

**Item 1: Cover Page for Part 2A of Form  
ADV: Firm Brochure  
August 2021**



**Kahler Financial Group, Inc.  
1010 9<sup>th</sup> Street, Suite 1  
Rapid City, SD, 57701  
(605) 343-1400**

**Firm Contact:  
Richard S. Kahler, MS, CFP®, CFT-I™, CeFT®, CCIM, Chief Compliance  
Officer**

**Firm Website Address:  
[www.kahlerfinancial.com](http://www.kahlerfinancial.com)**

**Firm Blog Address:  
[www.financialawakenings.com](http://www.financialawakenings.com)**

This Brochure provides information about the qualifications and business practices of Kahler Financial Group, Inc. If there are any questions about the contents of this brochure, please contact us at (605) 343-1400 or [info@kahlerfinancial.com](mailto:info@kahlerfinancial.com). 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 Kahler Financial Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD# 124042.

Please note that the use of the term "registered investment adviser" and description of Kahler Financial Group, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for additional information on the qualifications of our firm and its advising associates.

## Item 2: Material Changes

**Kahler Financial Group, Inc.** is required to advise clients of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

The last annual update to our Brochure was filed on March 23, 2021.

We have made the following material changes to our Brochure:

In our commitment to transparency, we periodically review our core business as well as the personal activities of those associated with our firm. In this light we've updated Item 10 of this brochure to describe Mr. Kahler's periodic recommendations of investments in limited partnerships and Delaware Structured Trusts to clients while he also invests in some of these partnerships himself. Current investors are aware of this potential conflict of interest. This disclosure serves as important information for new and prospective clients. If you have any questions regarding these types of investments, please feel free contact us at your earliest convenience.

### Item 3: Table of Contents

<u>Section:</u>	<u>Page(s):</u>
Item 1: Cover Page for Part 2A of Form ADV: Firm Brochure .....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business.....	4
Item 5: Fees & Compensation.....	7
Item 6: Performance-Based Fees & Side-By-Side Management .....	9
Item 7: Types of Clients & Account Requirements.....	9
Item 8: Methods of Analysis, Investment Strategies & Risk of Loss .....	10
Item 9: Disciplinary Information .....	11
Item 10: Other Financial Industry Activities & Affiliations .....	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading .....	12
Item 12: Brokerage Practices .....	14
Item 13: Review of Accounts or Financial Plans .....	16
Item 14: Client Referrals & Other Compensation .....	17
Item 15: Custody .....	18
Item 16: Investment Discretion.....	18
Item 17: Voting Client Securities.....	19
Item 18: Financial Information.....	19

## Item 4: Advisory Business

Kahler Financial Group's core purpose is to transform the financial and emotional well-being of people. Our firm is a corporation formed under the laws of the State of South Dakota and has been in business as an investment adviser since 1983.

For estate planning purposes, on December 31, 2019, Richard Kahler converted stock of Kahler Financial Group into voting and non-voting shares. First American Trust, a private trust controlled by Richard Kahler, retained 100% of the voting shares of the firm, 100% control and management of the firm, and 1% stock ownership of Kahler Financial Group. The non-voting shares, which comprise 99% stock ownership of Kahler Financial Group, were transferred to Richard Kahler legacy trusts. Richard Kahler serves as the investment trustee and his wife, Marcia Welch-Kahler, serves as administrative and distribution trustee to the Richard Kahler legacy trusts. The non-voting shares within the Richard Kahler legacy trusts have no voting control or managerial oversight of the firm.

We manage \$158,700,000 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2020. We are an independent, client-centered, fee-only financial planning firm that does not sell investment products. We do not receive compensation from third parties, such as a mutual fund or insurance company. We strive for complete objective advice and should there ever be conflicts of interest, we will promptly disclose them. We work solely for the client. We charge a percentage on investment assets.

