

## **Firm Brochure**

(Part 2A of Form ADV)

**McCulley Financial Group, LLC  
2 Westbrook Corporate Center, Suite 220,  
Westchester, IL 60154**

**PHONE: 312-219-9000 or 866-299-9944**

**FAX: 312-445-9115**

**EMAIL: [kmcculley@mcculleyfinancial.com](mailto:kmcculley@mcculleyfinancial.com)**

This brochure provides information about the qualifications and business practices of McCulley Financial Group, LLC. 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: 312-219-9000 or by email at: [kmcculley@mcculleyfinancial.com](mailto:kmcculley@mcculleyfinancial.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 McCulley Financial Group, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 2014

## **Item 2: Material Changes**

Since our last annual update was filed in March 2013, the only material change to our disclosure brochure is an increase in the amount of client assets our firm manages. As of our last annual update in March 2013, we managed \$12,358,010.00. The current amount is \$14,987,356.00. Please refer to Item 4 – Advisory Business for more details.

We will continue to ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

**Item 3: Table of Contents**  
**Form ADV – Part 2A – Firm Brochure**

<b>Item 1: Cover Page</b>	
<b>Item 2: Material Changes</b> .....	<b>ii</b>
<b>Item 3: Table of Contents</b> .....	<b>iii</b>
<b>Item 4: Advisory Business</b> .....	<b>1</b>
Firm Description.....	1
Types of Advisory Services.....	1
Client Tailored Services and Client Imposed Restrictions.....	5
Wrap Fee Programs.....	5
Client Assets under Management .....	5
<b>Item 5: Fees and Compensation</b> .....	<b>5</b>
Method of Compensation and Fee Schedule .....	5
Client Payment of Fees.....	8
Additional Client Fees Charged .....	8
Prepayment of Client Fees .....	8
External Compensation for the Sale of Securities to Clients.....	8
<b>Item 6: Performance-Based Fees</b> .....	<b>9</b>
Sharing of Capital Gains .....	9
<b>Item 7: Types of Clients</b> .....	<b>9</b>
Description.....	9
Account Minimums.....	9
<b>Item 8: Methods of Analysis, Investment Strategies and Risk of Loss</b> .....	<b>9</b>
Methods of Analysis and Investment Strategies .....	9
Investment Strategy and Method of Analysis Material Risks .....	9
Security Specific Material Risks.....	10
<b>Item 9: Disciplinary Information</b> .....	<b>11</b>
Criminal or Civil Actions .....	11
Administrative Enforcement Proceedings .....	11
Self-Regulatory Organization Enforcement Proceedings.....	11
<b>Item 10: Other Financial Industry Activities and Affiliations</b> .....	<b>11</b>
Broker-Dealer or Representative Registration .....	11

Futures or Commodity Registration .....	11
Material Relationships Maintained by this Advisory Business and Conflicts of Interest	11
Recommendations or Selections of Other Investment Advisors and Conflicts of Interest.....	12
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>12</b>
Code of Ethics Description.....	12
Investment Recommendations Involving a Material Financial Interest and Conflict of Interest.....	12
Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest.....	13
Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest.....	13
<b>Item 12: Brokerage Practices .....</b>	<b>13</b>
Factors Used to Select Broker-Dealers for Client Transactions.....	13
Aggregating Securities Transactions for Client Accounts .....	14
<b>Item 13: Review of Accounts.....</b>	<b>14</b>
Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved .....	14
Review of Client Accounts on Non-Periodic Basis .....	14
Content of Client Provided Reports and Frequency.....	14
<b>Item 14: Client Referrals and Other Compensation.....</b>	<b>15</b>
Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest .....	15
Advisory Firm Payments for Client Referrals .....	15
<b>Item 15: Custody .....</b>	<b>15</b>
Account Statements.....	15
<b>Item 16: Investment Discretion .....</b>	<b>15</b>
<b>Item 17: Voting Client Securities.....</b>	<b>16</b>
Proxy Votes .....	16
<b>Item 18: Financial Information .....</b>	<b>16</b>
Balance Sheet .....	16
Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients.....	16
Bankruptcy Petitions during the Past Ten Years.....	16

