



# Form ADV Part 2 | Disclosure Document

SEC File # 801-18765

## ITEM 1: COVER PAGE

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This brochure was last updated on 3/13/2024.

**This brochure provides information about the qualifications and business practices of The Family Firm, Inc. The Family Firm's Chief Compliance Officer is Kate Fries. If you have any questions about the contents of this brochure, please contact us at 301-656-3999 and/or via email at [staff@familyfirm.com](mailto:staff@familyfirm.com).**

**The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about The Family Firm, Inc. also is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). You can search this site using a unique identifying number, known as a CRD number. Our CRD number is 105270.**

**Registration as a "registered investment adviser" with the SEC and other state securities authorities does not imply a certain level of skill or training.**

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## ITEM 2: SUMMARY OF MATERIAL CHANGES

These are the material changes in this brochure from our last annual updating amendment on 1/31/2024. Material changes relate to our policies, practices or conflicts of interests only.

1. There were no material changes to report.

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## **SUMMARY: ABOUT THE FAMILY FIRM, INC.**

The Family Firm provides continuous financial planning and investment management services to individuals and families. We have been in business for 38 years. We are a fee-only firm, and we sign a Fiduciary Oath that we will act in your best interests at all times. The fiduciary standard under the Investment Advisors Act of 1940 governs our professional relationship at all times.

Our services include preparing and maintaining a financial model that we use to:

1. Understand your complete financial picture
2. Evaluate alternative strategies
3. Help you grasp the future implications of your decisions

We manage your investments keeping these unique circumstances in mind.

Our investment management is designed to support your financial goals, both long and short term. Your accounts are reviewed for allocation adjustments and buy/sell decisions on a regular basis. More detailed reviews of portfolios are made four times a year and in the event of unusual changes in your circumstances. To the extent possible, we manage your investment assets on a discretionary basis. Please refer to Items 8, 13, 16 for information related to the management of your investments.

We choose among investment alternatives based on their expected return and risk after consideration of fees and expenses. In many, but not all cases, low-cost index funds are selected. (See "Other Fees or Expenses" in Item 5). As discussed in Item 17, unless you request otherwise, we will vote proxies for the investments you own.

Your advisory team includes a primary financial advisor, a paraplanner and an investment manager. You may also have an associate financial advisor on your team. Primary financial advisors must hold the Certified Financial Planner™ credential.

Our fees are based on the total value of your liquid investments. Fees are recalculated twice each year and are billed quarterly, in advance. See Item 5 for more information on fees.

The Family Firm does not accept or pay referral fees (Item 14). As discussed in Item 11, we attempt to eliminate any material conflicts of interest in our relationship with you. For instance, we do not receive compensation when you implement recommended investment or insurance transactions. Nevertheless, conflicts may exist, and we make every effort to discuss those with you. We have no disciplinary information to report (Item 9).

More information regarding our firm and services is found in this Brochure. Additional information, can be found at [familyfirm.com](http://familyfirm.com).

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## ITEM 4: ADVISORY BUSINESS

The Family Firm, Inc. (previously Malgoire Drucker Inc.) was incorporated in June, 1984. Nathan J. Gendelman owns 20% of the firm. Kate Fries and Stacy Bakri each own 40% of the firm. Mary A. Malgoire founded the firm.

We provide continuous financial management designed to help you reach your goals and achieve or maintain financial security. This service includes financial planning as well as the management of your investments. Our clients are both individuals and families. Our services cover any and all accounts in which you invest.

Our services combine investment and financial management based on your unique circumstances and needs. Our services include preparing and maintaining a financial model that we use to:

1. Understand your complete financial picture
2. Evaluate alternative strategies
3. Help you grasp the future implications of your decisions

We conduct an initial review and analysis of your financial position including investment assets, retirement plan benefits, cash management, borrowings, insurance, estate plan, tax considerations, and other factors pertaining to your financial objectives and concerns. After assimilating and reviewing pertinent data and documents, we provide you with a written analysis and recommendations with respect to a financial and investment plan. The delivery of the initial analysis may involve several meetings.

