

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016
6003 University Avenue, Cedar Falls, IA 50613
800-798-3553
www.afm-invest.com

Item 1 – Cover Page

This brochure provides information about the qualifications and business practices of American Financial Management, Ltd., (“AFM”). If you have any questions about the contents of this brochure, please contact us at 800-798-3553. 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.

American Financial Management, Ltd. is a registered investment adviser with the SEC. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provides you with information about which you determine to hire or retain an adviser.

Additional information about American Financial Management, Ltd. is available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s website also provides information about investment adviser representatives directly affiliated with AFM. The following Investment Advisor Representatives are directly affiliated and supervised by AFM: Howard R. Dobson, Sr., Howard R. Dobson Jr., and Glen C. Henry.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated October 13 is a new document prepared according to the SEC’s requirements and rules.

AFM shall continue to offer or deliver information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We will further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, our brochure may be requested by contacting us at 800-798-3553.

This brochure includes material changes relating to AFM’s advisory programs and compliance with Rule 3a-4, as seen in Item 4, Advisory Business. In addition, this update clarifies the role of third party solicitors in AFM’s operations. Please see Item 12 and 14, Financial Affiliations and Compensation.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

Item 3	Table of Contents	
Item 1	Cover Page	Pg. 1
Item 2	Material Changes	Pg. 2
Item 3	Table of Contents	Pg. 3
Item 4	Advisory Business	Pg. 4-5
Item 5	Fees and Compensation	Pg. 5-7
Item 6	Performance Based Fees and Side-by-Side Management	Pg. 8
Item 7	Types of Clients	Pg. 8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	Pg. 8-9
Item 9	Disciplinary Information	Pg. 9
Item 10	Other Financial Industry Activities and Affiliations	Pg. 9-10
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Pg. 10
Item 12	Brokerage Practices	Pg. 11
Item 13	Review of Accounts	Pg. 11
Item 14	Client Referrals and Other Compensation	Pg. 11
Item 15	Custody	Pg. 12
Item 16	Investment Discretion	Pg. 12
Item 17	Voting Client Securities	Pg. 12
Item 18	Financial Information	Pg. 13-18

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

Item 4 – Advisory Business

American Financial Management, Ltd. (“AFM”) is a SEC Registered Investment Advisor established in 1983. We provide Asset Allocation Risk Management Services on a discretionary basis.

The firm’s principal owner is Howard Richard Dobson, Sr.

Throughout this brochure, “we” “us” or “our” refers to American Financial Management, Ltd., and “you” or “your” refers to the client or proposed client.

Services consist of a mutual fund/variable annuity contract sub-account conversion management service using mutual fund/variable contract sub-accounts of the client’s choice in consultation with the client’s contact at AFM. That may be an AFM investment advisory representative or a third party solicitor to AFM.

American Financial Management, Ltd. provides management services concerning the exchange between mutual fund/variable annuity contract sub-accounts. Management techniques are similar in each of the strategies; however, at their basis, momentum, relative strength and moving averages are the technical methods used to determine sub-account reallocation choices in all strategies. AFM neither recommends the mutual fund/variable contract group/company or the particular investments involved, nor the sale or redemption of any mutual fund/variable annuity contract shares/units, other than for conversion or advisory fee liquidation as authorized by the client.

The advisory client's personal or individual needs should be determined by the client in consultation with their investment advisory representative or third party solicitor. Each Investment Advisory Agreement contains a confidential client profile, obtained by the investment adviser representative or third party solicitor used for determining the goals, objectives, risk profile and suitability with their client’s strategy selection. When selecting the strategy, the client agrees to consider personal risk tolerance and financial goals in assessing AFM’s Asset Allocation/Risk Management program and ability to sustain a loss.

Each client’s account in the program is managed on the basis of the client’s financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of their account. Clients can place or modify reasonable restrictions on the management of their account. AFM (Adviser) can be reached at 800-798-3553 or client can mail or fax their requests to the Adviser (AFM) at:

American Financial Management, Ltd.
AFM Plaza
6003 University Avenue
Cedar Falls, IA 50613
319 277-0798 (fax)

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

In addition, AFM will at least annually contact clients to see if there are any updates to their financial situation or investment objectives and to determine if the client wishes to impose a new restriction or modify an existing one.

AFM does not participate in wrap fee programs.

