

SCARBOROUGH

CAPITAL MANAGEMENT

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Part 2A of Form ADV

Firm Brochure

January 5, 2018

This brochure provides information about the qualifications and business practices of Scarborough Capital Management. If you have any questions about the contents of this brochure, please contact Candice Davis, Chief Compliance Officer, at 410.573.5700 or cdavis@scmadvice.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Scarborough Capital Management also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 169517.

Any references to Scarborough Capital Management as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

This is the annual update to the Brochure for Scarborough Advisors, LLC d/b/a Scarborough Capital Management. This section will discuss only specific material changes that are made to the Scarborough Capital Management Brochure and provide you with a summary of such changes along with a reference to the date of the last annual update to this Brochure.

The changes made to our last delivered brochure dated February 1, 2017 are as follows:

- As of December 31, 2017, we were actively managing \$616,854,902.17 of client assets on a discretionary basis.
- Effective January 2, 2018, Scarborough Capital Management, its representatives, owners, and employees, became affiliated with Independent Financial Group, LLC (“IFG”). IFG’s principal business is a full services general securities Broker-Dealer. Investment Advisor Representatives (“IARs”) of Scarborough Capital Management are also Registered Representatives of IFG which, in this capacity, allows them to sell brokerage products and services for a commission. This compensation is in addition to compensation the representatives receive for managing advisory assets.
- Effective December 31, 2017, Scarborough Capital Management, its representatives, owners, and employees terminated their Broker-Dealer relationship with SII Investments, Inc. (“SII”).
- In connection with this Broker-Dealer change from SII to IFG, the firm’s partners (Ryan Ansted, Ian Arrowsmith, Gregory Ostrowski, James Sprinkel, and Shawn Walker) received financial support from IFG in the form of a four-year forgivable loan and a traditional loan. The

payments on the forgivable loan are forgiven over time based on the firm’s association with IFG. The traditional loan is repayable to IFG on a four-year schedule. Neither loan is contingent on the firm, or its IARs, attaining a minimum level of production with IFG. Additionally, advisory clients of SCM do not utilize IFG’s advisory platform. However, these loans may present a conflict of interest because the IARs are also registered representatives that may recommend commission products through IFG, and the firm has a financial incentive to maintain the relationship with IFG in order to benefit from the forgiveness or other terms of the loans.

A copy of our Brochure is available to you free of charge and may be requested by contacting us at 410.573.5700 or cdavis@scmadvice.com or by visiting our website www.scmadvice.com.

Additional information about Scarborough Capital Management is available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Scarborough Capital Management who are registered, or are required to be registered, as investment adviser representatives of Scarborough Capital Management.

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Scarborough Advisors, LLC d/b/a Scarborough Capital Management is an SEC-registered investment adviser with its principal place of business located in Annapolis, Maryland. Scarborough Capital Management began conducting business in 1989 as The Scarborough Group, Inc. and later, in 2008, changed its name to Scarborough Capital Management, Inc. In

November 2013, five long-time advisory representatives of the company purchased the firm.

The five equal owners of the firm are: Ryan Ansted, Ian Arrowsmith, Gregory Ostrowski, James Sprinkel, and Shawn Walker. Additional business information about the owners can be found in the Supplemental Brochure (ADV Part 2B) for each individual.

SAVINGS PLAN MANAGEMENT

Scarborough Capital Management (“Scarborough”), acting as a solicitor, refers 401(k) and 403(b) participants to Retirement Management Systems, LLC (“RMS LLC”), which offers Savings Plan Management advisory services to those participants. RMS LLC does not manage assets at the plan sponsor (employer) level. It manages individual client portfolios such as an employee's 401(k) or 403(b) account. Investment advice is determined on an individual basis by determining each client's needs through use of RMS LLC's questionnaire and Investor Profile. The questionnaire measures investment time frame and tolerance for risk. RMS LLC uses the score from the questionnaire to determine the client's portfolio style. RMS LLC and a third party asset allocation company provide the Retirement Advisors with model portfolios. Retirement Advisors will help the investor choose the most suitable portfolio for their investment needs.

on changes in a client's personal situation, the markets and/or the economy, RMS LLC may make allocation changes to the client's savings plan account on the client's behalf.