This analysis becomes the basis for on-going financial management for you. Upon completion of the analysis, the recommendations of the plan are implemented, and your assets are monitored continuously.

On-going advisory services include one or more of the following:

- discretionary investment management
- annual financial updates
- tax planning
- cash flow management
- ad-hoc financial advice

Discretionary investment management includes monitoring and adjusting portfolio allocations, selection of investments, and buy/sell execution.

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Investment management is consistent with your designated investment objectives and the results of the financial planning analysis. At least annually, we report on your financial status, including a review of financial planning issues and recommendations, as well as investment account performance. This review is undertaken in light of initial recommendations, your current goals and financial circumstances, existing and prospective tax laws, and economic/investment conditions.

We are specialists at assisting those who must draw a substantial portion of their income from their investments. This involves a high degree of coordination between financial planning projections, current lifestyle and investing decisions.

As of 12/31/2023 The Family Firm manages \$722,265,000 for approximately 216 individuals and families including staff/family members. Of these assets under management, approximately \$702,216,000 are managed on a discretionary basis and \$20,149,000 are managed on a non-discretionary basis. "Discretion" means that you have given us written authorization to buy or sell securities for your account in order to implement your investment plan.

All of your investible assets, including for example taxable brokerage accounts, employer 401(k) accounts, stock options and other investments are considered in creating an investment plan for you. Your investment plan is unique to you and does not replicate the investment plans of other clients. Any restrictions you may require with respect to investing in certain securities or types of securities must be furnished in writing to us.

### ITEM 5: FEES AND COMPENSATION

Our services include continuous, comprehensive financial management to individuals and families. The service begins with a comprehensive initial financial review and analysis and is followed by continuous financial management, including investment management and regular financial planning. Services are discussed further in Item 4.

Our contract for services and this document (ADV Part 2) and our Client Relationship Summary (CRS ADV Part 3) are provided to you for review at least 48 hours prior to the signing of a contract for services. You are entitled to a full refund on any fees paid within five days of signing should you wish to terminate the engagement.

We are compensated solely by payments from you. We do not receive compensation when you purchase an investment or other financial product that we may recommend.

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Our annual fee for all services is based on a percentage (%) of the market value of the assets we manage for you according to the fee schedule below:

1% on amounts up to \$1,000,000 plus

0.8% on amounts from \$1,000,001 to \$4,000,000 plus

0.35% on amounts above \$4,000,000

The first year of fees (four quarters) is based on the value of the total investments to be managed at the time our contract is signed. The annual fee is paid in advance quarterly. Unless there are special circumstances, fees are automatically deducted from your account.

After the first year, the fee is recalculated using the fee schedule above, two times a year on the last business days of February and August - based on the market value of your managed investments. The amount charged may increase or decrease, depending on your then-existing investment balances. We may not change the annual fee percentage unless we notify you in writing.

Here are two sample calculations of fees:

Example A:

You become a client in August 2023. Your investment assets are \$1,500,000. Your annual fee is \$14,000 ( $\$10,000 + \$4,000 = \$14,000$ ). Your fee for the first 4 quarters is \$3,500.

The first time we will recalculate your fee will be the last business day of August 2024. Assume the investment assets are now \$1,600,000. Your recalculated fee is \$14,800 ( $\$10,000 + \$4,800 = \$14,800$ ). Your fee for the next 2 quarters is \$3,700.

Your fee will be recalculated again on the last business day of February 2025. Assume the investments assets are now \$1,400,000. Your recalculated fee is \$13,200 ( $\$10,000 + \$3,200 = \$13,200$ ). Your fee for the next 2 quarters is \$3,300.

