

# **Prosperity Advisory Group LLC**

## **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 23, 2022**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Prosperity Advisory Group LLC (“PAG” or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (585) 381-5900.

PAG is a Registered Investment Advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about PAG to assist you in determining whether to retain the Advisor.

Additional information about PAG and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 310720.

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## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of PAG.

PAG believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide you with complete and accurate information at all times. PAG encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- The Advisor is no longer affiliated with KM Advisory Services. KM Advisory Services was closed in 2021 and all relationships have been transitioned to the Advisor.
- The Advisor requires a minimum annual fee of \$1,000. Please see Item 5 for more information.
- The Advisor has amended its fees for Investment Management. Please see Item 5 for more information.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 310720. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (585) 381-5900.

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## Item 4 – Advisory Services

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### A. Firm Information

Prosperity Advisory Group LLC (“PAG” or the “Advisor”) is a Registered Investment Advisor with the U.S. Securities and Exchange Commission (“SEC”). The Advisor was organized as a Limited Liability Company (“LLC”) under the laws of the State of New York in August 2020 and became a Registered Investment Advisor in October 2020. PAG is owned and operated by John Harnish (Principal and Chief Compliance Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by PAG.

### B. Advisory Services Offered

PAG offers investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, businesses, and retirement plans (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. PAG’s fiduciary commitment is further described in the Advisor’s Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### Investment Management Services

PAG provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. PAG works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. PAG will then construct an investment portfolio, consisting of diversified mutual funds and/or exchange-traded funds (“ETFs”) to achieve the Client’s investment goals. The Advisor may also utilize individual stocks, individual bonds and/or variable annuities to meet the needs of its Clients. The Advisor may retain certain legacy investments based on portfolio fit and/or tax considerations.

PAG’s investment approach is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. PAG will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

PAG evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. PAG may recommend, on occasion, redistributing investment allocations to diversify the portfolio. PAG may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. PAG may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

At no time will PAG accept or maintain custody of a Client’s funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

*Retirement Accounts* – When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts (“IRAs”), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. When deemed to be in the Client’s best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account

to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

#### Financial Planning Services

PAG will typically provide a variety of financial planning and consulting services to Clients, pursuant to a written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals and objectives. Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings, insurance needs and other areas of a Client's financial situation. A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

PAG may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of the Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

#### Retirement Plan Advisory Services

PAG provides retirement plan advisory services on behalf of the retirement plans (each a "Plan") and the company (the "Plan Sponsor"). The Advisor's retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Policy Statement ("IPS") Design and Monitoring
- Investment Oversight Services (ERISA 3(21))
- Performance Reporting
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance

These services are provided by PAG serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of PAG's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

### **C. Client Account Management**

Prior to engaging PAG to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – PAG, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – PAG will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – PAG will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – PAG will provide investment management and ongoing oversight of the Client's investment portfolio.

#### **D. Wrap Fee Programs**

PAG includes securities transaction fees and custody fees together with its investment advisory fee. Including these fees into a single asset-based fee is considered a "Wrap Fee Program". The Advisor sponsors the PAG Wrap Fee Program solely as a supplemental disclosure regarding the combination of fees. The Advisor customizes its investment management services for its Clients and does not provide different services for Clients in the Wrap Fee Program. Depending on the level of trading or the security selection required for the Client's account[s], the costs for securities transaction fees borne by the Advisor may vary. Please see Appendix 1 – Wrap Fee Program Brochure, which is included as a supplement to this Disclosure Brochure.

#### **E. Assets Under Management**

As of December 31, 2021, PAG manages \$218,055,873 in Client assets, all of which are managed on a discretionary basis. Clients may request more current information at any time by contacting the Advisor.

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

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into one more written agreements with the Advisor.

#### **A. Fees for Advisory Services**

##### Investment Management Services

Investment advisory fees are paid quarterly, advance of each calendar quarter, pursuant to the terms of the investment advisory agreement. Investment advisory fees are based on the market value of assets under management at the end of the prior calendar quarter. Investment advisory fees are based on the following schedule:

<b>Assets Under Management (\$)</b>	<b>Annual Rate (%)</b>
Up to \$1,000,000	1.25%
\$1,000,001 to \$3,000,000	1.00%
Over \$3,000,000	0.75%

\*The Advisor imposes a minimum fee of \$1,000 for Investment Management Services

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by PAG will be independently valued by the Custodian. The Advisor will conduct periodic reviews of the Custodian's valuations.

