

# Integrity Financial Corporation

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## September 18, 2020

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This brochure provides information about the qualifications and business practices of Integrity Financial Corporation (herein after "Integrity"). If you have any questions about the contents of this brochure, please contact Deann Cross at (800) 794-4015. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Integrity is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching Integrity's name or its CRD number, 137125. Integrity is an SEC registered investment advisor. Registration does not imply any level of skill or training.

## MATERIAL CHANGES

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

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

The following are the material changes in this brochure since the most recent updating amendment of Integrity Financial in March 2020. Material changes relate to Integrity's policies, practices or conflicts of interest only, including the following:

- Revised Item 4 to describe services provided to clients using the Betterment for Advisors platform;
- Revised Item 5 to update fees charged to clients using the Betterment for Advisors platform;
- Revised Item 10 to update potential conflicts of interest that could arise due to Integrity's arrangement with Betterment for Advisors platform;
- Revised Item 12 to include services provided through Betterment for Advisors platform;
- Revised Item 14 to describe the client referral arrangement with CAHP Credit Union;
- Revised Item 16 to describe the discretionary management of assets managed using the Betterment for Advisors platform;
- Revised Item 17 to describe proxy voting for clients whose assets we manage using the Betterment for Advisors platform; and
- Revised Item 18 to include disclosure of Integrity's acceptance of a Paycheck Protection Program (PPP) loan.

The following are the material changes in this brochure as indicated in the March 2020 Annual Amendment. Material changes relate to Integrity's policies, practices or conflicts of interest only, including the following:

- Revised Item 10 to list a material relationship between Firm personnel and an outside entity

Clients wishing to receive a complete copy of our current brochure dated June 9, 2020, may request a copy at no charge by contacting our Compliance Officer at (800) 794-4015 or [info@integrity.financial](mailto:info@integrity.financial).

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

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## ITEM 4 – ADVISORY BUSINESS

### 4.A. ADVISORY FIRM DESCRIPTION

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

### 4.B. TYPES OF ADVISORY SERVICES

Wealth management services are provided in the context of several different offerings: the first is the standard wealth management, which is a boutique, high-service level package.

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

Integrity utilizes Betterment for Advisors, a digital wealth management platform generally serving independent investment advisory firms. Betterment LLC ("Betterment"), a registered investment advisor, serves as sub-advisor to your clients ("Clients"). MTG LLC, dba Betterment Securities ("Betterment Securities"), a registered broker-dealer and member of FINRA and the SIPC, serves as broker-dealer and custodian. The services provided by Betterment include:

- **Goal-Based Investment Management:** Betterment's goal-based investment platform allows advisors and Clients to identify multiple investment goals for each Client, each with specific portfolio allocations;
- **Portfolio Construction Tools:** Advisors and Clients have access to a set of portfolio strategies, each of which is comprised of low-cost, index-tracking exchange-traded funds or mutual funds (the latter only for advisors who are approved to construct portfolios with Dimensional Fund Advisors mutual funds), and are able to customize the risk-level for each investment goal;
- **Automated Investment Management Services:** Betterment's algorithms automate back-office tasks such as trading, portfolio management, tax loss harvesting, and account rebalancing;

- **Website and Mobile Application:** Betterment's website and mobile application provide a platform for account access and monitoring and delivery of account documentation and notices; and
- **Advisor Dashboard:** Advisors have access to a dashboard for purposes of monitoring and managing Client accounts. 401(k) Plan Management

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

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

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

It has become more important than ever to consider various types of investments and account types to diversify future taxable income in light of the political uncertainty and increasing national debt. Our team may assist clients in diversifying their tax strategies.

Integrity works with business owners to design a qualified retirement plan to meet the unique needs of their employees. Services include plan design, recommended lineup of investment offerings, ongoing investment monitoring, and onsite employee education. The firm may act in either a 3(21) or a 3(38)-fiduciary role pursuant to The Employee Retirement Income Security Act of 1974 ("ERISA").