Summary of fees for Example A:

1<sup>st</sup> quarter - \$3,500

2<sup>nd</sup> quarter - \$3,500

3<sup>rd</sup> quarter - \$3,500

4<sup>th</sup> quarter - \$3,500

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5<sup>th</sup> quarter - \$3,700

6<sup>th</sup> quarter - \$3,700

7<sup>th</sup> quarter - \$3,300

8<sup>th</sup> quarter - \$3,300

### Example B:

You become a client in August 2023. Your investment assets are \$5,000,000. Your annual fee is \$37,500 ( $\$10,000 + \$24,000 + \$3,500 = \$37,500$ ). Your fee for the first 4 quarters is \$9,375.

The first time we will recalculate your fee will be the last business day of August 2024. Assume the investment assets are now \$5,500,000. Your recalculated fee is \$39,250 ( $\$10,000 + \$24,000 + \$5,250 = \$39,250$ ). Your fee for the next 2 quarters is \$9,813 (rounded).

Your fee will be recalculated again on the last business day of February 2025. Assume the investments assets are now \$4,500,000. Your recalculated fee is \$35,750 ( $\$10,000 + \$24,000 + \$1,750 = \$35,750$ ). Your fee for the next 2 quarters is \$8,938 (rounded).

### Summary of fees for Example B:

1<sup>st</sup> quarter - \$9,375

2<sup>nd</sup> quarter - \$9,375

3<sup>rd</sup> quarter - \$9,375

4<sup>th</sup> quarter - \$9,375

5<sup>th</sup> quarter - \$9,813

6<sup>th</sup> quarter - \$9,813

7<sup>th</sup> quarter - \$8,938

8<sup>th</sup> quarter - \$8,938

Fees will continue to be recalculated based on the last business day of February and August going forward. The recalculated fee is deducted for the following two quarters.

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We will provide you with a detailed invoice. We strongly recommend that you verify the accuracy of our calculation of your fee.

The fee that is computed according to the schedule above covers all of our financial management activities for you. There are no additional charges unless you wish to engage us for additional services or unless we determine that extraordinary services are required. In such situations, we would discuss a range of time in advance of those services. For this work, we charge an hourly fee of \$150.

Our minimum fee is \$6,000 per year. Should the account drop below \$600,000, we reserve the right to charge the minimum fee instead of 1% of the balance in the account. We may raise the minimum fee at our discretion, but only after giving notice to you.

For billing purposes, individual accounts for immediate family members (parents, spouses/partners and dependent children) may be aggregated if appropriate, in which case our fees are charged based on the total value of such family members' accounts. Fees for a family may be allocated among family members as may be suitable for cash flow and/or tax purposes.

Fees are negotiable in some cases. Factors involved in negotiating fees include whether the client is related to an employee, our desire to serve clients who otherwise could not afford our services, the size of the relationship, the extent of expected future services, the investment composition of the account, and the extent of anticipated future deposits into the account. Employees and their immediate family members do not pay fees for our investment services but may pay a minimal fee for financial planning services. Once agreed to fees are non-negotiable.

If either of us (you or we) terminates our contract, the fees paid in advance for the current quarter are refunded from the day that we receive (or deliver) written notice of termination. Notification by email is acceptable. For example, assuming your quarterly fee is \$3,800, if notice of termination is received on March 5 for the quarter covering January 1 to March 31, you would be refunded for the 25 days in the quarter that you were not a client. In this case, the refund would total \$1,067 (25/89 days x 3,800).

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Fees are typically applied to all investment assets including taxable brokerage accounts, Individual Retirement Accounts (IRAs), employer retirement accounts (401k, 403b, 457 plans), deferred compensation accounts, stock options and other investment accounts which are part of your long-term investment plan. Investments in real estate, art, oil and gas and other such illiquid investments are not a part of the fee calculation although they would be considered in developing an investment plan for you. Amounts set aside for operating reserves are also not part of the fee calculation.

Other Fees or Expenses are charged by custodians, funds and product purveyors. These costs are separate and distinct from our fees. Typically, you pay these costs as an investor, regardless of whether or not you become our client. However, we make every attempt to reduce these costs by considering these charges when we make investment selections. For example, given all else is equal, we would select a mutual fund that charges a .5% management fee over one that charges a 2% management fee.

