

**ITEM 1. COVER PAGE FOR
PART 2A OF FORM ADV:
FIRM BROCHURE
FEBRUARY 28th, 2011**

**KAHLER FINANCIAL GROUP, INC.
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WWW.FINANCIALAWAKENINGS.COM**

This Brochure provides information about the qualifications and business practices of Kahler Financial Group, Inc. If you have any questions about the contents of this brochure, please contact by telephone at (605) 343-1400 or email at darla@kahlerfinancial.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.

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

Please note that the use of the term "registered investment adviser" and description of Kahler Financial Group, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV:
FIRM BROCHURE

Kahler Financial Group, Inc. is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our Brochure. At this time, there are no material changes to report about our Brochure.

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Item 4. Advisory Business

A. Description of our advisory firm, including how long we have been in business and our principal owner(s)¹.

Our mission statement is “*We partner with you to create a life that excites you and helps you make sound financial decisions. We do this by understanding your money history, objectively assessing your current situation, offering options that will solve problems and create the future you desire.*”

We try to help you make good money decisions by avoiding dangers, seizing opportunities, and maximizing your strengths. Our commitment is to help you organize your financial life with a goal of helping you discover, finance, and devote more time to things that are personally fulfilling.

We do that by integrating the nuts and bolts of financial planning with what you think, feel, and believe about money. We call this blending of our emotions and beliefs about finance with the mechanical aspect of integrated financial planning.

You recognize that big goals happen by making small changes and you have a willingness to change behavior to further your long-term goals. You have realistic investment expectations and are able to ignore the investment ‘du jour’ as touted by the financial press. Most of you are affluent or becoming affluent and have the ability to save a portion of your income. Some of you have complex tax, investment, and other planning needs.

We offer specialization in our core area of competence and utilize other professionals when specialization is needed in other areas such as legal, psychological, or accounting. Ongoing planning reviews, workshops, study groups, teleclasses, and special events help both new and existing clients feel part of our community.

We are an independent, fee-only, financial advisory firm that does not sell investment products. We do not receive compensation from third parties, such as a mutual fund or insurance company. Our advice is objective and there are no undisclosed conflicts of interest. We work solely for you. We charge a percentage on your investment assets, including: investment accounts, businesses, and investment real estate.

¹ Please note that: (1) For purposes of this item, our principal owners include the *persons* we list as owning 25% or more of our firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If we are a publicly held company without a 25% shareholder, we simply need to disclose that we are publicly held. (3) If an individual or company owns 25% or more of our firm through subsidiaries, we must identify the individual or parent company and intermediate subsidiaries. If we are a state-registered adviser, on Form ADV Part 2A Page 2, we must identify all intermediate subsidiaries. If we are an SEC-registered adviser, we must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries.

We may offer an initial complimentary consultation to review your interests, needs and objectives, and to discuss the services available. Advisory services are initiated only after you have executed an Engagement Agreement and a Retainer Agreement with us.

Our firm is a corporation formed under the laws of the State of South Dakota. Our firm has been in business as an investment adviser since 1983 and is owned one hundred percent (100%) by First American Trust (a private trust).

B. Description of the types of advisory services we offer.

We specialize in the following types of services:

- Integrated financial planning for individuals
- Investment portfolio management
- Specialized problem-solving and analysis of complex financial issues
- Estate planning strategies
- Tax planning strategies
- Strategies for gaining financial independence
- Education funding
- Cash flow and budget analysis
- Mortgage analysis and refinancing decisions
- Business planning, including succession planning
- Asset protection strategies
- Qualified employee benefit plans

C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of *clients*, whether *clients* may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients:

Our integrated financial planning is supported by a four step process: Discovery; Design; Implementation; and Maintenance. The process is described below.

DISCOVERY

Our Discovery process involves a series of interviews and exercises. We ask you to provide us with all your financial documents and statements. The process is fairly simple with no long forms to fill out. You will just send us your documents and statements; we will scan them into our software and return them to you.

