

Part 2A of Form ADV

Firm Brochure

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This brochure provides information about the qualifications and business practices of DHK Financial Advisors, Inc. Please contact us by telephone at (603) 436-5801, or by email at cynthia@dhkfinancial.com, with any questions about the contents of this brochure. 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 DHK Financial Advisors is available on the SEC's website at www.adviserinfo.sec.gov.

March 30, 2017

Material Changes

Material Changes since the Last Update

As of December 31, 2016, Timothy W. Dempsey became the sole owner of DHK Financial Advisors, Inc., buying out Thomas Kelly's percentage of ownership.

There have been no other material changes to our last Firm Brochure dated March 18, 2015. However, certain non-material changes have been made to this Firm Brochure, and consequently, we urge you to read this in its entirety.

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Advisory Business

Firm Description

DHK Financial Advisors, Inc. ("DHK") was founded in 1993 as a Sub-S Corporation.

DHK offers to provide investment advice and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, associations, and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial goals, cash flow management, tax planning, investment management, and retirement planning.

Investment advice is provided, but DHK does not act as a custodian of client assets. The client always maintains asset control. DHK places trades for clients under a limited power of attorney.

Principal Owners

Timothy W. Dempsey is the principal owner of DHK Financial Advisors.

Types of Advisory Services

DHK Financial Advisors offers to provide investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; issues periodicals about mutual funds; issues reports about mutual funds and charts, graphs, formulas, or other devices which clients may use to evaluate mutual funds.

As of December 31, 2016, DHK Financial Advisors managed approximately \$1,175,775,075 in assets. Approximately \$428,767,098 of this amount is managed on a discretionary basis, and approximately \$747,007,977 is managed on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client investment objectives. Investment policy statements are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Financial Planning Agreement

DHK Financial Advisors does not provide financial planning services.

Advisory Service Agreement

Most clients choose to have DHK manage their assets in order to obtain ongoing investment advice. All aspects of the client's objectives are reviewed. We set what we believe to be realistic and measurable goals and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: objectives; investment management (including performance reporting); retirement planning; as well as the implementation of recommendations within each area.

The minimum annual fee is negotiable. Current client relationships may exist where the fees are higher or lower than another client's fees.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro-rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Asset Management

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. DHK Financial Advisors does not receive any compensation, in any form, from fund companies.

Investments can also include equities (stocks).

Initial public offerings (IPOs) are not available through DHK.

Termination of Agreement

A client may terminate any of the aforementioned agreements at any time by notifying DHK in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, DHK will refund any unearned portion of the advance payment.

DHK Financial Advisors may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, DHK will refund any unearned portion of the advance payment.

Fees and Compensation

Description

DHK Financial Advisors generally bases its fees on a percentage of assets under management, or fixed fees. The fees based on a percentage of assets range from .10% to 1.0%.

Fees are negotiable.

Fee Billing

Investment management fees are billed quarterly, in *arrears*, meaning that we invoice the client *after* the three-month billing period has *ended*. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must provide written consent in advance to authorize direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds.

DHK Financial Advisors, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

New Advisory Service Agreement fees are calculated on a formula basis and adjusted for complexity of individual situations. The formula is based on gross income, gross assets, and other financial considerations.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is referred to as an expense ratio. For example, an expense ratio of 0.20 means that the mutual fund company charges 0.2% for their services. These fees are in addition to the fees paid by the client to DHK Financial Advisors.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

DHK Financial Advisors reserves the right to stop work on any account that is more than 90 days overdue. In addition, DHK reserves the right to terminate any engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in DHK's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

Performance-Based Fees

Sharing of Capital Gains

Not applicable.

Types of Clients

Description

DHK Financial Advisors generally offers to provide investment advice to individuals, pension and profit sharing plans, trusts, or charitable organizations, corporations or business entities.

Account Minimums

DHK Financial Advisors may require a minimum account size from clients. The minimum account size is negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that DHK may use include Morningstar Principia mutual fund information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, Zephyr Associates' and StyleAdvisor.

Investment Strategies

The primary investment strategy used on client accounts is asset allocation. This means that we primarily use passively-managed index and exchange-traded funds as the core investments. Portfolios are globally diversified to manage the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies can include both long-term purchases and short-term purchases.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have never been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Not applicable.

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

Code of Ethics

The employees of DHK Financial Advisors have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

DHK Financial Advisors and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades.

Employees comply with the provisions of the DHK Financial Advisors *Compliance Manual*.

Personal Trading

DHK Financial Advisors conducts reviews of its employee trades in order to ensure that personal trading activities of the firm's supervised persons are in accordance with the firm's Code of Ethics.

Brokerage Practices

Selecting Brokerage Firms

Specific custodian recommendations are made to clients based on their need for such services.

DHK recommends discount brokerage firms and trust companies (qualified custodians), such as Schwab Institutional.

Best Execution

DHK Financial Advisors reviews the execution of trades at each custodian each quarter. Trading fees charged by the custodians are also reviewed on a quarterly basis. DHK does not receive any portion of the trading fees.

Soft Dollars

DHK Financial Advisors does not receive a software maintenance credit from Charles Schwab & Company, even though some client assets are custodied at Schwab. DHK has no soft dollar arrangements with any firms that custody DHK's client assets.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Account reviews are generally performed quarterly by advisor and President, Timothy W. Dempsey. Account reviews are performed more frequently when market conditions dictate and, in some instances, for those clients who request monthly reviews.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Quarterly investment performance reports are reviewed by account reviewers, who are members of the firm's staff. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least a quarterly basis. The written updates may include a net worth statement, portfolio statement, and a summary of objectives and progress towards meeting those objectives.

Client Referrals and Other Compensation

Incoming Referrals

DHK Financial Advisors from time to time receives referrals from current clients. The firm does not compensate referring parties for these referrals.

Referrals Out

DHK does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

Not applicable. We do not receive any other compensation.

Custody

Account Statements

All assets are held at qualified custodians; the custodians provide account statements (at least quarterly) directly to clients at their address of record.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by DHK.

Net Worth Statements

Clients are provided statements and net worth graphs on a regular basis that are generated from our client relationship management system. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate.

Investment Discretion

Discretionary Authority for Trading

DHK Financial Advisors accepts discretionary authority to manage securities accounts on behalf of some of our clients. DHK has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, DHK consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates to be paid to the custodian. DHK does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that DHK may promptly implement the investment policy that the client has approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. The client signs a limited power of attorney so that DHK may execute the trades that the client has approved.

Voting Client Securities

Proxy Votes

DHK Financial Advisors only votes proxies on securities when a client specifically requests this. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, DHK will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

Financial Information

Financial Condition

DHK Financial Advisors does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because DHK does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.