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This Brochure provides information about the qualifications and business practices of Allegheny Financial Group, LTD ("Allegheny"). If you have any questions about the contents of this Brochure, please contact us at 412-367-3880 or [compliance@alleghenyfinancial.com](mailto:compliance@alleghenyfinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Allegheny is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training.

Additional information about Allegheny also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Allegheny has updated Form ADV Part 2A (brochure). The following change occurred to the Firm's business practices since our last annual brochure update dated March 2023. Allegheny believes these changes are not material to existing clients and will provide a copy of this brochure to all new clients and existing clients that open new accounts.

- Allegheny's affiliated broker dealer will no longer open new client brokerage accounts without prior approval. See Item 12 – Brokerage Practices for additional information.
- Allegheny is offering two new services: Streamline Account Management ("SAM") and Investment Management Services (IMA). See Item 4- Advisory Business for additional information.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may be requested by contacting us at (412) 367-3880.

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Supplement(s)-Annual Audited Report/Financials

## Item 4 – Advisory Business

Allegheny offers asset management, portfolio management and financial planning services to clients. Allegheny is an SEC registered investment adviser. Allegheny is principally owned by its employee advisers.

Allegheny Financial Group was founded in 1976 by James D. Hohman and James J. Browne to provide comprehensive financial planning to clients in the Greater Pittsburgh area. Messrs. Browne and Hohman began attracting like-minded professionals, intent on providing exceptional financial planning services to their clients. In 1977, Messrs. Hohman and Browne founded Allegheny Investments, LTD (“AI”), an affiliated dually registered investment adviser and broker dealer, to provide brokerage services for Allegheny clients. Allegheny Investments, LTD is a member of the Financial Industry Regulatory Authority “FINRA”, the Securities Investor Protection Corporation “SIPC”, and the Municipal Securities Rulemaking Board “MSRB”.

Allegheny provides the following portfolio management, investment management and financial planning services. Advisory services are tailored to the individual needs of the client. Clients have the right to impose restrictions on investments in certain securities, or certain types of investments. Allegheny provides investment management services on both a discretionary and non-discretionary basis (see item 16 for more detail)

### Investment Management and Financial Planning

Allegheny provides comprehensive portfolio management and financial planning services. Clients selecting this service are charged a portfolio management fee, described in Item 5 below. Allegheny provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment strategy and create and manage a portfolio based on that strategy. During our data gathering process, we determine the client's individual objectives, time horizons, risk tolerance and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. Clients will receive reports reflecting the value and status of their uniquely designed portfolio.

Selecting fund managers is a large part of our service as an advisory firm. Allegheny uses original and proprietary investment research conducted by the firm's research department and investment committee. We manage advisory accounts on a discretionary or non-discretionary basis. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Account supervision is guided by the client's stated goals, objectives, risk tolerance, as well as tax considerations.

In cases where the Client has selected non-discretionary management, the implementation of any or all recommendations is solely at the discretion of the Client. Allegheny will work with the client to create a client profile based on the client's investment objectives and situation. Recommendations in mutual funds, stocks, bonds or other assets of any kind will be consistent with the client's investment objectives and restrictions set forth in the client profile and implementation of those recommendations will be on direction from the client. Additionally, clients may place unsolicited trades in their account.

Clients receiving these services participate in Allegheny's Wrap Fee Program for which Allegheny receives a fee. See the Allegheny Wrap Fee Brochure for additional details.

### Streamlined Account Management (“SAM”)

Allegheny offers Streamlined Account Management (“SAM”) as a solution for clients who have lower asset levels or do not engage Allegheny for financial planning services. We manage SAM accounts on a discretionary basis. Clients selecting this service are charged a percentage of the value of billable assets listed on the Investment Management Agreement and will be billed quarterly or semi-annually.

The following services are included with the “SAM” program:

- Investment Strategy - Develop and implement an investment strategy by selecting positions and controlling risk through diversification of assets and perform ongoing monitoring of the strategy in relation to the criteria provided by the Client.

- Performance Reports - Prepare periodic reports reviewing the performance of the investment portfolio, as well as comparing the performance thereof to benchmarks with Client. The information used to generate the reports will be derived directly from information such as statements provided by Client, investment providers, and/or third parties.
- Other Services - other tasks and administrative services required in connection with opening, closing and managing the Client's accounts, assisting with distributions and other assistance as required.

Clients receiving these services participate in Allegheny's Wrap Fee Program for which Allegheny receives a fee. See the Allegheny Wrap Fee Brochure for additional details.

### **Investment Management Services ("IMA")**

Allegheny offers investment management services for portfolios held directly with a mutual fund company or annuity provider. These accounts include personal accounts, retirement plans and Simple IRA's. We manage investment management accounts on a discretionary and non-discretionary basis. Clients selecting this service are charged a percentage of the value of billable assets listed on the Investment Management Agreement and will generally be billed quarterly or semi-annually in advance or in arrears. The client fee will be deducted directly from the client's accounts by Third-Party Payor and paid to Allegheny.

The following services are included:

- Investment Strategy - Develop and implement an investment strategy by selecting mutual fund positions and controlling risk through diversification of assets and perform ongoing monitoring of the strategy in relation to the criteria provided by the Client.
- Performance Reports - Prepare periodic reports reviewing the performance of the investment portfolio, as well as comparing the performance thereof to benchmarks with Client. The information used to generate the reports will be derived directly from information such as statements provided by Client, investment providers, and/or third parties.
- Other Services - other tasks and administrative services required in connection with opening, closing and managing the Client's accounts, assisting with distributions and other assistance as required.

### **Financial Planning and Other Services**

Allegheny develops individualized investment plans for a client based upon an analysis of client objectives, risk tolerance, time frame and other data. Non-discretionary account services also include financial planning, investment fiduciary consulting, retirement plan consulting, and IRA rollovers. Clients that select a financial planning or non-discretionary management service are not obligated to engage us when implementing advisory recommendations.