Annually, RMS LLC sends clients a profile questionnaire to complete. Any changes in the client's financial situation and/or risk profile that is noted during review is discussed at that time between the client and their Retirement Advisor. Any updates needed to the client profile and/or allocation are then communicated to RMS LLC by the Retirement Advisor.

Client portfolios consist of mutual fund shares and, in certain circumstances, individual securities may be held (generally company stock in the form of a fund). Based

Retirement Advisors provide education and strategic advice to investors using the Savings Plan Management advisory service related to risk tolerance, time horizons, etc. Retirement Advisors do not provide asset management services on these accounts, nor do they provide specific investment advice on the underlying securities in the client's plan. The ongoing, continuous management and investment specific advice is provided by RMS LLC.

SCARBOROUGH CAPITAL MANAGEMENT OFFERS THE FOLLOWING ADVISORY SERVICES:

PORTFOLIO MANAGEMENT SERVICE

Scarborough provides portfolio management services to individuals outside of their employer sponsored plan. This service is provided on a discretionary basis meaning that Retirement Advisors may purchase or sell investments on behalf of the client without obtaining specific client prior consent for each transaction in accordance with the asset management contract. The asset management contract is provided to each client prior to the onset of the service, and should be read carefully by the client for further information. This service involves allocating the client's investment portfolio among mutual funds and other investments available through Schwab Advisor Services™ of Charles Schwab & Co. (“Schwab”). Scarborough provides the Retirement Advisors with model portfolios that are intended as guidelines. Retirement Advisors can use the models as created, deviate from models, or not use them at all.

Retirement Advisors. In evaluating Schwab as a potential broker-dealer/custodian, it was noted that Schwab has financial strength, extensive reporting, and execution pricing and research. Schwab makes available to Scarborough clients a broad array of no-load, no transaction or low transaction cost mutual funds. Scarborough does not sponsor a wrap, unbundled wrap, or fee and commission offset program through these firms.

PORTFOLIO PLUS – THIRD-PARTY INVESTMENT ADVISORY SERVICE

Scarborough's Third-Party Investment Advisory Service, which is privately labeled as Portfolio Plus, is offered by the third party manager, AssetMark, Inc. (“AssetMark”) utilizes the custodian TD Ameritrade. This program is no longer offered to new clients.

Schwab is the selected third-party clearing broker-dealer/custodian that will execute trades, settle securities transactions and custody client assets for these advisory accounts on behalf of Scarborough and its

For existing accounts, the Retirement Advisor will review reports distributed by AssetMark and communicate any recommended changes to the client. The Retirement Advisor will also contact the client, as agreed upon, in order to review the financial situation and objectives, communicate information, and assist the client in understanding the existing services provided by

Portfolio Plus. Clients will be expected to notify their Retirement Advisor of any changes in their financial situation, investment objectives, or account restrictions. Clients may also contact the third party adviser managing the account.

CONSULTATION SERVICE

Scarborough will analyze and make recommendations on a broad array of financial issues on a consultative basis. Among other things, this consultation service may include portfolio asset allocation, financial advice regarding personal and business situations, and/or other financial planning services.

EDUCATIONAL SEMINARS

Scarborough also provides investment education seminars as a service to corporations. These seminars are intended to help individual employees better understand their company's employer sponsored plan, and include information about the plan structure, the merits of saving and investing, the general asset classes available, income tax considerations, and plan rules regarding loans, withdrawals and distributions.

