

# Felspar Financial, LLC

*Registered Investment Adviser*

## **Form ADV Part 2A Firm Brochure**

February 16, 2026

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This brochure provides information about the qualifications and business practices of Felspar Financial, 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 619-794-3375.

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 Felspar Financial, LLC (CRD No. 340684) is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

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### **Annual Update**

This is the initial brochure for Felspar Financial LLC. We have no material changes to report since this is our first filing.

# Item 3: Table of Contents

## Form ADV – Part 2A – Firm Brochure

<b>Item 1: Cover Page</b> .....	<b>1</b>
<b>Item 2: Material Changes</b> .....	<b>2</b>
Annual Update .....	2
<b>Item 3: Table of Contents</b> .....	<b>3</b>
Form ADV – Part 2A – Firm Brochure .....	3
<b>Item 4: Advisory Business</b> .....	<b>5</b>
Firm Description .....	5
Types of Advisory Services .....	5
Client Tailored Services and Client Imposed Restrictions .....	6
Wrap Fee Programs .....	6
Assets Under Management .....	6
<b>Item 5: Fees and Compensation</b> .....	<b>6</b>
Method of Compensation and Fee Schedule .....	6
Billing Practices .....	7
Additional Client Fees Charged .....	8
Termination and Refunds .....	8
External Compensation for the Sale of Securities to Clients .....	8
<b>Item 6: Performance-Based Fees and Side-by-Side Management</b> .....	<b>8</b>
Sharing of Capital Gains .....	8
<b>Item 7: Types of Clients</b> .....	<b>9</b>
Description .....	9
<b>Item 8: Methods of Analysis, Investment Strategies and Risk of Loss</b> .....	<b>9</b>
Methods of Analysis .....	9
Investment Strategies .....	9
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.....	11
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>11</b>
Code of Ethics .....	11
Personal Trading and Conflicts of Interest.....	12
Material Financial Interest in Recommended Securities.....	12
Insider Trading.....	12
<b>Item 12: Brokerage Practices.....</b>	<b>13</b>
Factors Used to Select Broker-Dealers for Client Transactions .....	13
Best Execution.....	13
Soft Dollar Benefits and Economic Benefits.....	14
Client Brokerage Costs .....	14
Directed Brokerage.....	15
Trade Aggregation.....	15
<b>Item 13: Review of Accounts .....</b>	<b>15</b>
Review of Client Accounts on Non-Periodic Basis .....	15
Content and Frequency of Regular Reports Provided to Clients.....	15
<b>Item 14: Client Referrals and Other Compensation .....</b>	<b>16</b>
Economic Benefits from External Sources.....	16
Compensation for Client Referrals .....	16
<b>Item 15: Custody.....</b>	<b>16</b>
Account Statements.....	16
<b>Item 16: Investment Discretion.....</b>	<b>17</b>
Discretionary Authority for Trading.....	17
<b>Item 17: Voting Client Securities.....</b>	<b>17</b>
Proxy Votes.....	17
<b>Item 18: Financial Information.....</b>	<b>18</b>
Balance Sheet.....	18
Financial Conditions Reasonably Likely to Impair Advisory Firm’s Ability to Meet Commitments to Clients.....	18
Bankruptcy Petitions during the Past Ten Years.....	18
<b>Item 19: Requirements for State Registered Advisors.....</b>	<b>18</b>
Principal Executive Officers and Management Persons .....	18
Outside Business Activities .....	18
Performance Based Fee Description.....	18
Disciplinary Information – Management Persons.....	18
Relationships with Issuers of Securities .....	18
Material Conflicts of Interest Assurance .....	18

## Item 4: Advisory Business

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### Firm Description

Felspar Financial LLC (“Felspar Financial” or the “Firm”) is a California limited liability company formed on January 4, 2026. The Firm is a state-registered investment adviser with its principal place of business in California.

Felspar Financial is wholly owned and operated by Carter Watson, who serves as Managing Member and Chief Compliance Officer.

