

FORM ADV
Uniform Application for Investment Adviser Registration

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Item 1 Cover Page

Name: The Financial Discovery Group, Inc.

SEC File Number: 801-63588

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Brochure Disclosure:

This brochure provides information about the qualifications and business practices of The Financial Discovery Group, Inc. If you have any questions about the contents of this brochure, please contact us at 404-816-0160 or advisor@financialdiscovery.net. 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 The Financial Discovery Group, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This annual update to the brochure contains material changes with a previous sub-advisory relationship (Item 10.C.) and in management fees (Item 5.A.) from the last annual update on January 20, 2010.

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Item 4 Advisory Business

Item 4. A. Advisory Business Description

The Financial Discovery Group, Inc. is a Georgia Corporation owned by Kyle H. Flynn. The firm has been in business since 1996.

Item 4. B. Types of Advisory Services

The Financial Discovery Group, Inc. provides financial planning services. Approximately 50% of total advisory billings are due to providing financial planning advice to clients. Financial planning advice includes matters related to client cash flow, retirement, insurance, tax, educational funding and estate situations. The Financial Discovery Group, Inc. also provides investment supervisory services for clients. Investment supervisory services constitute approximately 50% of total advisory billings.

Item 4. C. Tailored Advisory Services

The Financial Discovery Group, Inc. tailors their advisory services to the individual needs of clients. All clients will be offered and provided an annual review meeting to discuss their individual financial situation. The Financial Discovery Group, Inc. bases its advice on information disclosed by clients during the annual meeting. Clients may impose restrictions on investing in certain securities or types of securities.

Item 4. D. Wrap Fee Programs

The Financial Discovery Group, Inc. does not participate in any wrap fee programs.

Item 4. E. Client Assets Managed

The Financial Discovery Group, Inc. managed \$42,000,000 in discretionary assets as of December 31, 2010. The Financial Discovery Group, Inc. managed \$3,000,000 on a non-discretionary basis as of December 31, 2010. All amounts were rounded to the nearest \$100,000.

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Item 5 Fees and Compensation

Item 5. A. Fee Schedule

The assets considered in determining the fee are agreed upon at the initial investment selection meeting. The Financial Discovery Group, Inc. reserves the right to change the investment fees with a thirty-day notice. Under certain circumstances, the fee may be negotiable. The annual fee schedule follows:

Portfolio Value	Percent of Portfolio	Maximum Cumulative Fee
<\$750,000	1.25%	\$9,375
>\$750,000	1.00%	\$20,000

There is a minimum fee of \$6,500. There is no additional charge for financial planning services for clients using The Financial Discovery Group, Inc. for investment advice. The Financial Discovery Group, Inc. may agree to prepare one-time financial plans for a negotiated fee for persons not using the firm for investment advice.

Item 5. B. Client Billing and Fee Deduction

In most circumstances, The Financial Discovery Group, Inc. bills quarterly and deducts fees from client's assets within fifteen days of the calendar quarter. Clients may select to have fees deducted from client assets or to be billed for fees incurred.

Item 5. C. Other Fees and Expenses

In addition to fees paid to The Financial Discovery Group, Inc., clients also pay the custodian/broker for transaction costs associated with buying or selling securities ("Brokerage Fees"). The brokerage fees are immediately deducted by the custodian/broker from the client's account. The Financial Discovery Group, Inc. does not receive any compensation from transactions.

In addition, each mutual fund and exchange traded fund has underlying expense ratios which reduce the return of the investment. These fees are embedded in the fund and reduce the mutual fund or exchange traded fund price ("Net Asset Value"). The fees are not deducted from the client account. The Financial Discovery Group, Inc. does not receive any compensation from these fees.

Item 5. D. Billing In Advance

The Financial Discovery Group, Inc. typically bills in advance at the end of each quarter based on the quarter-end client asset values. Clients may terminate the agreement at any time. A terminating client will receive a prorated refund for the portion of the final quarter during which assets were not under The Financial Discovery Group, Inc.'s management.

Item 5. E. Compensation of Supervised Person

No employee of The Financial Discovery Group, Inc. receives compensation for the sale of securities or other investment products.

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Item 6. Performance-based Fees

The Financial Discovery Group, Inc. does not enter into performance-based fee arrangements.

