

**Form ADV, Part 2A**

**Item 1 - Cover Page**



**Aurora Financial Group, LLC**

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**This brochure provides information about the qualifications and business practices of Aurora Financial Group, LLC (“Aurora” or the “Advisor”). If you have any questions about the contents of this brochure, please contact us at (207) 553-2343 and/or [kvolk@aurorafinancial.info](mailto:kvolk@aurorafinancial.info). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission, the Maine Office of Securities or by any other state securities authority.**

**Additional information about Aurora also is available on the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or the State of Maine Offices of Securities website [www.maine.gov/pfr/securities/license info.htm](http://www.maine.gov/pfr/securities/license_info.htm).**

## **Item 2 – Material Changes**

This is the Advisor’s brochure on Part 2A of Form ADV and a single material change is therefore required to be disclosed since the last annual update of the brochure. Recent financial regulations dictated that firms managing assets between \$25 million and \$100 million are required to withdraw registration with the Securities and Exchange Commission (“SEC”) and register with their respective state. Aurora is taking this required action in the first half of 2012. Also, pursuant to Chapter 515§ 8 (5), should Aurora amend its brochure and/or any brochure supplement(s), Aurora will deliver the amendments to clients within thirty (30) days of the event that requires the filing of the amendment when information contained in the brochure and/or brochure supplement(s) become(s) materially inaccurate. We will also issue a summary of any future material changes to this and subsequent Brochures within 90 days of the close of our fiscal year ending in December. The date of our last update was June 30, 2011. You may always request a copy of our Brochure by calling our office at 207-553-2343.

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Part 2B Brochure Supplement – Charles W. Dibner, CFP®.....

## **Item 4 – Advisory Business**

### **Firm Description**

Aurora was organized as a Maine limited liability company in February 2005. Aurora initially registered as an investment adviser with the State of Maine. After surpassing the requisite assets under management threshold, Aurora withdrew from the State of Maine and registered as an investment adviser with the Securities and Exchange Commission (“SEC”) in January 2006. Registration with the SEC does not imply a certain level of skill or training. Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Aurora has been classified as a mid-sized advisor required to re-register with the State of Maine in 2012. Aurora operates from an office location in Portland, Maine, and its owner and his family have been long-time Maine residents. Aurora is wholly owned by Charles W. Dibner, CFP®. Individuals associated with our firm who provide its investment advisory services are known as Investment Adviser Representatives (“IARs”) and must meet all examination or experience requirements of the states and/or jurisdictions in which the individual provides advisory services.

Aurora reflects both of these disciplines, combining a structured, long-term foundation of family-focused financial diagnosis with experienced technical knowledge and sensitive guidance across a broad venue of financial subjects. Aurora’s approach is unique, sophisticated, individualized and family specific. Investment portfolios are designed and managed to meet measurable goals or resolve discernable concerns rather than to be competitive with a statistical benchmark. Philosophically, Aurora prioritizes preservation of principal and tolerable risk over outperformance and volatility. See “Form ADV, Part 2B – Brochure Supplement for Charles W. Dibner, CFP®” for additional information regarding Mr. Dibner.

### **Types of Advisory Services**

Aurora offers general investment advisory services with respect to a broad range of domestic and non-domestic securities, including, but not necessarily limited to, equity, debt, pooled investment vehicles, U.S. government securities, municipal securities, and insurance and banking products. Aurora primarily advises separately-managed accounts maintained by individuals, trusts/estates and charitable organizations, small businesses and other business entities, and individual retirement plans/accounts, both qualified and non-qualified. Unless otherwise agreed to with the client in writing, portfolio management services are provided on a fully-discretionary basis. Individual clients may impose restrictions on the management of their portfolios, including, without limitation, “do not sell” instructions with respect to specific securities. ***Aurora does not offer wrap fee programs.***

Aurora also provides financial planning services to clients. Aurora was founded on the belief that an overlap of expertise and capability between investment management services and financial planning was lacking in the market. Aurora tailors all of its services to the size and specific needs of its clients, taking into account numerous factors, such as long-term financial objectives, risk tolerance, and tax and estate considerations. Aurora collects and analyzes extensive financial information before assembling a strategic plan. Then, and only then, are

portfolios created and strategies implemented. Aurora continuously revisits its strategies as circumstances change.

Mr. Dibner maintains regular communications with clients through the usual channels – meetings, telephone calls, and electronic mail, and also supplements those contacts occasionally with a unique and eclectic newsletter called “Thoughts While Shaving.” An assessment letter is also included with quarterly statements.

