custodian and brokers we use**

We do not maintain custody of your assets under our management, although we may be deemed to have limited custody of your assets if you give us authority to withdraw our fees from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a qualified custodian, generally a broker-dealer or bank ("Custodian"). Currently, we request that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian for most of their accounts under our management to take advantage of institutional capabilities we currently have access to at Schwab, such as aggregated trading allowing our firm to execute trades for multiple clients in a single block trade with all included clients thereby receiving the same price for that trade. We requested the brokerage and custodial services of TD Ameritrade, Inc., which was acquired by The Charles Schwab Corporation in the fall of 2020. Schwab is currently the only Custodian at which we have access to certain institutional capabilities such as aggregated trading. However, when we feel a client account's anticipated needs can be best met by another custodian, we will recommend that account be held at that other custodian so long as that custodian supports the required limited power of attorney authority and capabilities for our firm to provide you with the services you are requesting.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and will buy and sell securities when we instruct them to. While we request that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with our use of institutional services at Schwab are described below as well as in Item 14 (Client Referrals and Other Compensation).

### **How we select brokers/custodians**

We seek to use a custodian that will hold your assets and execute transactions with a combination of capabilities that will allow us to provide you with high quality services. When considering whether the terms that Schwab provides are, overall, most advantageous for an account when compared with other available providers and their services, we consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds "ETFs", etc.)
- Types of accounts offered and their features, such as various retirement plans, health savings accounts, 529 plans, etc.
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services and convenience to clients
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security, and stability
- Prior service to us and our clients

- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

### **Your brokerage and trading costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you execution costs (commissions) or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds, and U.S. exchange-listed equities and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

We are not required to select the broker or dealer that charges the lowest transaction costs overall or on each individual trade placed for your accounts, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades for accounts we manage that are held at Schwab is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/ custodians"). By using another broker or dealer you may pay lower or higher transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to retail customers at Schwab or other retail brokerages. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through our firm. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that directly benefit you.** 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 generally benefit you and your account.

**Services that do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm, and therefore they likely indirectly benefit you. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts that may not be maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Schwab also offers other services intended to help us manage and further develop our business enterprise. While we don't necessarily utilize all of these services, they include:

- Educational conferences and events
- Consulting on technology and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also may provide us with other benefits, such as occasional business entertainment of our personnel. If we did not maintain a sufficient level of assets in managed accounts at Schwab, we would not have access to these services or, would be required to pay for these services from our own resources.

### **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. We don't have to pay for Schwab's services. The fact that we receive these benefits from Schwab, and that having most client accounts at a single custodian is a convenience for us and allows us to operate more efficiently, is an incentive for us to use Schwab rather than recommending a brokerage firm to you based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, the use of Schwab as custodian and broker for client accounts is in the best interest of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that primarily benefit only us.

### **Aggregated Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. In cases where we are buying or selling the same security for several accounts at approximately the same time at a single institutional custodian such as Schwab, we will generally, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay the same price per share (the average price per share for all shares in the aggregated trade) and a fixed transaction cost regardless of the number of shares transacted by each account. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

### **Best Execution**

As a fiduciary, LFS has an obligation to seek to obtain best execution of advisory Clients' transactions under the circumstances of the particular transaction. LFS seeks to execute Client transactions in such a manner that the Client's total cost or proceeds in each transaction is the most favorable under the circumstances. LFS has evaluated the full range of brokerage services offered by Custodian and considers it to have low transaction fees, good execution capabilities and financial stability, compared to comparable brokers that offer institutional advisory platforms for the types of securities and instruments that LFS uses in its strategies. If a Client establishes a brokerage/custodial account with

Custodian, LFS will place all orders pursuant to its investment determinations on behalf of Client's portfolio through the Custodian. While LFS believes the commissions and fees charged by Schwab are competitive, transactions may not always be executed at the lowest available commission rate.

### ***Soft Dollars***

LFS generally does not engage in formal soft dollar arrangements where LFS commits to direct portfolio brokerage commissions to a broker-dealer in return for specified brokerage or research services that LFS may use in making investment decisions for its Clients. However, LFS does receive from the Custodian the useful benefits and services described above.

Section 28(e) of the Securities Exchange Act of 1934 provides that an advisor does not breach fiduciary duties under state or federal law solely by causing its Clients' accounts to pay brokerage commissions in excess of the amount another broker-dealer would have charged if the adviser determines in good faith that the commissions are reasonable in relation to the value of brokerage and research services received. It is LFS's policy to operate within the safe harbor of Section 28(e).