##### Financial Planning Services

*Initial Financial Plan Development* - The Initial financial plan development is a one-time engagement offered for a fixed fee ranging up to \$3,000. Fees may be negotiable based on the on the nature and complexity of the services to be provided and the overall relationship with the Advisor.

*Ongoing Annual Review* – Ongoing financial planning reviews are charged a fixed fee of \$500 per year. Fees may be negotiable based on the on the nature and complexity of the services to be provided and the overall relationship with the Advisor.

#### Retirement Plan Advisory Services

Fees for retirement plan advisory services are charged an annual asset-based fee of up to 0.50% and are billed quarterly in advance of each calendar quarter pursuant to the terms of the retirement plan advisory agreement. Retirement plan advisory fees are based on the market value of assets under management at the end of the prior calendar quarter. Fees may be negotiable depending on the size and complexity of the Plan.

### **B. Fee Billing**

#### Investment Management Services

Investment advisory fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of the respective quarter. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with PAG at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. Clients are urged to also review brokerage statements from the Custodian, as the Custodian does not perform verification of fees. Clients provide written authorization permitting advisory fees to be deducted by PAG to be paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

#### Financial Planning Services

Financial planning fees for the initial financial plan development may be invoiced up to fifty percent (50%) of the expected total fee upon execution of the financial planning agreement. The balance shall be invoiced upon completion of the agreed upon deliverable[s]. Financial planning fees for the ongoing annual review are billed quarterly in advance of each calendar quarter.

#### Retirement Plan Advisory Services

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### **C. Other Fees and Expenses**

PAG includes securities transaction fees as part of its overall investment advisory fee through the PAG Wrap Fee Program. Securities transaction fees for Client-directed trades may be charged back to the Client. Please see Item 4.D. above as well as Appendix 1 – Wrap Fee Program Brochure.

Clients may incur certain fees or charges imposed by third parties, other than PAG, in connection with investments made on behalf of the Client's account[s]. The Advisor has negotiated a fixed rate with its recommended Custodian for securities transaction fees, which is based on assets under management in the Client's account[s]. Certain accounts may be excluded from this fixed rate arrangement. The Advisor's recommended Custodian may not charge securities transaction fees for ETF and equity trades in certain Client account[s], provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian often charges for mutual funds and other types of investments. The Advisor, in its fiduciary duty, will select the investments most appropriate for the Client's investment portfolio[s], regardless of securities transaction costs.

In addition, all fees paid to PAG for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of PAG, but would not receive the services provided by PAG which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by PAG to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.



## **D. Advance Payment of Fees and Termination**

### Investment Management Services

PAG may be compensated for its investment management services in advance of the quarter in which services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior consent.

### Financial Planning Services

PAG requires an advance deposit as described above. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for the percentage of the engagement scope completed by the Advisor and the Advisor will refund any unearned, prepaid planning fees from the effective date of termination. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

### Retirement Plan Advisory Services

PAG is compensated for its retirement plan services at the beginning of the quarter before services are rendered. Either party may terminate the retirement plan advisory agreement, at any time, by providing advance written notice to the other party. The Client shall be responsible for retirement plan advisory fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid retirement plan advisory fees from the effective date of termination to the end of the quarter. The Client's retirement plan advisory agreement with the Advisor is non-transferable without the Client's prior consent.

## **E. Compensation for Sales of Securities**

Mr. Harnish is also Registered Representative of Cadaret, Grant & Co., Inc. ("Cadaret Grant"). Cadaret Grant is a registered broker-dealer (CRD No. 10641) member FINRA, SIPC. In his separate capacity as a Registered Representative, Mr. Harnish may implement securities transactions under Cadaret Grant and not through PAG. In such instances, he will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned as a Registered Representative is separate from PAG's fees. Clients are not obligated to implement any recommendation provided by the Advisor nor Advisory Persons. Neither the Advisor nor Advisory Persons will earn ongoing investment advisory fees in connection with any products or services implemented in Mr. Harnish's separate capacity as a Registered Representative. Please see Item 10 below.