### **Portfolio Management**

Aurora believes that its investment strategy follows a “medical approach.” Aurora collects and analyzes extensive financial information before assembling a strategic plan. Consequently, during initial meetings with a client, Aurora attempts to determine the client’s investment goals, investment time horizon, expected future expenses, income and tolerance for investment risk. Based on these criteria and many others, Aurora will recommend a customized portfolio covering a broad range of assets from securities to real estate. However, Aurora believes firmly that principal preservation is the single most important consideration of any investment strategy and, coupled with income for living needs, is accomplished primarily with fixed-income assets. If clients do not first preserve principal, they cannot achieve growth. For clients who desire a growth component to their portfolios, Aurora employs a screening process that typically leads to the selection of less volatile and more conservative equities. Cash reserves, both immediate and foreseeable short term, are created with securities of progressive liquidity.

### **Investment Management Agreement**

Aurora requires that each client enter into an Investment Management Agreement (the “Agreement”) prior to Aurora’s performance of any portfolio management services for the benefit of the client. The Agreement is a written contract between Aurora and the client and sets forth the terms of portfolio management services to be rendered to the client. Under the Agreement, the client appoints Aurora as its agent and attorney-in-fact, with full discretion, on the client’s behalf and risk, to purchase and sell securities in such amounts, at such prices, and in such manner as Aurora may deem advisable for the client’s investment portfolio. As the client’s agent and attorney-in-fact, Aurora is granted the full discretion to transfer the client’s portfolio securities and to temporarily invest cash balances in money-market or other short-term investments.

Pursuant to the Agreement, the client has the right to designate broker-dealers through which securities transactions will be executed on behalf of the client’s investment portfolio. In the absence of specific written instructions from the client, Aurora may select one or more broker-dealers to effect such securities transactions. Pursuant to the Agreement, Aurora will not maintain custody of securities or other assets of the client. Client’s assets will be maintained by a qualified institution or an entity appointed by the client.

The Agreement requires the client to retain all proxy-voting responsibilities with respect to the client’s securities and other assets managed by Aurora. With respect to ERISA clients, the client

represents to Aurora in the Agreement that the plan reserves the right to vote proxies to the plan trustees and does not delegate such responsibility to Aurora as the investment advisor.

As an investment adviser, Aurora owes a fiduciary duty to each client and must act in the best interests of each client when rendering investment management services. Pursuant to the Agreement, each client agrees that Aurora will not be liable for loss or expense resulting from any action or decision made in good faith and absent malfeasance, bad faith, and negligence. The Agreement is not intended to waive any rights or remedies that the client may have under applicable securities laws. In addition, in cases where Aurora relied in good faith on an instruction of the client or an agent of the client, the client agrees to indemnify Aurora against any claim, liability, or expense.

Neither party may assign or amend the Agreement without the other party's prior written consent. Either party may terminate the Agreement upon 30 days' prior written notice. In the absence of a termination, the investment discretion and other powers of Aurora under the Agreement continue notwithstanding the death, disability, or legal incompetence of the client.

Client shall hold harmless and indemnify AURORA, its managers, officers, employees and agents, against any and all liabilities, losses, costs and expenses, which may be incurred or suffered as a result of Client's inaccuracy, misrepresentation or breach of representations and warranties of Client contained in this Section 4; provided, however, that the foregoing shall not constitute a waiver or limitation of any rights which Client may have under any federal or state securities laws, or the rules and regulations promulgated thereunder, or abridge the fiduciary duty of AURORA to act for the benefit of Client nor any rights Client may have as a result of that duty.

In sum, this language is not intended to diminish in any way the Adviser's fiduciary obligation to act in the best interests of the client or any rights that the client may have under federal or state securities laws or the rules promulgated pursuant to those laws.

### **Assets Under Management**

As of December 31, 2011, Aurora managed approximately \$53 million in assets on a discretionary basis and did not manage any assets on a non-discretionary basis.

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

#### **Investment Management Fees/Compensation**

Aurora is compensated for its advisory services on a quarterly basis. The fee charged is derived from the market value of all assets under management at the end of the prior quarter (in arrears). Pursuant to the Agreement, Aurora's portfolio management fees are deducted directly from the client's account maintained by the broker-dealer/custodian. No asset management fees will exceed the rates set forth in the current fee schedule, but Aurora reserves the right to reduce its fees for significantly larger or related portfolios. Aurora may charge flat fees or charge hourly fees for certain portfolios or certain related services. Such fees are billed on a quarter hour basis and (for non-portfolio management services) are invoiced to the client.

### Managed Portfolios by Household

Assets under \$750,000 .....	1.50% per annum
Assets of or greater than \$750,000 and under \$1,500,000 .....	1.25% per annum
Assets of greater than \$1,500,000 .....	0.75% per annum
Charitable Foundations.....	0.50% per annum

For example, for a \$2 million account, the quarterly fee would be calculated as follows:

$(\$750,000 \times 1.5\%/4 + \$750,000 \times 1.25\%/4 + \$500,000 \times 0.75\%/4)$  or  $(\$2,812.50 + \$2,343.75 + \$937.50)$  or  $(\$6,093.75)$  per quarter.

For assets under \$250,000, Aurora reserves the right to charge a negotiated flat fee.

Fees may be negotiated and agreed to in writing with the client.

