

# Integrity Financial Corporation

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## September 2017

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Integrity Financial Corporation is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

## MATERIAL CHANGES

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

### Amendments to Form ADV Part 2A, Disclosure Brochure

The following are the material changes in this brochure since the most recent updating amendment of Integrity Financial in February, 2017. Material changes relate to Integrity Financial's policies, practices or conflicts of interests only.

- Updated Florida office address and addition of Montana location

Clients wishing to receive a complete copy of our current brochure dated February 17, 2017 may request a copy at no charge by contacting our Compliance Officer at (800) 794-4015 or [info@integrity.financial](mailto:info@integrity.financial).

Additional information about Integrity Financial Corporation is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Integrity Financial Corporation who are registered, or are required to be registered, as Investment Advisor Representatives of Integrity Financial Corporation.

## TABLE OF CONTENTS

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	5
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 – Disciplinary Information .....	6
Item 10 – Other Financial Industry Activities and Affiliations .....	7
Item 11 – Code of Ethics .....	7
Item 12 – Brokerage Practices .....	8
Item 13 – Review of Accounts .....	8
Item 14 – Client Referrals and Other Compensation.....	9
Item 15 – Custody .....	9
Item 16 – Investment Discretion .....	9
Item 17 – Voting Client Securities.....	9
Item 18 – Financial Information.....	9

## ADVISORY BUSINESS

Integrity Financial Corporation is a Registered Investment Advisor and consulting practice founded in 2004. Kristofer R. Gray is the Principal and 100% owner. Integrity Financial Corporation provides financial planning, asset management, retirement plan consulting, and investment advice to individuals, high net worth individuals, business owners and corporate pension and profit-sharing plans. Our service lines include wealth management, business financial planning, and legacy planning. Integrity Financial Corporation's primary investment focus is asset allocation, with the unique needs of each client being met through custom-tailored investment advice and financial planning solutions.

Wealth management services are provided in the context of several different offerings: the first is the standard wealth management, which is a boutique, high-service level package. The second is a purely Internet-based service, which provides clients with a self-management option; the third, Private Wealth Management, a fee-based ongoing financial planning program designed to assist certain clients with a number of critical consulting-related services, which may include business financial planning and legacy planning.

At the core, the company's wealth management services includes a portfolio of index and/or actively managed instruments (funds and exchange traded funds) across a range of asset classes to create a low-cost, tax-efficient macro-diversified portfolio managed in line with client goals and risk tolerance. Portfolios are rebalanced to maintain the target asset allocation and impose discipline with regard to buying and selling of securities. Clients may impose restrictions on investing in certain securities or types of securities by providing such restrictions in writing to Integrity Financial Corporation. In addition to an investment portfolio, alternative investment strategies may be implemented to complement core holdings to create a holistic approach to asset management and assist in meeting longer-term financial planning goals.

Advisors at Integrity Financial work to create a customized plan for clients that weave together the areas of income planning, asset management, tax diversification, risk management, legacy planning, and charitable giving. Whether just getting started or retirement is right around the corner, our expert team of advisors have helped countless individuals create a holistic solution to a client's financial planning. This carefully balanced approach creates a clear picture of retirement income streams, and puts clients on track with an automatic savings plan that fits their situation. Our advisors work with clients to create an accurate personal balance sheet by consolidating scattered investment accounts and thereby streamlining the management of those funds. Furthermore, our advisors can help by utilizing cash management techniques to ensure emergency funds are sufficient and providing a stable rate of return.

It has become more important than ever to consider various types of investments and account types to diversify future taxable income in light of political uncertainty and increasing national debt. Our team helps to diversify clients' tax strategies, as well as help analyze various insurance policies. This is important because having the appropriate risk coverage should provide clients with the peace of mind that their wealth and loved ones are protected in the event that life throws an unexpected curve ball.

Additionally, we believe that leaving a financial legacy to one's family and charitable causes requires a thoughtful approach. A successful transfer of wealth sustains healthy family relationships and translates a sense of value to the beneficiaries. It is never too early to begin planning for the eventual transition of wealth. Our advisors can work with the client's attorney and CPA to ensure that a valid and appropriate will/trust and incapacity documents provide for the smooth transfer of their estate while minimizing taxes and expenses.