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### Types of Advisory Services

Felspar Financial offers the following advisory services:

#### Asset Management Services (Discretionary)

Felspar Financial provides ongoing and continuous, discretionary investment management services. These services are provided on a continuous basis and include:

- Portfolio design
- Asset allocation
- Investment selection
- Ongoing monitoring
- Periodic rebalancing

Clients grant Felspar Financial discretionary authority to implement investment decisions without obtaining prior client approval for each transaction. Discretionary authority is limited to the securities and amount of securities to be bought or sold for the client’s account and does not include the authority to take custody of client assets. All client assets are maintained with a qualified custodian.

Client assets are maintained at an independent qualified custodian. The Firm does not have physical custody of client funds or securities.

The Firm does not currently provide investment advice to retirement plans subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). The Firm provides investment advice to individual retirement accounts and other individual clients.

#### Financial Planning Services

Felspar Financial offers financial planning and consulting services on a standalone or ongoing basis. These services are provided under a separate written agreement, which defines the scope and terms of the engagement. Financial planning services may include retirement planning, cash flow and budgeting analysis, investment planning, education planning, insurance review, tax planning coordination (non-preparatory), and estate planning coordination.

Financial planning engagements typically begin with the collection of client financial data, including information regarding assets, liabilities, income, expenses, tax status, risk tolerance, time horizon, and financial objectives. The Firm analyzes this information and prepares recommendations designed to

assist the client in meeting stated goals.

The delivery of a financial plan is dependent upon the client providing complete and accurate information in a timely manner. Delays in providing requested information may affect the timing and scope of services.

Financial planning recommendations are provided for the client's consideration. Implementation of the recommendations is at the client's discretion. The client is under no obligation to implement the recommendations through Felspar Financial.

Where the client engages the Firm for ongoing investment management services, financial planning may be revisited periodically as part of the ongoing advisory relationship. Standalone financial planning services do not include ongoing monitoring or updates unless otherwise agreed in writing.

When providing financial planning services, a conflict of interest exists between the interests of Felspar Financial and the interests of the client, as the Firm may have a financial incentive for the client to implement recommendations through the Firm's investment management services. The client is under no obligation to act upon any recommendations provided by the Firm. If the client elects to act on any recommendations, the client is under no obligation to effect the transaction through the Firm.

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

Felspar Financial provides advisory services tailored to the individual needs of each client. Client investment objectives, financial circumstances, and risk tolerance are considered when constructing portfolios.

Clients may impose reasonable restrictions on investing in certain securities or types of securities.

Advisory agreements may not be assigned without client consent.

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#### **Wrap Fee Programs**

Felspar Financial does not sponsor or participate in any wrap fee programs.

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#### **Assets Under Management**

As of the date of this Brochure, the Firm does not manage any client assets on a discretionary or non-discretionary basis. The Firm anticipates accepting client assets during its initial year of operations.

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

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

Felspar Financial is compensated for its advisory services through asset-based fees and fixed fees for financial planning.

Clients should be aware that similar advisory services may be available from other registered

investment advisers for higher or lower fees. The Firm's fees are negotiable as described above.

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### ASSET MANAGEMENT

Felspar Financial provides discretionary investment management services for an annual fee based on a percentage of assets under management. The Firm's standard fee schedule is:

- 1.00% on the first \$3,000,000 of assets under management
- 0.75% on assets over \$3,000,000

This is a progressive fee schedule, meaning the breakpoint applies only to the portion of assets within each tier.

Felspar Financial charges a minimum annual fee of \$1,500 for investment management services. For accounts where the percentage-based fee would result in an annual fee of less than \$1,500, the Firm will charge the \$1,500 minimum.

The Firm does not require or accept prepayment of more than \$500 in fees per client more than six months in advance.

Fees are negotiable at the sole discretion of the Firm based on factors including the scope of services, complexity, and anticipated level of assets.

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### Financial Planning Fees

Felspar Financial offers standalone financial planning and consulting services for a fixed fee of \$500 per engagement.

Either party may terminate the financial planning agreement at any time by providing written notice. If the agreement is terminated prior to completion of the services, the client will receive a refund of any unearned fees based on the portion of the services that have not been provided.