We help business owners, professionals, retirees, and families make good financial decisions by integrating the nuts and bolts of financial planning with what clients think, feel, and believe about money. We call this the "blending" of our emotions and beliefs about finance with the mechanical aspect of integrated financial planning. We do that by:

1. Putting our clients first
2. Guiding clients to reach a destination in an unfamiliar area
3. Giving sound advice and creative solutions
4. Constantly educating ourselves
5. Personally practicing what we preach
6. Taking clients only where we have gone ourselves
7. Being serial innovators
8. Taking personal responsibility for our actions and contributions

We work best with people who recognize big goals happen by making small changes and have a willingness to change behavior to further their long-term goals. They have realistic investment expectations and are able to ignore the investment 'du jour' as touted by the financial press. Most are affluent or becoming affluent and have the ability to save a portion of their income. Some have complex tax, investment, and other planning needs.

We offer specialization in our core area of competence and utilize other professionals when specialization is needed in other areas such as legal, psychological, or accounting. Ongoing planning reviews, workshops, study groups, teleclasses, and special events help both new and existing clients feel part of our community.

We may offer an initial complimentary consultation to review client interests, needs and objectives, and to discuss the services available. Advisory services are initiated only after an Engagement Agreement and a Financial Planning Fee Agreement is executed with us.

We specialize in the following types of services:

- Integrated financial planning for individuals
- Investment portfolio management
- Specialized problem-solving and analysis of complex financial issues
- Estate and tax planning strategies
- Strategies for gaining financial independence
- Cash flow and budget analysis
- Mortgage analysis and refinancing decisions
- Business planning, including succession planning
- Asset protection strategies
- Financial Coaching

Our firm utilizes the sub-advisory services of third-party investment advisory firms or individual advisors to aid in the implementation of investment management services and financial planning services. Before selecting a firm or individual, our firm will ensure the chosen party is properly licensed or registered.

Our integrated financial planning is supported by a four-step process: *Discovery*; *Design*; *Implementation*; and *Maintenance*. The process is described below.

#### **DATA GATHERING & DISCOVERY**

Our Data Gathering and Discovery process involves a series of interviews and exercises. Our Data Gathering process asks clients to provide us with all financial documents and statements. We request input and information, including historical financial information, present financial condition and account information, and investment history and experience. The information requested may vary, depending upon the individual needs and objectives expressed to us or what we may discover in our interviews. When subscribing to our Evergreen service, clients send us documents and statements; we scan them into our software and return them. When subscribing to the Aspen service, clients upload requested documents and input into software designated by our firm. We treat the information given to us as reliable and current. We also request the names and relationships of other trusted advisors (i.e., attorney, accountant, banker, etc.). It is important to note the other trusted advisors may bill clients for assisting us in gathering pertinent information. Kahler Financial Group will not be responsible for these fees.

Our Discovery process goes beyond compiling financial documents and statements, which is the first step of the process. This second aspect is uniquely designed to help identify client values, goals and priorities, and how they relate to finances. This discovery session focuses on what matters to the client –beliefs about money, unique history with money, values, and dreams. It helps clients bring into focus an action plan for the life he/she wants to be living, as opposed to the life he/she is living.

#### **DESIGN**

This part of the process is where we help define the solutions to enable the client to achieve their goals. Based on the data collected in the Data Gathering and Discovery process, we give the client a choice of options to present solutions to accomplish the client's objectives. The Evergreen service includes a series of meetings where we conduct dialogue and education on solutions. We identify the actions necessary to bring goals into reality. The most common results from this process are recommendations for an appropriate cash flow plan, an investment plan, a plan for financial independence, asset protection and risk management, estate and tax planning, and financial coaching. Evergreen service includes complex comprehensive design plan, while Aspen services

involves more general financial planning advice performed during the onboarding meetings and annual review meeting.

**Cash flow planning** addresses the issue of organizing and monitoring the client's cash flow. It helps identify where the money is being spent and how to manage the process.

**Investment planning and management** starts with a review of the client's current investment portfolio and an analysis of its ability to help achieve authentic goals presented during the Discovery portion of the process. The review involves selecting asset classes, and sub classes. We believe good asset allocation will consist of a variety of appropriately selected asset classes. Both our experience and academic research has shown that the majority of portfolio returns are the result of the asset allocation decision and not market timing or individual security selection.

**Planning for financial independence** takes a detailed look at post-employment cash flow projections as a result of taking into account all potential sources of post-employment income, company retirement plan options, and the best strategies for maximizing assets to be used when the client is no longer earning a salary.