FINANCIAL PLANNING

Scarborough also provides advice in the form of a Financial Plan. While the specific categories to be reviewed will be determined based on the client's particular financial situation, categories for review may include the following:

- a.) Investment Planning – Review client's current financial situation and issue a written report of recommendations. Prepare an asset allocation program tailored to client's financial objectives and Investor profile.
- b.) Budgeting – Review client's current budget and provide feedback based upon the client's stated goals and lifestyle. Prepare balance sheet showing client's assets, liabilities, and net worth. Prepare a cash flow statement that reflects client's income, living expenses and investment funding.
- c.) Estate Planning – Coordinate wills and other estate planning documents and arrangements. Make recommendations and assist others in recommendations that minimize the tax consequences and maximize efficient disposition of client's estate within the constraints of client's plans and goals. Fees for this service would be in addition to any legal fees from third parties, all of which will be borne by client.
- d.) Insurance Counseling – Work with the client to identify insurance needs based on the client's individual goals and circumstances, including but not limited to providing for adequate coverage in case of an injury, long term care needs, or death. Coordinate life insurance, disability insurance, and other insurance policies. All selections and coverages are the responsibility of client. Registered Representatives may be compensated in their

separate capacity as insurance agents for insurance policies sold by Retirement Advisors. Any incidental legal fees and/or other insurance costs from third parties will be borne by the client.

e.) Retirement Planning – Coordinate investment planning to assist client in capital accumulating capital for their retirement and creating an income plan to meet financial needs in retirement. Other fees from third parties to be borne by Investor. Make recommendations on establishing individual or other retirement accounts.

f.) Tax Planning - Advisor will take into account the general tax consequences for all recommendations made to the client. However, Advisor will not provide tax or legal advice and the client needs to rely solely on their own accounting firm, law firm, or tax preparer for such advice.

The CFP® and/or the Retirement Advisor gather required information such as current financial status, future goals, and attitudes towards risk through personal interviews. Related documents supplied by the client are carefully reviewed, and then the Financial Plan document prepared.

Financial Plan recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. Recommendations are generally of a generic nature.

Should a client choose to implement the recommendations contained in the plan, the CFP® and/or the Retirement Advisor will seek to utilize the insurance, advisory and/or brokerage services most desirable to the client. For specific tax and legal matters, the CFP® and/or Retirement Advisor will suggest that the client work closely with their attorney or accountant.

Clients should be aware that if they choose to utilize Scarborough's services in implementing all or a portion of the Financial Plan, Scarborough will receive additional compensation, of which the CFP® and/or Retirement Advisor who prepared the Plan will receive a portion, depending on the specific products or services chosen. Given that the fees for these services are in addition to any fee paid for the preparation of the Financial Plan, a conflict of interest exists because there is a financial incentive for the CFP and/or Retirement Advisors to recommend additional services that could be executed through the firm. However, implementation of Financial Plan recommendations is entirely up to the client, the Financial Plan could be implemented with another firm, and clients are not obligated to use Scarborough or its Retirement Advisors for financial planning services.

AMOUNT OF MANAGED ASSETS

As of December 31, 2017, we were actively managing \$616,854,902.17 of client assets on a discretionary basis.

ITEM 5 FEES AND COMPENSATION

SAVINGS PLAN MANAGEMENT FEES

RMS LLC charges an advisory fee for its Savings Plan Management service. Scarborough receives a portion of the advisory fee paid to RMS LLC as a solicitor's fee for referring clients to RMS LLC. The advisory fee is based on a 12-month automatically renewable agreement and can be paid on an annual, quarterly, or monthly basis. The tiered fee varies depending upon the amount of assets under management held by a client within their company sponsored qualified savings plan. The fee schedule is below:

Account Size	Annual	Quarterly	Monthly
\$0-\$99,999	\$365	\$100	\$35.99
\$100k – \$499,999	\$425	\$115	\$39.99
\$500k+	\$485	\$135	\$49.99

For accounts with substantial assets, the fee may be negotiable. Reduced fees are available for clients through our Family Plan pricing. The first fee payment (or the entire annual fee if paying annually) is due upon acceptance of the Savings Plan Management Agreement. Clients acknowledge that fees are paid in advance and that if cancellation of service occurs during any 12-month period following renewal, client is obliged to pay their remaining installments, whether quarterly or monthly, unless cancellation coincides with separation of service from employer, at which time RMS LLC may waive any uncollected fees or issue a refund if client paid annually. Client may terminate services without penalty within five (5) business days after entering into this Agreement. After five (5) business days of entering into the advisory agreement, RMS LLC or the client may terminate this relationship at any time by providing written notification to the other of their desire to cancel the agreement. Refer to the individual Agreement for additional details.

