

Parts 2A & B of Form ADV: Firm Brochure

Dated: January 22, 2020



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This brochure provides information about the qualifications and business practices of Cambridge Financial & Tax Advisors, LLC. If you have any questions about the contents of this brochure, please contact us by phone at (614)414-0600 or by e-mail at infocambridge@rroho.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Cambridge Financial & Tax Advisors, LLC is a registered investment adviser in the State of Ohio. 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 Cambridge Financial & Tax Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

To our clients: This is our annual update of ADV Part 2A. There have been no material changes to our ADV Part 2A or 2B since our last official filing with our regulatory body on January 23, 2019. If at any time we do have material changes to the ADV Part 2A and/or 2B, we will file a new amended document with the appropriate regulatory body and will promptly provide you with a summary of the material changes.

We will further provide you with a complete copy of our most recent annual updated ADV Parts 2A and/or 2B at any time upon your request. This will be provided without charge.

Currently, our brochure may be requested by contacting Joseph Baumann, Owner and CEO, at (614) 414-0600 or infocambridge@rroho.com. We will provide this, free of charge.

Additional information about Cambridge Financial & Tax Advisors, LLC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Cambridge Financial & Tax Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Cambridge Financial & Tax Advisors, LLC.

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Item 4 – Advisory Business

Firm Description

Cambridge Financial & Tax Advisors, LLC is a fee-only, comprehensive financial planning firm that provides holistic, personalized, financial planning services to individuals. The firm is owned and operated by Joseph (Joe) H. Baumann, CFP® who established Cambridge Financial & Tax Advisors, LLC in January 2008. Cambridge Financial & Tax Advisors, LLC offers a wide range of financial services. Specifically, Cambridge Financial & Tax Advisors, LLC distinguishes itself from traditional investment advisory firms by serving as a trusted guide which provides clients the means to identify personal financial goals, develop a plan to achieve those goals, and to identify solutions to financial obstacles in areas such as cash flow, budgeting, tax return preparation/tax planning, investment risk/balance, retirement planning and estate planning.

Cambridge Financial & Tax Advisors, LLC does not manage or have discretionary authority over clients' accounts. It also does not sell insurance or investment products, nor does it accept commission as a result of any product recommendations. Cambridge Financial & Tax Advisors, LLC does not pay referral or finder's fees, nor does it accept fees from other firms. Because of these practices, we can freely make recommendations that are truly customized, and best suited to meet each client's particular circumstances.

Types of Advisory Services

Cambridge Financial & Tax Advisors, LLC provides the following types of services:

1. **Open Retainer:** An Open Retainer provides holistic/comprehensive financial planning for a fixed annual fee. The client intends to enter an on-going relationship with Cambridge Financial & Tax Advisors, LLC as their trusted guide in the financial areas of their life. Under an Open Retainer agreement, the goals and objectives of each client are retrieved and documented. Cambridge Financial & Tax Advisors, LLC will make recommendations that are uniquely individual to the client and his or her current situation. Detailed investment advice and specific recommendations are provided as part of this process. Implementation of the recommendations is always at the discretion of the client. The Open Retainer includes as many meetings, e-mails or telephone inquiries as needed to develop and implement the client's specific plan.

During the **Initial Year** there are a number of meetings of 1 ½ to 2 hours' duration each, covering client-relevant topics (see the list below). Each topic is typically covered in a separate meeting, but if requested, the number of meetings can be reduced by combining several topics into one longer appointment. Meetings will be held face-to-face, via secure computer links, and/or by telephone. Implementation services are provided as needed.