### ***Trade Errors***

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or donating proceeds to a charitable organization selected by the Custodian.

### ***Mutual Fund Share Classes***

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## **Item 13 Review of Accounts**

### **Portfolio Management**

**Reviews:** While the underlying securities within Portfolio Management accounts are continually monitored, these accounts are reviewed quarterly by the manager. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**Reports:** Clients receive monthly statements and confirmations of transactions from their broker-dealer and custodian; LFS does not provide additional reports unless specifically provided in writing in the Agreement for Investment Management Services.

### **Financial Planning Services**

**Reviews:** We do not provide reviews as part of the Comprehensive Financial Planning Agreement. Reviews will only be provided upon a separate agreement between LFS and the client.

**Reports:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for or agreed to from time to time.

## **Consulting Services**

**Reviews:** Typically no formal reviews will be conducted for Consulting Services clients unless such reviews are specifically included in the written agreement for an additional fee.

**Reports:** Clients will receive a written report only as provided in the agreement for consulting services.

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

### **Client Referrals**

LFS does not pay any person for client referrals, including Lottsa Tax and Accounting Services, Inc., its sister company. LTAS provides tax services to many of our clients for separate and typical fees (that clients would pay for tax and accounting services). These fees are not shared with LFS, but do benefit the common owner of LFS and LTAS.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

If appropriate, we may refer you to outside, non-affiliated parties, such as mortgage brokers, accountants, lawyers, and others. In some instances, we may have a pre-existing relationship with these outside parties, which we will disclose to you at the time of the referral. We do not receive any compensation for any referrals.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

## **Item 15 Custody**

LFS is deemed to have "custody" of the assets of the client accounts from which it is authorized to deduct fees, as authorized by the client's advisory agreement and Limited Power of Attorney. Assets will be held in the name of the client by the Custodian. Please refer to Item 5 for information regarding deduction of advisory fees from client accounts.

The Custodian will deliver account statements directly to the client on at least a quarterly basis. LFS provides quarterly reports and analysis of accounts to our Investment Management service clients. These are in addition to the reports they receive directly from the Custodian.

LFS urges clients to review the account statements from the Custodian and compare them with the reports received from LFS to identify any discrepancies. Report any issues promptly to LFS using the contact information provided on the front of this Brochure.

## **Item 16 Investment Discretion**

Clients who request Investment Management services will grant LFS authority to manage their Investment Management accounts on a discretionary basis, in which case we place trades in a client's account without contacting the client prior to each trade. Our discretionary authority includes the ability to determine the specific securities and amount to buy or sell, the price, and the timing of each transaction. LFS will also have the discretion to select the broker-dealer where to place the orders for the client's account and the commissions to pay for the transactions. In most cases, the broker will be the Custodian and the commission rate will be the rate at which LFS is able to transact trades for its client accounts.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and will be asked to sign an additional Limited Trading Authorization, if we deem appropriate. Clients may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

LFS has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client six months or more in advance of services rendered. We are not required to include a financial statement. LFS has not been the subject of a bankruptcy petition at any time.

## **Item 19 Requirements for State-Registered Advisors**

Please refer to the accompanying Form ADV Part 2B Brochure Supplement of Scott Beers and Sarah Lauber for the information required by Item 19.

A. Please refer to Item 2 of the attached Form ADV Part 2B Brochure Supplement for the education and business background of Adviser's principal executive officer and management person, Scott Beers.

B. LFS is not actively engaged in any other business (other than giving investment advice). Please refer to Item 4 of the attached Form ADV Part 2B Brochure Supplement for the business activities (other than giving investment advice) of Mr. Beers and Ms. Lauber.

C. LFS, Mr. Beers, and Ms. Lauber are not compensated for advisory services with performance-based fees.

D. LFS, Mr. Beers, and Ms. Lauber have not been involved in any (i) arbitration or (ii) civil, self-regulatory organization, or administrative proceeding.