The types of fees and expenses that you pay as an investor, regardless of whether you are our client, may include any or all of the following:

- › Management and distribution fees to the mutual fund or electronically traded fund (ETF);
- › Transaction fees to the custodian for the purchase/sale of securities;
- › Commissions to the product manufacturer or salesperson;
- › Mark-ups or mark-downs on fixed income securities to the custodian;
- › Account transfer or termination fee to the custodian;
- › Other fees as may be charged.

We believe that the charges and fees incurred by you as our client are extremely competitive as compared to the costs you would incur for similar services available elsewhere in the banking and brokerage industry. Nevertheless, lower fees for comparable services may be available.

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

Item 6 does not apply to us. We do not accept performance-based fees and we do not manage accounts which impose performance-based fees.

Performance-based fees are fees that are based on the amount of growth in your accounts. The higher the growth of your account, the greater the fees. We believe that performance-based fees could cause us to take more risk with your account in the hopes of greater gains (and greater fees). We consider it in your best interests that we do not accept performance-based fees.

## ITEM 7: TYPES OF CLIENTS

We provide financial management and investment advisory services to individuals and their families. Our investment advice extends to any and all accounts that you may own for the purpose of investment, including employer retirement plans, your portion of accounts held jointly with others and assets, such as stock options, acquired as a result of employment contracts. In some cases we may agree to manage, under separate contract, an account in which you are one of many participants. An example would be the entire pension plan for a practice of physicians, one of whom is our client.

Because we charge a minimum fee of \$6,000 per year, clients should have assets in excess of \$600,000 to justify our fee. Minimums are subject to negotiation as discussed in item 5.

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

The Family Firm offers comprehensive financial and investment management. The investment strategy is a component of the overall financial management process and is designed to support a client's financial goals, both long and short term. Because the investment strategy is a component of an individual client's own unique goals and circumstances, it is a fact that no two clients have the same precise investment strategy, plan, or portfolio.

Despite the unique nature of each client portfolio, all investment portfolios of Family Firm clients share the following characteristics: They are diversified across asset classes, and they are diversified within each asset class.

The Family Firm's investment strategy identifies seven asset classes. Cash, bonds denominated in dollars, bonds denominated in foreign currency, stocks of US-based companies, stocks of foreign-based companies, commercial real estate and natural resources. These asset classes have been selected with the goal of ensuring portfolios are diversified and possess elements that will respond to a variety of economic and financial circumstances. It is possible, although we believe highly unlikely, that under some set of possible financial circumstances this set of asset classes would all rise or fall in unison and hence, fail to achieve diversification.

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Within each asset class, portfolios contain any or all of the following: Individual bonds, individual stocks, mutual funds, and exchange-traded funds. The decision about which investments to hold in a portfolio is based on a due diligence process that takes all of the following into account:

- › A client's short and long-term financial goals.
- › Achieving diversification within an asset class.
- › Cost:  
When considering cost, we contemplate expense ratios and portfolio turnover (for mutual and exchange-traded funds) as well as brokerage commissions. Taxes are another cost that is considered when implementing investment strategies in taxable accounts.
- › Risk:  
The primary risk considered when purchasing an individual bond is the risk of default. The Family Firm generally relies on rating agencies, such as Standard and Poors, when assessing this risk. The primary risk when purchasing an individual equity is that the company will enter bankruptcy, in which case the stockholder would be expected to lose all or nearly all their investment.
- › Management:  
When considering management of a mutual or exchange-traded fund, we review portfolio composition, managerial strategy, diversification, expense structure, and tax efficiency, where applicable.

Portfolios are reviewed for rebalancing periodically. The decision on whether to rebalance a portfolio is based on the following:

- › A client's short and long-term financial goals
- › Achieving the desired diversification across asset classes
- › Taxes

The Family Firm calculates portfolio performance annually and reports those results to clients. Overall performance is calculated net of Family Firm fees and compared with an appropriate benchmark. Investment results are also calculated by asset class and results are presented along with the results from appropriate benchmarks.