<b>Item 19: Requirements for State Registered Advisors.....</b>	<b>16</b>
Principal Executive Officers and Management Persons .....	16
Outside Business Activities .....	16
Performance Based Fee Description .....	16
Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons.....	16
Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities .....	16
<b>Principal Executive Officers and Management Persons.....</b>	<b>17</b>
<b>Supervised Person Brochure .....</b>	<b>17</b>
Kortney R. McCulley .....	17
<b>Brochure Supplement (Part 2B of Form ADV) .....</b>	<b>18</b>
Item 2 Education and Business Standards .....	18
Item 3 Disciplinary Information.....	18
Item 4 Other Business Activities .....	18
Item 5 Additional Compensation .....	19
Item 6 Supervision .....	19
Item 7 Requirements for State-Registered Advisors .....	19

## **Item 4: Advisory Business**

---

### **Firm Description**

McCulley Financial Group, LLC (“MFG”) former Timberland Financial Management, LLC was founded in 2010. Kortney R. McCulley is 100% owner.

MFG provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

MFG is a fee based financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm’s managing member is affiliated with entities that sell insurance and securities products.

MFG does not act as a custodian of client assets. The client always maintains asset control.

Investment advice is an integral part of financial planning. In addition, MFG advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

A written evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement or risk analysis. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client.

---

### **Types of Advisory Services**

MFG provides investment supervisory services, also known as asset management services and furnishes financial planning and investment advice through consultations.

On more than an occasional basis, MFG furnishes advice to clients on matters not involving securities, such as taxation issues and trust services that often include estate planning.

#### **ASSET MANAGEMENT**

MFG offers non-discretionary direct asset management services to advisory clients. MFG will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

## FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, the client may choose to compensate MFG on a negotiable fixed fee basis or an hourly fee described in detail under “Fees and Compensation” section of this brochure. Financial plans will be completed and delivered inside of ninety (90) days. Clients may terminate advisory services with thirty (30) days written notice. A comprehensive financial plan includes these elements:

1. Identification of financial goals and objectives.
2. Collection and assessment of all relevant data.
3. Identification of financial problems and formulation of solutions.
4. Preparation of a financial plan in the form of specific written recommendations.
5. Implementation of recommendations.
6. Periodic review and update.

Comprehensive Financial Plan: For clients who prefer a retainer agreement these items are completed through a series of meetings between the client and the Advisor. At these meetings the following topics are reviewed: Retirement planning, educational planning, portfolio analysis, asset allocation strategies, risk management planning, goal setting, inventory of client assets, budgeting and cash flow, record keeping, analysis of financial goals and needs, recommended investments, analysis of employee benefits and estate planning. This series of meetings usually takes three to four months to complete. Annual portfolio review, assistance with plan implementation, and a year-end goal setting meeting are accomplished on an ongoing basis after the basic plan (items 1 through 4 above) has been completed. Contact by email, phone and additional meetings at client request are available free of charge throughout the year.

Basic Financial Plan: For clients who prefer not to include annual portfolio review, assistance with plan implementation, and a year-end goal setting meeting, a basic financial plan that includes only items 1 through 4 above is available. This series of meetings usually takes three to four months to complete. Contact by email, phone and additional meetings at client request are available free of charge for 90 days after the initial plan is completed.

Other Consulting Projects: The Advisor also provides other consulting services to clients involving research and analysis for which it charges \$175 per hour or fixed project fees based on the estimated time to complete and complexity of the project. Projects include financial product comparisons, reviews, or any customized financial planning service, as requested.

Financial Review: A financial review is offered for those clients who do not desire or need a comprehensive or basic financial plan. The time is limited to two hour meetings between the client and the Advisor. The topics are those chosen by the client from the topics listed above.

## CORPORATE RETIREMENT PLANS, 401(K), PROFIT SHARING, AND DEFINED BENEFIT CONSULTING

**1. Profit Sharing Asset Services.**

In connection with the assets designated, from time to time, by Client as “Profit Sharing Assets” which assets are not subject to investment direction by participants in Client, Adviser shall:

- (i) develop, in consultation with and subject to approval of Client, an investment policy and investment allocation plan applicable to the Profit Sharing Assets;
- (ii) advise Client on the implementation of such investment policy and investment allocation plan;
- (iii) review, from time to time, such investment policy and investment allocation plan and make recommendations as to necessary or desirable changes to such investment policy and investment allocation plan; conduct a search for and make recommendations on the selection of the investment funds consistent with such investment policy;
- (iv) monitor the performance of the investment managers; prepare and provide performance reports to Client, no less frequently than annually; and make recommendations as to retention and termination of such investment managers; and
- (v) assist client in the supervision, monitoring, and evaluation of the investment of Profit Sharing Assets.