Our discovery process is more than compiling all your financial documents and statements, which is the first step of the process. The second aspect is uniquely designed to help you identify your values, goals, and priorities, and how they relate to your finances. This discovery session focuses on what matters to you – your beliefs about money, your unique

history with money, your values and your dreams. It helps you bring into focus an action plan for the life you want to be living, as opposed to the life you are living.

We will request input and information from you, including; historical financial information, present financial condition, and your investment history and experience. The information we request may vary, depending upon the individual needs and objectives that you express to us or that we may discover in our interviews with you. We will treat the information given to us by you as reliable and current. We will also request the names and relationships of other advisers (*i.e.*, attorney, accountant, banker, etc.).

DESIGN

This part of the process is where we help you define the solutions that will enable you to achieve your goals. Based upon the collected data in the Discovery process, we give you a choice of options that present solutions to accomplishing your objectives. We do this through a series of meetings where we will conduct dialogue and education on solutions. We identify the actions necessary to bring your goals into reality. The most common results from this process are recommendations for an appropriate cash flow plan, an investment plan, planning for financial independence, asset protection and managing your risks, estate and tax planning, and financial coaching.

Cash flow planning will address the issue of organizing and monitoring your cash flow. It will help you understand where your money is going and how to manage your spending.

Investment planning and management starts with a review of your current investment portfolio and an analysis of its ability to help you achieve your authentic goals presented during the Discovery portion of the process. The review will involve selecting asset classes, sub classes, and specific securities within those classes. We believe good asset allocation will consist of a variety of appropriately selected asset classes. Both our experience and academic research has shown that the majority of portfolio returns are the result of the asset allocation decision and not market timing or individual security selection.

Planning for financial independence is a detailed look at your post-employment cash flow projections that are a result of taking into account all potential sources of post-employment income, company retirement plan options and the best strategies for maximizing assets to be used for your needs when you are no longer earning a salary.

Asset protection and risk management are an important part of the financial planning process designed to reduce risk to acceptable levels. This planning will help protect you from catastrophe and frivolous lawsuits. It includes a review of all types of insurance coverage to ensure that you have the appropriate levels of coverage.

Estate and tax planning is designed to improve your wealth building efficiency and to help you transfer your lifetime assets according to your wishes. An appropriate estate plan can help you minimize the time it takes to distribute your estate and minimize your federal taxes.

We provide assistance in working with your accountant and attorney in establishing your plan.

Financial coaching is designed to help you identify and remove the financial and emotional road blocks that may be blocking your progress and to track and implement the goals and dreams you identified in the discovery process.

IMPLEMENTATION

In the Implementation process we will assist you to “get into action” for all your decisions and coordinate that with all of your advisers. We will communicate with your accountant and your attorney (if you have directed us to do so) to implement your specific plan. We will execute the portfolio design that you’ve selected, helping you to liquidate and acquire securities and managers we’ve identified in the plan.

MAINTENANCE

We believe integrated financial planning is dynamic, ever changing, and never complete. The maintenance process will include the on-going oversight of your goal implementation. Some services like investment planning, planning for financial independence, cash flow management, estate planning, financial coaching or tax planning are ongoing or completed over a longer period of time.

We hold periodic meetings with a minimum of an annual meeting. The number of meetings per year depends upon your complexity. More complex client needs will indicate more frequent meetings. In our meetings we will focus on the issues you identify as important and a continuous review of all the components of your changing financial needs. These meetings often will include, but not be limited to, an investment review, a review of your goals, reviewing your progress toward creating financial independence, an estate planning review, and a tax strategy review.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow you to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing your account.

D. Participation in *wrap fee* programs.

We do not offer wrap fee programs.

E. Disclosure of the amount of *client* assets we manage on a *discretionary basis* and the amount of *client* assets we manage on a *non-discretionary basis* as of December 31, 2010.

We manage² \$139,478,840 on a discretionary basis and \$13,010,393 on a non-discretionary basis.

Item 5. Fees and Compensation

The SEC requires us to describe fees and fund expenses so you will know how much you are charged for the advisory services provided to you. Our fees are generally not negotiable.

A. Description of how we are compensated for our Financial Planning services provided to you.

We base our fees on the total value of your investment assets. This by definition excludes assets like dwellings, vehicles, and other personal property. Our fee is the same regardless of whether you want us to only provide investment advice and manage your investments, or if you want integrated financial planning.