If the client is participating in a brokerage link offered by the employer as part of the 401(k) plan, RMS LLC offers management services for those investments for a fee based on the assets under management. The management service applies only to mutual funds and securities of a similar nature within the client's brokerage link account. Generally, RMS LLC requires a minimum account size of \$100,000. However, exceptions may be made (e.g., due to related accounts, anticipated future earning capacity, etc.). Additional restrictions may apply based upon the employer's specific plan rules or requirements. The maximum management fee for 401(k) brokerage advisory services is a 1.5% annual fee. This fee is based on the total market

value of the assets in the client's 401(k) account.

The brokerage link management fee is payable in advance on a quarterly basis and is determined by the ending balance of the client's account for each quarter. A recurring quarterly charge will be posted to the client's credit card for payment of the management fee. Clients that utilize Scarborough's Portfolio Management Service and hold an account with Schwab may have an existing arrangement in place to increase their Portfolio Management Service fee by the amount of the brokerage link fee to have the total management fee debited from their Schwab account. This payment option is no longer offered to new accounts. Clients should refer to the Asset Management Contract with RMS LLC for further details.

PORTFOLIO MANAGEMENT FEES

Scarborough's Portfolio Management Service is fee-based. Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. The management fee is a percentage of the market value of the assets in the account. The maximum annual fee is 2.50%. The account management fee will be payable quarterly in advance, and will be calculated as a percentage of the market value of all assets in the account on the last trading day of each calendar quarter. Initially, when the portfolio is first established, the fee will be based upon the proportion of the number of days remaining in the quarter. After this, the fee will be assessed quarterly based on the value of the account on the last trading day of each calendar quarter. Scarborough, its Retirement Advisors, or the client may terminate this fee-based relationship at any time by providing written notification to the other. In such a circumstance, the quarterly fee will be pro-rated based on the number of days the account was open during the current quarter and the client will be refunded any pre-paid, unearned fees. Schwab, the selected custodian for this service, charges commission rates, if applicable, that are generally considered discounted from customary retail commission rates. In addition, the client shall also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses).

PORTFOLIO PLUS – THIRD-PARTY INVESTMENT ADVISORY SERVICE FEES

Clients participating in the Portfolio Plus program will pay a total advisory fee that consists of both Scarborough's and AssetMark's fee, with a total combined fee maximum of 1.95%. Your Retirement Advisor will negotiate a fee with you for your accounts. Clients will pay a flat percentage-based fee based on the entire value of the AssetMark portfolio under management. Or, the fee may be tiered whereby the client will pay a percentage based fee based a certain level of assets. The fees are payable quarterly, in

advance. In addition, the accounts are charged custodial fees that vary based on the type of investment selected.

Scarborough, its Retirement Advisors, or the client may terminate this fee-based relationship at any time by providing written notification to the other. In such a circumstance, the return of any pre-paid, unearned fees will be facilitated by the third party manager AssetMark, Inc.

The complete fee details can be found in the Portfolio Plus Program Disclosure Statement and/or equivalent brochures, investment advisory contracts, and account opening documents.

CONSULTATION SERVICE FEES

All fees are negotiable, but are typically based on an hourly rate ranging from \$250 - \$500 per hour or for a flat rate to be determined on a case-by-case basis. In the case of the flat fee, the rate will be defined in a contract that will be validated by both parties. Depending upon the scope of the service provided, a retainer may be required. Otherwise, the client will be billed upon completion of the project.

