

**Part 2A of Form ADV: *Firm Brochure***

**Borer Denton & Associates, Inc.**

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3/4/2019

This brochure provides information about the qualifications and business practices of Borer Denton & Associates, Inc.. If you have any questions about the contents of this brochure, please contact us at 610-238-0888 or [ldenton@b-d-a-inc.com](mailto:ldenton@b-d-a-inc.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Borer Denton & Associates, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 135729.

## **Item 2     Material Changes**

Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

There have been no material changes in this Firm Brochure since the last Firm Brochure, dated 03/20/2018.

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## **Item 4     Advisory Business**

Borer Denton & Associates, Inc. (sometimes referred to as "BDA" in this brochure) is a SEC-registered investment adviser with its principal place of business located in Pennsylvania. Borer Denton & Associates, Inc. began conducting business in 2005.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Edward Turner Borer, Chairman
- Albert Louis Denton, President & CEO

Borer Denton & Associates, Inc. offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio quarterly, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **AMOUNT OF MANAGED ASSETS**

As of 12/31/2018, we were actively managing \$171,969,522 of clients' assets on a discretionary basis plus \$51,787,527 of clients' assets on a non-discretionary basis.

### **Item 5 Fees and Compensation**

#### **PORTFOLIO MANAGEMENT SERVICES FEES**

The annualized fee for Portfolio Management Services is charged as a percentage of assets under management, according to the following schedules:

##### First Option for clients:

Minimum Annual Charge	\$2,000
.800% on the first	\$1,000,000
.500% on the next	\$4,000,000
.400% on the next	\$5,000,000
To be negotiated	Above \$10,000,000

Under this fee schedule, commissions are charged for transactions. Both the firm and its individual representatives receive a portion of these commissions.

##### Second Option for Clients:

Minimum Annual Charge	\$2,500
1.000% on the first	\$1,000,000
.625% on the next	\$4,000,000
.500% on the next	\$5,000,000
To be negotiated	Above \$10,000,000

Under this fee schedule, minimal commissions are charged for transactions. These commissions reflect the charges we incur for executions. Neither our firm nor individual representatives receive any portion of these commissions.

Under either Option, all fees are due in advance semi-annually and are billed or, with your permission, deducted from your account at the custodian organization that holds your securities.

Borer Denton & Associates has not offered and does not offer Wrap Fee Programs nor do we use the services of other investment advisers or impose any special charges for Separately Managed Accounts beyond the schedules we've shown above. For informational purposes only, we have included below a paragraph on important aspects of such programs.

**Limited Negotiability of Advisory Fees:** Although Borer Denton & Associates, Inc. has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members of associated persons of our firm who live in the same household as the associated person.

## **GENERAL INFORMATION**

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to Borer Denton & Associates, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the 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.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by the firm offering such programs. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer

to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. We also receive additional compensation in the form of marketing service fees from mutual funds. (i.e. 12b1 fees) for such funds held in your account, except for money market funds, for which we receive no 12b1 fees. In the event your account is a qualified ERISA account, those fees will be credited to the Plan through a reduction of our management fees.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Borer Denton & Associates, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** Borer Denton & Associates, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Borer Denton & Associates, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Borer Denton & Associates, Inc.'s advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Borer Denton & Associates, Inc. does not charge performance-based fees.

## **Item 7 Types of Clients**

Borer Denton & Associates, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.



**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. This is not a strategy we normally employ.

**Margin transactions.** We do not normally implement margin transactions in advised accounts. Under unusual circumstances and at your request we will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. The use of margin transactions increases risk.

## **Item 9     Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Management personnel of Borer Denton & Associates, Inc. are separately licensed as registered representatives of Henley & Company LLC, an unaffiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While Borer Denton & Associates, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Clients should be aware that the receipt of additional compensation by Borer Denton & Associates, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Borer Denton & Associates, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;

- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Borer Denton & Associates, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Borer Denton & Associates, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by calling us at 610-238-0888.

Borer Denton & Associates, Inc. or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients.