Using a team approach and in conjunction with other professionals, Allegheny is qualified to provide assistance and advice concerning:

- Business purchase or disposition
- Business continuation planning
- Succession planning and legacy planning
- Business valuations
- Business financing
- Retirement Planning

### **Recommendation of Independent Managers**

Allegheny recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers, based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a written agreement between Allegheny or the client and the designated Independent Managers. Allegheny renders services

to the client relative to the discretionary and/or non-discretionary selection or recommendation of Independent Managers. Allegheny also monitors and reviews the account performance and the client's investment objectives. Allegheny receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When recommending or selecting an Independent Manager for a client, Allegheny reviews information about the Independent Manager such as its disclosure statement and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that Allegheny considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, Allegheny's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Allegheny the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to Allegheny's disclosure documents, the client also receives the disclosure documents of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than Allegheny. In such instances, Allegheny may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

### **IRA Rollovers**

As part of the retirement and/or financial planning process and when it is suitable for the client, Allegheny Advisors recommend rollovers to an IRA. Clients, and prospective clients, considering a rollover from a qualified employer sponsored retirement plan ("Employer Retirement Plan") to an Individual Retirement Account ("IRA") are encouraged to consider the advantages and disadvantages of an IRA rollover from their existing Employer Retirement Plan.

A plan participant leaving an employer typically has four options (and can engage in a combination of these options): 1) Leave the money in the former Employer Retirement Plan, if permitted; 2) Transfer the assets to the new employer's plan, if one is available and if rollovers are permitted; 3) Rollover the assets to an IRA; 4) Cash out (or distribute) the assets and pay the taxes due.

Regulatory authorities have advised investors that they have the potential to face increased fees when they transfer retirement savings from their current Employer Retirement Plan to an IRA. The regulators have advised investors that even if there are no costs associated with the IRA rollover itself, there will be costs associated with account administration, investment management or both. In addition to the fees charged by Allegheny, the underlying investments (mutual fund, ETF, annuity, or other investment) typically also charge management fees. Custodial fees also apply. Investing in an IRA managed by Allegheny has the potential to be more expensive than the current Employer Retirement Plan.

Prior to electing to rollover assets from the current Employer Retirement Plan to an IRA an investor should consider:

- The type of account investment management desired. For example, is assistance in the management of investments desired on a discretionary or non-discretionary basis; or is a self-managed account preferred.
- Available investment choices.
- The professional assistance available to participants in the current Employer Retirement Plan when compared to the advisory services offered by Allegheny in an advised IRA account.
- The cost of advisory fees.
- Management expenses associated with the underlying investments in an IRA advisory account vs. the underlying investment expenses associated with the current Employer Retirement Plan. Often, the management expenses in the current Employer Retirement Plan are less expensive than in a rollover IRA advisory account.
- Custodial charges in the advised IRA account vs. the current Employer Retirement Plan.
- Transaction charges associated with the advised IRA vs. the current Employer Retirement Plan.
- The rules pertaining to the required minimum distributions ("RMD") in the current Employer Retirement Plan when compared to the advised IRA.

- Legal protections afforded to current Employer Retirement Plan participants and to rollover IRA account owners. Employer Retirement Plans have significant liability protection.
- The rules pertaining to beneficiaries of an IRA vs. the current Employer Retirement Plan (inherited accounts).
- The loan provision associated with the current Employer Retirement Plan, if any. IRA accounts do not have loan provisions.
- Employer Retirement Plans that are available from a new employer.

You are encouraged to consult with a CPA, tax adviser, the plan administrator and/or legal counsel prior to rolling over assets from the current Employer Retirement Plan to an advised IRA with Allegheny.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor (“DOL”) Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL’s Prohibited Transaction Exemption 2020-02 (“PTE 2020-02”) where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### **Private Fund Advisor**

Supervised persons of Allegheny and affiliated persons advise private funds (“Funds”) as listed below. Private funds are generally available only to high-net worth individuals. Certain Allegheny advisors and other related entities (as disclosed in ADV Part 1) serve as General Partner and Advisors to the Funds. Offers to invest in Funds are only made pursuant to appropriate offering documents.

As of 12/31/23 Allegheny managed \$4,472,173,015 of client regulatory asset under management and together with its related affiliate (Allegheny Investments, LTD “AI” a dually registered investment adviser and licensed broker-dealer), \$5,002,477,621 of regulatory assets under management. Collectively, the related entities managed \$4,788,946,796 of discretionary assets and \$213,530,825 of non-discretionary assets.

## **Item 5 – Fees and Compensation**

Allegheny Advisors are compensated for providing financial services in the following ways:

- Flat or Hourly Fees
- Investment Management Fees
- Private Fund Fees

**Flat or Hourly Fees**

Allegheny reserves the right to negotiate fees for financial planning and other services described above on a flat, retainer, or hourly basis. Allegheny's maximum hourly fee rate is \$500.00. Fees are negotiated in advance between the Advisor and the client. The amount of the fee charged is determined by several factors including, but not limited to, the size and complexity of the portfolio, the client's other assets and liabilities, the breadth of the issues explored and any other ancillary advice or services that the client requires. The ultimate plan created may be comprehensive in nature or may address an individual issue, depending on the needs of the client. Typically, half of the fee is paid upon execution of the contract, and the remainder is due upon completion of the work. However, clients and Advisors may make other arrangements that are mutually agreeable to all parties.

**Investment Management Fees****Portfolio Management ("PMA")**

Portfolio management fees are calculated as a percentage of assets under management and generally billed at least semi-annually. Fees are billed in advance or arrears, in accordance with the terms of the portfolio management agreement. Instructions will be provided to the client's qualified custodian to have the advisory fees deducted from your account. In limited circumstances, Allegheny invoices clients for their fees as described in the client's portfolio management agreement. The following are the portfolio management fees payable by the client to Allegheny:

- 1.00% on the first \$2,500,000 of assets under management
- 0.65% on the amount from \$2,500,000 to \$5,000,000
- 0.50% on the amount from \$5,000,000 to \$10,000,000
- 0.45% on the amount from \$10,000,000 to \$25,000,000
- 0.40% on the amount from \$25,000,000 to \$50,000,000
- 0.35% on the amount of assets over \$50,000,000

Allegheny, in its sole discretion, has the right to deviate from this schedule. A client's total fee may exceed the schedule above when flat or hourly fees apply. Allegheny permits existing clients to continue to be billed according to previously published ADV schedules for cases where the relationship was established under the then published ADV terms. Previously established fee schedules will be calculated differently than the schedule stated above, in accordance with that client's management agreement. Allegheny retains the right to negotiate fees on a client-by-client basis. Each client's facts, circumstances and needs are considered in determining the client fee. Allegheny considers the complexity of the client, amount and types of assets managed, related accounts and other factors.