As indicated in our ADV Part 1 on file with the SEC, as of January 31, 2016, we manage approximately \$77,622,121 in client assets on a discretionary basis. All accounts are managed on a discretionary basis; AFM does not manage non-discretionary accounts.

Item 5 – Fees and Compensation

All management fees and minimum account sizes are subject to negotiation.

The specific manner in which management fees are charged is established in a client's written investment advisory agreement with American Financial Management, Ltd. Clients choose to be billed directly for management fees or to authorize AFM to directly deduct the management fees from their managed or other accounts. The payment frequency is annual, semi-annual or quarterly and is determined by the client.

The minimum account size is \$10,000 per registration. *There are no minimum dollar requirements for strategies utilized for a 401(k) platform.

Standard Fee Schedule:

<u>Asset under Management</u>	<u>Maximum Advisory Fee</u>
\$10,000- \$250,000	2.50%
Next \$250,000	2.25%
Next \$250,000	2.00%
Next \$250,000	1.75%
Over \$1 Million	1.00%

Certain clients who initially hired AFM under a lower fee schedule will continue to receive AFM's management services at the lower initial rates.

In addition, clients may pay varying management fee amounts dependent upon the investment advisory representative or third party solicitor with whom they have contracted at AFM. AFM Investment Advisory Agreements are renewable at the client's discretion.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

Annual Management Fee Schedule:

- A. fee shall be payable in advance upon execution of the investment advisory agreement
- B. fee is based on the principal amount per contract invested
- C. fee for subsequent year, shall be based on the market value of the account 30 days prior to the client's management anniversary date.
- D. fee shall be payable for additional amounts invested, prorated for the remaining portion of the contractual year of deposit.

Semi-Annual Management Fee Schedule:

- A. fee shall be payable in advance upon execution of the investment advisory agreement
- B. fee shall be based on the principal amount per contract invested due by each semi-annual anniversary date, and based on the market value of the account approximately 30 days prior to the semi-annual anniversary date of the client's investment advisory agreement
- C. fee is payable at .50% of the annual fee every six months, based on the market value of the account approximately 30 days prior to the semi-annual anniversary renewal date.

Quarterly Management Fee Schedule:

- A. fee shall be payable in advance upon execution of the investment advisory agreement
- B. fee shall be based on the principal amount per contract invested and pro-rated to the end of the next quarterly billing cycle
- C. fee is payable at .25% of the annual fee at the beginning of each calendar quarter, based on the market value of the account approximately 30 days prior to the quarter ending.

Refund Policy for Prepaid Fees: If one exchange occurs, 50% of the fee above the first \$100.00 is refundable to the client. If two or more exchanges occur, 25% of the fee above the first \$100.00 is refundable to the client. If no exchanges occur, the pro-rata, unused or unearned portion of the annual fee over the first \$100.00 is refundable to the client. Investment Advisory Representatives notify AFM within 10 days of review of their client(s) account statement of withdrawals made from any managed account(s). Refunds are processed when the amount is equal to \$25.00, the established minimum set forth by AFM. * Does not apply to 401(k) managed strategies.

Upon termination of any managed account, any prepaid, unearned management fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Refunds are calculated on a pro-rata basis. *The first \$100.00 in fees is non-refundable.

American Financial Managements 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, 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

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

disclosed in a fund's prospectus. Mutual funds and variable annuities can pay commissions to their investment advisers, and certain funds and variable annuities have other types of fees or charges, including 12b-1, administrative or shareholder servicing fees, early redemption or certain other fees. Such charges, fees and commissions are exclusive of and in addition to AFM's management's fee, and American Financial Management shall not receive any portion of these commissions, fees, and costs.

Risk Considerations: The concept of exchanging investments between one mutual fund/variable annuity contract sub-account to another may result in profits and losses and AFM cannot guarantee the results or that the objectives of the Asset Allocation/Risk Management contract will be met. The client may have tax consequences inherent in each such exchange. Market volatility may affect or limit the ability of AFM to exchange between mutual funds/variable contract sub-accounts on a basis that is timely regarding price trends and, as with any investment, especially volatile ones, discretion may be exercised not to switch between mutual funds/variable annuity contract sub-accounts.

Foreign-based investments may include currency exchange rates as additional non-market based considerations. Political stability of countries may also influence, limit or preclude the option to switch between investments. Client agrees to consider personal risk tolerance and financial goals in assessing this Asset Allocation/Risk Management program and ability to sustain a loss. Exchanges between mutual fund/variable annuity contract sub-accounts are not made based upon a client's personal or individual needs and the assessment should be made by the client in consultation with the client's investment advisor representative or third party solicitor.