Investment Assets	Annual Retainer Fee
Up to \$500,000	1.50%
\$500,001 to \$5,000,000	0.40%
\$5,000,001 and beyond	0.30%
Real Estate, businesses	0.20%

For investment real estate and businesses, we charge based on the total value of your investment assets and do not offset any liability.

We have a one-time data-gathering and design fee of up to 50% of the annual retainer fee. Our minimum quarterly fee is \$1,250. The one-time data-gathering and design fee, and the first quarterly fee are due at the beginning of the engagement. Thereafter, asset retainer fees are due quarterly in arrears. Asset retainer fees are established annually based on the assets under management as of October 31st of the previous year.

Because we calculate our retainer fee on a percentage of your investment assets, there exists a potential conflict of interest regarding advice given by us since our revenues are directly impacted by the size of your portfolio. While we pledge that your best interests are our highest priority, we feel compelled to disclose that charging fees based on a percent of your assets poses a potential conflict of interest when it comes to establishing the value of illiquid assets such as real estate and business interests.

² Please note that our method for computing the amount of “*client* assets we manage” can be different from the method for computing “investment assets” required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute “*client* assets we manage,” we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our “as of” date must not be more than three months before the date we last updated our *Brochure* in response to Item 4.E of Form ADV Part 2A.

Other services not listed above will be billed on an hourly basis of \$350 per hour. A project fee may be quoted based upon the time and effort required. The total fee and services to be provided are agreed upon at the time of engagement. Project fees will vary based upon the amount of time we incur for the project in addition to the nature and complexity of services.

B. Description of whether we deduct fees from *clients*' assets or bill *clients* for fees incurred.

Fees can be automatically deducted from your managed account, or billed directly to you. Your fees will only be deducted from your managed account if you have directed us to do so.

As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements from your account, including the amount of the retainer fees paid.
- b) You provide authorization permitting us to be directly paid by these terms.

C. Description of any other types of fees or expenses *clients* may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

You will incur transaction charges for trades executed in your accounts. These transaction fees are separate from our retainer fees. Also, you will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

D. Client's retainer fees are due quarterly in arrears.

Our firm's annual retainer fees are billed on a quarterly basis in arrears. Since we are billing in arrears, our invoices are due and payable when received.

If you wish to terminate our advisory services, you need to provide a 30 days' notice in writing and state that you wish to cancel this Agreement. Upon receipt of your letter of termination, we will proceed to close out your account and charge you a pro-rata retainer fee(s) for services rendered up to the point of termination.

E. Commissionable securities sales.

We do not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons licensed with FINRA and registered with a broker-dealer. We have chosen not to do so because we feel strongly it would be difficult to maintain unbiased and objective financial advice if we were to receive commissions from product sales.

We do not hold any insurance licenses. When reviewing insurance products for clients, we will rely on information given to us by your insurance agent. From time to time, we will request (with your permission and direction) analysis, quotes, and recommendations from licensed insurance agents and brokers whom we trust or have done business with in the past.

We receive no compensation, directly or indirectly from any insurance product you may purchase from any insurance agent or broker.

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

We do not charge performance fees to you.

Item 7. Types of Clients and Account Requirements

We have the following types of clients:

- Individuals
- Trusts, Estates or Charitable Organizations
- Pension and Profit Sharing Plans
- Corporations, limited liability companies and/or other business types

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum annual fee of \$1,250. New clients pay an initial data-gathering and design fee which is equal up to the first two quarterly retainer fees.
- We reserve the right to decline services to any person or firm. We may waive the minimum fee where special circumstances exist, for pre-existing relationships, for friends or family members.

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

A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

We choose assets for your portfolio based on your needs. Our choices are affected by economic conditions, your liquidity needs, proposed investment period, need for diversification and importance of current income. In addition, we take into consideration your risk tolerance, your present and anticipated tax situation, as well as, the investment's historical yield, potential appreciation and marketability. We will rely on the information provided by the client and we are not obligated to verify the accuracy of information or reports provided.