Mr. Harnish is also licensed as an independent insurance professional. Mr. Harnish will earn commission-based compensation for selling insurance products, including insurance products he sells to Clients. Insurance commissions earned by Mr. Harnish are separate and in addition to advisory fees. This practice presents a conflict of interest as there may be an incentive to recommend insurance products to Clients for the purpose of generating commissions rather than solely based on Client needs. However, Clients are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with the Advisor. Please see Item 10 below.

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

PAG does not charge performance-based fees for its investment advisory services. The fees charged by PAG are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any



Client. PAG does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

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PAG offers investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, businesses, and retirement plans. PAG generally does not impose a minimum relationship size. However, the Advisor imposes a minimum annual fee of \$1,000. This fee may be waived at the sole discretion of the Advisor.

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

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### **A. Methods of Analysis**

PAG's overall investment strategy, based on the demographics of its Client base, is to manage accounts to protect and grow the Client's assets and provide income during retirement. To accomplish this, PAG primarily employs a tactical asset allocation investment strategy to manage client portfolios. PAG meets with Clients to get a clear understanding of their investment goals and the amount of risk they are willing to take to attain these goals. Based on this information and the current market conditions, the Advisor develops a target asset allocation. In developing the targets, the Advisor will set a higher (overweight) allocation target to sectors that are anticipated to outperform others and a lower (underweight) allocation target to sectors that are anticipated to under-perform. As market conditions change, the asset allocation targets will be reviewed and updated as appropriate. In addition, asset allocation targets are updated if there is a change in the Client's investment objective.

PAG also employs a fundamental analysis method in developing investment strategies for its Clients. *Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

As noted above, PAG generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. PAG will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, PAG may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account[s]. The Advisor uses screening tools and research reports, as well as conducts due diligence with analysts, portfolio managers and strategists with money management firms. This information is used to determine which investments are best suited for the Client. The Advisor may utilize one or more the following general securities publications and research materials to assist with its process:

- Morningstar Principia Mutual Fund Advanced
- Value Line Investment Survey
- Investment News Daily
- Barron's
- Investment Advisor
- Journal of Financial Planners
- Financial Planning
- Financial Advisor
- Profiles Plus
- Continuing Education Programs

- Internet sources

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. PAG will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment approach:

### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

### Bond Risks

Bonds are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

### Tactical Asset Allocation

There is risk associated with any investment strategy, including tactical asset allocation. The Client must be aware of the following risks associated with a tactical asset allocation strategy:

- There is no guarantee that the use of this strategy will provide a higher performance than the use of other investment strategies.
- This strategy relies on an accurate reading of market conditions and the future direction of the market. There is no guarantee that the anticipated asset allocation targets will outperform other sectors.
- Clients may be exposed to tax consequences due to capital gains/losses from the sale of securities to rebalance accounts. Some of the capital gains could be short-term, which are taxed at a higher rate.
- Fund companies may place restrictions on an account for violating a Fund's short-term trading policy. While this is possible, PAG seeks to avoid processing trades in Client's accounts that would subject the Client to short-term trading fees or account restrictions.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

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

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**There are no legal, regulatory or disciplinary events involving PAG or its owner.** PAG values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor or Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 310720.

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

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#### Broker-Dealer Affiliation

As noted in Item 5, Mr. Harnish is also a Registered Representative of Cadaret Grant. In his separate capacity as a Registered Representative, Mr. Harnish will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by Mr. Harnish. Neither the Advisor nor Mr. Harnish will earn ongoing investment advisory fees in connection with any services implemented in Mr. Harnish's separate capacity as a Registered Representative.

#### Insurance Agency Affiliations

As noted in Item 5, Mr. Harnish is also a licensed insurance professional. Implementations of insurance recommendations are separate and apart from his role with PAG. As an insurance professional, Mr. Harnish will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Mr. Harnish is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Mr. Harnish or the Advisor.

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

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#### **A. Code of Ethics**

PAG has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with PAG ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to each Client. PAG and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of PAG's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (585) 381-5900.

## **B. Personal Trading with Material Interest**

PAG allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. PAG does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. PAG does not have a material interest in any securities traded in Client accounts.