We do not sponsor or recommend to our clients wrap fee programs or separately managed accounts. At this time we do not recommend investments that do not give you the flexibility to sell your investment as may be desired. These are typically known as "private placements" or "alternative investments".

Insurance products such as annuities and various types of life insurance products may also be evaluated.

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### **ITEM 9: DISCIPLINARY INFORMATION**

You are entitled to know of any legal or disciplinary events involving the firm or our management personnel that could be considered material to your evaluation of us. Per the guidelines provided by the SEC, we have no legal or disciplinary events to disclose.

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

Nathan Gendelman and Kate Fries, the firm's Vice Presidents, have no other financial industry activities or affiliations to report. Firm President, Stacy Bakri, has no other financial industry activities or affiliations to report.

While we recommend other advisors, such as accountants and estate planning attorneys, to you as needed, we do not receive compensation or benefit in any way for the referral.

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

The Family Firm seeks to avoid conflicts of interest in our relationship with you.

We do not accept compensation such as commissions, 12-b-1 fees, or referral fees from any party to any client transaction. We do not buy or sell for your accounts securities in which we may hold a material financial interest. We do not sell to you (or buy from you) securities that we own. We do not act as a general partner in investments we recommend to you. We do not advise any investment firm in which we recommend that you invest.

Members of our staff and their families ("related persons") may invest in mutual funds, bonds and securities that we recommend to you. In the case of open-end mutual funds, such purchases, by either you or by a related person, are immaterial to the total assets of the mutual fund and, therefore, preclude a conflict of interest. In the case of closed-end mutual funds and individual securities, your interests are always put first in the timing of any purchases of the same securities for the related person's account. Related persons may only buy simultaneously or after purchases are made for you. We are prohibited from a) trading in securities on the same day that your trades are executed and b) directing your trades to securities in which a related person has an interest. As required, quarterly we review the personal investment activity of any related persons.

Pursuant to SEC Rule 204A-1, The Family Firm requires that all staff abide by a Code of Ethics. Our Code of Ethics describes the standards of conduct and compliance requirements for all of our staff and specifically for those who have access to proprietary client investment information. This document describes our compliance with securities laws and regulations, identifies our approach to conflicts of interest, affirms our commitment to confidentiality and loyalty, and outlines our oversight of personal securities transactions.

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Our Code of Ethics requires the following standards of conduct:

1. At all times, place the interests of clients first;
2. Conduct all personal securities transactions in such a manner as to be consistent with The Code and to avoid any actual or potential conflict of interest or any abuse of your position of trust and responsibility;
3. Do not take advantage of your position of trust and knowledge;
4. Keep confidential the identity of security holdings and financial circumstances of clients;
5. Be guided by the principle that independence in the investment decision making process is paramount; and
6. Be guided by the principles of honesty, integrity and professionalism in all of your personal and professional activities.

As noted in our Code of Ethics, members of our staff are not allowed to give or accept gifts, entertainment, or special favors of more than a de minimis amount (\$250) from any person or company seeking to influence our judgment on a client's behalf. A complete copy of our Code of Ethics is available upon request and is offered to you each year.

Because we are compensated by a percentage of the assets in your investment accounts, we face a conflict of interest in situations where we are counseling you on the advisability of activities that would affect the balances in those accounts. Examples of such situations include the desirability of paying cash or taking a loan for the purchase of property, making gifts to charity or family, purchasing an immediate lifetime annuity, or how much to set aside for (non-managed) cash reserves. We manage this conflict by discussing it with you and providing the pros and cons of the recommendation for your consideration.

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### ITEM 12: BROKERAGE PRACTICES

We recommend custodians who, in our experience:

1. Provide access to a broad range of investments, especially mutual funds and electronically-traded funds;
2. Provide competent and timely execution of our trade instructions (to buy/sell securities for you);
3. Provide competent and timely services on other matters concerning the management of your accounts (handling paperwork, cash management transactions, etc.); and
4. Charge you a reasonable and competitive fee.