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### **Billing Practices**

Investment management fees are billed quarterly in advance based on the value of the assets under management on the last day of the previous calendar quarter and are automatically deducted from the client's custodial account pursuant to the client's written authorization.

The qualified custodian sends account statements directly to clients at least quarterly. These statements will reflect the deduction of advisory fees. Clients are encouraged to review these statements for accuracy.

Felspar Financial will also send an invoice or fee notice to the client concurrent with the fee deduction that includes:

- the amount of the fee
- the value of the assets on which the fee was based

- the billing period covered by the fee

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### **Additional Client Fees Charged**

In addition to the Firm's advisory fees, clients may incur charges imposed by the custodian or other third parties, such as:

- Custodial fees
- Brokerage commissions
- Transaction fees
- Mutual fund and ETF internal expenses
- Wire transfer and electronic fund fees
- Account maintenance or transfer fees

These fees are not charged by Felspar Financial. The Firm seeks best execution and considers transaction costs as part of that duty.

For additional information, see Item 12 – Brokerage Practices

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### **Termination and Refunds**

Either party may terminate the advisory agreement at any time by providing written notice.

Upon termination, any unearned, prepaid fees will be refunded on a pro-rata basis based on the number of days remaining in the billing period.

Because fees are billed in advance, the refund will be based on the number of days remaining in the billing period.

Financial planning fees are considered earned upon delivery of the financial plan unless otherwise specified in the client agreement.

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

Felspar Financial is a fee-only investment adviser.

Neither the Firm nor its investment adviser representatives receive commissions, referral fees, or any other compensation for the sale of securities or other investment products.

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

### **Sharing of Capital Gains**

Felspar Financial does not charge performance-based fees (fees based on a share of capital gains or capital appreciation of client assets).

The Firm's advisory fees are based solely on assets under management or fixed fees for financial planning.

Because the Firm does not charge performance-based fees, it does not engage in side-by-side management of accounts that pay performance-based fees and those that do not.

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

### **Description**

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Felspar Financial provides investment advice primarily to individuals and high net worth individuals.

The Firm does not require a minimum asset level to establish an advisory relationship.

For ongoing investment management services, the Firm charges a minimum annual fee of \$1,500. As a result, accounts with lower asset levels will pay a higher effective annual fee.

Financial planning and consulting services are available for a fixed fee and are not subject to an asset minimum.

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

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### **Methods of Analysis**

Felspar Financial primarily utilizes principles of modern portfolio theory, strategic asset allocation, and long-term financial planning in constructing client portfolios.

The Firm evaluates client-specific factors such as:

- investment objectives
- time horizon
- risk tolerance
- liquidity needs
- tax considerations
- overall financial circumstances

Portfolio construction generally emphasizes diversification across asset classes using mutual funds and exchange-traded funds (“ETFs”).

The Firm relies on a variety of information sources, including:

- custodian-provided research
- fund and ETF prospectuses and reports
- financial publications
- economic and market data
- third-party investment research
- publicly available filings with the U.S. Securities and Exchange Commission

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not indicative of future results. There can be no assurance that any investment strategy will achieve its objectives.

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### **Investment Strategies**

Felspar Financial primarily employs a long-term, strategic investment approach.

Portfolios are designed to:

- align with the client's Investment Policy Statement or risk profile
- maintain appropriate asset allocation
- be periodically monitored and rebalanced

The Firm does not engage in:

- market timing
- frequent trading
- speculative strategies
- margin transactions
- uncovered option strategies

The primary objective of the Firm's investment strategy is long-term capital appreciation consistent with each client's risk tolerance and financial goals.

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## Material Risks

The methods of analysis and investment strategies utilized by Felspar Financial involve specific material risks, including but not limited to the following. All investments involve risk of loss, and clients should be prepared to bear these risks.

**Model / Modern Portfolio Theory Risk** - The Firm relies on principles of modern portfolio theory and strategic asset allocation, which are based on assumptions regarding risk, return, and correlations among asset classes. These assumptions may not hold in all market environments, particularly during periods of market stress, which may result in losses or underperformance.