## **C. Personal Trading in Same Securities as Clients**

PAG allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by PAG requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

## **D. Personal Trading at Same Time as Client**

While PAG allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will PAG, or any Supervised Person of PAG, transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

PAG does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize PAG to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, PAG does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where PAG does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost from the Advisor associated with using a custodian not recommended by PAG. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. As Mr. Harnish is also a Registered Representative of Cadaret Grant, he may be limited and must receive approval before using a custodian. PAG may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and its reputation and/or the location of the Custodian's offices.

PAG will generally recommend that Clients establish their account[s] at Fidelity Clearing & Custody Solutions and related entities of Fidelity Investments, Inc. (collectively "Fidelity"), Fidelity is a FINRA-registered broker-dealer and member SIPC and will serve as the Client's "qualified custodian". PAG maintains an institutional relationship with Fidelity, whereby the Advisor receives economic benefits from Fidelity. Please see Item 14 below.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. **PAG does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 below.**

**2. Brokerage Referrals** - PAG does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where PAG will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). PAG will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. PAG will execute its transactions through the Custodian as authorized by the Client. PAG may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Clients' accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by Mr. Harnish. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify PAG if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by PAG**

#### Participation in Institutional Advisor Platform

PAG has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. Access to the Fidelity platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

The following benefits are also received from Fidelity: financing services, receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

#### **B. Client Referrals from Solicitors**

PAG does not engage paid solicitors for Client referrals.

### **Item 15 – Custody**

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PAG does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct PAG to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by PAG to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

### **Item 16 – Investment Discretion**

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PAG generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by PAG. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by PAG will be in accordance with each Client's investment objectives and goals.

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

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PAG does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

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

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Neither PAG, nor its management, have any adverse financial situations that would reasonably impair the ability of PAG to meet all obligations to its Clients. Neither PAG, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. PAG is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.



# **Prosperity Advisory Group LLC**

## **Form ADV Part 2A – Appendix 1 ("Wrap Fee Program Brochure")**

**Effective: March 23, 2022**

This Form ADV2A – Appendix 1 ("Wrap Fee Program Brochure") provides information about the qualifications and business practices for Prosperity Advisory Group LLC ("PAG" or the "Advisor") services when offering services pursuant to a wrap fee program. This Wrap Fee Program Brochure shall always be accompanied by the PAG Disclosure Brochure, which provides complete details on the business practices of the Advisor. If you did not receive the complete PAG Disclosure Brochure or you have any questions about the content of this Wrap Fee Program Brochure or the PAG Disclosure Brochure, please contact the Advisor at (585) 381-5900.

PAG is a Registered Investment Advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Wrap Fee Program Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Wrap Fee Program Brochure provides information about PAG to assist Clients in determining whether to retain the Advisor.

Additional information about PAG and its Advisory Persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 310720.



## Item 2 – Material Changes

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This Wrap Fee Program Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. In particular, this Wrap Fee Program Brochure discusses wrap fee programs offering by the Advisor.

### Material Changes

The following material changes have been made to this Wrap Fee Program Brochure since the last filing and distribution to Clients:

- The Advisor is no longer affiliated with KM Advisory Services. KM Advisory Services was closed in 2021 and all relationships have been transitioned to the Advisor.
- The Advisor requires a minimum annual fee of \$1,000. Please see Item 4 for more information.
- The Advisor has amended its fees for Investment Management. Please see Item 4 for more information.

### Future Changes

From time to time, the Advisor may amend this Wrap Fee Program Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Wrap Fee Brochure (along with the complete PAG Disclosure Brochure) or a Summary of Material Changes shall be provided to you annually and if a material change occurs in the business practices of PAG.

You may view this Wrap Fee Program Brochure and the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 165516. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at (585) 381-5900.

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## Item 4 – Services Fees and Compensation

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### A. Services

Prosperity Advisory Group LLC (“PAG” or the “Advisor”) provides customized investment advisory services for its Clients. This Wrap Fee Program Brochure is provided as a supplement to the PAG Disclosure Brochure (Form ADV 2A). This Wrap Fee Program Brochure is provided along with the complete Disclosure Brochure to provide full details of the business practices and fees when selecting PAG as your investment advisor.