For the purpose of asset management fee calculations Allegheny reserves the right to combine the advisory accounts of immediate family members or other related accounts. Allegheny, in its sole discretion, permits an Allegheny Advisor to include additional accounts.

**Streamlined Account Management ("SAM")**

The Allegheny fee for the Streamlined Account Management ("Advisory Fee") is a percentage of the value of billable assets listed on the Investment Management Agreement and will be billed quarterly or semi-annually in advance. Instructions will be provided to the client's account custodian to have the advisory fees deducted from their account as outlined in the Investment Management Agreement. The Advisory Fee for SAM accounts is .75%.

**Investment Management ("IMA")**

The Allegheny advisory fee for Investment Management accounts ("Advisory Fee") is a percentage of the value of billable assets listed on the Investment Management Agreement and will be billed semi-annually or quarterly in advance or arrears. The Advisory Fee will be deducted directly from the client's accounts by the Third-Party Payor and paid to Allegheny as outlined in the Investment Management Agreement ("IMA"). Other billing options will be described in the IMA. The Advisory Fee for Investment Management accounts ranges from 0%-1%.

Clients have the option to have fees deducted from the client's account or in limited circumstances, receive a bill for services provided. Clients have the right to terminate their advisory contract with Allegheny upon 30 (thirty) days written notice. In cases where fees are collected in advance and upon termination of a management agreement, any prepaid, unearned fees will be refunded to the client. Allegheny will prorate the refund according to the number of days remaining in the billing period.



**Other Advisor Fees**

All fees paid to Allegheny for investment advisory services are separate and distinct from the fees and expenses that may be charged by other advisors (including separate account managers, mutual funds and/or ETFs). These fees and expenses are described in the management agreement or prospectus. These fees will generally include a management fee and other fund expenses. Accordingly, the client should review both the fees charged by other advisors and funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Private Fund Fees**

Private fund fees are detailed in the Fund offering documents. These fees include management fees and performance-based fees (described below in Item 6).

**Brokerage Commissions and Other Fees**

The Firm's brokerage practices are described at length in Item 12, below. Other fees are disclosed in the Allegheny Wrap Fee Program Brochure, Client agreements and account documents.

Fees assessed and collected by an outside manager or fund company are not included in the Allegheny fee. In addition to the fees charged by Allegheny, clients will incur brokerage, custodial or mutual fund fees and expenses on certain investments. Some investments have additional fees embedded within the product.

Once the financial or advisory plan is complete, the client may elect to have the plan executed by their Allegheny Advisor through the affiliated broker-dealer or the non-affiliated broker dealer, Fidelity Brokerage Services they may execute the plan on their own; or they may choose to have another broker dealer execute the plan. For clients who elect to implement their plan with Allegheny, complete details on the fees assessed by the broker dealer are included in the wrap fee disclosure brochure.

For additional information, please see Item 12-Brokerage Practices. Your Allegheny Advisor is available to answer any of your questions.

**12b-1 Fees**

12b-1 fees are known in the securities industry as trails and service fees. Some mutual funds charge investors 12b-1 fees to cover fund distribution and/or shareholder service expenses pursuant to Section 12(b) of the Investment Company Act of 1940 and Rule 12b-1 thereunder, and pass these fees on to the fund's distributor, which passes some or all of them to broker-dealers and other intermediaries whose customers hold fund shares. Allegheny Financial Group does not receive any such fee. Our affiliate AI receives 12b-1 fees from mutual funds and/or mutual fund distributors. AI does not receive these fees for all mutual fund share classes. Fees are only received by AI for share classes that pay such fees and when the fees are not credited back to the client account.

Mutual fund share classes represent an interest in the same portfolio of underlying securities with the same investment objective. Most mutual funds offer different share classes with varying fee structures, including Class A, Class C, Class I and various other share classes. The primary differences among the various share classes is their fee structure and availability.

For example, Class A shares are available to everyone and generally are sold with sales charges or front-end sales "loads" that are often waived when Class A shares are purchased through fee-based accounts. Class A shares also often include what are known as "12b-1" fees to cover fund distribution and shareholder services. These fees are deducted from the mutual fund assets on an ongoing basis and paid to the fund's distributor. In turn, these fees are passed on as compensation to the broker-dealers and registered representatives, whose customers own the shares. Allegheny's affiliate AI, as a broker, is paid 12b-1 fees when the selected share class has such a fee. These fees are then applied as an offset to the client's advisory fee.

Class I shares on the other hand, usually have no up-front or deferred sales charges and rarely have 12b-1 fees. As a result, an individual who invests in Class I shares of a given mutual fund will pay lower fees over time—and keep more of his or her investment returns—than an individual who holds Class A shares of the same fund. Therefore, if an investor meets a mutual fund's criteria for purchasing Class I shares, it is almost always in the investor's best interest to select that share class over the same fund's more expensive Class A shares.

Clients should review the mutual fund prospectus to learn more about the fees and expenses related to the mutual funds Allegheny selects or recommends. Investment Management accounts that are held directly with the American Funds will be invested in the F-2 share class. The F-2 share class does not have a 12b-1 fee but does have a higher cost than other share classes offered by the American Funds.

The choice of share classes is a complex issue. Please discuss this with your Advisor or Allegheny's Chief Compliance Officer to ensure that you understand the choices involved. Additional information on this topic is available by reading the investment prospectus and on websites maintained by the Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)) and the Financial Industry Regulatory Association ([www.FINRA.org](http://www.FINRA.org)).

In addition to advisory fees, Allegheny Advisors who are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers receive additional compensation on certain brokerage products. These individuals can implement investment recommendations for advisory clients and receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation. These additional fees and expenses will increase the overall investment cost to the client.

Receipt of these commissions presents a conflict of interest and gives Allegheny and its Advisors an incentive to recommend an investment product based on the compensation received. Allegheny addresses this conflict by requiring our Advisors to utilize the lowest cost share class available on the existing platform in our client's advisory accounts. When selecting the lowest cost share class Allegheny and the Advisor consider the expense ratio of the fund and transaction charges associated with the share class. For advisory accounts, when the only share class available is one that generates a 12b-1 fee, the revenue will be credited back to the client account or offset the client's advisory fee.