Holistic financial planning includes tax planning, insurance planning, retirement planning and estate planning. Financial planning services may include consultations and/or written plans, which analyze a client's financial situation and makes appropriate recommendations for strategies and methods of implementation.

In some instances the firm will now implement a holistic plan for a client under a Private Wealth Management ("PWM") arm. Private Wealth Management is a fee-based ongoing financial planning program designed to assist certain clients with a number of critical consulting-related services that Integrity Financial Corporation ("IFC") believes are important to a client creating and maintaining a sound financial plan, including the creation of both a Financial Plan and an Implementation Plan, together with initial and ongoing corresponding Investment Planning, Income Tax Planning, Estate Planning, Cash and Debt Management Planning and Insurance Planning, consulting and review services, and ongoing Progress Reports pertaining to each such component to assist the client with maintaining (and/or revising/updating) his/her/their plan and achieving their goals.

The services performed by Integrity Financial are primarily via personal interaction between advisors and clients. Internet-based advisory services have been made available to meet the needs of what is in many ways a changing society, in light of ever-increasing virtual services. For those clients who elect to solely utilize Integrity Financial's Internet-based advisory services, investment portfolio recommendations – though ultimately client-directed – are based on much the same criteria as for clients who work personally with advisors of the firm, as outlined under "Methods of Analysis." In these instances, clients utilizing only the online portfolio management module are encouraged to contact the firm should they desire a more holistic approach, bringing in the full range of the firm's advisory services, including income planning, asset management, tax diversification, risk management, legacy planning charitable giving.

Integrity Financial also works with business owners to design a qualified retirement plan to meet the unique needs of their employees. Services include plan design, recommended lineup of investment offerings, ongoing investment monitoring and onsite employee education. The firm may act in either a 3(21) or a 3(38) fiduciary role.

#### 401(k) Plan Management

As a boutique consulting firm, we distinguish ourselves by simplifying the complex financial needs of business owners into intentional and well-articulated financial goals.

Implementing a 401(k) plan is an important decision that should incorporate a thoughtful process. Designing a plan that meets the unique needs of owners is equally as important as providing a plan that incentivizes employee retention and participation. As a fee-based, independent Registered Investment Advisor, Integrity Financial Corporation specializes in providing business owners and plan sponsors with holistic strategies and a dedicated support team to simplify the complex process of qualified retirement plans.

Amidst a heightened and more scrutinized legal environment, IFC can act as a co-fiduciary guiding the design, implementation, and ongoing management of the plan in order to reduce the burden on plan sponsors. Our personalized employee education program includes group enrollment meetings and one-on-one financial planning ensuring each participant understands the benefit being offered and receives custom-tailored investment advice.

Integrity Financial Corporation manages client assets on both a discretionary and non-discretionary basis. As of December 31, 2016, \$118,099,000 million was being managed on a discretionary basis and \$25,923,750 million was being managed on a non-discretionary basis.

#### **FEES AND COMPENSATION**

Integrity Financial Corporation charges fees for financial planning, asset management, retirement plan consulting, and investment advice. Financial planning includes tax planning, insurance planning, retirement planning and estate planning. Financial planning services may include consultations and/or written plans, which analyze a client's financial situation and makes appropriate recommendations for strategies and methods of implementation of the strategies. Negotiable fees include up to \$250 per hour and/or \$2,000 for a written financial plan payable at the initial consultation. If the contract is terminated by either party prior to completion of a final presentation the prepaid fee will be prorated and refunded for any time and services not rendered. Integrity Financial Corporation manages client accounts, on a discretionary basis, for a percentage of the assets under its management. The annual negotiable fee ranges from 0.0% to 1.5%, depending on the size and complexity of a client's account and the applicant's standard Fee Schedule is listed below. All fees are subject to negotiation.

