



*Certified Public Accountants and Financial Advisors*

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A PROFESSIONAL CORPORATION  
A FEE-ONLY REGISTERED INVESTMENT ADVISOR

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

**January 22, 2018**

This brochure provides information about the qualifications and business practices of Kane Company, P.C. If you have any questions about the contents of this brochure, please call us at (515) 270-2727 or send an email to [Steve@KaneCompanyPC.com](mailto:Steve@KaneCompanyPC.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Kane Company, P.C. is a registered investment adviser. Registration as an Investment Adviser does not imply a certain level of skill or training. Additional information about Kane Company, P.C. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and its CRD number is 115756.

## Item 2 Summary of Material Changes

There have been no material changes since Kane Company, P.C.'s last annual brochure dated January 23, 2017.

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## Item 4 Advisory Business

Kane Company, P.C. has been a State of Iowa Registered Investment Adviser since August 30, 2001. Kane Company, P.C. also has clients in other states but is not required to register elsewhere because of specific exemptions based on the number of clients in those other states. Steven L. Kane is the 100% owner, as well as the only Investment Adviser Representative.

Kane Company, P.C. offers an independent, fee-only investment advisory service using no-load mutual funds, exchange traded funds, and some individual securities. Kane Company, P.C. has no conflicts of interest and always serves in a fiduciary capacity to do what is best for each specific client.

Kane Company, P.C. manages the investment accounts of its clients in accordance with the objectives and any restrictions established by each client, by developing an investment policy statement and/or an asset allocation plan. Kane Company, P.C. will direct, at its sole discretion, the investment and reinvestment of the assets in client accounts. The firm's philosophy centers on long-term investing and the use of the analysis of past performance and scientific evidence of various asset classes to build diversified, low cost, passive and active-passive portfolios. Investment portfolios will be tailored to the individual needs and desires of each client.

Kane Company, P.C. does not participate in wrap fee programs.

As of December 31, 2017, Kane Company, P.C. actively managed \$99,295,015 on a discretionary basis.

## Item 5 Fees and Compensation

### Service 1: Investment Advisory

Kane Company, P.C. is Fee-Only all-the-time, and a level-fee fiduciary adviser, which means we charge a percentage of total assets managed as our fee.

Typically, clients will be charged quarterly, in advance, using the following schedule, however on occasion fees may be negotiated.

<b>Account Size</b>	<b>Annual % Fee</b>	<b>Per Quarter</b>
<b>\$10,000,000 and over</b>	<b>0.30%</b>	<b>.075%</b>
<b>\$5,000,000-\$10,000,000</b>	<b>0.35%</b>	<b>.0875%</b>
<b>\$2,000,000-\$5,000,000</b>	<b>0.40%</b>	<b>.10%</b>
<b>\$1,000,000-\$2,000,000</b>	<b>0.60%</b>	<b>.15%</b>
<b>\$500,000-\$1,000,000</b>	<b>0.80%</b>	<b>.20%</b>
<b>\$250,000-\$500,000</b>	<b>1.00%</b>	<b>.25%</b>
<b>\$100,000-\$250,000</b>	<b>1.20%</b>	<b>.30%</b>
<b>\$0-\$99,999</b>	<b>1.50%</b>	<b>.375%</b>

Kane Company, P.C.'s clients may choose to either have their fees deducted from their assets or to be billed for fees incurred. Investment Advisory Service fees are billed or deducted from assets on a quarterly basis.

The above referenced fees charged by Kane Company, P.C. do not include any brokerage commissions and other costs related to the execution of transactions on behalf of clients. Moreover, mutual funds and exchange-traded funds that are held by advisory clients will bear their own internal transaction and administrative costs.

The management fees will be payable quarterly in advance. The initial quarter fees are prorated. Clients will not be charged a greater fee than the minimum amount assessed at the next higher breakpoint level. Refund/Contract Termination: Client may terminate advisory services without penalty (full refund) within five business days. Otherwise, if termination occurs prior to the end of a calendar quarter, a prorated refund of unearned fees will be made to client.

Kane Company, P.C. and supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Fees for financial planning engagements and other services performed by Kane Company, P.C. are quoted separately, and are in addition to the above listed investment advisory fees.