Allegheny endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of compensation by Allegheny, or its affiliate AI, in and of itself creates a conflict of interest and can indirectly influence Allegheny's choices for investments, custody and brokerage services.

Additionally, Clients should consider the impact of transaction costs related to mutual fund purchases. Certain share classes have transaction related expenses and others do not. All of these additional fees and expenses will increase the overall investment cost to the Client. When recommending or selecting share classes for advisory clients, Allegheny generally avoids using share classes that incur transaction fees. However, share classes that can be traded without transaction charges ("NTF Funds") are generally more expensive than share classes that carry a transaction charge. Many mutual funds have share classes with higher internal expenses which are traded with no transaction costs charged by the broker/custodian and another share class that has a lower internal expense but carries a transaction charge for each purchase/sale. Based on each client's financial situation, Allegheny will generally purchase NTF Funds with a higher internal expense to avoid the potential cost of incurring repeated transaction fees. In some instances, this practice will cause the client to pay higher total expenses. The impact of the higher expense share class varies based on the amount of assets invested in the fund and the number of transactions.

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

Allegheny does not use performance fee arrangements with individual clients. Allegheny and related entities do enter into such arrangements with Private Funds. These arrangements present a conflict of interest that creates an incentive to favor accounts with a performance-based fee over other account. Allegheny addresses this conflict in the management process of these funds. Given the specialized nature of these arrangements any client considering such an investment will be given detailed information concerning the fee structure and risks of these investments.

## **Item 7 - Types of Clients**

Allegheny provides portfolio management and investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, corporation and other business entities, pension plans, individual retirement account plans, profit sharing plans, and private funds. Allegheny sets no minimum account limit for opening or maintaining an account. Allegheny reserves the right to waive minimum account

requirements.

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

Allegheny places a strong emphasis on the financial planning process. Clients who receive financial planning services generally go through the following process. Not all clients receive full financial planning services.

- a. **DEFINE CLIENT OBJECTIVES** Our Advisors ask questions and discover key client issues and concerns, based upon their extensive experience, to build a meaningful evaluation of our clients' finances. These questions include determining risk tolerance, education needs, retirement objectives, long and short-term goals and objectives.
- b. **DEVELOP A FINANCIAL PLAN** Allegheny analyzes assets and liabilities and evaluate risk tolerances to develop a clear picture of our clients' financial status. This enables us to build a plan to meet each client's objectives. The financial plan may contain programs to enhance cash flow, decrease tax liabilities, enhance the funding of educational goals or a comfortable retirement, or meet a business or organization's financial goals. Our planning tools enable Allegheny to chart detailed projections to account for factors that impact our clients' finances and anticipate changing needs. At the end of the process, Allegheny provide a very specific set of recommendations. Clients then decide whether to implement these recommendations.
- c. **IMPLEMENT THE FINANCIAL PLAN** Allegheny works with a team of specialists to select the most appropriate fund managers, insurance providers, and risk managers to ensure consistent portfolio performance.
- d. **MONITOR AND REFINE THE FINANCIAL PLAN** Allegheny supports our clients' portfolio with ongoing and original research to measure performance. Allegheny reports to clients through detailed reports and updates and one-on-one meetings.

Allegheny primarily uses mutual funds in their investment strategy. Risks associated with this include:

*Market conditions-* The prices of, and the income generated by, the common stocks, bonds and other securities held by the fund may decline due to market conditions and other factors, including those directly involving the issuers of securities held by the fund.

*Investing in growth-oriented stocks-* Growth-oriented stocks may involve larger price swings and greater potential for loss than other types of investments.

*Investing in income-oriented stocks-* Income provided by the fund may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the fund invests.

*Investing in bonds-* Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates may cause an issuer to redeem, call or refinance a security before its stated maturity, which may result in the fund having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities may be subject to greater price fluctuations than shorter maturity debt securities.

Bonds and other debt securities are subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Lower quality debt securities generally have higher rates of interest and may be subject to greater price fluctuations than higher quality debt securities.

*Investing in securities backed by the U.S. government-* Securities backed by the U.S. government are guaranteed by the U.S. Treasury or the full faith and credit of the U.S. government are guaranteed only as to the timely payment of interest and principal when held to maturity. Accordingly, the current market values for these securities will fluctuate with changes in interest rates. Securities issued by government sponsored entities and federal agencies and instrumentalities are neither issued nor guaranteed by the U.S. government.

*Investing in mortgage-backed and asset-backed securities-* Many types of bonds and other debt securities, including mortgage-backed securities, are subject to prepayment risk, as well as the risks associated with investing in debt securities in general. If interest rates fall and the loans underlying these securities are prepaid principal in lower yielding securities, thus reducing the fund's income. Conversely, if interest rates increase and the loans

underlying the securities are prepaid more slowly than expected, the expected duration of the securities may be extended. This reduces the potential for the fund to invest the principal in higher yielding securities.

*Thinly traded securities-* There is little trading in the secondary market for particular bonds or other debt securities, which makes them more difficult to value or sell. *Investing outside the United States-* Securities of issuers domiciled outside the United States, or with significant operations outside the United States, may lose value because of political, social or economic developments in the country or region in which the issuer operates. These securities may also lose value due to changes in the exchange rate of currencies which are more volatile and/or less liquid than those in the United States. Investments outside the United States may also be subject to different settlement and accounting practices and different regulatory, legal and reporting standards than those in the United States. These risks are heightened in connection with investments in developing countries.

*Management-* The investment advisor to a fund actively manages the fund's investments. Consequently, the fund is subject to the risk that the methods and analyses employed by the investment adviser do not produce the desired results. This could cause the fund to lose value or its results to lag relevant benchmarks or other funds with similar objectives.

*Equity Market Risk-* Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

*Investment Selection Risk-* There is no guarantee that our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security are correct and that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

Investing in securities involves the risk of loss. Your investment in a fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, entity or person. You should consider how this fund fits into your overall investment program.

## **Item 9 - Disciplinary Information**

Allegheny does not have any legal or disciplinary events to disclose.