AFM is affiliated with American Financial Securities, Inc., a registered broker dealer and FINRA member. AFS is used solely to effectuate mutual fund and variable annuity transactions for the personal retail clients of Howard Richard Dobson, Sr., Howard Richard Dobson, Jr., and Glen C. Henry, who are directly affiliated and supervised registered representatives of AFS.

Clients have an option to purchase investment products that AFM's investment adviser representatives or third party solicitors recommend through other broker dealers that are not affiliated with AFS.

From effectuating transactions, AFS will retain a portion of the dealer concessions. In addition, these registered representatives of AFS, may act as the registered representative for clients in the execution of securities transactions on a normal and customary basis and receive a commission, there under, along with 12b-1 fees.

At the discretion of the broker dealer, commissions may be offset, in whole or in part, if the client decides to purchase securities or investment products through the investment adviser representative.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

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

American Financial Management 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

AFM provides asset management services to individuals, pension and profit sharing plans, trusts, corporations and other business entities. Our minimum account size to establish management services is \$10,000.00. *There are no minimum dollar requirements for strategies utilized for a 401(k) platform.

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

AFM's security analysis includes charting, fundamental, technical and cyclical methods. We respond to economic, market and geopolitical events through our sub-account technical allocation investment review system. This process identifies those sub-accounts that have the highest momentum and relative strength, tempered with a moving average. Investing in securities involves risk of loss that clients should be prepared to bear.

AFM's Strategies

Managed Income Strategy:

100% Fixed Income, Bonds and/or Cash Equivalentents

Balanced Strategy:

Minimum 50% Fixed Income, up to 50% Domestic and/or Global Equities

Growth & Income Strategy:

Minimum 30% Fixed Income, up to 70% Domestic and/or Global Equities

Growth Strategy:

100% Equities, 100% Domestic and/or Global Equities

Moderate Aggressive Growth Strategy:

100% Equities, 100% Large and/or Mid Size Domestic and/or Global Equities

Aggressive Growth Strategy:

100% Equities, 100% Small and /or Mid size Domestic and/or Global Equities

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

Note: Our Moderate Aggressive Growth and Aggressive Growth Strategies consists of a higher percentage allocated in moderate and /or aggressive funds, increasing the potential for return as well as loss, longer time horizons are recommended for these particular strategies.

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 AFM or the integrity of AFM's management. AFM has no information applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Principal Officers of AFM are also involved with the day-to-day management and operations of American Financial Securities, Inc. ("AFS"), a registered broker dealer and FINRA member.

Moreover, Howard Richard Dobson, Sr. and Howard Richard Dobson Jr. are also registered representatives of AFS. It is anticipated that the operations of AFS may consume up to 2% of their time.

These individuals and other registered representatives of AFS will be able to effect securities transactions for advisory clients and AFS would receive separate and customary compensation for this activity and pays a portion of the compensation to these individuals. In some circumstances, AFS receives customary compensation from mutual fund companies and /or variable annuity companies, including 12b-1 fees. AFS's securities business is primarily limited to mutual fund shares and variable annuity insurance contracts. Both AFM and AFS are principally owned by Howard Richard Dobson, Sr.

Such compensation is disclosed to the retail clients prior to, or at the time of, purchase by the client. Furthermore, those same AFS retail clients may be referred to AFM for management services of their assets under the affiliated investment adviser representative. Accordingly, a portion of the management fee will be paid to the AFS registered representative as part of a solicitor's fee paid to any third party solicitor.

AFM enters into solicitation agreements with other registered investment advisers. In such instances, AFM pays a portion of the investment advisory fee to the other registered investment adviser. This solicitation fee and the pursuant relationship with other registered investment advisers will be fully disclosed to the client in the Solicitor's Written Disclosure Statement.

Investors Professional Services, Inc. is an Iowa corporation principally owned by Howard Richard Dobson, Sr., Chairman and CEO. Investors Professional Services, Inc. is a financial services firm and receives compensation in the form of commissions; Howard Richard Dobson, Sr., Howard Richard Dobson, Jr. and Glen C. Henry are licensed for life & health insurance in Iowa and other states and receive compensation when appropriate.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

In addition, AFM may enter into contracts or agreements to provide investment management opinions, research, signals and/or allocation models to other registered investment advisory firms and/or investment adviser representatives on a percentage and/or a flat fee basis.