#### Legacy Planning

Additionally, we believe that leaving a financial legacy to one's family and charitable causes requires a thoughtful approach. It is never too early to begin planning for the eventual transition of wealth. Our advisors are available to work with the client's attorney, CPAs, and/or other representatives regarding matters related to the client's assets managed by Integrity.

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

#### **4.C. CLIENT INVESTMENT OBJECTIVES/RESTRICTIONS**

Advisors at Integrity Financial work to create a customized plan for clients that weaves together the areas of income planning, asset management, tax diversification, risk management, legacy planning, and charitable giving. Our team of advisors strives to provide clients with a holistic solution to the client's financial planning. Our advisors work with clients to create an accurate personal balance sheet by consolidating scattered investment accounts and thereby streamlining the management of those funds.

Clients may impose restrictions on investing in certain securities or types of securities by providing such restrictions in writing to Integrity. In addition to an investment portfolio, alternative investment strategies may be implemented to complement core holdings to create a holistic approach to asset management and assist in meeting longer-term financial planning goals.

#### **4.D. WRAP FEE PROGRAMS**

Integrity does not participate in, nor is it a sponsor of any wrap fee programs.

#### **4.E. ASSETS UNDER MANAGEMENT**

Integrity manages client assets on both a discretionary and non-discretionary basis. As of December 31, 2019, Integrity managed \$252,137,956 on a discretionary basis and \$40,856,126 on a non-discretionary basis.

### **ITEM 5 – FEES AND COMPENSATION**

#### **5.A. ADVISOR COMPENSATION**

Integrity's fees are described below and in greater detail in the relevant client agreement. Integrity reserves the discretion to negotiate and/or waive client fees. Either Integrity or client may terminate the signed agreement for advisory services upon written notice. All advisory and management services will cease 30 days after written notice has been received by either party. Lower fees for comparable services may be available from other sources.

##### Fees for Financial Planning Services

Integrity charges a fixed fee for financial planning and consulting services. These fees are negotiable but generally include a set fee, not to exceed \$20,000, for a written financial plan and financial planning and consultation services, payable at the initial consultation. If the client engages Integrity for additional investment advisory services (i.e., opens an Individually Managed Account with

Integrity), Integrity may offset all or a portion of its financial planning fees based upon the amount paid for the financial planning and/or consulting services.

#### Individually Managed Account

Integrity manages client accounts, on a discretionary basis, for a percentage of the assets under its management. The annual negotiable fee ranges from 0.0% to 1.5%, depending on the size and complexity of a client's account, according to the Fee Schedule is listed below:

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

#### 401(k) Plan Management

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

For clients whose accounts are managed using the Betterment for Advisors platform, Integrity Financial charges an annual fee based on the client's assets under management. Fees are charged quarterly in arrears. In addition, Betterment charges and directly collects a fee ("wrap fee") for the use of its platform and services provided. The fee schedule for clients whose accounts are managed using the Betterment for Advisors platform is below.

The services included for the wrap fee include all of the services provided by Betterment and Betterment Securities through the Betterment for Advisors platform, including: custody of assets, execution and clearing of transactions, and account reporting.

Clients utilizing the Betterment for Advisors platform may pay a higher aggregate fee than if the advisory, custodial, trade execution, and other services were purchased separately. Advisors with clients on this pricing structure typically also pay a fixed monthly fee to Betterment. Betterment for Advisors collects both its wrap fee and Integrity Financial's management fee and remits the management fee to Integrity Financial.

#### Betterment for Advisors Platform – Fee Schedule

<u>Asset Range</u>	<u>Wrap Fee</u>	<u>Integrity</u>
\$0 - \$2MM	0.20%	0.55%
\$2 - \$10MM	0.18%	0.57%
\$10 - \$30MM	0.16%	0.59%



\$30 - \$100MM	0.14%	0.61%
\$100MM+	0.12%	0.63%

### **5.B. DIRECT BILLING OF ADVISORY FEES**

The specific manner in which Integrity charges fees are established in a client's written agreement with Integrity. Generally, the client's advisory agreement and the separate agreement with the custodian authorizes Integrity to debit the client's account for the amount of the firm's fee and to directly remit that fee to Integrity. Integrity will bill its management fees on a quarterly basis. Clients may also elect to be billed directly and receive an invoice rather than having the fees debited directly from their account. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable.