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

As noted previously, Allegheny's affiliate AI is a dually registered investment adviser and licensed broker-dealer. AI is under common control with Allegheny Financial Group and the directors of AI are also the directors of Allegheny Financial Group.

### **Registered Representatives and Affiliated Broker-Dealer**

Some members of management and other personnel are registered representatives of the affiliated broker-dealer. In this capacity they implement investment recommendations for advisory clients and receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation.

Receipt of commissions presents a conflict of interest and it gives Allegheny and the Advisor an incentive to recommend an investment product based on the compensation received. Allegheny addresses this conflict by disclosing to clients brokerage and other expenses. Clients will receive notification of brokerage commissions charged by the affiliated broker-dealer.

Allegheny endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Allegheny in and of itself creates a conflict of interest and indirectly influences Allegheny's choices for investments, custody and brokerage services Insurance Agents. Some members of management and other personnel are licensed insurance agents and receive additional compensation for the implementation or purchase of insurance products for advisory clients. Allegheny's affiliate AI is a licensed

insurance broker.

#### **Participation Agreement with Unaffiliated Insurance Platform Provider**

DPL Financial Partners, LLC ("DPL") is a third-party provider of a platform of insurance consultancy services to SEC-registered investment advisers ("RIAs") such as Allegheny that have clients with a current or future need for insurance products. DPL offers RIAs memberships to its platform for a fixed annual fee and offers members a variety of services relating to fee-based insurance products. The fee is waived for Allegheny since we utilize the consolidated software partner, Black Dimond.

Allegheny has entered into an agreement with DPL which provides Allegheny clients with access to life insurance and annuities. DPL performs due diligence on insurance carriers and makes those carriers available to Allegheny and its clients. For providing platform services to Allegheny, DPL receives service fees from the insurers that offer their through the platform. These service fees are based on the insurance premiums paid by DPL members' clients. DPL then compensates Allegheny and Advisory Fee based upon an agreed upon schedule that ranges from .25%-1%.

#### **Other Professional Services**

Some Allegheny Advisors are involved in other business activities including accounting services and other professional services. Please see the individual Part 2B supplement for information concerning your advisor.

#### **Private Funds**

Some members of management are shareholders and/or general partners or managing members of limited partnerships of limited liability corporations formed for investment purposes. Certain Advisory clients are solicited to invest in these Funds. Funds are only available to accredited investors and involve certain additional risks. General Partners and other related entities are compensated in accordance with the partnership offering documents. A list of these related entities is disclosed on Schedule D of Form ADV Part 1. Form ADV Part 1 can be accessed by following the directions on the Cover Page of this Brochure.

### **Item 11 - Code of Ethics**

Allegheny 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, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Allegheny must acknowledge the terms of the Code of Ethics annually, or as amended. Allegheny's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Allegheny Compliance at the number listed on the cover page.

In appropriate circumstances, consistent with clients' investment objectives, Allegheny will cause accounts over which Allegheny has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Allegheny, its affiliates and/or clients, directly or indirectly, have a position of interest. Allegheny's employees and persons associated with Allegheny are required to follow Allegheny's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Allegheny and its affiliates trade for their own accounts in securities and investments which are recommended to and/or purchased for Allegheny's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Allegheny 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. The Code of Ethics permits employees to invest in the same securities as clients, and while there is a possibility that employees might benefit from market activity by a client in a security held by an employee, employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Allegheny and its clients.

It is Allegheny's policy that the firm will not affect any principal or agency cross securities transactions for client accounts, with the exception of a very limited number of bond transactions with pre-notification to the clients which are conducted by Allegheny's affiliate AI. Allegheny will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, 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.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions have the potential to arise since Allegheny's affiliate AI is dually registered as a broker-dealer and investment adviser.

## **Item 12 – Brokerage Practices**

Effective in 2023 Allegheny will be opening new advisory accounts and transitioning their existing advisory clients in stages to the Fidelity Advisory platform.

For legacy relationships that have not transitioned to the Fidelity advisory platform, clients select the broker-dealer and custodian for their accounts. Allegheny recommended our affiliated broker-dealer, clearing through National Financial Services ("NFS"), a FINRA registered broker-dealer, member SIPC. For new and transiting clients, Allegheny recommends Fidelity Brokerage Services ("Fidelity").

Brokers and custodians are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through a Custodian or settle into Custodian accounts. Please see the wrap fee brochure for additional details on the fees charged by NFS and Fidelity.

Custodians also make available to our firm other products and services that benefit Allegheny but do not always directly benefit our clients' accounts. Many of these products and services will be used to service all or some substantial number of our client accounts, including accounts not maintained at the Custodian providing the service.

Custodian products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and trade orders for multiple client accounts;
- provide research, and other market data;
- assist with back-office functions, recordkeeping and client reporting.

Custodians make available, arrange and/or pay third-party vendors for the types of services rendered to Allegheny. Custodians discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Custodians also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that clients custody their assets at a particular Custodian, we take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by a Custodian, which creates a potential conflict of interest.

Fidelity and Allegheny have entered into a support agreement whereby Fidelity has agreed to pay third-party vendors, up to \$300,000, for certain services in connection with Allegheny transition to Fidelity. This arrangement creates an incentive for Allegheny to recommend that clients select Fidelity as their custodian.

### **Affiliated Broker-Dealer**

As described in Item 5 and Item 10 of this brochure, Management and other personnel are registered representatives of an affiliated broker-dealer. In this capacity they implement investment recommendations for advisory clients and receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation. This presents a conflict of interest to the extent that recommendations are made to Clients that result in additional compensation for Allegheny, its affiliates, or its employees. Clients have the option to purchase investments and insurance products through other advisers.

choices for investments, custody and brokerage services.

In the past the majority of our clients select our affiliated broker-dealer. NFS provides Allegheny with access to their institutional trading and custody services. NFS services include the execution of securities transactions, custody, operations and technology services. Allegheny will recommend that new clients select Fidelity Brokerage Services. Fidelity is not affiliated with Allegheny. Fidelity provides Allegheny with access to their institutional trading and custody services. Fidelity services include the execution of securities transactions, custody, operations, and technology services. You may discuss either of these arrangements with your Allegheny Advisor, or contact Allegheny Compliance.

Effective August 1, 2023, Allegheny will no longer open new client brokerage accounts without prior approval through NFS utilizing Allegheny's affiliated broker dealer.

