FORM ADV PART 2A

DISCLOSURE BROCHURE

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This brochure provides information about the qualifications and business practices of Stites Financial Consulting. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 916-601-1992. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Stites Financial Consulting (CRD #293058) is available on the SEC's website at www.adviserinfo.sec.gov.

Revised March 26, 2024

Item 2: Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

This update is in accordance with the required annual filing for Registered Investment Advisers. There have been no material changes since the last filing on this brochure on March 27, 2023.

We have updated our assets under management to reflect that of 12/31/2023.

Full Brochure Available

This Firm Brochure being delivered is the complete brochure for the Firm.

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Item 4: Advisory Business

Firm Description

Stites Financial Consulting ("SFC") is a Sole Proprietorship organized in the State of California and became registered as an investment adviser in 2018. Under CCR Section 260.238(k), SFC, its representatives, or any of its employees will disclose to the Clients all material conflicts of interest.

Types of Advisory Services

<u>ASSET MANAGEMENT</u>

SFC offers discretionary asset management services to advisory Clients. SFC will offer Clients ongoing asset management services through determining individual investment goals, risk tolerance, investment objectives, liquidity needs and time horizon. Investment strategies, investment selection, asset allocation, portfolio monitoring, and the overall investment program will be based on the above factors. The Client will authorize SFC discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

Client Tailored Services and Client Imposed Restrictions

The goals and objectives for each Client are documented in our Investment Advisory Agreement. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without written Client consent.

Wrap Fee Programs

SFC does not sponsor any wrap fee programs.

Client Assets under Management

As of December 31, 2023, SFC had $76,100,000 of discretionary, and $0 of non-discretionary assets under management.

Item 5: Fees and Compensation

Method of Compensation and Fee Schedule

<u>ASSET MANAGEMENT</u>

SFC offers discretionary direct asset management services to advisory Clients. Pursuant to CCR Section 260.238(j), lower fees for comparable services may be available from other sources. Total fees to Client will never exceed the safe harbor threshold of 3% of assets under management per year. SFC charges an annual investment advisory fee based on the total assets under management as follows:

Assets Under Management	Annual Fee
$0 - Infinity	0.90%

The annual fee is broken down into 12 monthly payments charged in arrears. The advisory fee is calculated using the value of the assets in the Account on the last business day of the billing period. These fees are generally negotiable, and the final fee schedule will be memorialized in the "Accounts" table under the column entitled "Advisory Management Fee" located in Exhibit 1 of the SFC Investment Advisory Agreement. SFC is authorized to withdraw management fees directly from the Account on a monthly basis. Because client fees will be withdrawn directly from client accounts, in states that require it, SFC will:

(A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.

(B) Send the qualified custodian written monthly notice of the amount of the fee to be deducted from the client's account.

(C) Send the client a monthly written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

(D) The Client will receive quarterly statements directly from the custodian which disclose the fees deducted.

Client Payment of Fees

Investment management fees are billed monthly in arrears, meaning that we invoice you after the billing period. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account.

SFC, in its sole discretion, may waive its fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

Additional Client Fees Charged

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling and miscellaneous fees. For more details on the brokerage practices, see Item 12 of this brochure.

Prepayment of Client Fees

SFC does not require any prepayment of fees.

External Compensation for the Sale of Securities to Clients

Investment Adviser Representatives of SFC are also licensed insurance agents and receive external compensation from the sale of commission-based products like, but not limited to, life, health, disability and Long-Term Care insurance. From time to time, they may offer clients services from those activities. Approximately 1-5% of Shawn Stites' and Kevin Stites' compensation is from external compensation.

This represents a conflict of interest because it gives an incentive to recommend products based on the commission received. This conflict is mitigated by disclosures, procedures, and SFC's fiduciary obligation to place the best interest of the Client first. Clients are not required to purchase any products or services. Clients have the option to purchase these products through another insurance agent of their choosing.

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

Sharing of Capital Gains

Fees are <u>not</u> based on a share of the capital gains or capital appreciation of managed securities. SFC does not use a performance-based fee structure.

Item 7: Types of Clients

Description

SFC generally provides investment advice to individual, high net worth individuals, and corporations. Client relationships vary in scope and length of service.

Account Minimums

SFC does not require a minimum to open an account.