As part of the investment advisory fees noted in Item 5 of the Disclosure Brochure, PAG includes securities transaction fees and custody fees as part of its overall investment advisory fee through this Wrap Fee Program. Securities regulations often refer to this combined fee structure as a “Wrap Fee Program”.

When the Advisor provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts (“IRAs”), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. When deemed to be in the Client’s best interest, the Advisor will provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

The sole purpose of this Wrap Fee Program Brochure is to provide additional disclosure relating the combination of Covered Costs into a single “bundled” investment advisory fee. This Wrap Fee Program Brochure references back to the PAG Disclosure Brochure in which this Wrap Fee Program Brochure serves as an Appendix. **Please see Item 4 – Advisory Services of the Disclosure Brochure for details on PAG’s investment philosophy and related services.**

### B. Program Costs

Advisory services provided by PAG are offered in a wrap fee structure whereby securities transaction fees are included together with investment advisory fees into a single, combined fee. The Advisor does not have a higher fee schedule for Clients offered this Wrap Fee Program. **Please see Item 5 – Fees and Compensation of the Disclosure Brochure for complete details on fees.**

### C. Fees

Investment advisory fees are paid quarterly, advance of each calendar quarter, pursuant to the terms of the investment advisory agreement. Investment advisory fees are based on the market value of assets under management at the end of the prior calendar quarter. Investment advisory fees are based on the following schedule:

Assets Under Management (\$)	Annual Rate (%)
Up to \$1,000,000	1.25%
\$1,000,001 to \$3,000,000	1.00%
Over \$3,000,000	0.75%

\*The Advisor imposes a minimum fee of \$1,000 for Investment Management Services

The investment advisory fee in the first quarter of service is prorated from the inception date of the Client’s account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client’s fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by PAG will be independently valued by the Custodian. PAG will not have the authority or responsibility to value portfolio securities.

Clients may incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client’s account[s]. Under this Wrap Fee Program, PAG includes securities transactions costs as part of its overall investment advisory fee. The Advisor has negotiated a fixed rate with its recommended Custodian for securities

transaction fees, which is based on assets under management in the Client's account[s]. Certain accounts may be excluded from this fixed rate arrangement. In such instances, the Advisor may utilize certain investments that the Custodian provides with no-transaction fee ("NTF Investments"). Advisory Persons of the Advisor, in their fiduciary duty, will always seek the most appropriate investments for inclusion in a Client's portfolio. As such, the Advisor has an incentive to utilize NTF Investments to limit the overall cost to the Advisor. The Advisor will only place Client assets into a Wrap Free Program when it is believed to be in the Client's best interest. The Advisor, in its fiduciary duty, will select the investments most appropriate for the Client's investment portfolio[s], regardless of securities transaction costs.

In addition, all fees paid to PAG for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of PAG, but would not receive the services provided by PAG which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by PAG to fully understand the total fees to be paid. Please see Item 5.C. – Other Fees and Expenses in the Disclosure Brochure (included with this Wrap Free Program Brochure).

#### **D. Compensation**

PAG is the sponsor and portfolio manager of this Wrap Fee Program. PAG receives investment advisory fees paid by Clients for participating in the Wrap Fee Program and pays the Covered Costs associated with the management of the Client's account[s].

### **Item 5 – Account Requirements and Types of Clients**

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PAG offers investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, and businesses. PAG generally does not impose a minimum relationship size.

### **Item 6 – Portfolio Manager Selection and Evaluation**

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#### **Portfolio Manager Selection**

PAG serves as sponsor and as portfolio manager for the services under this Wrap Fee Program.

#### **Related Persons**

PAG personnel serve as portfolio managers for this Wrap Fee Program. PAG does not serve as a portfolio manager for any third-party wrap fee programs.

#### **Performance-Based Fees**

PAG does not charge performance-based fees.

#### **Supervised Persons**

Advisory Persons serve as portfolio managers for all accounts, including the services described in this Wrap Fee Brochure. Details of the advisory services provided are included in Item 4.A. of the Disclosure Brochure.

#### **Methods of Analysis**

Please see Item 8 of the Disclosure Brochure (included with this Wrap Fee Brochure) for details on the research and analysis methods employed by the Advisor.