The billing statement will detail the formula used to calculate the fee, the assets under management and the time period covered, except in cases Integrity reduces or waives the applicable advisory fee. Your custodian does not verify the accuracy of our fee calculations so please review your statements carefully.

### **5.C. OTHER NON-ADVISORY FEES**

Integrity's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to Integrity's fee, and Integrity shall not receive any portion of these commissions, fees, and costs. Integrity considers the costs associated when selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions). Integrity does not charge a fee for the selection process of recommending third-party management. Ongoing advisory fees for utilizing third-party management are negotiable and would follow the standard Fee Schedule previously provided.

For Accredited Investors, Integrity may make recommendations for a portion of a client's portfolio to be allocated to private placement investments.

### **5.D. ADVANCE PAYMENT OF FEES**

Integrity does not bill client accounts in advance.

## **5.E. COMPENSATION FOR SALE OF SECURITIES**

If an insurance-based strategy is implemented for a client, commissions are paid to Integrity by the insurance company where business is placed and commissions paid to Integrity are not deducted from client assets. Clients should be aware that a conflict exists between the interests of Integrity as it provides an incentive for supervised persons to recommend investment products based on the compensation received, rather than on a client's needs. To address this conflict of interest, Integrity provides disclosure to clients prior to or contemporaneously with entering into a client agreement. To protect client interests, and mitigate this conflict, Integrity's policy is to disclose all forms of compensation before any such transaction is executed. Clients will not pay both a commission to these individuals and also pay an advisory fee to Integrity on assets held in the same account. These fees are exclusive of each other. The client is under no obligation to act upon the recommendations of Integrity, and if the client elects to act upon any of the recommendations, the client is under no obligation to effect any of the transactions through Integrity Financial Corporation and may seek assistance from other insurance providers.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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

## **ITEM 7 – TYPES OF CLIENTS**

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

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **8.A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

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

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

**Private Placement Risk:** Although private placements can help provide risk diversification, they also carry a substantial risk as they are subject to less regulation than publicly offered securities. Additionally, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets. Individual private placement offerings are reviewed carefully at the investment level before acceptance by the firm, and the conditions and risks are discussed thoroughly with the client prior to implementation.

## **8.B. MATERIAL RISKS OF INVESTMENT STRATEGIES**

### Asset Class Investing

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

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

### Risk of Private Investment Vehicles

Integrity recommends that certain clients invest in privately placed collective investment vehicles, such as private equity funds. Because private investment vehicles are not registered investment companies, they are not subject to the same regulatory reporting or oversight of a registered entity.

### Alternative Investments

Integrity may use alternative investments when permitted by the particular client's investment objectives. These funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the client. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### Market Risks

The profitability of a significant portion of Integrity's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Integrity will be able to predict those price movements accurately. Investing in

securities involves the risk of loss. Clients should be prepared to bear such loss.

#### Company Risk

When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

#### Management Risk

Your investment with Integrity varies with the success and failure of our investment strategies. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

#### Equity market risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases and decrease in value as market confidence in and perceptions of their issuers change. If a client holds common stock, or common stock equivalents, of any given issuer, the client would generally be exposed to greater risk than if he or she held preferred stocks and debt obligations of the issuer. The price of a mutual fund or ETF may rise or fall based on the underlying equity securities or market indices, which may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the portfolios or the securities market as a whole such as changes in economic or political conditions. When the value of the fund's securities goes down, investment in the model portfolios decreases in value.

### **8.C. MATERIAL RISKS OF SECURITIES USED IN INVESTMENT STRATEGIES**

#### Equity Risk

Regardless of any one company's particular prospects, a declining stock market may produce a decline in prices for all equity securities (whether or not publicly traded), which could also result in losses. In addition to common stocks, the equity securities in a portfolio may include preferred stocks, convertible preferred stocks, convertible bonds, debt securities, and warrants. Like common stocks, the value of these securities may fluctuate in response to many factors, including the activities of the issuer, general market and economic conditions, interest rates and specific industry changes.

