

**Dorman Financial Management, P. A.  
WRAP FEE PROGRAM BROCHURE**

**FORM ADV PART 2A  
APPENDIX 1**

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**This wrap fee program brochure provides information about the qualifications and business practices of Dorman Financial Management, P.A. If you have any questions about the contents of this brochure, please contact us at 407-774-6815. 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 Dorman Financial Management, P.A. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Dorman Financial Management, PA is 136881.**

**Dorman Financial Management, P.A. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

### ***Summary of Material Changes***

This brochure is a new document prepared according to the SEC's new requirements and rules. Therefore, there are no material changes to report.

Generally, we will notify our clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document

## APPENDIX 1

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## Services, Fees and Compensation

Dorman Financial Management, P.A. is a registered investment adviser primarily based in Maitland, Florida. We are organized as a corporation under the laws of the State of Florida. We have been providing investment advisory services since 2003. James Dorman is our principal owner.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words “we”, “our” and “us” refer to Dorman Financial Management, P.A. and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer discretionary and non-discretionary asset management services through a wrap-fee program (“Program”) as described in this wrap fee program brochure to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. We are the sponsor and portfolio manager for the Program. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee and you will not pay separate transaction charges imposed by the custodian of your account as we will absorb those charges.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

### **Client Investment Process**

Our firm will obtain your financial data and assist you in determining the suitability of the Program based on information obtained from you. We will use the suitability information we gather from our initial meeting to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. We will monitor your portfolio’s performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Restrictions and guidelines you impose may affect the composition and performance of your portfolio. For these reasons, performance of your portfolio may not be identical with the average client in our wrap fee program.

Transactions for your account must be executed by TD Ameritrade Institutional Program (“TD Ameritrade”), an unaffiliated securities broker-dealer, member of the Financial Industry Regulatory

Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by TD Ameritrade or other broker-dealers, and the advisory fees charged by investment advisers.

### **The Program Fee**

We charge an annual "wrap-fee" for participation in the Program based a percentage of assets under management. You are not charged separate fees for the different components of the services provided by the Program. Our firm pays all trade expenses of trades placed on your behalf. Our annualized fees for the wrap fee program ranges from 0.4% to 2.0% depending on individual circumstances. These fees may be negotiable in some circumstances based on factors, such as size and/or type of account, and complexity.

Our annual wrap program fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. If the wrap fee program agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the wrap program fee is payable in proportion to the number of days in the quarter for which you are a client.

If assets are deposited after the inception of a quarter and subsequently withdrawn prior to the end of the same quarter, the fee will be prorated based on the number of days during the quarter the assets were held in the account and payable at the next quarter billing.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct the fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

We encourage you to review the statement(s) you receive from the qualified custodian. If you have any questions regarding the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

### **Termination of Advisory Relationship**

You may terminate the wrap fee program agreement within five days from the date of acceptance without penalty to you. After the five-day period, either party may terminate the wrap fee program agreement upon 30-days' written notice to the other party. The wrap fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to you.

Upon termination of accounts held at TD Ameritrade, they will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees.

### **Wrap Fee Program Disclosures**

- You should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately and/or from other advisers or broker-dealers.
- Our firm and associated persons receive compensation as a result of your participation in the wrap-fee program. This compensation may be more than the amount our firm or our associated persons would receive if you paid separately for investment advice, brokerage, and other services.

Accordingly, a conflict of interest exists because our firm and our associated persons may have a financial incentive to recommend the Program.

#### **Additional Fees and Expenses**

The fee that you pay our firm to participate in the Program is separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

There may be other costs which are not included in the Program fee, such as national securities exchange fees; charges for transactions not executed through TD Ameritrade, costs associated with exchanging currencies; wire transfer fees; or other fees required by law.

### **Account Requirements and Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we do not require a minimum dollar amount to open and maintain a wrap fee program account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

### **Portfolio Manager Selection and Evaluation**

#### **Performance-Based Fees and Side-by-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the "Services, Fees and Compensation" section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

#### **Our Methods of Analysis and Investment Strategies**

As portfolio manager of the wrap fee program, we may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Fundamental Analysis – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

- Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

In general, we manage wrap fee accounts on a discretionary basis based on a long-term investment strategy. However, we manage non-wrap fee accounts on either a discretionary or a non-discretionary basis, and may include a short-term investment strategy in managing this type of account. A long-term investment strategy will typically involve investing in securities that are anticipated to grow in value over a relatively long period of time. On the other hand, a short-term investment strategy will typically involve purchasing and selling securities within a relatively short period of time based on these securities' short-term price fluctuations.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