- Goal setting
- Budgeting/Cash flow analysis
- Inventory of client assets
- Portfolio analysis
- Asset Allocation Strategies
- Investment strategy and recommendations
- Record keeping
- Insurance analysis/Beneficiary Review
- Tax preparation
- Tax planning
- Retirement planning
- Estate planning/distribution
- Small business development
- Education financing
- Other financial planning or financial services requested by the client

In **Renewal Years**, clients typically receive a minimum of four face-to-face or “virtual” meetings via computer/telephone connections, although the number of meetings held with each client depends on the level of service appropriate for the client. Meetings are generally scheduled for tax preparation, tax planning and investment review/portfolio rebalancing and a year-end review. However, meetings may also be scheduled for any of the other topics listed above as the client desires. Renewal of the Open Retainer includes as many meetings, e-mails or telephone inquiries as needed to develop and implement the client’s specific plan.

2. **Financial Plan:** The Financial Plan is a one-time, comprehensive financial plan that is presented in two or three, 2-3 hour meetings. This level of service is appropriate for new clients who desire a comprehensive analysis and a “financial road map,” and who feel comfortable implementing the plan with minimal ongoing assistance. The Financial Plan includes specific written analysis and recommendations on net worth; cash flows; tax planning; risk management (insurance); retirement planning; estate planning; education funding, asset allocation and specific investment choice (typically no-load mutual funds). The Financial Plan also includes telephone and e-mail assistance between appointments and in the three-month period following the last meeting.
3. **Financial Checkup:** The Financial Checkup is a one-time, two-hour financial planning appointment. It is not designed to be a comprehensive plan, but serves as a second opinion or a financial overview. It is a way for clients to obtain advice on a limited set of issues such as retirement planning or investment diversification. The Financial Checkup includes specific written recommendations and analysis, all of which are generated during the meeting. It also includes phone/e-mail support for 30 days following the meeting.

- 4. Limited Retainer:** Clients who are comfortable with the plan that was implemented in the initial or subsequent years, and wish to limit the scope of on-going service to 2-3 targeted areas may request continued service under a Limited Retainer agreement. The Limited Retainer agreement identifies the specific work that Cambridge Financial & Tax Advisors, LLC will complete over a period of one year. The Limited Retainer agreement generally includes two meetings, of one to two hours' duration each, and unlimited follow-up phone calls on questions that are directly related to the topics that are identified in the contract. Work beyond that encompassed in the Limited Retainer agreement would be separately billable at an hourly rate. As with the Open Retainer agreement, the Limited Retainer agreement is subject to annual renewal, as the client desires. Clients may elect to revert to an Open Retainer Renewal agreement as their needs change.

Item 5 – Fees and Compensation

The specific manner in which Cambridge Financial & Tax Advisors, LLC determines fees is established in a client's written agreement with the firm. Generally, clients may elect a payment cycle that is most convenient for their cash flow as long as all fees are paid prior to the end of the contract term.

Cambridge Financial & Tax Advisors, LLC is a fee-only financial advisory firm and does not sell investment or insurance products. All fees are generally non-negotiable and are paid directly by the client. We accept payments by cash, check, or credit card. Cambridge Financial & Tax Advisors, LLC does not directly debit fees from client investment accounts. **Either the client or Cambridge Financial & Tax Advisors, LLC may terminate an engagement at any time, without penalty, upon 30 days' written notice.** Upon termination of an agreement, any prepaid, unearned fees (as determined by the number of uncompleted appointments) will be promptly refunded, and any earned, unpaid fees will be due and payable.

Open Retainer:

Initial Year: \$3,000-\$20,000
Renewal Year: 40%-60% of the initial year's retainer fee (\$2000 minimum)

Clients seeking to enter into an initial year Open Retainer agreement are notified of the fee and the method by which it is calculated in a complementary, preliminary appointment. Half the retainer is due on the date that the agreement commences, with the balance due three months later. Cambridge Financial & Tax Advisors, LLC agrees that all work for the initial year will be completed within six (6) months of the date of the contract.

Established clients receive notice of the impending expiration of their current contract along with the recalculated fee and renewal offer. Clients who wish to renew their agreement are given an option to pay the renewal fee in full or in quarterly payments, whichever best-suits the client's cash flow, personal preference and tax plan. All Open

Retainer fees are based on a calculation that considers client income, level of investment assets and the complexity of the client's situation.