#### **Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. PAG will assist Clients in determining an appropriate strategy

based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account[s]. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. Please see Item 8.B. – Risk of Loss in the Disclosure Brochure for details on investment risks.**

#### Proxy Voting

PAG does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. Further, the Advisor does not participate in any legal proceedings involving investments held in Client accounts. The Advisor will assist in answering questions relating to proxies and other matters, however, the Client retains the sole responsibility for decisions, voting and related activities. The Custodian will send these materials directly to the Client. If the Client instead directs these documents to the Advisor's attention, the Client is advised that the Advisor will not be responsible to take action on proxies and legal proceedings.

### **Item 7 – Client Information Provided to Portfolio Managers**

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PAG is the sponsor and sole portfolio manager for the Wrap Fee Program. The Advisor does not share Client information with other portfolio managers because it is the sole portfolio manager for this Wrap Fee Program. Please also see the PAG Privacy Policy (included after this Wrap Fee Program Brochure).

### **Item 8 – Client Contact with Portfolio Managers**

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PAG is a full-service investment management advisory firm. Clients always have direct access to the Advisory Persons at PAG.

### **Item 9 – Additional Information**

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#### **A. Disciplinary Information and Other Financial Industry Activities and Affiliations**

**There are no legal, regulatory or disciplinary events involving PAG or its management person[s].** PAG and its Supervised Persons value the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisor Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 310720.

Please see Item 9 of the PAG Disclosure Brochure as well as Item 3 of each Advisory Person's Brochure Supplement for additional information on how to research the background of the Advisor and its Advisory Persons.

#### Other Financial Activities and Affiliations

*Broker-Dealer Affiliation* – As noted in Item 10 of the Disclosure Brochure, Mr. Harnish is also a Registered Representative of Cadaret Grant. In his separate capacity as a Registered Representative, Mr. Harnish will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by Mr. Harnish. Neither the Advisor nor Mr. Harnish will earn

ongoing investment advisory fees in connection with any services implemented in Mr. Harnish's separate capacity as a Registered Representative.

*Insurance Agency Affiliations* – As noted in Item 10 of the Disclosure Brochure,, Mr. Harnish is also a licensed insurance professional. Implementations of insurance recommendations are separate and apart from his role with PAG. As an insurance professional, Mr. Harnish will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Mr. Harnish is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Mr. Harnish or the Advisor.

**Please see Items 10 and 14 of the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure).**

#### **B. Code of Ethics, Review of Accounts, Client Referrals, and Financial Information**

PAG has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons subject to PAG's compliance program (our "Supervised Persons"). Complete details on the PAG Code of Ethics can be found under Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading in the Disclosure Brochure (included with this Wrap Fee Program Brochure).

##### Review of Accounts

Securities in Client accounts are monitored on a regular and continuous basis by Mr. Harnish. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client. Details of the review policies and practices are provided in Item 13 of the Form ADV Part 2A – Disclosure Brochure.

##### Other Compensation

*Institutional Advisor Platform (Fidelity)* - PAG has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. Access to the Fidelity platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

The following benefits are also received from Fidelity: financing services, receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

Please see Item 14 – Other Compensation in the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure) for details on additional compensation that may be received by PAG or its Advisory Persons. Each Advisory Person's Brochure Supplement (also included with this Wrap Fee Brochure) provides details on any outside business activities and the associated compensation.

##### Client Referrals from Solicitors

PAG does not engage paid solicitors for Client referrals.

##### Financial Information

Neither PAG, nor its management has any adverse financial situations that would reasonably impair the ability of PAG to meet all obligations to its Clients. Neither PAG, nor any of its Advisory Persons, has been subject to a bankruptcy or financial compromise. PAG is not required to deliver a balance sheet along with this Disclosure Brochure, as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or

more in advance. Please see Item 18 of the Form ADV Part 2A – Disclosure Brochure.

# **Form ADV Part 2B – Brochure Supplement**

**for**

**John P. Harnish, CFP®**  
**Principal and Chief Compliance Officer**

**Effective: March 23, 2022**

This Form ADV 2B (“Brochure Supplement”) provides information about the background and qualifications of John P. Harnish, CFP® (CRD# 4813106) in addition to the information contained in the Prosperity Advisory Group LLC (“PAG” or the “Advisor”, CRD# 310720) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the PAG Disclosure Brochure or this Brochure Supplement, please contact us at (585) 381-5900.

