

# **Dougherty & Associates Financial Advisors, Inc.**

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Dougherty & Associates Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 763-682-4014. 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 Dougherty & Associates Financial Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Dougherty & Associates Financial Advisors, Inc. 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.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment, dated March 16, 2018 we have no material changes to report.

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## Item 4 Advisory Business

### Description of Services and Fees

Dougherty & Associates Financial Advisors, Inc. is a registered investment adviser based in Buffalo, MN. We are organized as a corporation under the laws of the State of Minnesota. We have been providing investment advisory services since 2012. Michael J. Dougherty is our firm's principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Asset Allocation/Portfolio Monitoring Services
- Financial Planning Services
- Selection of Other Advisers
- Seminars
- Consulting Services

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 Dougherty & Associates Financial Advisors, Inc. 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.

### Portfolio Management Services

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. Portfolios we construct may consist of equity securities, mutual fund shares, corporate debt securities, municipal securities, U.S. government securities, and/or interest in partnerships, among others, if we determine such investments to be in the best interests of our clients. Once we construct an investment portfolio for you, 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. However, some accounts may only require periodic supervision and re-balancing of the portfolio. Management of these assets is not considered continuous in nature and the fee may be negotiated accordingly.

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.

**Asset Allocation/Portfolio Monitoring Services**

We offer asset allocation services that are tailored to meet our clients' needs and investment objectives. We will initially provide you with recommendations as to how to allocate your investments among categories of assets. We will then review your account on a pre-determined basis, such as monthly, quarterly, semi-annually or annually. The frequency of the services provided will be agreed upon by you and our firm and detailed in your client agreement. Where appropriate, we may provide you with recommendations to change your asset allocation in an effort to remain consistent with your stated financial objectives. You are free at all times to accept or reject any of our investment recommendations.

**Financial Planning Services**

We offer financial planning services, which will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. We will advise on matters involving investments in securities and non-securities, as well as matters involving non-investment related topics. Areas addressed may include tax planning, asset allocation, estate preservation, retirement planning, and college/education planning, among others. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we will deliver a plan to you, designed to help you achieve your stated financial goals and objectives. We may also prepare special reports at your request.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. Certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

**Selection of Other Advisers**

As part of our investment advisory services, we may recommend that you use the services of a third party investment adviser ("TPA") to manage your entire, or a portion of your, investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPA or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPA's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the TPA(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

**Seminars**

From time-to-time, we may conduct workshop seminars.

**Consulting Services**

We may assist clients with facilitating the transfer of their investment accounts in the event of a divorce or death. Such services are provided at our firm's then-current hourly rate.

## **Types of Investments**

We primarily offer advice on mutual funds; however, we may also offer advice on equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, variable life insurance, variable annuities, U.S. Government securities, options contracts on securities, and interest in partnerships investing in real estate, oil and gas interests, technology, equipment leasing, or any other industries as we may deem appropriate in order to address your individualized needs, goals, and objectives.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## **Assets Under Management**

As of January 16, 2019, we provide continuous management services for \$200,000,000 in client assets on a discretionary basis, and \$2,000,000 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our fee for portfolio management services is based on a percentage of your assets we manage as set forth in the following fee schedule:

| <b>Assets Under Management</b> | <b>Maximum Annual Fee</b> |
|--------------------------------|---------------------------|
| \$0 up to \$999,999            | 2.25%                     |
| \$1,000,000 - \$1,999,999      | 2.00%                     |
| \$2,000,000 - \$4,999,999      | 1.75%                     |
| \$5,000,000 - \$9,999,999      | 1.50%                     |
| Over \$10,000,000              | 1.25%                     |

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last business day of the previous calendar quarter. The initial fee will be due when you sign the Advisory Agreement, although exceptions may be made. For example, the initial fee may be waived until asset transfer is complete. If the portfolio management 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 advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances. We will send you an invoice for the payment of our advisory fee.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. We will send you an invoice showing the amount of the fee. 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 may adjust your advisory fee to offset commissions that our Associated Persons earn as registered representatives of a broker-dealer in connection with the sale of mutual fund transactions. Specifically, the purchase of front-end load shares (A shares) or back-end load shares (B shares), during the time your management agreement is in effect and/or within 12 months prior to the effective date of the management agreement, will result in a full offset of your advisory fees. For purchases of loaded

shares within 13 to 24 months of the effective date of the management agreement, the resulting management fee offset will be equal to one-half of the commission earned by the Associated Person within that time period. Your advisory fee will not be offset by the total commission you pay; it will only be offset by the portion of the commission earned by the Associated Person in his or her capacity as a registered representative. However, this provision will not apply to commissions earned from level-load mutual fund transactions (C shares) or commissions earned from the sale or servicing of annuities or insurance products. Please refer to the *Fees and Compensation* section of this Brochure for more information on the compensation our Associated Persons earn in their capacities as registered representatives.