Investment strategies used to implement investment advice are generally long-term in nature and primarily utilize a "constant-weighting asset allocation" philosophy. Investment strategies may include short-term purchases depending upon the individual needs and objectives of the client. All proposed investment strategies are closely evaluated, in advance, to insure they are in keeping with the client's stated/written investment policy or directives.

We recommend and manage many types of assets, including exchange-listed securities, mutual fund shares, corporate debt, US government securities, real estate, limited partnerships, variable annuities and certificates of deposit. The process we use in making investment choices includes looking at markets and industries using charting, fundamental, technical, and cyclical analysis. Our information is gathered from a variety of sources, including research organizations, professional publications, mutual fund and corporate rating services, prospectuses, financial newspapers and magazines and annual reports.

At its heart, asset allocation seeks to achieve the most efficient diversification of assets, so as to help lessen risk and volatility while not sacrificing the effectiveness of the portfolio in an effort to yield the client's stated objectives. Since we believe that risk reduction is a key element to long-term investment success, asset allocation principles are a key part of our overall approach in preparing advice for you.

We spend the majority of our time in determining the percentage allocation among ten asset classes: US Stocks, Foreign Stocks, US Bonds, TIPS, High Yield Bonds, Foreign Bonds, Cash, REITS, Natural Resources, Absolute Return and Managed Futures. The percentage allocations are designed with each individual client's goals and risk tolerance in mind. Our investment management services include the following:

- Designing and implementing an appropriate asset allocation plan
- Identifying specific assets and investment managers within each asset category
- Developing a written Investment Policy Statement
- Monitoring the performance of all selected assets
- Recommending changes to the client's Investment Policy Statement
- Re-balancing the portfolio when appropriate
- Being available to meet with the client periodically
- Tax-loss harvesting
- Preparing and presenting appropriate reports

We are obligated, as a fiduciary, to provide the best possible execution of securities transactions for you under the circumstances of the particular transaction. We must execute individual securities transactions for you in such a manner that your total costs or proceeds in each transaction are the most favorable under the circumstances.

We feel that fees associated with services are competitive compared to other investment advisory firms offering similar services. We consider the full range and quality of a broker's services in placing brokerage accounts, including, but not limited to the value or research provided as well as execution capability, commission rate, the ability to negotiate commissions, the ability to obtain volume discounts, financial responsibility, and responsiveness to us. The determinative factor is not the lowest commission cost but whether the transaction represents the best quality execution for the managed account. Therefore, we periodically and systematically review and evaluate the execution performance of the broker/dealer handling our transactions. In evaluating whether a broker or dealer will provide

“best execution,” historical net prices (after commissions or other transaction-related compensation) on other transactions will be a principal factor, but other, related factors will also be relevant, including the execution, clearance and settlement capabilities of the broker or dealer generally and in connection with securities of the type to be bought or sold; the broker’s or dealer’s willingness to commit capital; its reliability and financial stability; the size of the transaction; and the market for the security.

We utilize many resources of public information to include financial news and research materials. We also utilize a number of computer databases available to professional investment advisers by subscription. These databases are reviewed on a regular basis. Additionally, unaffiliated service providers may occasionally be engaged to provide statistical reports, tax alerts and investment reviews to us on a regular basis.

When special situations arise, we may also consult with outside experts for additional input (without sharing nonpublic personally identifying client data). Examples of these outside, unaffiliated consultants include, but are not limited to: attorneys, investment managers, accountants, or pension specialists. Any fees associated with these consultations would be born solely by us unless other arrangements have been made, under a separate engagement letter or agreement between the client and the outside service provider.

Please note: Investing in securities involves risk of loss that *clients* should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

B. Our practices regarding cash balances in *client* accounts, including whether we invest cash balances for temporary purposes and, if so, how.

We generally invest client’s cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client’s cash balances through relatively low-risk conservative investments. In some cases, at least a partial cash balance will be maintained in a money market account for the client’s use or so our firm may debit retainer fees for our services when requested by the client.