Item 7. Types of Clients

The Financial Discovery Group, Inc. provides investment advice to individuals, individual/solo 401k plans, estates of individuals, trusts, and custodial accounts for minors. Under most circumstances, the minimum account size is \$500,000.

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

Item 8. A. Methods of Analysis and Investment Strategies

The Financial Discovery Group, Inc. tailors investment advice to each client's projected future cash flow needs. This technique is sometimes referred to as Asset Liability Matching. The Financial Discovery Group, Inc. incorporates fundamental valuation and economic cycle analysis into its investment advice. The Financial Discovery Group, Inc. utilizes financial newspapers and magazines, research material prepared by others, corporate ratings services, prospectuses and filings with the Securities and Exchange Commission as a basis for its analysis. The Financial Discovery Group, Inc. does not receive "soft dollars" from client brokerage to pay for any research materials.

Client investment strategies include long term purchases, short term purchases (which are sold within one year), and options buying and writing. The Financial Discovery Group, Inc. implements client investment strategies through purchases of the following types of securities (both foreign and domestic):

- Money market funds
- Certificates of Deposit ("CD")
- No-load mutual fund shares
- Exchange Traded Funds ("ETF")
- Municipal Bonds
- Corporate Bonds
- United States Government Bonds
- Sovereign Bonds
- Options contracts on securities
- Exchange listed interests in real estate and oil and gas partnerships
- Exchange listed securities

Investing in securities involves the risk of loss that clients should be prepared to bear.

Item 8. B. Risk of Loss for Investment Strategy and Method of Analysis

Significant risks of loss related to Asset Liability Matching methods include:

- a rise in the level of liabilities (future cash flow needs) due to inflation or higher client demands for cash withdrawals than previously projected without a corresponding increase in asset levels. A significant imbalance in asset and liabilities with ongoing withdrawals could result in portfolio depletion.
- a low level of cash flows available from securities (through dividends or bond coupons for example) which may necessitate a reliance on future capital gains to provide adequate total return in the portfolio. The future price level of securities is uncertain; securities may lose value in the future.
- rapid price changes and illiquidity during periods of unusual market volatility making desired adjustments to the portfolio difficult to execute.
- receiving less than the principal amount due on bonds at maturity due to default or restructuring of the issuer.
- significantly lower long-run equity or bond returns than the historical average.

Significant risks of loss related to fundamental valuation and economic cycle analysis include:

- changes in valuation norms resulting in allocating more capital to risky assets at an inopportune time.
- historical valuation and cyclical analysis techniques becoming outmoded due to changes in market conditions.

None of the investment strategies listed above result in frequent trading of securities. Frequent trading affects investment performance, particularly through increased brokerage or other transaction costs and taxes.

Item 8. C. Risk of Loss from particular types of securities

Money Market Funds: loss of “real” value (purchasing power) of principal due to inflation; illiquidity during times of extreme volatility; some loss of principal possible if the government no longer guarantees par value.

Certificates of Deposit: loss of “real” value of principal due to inflation; illiquidity prior to maturity date; penalties on early withdrawal; loss of principal on amounts over FDIC limits.

Bonds (individual securities, no-load mutual funds, exchange traded funds): loss of “real” value of principal due to inflation; lack of liquidity and transparency in certain markets; loss of coupon income and principal due to default or restructuring; lower security price prior to maturity due to rising interest rates, credit risk, or changes in tax law; currency risk in foreign bonds.

Actively-managed bond portfolios may significantly underperform a broad bond index.

Equity (individual securities, no-load mutual funds, exchange traded funds): significant risk of loss of principal; lack of liquidity during periods of extreme volatility; issuers do not guarantee any form of return, including dividend payments.

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Actively-managed equity portfolios may significantly underperform a broad equity index.

Options: significant risk of loss of principal due to the passage of time, changes in the level of volatility, changes in interest rates, and changes in the price of the underlying security; lack of liquidity in certain markets; lack of liquidity in all markets during periods of extreme volatility.

Exchange listed interests in real estate and oil and gas partnerships: lack of liquidity in certain markets; lack of liquidity in all markets during periods of extreme volatility; changes in tax law reducing desirability of holding security; changes in interest rates reducing desirability of holding security; issuers do not guarantee any return, including payments of dividends and interest.

Actively-managed real estate and oil and gas funds may significantly underperform a broad index.

