



Townsend Financial, LLC

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Form ADV Part 2A – Firm Brochure

Dated March 25, 2024

This Brochure provides information about the qualifications and business practices of Townsend Financial, LLC, "Townsend Financial". If you have any questions about the contents of this Brochure, please contact us at heather@townsend-financial.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.

Townsend Financial, LLC is registered as an Investment Adviser with the States of California and Arizona. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Townsend Financial is available on the SEC's website at www.adviserinfo.sec.gov which can be found using the firm's identification number 291000.



Item 2: Material Changes

Form ADV 2 is divided into two parts: Part 2A (the "Disclosure Brochure") and Part 2B (the "Brochure Supplement"). The Disclosure Brochure provides information about a variety of topics relating to a Financial Planner's business practices and conflicts of interest. The Brochure Supplement provides information about personnel of Townsend Financial, LLC. Townsend Financial believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us.

Material Changes

- Since the last filing of this brochure dated March 13, 2024 Townsend Financial has updated the investment management fee. Please see Item 5 for details.

Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Townsend Financial.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov> by searching for our firm name or by our CRD number 291000 or on our website at townsend-financial.com.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (425) 505-5064.



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Item 4: Advisory Business

Description of Advisory Firm

Townsend Financial, LLC is registered as an Investment Adviser with the States of Arizona and California. We were founded in February 2018. As of December 31, 2023, TF reports \$19,073,790.00 discretionary Assets Under Management and no non-discretionary Assets Under Management.

Mrs. Heather Townsend CFP®, CPA and CSLP® is the firm's founder and principal owner of Townsend Financial. Additional information about Mrs. Townsend may be found in the incorporated Form ADV Part 2B at the end of this brochure.

Types of Advisory Services

Annual Financial Planning & Investment Management

Townsend financial provides comprehensive financial planning for a flat fee and **may include** discretionary portfolio management (asset management) at the clients request.

Upon desiring annual comprehensive financial planning, a client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, employee benefits, retirement planning, investments, estate planning etc. (see full list below). Once the client's information is reviewed, their custom plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the client. Clients subscribing to this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

The plan and the client's financial situation and goals will be monitored throughout the year and follow-up meetings and emails will be made to the client to confirm that any agreed upon action steps have been carried out. In addition to scheduled meetings, additional face-to-face, email and/or phone consultations are included at no extra charge.

The client is expected to inform Townsend Financial when changes or concerns arise and to provide the necessary information to use in our analysis. On an annual basis there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

As part of the Annual Comprehensive Financial Planning Service, Townsend Financial also provides investment management services on a discretionary basis. When given discretionary authority, Townsend Financial is given the authority to conduct trades in a client's account and give instructions to the account's custodian, without prior consent of the client. Investment advisory services may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, and reviewing company stock ownership. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure. Account supervision is guided by the



stated objectives of the client (for example, capital appreciation or capital preservation), as well as tax considerations. TF recommends both mutual funds and exchange-traded funds. The recommended mutual funds are no-load funds.

In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.
- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much



time you will need to reach the goal, and how much you should budget for your goal.

- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

Hourly Financial Planning

Individuals and couples who aren't looking for a comprehensive financial plan, but still desire financial advice around one or two pressing financial concerns, may work with Townsend Financial on an hourly basis.



Speaking Engagements and Seminars

We perform speaking engagements and seminars for groups desiring general advice on personal finance and investing. Our speaking engagements and seminars are educational in nature and do not involve the sale of insurance or investment products. Information presented will not be based on any one person's need nor do we provide individualized investment advice to attendees during our general sessions.

Client Tailored Services and Client Imposed Restrictions

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon the client and their current situation (income, tax levels, and risk tolerance levels), which is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Wrap Fee Programs

We do not participate in wrap fee programs.

CCR Section 260.235.2 Disclosure

For clients who receive our Financial Planning services, we must state when a conflict exists between the interests of our firm and the interests of our client. The client is under no obligation to act upon our recommendations. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through our firm.

Item 5: Fees and Compensation

Townsend Financial is a **fee-only** firm. TF is compensated solely by professional fees received directly from its clients. Neither TF, nor any related person associated with Townsend Financial, receives compensation that is contingent on the purchase or sale of a financial product. Neither Townsend Financial, nor any related person of Townsend Financial, accepts any sales commissions, referral fees, service fees, or other form of compensation from any third party, nor does Townsend Financial or any related person compensate anyone else directly or indirectly for client referrals.

Clients have the option to purchase any investment products that we may recommend through other investment advisers, brokers, or agents that are not affiliated with TF or TF's investment adviser representatives.