You may terminate the portfolio management agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Asset Allocation /Portfolio Monitoring Services**

We charge a fixed fee for asset allocation and/or portfolio monitoring services, which ranges between \$25 and \$1,500 per quarter. We will invoice you for these services and fees will be due and payable quarterly in advance. In limited circumstances, we may bill annually at the client's request. The final fee is determined based on the complexity of your financial position, the time involved in providing the client with the contracted services, and the size of your account. *In limited circumstances*, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you pay an additional fee. In some cases, other fee arrangements may be negotiated.

You may terminate the investment advisory agreement by providing written notice to our firm. The asset allocation fee will be prorated for the quarter in which the termination notice is given, which means that you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Financial Planning Services**

We charge either an hourly or fixed fee for financial planning services. You may pay an hourly fee ranging between \$50 and \$250 per hour, or you may pay a fixed fee ranging between \$25 and \$5,000 per quarter. However, we reserve the right to negotiate the fee for financial planning services that have a level of complexity outside the normal scope of services provided. This fee will be negotiated and agreed upon by you and our firm, and the fee will be detailed in your client agreement. Fees are due upon completion of services rendered. When the scope of the financial planning services has been agreed upon, a determination will be made as to applicable fee. The final fee, subject to negotiation, is directly dependent upon the facts and circumstances of your financial and tax situation, as well as the complexity of the financial plan or services requested. *In limited circumstances*, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and may request that you pay an additional fee.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

### **Selection of Other Advisers**

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the TPA. The advisory fee you pay to the TPA is established and payable in accordance with the brochure provided by each TPA to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we

have with each TPA. As such, a conflict of interest may arise where our firm or our Associated Persons may have an incentive to recommend one TPA over another TPA with whom we have more favorable compensation arrangements or other advisory programs offered by TPAs with whom we have less or no compensation arrangements.

You will be required to sign an agreement directly with the recommended TPA(s). You may terminate your advisory relationship with the TPA according to the terms of your agreement with the TPA. You should review each TPA's brochure for specific information on how you may terminate your advisory relationship with the TPA and how you may receive a refund, if applicable. You should contact the TPA directly for questions regarding your advisory agreement with the TPA.

### **Seminars**

Although many of the seminars are conducted at no charge, we reserve the right to charge an administration fee to cover the expenses associated with the workshop. This fee is dependent on the cost of materials and other expenses involved, but the fee will not exceed \$500 per registrant. Prior to the seminar, the amount of the fee will be announced and payment of the stated fee will be due and payable upon registration. If, for any reason, a registrant for the seminar would like to cancel the reservation, 48 hours notice must be given to our firm for a refund of the prepaid fee. Thereafter, fees are non-refundable.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are 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. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are registered representatives with Independent Financial Group, LLC, 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. Persons providing investment advice on behalf of our firm may also be licensed as independent insurance agents. Compensation earned by these persons in their capacities as registered representatives or insurance agents is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives or insurance agents have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities or insurance products through any person affiliated with our firm.

Advisory services offered through Independent Financial Group, LLC are separate and distinct from services offered through our firm. Fees earned by such individuals in their capacities as investment adviser representatives of Independent Financial Group, LLC are separate and distinct from advisory



fees paid to our firm. You are under no obligation to purchase advisory services through Independent Financial Group, LLC or our Associated Persons in their capacities as investment adviser representatives with Independent Financial Group, LLC.

## **Item 6 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 *Advisory Business* 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.

## **Item 7 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 an advisory 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.

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

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

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. 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.
- **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. 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.
- **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. Short term trading generally involves a greater degree of risk than long term trading due to market volatility over a short period of time.
- **Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. Buying on margin means borrowing money from a broker to purchase stock. Margin trading allows you to buy more stock than you'd be able to normally. An initial investment of at least \$2,000 is required for a margin account, though some brokerages require more. This deposit is known as the minimum margin. Once the account is opened and operational, you can borrow up to 50% of the purchase price

of a stock. This portion of the purchase price that you deposit is known as the initial margin. Some brokerages require you to deposit more than 50% of the purchase price. Not all stocks qualify to be bought on margin. When you sell the stock in a margin account, the proceeds go to your broker against the repayment of the loan until it is fully paid. There is also a restriction called the maintenance margin, which is the minimum account balance you must maintain before your broker will force you to deposit more funds or sell stock to pay down your loan. When this happens, it's known as a margin call. If for any reason you do not meet a margin call, the brokerage has the right to sell your securities to increase your account equity until you are above the maintenance margin. Additionally, your broker may not be required to consult you before selling. Under most margin agreements, a firm can sell your securities without waiting for you to meet the margin call and you can't control which stock is sold to cover the margin call. You also have to pay the interest on your loan. The interest charges are applied to your account unless you decide to make payments. Over time, your debt level increases as interest charges accrue against you. As debt increases, the interest charges increase, and so on. Therefore, buying on margin is mainly used for short-term investments. The longer you hold an investment, the greater the return that is needed to break even. In volatile markets, prices can fall very quickly. You can lose more money than you have invested.