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Item 9. Disciplinary Information

Item 9. A. Criminal or Civil Actions

The Financial Discovery Group, Inc. and its management persons have not been involved in any way with criminal or civil actions in a domestic, foreign or military court of competent jurisdiction.

Item 9. B. SEC Administrative Proceedings

The Financial Discovery Group, Inc. and its management persons have not been involved in any way with administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign regulatory authority.

Item 9. C. Self-Regulatory Organization Proceedings

The Financial Discovery Group, Inc. and its management persons have not been involved in any way with a self-regulatory organization (SRO) proceeding.

Item 10 . Other Financial Industry Activities and Affiliations

Item 10. A. Broker-Dealer

No management person of The Financial Discovery Group, Inc. is registered, or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Item 10. B. Commodities and Futures

No management person of The Financial Discovery Group, Inc. is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Item 10. C. Other relationships

Broker-Dealer Relationship material to the advisory business

The Financial Discovery Group, Inc. has selected Charles Schwab & Co., Inc. as custodian of client assets and directs most trades to Charles Schwab & Co., Inc as broker-dealer. The Financial Discovery Group, Inc. does not receive any compensation from Charles Schwab & Co., Inc. The Financial Discovery Group, Inc. evaluates the use of Charles Schwab & Co. Inc. at least annually on a number of judgement factors (see Item 12. A. below for additional information).

Banking relationship

Kyle H. Flynn has a banking relationship with Bank of America, owns Bank of America stock, and will receive deferred compensation from Bank of America which could create a conflict of interest when discussing Bank of America or the banking relationships of clients. The Financial Discovery Group, Inc. does not recommend individual company stock purchases.

No management person of The Financial Discovery Group, Inc. has a relationship or arrangement that is material to the advisory business or clients with respect to any person listed below:

1. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
2. other investment adviser or financial planner
3. futures commission merchant, commodity pool operator, or commodity trading advisor
4. accountant or accounting firm
5. lawyer or law firm
6. insurance company or agency
7. pension consultant
8. real estate broker or dealer
9. sponsor or syndicator of limited partnerships.

Item 10. D. Other investment advisers

The Financial Discovery Group, Inc. and its management persons do not recommend or select other investment advisers for their clients for which they receive compensation directly or indirectly.

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

Item 11. A. Code of Ethics

The Financial Discovery Group, Inc. has adopted a Code of Ethics. A copy of the Code of Ethics may be obtained by clients and prospective clients upon request. The Code of Ethics sets forth a standard of business conduct required of all employees. The Code mandates honest and ethical conduct and full compliance with all securities laws. The Code of Ethics supplements the policies and procedures contained in the Company's Compliance Manual.

Item 11. B. Securities in which we have a material financial interest

The Financial Discovery Group, Inc. does not engage in securities transactions with clients or recommend securities to clients in which management persons have a material financial interest.

Item 11. C. Securities we hold in common with clients

Management persons of The Financial Discovery Group, Inc. may at times hold the same securities recommended for or held by client accounts. This may create two conflicts of interest: 1) purchase (or sale) of the recommended security in significant amounts may cause the price to rise (or fall), affecting existing holders of the security, and 2) the timing of management persons purchases and sells relative to transactions conducted for clients in the security. The Financial Discovery Group, Inc. mitigates these conflicts by: 1) investing in securities with sufficient liquidity so as not to materially move the market bid/ask price, and 2) selling securities removed from recommendation only after the positions have been liquidated from client accounts and buying newly recommended securities only after the positions have been added in client accounts.

Item 11. D. Timing of transactions in securities we hold in common with clients

Management persons of The Financial Discovery Group, Inc. sell securities removed from recommendation only after the positions have been sold in client accounts. Management persons of The Financial Discovery Group, Inc. buy newly recommended securities only after the positions have been purchased in client accounts.

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Item 12. Brokerage Practices

Item 12. A. Selection of Broker-Dealer

The Financial Discovery Group, Inc. selects a custodian/broker that will hold client assets and execute transactions on terms that are, overall, advantageous when compared to other available providers and their services. The Financial Discovery Group, Inc. considers a wide range of factors, including, among others:

- a combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- reputation, financial strength, and stability
- prior service to our clients

Item 12. A. 1. Research and Other Soft Dollar Benefits

The Financial Discovery Group, Inc. does not receive any soft dollar benefits from brokers. The Financial Discovery Group, Inc. automatically receives access to securities research provided by Charles Schwab & Co., Inc. as part of Schwab's website application for custody. The securities research consists of analyst reports on individual companies from research organizations such as Charles Schwab, Standard & Poors, and Argus. The Financial Discovery Group, Inc. does not solicit this access nor does it use the materials as an integral part of its investment process as it does not recommend stocks of individual companies.