**2. 401(k) Asset Services.**

In connection with the assets designated, from time to time, by Client as “401(k) Assets” which assets are subject to investment direction by participants in Client, Adviser shall”

- (i) develop, in consultation with and subject to approval of Client, an investment policy applicable to the 401(k) Assets that provides for investment among a number of investment fund options at the direction by participants in Client and that is intended to limit the fiduciary liability of the trustees of Client with respect to the participants’ directions under Section 404(c) of ERISA;
- (ii) advise Client on the implementation with such investment policy;
- (iii) review, from time to time, such investment policy and make recommendations as to necessary or desirable changes to such investment policy; conduct a search for and make recommendations on the selection of the investment funds consistent with such investment policy;
- (iv) monitor the performance of the investment funds; prepare and provide performance reports to Client, no less frequently than [annually], and make recommendation as to retention and termination of such investment managers;
- (v) provide investment-related educational information to participants in Client, which information shall include:

- a. information about the benefits of plan participation, the benefits of increasing plan contributions, the impact of pre-retirement withdrawals on retirement income;
- b. information on the investment of funds, including descriptions of investment objectives and philosophies, risk and return characteristics, historical return information, or related prospectuses;
- c. information about the general financial and investment concepts, such as risk and return, diversification, dollar cost averaging, compound return, and tax deferred investment; historic differences in rates of return between different asset classes (e.g., equities, bonds, or cash) based on standard market indices; effects of inflation; estimating future retirement income needs; determining investment time horizons; assessing risk tolerance; and
- d. information that provides participants with models of asset allocation portfolios of hypothetical individuals with different time horizons and risk profiles.

Adviser shall not provide advice on the appropriateness of any individual investment option for a particular participant or other “investment advice” within meaning of ERISA Interpretive Bulletin 96-1 issued by the U. S. Department of Labor.

### **3. Defined Benefit Asset Services.**

In connection with the assets designated, from time to time, by Client as “Defined Benefit Assets” which assets are not subject to investment direction by participants in Client, and Adviser shall:

- (i) develop, in consultation with and subject to approval of Client, an investment policy and investment allocation plan applicable to the Defined Benefit Assets;
- (ii) advise Client on the implementation of such investment policy and investment allocation plan;
- (iii) review, from time to time, such investment policy and investment allocation plan and make recommendations as to necessary or desirable changes to such investment policy and investment allocation plan; conduct a search for and make recommendations on the selection of the investment funds consistent with such investment policy;
- (iv) monitor the performance of the investment managers; prepare and provide performance reports to Client, no less frequently than [annually]; and make recommendations as to retention and termination of such investment managers; and
- (v) assist client in the supervision, monitoring, and evaluation of the investment of Defined Benefit Assets.

- (vi) provide investment-related educational information to participants in Client, which information shall include:
  - a. information about the benefits of plan participation, the benefits of increasing plan contributions, the impact of pre-retirement withdrawals on retirement income;
  - b. information on the investment of funds, including descriptions of investment objectives and philosophies, risk and return characteristics, historical return information, or related prospectuses;
  - c. information about the general financial and investment concepts, such as risk and return, diversification, dollar cost averaging, compound return, and tax deferred investment; historic differences in rates of return between different asset classes (e.g., equities, bonds, or cash) based on standard market indices; effects of inflation; estimating future retirement income needs; determining investment time horizons; assessing risk tolerance; and
  - d. information that provides participants with models of asset allocation portfolios of hypothetical individuals with different time horizons and risk profiles.

Adviser shall not provide advice on the appropriateness of any individual investment option for a particular participant or other “investment advice” within meaning of ERISA Interpretive Bulletin 96-1 issued by the U. S. Department of Labor.

---

### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

---

### **Wrap Fee Programs**

MFG does not participate in wrap fee programs.

---

### **Client Assets under Management**

The amount of clients assets managed by us totaled \$ 14,981,356.00 as of December 31, 2013. \$0 are managed on a discretionary basis and \$14,981,356.00 are managed on a non-discretionary basis.