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

We have adopted a "Code of Ethics" designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act"). The code establishes rules of conduct for all officers, employees and registered investment advisory representatives of American Financial Management, Ltd.

The code is designed to ensure that the high ethical standards long maintained by AFM continue to be applied. The purpose of the code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

AFM, its officers, employees and registered investment adviser representatives are prohibited from engaging in fraudulent, deceptive and manipulative conduct and will act solely in the best interest of its client(s) at all times. Upon request AFM will provide a copy of the code of ethics to any client or prospective client, records of such requests are maintained.

On occasion, the interests of AFM, its officers, employees and registered investment adviser representatives who own accounts may correspond with advisory client's interests. At such times, these same persons may buy or sell for their own accounts the same security that is recommended to clients. However, client's orders always take precedent over orders placed by AFM, its officers, employees and registered investment adviser representatives' accounts. AFM has established written supervisory policies and procedures that include personal investment and trading policies for its officers, employees and registered investment adviser representatives. These policies and procedures are distributed to all access persons internally. A record of acknowledgement that they have read, understand and agree to abide is maintained. The policies include:

- AFM, its officers, employees and access persons cannot prefer their own interests to that of the client;
- AFM, its officers, employees and access persons cannot purchase or sell any security for their own personal accounts prior to implementing transactions for client accounts
- AFM, its officers, employees and access persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry
- AFM maintains a list of all securities holdings for the firm and access persons. This list is reviewed on a regular basis by our Chief Compliance Officer and other qualified persons.

Any officer, employee or access person not observing our policies, or violating any applicable state or federal advisory practice regulations, is subject to sanctions up to and including termination. A copy of our Code of Ethics is available upon request.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

Item 12 – Brokerage Practices

American Financial Management does not have any affiliation with product sales firms, does not make custodian recommendations to clients, does not recommend discount brokerage firms and/or trust companies to clients and does not receive fees or commissions from any of these arrangements.

Item 13 – Review of Accounts

AFM does not review individual client accounts or financial plans on a periodic basis.

Accounts are reviewed based on individual fund family and investment strategy by AFM's Investment Committee at least monthly. AFM does not issue or provide regular reports to clients on their managed accounts.

Item 14 – Client Referrals and Other Compensation

AFM does not currently pay or receive compensation for client referrals, sales awards or other prizes.

Howard Richard Dobson, Sr., Howard Richard Dobson, Jr. and Glen C. Henry are registered representatives of American Financial Securities, Inc., a registered broker dealer. As such, they can receive customary commissions and/or non-cash sales incentives as a registered representative(s) and/or licensed agent(s) on the placement of particular investment, insurance, or annuity products.

AFM utilizes internal investment adviser representatives and third party solicitors to solicit clients for AFM. AFM's solicitor's agreement is in compliance with federal regulations as set out in 17CFR Section 275.206(4)-3. In such instances, the solicitor (IAR) receives a portion of the management fee. The solicitor's (IAR's) fee and the pursuant relationship with other registered investment advisers are fully disclosed to the client in the Solicitor's Written Disclosure Statement.

AFM supervises the solicitation activities of Howard R Dobson, Sr., Howard R. Dobson, Jr. and Glen C. Henry as they are registered investment advisory representatives of AFM. AFM will also furnish the names and addresses of third party solicitors who solicit Asset Allocation/Risk Management advisory services on behalf of AFM upon request of any regulatory authority representing any State or Federal entity. Solicitation fees are paid in compliance with all applicable SEC and State regulations.

AFM also enters into solicitation agreements with other registered investment advisers. In such instances, AFM pays the advisers a portion of the investment advisory fee.

This solicitation fee and the solicitor relationship with other registered investment advisors is fully disclosed to the client in the Solicitor's Written Disclosure Statement pursuant to SEC Rule 206(4)-3. Generally, AFM pays solicitors 10-50% of the collected management fee. At the discretion of AFM, this range may be higher.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

Item 15 – Custody

American Financial Management does not custody client funds or securities. AFM does not prepare or provide client statements or regular reports.

Clients should receive statements at least quarterly from their broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Client should carefully review all statements upon receipt.

Item 16 – Investment Discretion

American Financial Management, Ltd. accepts discretionary authority to manage securities accounts on behalf of clients. For each managed account, the client completes a "Discretionary Authorization and Limited Power of Attorney" authorizing AFM to make discretionary exchanges in the mutual fund/variable annuity to be monitored under an investment advisory agreement between the advisory client and AFM to change investment position(s) from one fund to another within the same mutual fund/variable annuity group.