### Financial Planning and Custom Analysis

All work is billed at a fixed hourly rate of \$300 per hour, or at a fixed-fee as may be negotiated and agreed to in writing with the client. Billing is done on a quarterly basis for work completed in the prior quarter.

### Non-typical or Specialized Work

For non-managed portfolio securities consultation, analysis or selection, all work is billed at a fixed hourly rate of \$300 per hour, or at a fixed-fee as may be negotiated and agreed to in writing with the client.

For consultation with respect to litigation support services, at a fixed hourly rate of \$350 per hour, or at a fixed-fee as may be negotiated and agreed to in writing with the client.

Aurora reserves the right to adjust its fee schedule from time to time upon at least sixty (60) days' prior written notice to the client.

### **Other Fees**

In addition to the fees disclosed in this Item 5, clients of Aurora also will be solely responsible for bank fees, custodial fees, brokerage commissions, mutual fund expenses, and other transactional costs related to the management of their portfolio. Please refer to "Item 12 – Brokerage Practices" for further information. Neither Aurora nor any investment adviser representative of Aurora accepts compensation for the sale of securities or other investment products from clients of the Aurora.

## **Termination of Agreement**

Pursuant to the Agreement, either Aurora or the client may terminate Aurora's investment advisory services upon thirty (30) days' written notice. In the event of termination, the investment management fees, set forth in Item 5, are charged consistent with the Agreement through the date of termination. See "Item 4 – Advisory Business/Investment Management Agreement" for further information.

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

Neither Aurora nor any investment advisor representative of Aurora charges or accepts performance-based fees and/or side-by-side management. Because all accounts managed by Aurora are charged either an asset-based or fixed investment management fee, Aurora is not in a position to favor performance-based fee accounts over other accounts.

## **Item 7 – Types of Clients**

### **Description of Clients**

Aurora will advise separately-managed accounts maintained by individuals, trusts/estates and charitable organizations, small businesses and other business entities. Aurora characterizes the majority of its clients as either "young achievers" with growing families looking for situation solving financial plans or growth or "older/approaching retirement" looking for security and the passage of assets to the next generation.

### **Requirements for the Provision of Investment Management Services**

Aurora requires that each client enter into the Agreement prior to Aurora's performance of any portfolio management services for the benefit of the client. The Agreement is a written contract between Aurora and the client and sets forth the terms of the portfolio management services to be rendered to the client. Under the Agreement, the client appoints Aurora as its agent and attorney-in-fact, with full discretion and limited authority, on the client's behalf to purchase and sell securities in such amounts, at such prices and in such manner as Aurora may deem advisable for the client's investment portfolio. For more information about the Agreement, see "Item 4 – Advisory Business/Investment Management Agreement."

The client must open an account with a third-party broker-dealer/custodian to hold the client's portfolio securities and other assets subject to Aurora's discretionary management. For more information about the selection of a broker-dealer/custodian and the implication of such selection on Aurora's ability to effectively execute portfolio transactions on a client's behalf, see "Item 12 – Brokerage Practices/Selecting Brokerage Firms and Best Execution."

### **Account Minimums**

Aurora does not maintain a minimum account size. However, for clients with aggregate assets under management of less than \$250,000, Aurora reserves the right to charge a flat fee for

investment management or related services, with the amount of the fee to be negotiated in advance and noted in writing in the Agreement. For more information see “Item 5 – Fees and Compensation.”

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

### **Strategy and Analysis**

#### **Portfolio Management**

Aurora believes that its investment strategy follows a “medical approach.” Aurora collects and analyzes extensive financial information before assembling a strategic plan. Consequently, during initial meetings with a client, Aurora attempts to determine the client’s investment goals, investment time horizon, expected future expenses, income and tolerance for investment risk. Based on these criteria and many others, Aurora will recommend a customized portfolio covering a broad range of assets from securities to real estate. However, Aurora believes firmly that principal preservation is the single most important consideration of any investment strategy and, coupled with income for living needs, is accomplished primarily with fixed-income assets. If clients do not first preserve principal, they cannot achieve growth. For clients who desire a growth component to their portfolios, Aurora employs a screening process that typically leads to the selection of less volatile and more conservative equities. Cash reserves, both immediate and foreseeable short term, are created with securities of progressive liquidity.

#### **Methods of Analysis**

Securities research and selection employs a multi layered approach which commences with macro views of sectors, industry groups and geographical trends. This stage employs subscriptions to independent advisory sources, newsletters and focused publications and is influenced by reporting from the broad range of public media sources. Additionally, Once the most attractive investment choices are matched with an individual portfolio’s needs and limitations, the selected securities are inserted into the individual allocation plan with primary consideration given to the inherent levels of volatility and risk as reflected only by the individual family. For example, Security “A” could be the optimal selection within an optimal sector and industry group, its geographical market could detract from its insulation to volatility, its fundamental data could be attractive and technical analysis could reveal a weakness in its momentum. When these differing analytical views ( when aggregated into a determination of potential risk and potential advantage) are overlaid onto the human needs, age, circumstance or limitations, make the given selection “risky” for one family but desirable for another family.