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

Methods of Analysis

Security analysis methods may include fundamental analysis, technical analysis, charting, cyclical analysis, quantitative analysis, and modern portfolio theory. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Quantitative Analysis (QA) is a technique that seeks to understand behavior by using mathematical and statistical modeling, measurement, and research. Quantitative analysts aim to represent a given reality in terms of a numerical value.

QA is employed for several reasons, including measurement, performance evaluation or valuation of a financial instrument, and predicting real-world events, such as changes in a country's gross domestic product (GDP). QA is a technique that seeks to understand behavior by using mathematical and statistical modeling, measurement, and research.

QA is used to analyze investment opportunities, such as when to purchase or sell securities. Investors perform quantitative analysis when using key financial ratios, such as the price-earnings ratio (P/E) or earnings per share (EPS), in their investment decision- making process (e.g., whether to purchasing shares of a company's stock). Quantitative analysis ranges from the examination of simple statistical data (e.g., revenue) to complex calculations (e.g., discounted cash flow or option pricing).

Modern Portfolio Theory is a theory of finance that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

Investment Strategy

The investment strategy for a specific Client is based on the objectives stated by the Client during consultations and may include long-term purchases and short-term purchases. Each Client documents their objectives and their desired investment strategy in the SFC Investment Advisory Agreement. The Client may change these objectives at any time by updating their SFC Investment Advisory Agreement.

Security Specific Material Risks

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with SFC:

- *Market Risk*: The prices of securities held by securities in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *Interest-rate Risk*: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk*: When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk*: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk*: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Liquidity Risk*: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the Client's overall portfolio. Small and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, 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). 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 or (ii) 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. Adviser has no control over the risks taken by the underlying funds in which Client invests.
- *REIT Risk:* To the extent that a Client invests in REIT's, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REIT's are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.
- *Foreign Securities Risk:* Funds in which Clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- *Long-term purchases*: Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long- term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases*: Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.
- *Trading risk*: Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.

Item 9: Disciplinary Information

Criminal or Civil Actions

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

Administrative Enforcement Proceedings

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

Self- Regulatory Organization Enforcement Proceedings

SFC 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 SFC or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

Broker-Dealer or Representative Registration

SFC is not registered as a broker-dealer and no affiliated representatives of SFC are registered representatives of a broker-dealer.

Futures or Commodity Registration

Neither SFC nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

Material Relationships Maintained by this Advisory Business and Conflicts of Interest Associated persons of SFC have a financial affiliated business as insurance agents. Approximately 1-5% of their time is spent on these activities. They may offer Clients services from those activities. As insurance agents, they may receive separate yet typical compensation. These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first. Clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

SFC does not select or recommend other investment advisors.

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

Code of Ethics Description

The affiliated persons (affiliated persons include employees and/or independent

contractors) of SFC have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of SFC affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of SFC. The Code reflects SFC and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

SFC's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of SFC may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

SFC's Code is based on the guiding principle that the interests of the Client are our top priority. SFC's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

SFC will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflict of Interest
SFC and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest
SFC and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide SFC with copies of their brokerage statements.

The Chief Compliance Officer of SFC is Shawn Stites. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest
SFC does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide SFC with copies of their brokerage statements.

The Chief Compliance Officer of SFC is Shawn Stites. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

Item 12: Brokerage Practices

Factors Used to Select Broker-Dealers for Client Transactions
SFC requires that Clients establish brokerage accounts with a certain custodian, such as Schwab Advisor Services division of Charles Schwab & Co., Inc.[1] ("Schwab"), a FINRA[2] registered broker-dealer and SIPC[3] member, to maintain custody of Clients' assets and to effect trades for their accounts. SFC is independently owned and operated and not affiliated with Schwab. SFC has evaluated Schwab and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm in meeting our fiduciary obligations to Clients.

[1] For information regarding Schwab, please refer to their website: https://www.schwab.com/.
[2] FINRA is the largest independent regulator for all securities firms doing business in the United States. For more information, please refer to FINRA's website: http://www.finra.org/.
[3] For information regarding SIPC, please refer to their website: http://www.sipc.org/.