E. LFS, Mr. Beers, and Ms. Lauber do not have any relationship or arrangement with any issuer of securities.

***Class Action Lawsuits***

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

**Item 20 Additional Information**

***Class Action Lawsuits***

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

## Item 21 Brochure Supplement - Scott D. Beers

### **Lottsa Financial Services, Inc.**

400 19th Avenue South  
Minneapolis, MN 55454  
Phone: (612) 338-7487  
Fax: (612) 338-7460  
[www.lottsa.com](http://www.lottsa.com)

**Scott D. Beers, President**

**Form ADV Part 2B  
Brochure Supplement**

**October 12, 2023**

This Brochure Supplement provides information about the above named representative that supplements the Form ADV Part 2A Brochure of Lottsa Financial Services, Inc. You should have received a copy of that Brochure. Please contact us at the number listed on this cover page if you did not receive the Brochure or if you have any questions about the contents of this Brochure Supplement.

The information in this Brochure Supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this Brochure Supplement may use the terms "registered investment adviser" or "registered," registration itself does not imply a certain level of skill or training.

Additional information about the firm and its representative is also available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and searching the representative's unique identifying number, which is 4499344.



## Item 2 Educational Background and Business Experience

**Year of Birth: 1956**

### **Education**

#### **College for Financial Planning**

Financial Planning (2005 - 2007)

#### **Metro State University**

Accounting, Taxes and Investing (1982 - 1991; 2010 - 2011)

#### **Grinnell College**

History & Literature (1974 - 1976)

### **Business Experience**

<b>Lotts Financial Services, Inc.</b> Registered Investment Adviser Firm President, Founder & Owner	<b>2001 to present</b>
<b>Lotts Tax and Accounting Services, Inc.</b> Accounting Firm President, Co-Founder & Owner	<b>1982 to present</b>

## Item 3 Disciplinary Information

Item 3 requires disclosure of certain types of legal or disciplinary events.

I have no legal or disciplinary events to disclose pursuant to Item 3.

## Item 4 Other Business Activities

In addition to my position as an investment adviser representative of LFS, I am also accountant, majority shareholder and President of Lotts Tax and Accounting Services, Inc. (LTAS), a sister corporation for LFS. I may recommend that an advisory client engage LTAS for accounting or similar professional services for which it will charge ordinary and reasonable professional fees. Clients have the right to decide whether or not to accept the recommendation to engage LTAS for such professional services or to select another accountant, accounting firm, or consulting firm of their choosing, which may charge less (or more) for its services.

The possibility of receiving additional compensation from the professional fees earned by LTAS by providing accounting services to you provides an economic incentive for me to make such recommendation based on the compensation I will receive rather than on your accounting needs. This is a conflict of interest that clients should consider. I have a fiduciary obligation to act in my clients' best interests when I make recommendations to them.

I am also a partner in Triangle Building Partnership, LLP, a real estate limited liability partnership. I am not compensated for services I provide to the partnership. Clients are not solicited to invest in the partnership.

## Item 5 Additional Compensation

In Item 5, I must disclose if someone who is not a Client provides me any economic incentive or benefit (such as sales awards or other prizes, among other items) for providing advisory services.

I am not a party to any arrangement where someone who is not a Client provides an incentive or economic benefit for providing advisory services.

## Item 6 Supervision

Name of Supervisor:	Scott Beers (self)
Title of Supervisor:	President
Telephone:	(612) 338-7487

As majority shareholder and President of Lottsa Financial Services, Inc., I am responsible for reviewing and monitoring my activities as an investment adviser representative, including the advice and services I provide to clients and the handling of their accounts.

## Item 7 Requirements for State Registered Advisers

As an investment adviser representative, I am required to provide further disclosure regarding my background. I have never been found liable in any arbitration claim, or civil, self-regulatory, or administrative proceeding, or been subject to any bankruptcy petition.

## Item 22 Brochure Supplement - Sarah Lauber

### **Lottsa Financial Services, Inc.**

400 19th Avenue South  
Minneapolis, MN 55454  
Phone: (612) 338-7487  
Fax: (612) 338-7460  
[www.lottsa.com](http://www.lottsa.com)

### **Sarah Lauber, CFP**

**Form ADV Part 2B  
Brochure Supplement**

**October 12, 2023**

This Brochure Supplement provides information about the above named representative that supplements the Form ADV Part 2A Brochure of Lottsa Financial Services, Inc. You should have received a copy of that Brochure. Please contact us at the number listed on this cover page if you did not receive the Brochure or if you have any questions about the contents of this Brochure Supplement.