Convertible securities entitle the holder to receive interest payments or a dividend preference until the security matures, is redeemed, or the conversion feature is exercised. As a result of the conversion feature, the interest rate or dividend preference is usually less than if the securities were non-convertible. Warrants entitle the holder to purchase equity securities at specific prices for a certain period of time. The prices do not necessarily move parallel to the prices of the underlying securities

and the warrants have no voting rights, receive no dividends, and have no rights with respect to the assets of the issuer.

#### Lack of Liquidity

Some investments may be in private companies and will require a long-term commitment of capital. A substantial amount of the investments will also be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult to sell investments if the need arises or if Integrity determines such sale would be in the investors' best interests. In addition, if a situation arises in which Integrity is required to liquidate all or a portion of an investment quickly, Integrity may realize significantly less than the value at which the investment was previously recorded, which could result in a decrease in the portfolio's net asset value.

#### Private Company Risk

To the extent permitted by the client's investment objectives, Integrity may invest, on behalf of accredited investors, in private companies that are in the early stages of growth, and the performance of early-stage companies may be more volatile due to their limited product lines, markets or financial reserves, their susceptibility to competitors' actions, or major economic downturns. Such investments may also depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of those persons could have a material adverse impact on the prospective business opportunities and the investments made. Some of the private companies in which investments are made may require a significant investment of capital to support their operating or finance the development of their products or markets and may be highly leveraged and subject to significant debt service obligations, which could have a material adverse impact of the investment.

#### Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

#### Foreign Securities

Investments in foreign securities may be volatile and can decline significantly in response to foreign issuer political, regulatory, market or economic developments. Foreign securities are also subject to interest rate and currency exchange rate risks. These risks may be magnified in securities originating in emerging markets. Foreign securities may also be subject to additional or complex tax issues.

#### Sector Focus Risk

The portfolios may be more heavily invested in certain sectors, which may cause the value of their shares to be especially sensitive to factors and economic risks that specifically affect those sectors and may cause the value of the portfolios to fluctuate more widely than a comparative benchmark.

#### Real Estate Risk

Client portfolios may be invested in certain real-estate products, including Delaware Statutory Trusts (DST) which have certain specialized risks, including: (a) illiquidity and expectations that these investments are designed for long-term holding periods, usually two to ten years; (b) potentially lower returns than if an investor managed their own property; (c) no public market to which investors can sell their ownership interests in a DST; (e) relatively little to any control by the investor on the type(s) of underlying real estate being invested; (f) dependency upon the property management's skills and expertise which can affect the value of the client's investment; (g) limited diversification; and (h) in many cases, less liquidity and greater price volatility. The value of an investment in a DST may be adversely impacted by declines in the value of real estate, adverse general and local economic conditions; and environmental conditions and management/operator decisions over which the investor has limited and/or no control.

#### Risks related to Other Equity Securities

In addition to common stocks, the equity securities in a portfolio may include preferred stocks, convertible preferred stocks, convertible bonds, and warrants. Like common stocks, the value of these equity securities may fluctuate in response to many factors, including the activities of the issuer, general market and economic conditions, interest rates, and specific industry changes. Convertible securities entitle the holder to receive interest payments or a dividend preference until the security matures, is redeemed, or the conversion feature is exercised. As a result of the conversion feature, the interest rate or dividend preference is generally less than if the securities were non-convertible. Warrants entitle the holder to purchase equity securities at specific prices for a certain period of time. The prices do not necessarily move parallel to the prices of the underlying securities and the warrants have no voting rights, receive no dividends, and have no rights with respect to the assets of the issuer.

