Item 1 – Cover Page

Davis Financial Management, Inc.

4901 W. 136th Street

(913) 890-7279

www.davisfinancialmanagement.com

March 30, 2020

This Brochure, dated 12/31/2019, provides information about the qualifications and business practices of Davis Financial Management, Inc. (DFM). If you have questions about the contents of this Brochure, please contact us at info@davisfinancialmanagement.com and/or (913) 890-7279. 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.

Davis Financial Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Davis Financial Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

None.

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Item 4 – Advisory Business

Davis Financial Management, Inc. (DFM) was originally established as a limited liability company in the state of Kansas in 2007. The firm is currently organized as an S-corporation and its stock is 100% owned by its Founder and President, Matthew W. Davis.

Advisory Services

DFM offers a combination of the following advisory services, where appropriate, to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations and corporations or other business entities.

Asset Allocation/Portfolio Monitoring Services

DFM provides asset allocation and portfolio monitoring services to clients involving an initial allocation of client assets into appropriate investment vehicles. Client objectives are determined through personal discussions in which investment goals are based on a client's goals and/or particular circumstances. After the initial allocation, DFM will review and monitor the accounts either on an annual basis or on an event-driven basis as a result of a change in economic conditions or in an individual client's life status. DFM will execute transactions in advisory accounts on a non-discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e. maximum capital appreciation, growth, income, or growth and income, etc.) and is not continuous and ongoing. Rebalancing or fine-tuning adjustments are recommended whenever it is deemed necessary to manage the risk of the portfolio.

DFM creates balanced portfolios consisting primarily of no-load mutual funds designed to meet particular investment goals which DFM has determined is suitable to the client's circumstances. DFM primarily recommends portfolios consisting of mutual funds offered by Dimensional Fund Advisors (DFA). The DFA mutual funds follow a passive investment philosophy with low holdings turnover. Portfolio weighting between funds, asset classes and market sectors will be determined. Once the appropriate portfolio has been determined, the portfolio will be supervised on an ongoing basis. Clients will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The total assets under management by DFM on December 31, 2019 were $70,832,000. All accounts under management by DFM are non-discretionary in nature.

Financial Planning Services

DFM also provides advice in the form of a Financial Plan. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern:

<u>Personal</u>
Family records, budgeting, personal liability, estate information and financial goals.

<u>Education</u>
Education IRAs, financial aid, state savings plans, grants and general assistance in preparing to meet dependant's continuing educational needs through development of an education plan.

<u>Tax & Cash Flow</u>
Income tax and spending analysis and planning for past, current and future years. DFM will illustrate the impact of various investments on a client's current income tax and future tax liability.

<u>Death & Disability</u>
Cash needs at death, income needs of surviving dependants, estate planning financial analysis and disability income analysis.

<u>Retirement</u>
Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.

<u>Investments</u>
Analysis of investment alternatives and their effect on a client’s portfolio.

<u>Estate</u>
Analysis of financial issues with respect to living trusts, wills, estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

<u>Insurance</u>
Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

DFM gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes toward risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, and a written report is prepared. Should a client choose to implement the recommendations contained in the plan, DFM suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

In addition to the written financial plan, DFM's Financial Planning services include personalized consultations with DFM advisors for a six-month period after entering into the initial agreement. These additional consultations are entirely at the client's discretion. Annual reviews and updates to the client's plan past the initial six-month period, if desired, require a separate engagement. Financial Planning recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. All recommendations are of a generic nature.

Consulting Services

Clients can also receive financial planning or business consulting advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as small business operations, estate planning, retirement planning, reviewing a client's existing investment portfolio, or any other specific topic. This service may include reviewing and updating a client's financial plan.

DFM provides specific consultation and administrative services regarding investment and financial concerns of clients. These services include consulting with small businesses and personal consulting for self-employed clients, including recommendations concerning changes to the client's current pension plan structure.

Additionally, DFM provides advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, business planning, insurance, and/or annuity advice.

IRA Rollover Considerations

As part of our consulting and advisory services, we may provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. We may recommend you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") that we will manage. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in *Item 5*. This practice presents a conflict of interest because we have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete a rollover, you are under no obligation to have your IRA assets managed by us.