This brochure supplement provides information about Sarah Lauber that supplements the Lottsa Financial Services, Inc. brochure. You should have received a copy of that brochure. Contact us at 612-338-7487 if you did not receive Lottsa Financial Services, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Sarah Lauber (CRD # 7507811) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

**Year of Birth: 1990**

### **Education**

University of Wisconsin-Madison, BA Political Science & Spanish, 2013

### **Business Experience**

- Lotts Financial Services, Inc. , Vice President, 1/2022 - Present
- Lotts Financial Services, Inc., Financial Planner & Assistant, 4/2015 - Present
- Lotts Tax and Accounting Services, Inc., Tax Preparer, 1/2013 - Present
- SNP Enterprises LLC, Manager, 6/2011 - 10/2017

*Certifications:* **CFP**

### **CERTIFIED FINANCIAL PLANNER™ (CFP®)**

I am certified for financial planning services in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board"). Therefore, I may refer to myself as a CERTIFIED FINANCIAL PLANNER™ professional or a CFP® professional, and I may use these and CFP Board's other certification marks (the "CFP Board Certification Marks"). CFP® certification is voluntary. No federal or state law or regulation requires financial planners to hold CFP® certification. You may find more information about CFP® certification at [www.cfp.net](http://www.cfp.net).

CFP® professionals have met CFP Board's high standards for education, examination, experience, and ethics. To become a CFP® professional, an individual must fulfill the following requirements:

**Education** – Earn a bachelor's degree or higher from an accredited college or university and complete CFP Board-approved coursework at a college or university through a CFP Board Registered Program. The coursework covers the financial planning subject areas CFP Board has determined are necessary for the competent and professional delivery of financial planning services, as well as a comprehensive financial plan development capstone course. A candidate may satisfy some of the coursework requirement through other qualifying credentials.

**Examination** – Pass the comprehensive CFP® Certification Examination. The examination is designed to assess an individual's ability to integrate and apply a broad base of financial planning knowledge in the context of real-life financial planning situations.

**Experience** – Complete 6,000 hours of professional experience related to the personal financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements.

**Ethics** – Satisfy the Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement and agree to be bound by CFP Board's Code of Ethics and Standards of Conduct ("Code and Standards"), which sets forth the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to remain certified and maintain the right to continue to use the CFP Board Certification Marks:

**Ethics** – Commit to complying with CFP Board's Code and Standards. This includes a commitment to CFP Board, as part of the certification, to act as a fiduciary, and therefore, act in the best interests of the client, at all times when providing financial advice and financial planning. CFP Board may sanction a CFP® professional who does not abide by this commitment, but CFP Board does not guarantee a CFP® professional's services. A client who seeks a similar commitment should obtain a written engagement that includes a fiduciary obligation to the client.

**Continuing Education** – Complete 30 hours of continuing education hours every two years to maintain competence, demonstrate specified levels of knowledge, skills, and abilities, and keep up with developments in financial planning. Two of the hours must address the Code and Standards.

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### Item 3 Disciplinary Information

Form ADV Part 2B requires disclosure of certain criminal or civil actions, administrative proceedings, and self-regulatory organization proceedings, as well as certain other proceedings related to suspension or revocation of a professional attainment, designation, or license. Ms. Sarah Lauber has no required disclosures under this item.

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### Item 4 Other Business Activities

Sarah Lauber is a Tax Preparer for Lottsa Tax and Accounting Services, Inc., an accounting firm. Ms. Lauber's duties as a Tax Preparer for Lottsa Tax and Accounting Services, Inc. do not create a conflict of interest with her provision of advisory services through Lottsa Financial Services, Inc.

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### Item 5 Additional Compensation

Refer to the *Other Business Activities* section above for disclosures on Ms. Lauber's receipt of additional compensation as a result of her other business activities.

Also, refer to the *Fees and Compensation, Client Referrals and Other Compensation, and Other Financial Industry Activities and Affiliations* section(s) of Lottsa Financial Services, Inc.'s firm brochure for additional disclosures on this topic.

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### Item 6 Supervision

In the supervision of our associated persons, advice provided is limited based on the restrictions set by Lottsa Financial Services, Inc., and by internal decisions as to the types of investments that may be included in client portfolios. We conduct periodic reviews of client holdings and documented suitability information to provide reasonable assurance that the advice provided remains aligned with each client's stated investment objectives and with our internal guidelines.

My supervisor is: Scott Beers, President

Supervisor phone number: 612-338-7487

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## **Item 7 Requirements for State Registered Advisers**

Sarah Lauber does not have any reportable arbitration claims, has not been found liable in a reportable civil, self-regulatory organization or administrative proceeding, and has not been the subject of a bankruptcy petition.

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