**Asset protection and risk management** are an important part of the financial planning process, designed to reduce risk to acceptable levels. This planning helps protect from catastrophe or a frivolous lawsuit. It includes a review of all types of insurance coverage to ensure the appropriate levels of coverage are in place.

**Estate and tax planning** is important to improving wealth building efficiency and helping transfer lifetime assets according to final wishes. An appropriate estate plan can help minimize the time it takes to distribute an estate and minimize federal taxes.

**Financial coaching** helps identify and remove the financial and emotional barriers which may be blocking progress, and to track and implement the goals and dreams identified in the discovery process. Financial coaching is extremely helpful in helping understand emotional responses to market lows and highs and prevents clients from sabotaging the financial future by "buying high" and "selling low". Financial coaching is also helpful in successfully negotiating difficult life transitions such as retirement, marriage, the birth of a child, divorce, or the death of a loved one.

## **IMPLEMENTATION**

In the Implementation process for the Evergreen service, we assist in taking action for the decisions made in the Data Gathering process and coordinate them with the client's other advisers. We communicate the specific strategies and our recommendations to the client's accountant and attorney if the client has directed us to do so. We execute the selected portfolio, helping to liquidate and acquire securities and managers we've identified in the plan.

In the Implementation process for the Aspen service the client will be expected to take action for all of the decisions and coordinate them with any other advisers. Under the Aspen service, we will not communicate with the client's accountant and attorney to implement a specific plan.

For the sub-advisory services rendered to our clients, our firm compensates third party investment advisory firms or individual advisors a percentage of the overall investment advisory fee charged by our firm. The advisory fee paid shall not exceed the fee published for this service.

## **MAINTENANCE**

We believe integrated financial planning is dynamic, ever changing, and never complete. The maintenance process includes the on-going oversight of goal implementation. Some services like investment planning, planning for financial independence, cash flow management, estate planning, financial coaching or tax planning are ongoing or completed over a longer period of time.

For Evergreen service we hold periodic meetings with a minimum of an annual meeting. The number of meetings per year depends upon the complexity and needs of the client in any one year. More complex client needs indicate more frequent meetings. For Aspen service we offer an annual meeting on focused financial planning work done per direction from the client. In our meetings we focus on the issues the client identifies as important and a continuous review of all the components of changing financial needs.

We usually do not allow the client to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing the account. We do not offer wrap fee programs.

## **LIGHTNING MEETINGS**

Our firm provides a variety of standalone consulting services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Lightning Meetings will typically involve a 60-minute meeting and cost is based on the level of planning expertise desired. A 60 minute meeting with our principal advisor is \$750 per hour; 60 minute meeting with a lead advisor is \$500 per hour; or 60 minute meeting with an associate advisor is \$250 per hour for individuals based on the requested topic and data provided at the time of the meeting. The Lightning Meeting may encompass retirement planning, estate planning, education planning, personal tax planning, real estate analysis, mortgage/debt analysis and insurance analysis.

Lightning Meetings rendered usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client. Lightning Meetings are not typically accompanied by a written summary of observations and recommendations, as the process is less formal. Lightning Meetings will only take into account the information and documents the client provides at the time of the meeting and consultations are typically completed at the close of the meeting. Payment for Lightning Meetings are due prior to the commencement of the meeting.

## **Item 5: Fees & Compensation**

Below we describe fees and expenses so clients will know exactly how much we charge for the advisory services provided. Fees are typically not negotiable, however, we reserve the right to discount advisory fees based on the scope and complexity (or lack thereof) of the engagement.

Because our firm's primary focus is the discovery, design, and review of the financial plan, we charge our fees based on the total asset value of investment assets under our advisement. This by definition excludes personal assets like primary residence, vehicles, other personal property, and illiquid assets. For calculation purposes we round to the nearest dollar.