### **ITEM 9 – DISCIPLINARY INFORMATION**

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Integrity or the integrity of our firm's management. Integrity has no information applicable to this item.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### 10.A. REGISTERED REPRESENTATIVES

Integrity's management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### 10.B. OTHER REGISTRATIONS

Integrity's management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### 10.C. MATERIAL RELATIONSHIPS OR ARRANGEMENTS

Integrity is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

Insurance Products: All Investment Advisor Representatives associated with Integrity are licensed to sell, for sales commissions, insurance products and are appointed with multiple Insurance Companies. Clients should be aware that a conflict exists between the interests of Integrity and the interests of the client; and the client is under no obligation to act upon the recommendations of Integrity; and if the client elects to act upon any of the recommendations, the client is under no obligation to effect the insurance transactions through Integrity Financial Corporation.

Living Well Family Office: Kristofer Gray is a Principal of Living Well Family Office, facilitating and organizing retreats for families with other nationally recognized speakers and thought leaders in the areas of wealth, family, and health. All material conflicts of interest are disclosed in ADV Part 2 regarding the applicant, its representatives and any of its employees, which could reasonably impair the rendering of unbiased and objective advice.

Accounting Practice: Kristofer Gray is a minority owner of Fintent, an accounting firm. Given the financial stake held by Mr. Gray, a conflict of interest exists to the extent that Integrity may recommend Fintent to its clients for accounting services and where Integrity is recommended to clients of Fintent for investment advisory services. The client is under no obligation to act upon any such recommendation from either Integrity or Fintent. Any services provided by Fintent are separate and distinct from Integrity's advisory services and are provided for separate and typical compensation. Integrity does receive compensation for professional engagements entered into between the two entities.

Solicitation Arrangements: Integrity is currently bound by solicitation arrangements, as further described below in Item 10.D.

#### **10.D. RECOMMENDATIONS OF OTHER INVESTMENT ADVISORS**

Integrity may recommend other investment advisors to clients and receive compensation for such recommendation. Additionally, Integrity may be recommended by other parties engaged by the firm to solicit clients. This creates a material conflict of interest as it creates an incentive to refer clients as a result of the referral compensation. To mitigate these conflicts, Integrity identifies all referrals at the time the investment advisory accounts are opened with Integrity and shall only include investment advisory accounts: (a) where the client has received current copies of the Disclosure Statement and Acknowledgement and Part 2 of Integrity's Form ADV; and (b) where a signed copy of the Disclosure Statement has been received by Integrity.

### **ITEM 11 – CODE OF ETHICS**

#### **11.A. CODE OF ETHICS DOCUMENT**

Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), requires Integrity to adopt a code of ethics setting forth standards of conduct for Integrity and its employees. Accordingly, Integrity has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons with Integrity must acknowledge the terms of the Code of Ethics annually, or as amended.

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

#### **11.B. RECOMMENDATIONS OF SECURITIES AND MATERIAL FINANCIAL INTERESTS**

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



both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

### **11.C. PERSONAL TRADING**

Integrity Financial Corporation's employees and persons associated with Integrity Financial Corporation are required to follow Integrity Financial Corporation's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors, and employees of Integrity Financial Corporation and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Integrity Financial Corporation's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Integrity will not interfere with (i) making decisions in the best interest of advisory clients, and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Integrity Financial Corporation's clients. In addition, the Code requires pre-clearance of certain transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Integrity Financial Corporation and its clients.

### **11.D. TIMING OF PERSONAL TRADING**

Under the Code, Integrity employees are generally expected to purchase or sell a security for their personal accounts only after trading of that same security has been completed in client accounts.

## **ITEM 12 – BROKERAGE PRACTICES**

### **12.A. SELECTION OF BROKER-DEALERS**

Clients wishing to implement Integrity Financial Corporation's advice are free to select any custodian/brokerage firm they wish and are so informed. Clients that direct Integrity to use a particular broker should be aware that Integrity may be unable to obtain the most favorable execution of client transactions and that such arrangements may result in the client paying more fees than client accounts for which Integrity selects the broker.

Where brokerage is not directed by the client, Integrity selects brokers in a manner consistent with the best execution. Integrity considers a number of factors, including but not limited to the custodian/brokerage firm's costs, skills, reputation, dependability, and compatibility with the client.