Item 9. Disciplinary Information

We are required to disclose whether there are legal or disciplinary events that are material to a *client’s* or prospective *client’s* evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a *management person* has been *involved* in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the *management person’s* favor, or was reversed, suspended or vacated, or (2) the event is not material. For purposes of calculating this ten-year

period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a *client's* or prospective *client's* evaluation of our firm or management.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

Item 10. Other Financial Industry Activities and Affiliations

Separate and distinct from the financial planning practice, Richard S. Kahler, CFP®, MS, the President and Chief Compliance Officer of Kahler Financial Group, is the President and 50% owner of Caldwell Commercial Real Estate, Inc. *dba* Kahler Property Management. Mr. Kahler is also the President and 50% owner of Kahler, Inc. *dba* Prudential Kahler Realtors, but there is no time spent on this activity during market hours. Mr. Kahler holds a real estate brokerage license and is a state certified general appraiser. While the time spent on these outside business activities may vary throughout the year, it may account for approximately 1% of his time on commercial appraisal and 1% of his time in the oversight of his real estate firm.

You are welcome, but are never obligated, to utilize the services available through these outside businesses. Any non-advisory services will be provided through a separate agreement with the appropriate entity. Where appraisal and realtor services are utilized, Richard Kahler or the business entity owned by him will earn normal fees and commissions for services. Income from real estate commissions and fees from appraisal services have been negligible for the past 5 years since Mr. Kahler retired from active real estate sales. Also, FFS, Inc. does not normally provide appraisal services to clients of our firm because of the potential for a conflict of interest.

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

- A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any *client* or prospective *client* upon request.

At times, the investment interests of the advisory representatives or related persons may coincide with the interest of clients' accounts. Due to the relatively insignificant investments, made by the members or related persons of our firm, in relation to total market investments, these transactions would have no noticeable effect on market prices or movement. However, at no time will we, our representatives, or any related person receive an added benefit or

advantage over clients with respect to these transactions as a result of their position. Your interests and needs are at the forefront of our practice. All rules and regulations of the United States Securities and Exchange Commission's ("SEC") Investment Advisers Act of 1940 will be strictly enforced. We will not permit insider trading and have established the required internal policy relating to insider trading. Richard S. Kahler, CFP®, MS, the Chief Compliance Officer of our firm monitors its staff's personal securities holdings records.

In 2005, investment advisers were required to implement a written Code of Ethics. Our Code of Ethics is as follows:

Fiduciary Responsibilities: We are a fiduciary to each and every one of you. The SEC takes the position that investment advisers owe their clients several specific duties as fiduciaries and these include: Advice that is suitable; Full disclosure of material facts and potential conflicts of interest (such that you have complete and honest disclosure in order to make an informed decision about services of the adviser and about investment recommendations); Utmost and exclusive loyalty and good faith; Best execution of transactions; Our reasonable care to avoid ever misleading you; and, Only acting in your best interests. It is our policy to protect the interests of each of you and to place your interests first and foremost in each and every situation. Further, we monitor the personal trading of all access persons, defined as staff members who have access to client trading and investment recommendations prepared by us.

Our staff shall always act in good faith and with candor; we shall be proactive in our disclosure of any conflicts of interest that may impact you; and we shall not accept any referral fees or compensation that is contingent upon the purchase or sale of a financial product.

Internal Code Of Ethics: We take the issue of regulatory compliance seriously. Our firm and our staff are required to comply with state and applicable federal securities regulations. We require that all staff members (advisory representatives and associated persons) immediately report any known or suspected violations of the Adviser's Fiduciary Duties, Code of Ethics or securities rules and regulations to our Chief Compliance Officer, Richard S. Kahler, CFP®, MS. Failure to report material information will result in loss of authority or termination and possible additional action by a regulator. We will abide by honest and ethical business practices to include, but are not limited to:

- We will not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account;
- We will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the customer and we will document suitability;
- We will place non-discretionary orders only after obtaining your authorization;

- We are never to borrow money or securities from, or lend money or securities to a client;
- We will not place an order for the purchase or sale of a security if the security is not registered, or the security or transaction is not exempt from registration in states where we provide investment advice;
- We will not place orders, or recommend that the client place an order to purchase or sell a security through a broker/dealer or agent, or engage the services of a broker/dealer, agent of, advisory representative or advisory firm that is not licensed in states where we provide investment advice, or with the SEC;
- All access persons will report all but exempt personal securities trading to the Chief Compliance Officer for themselves and for beneficial relationships. The Chief Compliance Officer is charged with approval and monitoring of personal securities transactions.