All assets managed by AFM shall at all times remain the physical possession of the mutual funds custodian and AFM shall have no authority to take or receive physical possession of any of the assets under its supervision. AFM has only the authority to exchange shares of one mutual fund group with other securities with which prior arrangements for exchange have been made and agreed upon between the advisory client and AFM with the purpose of the Investment Advisory Agreement.

The advisory client authorizes the mutual fund group designated to furnish AFM all information relating to transactions in the shareholder account including without limitation to the purchase and redemption of shares, all dividend and capital gains distributions paid in cash, or reinvested, and exchanges between funds. Such information will be supplied with respect to any mutual fund within the fund group in which the shareholder has had, now has, or in the future may have an account. The advisory client further authorizes AFM to receive copies of their statements or confirmations of purchases and sales directly from each mutual fund in order that AFM will have the information available promptly after each transaction. The mutual fund group will rely on these instructions until amended or revoked in writing by the client.

Item 17 – Voting Client Securities

All assets owned by the client and monitored by the Adviser (AFM) shall at all times remain in the physical possession of the custodian. The Adviser (AFM) shall have no authority to take or receive physical possession of any of these assets. Each client retains the right to withdraw securities or cash and vote securities. AFM does not vote proxies. In addition, any proxies would derive from shares held in the clients' own account in his, her or its name. Clients should contact the custodian of their securities with any questions pertaining to proxy voting.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

Item 18 – Financial Information

American Financial Management is required in this item to provide you with certain financial information or disclosures about AFM's financial condition. AFM 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. Independent Auditors Report and Balance Sheet for AFM as of January 31, 2016 follows:

Independent Auditor's Report

Board of Directors

American Financial Management, Ltd.

Report on the Financial Statements

I have audited the accompanying financial statements of American Financial Management, Ltd., which comprise the balance sheets as of January 31, 2016 and 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Financial Management, Ltd. as of January 31, 2016 and 2015, in accordance with accounting principles generally accepted in the United States of America.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

Keith Oltrogge, Certified Public Accountant
IA Certificate #R2085, Fed ID# 01-0852927
Denver, Iowa
March 8, 2016

AMERICAN FINANCIAL MANAGEMENT, LTD.
Cedar Falls, Iowa

BALANCE SHEETS
January 31, 2016 and 2015

-ASSETS-

	2016	2015
CURRENT ASSETS:		
Cash	\$ 8,648	\$ 7,915
Investments – Mutual Funds – at market value	78,411	77,239
Accounts receivable	68,231	92,722
Prepaid commissions and management fee	507,303	569,202
Total Current Assets	<u>\$ 662,593</u>	<u>\$ 747,078</u>
EQUIPMENT:		
Equipment-at cost	\$ 195,229	\$ 195,229
Less accumulated depreciation	-195,229	-195,229
Total Equipment	<u>\$ -</u>	<u>\$ -</u>
OTHER ASSET:		
Deferred tax annuity-at market	<u>\$ 49,230</u>	<u>\$ 54,181</u>
TOTAL ASSETS	<u><u>\$ 711,823</u></u>	<u><u>\$ 801,259</u></u>

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

AMERICAN FINANCIAL MANAGEMENT, LTD.
Cedar Falls, Iowa

BALANCE SHEETS
January 31, 2016 and 2015

-LIABILITIES AND STOCKHOLDERS' EQUITY-

	2016	2015
CURRENT LIABILITIES:		
Commissions payable	\$ 83,820	\$ 207,015
Deferred revenue	481,202	390,948
Income tax payable	796	1,206
Deferred income tax	2,000	14,000
Total Current Liabilities	<u>\$ 567,818</u>	<u>\$ 613,169</u>
LONG-TERM LIABILITY:		
Deferred income tax	\$ 2,700	\$ 3,800
Total Liabilities	<u>\$ 570,518</u>	<u>\$ 616,969</u>
STOCKHOLDERS' EQUITY:		
Common stock, \$100 par value, 1,000 shares authorized, 51 shares issued and outstanding	\$ 5,100	\$ 5,100
Additional paid-in-capital	\$ 36,840	\$ 36,840
Retained earnings-beginning of year	\$ 136,678	\$ 67,391
Net income (loss) for the year	-39,445	69,287
Retained earnings-end of year	\$ 97,233	\$ 136,678
Unrealized gain on investment securities – other comprehensive income	2,132	5,672
Total Stockholders' Equity	<u>\$ 141,305</u>	<u>\$ 184,290</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 711,823</u>	<u>\$ 801,259</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

AMERICAN FINANCIAL MANAGEMENT, LTD.
Cedar Falls, Iowa
NOTES TO FINANCIAL STATEMENTS
January 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company is an investment advisory firm registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. The Company provides investment advisory services to individuals, corporations, pension and profit-sharing plans, as well as to other investment advisors in approximately 43 states where they are registered within the continental United States.