Item 12. A. 2. Brokerage for Client Referrals

The Financial Discovery Group, Inc. does not receive client referrals from a broker-dealer or third party.

Item 12. A. 3. a. Directed Brokerage

The Financial Discovery Group, Inc. recommends that clients use Charles Schwab & Co., Inc., a registered broker-dealer, as the qualified custodian. Clients decide whether to do so and open accounts with Charles Schwab & Co., Inc. by entering into an account agreement directly with them. The Financial Discovery Group, Inc. does not open the account, although it may assist clients in doing so. If prospective clients do not wish to place assets with Schwab, then The Financial Discovery Group,

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Inc. cannot manage the account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor.

Although accounts are maintained at Charles Schwab & Co., Inc., The Financial Discovery Group, Inc. can select other brokers to execute trades for the account. In practice, The Financial Discovery Group, Inc. only selects brokers other than Charles Schwab & Co., Inc. for certain bond trades. By directing brokerage to Charles Schwab & Co., Inc., clients may be unable to achieve most favorable execution of transactions; this practice may cost clients more money.

Item 12. A. 3. b. Directed Brokerage

The Financial Discovery Group, Inc. does not permit clients to direct brokerage.

Item 12. B. Transaction Aggregation

The Financial Discovery Group, Inc. does not aggregate orders for multiple clients. Because of the individualized investment advice described above, The Financial Discovery Group, Inc. does not typically have an opportunity to aggregate orders. Not aggregating orders may result in clients paying full transaction costs for trades rather than a fraction of the transaction cost and potential loss of favorable security pricing.

Item 13. Review of Accounts

Item 13. A. Review Frequency

The Financial Discovery Group, Inc. reviews all accounts at least quarterly. Kyle H. Flynn, President, is the reviewer of the accounts. The standard is to assist the client in the development of a financial plan, design the portfolio, report on portfolio performance, and adjust the portfolio as necessary to achieve client goals.

Item 13. B. Other Reviews

The Financial Discovery Group, Inc. may review accounts at instances other than quarterly depending on the client's financial situation and any agreement with the client. Events that materially impact a client's life or finances will trigger a review.

Item 13. C. Reporting on Accounts

Clients receive written quarterly performance reports from The Financial Discovery Group, Inc. Clients also receive monthly account statements from the qualified custodian. During the annual review, The Financial Discovery Group, Inc. provides an updated status of the portfolio.

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Item 14 Client Referrals and Other Compensation

Item 14. A. Economic benefits from persons other than clients

The Financial Discovery Group, Inc. does not have any arrangements with any persons other than clients which provides an economic benefit.

Item 14. B. Compensation for client referrals

The Financial Discovery Group, Inc. does not compensate any person for client referrals.

Item 15 . Custody

The Financial Discovery Group, Inc. does not have custody of client accounts. Clients will receive monthly statements from the qualified custodian. The Financial Discovery Group, Inc. urges clients to carefully review those statements and compare the statement from the qualified custodian to those received from us.

Item 16. Investment Discretion

The Financial Discovery Group, Inc. accepts discretionary authority to manage securities accounts on behalf of clients. Clients may place restrictions on certain securities they do not wish to hold. The Financial Discovery Group, Inc. executes discretionary authority through a limited power of attorney with the qualified custodian/broker to buy and sell securities in the client account.

Item 17. Voting Client Securities

Item 17. A. Authority to Proxy Vote

The Financial Discovery Group, Inc. will not accept authority to vote client securities.

Item 17. B. Receipt of Proxy

Clients will receive security proxies or other solicitations directly from the qualified custodian. Clients may contact The Financial Discovery Group, Inc. at the phone number above with questions about a particular solicitation.

Item 18 . Financial Information

Item 18. A. Prepayment

The Financial Discovery Group, Inc. does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance.

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Item 18. B. Prepayment with discretionary authority

The Financial Discovery Group, Inc. does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance.

Item 18. C. Bankruptcy

The Financial Discovery Group, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 . Requirements for State-Registered Advisers

The Financial Discovery Group, Inc. is not a state-registered adviser.