CFP® Code: Richard S. Kahler, CFP®, MS holds the Certified Financial Planner™ designation (“CFP®”). The Certified Financial Planner Board of Standards Inc. (CFP Board) also has adopted its own Code of Ethics and Professional Responsibility (*Code of Ethics*) to provide principles and rules to all persons whom it has recognized and certified to use the CFP, Certified Financial Planner™ and certification marks (collectively “*the marks*”). The CFP Board determines who is certified and thus authorized to use the marks. Implicit in the acceptance of this authorization is an obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. The CFP® *Code of Ethics*’ Principles expresses the profession’s recognition of its responsibilities to the public, to you, to colleagues and to employers. They apply to all CFP Board designees and provide guidance to them in the performance of their professional services. You are welcome to request a copy of the CFP® Code of Ethics from us.

If you should have any questions relating to our Code of Ethics or would like copies of the above Codes, you can contact Richard S. Kahler, CFP®, MS, and the Chief Compliance Officer of our firm. If you want further information concerning the CFP® *Code of Ethics*’, you can visit <http://www.cfp.net/>.

Item 12. Brokerage Practices

- A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (i.e., commissions).
1. Research and Other Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), we are required to disclose our

practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, and clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program.

- a. Explanation of when we use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

As part of the arrangement described in Item 12.A.1, TD Ameritrade also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by TD Ameritrade directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our *clients*’ interest in receiving best execution.

As a result of receiving the services discussed in 12.A.1.a. of this Brochure for no additional cost, we may have an incentive to continue to use or expand the use of TD Ameritrade’s services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with TD Ameritrade and we have determined that the relationship is in the best interest of our firm’s clients and satisfies our client obligations, including our duty to seek best execution.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

- c. Causing *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

You may pay a commission to TD Ameritrade that is higher than another qualified broker dealer might charges to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

- d. Disclosure of whether we use soft dollar benefits to service all of our *clients'* accounts or only those that paid for the benefits, as well as, whether we seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

The soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients.

- e. Description of the types of products and services our firm or any of our *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within our last fiscal year.

We are required to specifically describe to you the types of products or services that we are acquiring and to permit you to evaluate possible conflicts of interest. Our description must be more detailed for products or services that do not qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that we obtain various research reports and products is not specific enough.

In addition to the benefits described in Item 12.A.1. of this brochure, TD Ameritrade also makes available to our firm other products and services that benefit us, but may

not benefit your accounts. These benefits may include national, regional or investment adviser specific educational events organized and/or sponsored by TD Ameritrade. Other potential benefits may include occasional business entertainment of personnel of our firm by TD Ameritrade personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist our firm in managing and administering your accounts. These include software and other technology (and related technological training) that provide access to you account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our accounts, including accounts not maintained at TD Ameritrade. TD Ameritrade also makes available to our firm other services intended to help our firm manage and further develop our business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, TD Ameritrade may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. TD Ameritrade may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, our firm endeavors to act in your best interests, adviser's recommendation/requirement that you maintain your assets in accounts at TD Ameritrade may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by TD Ameritrade, which may create a potential conflict of interest.

We would have to obtain the aforementioned services and products for cash if we did not have soft dollars available to pay for them. As a result of receiving such products and services for no cost, we may have an incentive to continue to place your trades through broker-dealers that offer soft dollar arrangements. This interest conflicts with the your interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the best execution policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

- f. Explanation of the procedures we used during our last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits we received.

All soft dollar arrangements must be approved in writing by our Chief Compliance Officer, Richard S. Kahler. A brief description of the purpose of the soft dollar arrangement outlining the benefits received by our firm and clients along with any

noted concerns about increased costs to you and how such concerns were alleviated will be maintained on file. Our Chief Compliance Officer undertakes a review of parties which propose to pay our firm in soft dollars and analyzes a number of criteria. When deciding whether to approve or disapprove of a soft dollar relationship, the following criteria is reviewed: the broker-dealer's business reputation and financial position and our ability to consistently execute orders professionally and on a cost effective basis, provide prompt and accurate execution reports, prepare timely and accurate confirms, deliver securities or cash proceeds promptly and provide meaningful research services that are useful to us in investment decision-making or other desired and appropriate services. Our Chief Compliance Officer also annually reviews all our soft dollar relationships for appropriateness, benefits to you, etc.