Additional information about Mr. Harnish is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 4813106.



## Item 2 – Educational Background and Business Experience

John P. Harnish, CFP®, born in 1975, is dedicated to advising Clients of PAG as the Principal and Chief Compliance Officer. Mr. Harnish attended classes at St. Bonaventure University. Mr. Harnish also earned his Certified Financial Planner™ designation at the College for Financial Planning in 2007. Additional information regarding Mr. Harnish's employment history is included below.

### Employment History:

Principal and Chief Compliance Officer, Prosperity Advisory Group LLC	09/2020 to Present
Registered Representative, Cadaret, Grant & Co., Inc.	07/2004 to Present
Owner, Investment Advisor Representative and Chief Compliance Officer, KM Advisory Services	03/2020 to 08/2021
CEO and President, KM Investment Services	03/2020 to 08/2021
Investment Advisor Representative and Chief Compliance Officer, KM Advisory Services	01/2004 to 3/2020
Client Service Coordinator/Financial Advisor/Director of Financial Planning, KM Investment Services	04/2002 to 03/2020

### CERTIFIED FINANCIAL PLANNER™ ("CFP®")

The CERTIFIED FINANCIAL PLANNER™, CFP®, and federally registered CFP® (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by 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 a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 87,000 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. 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 includes case studies and client scenarios designed to test one's ability to correctly 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 the 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 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 CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP®.

### Item 3 – Disciplinary Information

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***There are no legal, civil or disciplinary events to disclose regarding Mr. Harnish.*** Mr. Harnish has never been involved in any regulatory, civil or criminal action. There have been no Client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Harnish.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. ***As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Harnish.***

However, we do encourage you to independently view the background of Mr. Harnish on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 4813106.

### Item 4 – Other Business Activities

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#### Broker-Dealer Affiliation

Mr. Harnish is also a registered representative of Cadaret, Grant & Co., Inc. (“Cadaret Grant”). Cadaret Grant is a registered broker-dealer (CRD# 10641), member FINRA, SIPC. In Mr. Harnish’s separate capacity as a registered representative, Mr. Harnish will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by Mr. Harnish. Neither the Advisor nor Mr. Harnish will earn ongoing investment advisory fees in connection with any products or services implemented in Mr. Harnish’s separate capacity as a registered representative. Mr. Harnish spends less than 10% of his time per month in his role as a registered representative of Cadaret Grant.

#### Insurance Agency Affiliations

Mr. Harnish is also a licensed insurance professional. Implementations of insurance recommendations are separate and apart from Mr. Harnish’s role with PAG. As an insurance professional, Mr. Harnish will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Mr. Harnish is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Mr. Harnish or the Advisor. Mr. Harnish spends approximately 10% of his time per month in this capacity.

#### Notary Public - State of New York

Mr. Harnish is also a notary public licensed in the State of new York.

### Item 5 – Additional Compensation

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Mr. Harnish has additional business activities where compensation is received that are detailed in Item 4 above.

### Item 6 – Supervision

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Mr. Harnish serves as its Principal and Chief Compliance Officer and Director of PAG. Mr. Harnish can be reached at (585) 381-5900.

PAG has implemented a Code of Ethics, an internal compliance document that guides each Supervised Person in meeting their fiduciary obligations to Clients of PAG. Further, PAG is subject to regulatory oversight by various agencies. These agencies require registration by PAG and its Supervised Persons. As a registered entity, PAG is subject to examinations by regulators, which may be announced or unannounced. PAG is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

## Privacy Policy

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Effective: March 23, 2022

### Our Commitment to You

Prosperity Advisory Group LLC ("PAG" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. PAG (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

PAG does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Driver's license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Income Tax Information	Insurance Information
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting. PAG shares Client information with Cadaret, Grant & Co., Inc. ("Cadaret Grant"). This sharing is due to the oversight Cadaret Grant has over certain Supervised Persons of the Advisor. You may also contact us at any time for a copy of the Cadaret Grant Privacy Policy.	Yes	No
<b>Marketing Purposes</b> PAG does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where PAG or the Client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].	Yes	Yes
<b>Information About Former Clients</b> PAG does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and will provide you with a revised Policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (585) 381-5900.