The fees for Open Retainer agreements and Limited Retainer agreements, which may include advice and recommendations on the selection of mutual funds, are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Cambridge Financial & Tax Advisors, LLC receives no compensation either directly or indirectly from the mutual fund companies for recommending investment in their funds.

Financial Plan: \$1,500-\$3,000

Clients pay half the fee quoted in the written agreement upon acceptance and signature of the contract. The balance is due at the time of the last appointment or in three months, whichever is earlier.

Financial Checkup: \$850 (\$750 for family members of current Open Retainer Clients)

Payment is due at the time of the appointment.

Limited Retainer: \$1,000-\$2,000

This option is only for established Open Retainer clients who are seeking to renew but at lesser level of service. Payment is due upon entering into the agreement.

Hourly Consultation Fee: \$250 per hour (may be prorated to 15-minute increments)

Service provided by Cambridge Financial & Tax Advisors, LLC outside the Open Retainer or the agreed-upon Financial Plan or Limited Retainer is billed on a prorated, hourly basis. Clients pay at the time of service.

Other Fees: Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by the client to Cambridge Financial & Tax Advisors, LLC. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted. Clients may incur transaction fees on their brokerage trades. Please see Item 12 for more information on brokerage practices.

Past Due Accounts and Termination of Agreements: Cambridge Financial & Tax Advisors, LLC reserves the right to stop work on any account that is more than 120 days overdue. In addition, we reserve the right to terminate any financial planning agreement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in our judgment, to providing proper financial advice. We will issue the client a notice explaining that the agreement is

terminated. Any unused portion of fees collected in advance will be refunded within 30 days.

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

Cambridge Financial & Tax Advisors, LLC 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

Cambridge Financial & Tax Advisors, LLC provides comprehensive financial planning and investment advisory services primarily to mid- and upper middle-income individuals and families. We appreciate that our clients all have different priorities and goals and are all at various stages in their financial life cycles. As such, we impose no minimum net-worth or asset requirements on our clients.

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

Methods of Analysis: Cambridge Financial & Tax Advisors, LLC uses many research tools in developing investment recommendations, including financial subscription magazines, online financial resources, and TD Ameritrade and Vanguard research services. Occasionally, other public research is utilized. Cambridge Financial & Tax Advisors, LLC approaches investment portfolio analysis and implementation based on internal factors such as the client's tax situation, overall risk tolerance, current financial situation and personal goals and aspirations. After identification of these items, the client's portfolio will be structured around his or her individual needs, while minimizing negative effects of external factors: interest rates, market performance, and the economy as a whole.

Investment Strategies: Cambridge Financial & Tax Advisors, LLC recommends almost exclusively no-load mutual funds (that is, funds that have no upfront or backend sales fees), US Government bonds, corporate bonds rated AA or higher, money market accounts and certificates of deposit. In the course of providing investment advice, Cambridge Financial & Tax Advisors, LLC may address issues related to other types of assets that clients may already own. Any other products that may be deemed appropriate for you will be discussed, based on the client's unique goals, needs and objectives. For a portion of a client's portfolio, some holdings will be for long-term growth of wealth, and some for short-term spending needs.

Risk of Loss: 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 not buy as much as 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.

Investing in both equities and bond securities involves various risks of loss. The inherent risks associated with any investment recommended by Cambridge Financial & Tax Advisors, LLC (both listed above and inherent to your personal situation) will be thoroughly reviewed and discussed with the client's goals, needs, and objectives at the forefront. This will help ensure the client fully understands his/her investments and that he/she is properly prepared to bear any associated risks.

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 Cambridge Financial & Tax Advisors, LLC or the integrity of Cambridge Financial & Tax Advisors, LLC's management. Neither Cambridge Financial & Tax Advisors, LLC, nor Joseph Baumann (the

owner and sole advisor) have been involved in legal or disciplinary events related to past or present investment clients.