Use of Estimates in Preparing Financial Statements – The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could vary from those estimates.

Allowance for Un-collectible Accounts – Accounts receivable has been adjusted for all known un-collectible accounts. No allowance for bad debts is considered necessary at year-end.

Property and Equipment – The Company provides for depreciation of equipment using annual rates, which are sufficient to amortize the cost of the depreciable assets over their estimated useful lives, generally from 5 to 7 years. The Company uses an accelerated method for computing depreciation. For tax purposes the Company has, in the past, expensed equipment when purchased.

Revenue and Expense Recognition – Investment advisory fees are collected in advance and are recognized ratably over the period specified in each investment advisory agreement. This results in a deferral of a portion of investment advisory income. Management fees are paid to a stockholder (see Note 3) based on a percentage of advisory fee income and are recognized as an expense ratably over the duration of the investment advisory agreements. This results in recognition of a portion of management fees as a prepaid expense, together with the commissions paid to brokers.

Income Taxes – The Company maintains its accounting records on the cash basis for income tax purposes and on the accrual basis for financial statement purposes, resulting in deferred income tax assets and liabilities on the temporary difference in reporting of accounts receivable, prepaid commissions/fees, accounts payable, deferred revenue, the excess of depreciation for tax purposes over the amount for financial statement purposes and deferred tax annuity investment income. Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized.

Advertising – The Company expenses advertising costs as they are incurred.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

AMERICAN FINANCIAL MANAGEMENT, LTD.
Cedar Falls, Iowa
NOTES TO FINANCIAL STATEMENTS
January 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Uncertainty in Income Tax – Generally accepted accounting principles require disclosure of position taken by the Company which may result in material adjustment in taxable income if the position taken were to be examined by the Internal Revenue Service.

Management represents that the Company has taken no known positions related to their reporting taxable income which would result in material adjustments to the financial statements.

They further state that as of March 8, 2016, there are no audits or examinations in progress by the Internal Revenue Service or other governmental agencies related to income tax matters. Tax returns for the past 3 years remain open to examination by taxing authorities.

NOTE 2 – DEFERRED TAX ANNUITY

This represents a variable rate contract currently valued at \$49,230. The Company's original cost in this contract is \$42,000.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company has an agreement requiring the payment of management fees to a 2% stockholder, Investors Professional Services, Inc. (IPS). The remaining stockholders of the Company own 100% of the stock of IPS. These fees are based on a percentage of advisory income less specific expenses. Management fees for the years ended January 31, 2016 and 2015 amounted to \$574,000 and \$594,200, respectively. In addition, prepaid management fees were \$379,000 and \$408,000, respectively, at January 31, 2016 and 2015.

NOTE 4 – STOCK RESTRICTIONS

The sale of the individual shares of stock in this Company is restricted in that when a share is offered for sale or when the outstanding common stock is increased, the individual shares shall first be offered at not less than par to the existing stockholders proportionate to their holdings, and if not purchased within ninety (90) days, then the shares may be sold to others.

NOTE 5 – SIGNIFICANT GROUP CONCENTRATION OF CREDIT RISK

Most of the Company's business activity is with investors and brokers who desire investment advisory services. As of January 31, 2016 and 2015, receivables from obligations of customers were \$68,231 and \$92,722, respectively. Credit losses have been recognized on a current basis. The Company's policy does not require collateral for the issuance of credit.

AMERICAN FINANCIAL MANAGEMENT, LTD.
FORM ADV PART 2A BROCHURE

October 14, 2016

NOTE 6 – INVESTMENTS

Investments are in a variety of Mutual Funds. Cost basis in these funds are \$76,279 at January 31, 2016 with a market value at that date of \$78,411. The unrealized gain at January 31, 2016 is \$2,132.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 8, 2016, the date the financial statements were available to be issued.