Clients may be able to obtain lower commissions and fees from other custodian/brokerage firms and the value of products. Research, services, and/or referrals are given to Integrity are not considered in the selection of a custodian or brokerage firm or when determining the reasonableness of their commissions. Integrity generally recommends that clients utilize the brokerage and clearing services of TD Ameritrade and Charles Schwab & Co.

Integrity has entered into an agreement with Betterment for Advisors to provide custody and brokerage services for client accounts. For these accounts, Betterment Securities is responsible for execution of securities transactions and maintains custody of customer assets. Betterment Securities exercises no discretion in determining if and when trades are placed; it places trades only at the direction of Betterment. Clients should understand that the appointment of Betterment Securities as the broker for their accounts held at Betterment may result in their receiving less favorable trade executions than may be available through the use of broker-dealers that are not affiliated with Betterment. Additional information regarding Betterment Securities can be found on FINRA's BrokerCheck.

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

#### **12.B. AGGREGATION OF ORDERS**

Integrity may, but is not required to, aggregate trades when the firm reasonably believes that the combination of the transactions will provide the same or better prices for clients than had individual transactions been placed for clients.

Transactions for non-discretionary client accounts are generally not aggregated with transactions for discretionary client accounts. Additionally, Integrity generally does not aggregate trades when executing a trade pursuant to a client request. Integrity also reserves the discretion to conduct two block trades in the same security where necessary to ensure the firm is able to fulfill the entire order. In such cases, the firm may implement a trade rotation if necessary.

Transactions for the accounts of Integrity advisory representatives and employees may be included in aggregated trades. They will receive the same average price and pay the same commissions and other transaction costs as clients. Transactions for the accounts of our advisory representatives or employees will not be favored over transactions for client accounts.

Integrity is not obligated to include any client transaction in an aggregated trade. Aggregated trades will not be affected by any client's account if doing so is prohibited or otherwise inconsistent with that client's investment advisory agreement. No client will be favored over any other client.

#### **ITEM 13 – REVIEW OF ACCOUNTS**

Integrity reviews all managed accounts, on a quarterly basis and all financial planning accounts on an annual basis. The calendar is the triggering factor for both. The Chief Investment Officer is

responsible for reviewing managed accounts and implementing any necessary changes. In addition, all Investment Advisor Representatives review client accounts on a portfolio analysis basis.

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

#### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

As discussed in Item 10, Integrity has entered into an agreement whereby the firm agrees to compensate parties for successfully referring clients to Integrity. Integrity pays referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor;
- the client must acknowledge in writing this arrangement.

These referral agreements present potential conflicts of interest since a referring party has an incentive to recommend the advisor as a result of the compensation paid by the advisor. Integrity mitigates these potential conflicts as follows:

- Integrity and/or the referring party, provide any the referred client with a copy of this Disclosure Brochure, as required by the Investment Advisers Act of 1940.
- The referred client also will complete a Solicitor's Disclosure Statement document.
- If the Referring Party is an unaffiliated registered investment advisor firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Disclosure Brochure.
- While a referral fee will be paid to the referring party when the referred client enters into an advisory agreement with Integrity, the client will not be charged an additional amount. Rather, the client will pay the customary advisory fees charged for the advisory services provided.

Certain of Integrity's investment adviser representatives are also employees of CAHP Credit Union ("CAHP"). Integrity and CAHP Credit Union have a shared services arrangement whereby CAHP pays these investment adviser representatives their compensation and benefits and Integrity pays CAHP a fee for making these employees available to act as investment adviser representatives. These investment adviser representatives may be compensated for referring clients to Integrity. This arrangement presents a conflict of interest because these investment adviser representatives of Integrity have an incentive to recommend Integrity Financial, and because these same investment

adviser representatives have responsibilities to CAHP that will potentially reduce the time available to fulfill their responsibilities to Integrity. Integrity mitigates this risk by requiring these investment adviser representatives to provide prospective clients with a copy of this document (Adviser's Disclosure Brochure) and ongoing supervision.