Item 10 – Other Financial Industry Activities and Affiliations

Cambridge Financial & Tax Advisors, LLC's primary business is the provision of comprehensive, holistic financial planning service to its clients. All components of the financial planning process, excluding the dispensing of investment advice, comprise approximately 75% of Cambridge Financial & Tax Advisors, LLC's time. Individual income tax preparation as a stand-alone service (that is, for clients who are not engaged in an Open Retainer or a Limited Retainer Agreement in which tax preparation is a component) is also a part of Cambridge Financial & Tax Advisors, LLC's business.

Our business's purpose is to provide holistic financial planning within the fee-only financial planning model. Joseph Baumann is a member of National Association of Personal Financial Advisors (NAPFA), which restricts membership to fee-only financial planning practices.

As a convenience to its clients, Cambridge Financial & Tax Advisors, LLC has a custodial relationship as a listed financial advisor with TD Ameritrade Institutional Services, primarily due to its robust custodial services for our clients whose assets are both insured as well as whose accounts have no account fees levied. However, clients may use any brokerage house they prefer. Clients who use The Vanguard Group may choose to authorize Joseph Baumann to have limited agent powers to help them facilitate trades and other financial transactions. Clients incur no separate fees or charges from Cambridge Financial & Tax Advisors, LLC or Joseph Baumann for any service provided through his relationships with TD Ameritrade Institutional Services or The Vanguard Group.

Item 11 – Code of Ethics

The employees of Cambridge Financial & Tax Advisors, LLC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. Incorporated into our Code of Ethics are the standards set by the Certified Financial Planning Board, NAPFA's Code of Ethics and the Fiduciary Oath promulgated by NAPFA. To summarize our code of ethics, Cambridge Financial & Tax Advisors, LLC will always:

- Act as a fiduciary, and act in the best interest of each and every client
- Act with honesty, integrity and dignity when dealing with clients, prospects, & others
- Strive to maintain and continually enhance a high degree of professional education regarding all aspects of personal financial planning; and
- Seek at all times to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients.

Participation or Interest in Client Transactions

Cambridge Financial & Tax Advisors, LLC and its employees may buy or sell securities that are also held by clients. It does not currently participate in securities in which it has a material financial interest. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Cambridge Financial & Tax Advisors, LLC *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of Cambridge Financial & Tax Advisors, LLC is Joseph Baumann. He reviews all employee trades each year between Christmas and the New Year. 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 small mutual fund trades, the trades do not affect the securities markets.

Cambridge Financial & Tax Advisors, LLC further prohibits the use of material non-public information and protects the confidentiality of the client information. We require 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.

Item 12 – Brokerage Practices

Cambridge Financial & Tax Advisors, LLC does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Cambridge Financial & Tax Advisors, LLC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates, but never requires that its clients utilize any given custodian/broker-dealer.

Cambridge Financial & Tax Advisors, LLC recommends discount brokerage firms and qualified custodians such as TD Ameritrade or Vanguard. Cambridge Financial & Tax Advisors, LLC is an advisor with TD Ameritrade Institutional.

The firm *DOES NOT* receive fees or commissions from any of these arrangements, nor does it receive client referrals from discount brokerage firms.

Best Execution

In recommending a broker dealer for specific trades, Cambridge Financial & Tax Advisors, LLC will generally seek “best execution.” This means that we will recommend a broker dealer based on factors including, but are not limited to, the broker-dealer’s facilities, costs, reliability and financial responsibility, the ability of the broker-dealer to effect transactions, and the research and related brokerage services provided to you and/or Cambridge Financial & Tax Advisors, LLC.

Soft Dollars

Cambridge Financial & Tax Advisors, LLC receives occasional small gifts from firms that are recommended to clients, but all at a de minimus level (i.e. there is minimal value to the firm or its employees).