More than a small portion of our clients' assets are advised using technical and fundamental analysis, and short term and long term purchases. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Short term trading is not a fundamental part of our overall investment strategy, but we may use this strategy when we determine that it is suitable given your stated investment objectives and tolerance for risk. Short term trading generally involves a greater degree of risk than long term trading due to market volatility over a short period of time; however, our short term purchases typically have a longer than average investment horizon to mitigate risks associated with market volatility. Long term purchases may also be affected by unforeseen long term changes in the company in which you are invested or in the overall market.

At any time, we may hold a significant portion of assets in cash or cash equivalents.

#### **Strategy Risk and Risk of Loss**

Certain strategies have more risk than other strategies. The risk involved with these specific strategies should be evaluated prior to any investment being made in order to ensure that your goals, objectives, and financial situation is such that you are able to bear the risks inherent to these investments.

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

#### **Recommendation of Particular Types of Securities**

We primarily recommend mutual funds and exchange traded funds (ETFs) for our wrap fee program clients. However, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks

associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end".

#### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

### **Client Information Provided to Portfolio Managers**

#### **Your Privacy**

As portfolio manager of the Program, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys in the course of servicing your account. Under any other circumstances, we do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.



## **Client Contact with Portfolio Managers**

You will have complete access to contact the portfolio manager handling your account(s) under the Program.

## **Additional Information**

### **Disciplinary Information**

April 2005 – Client complaint of inappropriate investment. Settled out of court with no finding of fault and only monetary responsibility was the return of commission March 2007.

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

Persons providing investment advice on behalf of our firm are registered representatives with NEXT Financial Group, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

James Dorman, President of our firm is also a CPA. Mr. Dorman can offer accounting services to you; however, you are under no obligation to use his accounting services. Our advisory services are separate and distinct from the compensation paid to Mr. Dorman for accounting services.

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to clients and prospective clients upon request. You may obtain a copy of our Code of Ethics by contacting James Dorman at 407-774-6815.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

### **Reviews of Accounts**

James Dorman, President of Dorman Financial Management, P.A. will monitor your accounts on an ongoing basis and will conduct account reviews at least quarterly to ensure the advisory services provided to you and that the portfolio mix are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or,
- changes in your risk/return objectives.

We will not provide you with additional or regular written reports in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### **Client Referrals and Other Compensation**

As disclosed under the "Other Financial Industry Activities and Affiliations" section of this Brochure, persons providing investment advice on behalf of our firm are registered representatives with NEXT, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and apart from the wrap-fee program and our firm's advisory fees. As an advisory client, we will not execute securities transactions through NEXT on behalf of your account and will therefore not earn commission in connection with securities transactions in your account.

### **Brokerage Practices**

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

We may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the Program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount); receipt of duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by related persons of our firm. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist our firm in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help our firm manage and further develop its

business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware; however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

We may receive succession planning, practice valuation, and equity management services from third-party vendors through our participation in the TD Ameritrade Institutional Equity Management Program. In addition to meeting the minimum eligibility criteria for participation in the TD Ameritrade Institutional Equity Management Program, our firm may have been selected to participate in the TD Ameritrade Institutional Equity Management Program based on the amount and potential profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with our firm and there is no employee or agency relationship between TD Ameritrade and our firm. TD Ameritrade has established the TD Ameritrade Institutional Equity Management Program as a means of assisting independent unaffiliated advisors to grow and maintain their respective investment advisory business. TD Ameritrade does not supervise our firm and has no responsibility for our management of client portfolios or our firm's other advice or services to clients.

Our firm's participation in the TD Ameritrade Institutional Equity Management Program raises potential conflicts of interest. We may encourage our clients to custody their assets at TD Ameritrade and those client accounts are profitable to TD Ameritrade. Consequently, in order to participate in the TD Ameritrade Institutional Equity Management Program, we may have an incentive to recommend to clients that the assets under management with our firm be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Our participation in the TD Ameritrade Institutional Equity Management Program does not relieve our firm of the duty to seek best execution of trades for client accounts.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **Block Trades**

We combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

#### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will not keep the profit.

#### **Class Action**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you. Generally, you will receive class action documents directly from the custodian. In the event we receive class action materials on your behalf, we will forward them to you via Certified Mail,

return receipt requested.

**Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.