At times, a product or service we would like to purchase with soft dollars may have a "mixed use", meaning that a portion of the product is used to provide bona fide research as part of the investment decision-making process and part of it may be used for a non-research purpose. In these situations, our Chief Compliance Officer will make a pro-rata allocation of the cost of such service based on our evaluation of the research and non-research uses of the product. The cost of the product must be paid using both hard and soft dollars, the hard dollars being paid by our firm for the non-research portion and soft dollars for the research portion. For services that have a "mixed use", our Chief Compliance Officer will make a fair and reasonable determination as to how much of the cost may be paid with soft dollars. The basis for such determination shall be documented and will include an explanation as to how the computation of such percentage was reached. Our Chief Compliance Officer's computation shall be retained in our firm's files along with any records used to determine the "mixed use" percentages. Whenever there is a substantial change in the use of "mixed use" services, our Chief Compliance Officer will reevaluate such services. Providers of services that have a "mixed use" will be directed to either bill the paying broker for such service and the broker will be directed to bill us for the non-research portion, or to send separate bills to us and the paying broker for the appropriate amounts.

As a fiduciary, we have an obligation to obtain "best execution" of your transactions under the circumstances of the particular transaction. Consequently, notwithstanding the safe harbor provided under Section 28(e) of the Securities Exchange Act of 1934, no allocation for soft dollar payments shall be made unless best execution of the transaction is reasonably expected to be obtained.

- 2) Brokerage for *Client* Referrals. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage)

Our firm does not receive brokerage for client referrals.

3) Directed Brokerage.

- a. If we routinely recommend, request or require that a *client* directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their *clients* to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of *client* transactions, and that this practice may cost our *clients* more money.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

- b. If we permit a *client* to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost *clients* more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

See Item 12.A.3.a. of this Brochure.

- B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various *client* accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to *clients* of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be

either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13. Review of Accounts or Financial Plans

- A. Review of *client* accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our *employees* who conduct the review.

Investment Review. Richard S. Kahler is the President and Chief Compliance Officer of Kahler Financial Group and the Portfolio Analyst with strategic oversight of all our clients' portfolios. He is responsible for the review of your portfolio. The portfolio review process that he uses is as follows.

We assign your portfolio a minimum of an annual review with more frequent reviews on an as needed basis. A review of your portfolio could also occur at the time of significant new deposits or withdrawals, material changes in client's financial information, significant changes in the market, as often as the client may prefer as agreed to at the time of engagement, or at our discretion. These reviews are not necessarily based on the timing of meetings with you. This review is done on an aggregate client basis and does not require timing decisions. We review the investment managers or securities in your portfolio on an ongoing basis (at least quarterly, sometimes monthly).

Reviews entail analyzing your portfolio's, securities, investment managers performance, sensitivity to overall markets, economic changes, investment results and asset allocations, to help ensure the investment strategy is structured to continue to meet your stated needs and objectives. We examine each individual holding to see if any significant changes have occurred. We give particular attention to mutual funds that you hold by researching the performance, risk, style or current operational data of each fund. We then compare the current allocation among the asset classes to the allocation in their target portfolio and Investment Policy Statement.

If we determine that adjustments need to be made to bring your portfolio into closer conformity with the target allocation, we research all the assets in the categories in question to determine what changes to make. We then develop the trades needed to make these adjustments.

At least once a year, we will review with you the allocation of the portfolio among asset classes and compare that with the target allocation. We will also compare your portfolio's return to appropriate benchmarks when appropriate. We will provide reports on individual assets to you when requested, or as the advisor deems appropriate. We send reports showing realized gains/losses and income received to you once a year within the first three months after year-end.