### **Soft Dollar Arrangements**

Allegheny does not have any traditional soft-dollar arrangements. However, Allegheny receives other economic benefits in the form of monetary support for client appreciation dinners, client seminars, educational conferences and meetings and related materials sponsored by various financial institutions, including but not limited to custodians, broker-dealers, mutual funds, TAMP providers, insurance and annuity companies and other vendors. Allegheny also receives monetary support and business development allowances for technology, investment research, marketing and advertising from these entities, as well as monetary support and/or guest speakers for client events. Clients are advised that a conflict of interest exists to the extent that Allegheny recommends products from these financial institutions or other vendors. However, the client is under no obligation to purchase these products.

### **Brokerage for Client Referrals**

Allegheny does not recommend broker-dealers to clients in exchange for client referrals.

### **Directed Brokerage**

Allegheny does not permit, require, request or recommend clients to direct brokerage.

### **Trade Aggregation**

Allegheny does not aggregate client trades.

### **Best Execution**

Clients select a broker dealer to execute the advisory plan. AI will not always provide the lowest execution cost. The brokerage commissions for sale of securities charged by AI may be higher or lower than those charged by other broker dealers. Since AI is under common control with Allegheny, this encourages the investment advisor representatives to recommend transactions to be placed with AI as opposed to a different broker dealer. Allegheny does not receive compensation for directing orders to particular broker dealers or market centers for execution.

### **Mutual Fund Share Class Selection**

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes. When recommending investments in mutual funds, it is our policy to review and consider available share classes. Our policy is to select the most appropriate share classes based on various factors including but not limited to: minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors, we can select a share class other than the 'lowest cost' share class. In order to select the most appropriate share class, we consider retail, institutional or other share classes of the same mutual fund. Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio. Clients should ask their adviser whether a lower cost share class is available instead of those selected by the Firm. Allegheny periodically reviews the mutual funds held in client accounts to

select the most appropriate share classes in light of its duty to obtain best execution.

### **Item 13 – Review of Accounts**

Allegheny typically contacts their clients at least semi-annually, as well as offer to schedule meetings with them at least annually to review the performance of Allegheny clients' advisory accounts, and discuss any changes in the clients' finances, financial goals, or profile. An Allegheny supervising principal reviews client transactions. Each financial plan or report is reviewed by at least one Allegheny Advisor in addition to the Advisor preparing the plan. Allegheny provide reports to clients on a periodic basis as determined by the relationship and indicated in the client/advisor agreement.

Allegheny monitor client portfolios continuously. Allegheny supervising principals, in conjunction with Compliance, review client information on an ongoing basis. Allegheny relies in part on technology but also reviews and audits other information.

Allegheny Advisors and Allegheny home office personnel are available during normal business hours to answer questions or other inquiries from clients.

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

Allegheny does not accept or allow our supervised persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Allegheny compensates others for client referrals. When compensating others Allegheny will follow the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940 and any corresponding securities law requirements. At the time of the referral Allegheny will disclose the nature of the relationship. Promoter arrangements will not result in any additional fees to clients.

### **Item 15 – Custody**

Allegheny does not maintain physical custody of client funds or securities. However, Allegheny is deemed to have custody of client assets in certain situations where we (or a related person) have the authority to obtain possession of client funds or securities. In the instances where Allegheny is deemed to have custody, we will follow the requirements of rule 206(4)-2 including obtaining all required audits.

Clients receive statements at least quarterly from the qualified custodian that holds and maintains the client's investment assets. Allegheny urges you to carefully review such statements and compare such official custodial records to the reports that we provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Discretion**

Allegheny provides investment management services on both a discretionary and non-discretionary basis. Non-discretionary services require clients to initiate or pre-approve investment transactions in their accounts before they can occur, whereas "discretionary" services authorize Allegheny to buy, sell or hold investment positions without obtaining pre-approval from clients for each transaction. Clients choose if they want Allegheny to provide investment management services on a discretionary or non-discretionary basis. When clients choose discretionary management, Allegheny receives limited discretionary authority from the client to select the identity and amount of securities to be bought or sold. Clients must provide written authorization to allow Allegheny discretionary authority. In all cases, this discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Allegheny observes the investment policies, limitations and restrictions as provided by the client. Investment guidelines and restrictions must be provided to Allegheny in writing.



### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Allegheny 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.

Clients will receive proxies or other solicitations directly from their custodian or transfer agent. We provide clients with assistance regarding proxy issues if they contact us with questions.

### **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about Allegheny's financial condition. Allegheny 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. For certain clients, Allegheny requires or solicits payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we have included financial statements from an independent auditor.

ALLEGHENY FINANCIAL GROUP, LTD.

PITTSBURGH, PENNSYLVANIA

AUDIT REPORT

DECEMBER 31, 2023

ALLEGHENY FINANCIAL GROUP, LTD.

DECEMBER 31, 2023

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## INDEPENDENT AUDITORS REPORT

Board of Directors and Stockholders  
Allegheny Financial Group, Ltd.  
Pittsburgh, Pennsylvania

### **Opinion**

We have audited the accompanying balance sheet of Allegheny Financial Group, Ltd. (the “Company”) as of December 31, 2023, and the related notes to the balance sheet (collectively, the balance sheet).

In our opinion, the balance sheet presents fairly, in all material respects, the financial position of the Company as of December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Balance Sheet section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Balance Sheet**

Management is responsible for the preparation and fair presentation of the balance sheet in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the balance sheet that is free from material misstatement, whether due to fraud or error.

In preparing the balance sheet, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the balance sheet is issued or available to be issued.