Fees are generally negotiable and are paid as described below, directly by the client. Townsend Financial's fee and the specific manner in which fees are charged is established in each client agreement with the client. In no event will Townsend Financial collect more than \$500.00 more than six months in advance from any client.

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without penalty and without incurring any advisory fees. How we



are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below. All prior clients will be grandfathered per their existing advisory agreement until a new agreement is executed.

Annual Financial Planning & Investment Management

This service includes an analysis of the client's current financial situation and report documenting the client's current financial situation as well as the first priority action items, as applicable, to implement based on the planner's analysis and recommendations. Clients will have regularly scheduled meetings through the term of the engagement, depending on their individual situation. The planner is there to assist with implementation, monitoring the plan as changes arise, and available for questions. The annual fee is to cover the meetings and financial planning assistance as mentioned after the initial plan is provided.

The fee for this service consists of a **minimum annual planning fee of \$20,000**. Fees are negotiable and based on the complexity of the client's financial situation and their desired objectives. **Net worth above \$3M will be charged 40 basis points**. The fee will be charged on a monthly or quarterly basis, in advance, at the discretion of the client. Work will commence upon receipt of the signed engagement letter and payment, therefore the fee will not be paid more than 6 months in advance. For clients that engage TF for investment management services, the total fees attributable to the management of the client's investment accounts will not exceed 3% of assets under management per year.

| <i>Net Worth Range</i> | <i>Fee Calculation</i> | |
|------------------------|------------------------|--------------------------|
| | First \$3M | \$20,000 |
| \$3,000,001+ | Assets exceeding \$3M | 0.40% (\$4,000 per \$1M) |

Net Worth is defined as the sum of the following assets: Cash & Cash Equivalents, all investment accounts (Including trusts, qualified retirement accounts, charitable accounts, 529 Plans, commercial real estate, business holdings), cash surrender value of life insurance/annuities, other real estate not including principal residence, and less debt (credit cards, mortgages, student loans, auto loans, and any other notes payable).

The fees are negotiable based on client complexity and net worth. Fees for this service may be paid by electronic funds transfer or check as we do not directly debit fees from a client's managed account. This service may be terminated with 7 days' notice. Upon termination of any account, the fee will be prorated and any unearned fee will be refunded to the client.

For fees paid by electronic funds transfer, we use an independent 3rd party payment processor in which the client can securely input their banking information and pay their fee. We do not have access to the client's banking information at any time. The client will be provided with their own secure portal in order to make payments. An invoice will be delivered to the client, by the adviser, each time the investment adviser charges a fee.



Financial Planning Hourly Fee

Financial Planning fee is an hourly rate of \$400 per hour. The fee may be negotiable in certain cases and is due at the completion of the engagement. In the event of early termination by client, any fees for the hours already worked will be due. Any completed work in which the adviser has already been paid for will be provided to the client upon termination. Fees for this service may be paid by electronic funds transfer or check.

Speaking Engagements and Seminars

Speaking engagements and seminars are offered to organizations and the public on a variety of financial topics. Fees range from free to \$20,000 per seminar or free to \$250 per participant depending on the length, location and enrollment. The fee is due no later than the conclusion of the engagement. The fee range is based on the content, amount of research conducted, number of hours of preparation needed, and the number of attendees.

Termination:

- In the event of inclement weather or a flight cancellation, the Speaker shall make all reasonable attempts to make alternative travel arrangements to arrive in time for the presentation. If travel proves impossible, or the event is otherwise canceled, the Speaker's fee is waived, but the Client will still be responsible for reimbursement of any non-refundable travel expenses already incurred.
- If the client decides to cancel or change the date of the event for any reason besides weather or similar unforeseen causes, the Client will still be responsible for reimbursement of any non-refundable travel expenses already incurred, and will provide payment for 50% of the Speaker's fee if the cancellation occurs within 30 days of the event.
- If the Financial Planner must cancel due to health or similar unforeseen circumstances, the Speaker will make all attempts to find a reasonable alternative engagement date and absorb any incremental additional costs for obtaining alternative travel arrangements. If an alternative date cannot be obtained, the Client will not be responsible for any travel costs already incurred by the Speaker or any portion of the Speaker's fee.

The fee is payable by check or Electronic Funds Transfer.

Other Types of Fees and Expenses

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, 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. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.



Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

CCR Section 260.238(j) Disclosure

Please note, lower fees for comparable services may be available from other sources.

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

We do not offer performance-based fees.

Item 7: Types of Clients

We provide financial planning and portfolio management services to individuals and high net-worth individuals.

We do not have a minimum account size requirement.

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

When clients have us complete an Investment Analysis (described in Item 4 of this brochure) as part of their financial plan, our primary methods of investment analysis is Passive Investment Management and modern portfolio theory.