#### Service 2: Wealth Management

Kane Company, P.C. also provides a proactive year-round solution that includes investment management, personal financial planning, and advanced income tax services on a fee-only annual retainer basis. Annual costs, payable quarterly in advance, are \$3,600 base fee plus 0.5% (1/2 of 1%) of total investment assets. This service combines financial planning, income tax services, and the discretionary investment advisory services included in Service 1 above.

Clients of Kane Company, P.C. may select either Service #1 or #2 above, but not both.

#### **Item 6 Performance-Based Fees and Side-By-Side Management**

Kane Company, P.C. does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

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

Kane Company, P.C. generally provides investment advice to individuals, trusts, charitable foundations, and company-sponsored retirement plans. Kane Company, P.C. provides investment advisory services for clients with a minimum of \$100,000 in total household investment assets or those committed to a systematic savings plan of at least \$1,000 per month.

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

Kane Company, P.C.'s investment management style primarily utilizes fundamental analysis and may have an impact on performance. Keeping investment fees low and investing tax efficiently are the top priorities of the investment strategy. Client

portfolios will be managed using primarily passive vehicles, including the no-load institutional asset class mutual funds offered by Dimensional Fund Advisors (DFA). It is the advisor's belief that these provide the best investment option based on diversification, low cost, tax efficiency and the investment community's inability to consistently outperform with active management strategies. Once invested in DFA funds you may not be able to make additional investments if you terminate your agreement with us except through another advisor also authorized by DFA. Kane Company, P.C. does not use DFA funds exclusively and may use funds from other fund families, and on occasion exchanged traded funds or individual stocks, in client portfolios. All securities investments do involve a risk of loss and clients should read each prospectus carefully.

**The basic investment strategies under which client investments will be managed include the following:**

1. Modern Portfolio Theory, as recognized by the 1990 Nobel Prize, will be the philosophical foundation for how the portfolio will be structured and how subsequent decisions will be made. The underlying concepts of Modern Portfolio Theory include:
  - Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio returns
  - Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual security. It is, therefore, unlikely that any portfolio will succeed in consistently "beating the market"
  - The design of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will have far more influence on long-term portfolio results than the selection of individual securities. Investing for the long term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface
  - For a given risk level, an optimal combination of asset classes will maximize returns. Diversification helps reduce investment volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole
  - Portfolio risk can be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected. (Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another)
2. Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has also been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.
3. Equities offer the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including occasional substantial declines in value). Fixed income investments have their own risks including term risk and default risk.
4. Picking individual securities and timing the purchase or sale of investments in the attempt to "beat the market" are highly unlikely to increase long-term investment returns; they also can significantly increase portfolio operating costs. Such practices are, therefore, to be avoided. Kane Company, P.C. does not invest based on speculation or market timing. Individual stocks or bonds are generally not recommended, but certain exceptions may be made in cases where stocks or bonds were obtained before becoming a client or are requested by the client.

Given these strategies, the underlying approach to managing investments shall be to optimize the risk-return relationship appropriate to Investor's needs and goals in a tax efficient manner. The client portfolios will be diversified globally employing a variety of asset classes. Mutual funds or exchange-traded funds will be employed to implement the portfolio and the chosen asset classes will be periodically re-balanced to maintain a more consistent risk/reward profile.

**Risk of Loss**

Investments in mutual funds, exchange-traded funds, stocks, bonds, and any other financial security may lose substantial value and are not FDIC or SIPC insured.

**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 Kane Company, P.C. or the integrity of its' management. Kane Company, P.C. has no information applicable to this Item, as it has faced no legal or disciplinary matters since its inception.

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

Kane Company, P.C. is not affiliated with any other company. Kane Company, P.C. does not have any pending applications to register as a registered representative, an associated person of a futures commission merchant, a commodity pool operator, or a commodity trading advisor. Additionally, there are no pending applications to register as a broker-dealer, a futures commission merchant, a commodity pool operator, or as a commodity trading advisor. Kane Company, P.C. does not have any insurance licenses or pending applications to register to sell insurance.

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

As a fiduciary, Kane Company, P.C. has a duty of utmost good faith to act solely in the best interests of each of our clients. Our clients entrust us with their funds, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle underlying Kane Company, P.C.'s Code of Ethics, and represents the expected basis of all of our dealings with our clients. Kane Company, P.C. will provide a copy of its Code of Ethics to any client or prospective client upon request.