---

## **Item 5: Fees and Compensation**

---

### **Method of Compensation and Fee Schedule**

MFG bases its fees on a percentage of assets under management, hourly charges and fixed fees (not including subscription fees).

## ASSET MANAGEMENT

MFG offers non-discretionary direct asset management services to advisory clients.

Fees for these services will be based on a percentage of Assets Under Management as follows:

<b>Assets Under Management</b>	<b>Annual Fee</b>	<b>Monthly Fee</b>
Up to \$250,000	1.00%	.083%
\$250,001 to \$500,000	0.90%	.075%
\$500,001 to \$750,000	0.80%	.067%
\$750,001 to \$1,000,000	0.75%	.063%
\$1,000,001 to \$2,000,000	0.70%	.058%
\$2,000,001 to \$3,000,000	0.65%	.054%
\$3,000,001 to \$4,000,000	0.60%	.050%
Over \$4,000,000	Negotiable	Negotiable

If any additional services are requested or required by the client beyond those describes in the section titled “Types of Advisory Services”, the client may be charged at a rate of \$175 per hour. These fees will be agreed upon before billing the client and the client will receive an estimate of the fees. These hourly fees are billed quarterly in arrears. The client will be charged to a pro rata fee for the days service was provided in the final quarter.

Fees are billed monthly in arrears based on the amount of assets managed as of the close of business on the last business day of previous month. Monthly advisory fees deducted from the clients' account by the custodian will be reflected in a provided fee invoice as fees are withdrawn. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with thirty (30) days written notice. Client will be entitled to a pro rata fee for the days service was provided in the final month. Client shall be given thirty (30) days prior written notice of any increase in fees.

## FINANCIAL PLANNING

Based on the services outline in the Section “Types of Advisory Services”, fees for Financial Plans are as follows:

- Base Financial Plan - \$1,000
- Comprehensive Financial Plan - \$1,600.

If any additional services are requested or required by the client, the client will be charged at an hourly rate of \$175.

## PAYMENT SCHEDULE

Fees for the Basic and Comprehensive Financial Plans are due as follows: 50% at the signing of the engagement and 50% upon completion of the financial plan. Clients are not billed more than \$500 for investment advising to be completed more than 6 months later.

## FEE NEGOTIATIONS

Fees for work are negotiable in the sense that work scope can be simplified or removed; or complexity can be reduced and a revised quote will be provided. During the execution of an agreed upon scope of work additional factors may be discovered that could add to or take away from the original work scope. This will be reason to generate a newly revised quote for the total job. A summary of the revised work scope and reasons for addressing or not addressing the work will be presented to the client for approval before the modified work scope is executed. The Advisor reserves the right to do pro bono work.

## PAST DUE ACCOUNTS

Interest at 10% per year will be charged on balances more than 60 days past due.

## CORPORATE RETIREMENT PLANS, 401(K), PROFIT SHARING, AND DEFINED BENEFIT CONSULTING

MFG offers asset management to corporate retirement plans, 401(k), profit sharing and defined benefit consulting. Fees for these services will be based on a percentage of Assets Under Management as follows:

<b>Assets Under Management</b>	<b>Annual Fee</b>	<b>Monthly Fee</b>
Up to \$500,000	1.00%	.083%
\$500,001 to \$1,000,000	0.75%	.063%
\$1,000,001 to \$5,000,000	0.50%	.042%
\$5,000,001 to \$7,000,000	0.40%	.033%
\$7,000,000 to \$9,000,000	0.30%	.025%
\$9,000,001 to \$10,000,000	0.20%	.017%
Over \$10,000,000	Negotiable	Negotiable

If any additional services are requested or required by the client beyond those describes in the section titled "Types of Advisory Services", the client may be charged at a rate of \$175 per hour. These fees will be agreed upon before billing the client and the client will received an estimate of the fees. These hourly fees are billed quarterly in arrears. The client will charged a pro rata fee for the days service was provided in the final quarter.

Fees are billed monthly in arrears based on the amount of assets managed as of the close of business on the last business day of previous month. Monthly advisory fees

deducted from the clients' account by the custodian will be reflected in a provided fee invoice as fees are withdrawn. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with thirty (30) days written notice. Client will be entitled to a pro rata fee for the days service was provided in the final month. Client shall be given thirty (30) days prior written notice of any increase in fees.