Employers may permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete a rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits:

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Roll over the funds to a new employer's retirement plan.
3. Cash out and take a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your financial advisor, CPA and/or tax attorney. Before rolling over your retirement funds to an IRA for us to manage, carefully consider the following. NOTE: This list is not exhaustive.

1. Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.
   a. Employer retirement plans generally have a more limited investment menu than IRAs.
   b. Employer retirement plans may have unique investment options not available to the public such as employer securities or previously closed funds.
2. Your current plan may have lower fees than our fees.
   a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
   b. You should understand the various products and services available through an IRA provider and their potential costs.
   c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. If your existing plan offers management services, there may be a fee associated with the service that is more or less than our asset management fee.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, management, and/or portfolio options at no additional cost.
5. If you keep your assets titled in a 401(k) plan or retirement account, and you are still working, you could potentially delay your required minimum distribution beyond age 70 ½.

6. Your 401(k) plan may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401(k) plan, but not from an IRA.
8. IRA assets can be accessed any time; however, prior to age 59 ½, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses, or a home purchase.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand your options, their features and differences and decide whether a rollover is best for you. If you have questions, contact us at our main number listed on the cover page of this brochure.

Item 5 – Fees and Compensation

Advisory Service Fee Schedules

Asset Allocation/Portfolio Monitoring Services

The annual fee for DFM's Asset Allocation/Portfolio Monitoring Services will be charged as a percentage of assets under management, according to the following schedule:

Assets under management	Annual Fee (%)
First $1,000,000	1.00%
Next $2,000,000	0.80%
Next $2,000,000	0.70%
Next $5,000,000	0.50%
Above $10,000,000	Negotiable

A minimum initial assets under management balance of $500,000 is required for this service. The minimum balance requirement may be negotiable under certain circumstances. If the minimum balance requirement is waived, the same fee schedule listed above is applied for billing purposes. DFM's minimum balance requirement may prevent DFM from accepting and providing investment management services to very small client accounts. DFM may group certain related client accounts for the purposes of achieving the minimum annual fee and determining the annualized fee.

DFM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of, and in addition to, DFM's fee, and DFM shall not receive any portion of these commissions, fees, and costs. Additional information about DFM's brokerage recommendations is included in *Item 12*.

The specific manner in which fees are charged by DFM is established in a client's written agreement with DFM. Fees will generally be debited from the account in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter.

Financial Planning Fees

Initial Consultation

Initial consultation Financial Planning fees will be charged in one of two ways:

As a fixed fee, typically ranging from $1,500 to $8,000. Fixed fees are quoted to a client based on an estimate of the time required to complete the service (at DFM's standard hourly rate of $200) and will depend on the nature and complexity of each client's circumstances. 50% of this fee is generally due upon signing the financial planning agreement, with the balance due upon presentation of the financial plan to the client.

On an hourly basis, typically charged at $200 per hour, depending on the nature and the complexity of each client's circumstances, as well the individual performing the work. If appropriate, an estimate of total hours may be determined at the start of the advisory relationship. 50% of the estimated fee may be due upon signing the financial planning agreement, with the balance (based on actual hours) due upon presentation of the plan to the client. Otherwise, DFM will invoice the client monthly, or quarterly, in arrears for fees due.

Financial Planning fees encompass the written financial plan and related client consultations for a six-month period after entering into the financial planning agreement.

Ongoing Financial Planning Services

After expiration of the six-month follow up period to an initial consultation, Financial Planning fees for clients who choose to enter into ongoing financial planning services will be charged an annual fee typically ranging from $2,000 to $8,000. This fee will be billed monthly or quarterly, in advance, and is negotiable based on the client's individual needs and circumstances. Ongoing financial planning services and the associated fee most typically apply to small business owners. These clients require more intensive scrutiny and review of their business operations, business retirement plans, and income tax planning compared to individuals employed by third parties. Individuals who are not self-employed desiring an ongoing relationship with DFM generally sign an investment advisory agreement and compensate DFM by paying an AUM fee.

Please see the description of Financial Planning services in *Item 4* of this Brochure for complete information on the services offered.

After, or during, the initial financial planning agreement period (i.e. six months after signing the financial planning agreement), certain clients, may also sign an investment advisory agreement with DFM.