Schwab provides SFC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least $10 million of the adviser's Clients' assets are maintained in accounts at Charles Schwab & Co. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our Client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Charles Schwab & Co. also makes available to SFC other products and services that benefit SFC but may not directly benefit our Clients' accounts. Many of these products and services may be used to service all or some substantial number of our Client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist SFC in managing and administering our Clients' accounts include software and other technology that:

- Provide access to Client account data (such as trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple Client accounts;
- Provide research, pricing and other market data;
- Facilitate payment of our fees from Clients' accounts; and
- Assist with back-office functions, recordkeeping and Client reporting.

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

- Compliance, legal and business consulting;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to SFC. Charles Schwab & Co. may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Charles Schwab & Co. may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that Clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

In directing the use of Schwab (or any other broker), it should be understood that SFC will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the Client and those charged to other Clients (who may direct the use of another broker other than Schwab). Clients should note that, while SFC has a reasonable belief that Schwab is able to obtain best execution and competitive prices, our firm will not independently seek best execution price capability through other brokers.

- *Directed Brokerage*
  SFC does not allow directed brokerage accounts.

- *Best Execution*
  Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. SFC does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*
  The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by SFC from or through a broker-dealer in exchange for directing Client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, SFC receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of SFC. These benefits include both proprietary research from the broker and other research written by third parties.

  A conflict of interest exists when SFC receives soft dollars. This conflict is mitigated by the fact that SFC has a fiduciary responsibility to act in the best interest of its Clients and the services received are beneficial to all Clients. SFC utilizes the services of custodial broker dealers. Economic benefits are received by SFC which would not be received if SFC did not give investment advice to Clients. These benefits include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to SFC's accounts, ability to conduct "block" Client trades, electronic download of trades, balances and positions, duplicate and batched Client statements, and the ability to have advisory fees directly deducted from Client accounts.

- *Brokerage for Client Referrals*
  SFC does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

Aggregating Securities Transactions for Client Accounts

SFC is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of SFC. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

Item 13: Review of Accounts

Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Account reviews are performed at least annually by SFC Chief Compliance Officer, Shawn Stites to confirm or update the client’s investment policies, risk tolerance, investment objectives, liquidity needs, and time horizon as documented in their SFC Investment Advisory Agreement.

Review of Client Accounts on Non-Periodic Basis

Reviews may be triggered by material market, economic or political events, or by changes in the client’s financial situation, such as retirement, termination of employment, physical move, illness or inheritance.

Content of Client Provided Reports and Frequency

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by SFC's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

Item 14: Client Referrals and Other Compensation

Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

As disclosed under Item 12 above, SFC receives an economic benefit from Schwab in the form of the support products and services it makes available to SFC and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit SFC, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to SFC of Schwab's products and services is not based on SFC giving particular investment advice, such as buying particular securities for our Clients.

Advisory Firm Payments for Client Referrals

SFC does not compensate for Client referrals.

Item 15: Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by SFC.

SFC is deemed to have limited custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of SFC. Pursuant to CCR Section 260.237(b)(3)

A. The investment adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.

B. The investment adviser has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.

C. Each month when SFC directly deducts Advisory Fees from a Client's account, the investment adviser:

   i. Sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and

   ii. Sends the client an invoice itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

D. The investment adviser notifies the Commissioner in writing that the investment adviser intends to use the safeguards provided in this paragraph (b)(3). Such notification is required to be given on Form ADV.

Item 16: Investment Discretion

Discretionary Authority for Trading

SFC requires discretionary authority to manage securities accounts on behalf of Clients. SFC has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The client will authorize SFC discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

SFC allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to SFC in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. SFC does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

Item 17: Voting Client Securities

Proxy Votes

SFC does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

Item 18: Financial Information

Balance Sheet

A balance sheet is not required to be provided because SFC does not serve as a custodian for Client funds or securities and SFC does not require prepayment of fees.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

SFC has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

Bankruptcy Petitions during the Past Ten Years

SFC has not had any bankruptcy petitions in the last ten years.

Item 19: Requirements for State Registered Advisors

Principal Executive Officers and Management Persons

The education and business background for all management and supervised persons can be found in the Part 2B of this Brochure.

Outside Business Activities

The outside business activities for all management and supervised persons can be found in the Part 2B of this Brochure.

Performance Based Fee Description

Neither SFC nor its management receive performance-based fees. Please see Item 6 of the ADV 2A for more information.

Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons

Neither SFC nor its management have been involved with any arbitration or administrative proceeding events. Shawn Stites has not been the subject of a bankruptcy petition.

Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities

There are no material relationships with issuers of securities to disclose.

Material Conflicts of Interest Assurance

All material conflicts of interest regarding SFC, its representatives or any of its employees which could be reasonably expected to impair the rendering of unbiased and objective advice are disclosed as required under CCR Section 260.238(k).

Shawn Stites

Office Address
919 Reserve Drive, Suite 103
Roseville, CA 95678

Mailing Address PO Box 149
Wilton, CA 95693

www.StitesFC.com Email: shawn@stitesfc.com Phone: 916-601-1992

This brochure supplement provides information about Shawn Stites and supplements the Stites Financial Consulting brochure. You should have received a copy of that brochure. Please contact Shawn Stites if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Shawn Stites (CRD #4316676) is available on the SEC's website at www.adviserinfo.sec.gov.

Revised March 26, 2024

Brochure Supplement (Part 2B of Form ADV)

Supervised Person Brochure

Principal Executive Officer – Shawn Stites

- Year of birth: 1964

Item 2 - Educational Background and Business Experience

Educational Background:

- California State University Sacramento; B.A. Music; 1993

Business Experience:

- Stites Financial Consulting; CCO/Investment Adviser Representative; 05/2018 – Present
- United Planners; Registered Representative; 10/2016 – 08/2019
- United Planners Financial Services, Investment Adviser Representative; 10/2016 – 08/2019
- Securities Service Network; Registered Representative; 09/2012 – 10/2016
- Woodbury Financial Services; Registered Representative; 01/2009 – 09/2012

Item 3 - Disciplinary Information

Shawn Stites has nothing to report in this section.

Item 4 - Other Business Activities Engaged In

Shawn Stites has a financial affiliated business as an insurance agent. Approximately 1-5% of his time is spent on these activities. He may offer Clients services from those activities. As an insurance agent, he may receive separate yet typical compensation.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing. See Item 10 of ADV 2A for more details.

Item 5 - Additional Compensation

Shawn Stites receives commissions on the insurance products he sells. He does not receive any performance-based fees. He does not receive any additional compensation for performing advisory services other than what is disclosed in Item 5 of Part 2A.

Item 6 - Supervision

As the Chief Compliance Officer of Stites Financial Consulting, Shawn Stites supervises all activities of the firm. Shawn Stites' contact information is on the cover page of this disclosure document. Shawn Stites adheres to applicable regulatory requirements, together with all policies and procedures outlined in the firm's code of ethics and compliance manual. The phone number for Shawn Stites is (916) 601-1992.

Item 7 - Requirements for State-Registered Advisors

Shawn Stites has not been involved with any arbitration or administrative proceeding events. Shawn Stites has not been the subject of a bankruptcy petition.

STITES FINANCIAL CONSULTING

FORM ADV PART 2B

Kevin Stites

Office Address
919 Reserve Drive, Suite 103
Roseville, CA 95678

Mailing Address PO Box 149
Wilton, CA 95693

www.StitesFC.com Email: shawn@stitesfc.com Phone: 916-529-1468

This brochure supplement provides information about Kevin Stites and supplements the Stites Financial Consulting brochure. You should have received a copy of that brochure. Please contact Kevin Stites if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Kevin Stites (CRD #6718670) is available on the SEC's website at www.adviserinfo.sec.gov.

Revised March 26, 2024

Brochure Supplement (Part 2B of Form ADV)

<u>Supervised Person Brochure</u>

Investment Adviser Representative - Kevin Stites

- Year of birth: 1997

Item 2 - Educational Background and Business Experience

Educational Background:

- College for Financial Planning; M.S. Personal Financial Planning; 2021
- California State University Sacramento; B.A. Communication Studies; 2019

Business Experience:

- Stites Financial Consulting; Investment Adviser Representative; 05/2018 – Present
- United Planners Financial Services, Investment Adviser Representative; 07/2017 – 08/2019
- United Planners Financial Services; Non-Registered Assistant; 10/2016 – 07/2017
- Student; 02/2012 – 05/2021