EDUCATIONAL SEMINAR FEES

The fees charged for the investment education seminars range from \$0 to \$10,000, plus the reimbursement of all expenses. The fee is negotiated for each seminar, and depends on the company sponsoring the seminar, the length of the seminar, the complexity of the plan being described, and the number of expected seminar participants. The fee is due and payable immediately following the seminar presentation. Typically an initial retainer will be requested which is negotiated with each seminar client. Expense reimbursement will be due and payable within 30 days from the date of invoice. Should a client cancel the seminar, Scarborough will negotiate with the client a refund of any pre-paid, unearned fees.

FINANCIAL PLANNING SERVICE FEES

Client shall pay a Financial Plan preparation fee typically ranging from \$0 to \$2,500. The fee is negotiable depending upon the nature of client relationship and the financial planning topics to be included in the Financial Plan. In some cases, up to one-half of the financial planning fee may be requested upon receipt of the Financial Plan contract as a good faith deposit. In such a case, the remaining balance is due upon delivery of the Financial Plan. Alternatively, the full fee will be due within 30 days of client receipt of the written Financial Plan. Scarborough, its CFP® and/or Retirement Advisors, or the client may terminate this consultative relationship at any time by providing written notification to the other. Client will be responsible for any time spent by Scarborough in providing the client advisory services and/or analyzing the client's situation. Any unearned prepaid fees will be refunded to Client.

Financial Planning Fee Offset: Scarborough reserves the discretion to reduce or waive the hourly fee, the minimum fixed fee, or the remaining balance of an existing contract if a financial planning client chooses to engage us for our Portfolio Management Services.

GENERAL INFORMATION

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

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

There may be commissions and/or transaction fees charged by IFG for products that were sold on a commission basis but held in an advisory account. These fees are exclusive of, and in addition to, Scarborough's portfolio management fees meaning that the assets would have been charged the transactional commission rate, but will not be charged the ongoing asset management fee. The fees charged by IFG may be higher or lower than what is otherwise available.

ERISA Accounts: Scarborough is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Scarborough may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Scarborough's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client, six months or more in advance of services rendered.

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

Scarborough Capital Management does not charge performance-based fees.

ITEM 7 TYPES OF CLIENTS

Scarborough Capital Management offers and/or provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)

- High net worth individuals
- Corporations or other businesses not listed above.

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

METHODS OF ANALYSIS

In addition to annual reports, prospectuses, filings with the SEC, financial newspapers and magazines, Scarborough also receives a variety of information and research from mutual fund companies. The information and research we receive from these resources is commingled with our other sources of information in order to develop investing strategies for each client's financial situation. In addition, we review any potential conflicts of interest of outside analysts used for research purposes.

Independence

Scarborough is an independent adviser with no affiliations with mutual funds, banks, or insurance companies. For our Portfolio Management Services, we employ the services of an independent, third party asset allocation company to generate model portfolio allocations ranging from Conservative to Aggressive. These portfolios are intended as guidelines. Advisors can use the models as created, deviate from models, or not use them at all. These models are suitable for most investors and focus on reducing short-term volatility while giving the investor the opportunity to take advantage of capital appreciation. For Savings Plan Management, Scarborough receives model portfolios at the asset class level from Retirement Management Systems, LLC.

Disciplined, Consistent Approach

By maintaining a disciplined approach to investing, our portfolios seek to capture the benefits of long-term equity exposure without the additional fluctuation often associated with market timing strategies.

Investment Allocation Process

Scarborough uses the generally accepted principles of asset allocation to construct diversified portfolios that have efficient characteristics of risk and return.

Although maximizing return is often a primary client consideration, we spend significant time evaluating the volatility of various investment options and how they behave when combined. While there are usually some risk-reducing advantages to combining different asset types, the real goal of diversification is to combine assets in a way that seeks to yield the least amount of risk for a given level of expected return. Researchers have shown how an investor can reduce the standard deviation (risk as measured by volatility) of portfolio returns by choosing assets that do not move exactly together. When graphing standard deviation against expected return, we can view the efficiency of a portfolio.

A risk of portfolio optimization is that it relies on historical performance of portfolios which may not be indicative of future performance.

INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases

We generally purchase securities with the intention of holding them in the client's account for a year or longer. Typically we employ this strategy when we believe the securities to be currently undervalued or we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding

the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases

When utilizing this strategy, we purchase securities with a specific time frame in mind in order to accommodate clients need such as need for funds for education, new home, etc. This strategy is not to be confused with "market timing".

Risk of Loss

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Risks for all forms of analysis

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

ITEM 9 DISCIPLINARY INFORMATION

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

integrity of our management. There are no reportable disciplinary events relating to our firm and/or our management personnel.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Retirement Management Systems, LLC ("RMS LLC") is an SEC-registered investment adviser that offers the Savings Plan Management advisory service. RMS LLC is granted discretion over client accounts in order to fulfill their Savings Plan Management program obligations. Scarborough is a solicitor and refers 401(k) and 403(b) plan participants to RMS LLC for a solicitor's fee.

Gregory Ostrowski, one of the owners of Scarborough, is a minority owner of RMS LLC. John Blamphin, a Retirement Advisor at Scarborough, is the Chief Operating Officer and Chief Compliance Officer of RMS LLC.

The solicitor fee paid to Scarborough from RMS LLC for its Savings Plan Management services is commensurate with the solicitor fee received by other advisors from RMS LLC.

Effective January 2, 2018, Scarborough Capital Management, its representatives, owners, and employees, became affiliated with Independent Financial Group, LLC ("IFG"). IFG's principal business is a full services general securities broker-dealer registered with the Securities and Exchange Commissions, FINRA, and various other regulatory bodies. IFG is also an SEC registered investment adviser.

Scarborough's officers, members, and Retirement Advisors are registered representatives of IFG as a result of this affiliation and can provide brokerage services to clients in that capacity. As registered representatives of IFG, Retirement Advisors may sell brokerage related products or services to their clients for typical and customary commission compensation. Clients are not obligated to use any individual of Scarborough for any

security transaction; nor are clients obligated to use the services of IFG.

Scarborough's broker-dealer relationship with SII Investments, Inc. ("SII") terminated on December 31, 2017.

Retirement Advisors are also licensed as insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed basis, the purchase of insurance-related products. Clients should understand that this purchasing or selling of securities and/or insurance for typical and customary commission compensation is conducted through these separate registrations and are not part of the investment adviser services offered by Scarborough.

Clients should be aware that the receipt of additional compensation by Scarborough and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Scarborough endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser. We take the following steps to address this conflict:

- disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance so that we may make appropriate

- recommendations;
- conduct reviews of client accounts to verify that recommendations made to a client are suitable to the client's needs and circumstances;
- require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;

- periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

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

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

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

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

A copy of our Code of Ethics is available to our advisory clients and prospective clients and will be provided to you upon request.

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

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

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as registered representatives of IFG. Scarborough's Retirement Advisors are also licensed as insurance agents with various insurance companies. Refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

ITEM 12 BROKERAGE PRACTICES

HOW WE SELECT BROKERS/CUSTODIANS

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors including, but not limited to:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)

- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.)
- Breadth of available investment products (e.g. stocks, bonds, mutual funds, exchange-traded funds [ETFs])
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Availability of other products and services that benefit us, as discussed below

For Savings Plan Management services, RMS LLC utilizes the custodian that is predetermined by the plan sponsor. For our Portfolio Management Service, we utilize Charles Schwab & Co. For our Portfolio Plus service we utilize TD Ameritrade.

As a matter of policy and practice for individual securities/ETF transactions, Scarborough does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades. As Scarborough primarily uses mutual funds in its portfolios, block trading does not apply to the majority of our accounts.

In order to obtain Portfolio Management Services offered by Scarborough, clients must establish a brokerage account with Schwab, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Scarborough is independently owned and operated and not affiliated with Schwab. Schwab provides Scarborough 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 Schwab. 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 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.

Schwab also makes available to our firm other products

and services that benefit Scarborough 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 us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Scarborough. Schwab 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. Schwab may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to 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 addition to Schwab, other product wholesalers or custodians may provide funding to Scarborough to sponsor certain client related events, educational events or occasional business entertainment events for our personnel. This could be perceived to be a conflict of interest, but with the third party asset allocation company developing the model portfolios used by Scarborough, this potential conflict has been effectively mitigated.