Consulting Fees

Consulting fees will be charged in one of two ways:

As a fixed fee, typically ranging from $2,000 to $8,000, depending on the nature and complexity of each client's circumstances and needs. Fixed fees are quoted to a client based on an estimate of the time required to complete the service (at DFM's standard hourly rate of $200) and will depend on the nature and complexity of each client's circumstances.

On an hourly basis, typically charged at $200 per hour, depending on the nature and complexity of each client's circumstances, as well as the individual conducting the work. If appropriate, an estimate for total hours may be determined at the start of the advisory relationship.

DFM may request a retainer for hourly and fixed fee arrangements. The amount of a requested retainer will never exceed the fee for services to be provided within the first six months of engagement. DFM will invoice the client monthly, or quarterly, in arrears for fees due.

Consulting Service clients are not subject to a minimum hourly requirement.

Clients should be aware that subsequent, additional special reviews or requests for consulting services will be subject to an additional charge.

General Information on Fees

Negotiability of Advisory Fees and Minimum Requirements
In certain circumstances, all fees and account minimums may be negotiable.

Fee Calculation
The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Advisers Act).

Termination of Advisory Relationship
A client agreement may be cancelled at any time, by either party, for any reason upon the receipt of 10 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Mutual Fund Fees
All fees paid to DFM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds 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. A client could invest in a mutual fund directly, without the services of DFM. In that case, the client would not receive the services provided by DFM 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 and specific allocations to each fund.

Accordingly, the client should review both the fees charged by the funds and the fees charged by DFM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Brokerage Fees
All fees paid to DFM for investment advisory services are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Advisory Fees in General
Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees. Clients have the option to purchase similar investment products recommended by DFM through other brokers or agents not affiliated with DFM.

Proxy Voting
As a matter of firm policy and practice, DFM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting for any and all securities maintained in client’s portfolios. However, DFM may provide advice to clients regarding the clients' voting of proxies.

Item 6 – Performance-Based Fees and Side-By-Side Management

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

Item 7 – Types of Clients

DFM offers a combination of asset allocation/portfolio monitoring, financial planning and consulting advisory services, where appropriate, to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations and corporations or other business entities.

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

DFM requires each client to complete an Investment Questionnaire designed to gain an understanding about the client's investment goals and objectives, risk tolerance, time horizon, and future outlook on the investment environment and the economy in general. The results of the client's answers to the questionnaire assist DFM in choosing an appropriate model portfolio for each client.

DFM creates model portfolios consisting primarily of no-load mutual funds based on strategic asset allocations designed to produce efficient portfolios. The mix of the assets (e.g. large and small domestic stock funds, international stock funds, domestic and international bond funds, commodity funds, money market, etc.) utilized in each model portfolio is focused on creating appropriate diversification, principally through the use of passively managed mutual funds. We seek to combine asset classes in the model portfolios that have low correlations with each other, thus attempting to reduce volatility. While the mix of the assets changes between each model portfolio, the underlying funds are the same. Multiple model portfolios exist (e.g. Conservative, Moderate, Aggressive, etc.) representing different levels of expected risk and return.

Once the appropriate model portfolio has been selected for a client, DFM will monitor and review client accounts either on an annual basis or on an event-driven basis as a result of a change in the economy or in an individual client's life status. Accounts are rebalanced to target allocations whenever it is deemed necessary to manage the risk of the portfolio; however, DFM does not frequently trade within the accounts. As client's investment goals and objectives, time horizons, and/or attitudes towards investment risk change, DFM will initiate corresponding changes to appropriate model portfolios upon client agreement.

DFM receives supporting research from third parties, including economists affiliated with DFA. DFM utilizes DFA mutual funds in client portfolios. These mutual funds follow a passive investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to DFM. Clients will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Different types of investments involve varying degrees of risk and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by DFM) will be profitable or equal any performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear. DFM's methods of analysis and investment strategies do not present any significant or unusual risks.