<u>CERTIFIED FINANCIAL PLANNER™ professional</u>

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

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

- **Education –** Earn a bachelor's degree or higher from an accredited college or university and complete CFP Board-approved coursework at a college or university through a CFP Board Registered Program. The coursework covers the financial planning subject areas CFP Board has determined are necessary for the competent and professional delivery of financial planning services, as well as a comprehensive financial plan development capstone course. A candidate may satisfy some of the coursework requirement through other qualifying credentials. CFP Board implemented the bachelor's degree or higher requirement in 2007 and the financial planning development capstone course requirement in March 2012. Therefore, a CFP® professional who first became certified before those dates may not have earned a bachelor's or higher degree or completed a financial planning development capstone course.
- **Examination –** Pass the comprehensive CFP® Certification Examination. The examination is designed to assess an individual's ability to integrate and apply a broad base of financial planning knowledge in the context of real-life financial planning situations.
- **Experience –** Complete 6,000 hours of professional experience related to the personal financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements.
- **Ethics –** Satisfy the Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement and agree to be bound by CFP Board's Code of Ethics and Standards of Conduct ("Code and Standards"), which sets forth the ethical and practice standards for CFP® professionals.

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

- **Ethics –** Commit to complying with CFP Board's Code and Standards. This includes a commitment to CFP Board, as part of the certification, to act as a fiduciary, and therefore, act in the best interests of the client, at all times when providing financial advice and financial planning. CFP Board may sanction a CFP® professional who does not abide by this commitment, but CFP Board does not guarantee a CFP® professional's services. A client who seeks a similar commitment should obtain a written engagement that includes a fiduciary obligation to the client.
- **Continuing Education –** Complete 30 hours of continuing education every two years to maintain competence, demonstrate specified levels of knowledge, skills, and abilities, and keep up with developments in financial planning. Two of the hours must address the Code and Standards.

Item 3 - Disciplinary Information

Kevin Stites has nothing to report in this section.

Item 4 - Other Business Activities Engaged In

Kevin Stites has a financial affiliated business as an insurance agent. Approximately 1-5% of his time is spent on these activities. He may offer Clients services from those activities. As an insurance agent, he may receive separate yet typical compensation.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing. See Item 10 for more details.

Item 5 - Additional Compensation

Kevin Stites receives commissions on the insurance products he sells. He does not receive any performance-based fees. He does not receive any additional compensation for performing advisory services other than what is disclosed in Item 5 of Part 2A.

Item 6 - Supervision

As a representative of Stites Financial Consulting, Kevin Stites is supervised by Shawn Stites, the firm's Chief Compliance Officer. Shawn Stites is responsible for ensuring that Kevin Stites adheres to all required regulations regarding the activities of an Investment Adviser Representative, as well as all policies and procedures outlined in the firm's Code of Ethics and compliance manual. The phone number for Shawn Stites is (916) 601-1992.

Item 7 - Requirements for State-Registered Advisors

Kevin Stites has not been involved with any arbitration or administrative proceeding events. Kevin Stites has not been the subject of a bankruptcy petition.

FACTS

WHAT DOES STITES FINANCIAL CONSULTING DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect, and share depend on the product or service you have with us. This information can include: • Social Security number and income. • Account balances and payment history.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do we share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	No	N/A
For joint marketing with other financial companies	No	N/A
For our affiliates' everyday business purposes— information about your transactions and experiences	No	N/A
For our affiliates' everyday business purposes— information about your creditworthiness	No	N/A
For our affiliates to market to you	No	N/A
For non-affiliates to market to you	No	N/A

Questions?	Call Shawn Stites at 916-601-1992

March 27, 2024

Who we are	
Who is providing this notice?	Stites Financial Consulting
What we do	
How do we protect your personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How do we collect your personal information?	We collect your personal information, for example, when you: • Open an account or deposit money.
Why can't you limit all sharing?	Federal law gives you the right to limit only: • Sharing for affiliates' everyday business purposes—information about your creditworthiness. • Affiliates from using your information to market to you. • Sharing for non-affiliates to market to you. State laws and individual companies may give you additional rights to limit sharing.
What happens when you limit sharing for an account you hold jointly?	Your choices will apply to everyone on your account—unless you tell us otherwise.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and non-financial companies.
Non-affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you.