We do not accept soft dollar compensation so this is not a factor in our choice of brokers. Soft dollar compensation is defined as the services or benefits received by an investment advisor from a custodian in exchange for directing client transactions to the custodian.

The overall reasonableness of brokerage commissions paid will be determined by both the broker's commission schedule and by our estimate of reasonableness based on our experience with commissions charged for the expected volume of transactions.

If you are able to do so, we ask that you custody your account at the custodian we recommend. Unless otherwise appropriate, we will suggest Charles Schwab & Company, Inc. as custodian for your assets. Schwab offers discount brokerage services and is a qualified custodian. We believe this is in your best interest because of the benefits listed above.

Of course, employer 401(k), 403(b), and 457 accounts must remain with the custodian selected by the Employer until after you have left that Employer.

Brokerage commissions paid to Schwab may be higher than those available from some other discount brokers. We believe that services provided by Schwab are commensurate with the commission costs.

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The custodian we suggest offers access to institutional trading and custody services, which are not available to retail investors. There are economic benefits to us, including assistance with practice management and assistance with the management of client accounts. The following are benefits that we may receive:

- A. Receipt of duplicate client confirmations;
- B. Receipt of electronic duplicate statements;
- C. Access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data;
- D. Access to the investment advisor portion of the custodian's web site which includes practice management articles, compliance updates, and other investment and financial planning related information and research materials;
- E. Access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis through discounts arranged by the custodians;
- F. Access to an electronic communication network for client order entry and to access clients' account information and which may otherwise assist us with our back-office functions, including recordkeeping and client reporting; and
- G. Conferences at which advisors and employees of our firms may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology.

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## ITEM 13: REVIEW OF ACCOUNTS

Investments are handled on a discretionary basis only after you have authorized us to provide continuous management of your portfolio in a manner consistent with the principles of the recommended investment plan and have executed a Limited Trading Authorization with the custodian. Your accounts are reviewed for allocation adjustments and buy/sell decisions on a regular basis. More detailed reviews of portfolios are made four times a year. Other circumstances that may trigger a review are unusual changes in your circumstances, such as divorce, illness or death of a family member, and/or disruptive political and economic events.

Two individuals, the Director of Investments and your Primary Financial Advisor, review all portfolios. The Director of Investments sets asset allocation policy, and criteria for security selection. Your Primary Financial Advisor communicates your personal circumstances (liquidity needs, tax posture, investment preferences, etc.) to the Director of Investments for coordination with the investment plan. The Director of Investment's primary responsibilities include matching portfolio statistics with your objectives, rebalancing portfolio sectors to achieve target asset allocations and communicating investment information to you.

The Director of Investments is responsible for overall investment product analysis and implementation of portfolio changes. Day-to-day activities include product research, implementing investment trades, voting proxies, portfolio performance calculations, and discussing investment concepts with you.

You receive a quarterly report on your investments from us. The report provides descriptive information on portfolio allocations. On an annual basis, you receive a more in-depth review of your investment account, including a review of asset allocation strategy and performance information, and gain/loss information for tax purposes. You also receive monthly reports from investment account custodians.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We do not give or accept payment from any person or organization for client referrals. We do not participate in referral programs sponsored by custodians.

## ITEM 15: CUSTODY

If you have given us written permission via Schwab paperwork to request Schwab issue a check to a named 3<sup>rd</sup> party at a specific address from time to time, we have custody. The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.

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

Moreover, with your written consent, we may deduct our fee from your account.

We do not accept standing permission to wire money.

You will regularly receive statements on your accounts directly from the custodian. You should carefully review these statements and compare them with any statements that we send you. You should especially check the accuracy of all deposits and withdrawals in your accounts.

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### ITEM 16: INVESTMENT DISCRETION

We accept discretionary authority to manage your investments. Discretionary authority gives us the power to instruct the custodian to purchase or sell securities in your account, and to make transfers to your other accounts with that custodian. This authorization/access does not allow us to transfer funds to a third party or to ourselves, except if you have separately given us these authorizations as well.