#### Individually Managed Accounts

\$0 - \$1 MM	1.50%
\$1MM - \$25 MM	1.00%
\$25 MM and above	0.75%

#### Internet-Based Advisory Accounts <sup>1</sup>

All Accounts	0.50%
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<sup>1</sup> Fees charged are for utilization of the online module only

#### Private Wealth Management ("PWM") <sup>2</sup>

Fixed PWM Fee	\$1,500 to \$2,000 per quarter
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<sup>2</sup> a flat fee payable on a quarterly basis, in arrears; the amount of the fee shall vary depending upon the level and scope of the consulting services required by each client

#### 401(k) Plan Management

\$0 - \$3 MM	1.00%
\$3 MM - \$4 MM	0.75%
\$4 MM - \$5 MM	0.50%
\$5 MM and above	negotiable

Either Integrity Financial Corporation or client may terminate the signed agreement for advisory services upon written notice. All advisory and management services will cease 30 days after written notice has been received by either party. Lower fees for comparable services may be available from other sources.

The specific manner in which fees are charged by Integrity Financial Corporation is established in a client's written agreement with Integrity Financial Corporation. Integrity Financial Corporation will bill its management fees on a quarterly basis. Clients may also elect to be billed directly for fees or to authorize Integrity Financial Corporation to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable.

Integrity Financial Corporation's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees

and commissions are exclusive of and in addition to Integrity Financial Corporation's fee, and Integrity Financial Corporation shall not receive any portion of these commissions, fees, and costs. Integrity Financial Corporation considers the costs associated when selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions). Integrity Financial does not charge a fee for the selection process of recommending third party management. Ongoing advisory fees for utilizing third party management are negotiable and would follow the standard Fee Schedule previously provided.

For Accredited Investors, Integrity Financial may make recommendations for a portion of a client's portfolio to be allocated to private placement investments. Whereas private placements can help provide risk diversification, they also carry a substantial risk as they are subject to less regulation than publicly offered securities. Additionally, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets. Individual private placement offerings are reviewed carefully at the investment level before acceptance by the firm, and the conditions and risks are discussed thoroughly with the client prior to implementation.

If an insurance-based strategy is implemented for a client, commissions are paid to Integrity Financial by the insurance company where business is placed and commissions paid to Integrity Financial are not deducted from client assets. Clients should be aware that a conflict exists between the interests of Integrity Financial Corporation and the interests of the client as commissions paid by the insurance company may, or may not, be higher than an alternative investment-based strategy.

The client is under no obligation to act upon the recommendations of Integrity Financial Corporation, and if the client elects to act upon any of the recommendations, the client is under no obligation to effect any of the transactions through Integrity Financial Corporation.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Integrity Financial Corporation does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **TYPES OF CLIENTS**

Integrity Financial Corporation provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans. There are no minimum requirements for opening and maintaining an account.



## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The core philosophy of Integrity Financial Corporation (IFC) is the implementation of strategic concepts of Modern Portfolio Theory (MPT), asset allocation, and diversification to create a tailored portfolio that can help individuals pursue their financial goals by capturing the best possible return for the amount of risk they are comfortable accepting. IFC portfolios range from Aggressive (usually investors with longer investment horizons) to Conservative (typically individuals near or in retirement) utilizing index and/or actively managed instruments (funds and exchange traded funds) across a range of asset classes to create a low-cost, tax-efficient macro-diversified portfolio managed in line with client goals and risk tolerance. Portfolios are continually monitored and periodically rebalanced to maintain the target asset allocation and impose discipline with regard to buying and selling of securities.

For clients utilizing only Integrity Financial's Internet-based advisory services, portfolio management will be driven purely by responses on a risk tolerance questionnaire, and not through a qualitative conversation with an advisor.

In addition to an investment portfolio, alternative investment strategies may be implemented to complement core holdings to create a holistic approach to asset management and assist in meeting longer-term financial planning goals. Investing in securities does involve risk of loss that clients should be prepared to bear.

## INVESTMENT STRATEGY

### Asset Class Investing

By creating a portfolio constructed across a range of asset classes utilizing funds and exchange traded funds one can achieve a low-cost, tax-efficient, diversified portfolio. A well-diversified portfolio should include exposure to multiple sectors of the market with appropriate allocations to each depending on the investor's personal situation, time-frame, goals, risk tolerance and overall amount invested.