#### **PITTSBURGH, PA**

2009 Mackenzie Way • Suite 340  
Cranberry Township, PA 16066  
(724) 934-0344

#### **PHILADELPHIA, PA**

2100 Renaissance Blvd. • Suite 110  
King of Prussia, PA 19406  
(610) 278-9800

#### **WHEELING, WV**

980 National Road  
Wheeling, WV 26003  
(304) 233-5030

#### **STEUBENVILLE, OH**

511 N. Fourth Street  
Steubenville, OH 43952  
(304) 233-5030



## **Auditor's Responsibilities for the Audit of the Balance Sheet**

Our objectives are to obtain reasonable assurance about whether the balance sheet as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the balance sheet.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the balance sheet, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the balance sheet.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the balance sheet.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Cranberry Township, Pennsylvania  
March 28, 2024

**ALLEGHENY FINANCIAL GROUP, LTD.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2023**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 2,753,605
Trading securities	787,227
Accounts receivable, net	81,465
Accounts receivable - related party	2,036,948
Prepaid expenses	398,689
Total current assets	<u>6,057,934</u>
NONCURRENT ASSETS	
PROPERTY, PLANT, AND EQUIPMENT	
Office furniture and equipment	556,381
Leasehold improvements	177,445
Less accumulated depreciation	<u>(619,675)</u>
Net property, plant, and equipment	<u>114,151</u>
INTANGIBLE ASSETS	
Customer lists	628,712
Less accumulated amortization	<u>(81,250)</u>
Net intangible assets	<u>547,462</u>
Right of use operating lease asset, net	<u>2,912,992</u>
Total noncurrent assets	<u>3,574,605</u>
TOTAL ASSETS	<u>\$ 9,632,539</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts payable	\$ 218,296
Accrued expenses	990,313
Current right of use operating lease liability	737,255
Current customer list liability	130,752
Deferred fee revenue	4,804,362
Total current liabilities	<u>6,880,978</u>
NONCURRENT LIABILITIES	
Right of use operating lease liability	2,239,698
Customer list liability	<u>416,710</u>
Total noncurrent liabilities	<u>2,656,408</u>
STOCKHOLDERS' EQUITY	
Capital stock, common, no par value; authorized 12,000 shares of which 6,600 shares are issued and 6,270 shares outstanding	89,382
Retained earnings	47,153
Treasury stock at cost, 330 shares at cost	<u>(41,382)</u>
Total stockholders' equity	<u>95,153</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 9,632,539</u>

See accompanying notes to the financial statements.

**ALLEGHENY FINANCIAL GROUP, LTD.**  
**STATEMENT OF OPERATIONS (UNAUDITED)**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2023**

INVESTMENT ADVISORY FEES EARNED	\$ 24,030,524
OPERATING EXPENSES	
Compensation	17,796,408
Employee benefits	1,453,267
Technology	896,943
Payroll taxes	1,239,487
Rent	640,763
Advertising and promotions	263,899
Professional fees	453,978
Office expense	673,461
Travel and entertainment	210,453
Depreciation and amortization	67,378
Insurance	125,137
Outside services	114,878
Licenses and registration	81,484
Education and seminars	23,350
Postage	39,417
ERISA bond	28,230
Taxes - other	3,388
TOTAL OPERATING EXPENSES	<u>24,111,921</u>
LOSS FROM OPERATIONS	(81,397)
OTHER INCOME	
Change in fair value of equity securities	112,202
Dividend income	227,729
Interest income	4,501
TOTAL OTHER INCOME	<u>344,432</u>
NET INCOME	<u>\$ 263,035</u>

See accompanying notes to the financial statements.

**ALLEGHENY FINANCIAL GROUP, LTD.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2023**

		Capital Stock		Retained Earnings		Treasury Stock		Total Stockholders' Equity
Balance, December 31, 2022	\$	89,382	\$	32,927	\$	(41,382)	\$	80,927
Net income		-		263,035		-		263,035
Distributions		-		(248,809)		-		(248,809)
Balance, December 31, 2023	\$	<u>89,382</u>	\$	<u>47,153</u>	\$	<u>(41,382)</u>	\$	<u>95,153</u>

See accompanying notes to the financial statements.



**ALLEGHENY FINANCIAL GROUP, LTD.**  
**STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2023**

OPERATING ACTIVITIES		
Net income	\$	263,035
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		40,102
Amortization		27,276
Change in fair value of equity securities		(112,202)
(INCREASE) DECREASE IN OPERATING ASSETS		
Accounts receivable, net		(53,353)
Accounts receivable - related party		(759,153)
Prepaid expenses		(17,065)
INCREASE (DECREASE) IN OPERATING LIABILITIES		
Accounts payable		(41,572)
Accrued expenses		255,451
Deferred fee revenue		409,421
NET CASH USED FOR OPERATING ACTIVITIES		<u>11,940</u>
FINANCING ACTIVITIES		
Cash distributions		<u>(248,809)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>(248,809)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>(236,869)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>2,990,474</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$	<u><u>2,753,605</u></u>

See accompanying notes to the financial statements.

**ALLEGHENY FINANCIAL GROUP, LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations – Allegheny Financial Group, Ltd. (the “Company”) is a financial planning firm, offering access to a wide range of financial products and services and specializing in consumer-oriented financial planning.

Basis of Accounting – The Company maintains its records and prepares financial statements using the accrual basis of accounting.

Investment Advisory Fees – Investment advisory fees are received quarterly but are recognized as earned on a pro rata basis over the term of the contract.

Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable efforts are written off through a charge in the valuation allowance and a credit to accounts receivable. The Company determines when receivables are past due upon contract terms and does not charge finance costs on past-due trade receivables. An allowance for doubtful accounts of \$20,000 has been included in the accompanying financial statements and is netted against the balance of accounts receivable on the Balance Sheet.

Investments – Investments in equity securities that have readily determinable fair values are classified and accounted for as trading securities. Realized and unrealized gains and losses on trading securities are included in other income.

Property, Plant, and Equipment – Property, plant, and equipment are carried at cost. Maintenance and repairs are charged to expense as incurred. Upon sale or retirement, the related cost and accumulated depreciation are removed from the accounts and only the resultant gain or loss is recognized.

Depreciation – Depreciation is calculated using the straight-line and various accelerated methods over the useful lives of the assets.

<u>Assets</u>	<u>Economic Life/ Recovery Period</u>
Office furniture and equipment	5 - 10 years
Leasehold improvements	7 years

Depreciation expense for the year ended December 31, 2023, amounted to \$40,102 (unaudited).

Cash Flows – For purposes of the Statement of Cash Flows, the Company considers highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Advertising Costs – Advertising costs are expensed as incurred.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition – The Company provides investment advisory services on a daily basis. The Company believes the performance obligation for providing investment advisory services is satisfied over time because the customer is receiving the benefits as they are provided by the Company. Advisory fee arrangements are based on a percentage applied to the customer’s assets under advisement. Advisory fees are invoiced, and related payments are received, at the beginning of the related service period, which are quarterly, semi-annually or (in a few instances) annually. The fees are deferred until recognized as revenue at the time they relate specifically to the services provided in that period.