All accounts under management by DFM are non-discretionary in nature, meaning that recommendations for changes to investment accounts require client approval.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Davis Financial Management, Inc. or the integrity of Davis Financial Management Inc.'s management. Davis Financial Management, Inc. has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Matthew W. Davis, DFM President, is separately a Certified Public Accountant (CPA). As such, Mr. Davis, in his separate capacity as a CPA, will be able to provide accounting and tax preparation services to clients, for which he would receive separate, yet customary compensation. Clients, however, are not under any obligation to engage Mr. Davis for accounting services when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Mr. Davis endeavors at all times to put client's interests first as part of DFM's fiduciary duty; however, clients should be aware the receipt of additional compensation itself creates a conflict of interest and may affect someone's judgment when making recommendations.

Any preparation of accounting statements and tax returns is outsourced to third party CPA firms. Mr. Davis expects to spend less than 5% of his time on this related activity.

Item 11 – Code of Ethics

DFM has a fiduciary duty to Clients to act in the best interest of the Client and always place the Client's interests first. DFM takes its compliance and regulatory obligations seriously and requires all staff to comply with such rules and regulations as well as DFM's Policies and Procedures. Further, DFM strives to handle Clients' non-public information to protect information from falling into hands that have no business reason to know such information and provides Clients with DFM's Privacy Policy. As such, DFM maintains a Code of Ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with applicable securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about Client transactions. Further, DFM's Code of Ethics establishes DFM's expectation for business conduct. A copy of the Code of Ethics will be provided to any Client or prospective Client upon request by contacting Matthew Davis.

DFM or individuals associated with DFM may buy or sell securities identical to, or different than, those recommended to clients for their personal accounts. 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 DFM that no person employed by DFM may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. As these situations represent a conflict of interest, DFM has established the following restrictions in order to ensure its fiduciary responsibilities:

An officer, director or employee of DFM shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of DFM shall prefer his or her own interest to that of the advisory client.

DFM maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. Matthew Davis, President of DFM, reviews these holdings on a regular basis.

DFM requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

Item 12 – Brokerage Practices

Asset Allocation/Portfolio Monitoring Services

As DFM does not have the discretionary authority to determine the broker dealer to be used or the commission rates to be paid, clients must direct DFM as to the broker dealer to be used. DFM requires that clients direct DFM to place trades through TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. Member NASD/SIPC. DFM has evaluated TD Ameritrade and believes that it will provide DFM clients with a blend of execution services, commission costs and professionalism that will assist DFM in meeting its fiduciary obligations to clients. Clients should note that DFM also receives certain benefits from TD Ameritrade that it would not receive if it did not offer investment advice to clients.

DFM may receive economic benefits from an independent custodian that it would not receive if DFM did not give investment advice to clients. These benefits include: receipt of duplicate client confirmations and account statements detailing trades, dividends and interest payments; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from a client account (in accordance with federal and state regulations); access to an electronic communication network for client order entry and account information; access, for a fee, to enhanced trading and analytical tools; and access to a wide range of mutual funds of which over 900 have no transaction fee. The benefits received through participation in the custodian's program may not depend upon the amount of transactions directed to, or amount of assets custodied by the custodian.

DFM reserves the right to decline acceptance of any client account for which the client that directs the use of a broker dealer other than TD Ameritrade if DFM believes that this choice would hinder its fiduciary duty to the client and/or its ability to service the account. In directing the use of TD Ameritrade, it should be understood that DFM will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity of commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker dealer). Clients should note, while DFM has a reasonable belief that TD Ameritrade is able to obtain best execution and competitive prices, DFM will not be independently seeking best execution price capability through other broker dealers. Not all advisers require clients to direct it to use a particular broker dealer.

Financial Planning/Consulting Services

DFM's financial planning and consulting services, due to the nature of DFM's business and client needs, do not include blocking trades, negotiating commissions with broker dealers nor obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning and/or consulting recommendations. DFM may recommend any one of several brokers including, but not necessarily limited to TD Ameritrade. DFM clients must independently evaluate these brokers before opening an account. The factors considered by DFM when making this recommendation are the broker's ability to provide professional services, DFM's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. DFM's financial planning and consulting clients may use any broker or dealer of their choice.