Before we assume this role we will present and discuss with you our specific recommended changes to your investment program. In most cases this will be completed before we proceed to securing discretionary authority. In all cases, before we can assume discretion over an account, you must sign the custodian's Limited Power of Attorney form.

We are able to manage your employer 401(k), 403(b) or 457 accounts on a discretionary basis once you provide us with the log-on information and password. Such access would not be considered custody since material changes in your account (such as termination, address change, or withdrawal of funds, etc.) require the custodian to notify you.

If we are not able to secure discretion on an account, we will provide you with our recommendations and you will be responsible for executing them in a timely manner.

### ITEM 17: VOTING CLIENT SECURITIES

We vote on matters concerning the securities you own. We respond to proxy vote solicitations on a timely basis. We maintain an electronic file of proxy votes. Proxies are voted via the Internet. Our proxy voting policy is disclosed annually and the voting history for your account is available upon request. Proxies are voted in a manner consistent with the best interest of clients. Our policy is to disclose any material conflict of interest regarding a proxy vote to affected clients.

Your interests are represented consistently as follows:

- › Stock options should be expensed and their cost transparent to shareholders.
- › "Poison pills" and other anti-takeover provisions are opposed.
- › Stock option plans and other compensation issues are reviewed on a case-by-case basis. Reasonableness, dilution of existing shareholder interests, and prior managerial performance are considered and evaluated.
- › Mergers and other corporate restructurings are evaluated individually and are voted upon consistent with shareholders long-term interest.
- › Employee Stock Option Plans are voted favorably.
- › Issues of social and corporate responsibility are evaluated individually, including consideration of the cost of complying with the issue up for vote.

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### **ITEM 18: FINANCIAL INFORMATION**

The Family Firm accepts discretionary authority over client accounts, but we do not require the prepayment of more than \$1,200 in fees, more than six months in advance. This said, there is no financial condition that is likely to impair our ability to meet our contractual commitment to clients.

The Family Firm has never been the subject of a bankruptcy petition.

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## **PART 2B. SUPPLEMENT**

This supplement discusses the educational and employment background of The Family Firm's advisory personnel.

### **NATHAN J. GENDELMAN, MBA**

#### ***Vice President and Director of Investments***

Nate earned a Bachelor of Science degree in Mathematics from Drexel University in 1984. Subsequently he spent two years in the Peace Corp teaching math in Tanzania. Following this, his diverse work experience included actuarial assignments with Cigna and the Ohio Casualty Company where he became an Associate of the Casualty Actuarial Society (ACAS). He earned a Masters in Business Administration (MBA) at George Washington University while pursuing a fellowship at the Export-Import Bank of the United States. Nate joined The Family Firm in 2001 and became the Director of Investments in 2003. Nate was President of the firm from December 2012 through December of 2022.

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Nate presents and discusses with you the written investment plan we have developed. It is based on discussions with your primary advisor at the firm and considers your financial circumstances and goals. The plan is then implemented, managed and assessed in the context of the initial, agreed-upon parameters or as modified in subsequent discussions with you and your Family Firm financial advisor.

Nate owns 20% of The Family Firm. He receives no benefits or compensation because of the investments he selects for you nor does he receive compensation from any firm other than The Family Firm. Nate has no legal or disciplinary history to report.

Nate is located in Bethesda, Maryland and works with clients located both in the Washington Metro Area and elsewhere in the U.S.

Contact Kate Fries, Chief Compliance Officer, at 301-656-3999, with any questions related to Nate.

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**STACY K. BAKRI, CFP®, CDFA®**  
***President and Financial Advisor***

Prior to joining The Family Firm, Stacy counseled clients on portfolio management and retirement planning issues as an investment consultant with Charles Schwab & Co. Before joining Schwab, she worked abroad for AMIDEAST, an international exchange organization, where she served as Country Director for the West Bank/Gaza offices.

Stacy is a graduate of Penn State University with a Bachelor of Arts degree in International Relations. She is a NAPFA-Registered Financial Advisor and a CERTIFIED FINANCIAL PLANNER™ professional. Stacy is also a Certified Divorce Financial Analyst® (CDFA®).