Aurora’s sources of data, analysis and selection are all limited private subscription and are supplemented with generic media publications that have focus on financial and economic subjects. Aurora information sources provide overlapping global, macro-economic, financial and geographical data. They represent both fundamental and technical analytical methodologies and incorporate both “top-down” and “bottom-up” approaches that delve into socio-political, natural resource, trade, monetary and currency evaluation. Aurora also subscribes to research from a multitude of subscription publications that examine broad equity markets and specific



sector or industry group research; the same is true for mutual funds, ETFs, Financial and Estate Planning and insurances. Fixed income research is heavily dependent on personal research and use of on-line data banks. Aurora receives no-cost fixed income market analysis from two custodial sources.

### Financial/Retirement Planning

In addition to standard portfolio management services, Aurora also employs specific multi-faceted strategies for clients planning for or approaching retirement. The ultimate strategies vary depending on the needs of the specific client, but will typically involve recommendations in the following substantive areas:

- cash flow analysis and projection
- portfolio management
- healthcare planning
- tax strategies
- risk and insurance protection
- estate planning

### **Investment Risks**

Clients of Aurora must be aware that investing in securities involves substantial risks, including a loss of all or a portion of the principal investment. Unlike savings and checking accounts at a bank, investments in securities are not insured by the government to protect against market losses. Different investments, as well as different investment strategies, carry different types and degrees of risk. Clients of Aurora are encouraged to discuss their objectives and risk tolerance with their investment advisor representative and periodically re-evaluate whether their objectives and risk tolerance has changed over time due to market conditions, life events, or other factors.

The principal risks of investing in equity and fixed income securities are:

Equity Securities Risk. Investments in equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; global or regional political, economic and banking crises; and factors affecting specific industries, sectors or companies in which Aurora invests on behalf of clients. The value of a client's investment portfolio and the corresponding investment return will fluctuate based upon changes in the value of its portfolio securities.

Large-Cap Company Risk. Investments in larger, more established companies are subject to the risk that larger companies are sometimes unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion. Larger, more established companies may be unable to respond quickly to new competitive challenges such as

changes in consumer tastes or innovative smaller competitors potentially resulting in lower markets for their common stock.

Mid-Cap and Small-Cap Companies Risk. Investments in mid-cap and small-cap companies may not have the management experience, financial resources, product diversification and competitive strengths of large-cap companies. Therefore, their securities may be more volatile and less liquid than the securities of larger, more established companies. Mid-cap and small-cap company stocks may also be bought and sold less often and in smaller amounts than larger company stocks. Because of this, if Aurora wants to sell a large quantity of a mid-cap or small-cap company stock, it may have to sell at a lower price than it might prefer, or it may have to sell in smaller than desired quantities over a period of time. Analysts and other investors may follow these companies less actively and therefore information about these companies may not be as readily available as that for large-cap companies.

Fixed-Income Securities Risks. Debt securities are subject to the following risks:

- *Credit Risk.* Issuers of fixed-income securities may be unable to make principal and interest payments when they are due. There is also the risk that the securities could lose value because of a loss of confidence in the ability of the issuer to pay back debt. The degree of credit risk for a particular security may be reflected in its credit rating. Lower rated fixed income securities involve greater credit risk, including the possibility of default or bankruptcy.
- *Interest Rate Risk.* Fixed-income securities could lose value because of interest rate changes. For example, bonds tend to decrease in value if interest rates rise. Fixed-income securities with longer maturities sometimes offer higher yields, but are subject to greater price shifts as a result of interest rate changes than debt securities with shorter maturities.
- *Prepayment Risk.* Prepayment occurs when the issuer of a debt security repays principal prior to the security's maturity. During periods of declining interest rates, issuers may increase pre-payments of principal causing Aurora to invest in fixed-income securities with lower yields thus reducing income generation. Similarly, during periods of increasing interest rates, issuers may decrease pre-payments of principal extending the duration of debt securities potentially to maturity. Fixed-income securities with longer maturities are subject to greater price shifts as a result of interest rate changes. Also, if Aurora is unable to liquidate lower yielding securities to take advantage of a higher interest rate environment, its ability to generate income on behalf of clients may be adversely affected. The potential impact of prepayment features on the price of a debt security can be difficult to predict and result in greater volatility.

Government-Sponsored Entities Risk. Investments in U.S. government obligations include securities issued or guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities, such as the U.S. Treasury. Payment of principal and interest on U.S. government obligations may be backed by the full faith and credit of the United States or may be backed solely by the issuing or guaranteeing agency or instrumentality itself. Investments in debt securities issued by U.S. government sponsored entities such as the Federal National

Mortgage Association, the Federal Home Loan Mortgage Association, and the Federal Home Loan Banks are not backed by the full faith and credit of the U.S. government. There can be no assurance that the U.S. government will provide financial support to its agencies or instrumentalities (including government-sponsored enterprises) where it is not obligated to do so.