Passive Investment Management

We primarily practice passive investment management. Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

Townsend Financial sometimes utilizes DFA mutual funds in Client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to TF.



In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Academic research indicates most active managers underperform the market.

Material Risks Involved

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear. Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

Market Risk: Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

Strategy Risk: The Adviser's investment strategies and/or investment techniques may not work as intended.

Small and Medium Cap Company Risk: Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

Turnover Risk: At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

Limited markets: Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable, or find buyers at any price.

Concentration Risk: Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

Interest Rate Risk: Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

Legal or Legislative Risk: Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

Inflation: Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.



Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

Common stocks may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

Corporate Bonds are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Bank Obligations including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

Municipal Bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

Exchange Traded Funds prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which client's invest.

Investment Companies Risk. When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).



Item 9: Disciplinary Information

Criminal or Civil Actions

Townsend Financial and its management have not been involved in any criminal or civil action.

Administrative Enforcement Proceedings

Townsend Financial and its management have not been involved in administrative enforcement proceedings.

Self-Regulatory Organization Enforcement Proceedings

Townsend Financial and its management have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of Townsend Financial or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

No Townsend Financial employee is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Townsend Financial employee is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

Townsend Financial does not have any related parties. As a result, we do not have a relationship with any related parties.

Townsend Financial only receives compensation directly from clients. We do not receive compensation from any outside source. We do not have any conflicts of interest with any outside party.

Townsend Financial also actively engages in business as a tax preparer for an additional fee and will not create a conflict of interest. The client chooses whether to engage TF in tax preparation knowing the fees upfront. If a client already has a CPA or asks for a recommendation TF is happy to provide an outside recommendation as well as work with their current CPA. Details regarding Personal Tax Return Preparation through Townsend Financial including the scope of the service and the associated fees are disclosed in Item 19 under Other Business Activities.

Recommendations or Selections of Other Investment Advisers

Townsend Financial does not recommend clients to Outside Managers to manage their accounts. Clients may choose to use an Outside Manager to implement Townsend Financial's recommendations.



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

As a **fiduciary**, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our **fiduciary duty** is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc., and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

Code of Ethics Description

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matter shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Our firm is not authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.



Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Our firm may buy or sell securities similar to, or different from, those we recommend to clients for their accounts. In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

Trading Securities At/Around the Same Time as Client's Securities

From time to time, our firm may buy or sell securities for themselves at or around the same time as clients. We will not trade non-mutual fund securities 5 days prior to the same security for clients.

Item 12: Brokerage Practices

Factors Used to Select Custodians and/or Broker-Dealers

Townsend Financial, LLC does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to clients based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

1. Research and Other Soft-Dollar Benefits

We currently do not receive soft dollar benefits.

2. Brokerage for Client Referrals

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

We do recommend a specific custodian for clients to use (Vanguard), however, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

Item 13: Review of Accounts

Client accounts with the Investment Management Service will be reviewed regularly on no less than an annual basis by Heather Townsend, Owner and CCO. The account is reviewed with regards to the client's financial goals, time horizon, income and tax situation as well as risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.



TF does not provide specific reports to clients, other than financial plans. Clients should receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

Item 14: Client Referrals and Other Compensation

We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients. Nor do we, directly or indirectly, compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

Townsend Financial does not accept custody of client funds.

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

Item 16: Investment Discretion

For those client accounts where we provide Investment Advisory Services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney, which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client.

Item 17: Voting Client Securities

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.



Item 18: Financial Information

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months or more in advance.

Item 19: Requirements for State-Registered Advisers

Heather Townsend

Born: 1987

Educational Background

- 2009 – Bachelor of Science in Accountancy, Arizona State University

Business Experience

- 01/2017 – Present, Townsend Financial, LLC, Owner and CCO
- 02/2017 – 09/2018, Sweeney Conrad P.S., Senior Tax Associate
- 11/2016 – 01/2017, Relocation back to the US
- 03/2015 – 10/2016, Sloane and Cadogan Property Services Ltd., Finance Director
- 04/2014 – 02/2015, Relocation to Abroad (United Kingdom) and Travel
- 03/2013 – 03/2014, Pirtle Construction Company, Project Accountant
- 10/2012 – 02/2013, Relocation from NY to FL
- 01/2010 – 09/2012, Ernst & Young LLP, Tax Senior

Professional Designations, Licensing & Exams

CFP (Certified Financial Planner)®: The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:



- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.
Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:
- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*.
The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.
CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

CPA (Certified Public Accountant): The CPA designation is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA. Eligibility to sit for the Uniform CPA Exam requires a U.S. bachelor’s degree which includes a minimum number of qualifying credit hours in accounting and business administration with an additional one year of study. CPAs are required to complete 40 hours of continuing education annually in order to renew their license, and most states also require their CPAs to take an ethics course during every renewal period.