---

### **Client Payment of Fees**

Investment management fees are billed monthly in arrears. Payment in full is expected upon invoice presentation. 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.

Fees for financial plans are billed 50% in advance with the balance due upon delivery of the financial plan.

Any hourly fees for corporate retirement services are billed quarterly in arrears.

---

### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

MFG, in its sole discretion, may waive its minimum 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.).

---

### **Prepayment of Client Fees**

Financial Plans are billed 50% in advance. Any hourly fees for corporate retirement services are billed quarterly in arrears.

Client may cancel within five (5) business days of signing the Investment Advisory Agreement for a full refund. If cancellation occurs after five (5) business days, client will be entitled to a pro-rata refund based on work completed.

---

### **External Compensation for the Sale of Securities to Clients**

Managing Member Kortney McCulley is a registered representative of Triad Advisors, a registered broker-dealer. Mr. McCulley receives commissions for the sale of securities products sold to advisory clients.

This practice presents a conflict of interest and gives Mr. McCulley an incentive to recommend investment products based on the compensation received, rather than client's needs. Clients have the option to purchase investment products through any

broker of their choosing. This conflict is mitigated by the fact that clients are not required to purchase any product.

## **Item 6: Performance-Based Fees**

---

### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

MFG does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7: Types of Clients**

---

### **Description**

MFG generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

### **Account Minimums**

MFG does not require a minimum to open an account.

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

---

### **Methods of Analysis and Investment Strategies**

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

### **Investment Strategy and Method of Analysis Material Risks**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement or Risk Tolerance that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

---

## 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:

- *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.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *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.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *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.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9: Disciplinary Information**

---

### **Criminal or Civil Actions**

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

---

### **Administrative Enforcement Proceedings**

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

---

### **Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

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

---

### **Broker-Dealer or Representative Registration**

Managing Member Kortney McCulley is a registered representative of Triad Advisors, a registered broker-dealer.

---

### **Futures or Commodity Registration**

MFG nor its employees 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**

Managing Member Kortney McCulley has a financial industry affiliated business as an licensed insurance agent and a registered representative of a broker-dealer. From time to time, he will offer clients advice or products from those activities. Less than 50% of his revenue results from commissions from the sale of insurance and securities products. Mr. McCulley receives commissions from insurance companies and his affiliated broker-dealer on the products he sells.

These practices represent conflicts of interest because it gives Mr. McCulley an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. McCulley has a fiduciary responsibility to place the interests of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent or broker-dealer of their choosing.

Mr. McCulley is also involved as an owner of two technology ventures Disruptive Technology Partners and [www.dream-number.com](http://www.dream-number.com). These ventures are not investment related and should not create a conflict of interest.

---

**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

MFG does not have any arrangements with other investment advisors.

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

---

**Code of Ethics Description**

The employees of MFG have committed to a Code of Ethics. The purpose of our Code of Ethics is to ensure that when employees buy or sell securities for their personal account, they do not create actual or potential conflict with our clients. We do not allow any employees 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.

MFG'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 IMR 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.

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

The Code of Ethics applies to "access" persons. "Access" persons are employees 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.

The firm 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**

MFG and its employees 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**

MFG and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades.

---

## **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

MFG and its employees may buy or sell securities that are also held by clients. In order to avoid conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide MFG with copies of their brokerage statements.

The Chief Compliance Officer of MFG is Kort McCulley. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment. Since most employee trades are in products such as mutual funds, government securities, bonds or are small in size, they do not impact the securities markets.

## **Item 12: Brokerage Practices**

---

### **Factors Used to Select Broker-Dealers for Client Transactions**

MFG may recommend the use of a particular broker-dealer or may utilize a broker-dealer of the client's choosing. MFG will only refer clients to broker/dealer that are registered in the state in which the client resides. MFG will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. MFG relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by MFG.

#### *Directed Brokerage*

In circumstances where a client directs MFG to use a certain broker-dealer, MFG still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: MFG's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients, and potential conflicts of interests arising from brokerage firm referrals.

- *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 effected, 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. The firm does not receive any portion of the trading fees.

- ***Soft Dollar Arrangements***

MFG utilizes the services of custodial broker dealers. Economic benefits are received by MFG which would not be received if MFG 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 MFG'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.