<b>Kahler Financial Group Financial Planning Charge Matrix (Aspen &amp; Evergreen)</b>			
Asset under Management and Advisement Tiered Range			Annual Percentage
\$0	to	\$510,000	1.30%
\$510,001	to	\$1,275,000	1.00%
\$1,275,001	to	\$2,550,000	0.80%
\$2,550,001	to	\$6,120,000	0.55%
\$6,120,001	to	\$15,000,000	0.50%

<b>Kahler Financial Group Fee Structure (Investment Only)</b>			
Asset under Management and Advisement Tiered Range			Annual Percentage
\$0	to	\$ 1,275,000	1.00%
\$1,275,001	to	\$ 2,550,000	0.75%
\$2,550,001	to	\$ 6,120,000	0.50%
\$6,120,001	to	\$ 15,000,000	0.30%

We have a one-time data-gathering and design fee of up to 50% of the annual financial planning fee. Our minimum quarterly fee is \$3,125 for Evergreen and \$812.50 for Aspen. The one-time data-gathering and design fee, and the first quarterly fee are due at the beginning of the engagement. Thereafter, asset financial planning fees are due quarterly in arrears. Asset financial planning fees are established annually based on the assets under advisement as of October 31<sup>st</sup> of the previous year. If an Aspen client's total annual fee charged is equal to \$12,500 or greater, they will automatically be placed in the Evergreen service model. Assets in managed accounts held at TD Ameritrade will be charged an additional 0.02% quarterly to partially cover manager fees determined by KFG's negotiation and the scope of KFG's services. This charge will be based on the account balance(s) on October 31<sup>st</sup> of each year and charged in the following year. Until an October 31<sup>st</sup> value can be determined for new clients, the charge will be applied in arrears on the value of the account balance(s) on the last day of each calendar quarter.

We generally rebalance portfolios held at TD Ameritrade at least quarterly. We offer rebalance recommendation for employer-controlled retirement portfolios held away from TD Ameritrade annually. We need timely information on assets held away from TD Ameritrade. Assets, on which the client does not provide Kahler Financial Group with automatic and timely updated statements, will not be included in any asset allocations, financial statements, or reports. This significantly slows down our internal process and the quality of advice received from us.

Because we calculate our annual financial planning fee on a percentage of investment assets, there exists a potential conflict of interest regarding advice given by us since our revenues are directly impacted by the size of the client portfolio. There is also a potential conflict of interest if a client decides to convert investment assets, on which we charge a fee, to tangible assets like real estate, closely held businesses, permanent life insurance, fixed annuities, and other personal assets, on which we don't charge a fee.

Other services not listed above will be billed on an hourly basis. Aspen clients will be billed at an hourly rate of \$195 for additional financial coaching and \$250 for additional financial planning. A project fee may be quoted based upon the time and effort required. The total fee and services to be provided are agreed upon at the time of engagement. Project fees will vary based upon the amount of time we incur for the project, in addition to the nature and complexity of services.

We will automatically deduct fees from one of the client's managed accounts unless directed otherwise.



As part of this process, the client understands and acknowledges the following:

- a) The independent custodian sends statements at least quarterly to clients showing all disbursements from the account, including the amount of the financial planning fees paid as well as the asset management fee paid.
- b) The client provides authorization permitting us to be directly paid by these terms.

The client will incur transaction charges for trades executed in the accounts. These transaction fees are separate from our annual financial planning fees. Also, the client will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Our firm's annual financial planning fees are billed on a quarterly basis in arrears. Since we are billing in arrears, our invoices are due and payable when received.

If the client wishes to terminate our advisory services, 30 days' notice in writing is required, stating the wish to cancel the service agreement. Upon receipt of the letter of termination, we will proceed to close out the account and charge a pro-rata annual financial planning fee(s) for services rendered up to the point of termination.

#### **LIGHTNING MEETING**

Our firm charges a flat fee for Lightning Meetings. The fee for 60-minute Lightning meetings with our firm principal is \$750; lead advisor \$500 or associate advisor \$250, respectively. Payment is due at the beginning of the Lightning Meeting.

We do not sell securities or receive any commissions. In order to sell securities for a commission, we would need to have our associated persons licensed with FINRA and registered with a broker-dealer. We have chosen not to do so because we feel strongly it would be difficult to maintain unbiased and objective financial advice if we were to receive commissions from product sales.

We do not hold any insurance licenses. When reviewing insurance products for clients, we rely on information given to us by the client's insurance agent. From time to time, we may request (with client permission and direction) analysis, quotes, and recommendations from licensed insurance agents and brokers whom we trust or have done business with in the past. We receive no compensation, directly or indirectly from any insurance product purchased from any insurance agent or broker.

