

Intelligent Financial Strategies, LLC

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Intelligent Financial Strategies, LLC

Brochure

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This Brochure provides information about the qualifications and business practices of Intelligent Financial Strategies, LLC. If you have any questions about the contents of this Brochure, please contact us at (952) 941-2795 or Jason@ifs-advisor.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 Intelligent Financial Strategies, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

There have been no material changes made to Intelligent Financial Strategies, LLC's disclosure statement since last year's Annual Amendment filing on March 8, 2011.

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Item 4 Advisory Business

Intelligent Financial Strategies, LLC is a limited liability company formed on August 24, 2009 in the State of Minnesota. We became registered as an Investment Adviser Firm in May 2000. Listed below are the firm's principal owners:

- Jason Good, Managing Member

Intelligent Financial Strategies, LLC offers the following advisory services to our clients:

FINANCIAL PLANNING SERVICES

We provide financial planning services. Through our financial planning process, our goal is to define specific goals and objectives in various areas of the client's financial life. We then assess the client's current status in each of the relevant financial planning categories. We recommend necessary actions that need to occur to bring the current status closer to or aligned with the goal or objective for that specific financial planning category. Clients utilizing our financial planning services receive a document called the IFS Playbook. This document is maintained internally and updated as necessary. The IFS Playbook can address any or all of the following financial planning categories:

- Assets
- Debt
- Income
- Expenses
- Savings
- Withdrawals
- Tax Strategies
- Education Planning
- Business Planning
- Financial Independence
- Survivorship Planning
- Long-Term Disability Planning
- Long-Term Care Planning
- Health Care Planning
- Property, Casualty & Liability Protection
- Wills and Trusts
- Beneficiary Designations
- Ownership of Assets
- Financial Powers of Attorney
- Health Care Directives
- Charitable Planning
- Family Legacy Planning
- Investment Strategies

The information gathering process consists of a series of meetings and in-depth discussions with our client. We base our recommendations in any particular financial planning category of off these discussions. Should the client choose to implement specific recommendations from us, we recommend the client work closely with her/his accountant, attorney or insurance agent. Implementation of recommendations contained in a client's IFS Playbook is entirely at the client's discretion.

INVESTMENT ADVISORY SERVICES

Our firm provides ongoing investment advisory services to a client based on his/her specific individual goals and objectives. We create and manage a client's investment portfolio with specific attention paid to time horizon, risk tolerance and liquidity needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities: *Mutual Funds, Exchange Traded Funds, Individual Equity Securities and Individual Fixed Income Securities.*

Once the client's portfolio has been established, we review the portfolio regularly, and if necessary, rebalance the portfolio based on the client's individual needs.

MISCELLANEOUS

Non-Discretionary Service Limitations. Clients that determine to engage our firm on a non-discretionary investment advisory basis **must be willing to accept** that we cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, we will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

Trade Error Policy. We shall reimburse accounts for losses resulting from our trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within our custodian firm account and we retain the net gains and losses.

Client Obligations. In performing our services, we shall not be required to verify any information received from the client or from the client's other professionals. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify us if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

Disclosure Statement. A copy of the our written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement.*

Amount of Managed Assets

As of December 31, 2011, we had \$87,995,587 in assets under management on a discretionary basis and \$21,795,013 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

FINANCIAL PLANNING FEES

Intelligent Financial Strategies, LLC's financial planning fees are typically calculated and charged based on a percentage of assets, depending upon the specific arrangement reached with the client. The client will be billed quarterly in advance based on the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
On the first \$2,000,000	1.00%
On the next \$3,000,000	0.75%
On the next \$5,000,000	0.50%
On all amounts over \$10,000,000	Negotiable

We may provide financial planning services on an annual retainer basis. Our annual retainer fee shall vary depending on the complexity of the services involved. In certain situations, we may charge a financial planning fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Clients may elect to have our advisory fees deducted from their custodial account. Both our *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of our investment advisory fee and to directly remit that management fee to us in compliance with regulatory procedures. In the limited event that we bill the client directly, payment is due upon receipt of our invoice. We shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, we generally recommend that Charles Schwab ("*Schwab*") or Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and *Fidelity* charge brokerage commissions and/or 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 fixed income securities transactions). In addition to our investment advisory fee, brokerage commissions and/or transaction fees, clients will incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

The *Investment Advisory Agreement* between Intelligent Financial Strategies, LLC and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, we shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

We not accept compensation from the sale of securities or other investment products.

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

Intelligent Financial Strategies, LLC does not charge performance-based fees.