**Market Risk** - The value of securities may decline due to economic, political, or market events.

**Asset Allocation Risk** - The selected mix of asset classes may underperform other allocation strategies.

**Interest Rate Risk** - Rising interest rates may cause the value of fixed income investments to decline.

**Inflation Risk** - Inflation may reduce the purchasing power of investment returns.

**Liquidity Risk** - Some investments may not be readily convertible to cash without affecting the market price.

**Manager Risk** - Mutual funds and ETFs are subject to the risk that the investment manager's strategy may not perform as expected.

**Tax Risk** - Changes in tax laws or incorrect assumptions regarding tax treatment may impact after-tax returns.

**Rebalancing Risk** - Rebalancing may cause the Firm to sell investments that have appreciated and

purchase investments that have declined in value.

**Foreign Investment Risk** - International investments may be subject to currency fluctuations and political or economic instability.

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## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

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

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### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings required to be reported.

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

The firm and its management persons have not been involved in any self-regulatory organization enforcement proceedings required to be disclosed.

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

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

Felspar Financial is not registered as a broker-dealer and no affiliates are registered representatives of a broker-dealer.

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### **Futures or Commodity Registration**

Neither Felspar Financial nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Felspar Financial does not have any material relationships with related financial industry participants that would create a conflict of interest.

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

Felspar Financial LLC does not recommend or select other investment advisers and does not receive compensation, directly or indirectly, for any such referrals.

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

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### **Code of Ethics**

Felspar Financial LLC has adopted a Code of Ethics that establishes standards of conduct for the Firm and its supervised persons and is designed to ensure compliance with its fiduciary duty to clients.

The Code of Ethics reflects the Firm's commitment to:

- act in the best interest of clients
- place client interests ahead of the Firm's interests
- avoid conflicts of interest or fully disclose material conflicts
- comply with applicable federal and state securities laws

The Code of Ethics also addresses personal trading, insider trading, and the safeguarding of material non-public information.

As a single-member firm, Carter Watson is the Firm's only supervised and access person and serves as the Chief Compliance Officer. He is responsible for administering and enforcing the Code of Ethics.

A copy of the Firm's Code of Ethics is available to any client or prospective client upon request.

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### **Personal Trading and Conflicts of Interest**

Felspar Financial and its supervised persons may buy or sell for their personal accounts securities that are also recommended to clients.

This creates a potential conflict of interest because:

- personal trades could be executed before client trades
- personal trades could receive more favorable execution

To mitigate these conflicts:

- client transactions are given priority over personal transactions
- personal securities transactions are reviewed for compliance with the Code of Ethics
- the Firm prohibits the use of material non-public information

The Firm does not maintain a proprietary trading account.

Because the Firm is a single-member advisory firm, the Managing Member serves as the sole investment adviser representative and Chief Compliance Officer. This creates an inherent conflict of interest in the self-review of personal trading and compliance activities. The Firm addresses this conflict by maintaining written supervisory procedures, conducting periodic internal reviews, and retaining records of such reviews in accordance with regulatory requirements.

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### **Material Financial Interest in Recommended Securities**

Felspar Financial does not recommend securities in which the Firm or its supervised persons have a material financial interest.

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### **Insider Trading**

The Firm strictly prohibits the use of material non-public information for personal benefit or for the benefit of any client.

## **Item 12: Brokerage Practices**

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

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Felspar Financial LLC recommends that clients maintain their advisory accounts with Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, and qualified custodian.

The Firm requires clients to establish and maintain accounts at Schwab so that the Firm can effectively provide its investment management services. This requirement is disclosed to clients in advance of entering into an advisory relationship.

In recommending Schwab, the Firm considers a number of factors, including:

- Schwab’s execution capability
- the quality and efficiency of its custody and brokerage services
- the availability of investment products
- the level of client service
- the ability to provide institutional platform support to the Firm
- the financial strength and stability of the custodian
- technology, reporting, and administrative support

The Firm seeks to obtain best execution for client transactions, meaning the most favorable overall terms reasonably available under the circumstances.