Borer Denton & Associates, Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account unless that employee's purchase or sale represented a de minimus percentage of that day's or the prior day's total trading volume, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of Henley & Company LLC ("H&C"), an unaffiliated broker-dealer, and Pershing, LLC ("Pershing"), the clearing broker for H&C, registered broker-dealers and members of FINRA and SIPC. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of brokerage services provided by H&C and Pershing, the firms' reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. You may pay higher commissions and/or trading costs than those that may be available elsewhere.

We rely heavily on Pershing's "Best Execution Methodology." This can be reviewed by clients on Pershing's website or, when requested, we will send you a copy of this methodology. In limited cases, we may use the Municipal Securities Rulemaking Board's EMMA Price Discovery Tool as well.

For discretionary clients, Borer Denton & Associates, Inc. requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Borer Denton & Associates, Inc. does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

As a matter of policy and practice, Borer Denton & Associates, Inc. does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

## **Item 13    Review of Accounts**

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are frequently monitored, these accounts are reviewed not less frequently than quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: A. Louis Denton, President and Chief Executive Officer and/or Edward T. Borer, Chairman.

Louis Denton was born April 7, 1958. He was graduated from Franklin and Marshall College in 1980, receiving an A.B. degree in Business/Economics. He then attended the University of Toledo College of Law, and in 1983 was awarded a J.D. degree with a concentration in Corporate/Tax Law. He served as a senior law clerk for a commercial law practice and a staff attorney for an agency of the U.S. Government. He has been President and Chief Executive Officer of Borer Denton & Associates for more than five years. He is also a Registered Representative of Henley & Company LLC, an unaffiliated broker/dealer. He is Borer Denton & Associates, Inc. Chief Compliance Officer.

Edward T. Borer was born November 30, 1938. He was graduated from the Wharton School of the University of Pennsylvania in 1960, receiving a B.S. degree in Economics, with a major in Finance (Securities). He is a Chartered Financial Analyst, receiving that designation in 1969; for further information on this designation, visit [www.cfainstitute.org](http://www.cfainstitute.org). He has been Chairman of Borer Denton and Associates, Inc. for more than five years. He is also a Registered Representative of Henley & Company LLC, an unaffiliated broker/dealer.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, Borer Denton & Associates, Inc. will provide quarterly reports summarizing account performance, balances and holdings.

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

It is Borer Denton & Associates, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Borer Denton & Associates, Inc.'s policy not to accept or allow our related 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.

## **Item 15    Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

However, one of the principals of our firm acts as Trustee to certain accounts and as Power of Attorney to others. To that extent, he has custody since he has access to bank accounts for those clients of Borer Denton & Associates, Inc.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

We do require some clients to pay fees that are (a) greater than \$1200 and (b) billed six months or more in advance. Accordingly, a copy of our firm's balance sheet is attached.

As an advisory firm that is required to provide a copy of our firm's balance sheet, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We are aware of no such condition.

Borer Denton & Associates, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

**BORER DENTON & ASSOCIATES, INC.**  
**Statement of Financial Condition**  
**December 31, 2018**

**Borer Denton & Associates, Inc.**  
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# Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT F. SANVILLE, CPA  
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MEMBERS OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors  
of Borer Denton & Associates, Inc.

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of Borer Denton & Associates, Inc. (the "Company") which comprises the statement of financial condition as of December 31, 2018, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Borer Denton & Associates, Inc. as of December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.



Abington, Pennsylvania  
March 22, 2019

**Borer Denton & Associates, Inc.**  
**Statement of Financial Condition**  
**December 31, 2018**

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ASSETS

Cash	\$ 350,162
Commissions receivable	37,211
Fees receivable	8,689
Computer equipment, net of accumulated depreciation of \$21,045	597
Furniture and fixtures, net of accumulated depreciation of \$4,675	7,167
Deposits and prepaid expenses	<u>5,937</u>
Total assets	\$ <u>409,763</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

Due to stockholder	\$ 51,812
Accrued expenses	<u>16,022</u>
Total liabilities	<u>67,834</u>

Stockholders' equity:

Common stock, par value \$1 per share, authorized 100,000 shares issued 30,000 shares and outstanding 26,500 shares	30,000
Additional paid-in-capital	270,000
Treasury stock, at cost - 3,500 shares	( 47,733)
Retained earnings	<u>89,662</u>
Total stockholders' equity	<u>341,929</u>
Total liabilities and stockholders' equity	\$ <u>409,763</u>

The accompanying notes are an integral part of this financial statement.