**Junk Bonds Risk.** Investments in bonds that are rated below investment grade, commonly known as “junk bonds” generally provide high income in an effort to compensate investors for their higher risk of default, which is the failure to make required interest or principal payments. Investments in junk bonds have speculative or predominately speculative characteristics. Junk bonds are not investment grade securities and involve greater risk of default or price changes due to changes in the issuers' creditworthiness than do higher quality securities. In addition, the market prices of lower rated securities may decline significantly in periods of general economic difficulty or rising interest rates. As a result, junk bonds present a significant risk for loss of principal and interest. The market for these securities may also be thinner and less active than that for higher quality securities, which may adversely affect the ability to sell the bonds as well as the price at which they can be sold. Due to the potential for limited liquidity, the prices for junk bonds may also not be readily available.

#### **Item 9 – Disciplinary Information**

Neither Aurora nor any investment advisor representative or other management personnel of Aurora has been the subject of any legal or disciplinary event requiring disclosure under the laws or regulations governing disclosure to investment advisory clients.

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

Neither Aurora nor any investment advisor representative or other management personnel of Aurora are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Aurora nor any investment advisor representative or other management personnel of Aurora are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of any of the foregoing entities.

Aurora does not have any advisory affiliates and is not under common control with any other entity.

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

### **Code of Ethics and Personal Securities Trading Policy and Procedures**

Aurora has adopted a Code of Ethics (the “Code”), which generally provides that Aurora employees will (i) place the interests of Aurora clients first, (ii) conduct all personal securities transactions consistent with the Code in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual’s position of trust and responsibility; and (iii) not at any time take inappropriate advantage of his or her position with respect to Aurora or allow personal interests to compete with clients’ interests.

The Code is applicable to all Aurora employees without exception. Under the Code, each employee is required to report to the Chief Compliance Officer all investment holdings of equity or equity-linked securities at commencement of employment. In addition, each employee must also submit to the Chief Compliance Officer quarterly reports of (i) his/her transactions in any equity or equity-linked security in which such person had any direct or indirect beneficial ownership and (ii) the equity or equity-linked securities held in any account in which the employee had any direct or indirect ownership. The Code requires employees to report violations of the Code to the Chief Compliance Officer. A copy of the Code and the Personal Transactions Policy will be provided to each client upon request.

Included within the Code is a specific Personal Securities Transactions Policy (the “Policy”). Employees may not purchase or sell any security in which the employee has a beneficial ownership interest unless the transaction occurs in an exempted security (*e.g.*, treasuries, certificates of deposit, commercial paper and other similar money market instruments, unit investment trusts, open-end mutual funds) or the employee has complied with the Policy. The Policy requires pre-clearance from the Chief Compliance Officer for all non-exempt securities transactions. The Policy also places restrictions on the participation of Aurora employees in initial public offering and private placements.

### **Interest in Client Transactions**

Aurora and its employees may purchase and sell securities that Aurora also recommends to clients for investment. It is a conflict of interest to recommend any security to a client, or to direct any transaction for a client in a security, if Aurora or any employee has an interest in that security. To address this conflict, the Policy requires all client trades in a security to be executed prior to execution of any personal trades in the same security or related securities (*e.g.* warrants, options or futures) by Aurora employees. Aurora does not, as a principal, buy securities from or sell securities to clients.

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## **Item 12 – Brokerage Practices**

### **Selecting Brokerage Firms**

Each client of Aurora has the right to designate the broker-dealer/custodian through which purchases and sales of securities for the client's portfolio are to be executed. Aurora will discuss the selection of broker-dealers/custodians with each client prior to providing investment management services and will inform clients of their various options for broker-dealers and the pros and cons of each. Aurora has long-established working relationships with Fidelity, Charles Schwab and a number of other broker-dealers. In suggesting a broker-dealer, Aurora selects those firms that provide the best services at the lowest costs and still encourages the broker-dealer to provide a full complement of professional services. In the absence of specific written instructions from the client on a timely basis, Aurora will have full discretion and authority to select one or more broker-dealers to execute securities transactions.

### **Best Execution**

As an investment adviser, Aurora has a fiduciary obligation to obtain the most favorable price and execution for client transactions. Consequently, if Aurora is responsible for selecting the broker-dealers who affect the purchase and sale of securities for client portfolios, then Aurora selects such broker-dealers based on their ability to execute trades, overall service, specific customer needs, and a competitive commission structure.

### **Soft Dollars**

Aurora neither solicits, uses nor accepts any "soft dollar" services or benefits from any broker-dealer or custodian. All research utilized by Aurora is derived from published sources for which Aurora independently pays subscription fees. All services, systems, software and hardware utilized by Aurora are purchased by Aurora independent of any broker-dealer or custodian relationships. Aurora does not solicit or accept any fee markups/reductions, either in "hard" or "soft" dollar form.