Concentration of Credit Risk – The Company’s principal activities include financial planning, financial and business consulting, and money management with most of their clients located in the western Pennsylvania area. The Company maintains cash accounts which, at times, may exceed insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Use of Estimates – The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. INVESTMENTS

Investment securities have been classified according to management’s intent. A summary of investments classified as trading at December 31, 2023, is as follows:

	2023
Mutual funds - equities	\$ 787,227

Trading securities gains included in earnings as of December 31, 2023, \$29,765 (unaudited) of realized capital gains and \$82,437 (unaudited) related to unrealized gains for assets held at December 31, 2023.

## 3. DEFERRED FEE REVENUE

At December 31, 2023, the unearned portion of client billings, representing deferred revenue, is \$4,804,362.

## 4. CORPORATE INCOME TAXES

The Company, with the consent of its stockholders, has elected to have its income taxed as an S Corporation under Section 1372 of the Internal Revenue Code, which provides that in lieu of corporate income taxes, the stockholders are taxed on their proportionate share of the Company’s taxable income. No provision or liability for federal or state income taxes is included in these financial statements. However, the Company is subject to state corporate income taxes in any state that does not automatically recognize its federal S status, and in which it does not specifically elect to be taxed as an S Corporation. Currently, the Company is subject to state income taxes in the state of New York, and its policy is to expense these amounts as they are incurred.

#### 4. CORPORATE INCOME TAXES (continued)

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Company recognizes, when applicable, interest and penalties related to unrecognized tax benefits in other expenses on the Statement of Income. The Company's federal and state income tax returns for taxable years ending prior to 2020 are closed for purposes of examination by the Internal Revenue Service and state taxing authorities.

#### 5. PROFIT SHARING PLAN

The Company is involved in a joint profit-sharing plan under Section 401(k) of the Internal Revenue Code with the other member of its controlled group. All full-time employees are eligible for the plan, regardless of age or years of service. The Company may, at the discretion of the Board of Directors, make a discretionary contribution into the Plan during the year. The Company contribution to the plan during the year ended December 31, 2023, was \$527,189 (unaudited).

#### 6. OPERATING LEASES (unaudited)

The Company utilizes leases for its office building and equipment. As of December 31, 2023, the Company had three outstanding leases resulting in a lease liability recorded under operating leases in the amount of \$2,976,953 and have remaining lease terms ranging from 3 to 6 years. As of December 31, 2023, the Company had no financing leases. Lease costs incurred were entirely operating lease costs, which approximate rent payments being made. As of December 31, 2023, the weighted-average term for operating leases is 6 years and the weighted-average discount rate is 1.55%. Upon the initial adoption of ASU 2016-05, *Leases*, the Company recognized a right of use asset and lease liability of \$4,230,925. The following table displays the undiscounted cash flows due related to operating leases as of December 31, 2023, along with a reconciliation to the discounted amount recorded on the December 31, 2023, Statement of Financial Condition.

Year Ended	Amount
2024	737,255
2025	737,809
2026	739,221
2027 and beyond	862,424
Total minimum payments required	3,076,709
Impact of present value discount	(99,756)
Liability amount report on Balance Sheet	\$ 2,976,953

## 7. RELATED-PARTY TRANSACTIONS

At December 31, 2023, the Company has a receivable of \$2,036,948 from an affiliated corporation for various expenses that have been allocated between the two corporations.

Balance December 31, 2022	\$	1,310,911
Cash payments during 2023		(927,375)
Expenses:		
Employee compensation and benefits		1,668,623
Distributions		(70,000)
Brokerage fees *		(414,489)
Occupancy & equipment		70,960
Communication & technology		267,306
Professional fees *		(29,387)
Advertising		15,501
Travel & entertainment		3,923
Other Expenses *		(111,015)
Balance December 31, 2023	\$	<u>2,036,948</u>

\* Expenses that were paid by the affiliated corporation and transferred to the Company resulting in a negative balance.

## 8. STOCKHOLDERS' AGREEMENT

The stockholders of the Company entered into an agreement stipulating, among other things, the terms under which the Company's stock can be sold or transferred. The agreement provides that ownership of the Company will be determined by the cumulative gross revenues produced for the Company by each revenue producer at a price determined in accordance with the agreement. The agreement also requires that the Company redeem the shares owned by a stockholder upon death, disability, or retirement if those shares are not purchased by any of the other stockholders.

## 9. FAIR VALUE MEASUREMENTS

The following disclosures show the hierarchal disclosure framework associated with the level of pricing observations utilized in measuring assets and liabilities at fair value. The three broad levels defined by U.S. generally accepted accounting principles are as follows:

- Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.
- Level II: Pricing inputs are other than the quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities include items for which quoted prices are available but traded less frequently and items that are fair valued using other financial instruments, the parameters of which can be directly observed.
- Level III: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

## 9. FAIR VALUE MEASUREMENTS (continued)

This hierarchy requires the use of observable market data when available.

The following table presents the assets reported on the Balance Sheet at their fair value as of December 31, 2023, by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

December 31, 2023				
Assets:	Level I	Level II	Level III	Total
Mutual Funds- equities	\$ 787,227	-	-	\$ 787,227

Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. If a quoted market price is available for a financial instrument, the estimated fair value would be calculated based upon the market price per trading unit of the instrument. Investment securities trading is valued based upon quoted market prices.

Financial instruments are defined as cash, evidence of ownership interest in an entity, or a contract that creates an obligation or right to receive or deliver cash or another financial instrument from or to a second entity on potentially favorable or unfavorable terms.

As certain assets such as furniture and equipment are not considered financial instruments, the estimated fair value of financial instruments would not represent the full value of the Company. Additionally, certain financial instruments that are not carried at fair value on the Balance Sheet and are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents, trading securities, accounts receivable, prepaid expenses, accounts payable, accrued expenses, and fees billed in advance.

## 10. SUBSEQUENT EVENTS

Management has reviewed events occurring through March 28, 2024, the date the financial statements were issued, and no subsequent events have occurred requiring accrual or disclosure.