Clients should understand that not all advisers require the use of a particular custodian and that lower transaction costs may be available through other custodians or broker-dealers.

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### **Best Execution**

As a fiduciary, the Firm has a duty to seek best execution for client transactions.

Best execution does not necessarily mean obtaining the lowest price, but rather the best overall qualitative execution, taking into consideration factors such as:

- execution capability
- commission and transaction costs
- order handling
- accuracy and efficiency
- financial responsibility of the broker-dealer

To address this conflict and to fulfill its best execution obligation, the Firm conducts an annual qualitative review of its custodial relationship. This review evaluates the overall reasonableness of recommending Charles Schwab & Co., Inc. based on factors including the range and quality of services

provided, execution capabilities, transaction costs, custody and account fees, operational reliability, platform technology, and any client complaints related to trading or execution. The Firm documents the completion of this review and its conclusions and maintains this documentation as part of its compliance records. Because client accounts are maintained at a single qualified custodian, the Firm's review is a qualitative assessment rather than a periodic comparison of multiple custodians.

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### **Soft Dollar Benefits and Economic Benefits**

The Firm does not receive soft dollar compensation as defined under Section 28(e) of the Securities Exchange Act of 1934.

However, the Firm receives certain economic benefits from Schwab through its participation in Schwab's institutional platform. These benefits may include:

- receipt of duplicate client statements and confirmations
- access to trading and portfolio management systems
- access to research, pricing, and market data
- technology and software for account administration
- compliance and practice management resources
- educational and training support

These products and services are provided to the Firm at no additional cost and are not contingent upon the Firm committing any specific amount of business to Schwab.

The availability of these services creates a potential conflict of interest because the Firm has an incentive to recommend Schwab based in part on the benefits received rather than solely on the client's interest in receiving the lowest possible transaction costs.

The Firm addresses this conflict by seeking to act in the best interest of its clients and by disclosing this arrangement.

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### **Client Brokerage Costs**

For most transactions in exchange-traded funds ("ETFs") and equities, Schwab does not charge separate transaction fees. However, clients may incur:

- mutual fund transaction fees
- internal expenses of mutual funds and ETFs
- wire transfer and electronic fund fees
- account transfer or termination fees
- other custodial or administrative fees

These fees are charged by Schwab or the product sponsor and are in addition to the Firm's advisory fee.

The Firm does not receive any portion of these fees.

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### **Directed Brokerage**

The Firm requires clients to maintain advisory accounts at Charles Schwab & Co., Inc. (“Schwab”). The Firm is independently owned and operated and is not affiliated with Schwab. Schwab serves as the qualified custodian for client accounts. The Firm does not manage assets held at other custodians.

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### **Trade Aggregation**

The Firm may aggregate the purchase or sale of securities for multiple client accounts when it believes aggregation is consistent with its duty to seek best execution.

When transactions are aggregated:

- each participating account receives the average price
- transaction costs are allocated on a pro-rata basis

Aggregation is intended to provide efficiency and equitable treatment to all participating clients.

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## **Item 13: Review of Accounts**

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### **Schedule for Periodic Review of Client Accounts**

Client investment accounts are reviewed at least quarterly by Carter Watson, Managing Member and Chief Compliance Officer. Reviews may occur more frequently when market conditions or client circumstances warrant.

Financial plans are reviewed periodically upon client request or when there is a material change in the client’s financial situation.

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

Non-periodic reviews may be triggered by events such as:

- significant market movements
- changes in a client’s investment objectives or risk tolerance
- changes in tax laws or regulations
- contributions to or withdrawals from client accounts
- other changes in the client’s financial circumstances

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### **Content and Frequency of Regular Reports Provided to Clients**

Clients receive account statements directly from the qualified custodian at least quarterly.

These statements show all transactions, positions, and the deduction of advisory fees.

The Firm may provide periodic performance reports or other account summaries. Clients are encouraged to compare any reports provided by the Firm with the statements received from the qualified custodian.