Item 7 Types of Clients

Intelligent Financial Strategies, LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Charitable organizations
- Trusts and Estates
- Corporations or other businesses not listed above

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

We utilize the following methods of analysis in formulating our investment advice and managing client assets:

- Fundamental Analysis- Analysis performed on historical and present data in an attempt to measure the underlying intrinsic value of a security. Fundamental analysis does not attempt to anticipate short-term market movements.
- Asset Allocation- Instead of focusing primarily on security selection, we attempt to identify an appropriate combination of equities, fixed income and cash suitable to a client's personal goals and objectives. Through our asset allocation process, we attempt to mitigate sharp portfolio fluctuations.
- Mutual Fund and/or ETF Analysis- We analyze the history and track record of the manager of the mutual fund or ETF before including the investment in a client's portfolio. A risk of mutual fund and/or ETF analysis is that past performance does not guarantee future results. Additionally, a manager who has been successful in the past may not be able to continue that success in the future. We do not control the underlying investments in a fund or ETF and managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value.
- Risks for all forms of analysis- Our analysis methods rely on the assumption that information gathered from various sources is accurate and unbiased. There is always a risk that our analysis may be hindered by inaccurate or misleading information.

Our methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis we must have access to current/new market information. We have no control over the dissemination rate of market information; therefore, unbeknownst to us, certain analyses may be compiled with outdated market information, severely limiting the value of our analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market

values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Our primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Item 9 Disciplinary Information

Intelligent Financial Strategies and its employees do not have legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

We maintain an investment policy relative to personal securities transactions. This investment policy is part of our overall Code of Ethics, which serves to establish a standard of business conduct for all of our employees that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, we also maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by IFS.

Our firm and/or individuals associated with our firm *may* buy or sell securities that are also recommended to clients. This practice may create a situation where our firm and/or individuals associated with our firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if we did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of our clients) and other potentially abusive practices.

We have a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of our “Access Persons”. Our securities truncation policy requires that an Access Person of our firm must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief

Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date our firm selects; provided, however that at any time that we have only one Access Person, he or she shall not be required to submit any securities report described above.

Item 12 Brokerage Practices

In the event that the client requests that Intelligent Financial Strategies, LLC recommends a broker-dealer/custodian for execution and/or custodial services, we generally recommend that investment management accounts be maintained at *Schwab* or *Fidelity*. Prior to engaging us to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with us setting forth the terms and conditions under which we shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that we consider in recommending *Schwab* or *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with our firm, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by our clients shall comply with the our duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission/transaction fee 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, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, we may receive from *Schwab* or *Fidelity* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist our firm to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by our firm may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by our firm in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist us in managing and administering client accounts. Others do not directly provide such assistance, but rather assist our firm to manage and further develop our business enterprise.

Our clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* or *Fidelity* as a result of this arrangement. There is no corresponding commitment made by our firm to *Schwab* or *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Our Chief Compliance Officer, Jason P. Good (Jason@ifs-advisor.com), remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

We do not receive referrals from broker-dealers. We do not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to “batch” the client's transactions for execution through other broker-dealers with orders for other accounts managed by our firm. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs us to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through our firm.

Our Chief Compliance Officer, Jason P. Good, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

To the extent our firm provides investment management services to our clients, the transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Our firm shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

For those clients to whom we provide investment supervisory services, account reviews are conducted on a regular basis by our Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with us on an annual basis.

We may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections or client request.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts and/or applicable mutual fund companies or partnerships. Those clients to whom our firm provides investment advisory services will also receive a quarterly report from us summarizing account activity and portfolio performance via their secure online private client portal.

A review of the client's financial plan occurs periodically and on an as needed basis. We typically meet with a client twice per year and up to five times in one year for a new client. The frequency of ongoing meetings is based on a client's specific needs.

Item 14 Client Referrals and Other Compensation

As referenced above, we may receive an indirect economic benefit from *Schwab* or *Fidelity*. We may, without cost (and/or at a discount), receive support services and/or products from *Schwab* or *Fidelity*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* or *Fidelity* as result of this arrangement. There is no corresponding commitment made by our firm to *Schwab* or *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Our Chief Compliance Officer, Jason P. Good, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

If a client is introduced to our firm by either an unaffiliated or an affiliated solicitor, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from our investment management fee, and shall not result in any additional charge to the client. If the client is introduced to our firm by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of our written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from our firm.

Item 15 Custody

We shall have the ability to have our advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts and/or applicable mutual fund companies or partnerships. Those clients to whom our firm provides investment advisory services will also receive a quarterly report from us summarizing account activity and portfolio performance.

Please Note: To the extent that we provide clients with recent account statements or reports, the client is urged to compare any statement or report provided by us with the account statements received from the account custodian.

Please Also Note: that the account custodian does not verify the accuracy of our advisory fee calculation.

Item 16 Investment Discretion

A client can determine to engage us to provide investment advisory services on a discretionary basis. Prior to our firm assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming our firm as client's attorney and agent in fact, granting us full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage us on a discretionary basis may, at anytime, impose restrictions, **in writing**, on our discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe our use of margin, etc).

Item 17 Voting Client Securities

We do not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact us to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

We do not solicit fees of more than \$1,200, per client, six months or more in advance.

We are unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments relating to its discretionary authority over certain client accounts.

We have not been the subject of a bankruptcy petition.

ANY QUESTIONS: Our Chief Compliance Officer, Jason P. Good, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.