Kane Company, P.C. and its employees may own or purchase mutual funds and other investments it recommends to clients. If this were to ever cause a conflict, then client transactions would be executed first. Kane Company, P.C. will provide a copy of its Personal Trading Policy to any client or prospective client upon request.

## **Item 12 Brokerage Practices**

Kane Company, P.C. may suggest or recommend a custodian/broker-dealer for client transactions by considering the following factors:

- Financial Condition
- Acceptable record keeping and support
- Ability to obtain best price execution
- Knowledge of market, securities and industries
- Reasonable commission/transaction cost structure
- Reputation and integrity
- Availability of institutional share class mutual funds

Kane Company, P.C. primarily uses TD Ameritrade Institutional's trading platform. Through this platform, TD Ameritrade provides both brokerage and custodial services to the majority of Kane Company, P.C.'s clients, although clients may elect for their accounts to be held at another custodian. Kane Company, P.C. has chosen TD Ameritrade for its ability to deliver quality execution and record keeping services, among other items. Should Kane Company, P.C. trade in securities in which we are uncomfortable with TD Ameritrade's ability to deliver best execution, Kane Company, P.C. will locate a more suitable broker using the factors outlined above.

TD Ameritrade and Dimensional Fund Advisors will provide research and software services as well as continuing education opportunities to Kane Company, P.C. in exchange for use of their platform and fund offerings. These services do not create a material conflict of interest as it is in our client's best interest to have access to these services.

## **Item 13 Review of Accounts**

Steven L. Kane, CPA/PFS, CFP® reviews accounts on an ongoing basis. Reviews may also be completed upon a client request or in the event of unusual market activity. Kane Company, P.C. encourages clients to contact us if there are any changes in their financial situation or investment objectives.

Steven L. Kane, CPA/PFS, CFP® shall be available to meet with clients approximately quarterly to review and explain the portfolio's investment results and any related issues. Adviser shall be available on a reasonable basis for meetings, telephone, and email communication as needed.

Kane Company, P.C. shall provide clients no less frequently than on a quarterly basis and within 30 days after the end of each such period written reports detailing portfolio performance results over the last quarter and year-to-date period and performance results of each individual holding for the quarter and year-to-date.

#### **Item 14 Client Referrals and Other Compensation**

Neither Kane Company, P.C. nor any related person has any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. It also does not directly or indirectly compensate any person for client referrals.

Kane Company, P.C. is dedicated to solely working for the benefit of our clients. Therefore, we only receive compensation directly from our clients and from no other sources.

#### **Item 15 Custody**

Kane Company, P.C. does not have custody of any client funds. Custody of account assets will be maintained with an independent, qualified custodian. In addition, if Kane Company, P.C. also manages a retirement account with a client's current or former employer, those assets will remain with the plan's current custodian. Most clients authorize the custodian to deduct our investment advisory fees from their accounts.

The custodian(s) shall provide clients with statements for each account held and managed by Kane Company, P.C. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including additions and withdrawals.

Kane Company, P.C. urges clients to carefully review such statements and compare such official custodial records to the performance reports that Kane Company, P.C. provides. Our performance reports may vary slightly from custodial statements based on accounting procedures, reporting dates, or dividend posting timing differences.

#### **Item 16 Investment Discretion**

Kane Company, P.C. receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Kane Company, P.C. will not take title to any assets and will have no authority to withdraw funds from any client accounts, except to cover payment of previously agreed to fees.

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

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

Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent, and can contact the firm with any questions about a particular solicitation.

#### **Item 18 Financial Information**

Kane Company, P.C. does not require or solicit prepayment of fees six months or more in advance. Registered Investment Advisors are required in this Item to provide you with certain financial information or disclosures about the integrity of the company's financial condition. Kane Company, P.C. 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**

Part A. Principal Executive Officer of the Firm

See Part 2b.

Part B. Business Activities Outside of Providing Investment Advice

See Part 2b, Item 4, and Item 10 regarding other business activities other than providing investment advice.

Part C. Performance Based Fees

See Item 6.

Part D. Material Event Disclosure

During the last ten-year period, Kane Company, P.C. and its management have not been involved in an arbitration claim or a civil, self-regulatory, or administrative proceeding.