### **Brokerage for Client Referrals**

Aurora does not solicit or accept client referrals from broker-dealers through which Aurora executes securities transactions for its clients.

### **Directed Brokerage**

Aurora does not solicit or recommend directed brokerage. A client may direct Aurora in writing to place securities transactions with a specific broker-dealer (the "Directed Broker") and to pay brokerage commissions on such transactions at a rate agreed upon between the Directed Broker and the client. In such an event, Aurora is obligated to disclose to the client the following:

- (a) The Directed Broker identified by the client may have referred the client to Aurora and as a result, Aurora may have a conflict of interest as Aurora will not negotiate brokerage commissions on the client's behalf;
- (b) The brokerage commission amount that the client has negotiated with the Directed Broker identified by the client may be different from that which could be obtained from another brokerage firm or that which Aurora's discretionary brokerage clients may pay;
- (c) Aurora may not be able to aggregate trades for the client's portfolio with those of Aurora's discretionary brokerage clients, nor obtain volume discounts, and therefore, may not be able to obtain best execution for the client's portfolio; and
- (d) The price that the client's portfolio pays or receives for a security may be different from the price paid or received by Aurora's other directed brokerage clients who utilize a different broker-dealer, which may not constitute best execution.

By specifying a directed broker-dealer, the client is representing to Aurora that he, she, or it has determined, in view of the services being provided by the Directed Broker to the client, the direction of the client's portfolio's brokerage to such Directed Broker and the brokerage commission rate negotiated by the client and the Direct Broker are in the best interests of the client's portfolio.

If the Directed Broker declines or is unable to execute a specific transaction, Aurora will assume (for such trades only) the discretionary authority to execute the trade at another broker-dealer, and may execute the transactions under the terms of the Agreement.

### **Aggregation of Client Transactions**

Certain types of securities transactions benefit from the financial equivalent of "group buying." Usually, these transactions are characterized as "block" or "aggregate" buying. Aggregate purchases are most common in transactions involving securities where there is no set price, but where the price is set by negotiation. Such transactions have two extremes in their final pricing, the "bid" (or buying offer) and the "ask" (or selling request). Somewhere between the bid and ask, two willing negotiators – a buyer and a seller – reach a mutual agreement that is the final price.

Some equity securities use a bid/ask system but these are most frequently the common stock of smaller, less traded and lower volume companies. Because these securities are not common in Aurora's managed portfolios, it is rare that Aurora makes these purchases. In those rare instances, Aurora will aggregate all purchase orders into one, single negotiated purchase – a "block purchase"- and, then, distribute the shares to each participating account. If an aggregated purchase or sale order is not completely executed, securities purchased or sold will be allocated on a pro rata basis across all accounts participating in the transaction at the average execution price.

### **Item 13 – Review of Accounts**

At Aurora, our head investment advisor representative, Charles W. Dibner, CFP®, reviews all client accounts and financial planning on, at minimum, an annual basis. Changes in the client's circumstances, changes in investment performance, or changes in tax laws may also trigger a review.

At the end of each fiscal quarter and annually, clients receive written statements from Aurora for each account that is managed by Aurora describing summary information, investment performance and/or changes in the client's financial plan. Account review meetings with clients are scheduled on an annual basis or on a more frequent basis as needed or requested by the client. During these annual reviews, or as requested, a more detailed, analytical and in-depth reporting is provided. Reports provided may include overall investment performance, investment portfolio aggregation, cash flow analysis and projections, review of tax implications and tax laws, and discussion of financial plans and the associated investment objective. Clients also receive periodic newsletters, communications and recommendations from Aurora.

In addition, clients receive monthly or quarterly reporting, and have online access when requested, to their custodial accounts to review investment statements and investment performance information for their account(s) as calculated by their respective custodians.

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

Aurora does not receive cash or any other economic benefit from a third party who is not a client for providing investment advice or other advisory services to clients. Aurora does not directly or indirectly compensate any person for client referrals.

### **Item 15 – Custody**

Under applicable state laws and regulations, Aurora is deemed to have "custody" of client funds or securities by virtue of (i) its ability to directly deduct its investment management fees from client accounts, and (ii) Mr. Dibner's role as trustee or co-trustee with respect to certain trusts for which Aurora provides investment management services.

#### **Direct Deduction of Fees**

With respect to the direct deduction of fees from client accounts, Aurora relies on the safeguards set forth in Rule 515, Section 11(8)(A), as promulgated under the Maine Uniform Securities Act. These safeguards include the following:

- (a) Aurora obtains written authorization, through its investment management agreement, from each client to deduct advisory fees from the client's account with the qualified custodian; and
- (b) Each time a fee is directly deducted from a client account, Aurora concurrently:

- (1) Sends to the qualified custodian an invoice reflecting the amount of the fee to be deducted from the client's account, and
- (2) Unless expressly waived in writing by the client, sends to the client, on a quarterly basis, an invoice itemizing the fee, including the formula used to calculate the fee, the amount of assets under management on which the fee was based, and the time period covered by the fee.