Order Aggregation

Whenever possible Cambridge Financial & Tax Advisors, LLC will aggregate trades so as to minimize trade costs to clients. Since there are no assets under management, however, this occurs **very infrequently** and most trades are placed on an individual basis with minimal if any trading fees.

Item 13 – Review of Accounts

Joseph Baumann conducts account reviews for each client on at least an annual basis. Generally, the reviews are done at the time of the relevant client meeting. Reviews may also be conducted when there is a change in the client's circumstances such as retirement, inheritance, disability, job loss or change, or for any reason upon client request.

Cambridge Financial & Tax Advisors, LLC provides clients with written recommendations, relevant to the topics discussed, at client meetings. In addition, clients with brokerage accounts receive monthly or quarterly statements directly from the custodian of the accounts. These statements may be in either paper or electronic format.

Item 14 – Client Referrals and Other Compensation

Cambridge Financial & Tax Advisors, LLC does not compensate referring parties for referral of new clients, nor does it accept such fees from other firms or individuals. Cambridge Financial & Tax Advisors, LLC generally gains new clients through the word-of-mouth recommendation of current clients, employees and personal friends of employees to their friends and acquaintances in turn.

Item 15 – Custody

Our clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. Cambridge Financial & Tax Advisors, LLC does not provide individually prepared reports to its clients, other than summaries of recommendations arising from client meetings. Cambridge Financial & Tax Advisors, LLC urges its clients to carefully review statements from broker dealers, the bank and/or qualified custodians and to compare such official custodial records with the written recommendations we have provided.

Item 16 – Investment Discretion

Discretionary Authority for Trading

A client may request that Cambridge Financial & Tax Advisors, LLC execute the sale and/or purchase of investments where the client specifically authorizes the firm to do so. Such transactions are strictly on a non-discretionary basis. This means that Cambridge Financial & Tax Advisors, LLC must obtain the client's express permission and approval to complete such a sale or purchase transaction, on each individual trade. Although the client may wish to sign a written Limited Power of Attorney with TD Ameritrade or Vanguard, the retainer agreement between the client and Cambridge Financial & Tax Advisors, LLC **specifically prohibits us from making trades in client accounts without first having obtained the client's agreement on the trade beforehand.**

Cambridge Financial & Tax Advisors, LLC does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Limited Power of Attorney

A limited power of attorney is a trading authorization that clients may grant to Joseph Baumann (Cambridge Financial & Tax Advisors, LLC) so that he may execute the trades that the client has approved. In this manner, we help the clients implement their financial plans.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Cambridge Financial & Tax Advisors, LLC does not have any authority to and does not vote proxies on behalf of their clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. When assistance on voting proxies is requested, Cambridge Financial & Tax Advisors, LLC will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

Item 18 – Financial Information

Cambridge Financial & Tax Advisors, LLC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. The firm has not been the subject of a bankruptcy proceeding. A balance sheet is not required to be provided because Cambridge Financial & Tax Advisors, LLC does not serve as a custodian for client funds or securities.

Item 19 – Requirements for State-Registered Advisors

Employee:

Joseph H. (Joe) Baumann, CFP®

Year of Birth: 1956

Education: BA, Capital University, Columbus, OH, 1978
CFP® Certification Education Program, Ohio State University, 2007

Related Work History:

January 2008-Current	Cambridge Financial & Tax Advisors, LLC- Owner, Chief Executive Officer, Chief Compliance Officer, Certified Financial Planner
2006-2007	Cambridge Financial Advisors, LLC- Paraplanner/ Assistant Advisor (full-time)
2000-2005	Cambridge Financial Advisors, LLC- Paraplanner/ Assistant Advisor (part-time)
Other Business Activities:	Not Applicable
Performance-Based Fees:	Not Applicable
Supervision:	Not Applicable
Disciplinary Information:	Not Applicable

Additional Information about Joseph H. (Joe) Baumann is contained in our Firm Brochure Supplement (Part 2B of Form ADV).