Portfolios are rebalanced periodically to maintain the target asset allocation. This imposed discipline, leads to buying low and selling high when rebalancing. This is contrary to the dangerous tendency of undisciplined investors who do the opposite: often times they buy high and sell low as they chase the market or respond to fear. Research in the area of behavioral finance has shown that large numbers of individual investors fall victim to this trap.

## DISCIPLINARY INFORMATION

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Integrity Financial Corporation or the integrity of Integrity

Financial Corporation's management. Integrity Financial Corporation has no information applicable to this item.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

All Investment Advisor Representatives associated with Integrity Financial Corporation are licensed to sell, for sales commissions, insurance products and are appointed with multiple Insurance Companies. Clients should be aware that a conflict exists between the interests of Integrity Financial Corporation and the interests of the client; and the client is under no obligation to act upon the recommendations of the Integrity Financial Corporation; and if the client elects to act upon any of the recommendations, the client is under no obligation to affect the insurance transactions through Integrity Financial Corporation. Kristofer Gray is a Principal of Living Well Family Office, facilitating and organizing retreats for families with other nationally recognized speakers and thought leaders in the areas of wealth, family, and health. All material conflicts of interest are disclosed as in ADV Part 2 regarding the applicant, its representatives and any of its employees, which could reasonably impair the rendering of unbiased and objective advice.

#### **CODE OF ETHICS**

Integrity Financial Corporation has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Integrity Financial Corporation must acknowledge the terms of the Code of Ethics annually, or as amended.

Integrity Financial Corporation anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Integrity Financial Corporation has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Integrity Financial Corporation, its affiliates and/or clients, directly or indirectly, have a position of interest. Integrity Financial Corporation's employees and persons associated with Integrity Financial Corporation are required to follow Integrity Financial Corporation's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Integrity Financial Corporation and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Integrity Financial Corporation's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Integrity Financial Corporation will not interfere with (i) making decisions in the best interest of advisory clients, and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Integrity Financial Corporation's clients. In addition, the Code requires pre-

clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Integrity Financial Corporation and its clients.

Integrity Financial Corporation's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting our Compliance Officer at [info@integrity.financial](mailto:info@integrity.financial).

It is Integrity Financial Corporation's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Integrity Financial Corporation will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **BROKERAGE PRACTICES**

Clients wishing to implement Integrity Financial Corporation's advice are free to select any custodian/brokerage firm they wish, and are so informed. Those wishing for the applicant to recommend a custodian/brokerage firm will get a recommendation based on the custodian/brokerage firm's costs, skills, reputation, dependability and compatibility with the client. Clients may be able to obtain lower commissions and fees from other custodian/brokerage firms and the value of products, research and services given to the applicant is not a factor in determining the selection of custodian/brokerage firm or the reasonableness of their commissions.

Integrity Financial Corporation does not currently participate in any Soft Dollar arrangements.

## **REVIEW OF ACCOUNTS**

Integrity Financial Corporation reviews all managed accounts, including those utilizing solely Internet-based advisory services, on a quarterly basis and all financial planning accounts on an annual basis. The calendar is the triggering factor for both. The Chief Investment Officer, is responsible for reviewing managed accounts and implementing any necessary changes. In addition, all Investment Advisor Representatives review client accounts on a portfolio analysis basis.

Integrity Financial Corporation does not prepare regular client reports. Clients receive statements from their custodian/brokerage firm on a monthly basis, or a quarterly basis at minimum. Invoice copies are prepared and mailed directly to the client at the end of each quarter.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

Integrity Financial Corporation does not have any arrangements with third-party providers for referrals in exchange for compensation.

#### **CUSTODY**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Integrity Financial Corporation urges clients to carefully review such statements and compare such official custodial records to any account statements that Integrity Financial Corporation may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **INVESTMENT DISCRETION**

As part of our investment advisory agreement, Integrity Financial Corporation receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions must be provided to Integrity Financial Corporation in writing.

#### **VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, Integrity Financial Corporation does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios and all information with regard to proxies will be mailed directly to the client from the custodian. Integrity Financial Corporation may provide advice to clients regarding the clients' voting of proxies.

#### **FINANCIAL INFORMATION**

Integrity Financial Corporation has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Integrity Financial Corporation does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.