Part E. Relationships or Arrangements with Securities Issuers

Kane Company, P.C. and its management have no relationships or arrangements with securities issuers.

### **Confidentiality**

Protecting client privacy is very important to the Kane Company, P.C. Kane Company, P.C. views protecting its clients' private information as a top priority. Pursuant to the requirements of the Gramm-Leach-Bliley Act, Kane Company, P.C. has instituted policies and procedures to ensure that customer information is kept private and secure. Kane Company, P.C. does not disclose any non-public personal information about its clients or former clients to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, Kane Company, P.C. may share some information with its service providers, such as, but not limited to, transfer agents, custodians, broker/dealers, accountants, and lawyers.

Kane Company, P.C. restricts internal access to non-public personal information about its clients to those employees who need to know that information in order to provide products or services to the client. Kane Company, P.C. maintains physical and procedural safeguards that comply with federal standards to guard a client's non-public personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be Kane Company, P.C.'s policy never to sell information about current or former customers or their accounts to anyone. It is also Kane Company, P.C.'s policy not to share information unless required to process a transaction, at the request of the Kane Company, P.C. customer, or as required by law.

A copy of Kane Company, P.C.'s privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, Kane Company, P.C. will deliver a copy of the current privacy policy notice to its clients prior to changing its sharing practices.

**SCHEDULE 2B - BROCHURE SUPPLEMENT**

**Steven L. Kane**  
**Kane Company, P.C.**  
**5526 N.W. 86<sup>th</sup> Street, Suite A**  
**Johnston, IA 50131**  
**Telephone: (515) 270-2727**  
**Website: [www.KaneCompanyPC.com](http://www.KaneCompanyPC.com)**

**January 22, 2018**

**This Brochure Supplement provides information about Steven L. Kane that supplements the Kane Company, P.C. brochure. You should have received a copy of that brochure. Please contact Steven L. Kane at [Steve@KaneCompanyPC.com](mailto:Steve@KaneCompanyPC.com) if you did not receive the Kane Company, P.C. brochure or if you have any questions about the contents of this supplement.**

**Additional information about Steven L. Kane (CRD Number 4467286) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2 - Educational Background and Business Experience



Steven L. Kane, CPA/PFS, CFP®, is the founding principal, as well as the chief investment strategist of Kane Company, P.C. Steve was born in 1960. He is a 1984 graduate of Wartburg College, Waverly, Iowa, receiving Bachelor of Arts degrees in Accounting and Business Administration. He has been a Certified Public Accountant since 1986.

Steve was one of the first in the State of Iowa to earn the Personal Financial Specialist designation (1997) from the AICPA and is also a Certified Financial Planner™ (1996), making him one of just a few people in Iowa holding all three designations (CPA/PFS, CFP®). He is a member of the American Institute of Certified Public Accountants and a member of its Tax and Personal Financial Planning sections, the Iowa Society of Certified Public Accountants, and the Financial Planning Association. He is also a member of the National Association of Personal Financial Advisors (NAPFA), a fee-only association of financial planners.



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**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: 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; 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; complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and 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: complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and 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 (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.

**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.

**Item 3 Disciplinary Information**

There are no legal or disciplinary events that are related to the above listed supervised person.

**ITEM 4 Other Business Activities**

Other than giving investment advice, approximately 20% of Steve's time is spent on income taxes and accounting, as Kane Company, P.C. is also an active CPA firm.

**ITEM 5 Additional Compensation**

Other than the disclosure in Item 4 above, there is no other compensation to report.

**ITEM 6 Supervision**

Steven L. Kane, Chief Compliance Officer, is responsible for monitoring the activities of Kane Company, P.C.'s supervised persons. Mr. Kane's telephone number is 515-270-2727. Mr. Kane continuously reviews investment strategies and market conditions. Mr. Kane supervises all Investment Adviser Representatives that conduct client contact. Kane Company, P.C. an Investment Adviser Supervisory Manual and Code of Ethics that are annually reviewed.

**ITEM 7 Requirements for State-Registered Advisers**

Kane Company, P.C., Steven L. Kane, and its management have never been involved in an arbitration claim *or* a civil, self-regulatory, or administrative proceeding.