#### Trustee Services by Mr. Dibner

The appointments of Mr. Dibner to serve as trustee for certain trusts for which Aurora currently provides investment management services were the result of long-standing personal relationships that pre-dated the existence of Aurora. Mr. Dibner did not use his authority as trustee to appoint Aurora as investment manager for the trusts and Mr. Dibner is not separately compensated for his role as trustee. With respect to trust clients of Aurora for which Mr. Dibner serves as trustee, Aurora will use the guidance of Rule 515, Section 11, as promulgated under the Maine Uniform Securities Act, including, but not limited to, the following requirements:

- (a) Aurora establishes a reasonable belief that the qualified custodian sends an account statement, at least quarterly, to each trust client, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions during that period;
- (b) Unless one or more co-trustees (independent of Aurora and Mr. Dibner) are present, with respect to revocable trusts, the qualified custodian also sends the account statements to the grantor of the trust; and
- (c) Unless one or more co-trustees (independent of Aurora and Mr. Dibner) are present, with respect to irrevocable trusts, Aurora sends an annual notice to each beneficiary stating that Mr. Dibner is acting as both trustee and, through Aurora, as investment manager for the trust, and that such beneficiary may, upon request, receive copies of account statements.

Except as described above, Aurora does not maintain custody of client funds or securities. Each client for which Aurora is deemed to have custody will receive monthly statements from their qualified custodian and quarterly statements from Aurora. These statements show securities and assets held, costs, market values, fees and performance. All clients are strongly encouraged to carefully review these statements and carefully compare the statements received from the qualified custodian and the statements received directly from Aurora. Clients should contact Aurora immediately with respect to any questions or concerns or any noted inconsistencies.



## **Item 16 – Investment Discretion**

Aurora currently manages its clients' assets on a discretionary basis. Clients do not typically place any limitation on this authority; however, Aurora will consider certain restrictions, including, without limitation, "do not sell" instructions with respect to specific securities, on a case-by-case basis. A limited power of attorney is included in the Agreement. See "Item 4 – Advisory Business/Investment Management Agreement" for further information.

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

### **Non-ERISA Clients**

Aurora may receive proxies for securities held in client accounts in the normal course of its management business and is not responsible for voting proxies unless directed specifically to do so in writing by the client. Unless otherwise agreed to in writing by both the client and Aurora, Aurora shall have no authority or obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities with respect to the client's portfolio. Clients of Aurora expressly retain the authority and responsibility for the voting of such proxies. Aurora will forward proxies received in error to the client. The client is responsible for properly directing the custodian as to whom the proxies should be forwarded.

### **ERISA Clients**

Proxy voting is considered to be a plan asset and Aurora, as the investment adviser, has the obligation to make certain that all proxies are voted unless the plan document states that the right to vote proxies has been reserved to the plan trustees. Pursuant to the Agreement, Aurora clients subject to ERISA acknowledge that the right to vote proxies has been reserved to the plan trustees in the plan document, and that unless otherwise agreed to in writing by both the client and Aurora, the client agrees that Aurora has no authority or obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities with respect to the client's portfolio. Pursuant to the Agreement, the client acknowledges that, unless the client otherwise informs Aurora in writing to the contrary, Aurora may assume that the Agreement is consistent with the plan document governing the ERISA plan and the proxy voting provisions of that plan.

## **Item 18 – Financial Information**

There is no financial condition that is reasonably likely to impair Aurora's ability to meet contractual commitments to clients. Maine Office of Securities regulations require that we maintain certain minimum financial requirement (Net Worth) and report to the Office of Securities any discrepancies.

## **Item 19 – Requirements for State-Registered Advisors**

### **Principal Offices and Management Persons:**

Charles W. Dibner, CFP® – President & Investment Adviser Representative  
Office Address: 85 Exchange Street, Suite 202, Portland, ME 04101  
Office Phone & Fax: 207-553-2343 & 207-553-2344 (Fax)

Please see our firm's Form ADV 2B for additional information on Charles W. Dibner. Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-by-Side Management" section above for additional information. Neither Aurora, nor any of our management persons have a material relationship or arrangement with any issuer of securities, have any reportable arbitration claims, civil, self-regulatory organization proceedings or administrative proceedings.

## **Item 20 – Additional Information**

### **Privacy**

Our top priority is to protect your private information. Pursuant to applicable privacy requirements, our policies and procedures have been designed to ensure that we keep your personally identifiable information ("PII") private and secure. We do not disclose any nonpublic information about you to any nonaffiliated third parties, except as permitted by law. We may share some information with our service providers, such as your custodian, broker-dealers, accountants, consultants, attorneys and transfer agents. We also restrict internal access to nonpublic personal information about you to employees, who need your information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information. We never sell information about you to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

At the time you sign an advisory agreement with our firm, you will receive a copy of our privacy notice. In addition, we will send a copy of our privacy notice annually.