## Item 14: Client Referrals and Other Compensation

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### Economic Benefits from External Sources

The Firm receives certain economic benefits from Charles Schwab & Co., Inc. (“Schwab”), the Firm’s recommended custodian. These benefits may include:

- receipt of duplicate client statements and confirmations
- access to Schwab’s institutional trading platform
- access to research, pricing, and market data
- technology and software used for portfolio management and account administration
- educational events and training

These services are provided to the Firm at no additional cost and are not contingent upon the Firm committing to any specific amount of business to Schwab.

The availability of these services creates a conflict of interest because the Firm has an incentive to recommend Schwab as custodian.

The Firm addresses this conflict by:

- acting in the best interest of clients
- seeking best execution
- disclosing the conflict in this brochure

The Firm does not permit clients to direct brokerage. All client transactions are executed through Charles Schwab & Co., Inc., the Firm’s recommended and required custodian. As a result, the Firm does not allow clients to select an alternate broker-dealer or custodian for execution of transactions.

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### Compensation for Client Referrals

The Firm does not:

- pay referral fees
- receive referral fees
- participate in any solicitor arrangements

The Firm does not currently use testimonials, endorsements, or third-party ratings in its marketing.

## Item 15: Custody

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### Account Statements

Felspar Financial is deemed to have custody of client assets solely because the Firm is authorized to deduct advisory fees directly from client accounts.

Client assets are held by an independent qualified custodian. The qualified custodian sends account statements directly to clients at least quarterly. Clients are urged to carefully review these statements and compare them to any reports provided by the Firm.

The Firm's authority to deduct fees from client accounts is authorized in writing by the client. In addition, the Firm:

- Sends the qualified custodian an instruction or invoice of the amount of the fee to be deducted from the client's account
- Sends the client a contemporaneous invoice that includes:
  - the amount of the fee
  - the value of the assets on which the fee is based
  - the formula used to calculate the fee
  - the time period covered by the fee

The Firm does not have physical custody of client funds or securities and does not serve as trustee or have authority to obtain possession of client assets.

The Firm has notified the Commission of the Department of Financial Protection and Innovation that it intends to rely on the safeguards described above.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Felspar Financial accepts discretionary authority to manage client investment accounts. Discretionary authority is granted in writing through the Investment Advisory Agreement and authorizes the Firm to determine, without obtaining specific client consent for each transaction:

- the securities to be purchased or sold
- the amount of securities to be purchased or sold
- the timing of transactions

The client approves the custodian to be used to hold assets.

Felspar Financial does not receive any portion of transaction fees or commissions charged by the custodian.

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

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### **Proxy Votes**

The Firm does not accept authority to vote client securities. Clients retain the responsibility for receiving and voting proxies for all securities maintained in their accounts.

Clients may contact the Firm with questions regarding proxy solicitations; however, the Firm does not provide advice or take action with respect to such matters.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required because the Firm does not have custody of client funds or securities and does not require prepayment of fees of more than \$500 per client six months or more in advance.

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

Felspar Financial has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

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### **Bankruptcy Petitions during the Past Ten Years**

No bankruptcy petitions to report.

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## **Item 19: Requirements for State Registered Advisors**

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### **Principal Executive Officers and Management Persons**

The education and business background of the Firm's management person is provided in Part 2B of this Brochure.

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### **Outside Business Activities**

Outside business activities are disclosed in Part 2B of this Brochure.

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### **Performance Based Fee Description**

Felspar Financial does not charge performance-based fees.

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### **Disciplinary Information – Management Persons**

No management persons of Felspar Financial have any disclosures to report.

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### **Relationships with Issuers of Securities**

Neither the Firm nor its management person has any material relationship with any issuer of securities.

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### **Material Conflicts of Interest Assurance**

All material conflicts of interest are disclosed in this Brochure.

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### **Business Continuity Plan**

Felspar Financial maintains a written Business Continuity Plan ("BCP") designed to address operational disruptions, including events such as natural disasters, technology failures, and the death or incapacity of key personnel. The Firm's BCP is intended to enable the continuation of critical business operations and to meet its fiduciary obligations to clients. Clients may contact the Firm for additional information regarding its Business Continuity Plan.