---

**Aggregating Securities Transactions for Client Accounts**

MFG 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 MFG. 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**

---

**Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by advisor Kortney McCulley, Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

---

**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

---

**Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts. Account reports are issued by the Advisor'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**

MFG does not receive any economic benefits from external sources.

---

### **Advisory Firm Payments for Client Referrals**

MFG 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 the performance report statements prepared by MFG.

## **Item 16: Investment Discretion**

---

When providing asset management services, MFG maintains trading authorization over your Account and can provide management services on a non-discretionary basis. This means we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in the Account.

## **Item 17: Voting Client Securities**

---

### **Proxy Votes**

MFG 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 MFG does not serve as a custodian for client funds or securities and MFG does not require prepayment of fees of more than \$500 per client and six months or more in advance.

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

MFG 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**

Neither MFG nor its management has 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**

Mr. McCulley does not receive any performance based fees.

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

Mr. McCulley does not have any disclosures to report.

### **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.

**Principal Executive Officers and Management Persons  
Supervised Person Brochure**

Part 2B of Form ADV

---

**Kortney R. McCulley**

**McCulley Financial Group, LLC  
2 Westbrook Corporate Center, Suite 220,  
Westchester, IL 60154**

**PHONE: 312-219-9000 or 866-299-9944**

**FAX: 312-445-9115**

**EMAIL: [kmcculley@mcculleyfinancial.com](mailto:kmcculley@mcculleyfinancial.com)**

This brochure supplement provides information about Kortney R McCulley and supplements the McCulley Financial Group, LLC's brochure. You should have received a copy of that brochure. Please contact Kortney R McCulley if you did not receive McCulley Financial Group, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Kortney R McCulley is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 2014

## Brochure Supplement (Part 2B of Form ADV)

---

### Item 2 Education and Business Standards

#### Educational Background:

- Year of Birth: 1982
- Western Illinois University; 2004 Bachelor of Business: Major in Finance and Economics, 2006 Masters of Business Administration: Emphasis in Finance and International Business
- Katie School of Insurance at Illinois State University; 2007 Professional Insurance Sales Associate (PISA) designation
- University of Pittsburg and Center for Fiduciary Studies; 2008 Accredited Investment Fiduciary (AIF) designation

#### Business Experience:

- McCulley Financial Group, LLC formerly Timberland Financial Management, LLC; Managing Member/IAR; 12/2010 to Present
- McCulley Financial Partners, LLC formerly Timberland Financial Group, LLC; Managing Member/Insurance Agent; 03/2009 to Present
- Triad Advisors, Registered Representative; 12/2012 to Present
- Disruptive Technology Partners, LLC, Owner, 01/2014 to Present
- www.dream –number.com, Owner, 01/2014 to Present
- Ausdal Financial Partners, Inc.; Registered Representative; 02/2008 to 11/2012
- Wine Sergi & Co.; Employee Benefits Specialists; 02/2007 to 03/2009
- Kiawah Island Golf Resort; Operations; 05/2006 to 02/2007
- Western Illinois University; Graduate Assistant; 08/2004 to 05/2006
- Pine Ridge Farms; Sales and Marketing; 05/2004 to 08/2004

---

### Item 3 Disciplinary Information

None to report

---

### Item 4 Other Business Activities

Kortney McCulley has financial industry affiliated businesses as an insurance agent and a registered representative of Triad Advisors, a broker-dealer. From time to time, he offers clients advice or products from those activities. Clients are not required to purchase any products. He may receive separate yet typical compensation in the form of commissions for the purchase or sale of securities and for the sale of insurance products.

These practices represent conflicts of interest because it gives Mr. McCulley an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. McCulley has a fiduciary responsibility to place

the interests of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent or broker-dealer of their choosing.

---

**Item 5 Additional Compensation**

Managing Member Kortney McCulley does not receive any performance based fees.

---

**Item 6 Supervision**

Mr. McCulley is the sole owner, Compliance Officer and investment adviser representative of McCulley Financial Group, LLC. He is solely responsible for all supervision, formulation and monitoring of investment advice offered to clients. He can be reached at 312-219-9000 or 866-299-9944 or via email at [kmcculley@mcculleyfinancial.com](mailto:kmcculley@mcculleyfinancial.com).

---

**Item 7 Requirements for State-Registered Advisors**

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None