Item 13 – Review of Accounts

Asset Allocation/Portfolio Monitoring Services

For advisory client accounts monitored by DFM, portfolios and portfolio securities are reviewed on an annual basis or on an event-driven basis as a result of a change in economic conditions or in an individual client's investment objectives. Changes in variables such as market, political or economic circumstances, or changes in a client's individual financial objectives or circumstances may trigger more frequent reviews. All reviews are conducted by Matthew Davis, DFM President. Additional reviews may also be performed at the request of a client.

DFM will, at the client's request, provide quarterly reports to clients, which will include portfolio positions, values, performance and investment yields, among other information. Clients will also receive reports and confirmations of any transactions from broker-dealers or custodians maintaining the client's account as described in *Item 15*.

Financial Planning/Consulting Services

These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

Financial Planning clients will receive a completed financial plan.

Consulting Services clients will not typically receive reports due to the nature of the service.

Item 14 – Client Referrals and Other Compensation

No third parties are compensated by DFM for client referrals.

Item 15 – Custody

Clients receive monthly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. DFM urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. All client accounts are held at third party custodians. DFM does not maintain custody over any client funds or accounts.

Item 16 – Investment Discretion

All accounts under management by DFM are non-discretionary in nature.

When selecting securities and determining amounts, DFM observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to DFM in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, DFM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting for any and all securities maintained in client's portfolios. However, DFM may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Davis Financial Management Inc.'s financial condition. Davis Financial Management, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Advisory persons associated with DFM must possess, minimally, a college degree and/or appropriate business experience and all required licenses. Listed below is education and business background information for Matthew Davis, DFM President and sole shareholder.

MATTHEW WILLIAM DAVIS **YEAR OF BIRTH:** 1971

Education

BBA, Accounting, Kansas State University, 1993.
MAcc, Accounting, Kansas State University, 1994.

Employment History

President, Davis Financial Management, Inc. 01/2009 to Present;
Owner, Davis Financial Management, LLC, 02/2007 to 12/2008;
Financial Planner, Cain Watters & Associates, 10/2002 to 06/2007;
Assurance Senior Manager, KPMG, LLP, 07/1994 to 10/2002.

Examinations and Designations

NASAA Series 65, Uniform Investment Adviser Law Examination;
Certified Financial Planner (CFP®), (granted by the CFP Board of Standards), 2008.
Personal Financial Specialist (PFS), (granted by the American Institute of Certified Public Accountants), 2007.
Certified Public Accountant (CPA), (granted by the Missouri State Board of Accountancy), 1996.

Designation Descriptions

Certified Financial Planner (CFP®) The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the S*tandards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Certified Public Accountant (CPA) CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two-year period or 120 hours over a three-year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

Personal Financial Specialist (PFS) The PFS credential demonstrates that an individual has met the minimum education, experience and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an unrevoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA's *Code of Professional Conduct* and is encouraged to follow AICPA's *Statement on Responsibilities in Financial Planning Practice*. To maintain their PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years. The PFS credential is administered through the AICPA.

Form ADV Brochure Supplement

Davis Financial Management, Inc.

4901 W. 136th Street

(913) 890-7279

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March 30, 2020

This Brochure Supplement provides information about the qualifications and business practices of Matthew W. Davis, investment advisor representative of Davis Financial Management, Inc. (DFM), which supplements DFM's brochure included in the preceding pages of this document. If you have any questions about the contents of this Form ADV Brochure Supplement, please contact us at (913) 890-7279.

Form ADV Brochure Supplement – Required Information

Because Matthew W. Davis is the sole owner and advisor of Davis Financial Management, Inc., all comments in DFM's brochure apply only to Matthew W. Davis as an individual.

Item 1 – Educational Background and Business Experience – Refer to Item 19 in attached DFM brochure.

Item 2 – Disciplinary Information – Refer to Item 9 in attached DFM brochure.

Item 3 – Other Business Activities – Refer to Item 10 in attached DFM brochure.

Item 4 – Additional Compensation – Refer to Item 5 in attached DFM brochure.

Item 5 – Supervision – Matthew W. Davis performs all aspects of DFM's advisory services.

Item 6 – Requirements for State Registered Advisors - Refer to Item 19 in attached DFM brochure.

Item 7 – Disclosure Concerning Professional Liability Coverage – Davis Financial Management, Inc. maintains professional liability coverage with limits of $1 million per claim and $1 million aggregate annually.