CSLP® (The Certified Student Loan Professional) designation is issued by the Certified Student Loan Advisors Board of Standards to financial professionals who demonstrate competency, experience, and ethics in the area of student loan planning. Requirements include licensure, education, examination, and continuing Education:

- The CSLP designation is limited to those who hold a license in a regulated financial services industry and either have two years of industry experience in financial services or have obtained a minimum education level of a bachelor’s degree in business or finance from an accredited college or



university.

- Candidates must complete a comprehensive student loan course administered by the CSLA Board of Standards. The core course consists of more than 35 lectures with specific learning outcomes, supplemental reading materials, quizzes, and case studies. The self-paced course is usually completed within a 6-month period. The course is offered in partnership with Humboldt State University for two college-level business credits transferable to any California State University school.
- Candidates must score a 70% or higher on the CLSA Board of Standards Certified Student Loan Professional certification exam. The exam is time-limited and proctored. Successful completion demands a depth of knowledge and application of student loan repayment rules that ensures all those holding the CSLP designation have mastered the material and can incorporate student loan repayment strategies into tax and financial plans.

Other Business Activities

Personal Tax Return Preparation

We prepare and electronically file Federal and state tax returns for individuals from information the client provides. We may ask for explanation or clarification of some items, but we will not audit or otherwise verify client data. The client is responsible for the completeness and accuracy of information used to prepare the returns. Our responsibility is to prepare the returns in accordance with applicable tax laws.

We may observe opportunities for tax savings that require planning or changes in the way the client handles some transactions. While an engagement for tax return preparation does not include significant tax planning services, we will share any ideas we have with you and discuss terms for any additional work that may be required to implement those ideas.

The fees for Personal Tax Return Preparation typically range from \$600 to \$5,000 depending on complexity and quality of recordkeeping. The fees may be negotiable in certain cases and are due at the completion of the engagement.

For fees paid by electronic funds transfer, we use an independent 3rd party payment processor in which the client can securely input their banking information and pay their fee. We do not have access to the client's banking information at any time. The client will be provided with their own secure portal in order to make payments. An invoice will be delivered to the client, by the adviser, each time the investment adviser charges a fee.

Performance Based Fees

Townsend Financial is not compensated by performance-based fees.



Material Disciplinary Disclosures

No management person at Townsend Financial, LLC has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

Material Relationships That Management Persons Have With Issuers of Securities

Townsend Financial, LLC, nor Heather Townsend, have any relationship or arrangement with issuers of securities.

Additional Compensation

Heather Townsend does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through Townsend Financial.

Supervision

Heather Townsend, as Owner and Chief Compliance Officer of Townsend Financial, is responsible for supervision. She may be contacted at the phone number on this brochure supplement.

Requirements for State Registered Advisers

Heather Townsend has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.

Conflicts of Interest

Pursuant to California Code of Regulations Section 260.238(k) any material conflicts of interest regarding the investment adviser, its representatives or any of its employees are disclosed to the client prior to entering into any Advisory or Financial Planning Agreement.

Business Continuity Plan

Townsend Financial maintains a written Business Continuity Plan that identifies procedures related to an emergency or significant business disruptions, including the death of the investment adviser or any of its representatives.



Townsend Financial, LLC

18226 N 92nd Street
Scottsdale, AZ 85255
(425) 505-5064

Form ADV Part 2B – Brochure Supplement

Dated March 22, 2024

For

Heather Townsend - Individual CRD# 6884113

Owner, and Chief Compliance Officer

This brochure supplement provides information about Heather Townsend that supplements the Townsend Financial, LLC (“Townsend Financial”) brochure. A copy of that brochure precedes this supplement. Please contact Heather Townsend if the Townsend Financial brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Heather Townsend is available on the SEC’s website at www.adviserinfo.sec.gov which can be found using the identification number - Individual 6884113.



Item 2: Educational Background and Business Experience

Heather Townsend

Born: 1987

Educational Background

- 2009 – Bachelor of Science in Accountancy, Arizona State University

Business Experience

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Item 3: Disciplinary Information

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Item 4: Other Business Activities

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Item 5: Additional Compensation

Heather Townsend does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through Townsend Financial.

Item 6: Supervision

Heather Townsend, as Owner and Chief Compliance Officer of Townsend Financial, is responsible for supervision. She may be contacted at the phone number on this brochure supplement.



Item 7: Requirements for State Registered Advisers

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