You may call the office at any time during normal business hours to discuss your account, financial situation or investment needs directly with Richard S. Kahler, CFP, MS, CFP®, the President and Chief Compliance Officer. We request that you contact us no less than annually and promptly if there has been a change in your financial situation as new information may warrant a review or change in the investment strategies. We will request you update all your financial information annually so we can determine if there have been any changes that merit a change in your financial plan.

While you may give us limited discretionary authority to execute trades, you are welcome to implement investment recommendations and advice, in whole or in part, through the financial service provider of your choice. You also retain the authority to proxy vote and will continue to do so until we otherwise may agree in writing. You are welcome to delegate said proxy voting authority to a properly authorized agent (non-advisory personnel). We will not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Please note that any securities in your account are owned by you directly, rather than an undivided interest in a pool of securities.

Financial Planning Review. Richard S. Kahler is the President of Kahler Financial Group and the Senior Financial Planner with strategic oversight of all your financial planning. He is responsible for the financial planning review of your portfolio. The portfolio review process that he uses is as follows.

We assign your financial plan a minimum of an annual review with more frequent reviews on an as needed basis. A review of your financial plan could also occur at the time of significant changes in a client's life or material changes in a client's financial situation. These reviews are not necessarily based on the timing of meetings with you. This review is done on an aggregate client basis and does not require timing decisions.

Reviews typically involve a review of these areas: insurance, asset protection, estate, taxation, financial independence, and cash flow.

Hourly and project services terminate upon delivery. In these cases, reviews or updates are not included in the services. We may recommend annual reviews or other follow-up services but it would be the client's responsibility to engage additional services from our firm, under a new or amended engagement.

B. Review of *client* accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Item 14. Client Referrals and Other Compensation

- A. If someone who is not a *client* provides an economic benefit to our firm for providing investment advice or other advisory services to our *clients*, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

Apart from the arrangements outlined in Item 12 of this brochure, we have no additional arrangements to disclose.

- B. If our firm or a *related person* directly or indirectly compensates any *person* who is not our *employee* for *client* referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

Item 15. Custody

- A. If we have *custody* of *client* funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our *clients*, we must disclose that we have *custody* and explain the risks that you will face because of this.

State Securities Bureaus, or their equivalent, generally take the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds and securities. As such, we have adopted the following safeguarding procedures:

- (1) Our client must provide us with written authorization permitting direct payment to us of our retainer fees from their account(s) maintained by a custodian who is independent of our firm;
 - (2) We must send a statement to you showing the amount of our fee and the specific manner in which our fee was calculated;
 - (3) We must disclose to you that it is your responsibility to verify the accuracy of our fee calculation, and that the custodian will not determine whether the fee is properly calculated; and
 - (4) Your account custodian must agree to send you a statement, at least quarterly, showing all disbursements from your account, including retainer fees.
- B. If we have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to our *clients*, we are required to explain that you

will receive account statements from the broker-dealer, bank, or other qualified custodian and that you should carefully review those statements.

We encourage you to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

Item 16. Investment Discretion

If we accept *discretionary authority* to manage securities accounts on behalf of *clients*, we are required to disclose this fact and describe any limitations our *clients* may place on our authority. The following procedures are followed before we assume this authority:

If you choose to have us manage your portfolio on a non-discretionary basis, that means all trades are reliant on a written confirmation from you. That written confirmation is usually obtained prior to the trade, but may be obtained after a trade was completed when we have a prior verbal approval.

If you choose to have us manage your portfolio on a discretionary basis, we will discretionarily execute all trades in accordance and compliance with your Investment Policy Statement. Discretionary asset management services are designed for clients who prefer to leave the decisions regarding the selection of specific investment vehicles to our firm. This service is similar in all aspects to our non-discretionary services, with the exception that we choose the investments for your portfolio that are in compliance with the Investment Policy Statement and execute the trades discretionarily.

Item 17. Voting Client Securities

- A. If we have, or will accept, proxy authority to vote *client* securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. You will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. You may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 18. Financial Information

- A. If we require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year.

- B. If we are an SEC-registered adviser and have *discretionary authority* or *custody* of *client* funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to *clients*.

We have nothing to disclose in this regard.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.