Stacy owns 40% of The Family Firm. Stacy receives no benefits or compensation because of the advice the firm gives you. She has no legal or disciplinary history to report.

Contact Kate Fries, Chief Compliance Officer, at 301-656-3999, with any questions related to Stacy.

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**KATE FRIES, CFP®, CDFA®**

***Vice President, Chief Compliance Officer and Financial Advisor***

Kate is located in San Diego, California and works with clients who reside both in the Washington Metro Area as well as elsewhere in the U.S.

Prior to joining The Family Firm, Kate served as a financial planning coordinator at a fee-only financial planning firm in Birmingham, AL. Kate holds a Bachelor of Science degree in Consumer Sciences with a concentration in Family Financial Planning from the University of Alabama, as well as a Bachelor of Science degree from the College of Communications at the University of Texas.

Kate is a CERTIFIED FINANCIAL PLANNER™ professional and a Certified Divorce Financial Analyst® (CDFA®).

Kate owns 40% of The Family Firm. Kate receives no benefits or compensation because of the advice the firm gives you. She has no legal or disciplinary history to report.

Stacy Bakri, President, works closely with Kate and should be contacted at 301-656-3999 with any questions concerning Kate.

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**DONALD P. LORD, CFP®**

***Financial Advisor***

Don is located in Bethesda, Maryland and works with clients located both in the Washington Metro Area and elsewhere in the U.S.

Don's prior experience includes working as a personal financial advisor for CUNA Mutual Life Insurance Company and American Express Financial Advisors. Don pursued a profession in personal financial planning after a successful twenty-year career in the U.S. Air Force. There, he was a production superintendent managing more than 200 personnel in ten Air Force functional areas.

Don holds a Bachelor of Science degree in Business Management with honors from Hampton University in Virginia.

Don receives no benefits or compensation because of the advice the firm gives you. He has no legal or disciplinary history to report. Contact Kate Fries, Chief Compliance Officer, at 301-656-3999, with any questions related to Don.

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**CHARLES (CAM) MOORE, CFP®**  
*Financial Advisor*

Cam is located in Bethesda, Maryland and works with clients located both in the Washington Metro Area and elsewhere in the U.S.

Cam began his career in financial planning in 2010 as a paraplanner with The Family Firm. He was promoted to Associate Financial Advisor in 2012 and to Financial Advisor in 2014. From a young age Cam was fascinated by the stock market. He learned about financial planning during college when a fee-only financial planner came to his Careers in Finance class and discussed the profession. From that day on he knew he wanted to become a financial planner.

Cam holds a Bachelor of Science degree in Finance from Virginia Polytechnic Institute and State University.

Cam is a CERTIFIED FINANCIAL PLANNER™ professional.

Cam receives no benefits or compensation because of the advice the firm gives you. He has no legal or disciplinary history to report. Contact Kate Fries, Chief Compliance Officer, at 301-656-3999, with any questions related to Cam.

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**STEPHEN P. DALY, CFP®, CIMA®**  
*Financial Advisor*

Steve is located in Bethesda, Maryland and works with clients located both in the Washington Metro Area and elsewhere in the U.S.

Prior to joining The Family Firm, Steve worked for Eurasia Foundation where he supported international development programs throughout the former Soviet Union. Previously, he served as a Peace Corps volunteer in Bulgaria and worked in the US House of Representatives as a Legislative Assistant.

Steve completed his Personal Financial Planning coursework at Georgetown University. He holds an MA in International Relations from KIMEP University in Almaty, Kazakhstan and a BA in Political Science from the University of Richmond.

Steve is a CERTIFIED FINANCIAL PLANNER™ professional, as well as a Certified Investment Management Analyst® professional.

Steve receives no benefits or compensation because of the advice the firm gives you. He has no legal or disciplinary history to report. Contact Kate Fries, Chief Compliance Officer, at 301-656-3999, with any questions related to Steve.