ITEM 13 REVIEW OF ACCOUNTS

REVIEWS

For Savings Plan Management services, clients receive an annual questionnaire from RMS LLC. Clients may work with their Retirement Advisors to review their asset allocation and risk tolerance in response to the questionnaire results. Clients must notify his or her Retirement Advisor of any material change in circumstances that might affect the manner in which client assets should be invested.

For Portfolio Management Services, the Retirement Advisors review individual accounts to ensure that portfolios match the client's investment objectives and goals, and rebalance if applicable. In addition to these reviews, a review of an individual account could also be triggered by market and economic events, personal variables, or by client request. Each client portfolio is reviewed, at a minimum, annually. Upon each review, as deemed appropriate, portfolios may or may not be adjusted.

In addition, at least on a quarterly basis, the Retirement Advisors meet with our 3rd party research consultants to review the individual models and their underlying securities.

For Portfolio Plus, our Third-Party Investment Advisory Service, Retirement Advisors receive a quarterly update of the third party manager changes to the portfolio allocation. The Retirement Advisors use this information to determine if the overall portfolio is still suitable for the client, given the stated goals and objectives of the account. If not, the Retirement Advisor will recommend a new portfolio.

REPORTS

RMS LLC sends a quarterly account summary to all Savings Plan Management clients. These summaries include market commentary and account value as of a specified date.

Portfolio Management Services clients and Third-Party Investment Advisory Services (Portfolio Plus) clients will receive statements from the respective custodian. RMS LLC clients will receive statements from the custodian selected by their plan sponsor. Any statements or reports supplied by Scarborough do not replace the statements or reports issued by the corresponding custodian and should be checked against the custodian statement for accuracy.

FINANCIAL PLANNING SERVICES

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise agreed.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

SCM changed Broker-Dealers from SII Investments Inc. to Independent Financial Group, LLC in January 2018. In connection with this change, the firm's partners (Ryan Ansted, Ian Arrowsmith, Gregory Ostrowski, James Sprinkel, and Shawn Walker) received financial support from IFG in the form of a four-year forgivable loan and a traditional loan. The payments on the forgivable loan are forgiven over time based on the firm's association with IFG. The traditional loan is repayable to IFG on a four-year schedule. Neither loan is contingent on the firm, or its IARs, attaining a minimum level of production with IFG. Additionally, advisory clients of SCM do not utilize IFG's advisory platform. However, these loans may present a conflict of interest because the IARs are also registered representatives that may recommend commission products through IFG, and the firm has a financial incentive to maintain the relationship with IFG in order to benefit from the forgiveness or other terms of the loans.

Scarborough does not directly or indirectly compensate any person who is not a supervised person of our firm for client referrals.

Scarborough, acting as a solicitor, refers 401(k) and 403(b) participants to RMS LLC, which offers Savings Plan Management advisory services to those participants. Scarborough receives a referral fee for each client who signs up for Savings Plan Management services from RMS LLC.

We receive an economic benefit from Schwab and other financial institutions in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's or other company's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

ITEM 15 CUSTODY

Under government regulations, we are deemed to have custody of your assets because you authorize us to instruct the custodian (Schwab) to deduct our advisory fees directly from your account. The custodian maintains actual custody of your assets. You will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address that you have provided. You should carefully review

those statements promptly when you receive them. We also urge you to compare the custodian's account statements to any periodic account statements or portfolio reports that you may receive from us, if requested.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly

debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual custody of client accounts.

ITEM 16 INVESTMENT DISCRETION

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or

- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

ITEM 17 VOTING CLIENT SECURITIES

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

communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

ITEM 18 FINANCIAL INFORMATION

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client six months or more in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority over accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Scarborough has no additional financial circumstances to report.

Scarborough has not been the subject of a bankruptcy petition at any time during the past ten years.