#### **Item 6: Performance-Based Fees & Side-By-Side Management**

We do not charge performance fees.

#### **Item 7: Types of Clients & Account Requirements**

Types of clients we typically provide our services to include Individuals accumulating wealth (Aspen), High Net-Worth Individuals (Evergreen), business owners, professionals, and retirees. We also provide investment services to trusts, estates and charitable organizations.

Our requirements for opening and maintaining accounts or otherwise engaging us: There is no account minimum for either service.

- We require a minimum quarterly fee of \$3,150 for Evergreen clients and \$812.50 for Aspen clients. New clients pay an initial data-gathering and design fee which is less than or equal to the first two quarterly financial planning fees.
- We reserve the right to decline services to any person or firm. We reserve the right to terminate services to any client with a 30-day notice. We may waive the minimum fee where special circumstances exist. For example, the fee may be waived when pre-existing relationships exist, for friends or family members, or family members of clients.

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

We choose assets for the client's portfolio based on needs, economic conditions, liquidity needs, proposed investment period, need for diversification, and importance of current income. In addition, we take into consideration risk tolerance, present and anticipated tax situation, as well as the investment's historical yield and potential appreciation and marketability. We rely on the information provided by the client (and other professional advisers) and we are not obligated to verify the accuracy of information or reports provided.

Investment strategies used to implement investment advice are generally long-term in nature and primarily utilize a "constant-weighting asset allocation" philosophy. Investment strategies may include short-term purchases depending upon the individual needs and objectives of the client. All proposed investment strategies are closely evaluated, in advance, to insure they are in keeping with the client's stated/ written investment policy or directives.

We recommend and manage many types of assets, including exchange-listed securities, mutual fund shares, corporate debt, US government securities, real estate, limited partnerships, variable annuities, and certificates of deposit. Information is gathered from a variety of sources including research organizations, professional publications, mutual fund and corporate rating services, prospectuses, financial newspapers and magazines, and annual reports.

At its heart, asset allocation seeks to achieve the most efficient diversification of assets, so as to help lessen risk and volatility, while not sacrificing the effectiveness of the portfolio in an effort to yield the client's stated objectives. Since we believe that risk reduction is a key element to long-term investment success, asset allocation principles are a key part of our overall approach in preparing advice for the client.

A key element of our investment philosophy is the percentage allocation among up to ten asset classes: US Stocks, Foreign Stocks, US Bonds, TIPS, High Yield Bonds, Foreign Bonds, Cash, Public and Private REITS, Natural Resources, Absolute Return, and Public and Private Managed Futures. The percentage allocations are designed with each individual client's goals and risk tolerance in mind. Our investment management services include the following:

- Designing and implementing an appropriate asset allocation plan
- Identifying specific assets and investment managers within each asset category
- Developing a written Investment Policy Statement
- Monitoring the performance of all selected assets
- Recommending changes to the client's Investment Policy Statement
- Re-balancing the portfolio when appropriate
- Being available to meet with the client periodically
- Tax-loss or gain harvesting
- Preparing and presenting appropriate reports

We utilize many resources of public information to include financial news and research materials. We also utilize a number of computer databases available to professional investment advisers by subscription. These databases are reviewed on a regular basis. Additionally, unaffiliated service providers may occasionally be engaged to provide statistical reports, tax alerts and investment reviews to us on a regular basis.

When special situations arise, we may also consult with outside experts for additional input (without sharing nonpublic personally identifying client data). Examples of these outside, unaffiliated consultants include, but are not limited to: attorneys, investment managers, accountants, or pension specialists. Any fees associated with these consultations would be born solely by us unless other arrangements have been made, through a separate agreement between the client and the outside service provider.

**Please note:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and client account(s) could enjoy a gain, it is also possible that the stock market may decrease and client account(s) could suffer a loss. It is important clients understand the risks associated with investing in the stock market, that clients are appropriately diversified in investments, and ask us any questions clients may have.