# **Borer Denton & Associates, Inc.**

## **Notes to Financial Statement**

**December 31, 2018**

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### **1. Organization**

Borer Denton & Associates, Inc. (the “Company”) is registered with the Securities and Exchange Commission (SEC) as an investment adviser. The Company provides investment advisory services to individuals and institutions. The Company, like other securities firms, is directly affected by general economic and market conditions, including fluctuations in volume and price levels of securities, changes in interest rates and securities brokerage services, all of which have an impact on the Company’s revenues. The Company’s office is located in Blue Bell, Pennsylvania. The Company is incorporated under the laws of the Commonwealth of Pennsylvania. Certain employees of the Company are registered representatives of Henley & Company LLC, an unaffiliated registered securities broker dealer. The Company recognizes the revenue from commissions generated through Henley & Company LLC.

### **2. Summary of Significant Accounting Policies**

*Revenue recognition* – The Company recognizes investment advisory fees and brokerage commissions when earned.

*Brokerage commissions* – The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on the settlement date, which is not materially different than the trade date. The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

*Investment advisory fees* – The Company provides investment advisory services on a daily basis. The Company believes the performance obligation for providing advisory services is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Company. Fee arrangements are based on a percentage applied to the customer’s assets under management. Fees are received semi-annually in advance and are recognized as revenue as services are provided during the six-month period following receipt.

*Concentration of credit risk* – The Company maintains cash balances at a commercial bank, which occasionally exceed federally insured limits. The Company has not experienced any losses related to the aforementioned cash balances.

*Receivables and Credit Policies* – Commissions receivable are uncollateralized broker obligations due under normal trade terms requiring payment within 30 days and the company does not charge interest on commissions receivable greater than 30 days old.

Fees receivable are uncollateralized customer obligations due from investment advisory services and are due upon the terms of the contracts.

The carrying amount of commissions and fees receivable are reduced by a valuation allowance that reflects management’s best estimate of the amounts greater than 30 days that are not believed to be collectible. In the opinion of management, at December 31, 2018, all commissions and fees receivable were considered collectible and no allowance was necessary.

# Borer Denton & Associates, Inc.

## Notes to Financial Statement

December 31, 2018

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### 2. Summary of Significant Accounting Policies (continued)

*Depreciation* - Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the property and equipment, which range from 3 to 7 years.

*Use of Estimates* – The preparation of financial statements in conformity with U. S. generally accepted accounting principles 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 may differ from those estimates and assumptions.

*Subsequent events* - Management has evaluated the impact of all subsequent events through March 22, 2019, the date the financial statement was available to be issued and has determined that there were no subsequent events requiring disclosure in this financial statement.

*Income Taxes* – No provision has been made in the financials statements for income taxes. The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation for federal and state tax purposes. In lieu of the corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income.

The Company recognizes and discloses uncertain tax positions in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires management of the Company to analyze all open tax years, fiscal years 2015-2018, as defined by IRS statute of limitations for all major industries, including federal tax authorities and certain state tax authorities. As of and during the period ended December 31, 2018, the Company did not have a liability for any unrecognized tax benefits. The Company has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total tax amounts of unrecognized tax benefits will significantly change in the next twelve months.

### 3. Operating Leases

The Company leases its office space under a non-cancelable lease that expires in January 31, 2021. The future minimum lease payments are as follows:

<u>Year</u>	<u>Payments</u>
2019	\$ 42,783
2020	43,816
2021	3,702

# **Borer Denton & Associates, Inc.**

## **Notes to Financial Statement**

**December 31, 2018**

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### **4. Recently Issued Accounting Pronouncements**

*New Accounting Standard Not Yet Adopted* – In February 2016, the FASB issued ASU 2016-02, which created ASC 842, Leases. The new standard requires the lessee to account for leases as finance or operating leases. Both types of leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on the statement of financial condition. The new standard is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company expects to record a right-of-use asset and related liability upon the adoption of ASU 2016-02.