### **Cost Basis Reporting**

As a result of revised IRS regulations, your custodians and broker-dealers began reporting the cost basis of equities acquired in client accounts on or after January 1, 2011, and mutual funds and dividend reinvestment plan shares acquire on or after January 1, 2012, and, beginning in 2013, debt securities (including fixed income), options and all other financial instruments acquired on or after January 1, 2013. Custodians will default to the FIFO ("first in, first out") accounting method for calculating the cost basis of your investments. Please contact your tax accountant to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. The decision about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

**Trade Errors**

If a trade error occurs in your account, Aurora will restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include cancelling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

**Disaster Recovery**

Aurora has a Disaster Recovery Plan in place for the purpose of service and maintaining the integrity of our firm in the event of a disaster. We have also taken steps to ensure the integrity of our firm in the event that our key employees are no longer able to continue service.

*[Remainder of page intentionally left blank]*

**Form ADV, Part 2B (Brochure Supplement)**

**Item 1 - Cover Page**



**Charles W. Dibner, CFP®**  
*President*

Aurora Financial Group, LLC  
85 Exchange Street  
Suite 202  
Portland, Maine 04101  
(207) 553-2343

December 31, 2011

**This brochure supplement provides information about Charles W. Dibner, CFP® that supplements the Aurora Financial Group, LLC (“Aurora” or the “Advisor”) brochure. You should have received a copy of that brochure. Please contact Mr. Dibner at (207) 553-2343 if you did not receive the Aurora brochure or if you have questions or comments about this supplement.**

**Additional information about Mr. Dibner also is available on the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or the Maine Offices of Securities website [www.maine.gov/pfr/securities/license info.htm](http://www.maine.gov/pfr/securities/license_info.htm).**

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## **Item 2 – Educational Background and Business Experience**

Charles W. Dibner, CFP®, born on May 30, 1945, is the founder and President of Aurora. Mr. Dibner founded Aurora in February 2005 to better handle his unique and specialized financial services practice. Mr. Dibner's financial services industry experience includes:

- Registered representative with the Minneapolis-based firm of Investors Diversified Services, Inc., now known as Ameriprise, Inc. (1981-1984)
- Registered representative with Tucker Anthony and R.L. Day, Inc. (1984-1989)
- Vice President – Investments with Advest, Inc. (1989-2002)
- Principal of and investment advisor representative with Investment Management and Consulting Group, Inc. (2002-2005).

All together, Mr. Dibner has been active in the financial services industry for almost three decades. Mr. Dibner is currently a licensed investment advisor representative and has successfully passed the Series 6, 7, 22, 42, 63 and 65 examinations. Mr. Dibner is a graduate of the University of Pennsylvania.

Mr. Dibner is also credentialed as a Certified Financial Planner. The CFP® certification is granted in the United States by the Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and in a number of other countries for its (i) high standard of professional education; (ii) stringent code of conduct and standards of practice; and (iii) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correct diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's Standards of Professional Conduct, a set of documents outlining ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means that CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to the CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Item 3 – Disciplinary Information**

Mr. Dibner has not been the subject of any legal or disciplinary event requiring disclosure under the laws or regulations governing disclosure to investment advisory clients.

### **Item 4 – Other Business Activities**

Mr. Dibner actively participates as a member of the Financial Planning Association – Massachusetts Chapter, the Financial Planning Association – Northern New England Chapter, and the Maine Estate Planning Council. He also has served as a consultant for governmental agencies in Maine, lectured/taught at the University of Southern Maine, St. Joseph's College and at independent schools throughout New England. Additionally, Mr. Dibner also regularly provides pro-bono services for various Maine-based charities.

### **Item 5 – Additional Compensation**

Mr. Dibner does not receive any economic benefit for providing advisory services in excess of his salary and ordinary bonuses.

#### **Item 6 - Supervision**

As the President, sole owner and the only Investment Advisor Representative (“IAR”) of Aurora, Mr. Dibner is responsible for the supervision of all employees and Associated Persons. He is not supervised by any other person or entity. Notwithstanding, the trading activity of Mr. Dibner is reviewed periodically by the Chief Compliance Officer of Aurora to confirm that all applicable policies and procedures are being followed. Any client with questions or concerns regarding the activities of Mr. Dibner is asked to contact Kimberly L. Volk, Vice President of Finance and Chief Compliance Officer, Aurora Financial Group, LLC, 85 Exchange Street, Portland, Maine 04101 (207) 553-2343.

#### **Item 7 – Requirements for State-Registered Advisers**

Mr. Dibner does not have, or has ever had, any reportable arbitration claims, has not been found liable in a reportable civil, self-regulatory organization or administrative proceeding, and has not been the subject of a bankruptcy petition.

*[End]*