## **ITEM 15 – CUSTODY**

Integrity is deemed to have custody of client funds and securities whenever Integrity is given the authority to have fees deducted directly from client accounts. For accounts in which Integrity is deemed to have custody, the Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name.

Clients or an independent representative of the client is required to direct the establishment of all accounts in writing and is therefore aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Integrity urges clients to carefully review such statements and compare such official custodial records to any account statements that Integrity may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

If clients have questions about their account statements, they should contact Integrity or the qualified custodian preparing the statement.

## **ITEM 16 – INVESTMENT DISCRETION**

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

For clients using the Betterment for Advisors platform, Integrity directs clients to Integrity-selected portfolios based on the Betterment Universe of investments. Betterment uses algorithms to advise clients and manage their accounts. These algorithms are developed, overseen, and monitored by Betterment's investment advisory personnel. For client's using Betterment's investment services, you inform Integrity of your financial goals and personal information through Betterment's online applications, and Betterment's algorithm then recommends and builds a portfolio of exchange traded funds for each of the client's financial goals and account types.

Each portfolio is associated with a target allocation of investments but you can modify this initial allocation recommendation as you see fit, based on investments selected by Integrity Financial. In the absence of a contrary direction, Betterment periodically rebalances client portfolios so that in the

face of fluctuating market prices each Client's portfolio remains within a range of the target allocation. Betterment also offers optional tax loss harvesting and automated asset location services.

## **ITEM 17 – VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, Integrity does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios and all information with regard to proxies will be mailed directly to the client from the custodian. Integrity may provide advice to clients regarding the clients' voting of proxies. Notwithstanding the foregoing, proxies for alternative investments in which clients invest are generally voted by the general partner or managing member of the underlying alternative investment vehicle.

For assets managed on the Betterment for Advisors platform, Clients delegate to Betterment the authority to receive and vote all proxies and related materials. Betterment will only vote on proxies and respond to corporate actions associated with securities that Betterment recommends be purchased for client accounts. Additional information about proxy matters is contained in Betterment's Form ADV Part 2A.

## **ITEM 18 – FINANCIAL INFORMATION**

### **18.A. ADVANCE PAYMENT OF FEES**

Integrity does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **18.B. FINANCIAL CONDITION**

Integrity has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

Integrity Financial received a PPP loan on May 4, 2020 of the maximum amount allowable from the passing of the Small Business Administration (SBA) regulation for the Paycheck Protection Program (PPP) which equaled 2 ½ times the twelve-month average salaries for all employees' wages below \$100,000 annually. The loan will be used to continue to pay the salaries of employees who are primarily responsible for performing advisory and operational functions on behalf of our investment advisory client relationships, as well as participants of small business retirement plans we service, in order to ensure timely requests for inquiries and assistance regarding their accounts, investments and any needed access to client funds. Given the unexpected, extreme market correction that was in response to a global health pandemic which included a complete economic shut down of businesses across all industries, Integrity acted quickly to ensure the stability of its current staff to support the

clients and small businesses we serve by securing the available funds from the SBA program.

PPP loans are unsecured requiring no personal guarantee, and require no showing that credit is otherwise unavailable. PPP loans are federally guaranteed and potentially entirely forgivable. Meeting the requirements for accepting the loan creates a potential conflict of interest that could affect Integrity's ability to meet its contractual commitments to clients. Failure to meet the requirements and conditions for loan forgiveness may result in the advisor being obligated to repay the loan, potentially causing adverse financial conditions for the firm. The firm may need to reduce staff, salaries or physical office locations, potentially increase fees, or it could create an incentive for Integrity to recommend investments with a greater risk profile. Integrity is committed to fulfilling its fiduciary responsibility to clients by continuing to put their interests at the forefront of every decision and is committed to make internal adjustments before considering any increase in fees to current clients. However, in order to mitigate this potential conflict, the firm's CFO and CEO will fully monitor all spending of loan proceeds in order to support the claim for the maximum amount of forgiveness.

#### **18.C. BANKRUPTCY PROCEEDINGS**

Integrity has not been the subject of a bankruptcy petition at any time during the past ten years.