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.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your equities, options, and fixed income investments. With respect to mutual funds, your account custodian will use the average cost accounting method. You are responsible for contacting your tax advisor to determine if these accounting methods are the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

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**

As disclosed under the "Advisory Business" section in this brochure, we primarily recommend mutual funds; however, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk.

Mutual funds 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 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. The returns on mutual funds 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". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

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.

### **Item 9 Disciplinary Information**

Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

### **Item 10 Other Financial Industry Activities and Affiliations**

#### **Registrations with Broker-Dealer /Other Investment Adviser**

Persons providing investment advice on behalf of our firm are registered representatives with Independent Financial Group, LLC. Additionally, some Associated Persons are investment adviser representatives of Independent Financial Group, LLC. Please refer to the "Fees and Compensation" section above for more information regarding these other business activities.

#### **Recommendation of Other Advisers**

We may recommend that you use a third party adviser ("TPA") based on your needs and suitability. We will receive compensation from the TPA for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPA we recommend.

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

#### **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. Our Code of Ethics also requires that certain persons associated with our

firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. 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.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **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 the same securities that we recommend to you or securities in which you are already invested. 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 eliminate 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.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of TD AMERITRADE, Inc., a securities broker-dealer and a member of the Financial Industry Regulatory Authority, National Futures Association, and the Securities Investor Protection Corporation.

We believe that the recommended broker-dealer/custodian provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the recommended broker-dealer/custodian, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services the recommended broker-dealer/custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Persons providing investment advice on behalf of our firm who are registered representatives of Independent Financial Group, LLC may recommend Independent Financial Group, LLC to you for the purchase or sale of certain securities. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Independent Financial Group, LLC unless Independent Financial Group, LLC provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Independent Financial Group, LLC or other approved broker/dealers. It may be the case that Independent Financial Group, LLC charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Independent Financial Group, LLC, these individuals (in their separate capacities as registered representatives of Independent Financial Group, LLC) may earn commission-based compensation as result of placing the recommended securities transactions through Independent Financial Group, LLC. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on

your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **TD AMERITRADE Research and Other Benefits**

Our firm participates in the TD AMERITRADE Institutional program. TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. ("TD AMERITRADE") member FINRA/SIPC/NFA. TD AMERITRADE is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD AMERITRADE offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm receives some benefits from TD AMERITRADE through its participation in the program.

There is no direct link between our firm's participation in the program and the investment advice it gives to its Clients, although our firm receives economic benefits through its 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 adviser 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 our firm's related persons. Some of the products and services made available by TD AMERITRADE through the program may benefit our firm but may not benefit its 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 its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to Clients, the firm endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD AMERITRADE for custody and brokerage services.

### **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 may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We do not combine multiple orders for mutual funds which do not trade in blocks.

## **Item 13 Review of Accounts**

Michael J. Dougherty, President/Chief Manager/Chief Compliance Officer will monitor managed accounts on an ongoing basis to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Where you have contracted with the firm for non-continuous management of accounts, asset allocation/portfolio monitoring services, or quarterly financial planning services, your account will be reviewed periodically as agreed upon in the agreement executed between the you and our firm.

You are encouraged to contact us with any questions or changes in financial situation or investment guidelines as such situations/changes occur. Triggering factors that may stimulate additional reviews include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, and your request for an additional review.

With respect to your managed account(s), you will receive monthly and/or quarterly reports and trade confirmations from the custodian holding their funds and securities. Additionally, in conjunction with (or in addition to) client meetings and account reviews, we may prepare and/or provide performance and/or cost basis reports.

## **Item 14 Client Referrals and Other Compensation**

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

## **Item 15 Custody**

As paying agent for our firm, TD AMERITRADE will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, contact your custodian directly.

We have access to certain clients' account login credentials, which gives our firm custody over such accounts. We have engaged an accountant to audit such assets. Clients over whose accounts we have custody will receive account statements from their independent qualified custodian.

### **Asset Transfer Authority**

Our firm or persons associated with our firm may effect third party asset transfers for client accounts without client written consent per transaction for client accounts. An adviser with authority to conduct third party asset transfers has access to the client's assets, and therefore has custody of the clients' assets in any related accounts.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

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.

## **Item 18 Financial Information**

As an investment adviser with discretionary authority or custody over client funds or securities, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our commitments to you. However, we do not have any financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.



We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

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.

### **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. Our firm is responsible for reimbursing clients for all losses due to trade errors made by our firm in client accounts. We are not entitled to retain "net gains" from trade corrections. "Net gains" are defined as positive error account balances resulting from trade corrections. TD Ameritrade will automatically sweep any of our firm's error account credit balances to a designated TD Ameritrade error account each business day. TD Ameritrade will then donate the balances swept to the TD Ameritrade error account to charity.

### **Class Action Lawsuits**

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.