We generally invest client's cash balances held in directly managed accounts in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/ or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In some cases, at least a partial cash balance will be maintained in a money market account for the client's use or so our firm may debit financial planning fees for our services when requested by the client.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

### **Item 10: Other Financial Industry Activities & Affiliations**

Richard S. Kahler, MS, CFP®, CFT-I™, CeFT®, CCIMMS, CFP®, CFT-I™, CeFT®, CCIM is a licensed but non-practicing real estate agent and a licensed but non-practicing certified general appraiser in SD. Clients of our firm will not be solicited to partake in any real estate investment for which Mr. Kahler will earn a commission. Furthermore, neither Mr. Kahler nor his employees, contractors or agents of Kahler Financial Group, Inc. will make any referrals to Keller Williams Black Hills, dba, Kahler, Inc., which is partially owned by Marcia Kahler's living trust. Marcia is Mr. Kahler's wife. Should a Client of our firm request real estate services; Mr. Kahler may refer them to other real estate firms. Mr. Kahler does not receive any compensation for these referrals. Richard S. Kahler, MS, CFP®, CFT-I™, CeFT®, CCIM, is also the President and 50% owner of Caldwell Commercial Real Estate, Inc. dba Kahler Property Management., but there is no time spent on this activity during market hours and accounts for less than 10% of his income. Additionally, Mr. Kahler, a related person, has periodically recommended investments in limited partnerships and Delaware Structured Trusts to clients and has also invested in some of these partnerships himself. This creates a conflict of interest since activity in client portfolios affects portfolios of our related persons. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Mr. Kahler is an indirect owner of Advanced Wellbeing, LLC, which provides financial mental health coaching. Mr. Kahler, Ms. Swantner and Ms. Lynn provide non-advisory services to both KFG and non-KFG clients through Advanced Wellbeing. Evergreen clients have the option of engaging our representatives for financial mental health coaching services, they are under no obligation to do so and will not be charged an additional fee for these services. Other clients have the option of engaging these services at a fee of \$150 per hour.

As a fiduciary, Kahler Financial Group, Inc. has certain legal obligations, including the obligation to act in clients' best interest. Kahler Financial Group, Inc. maintains a Business Continuity and Succession Plan and seeks to avoid a disruption of service to clients in the event of an unforeseen loss of key personnel, due to disability or death. To that end, Kahler Financial Group, Inc. has entered into a succession agreement with Buckingham Strategic Wealth, LLC. Kahler Financial Group, Inc. can provide additional information to any current or prospective client upon request to Richard S. Kahler, President at (605) 343-1400 or Rick@kahlerfinancial.com.

Ms. Lynn is the sole owner of Lynn Financial LLC which provides divorce financial analysis and consultations. This activity consumes approximately 5 hours per week of Ms. Lynn's time not during trading hours. Clients are never obligated to engage Ms. Lynn in these services. In all cases as a fiduciary to our clients, Ms. Lynn puts the interests of our clients before her own.

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

At times, the investment interests of the advisory representatives or related persons may coincide with the interest of clients' accounts. Due to the relatively insignificant investments made by the members or related persons of our firm, in relation to total market investments, these transactions would have no noticeable effect on market prices or movement. However, at no time will we, our representatives, or any related person receive an added benefit or advantage over clients with respect to these transactions as a result of their position. Client interests and needs are at the forefront of our practice. All rules and regulations of the United States Securities and Exchange Commission's ("SEC") Investment Advisers Act of 1940 will be strictly enforced. We will not permit insider trading and have established the required internal policy relating to insider trading. The Chief Compliance Officer of our firm is responsible for monitoring its staff's personal securities holdings records.

In 2005, investment advisers were required to implement a written Code of Ethics. Our Code of Ethics is as follows:

**Fiduciary Responsibilities:** We are a fiduciary to each and every one of our clients. The SEC takes the position that investment advisers owe their clients several specific duties as fiduciaries and these include: Advice that is suitable; Full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the adviser and about investment recommendations); Utmost and exclusive loyalty and good faith; Seeking best execution of transactions; Our reasonable care to avoid ever misleading the client; and Only acting in the client's best interests. It is our policy to protect the interests of each client and to place his/her interests first and foremost in each and every situation. Further, we monitor the personal trading of all access persons, defined as staff members who have access to client trading and investment recommendations prepared by us.

Our staff shall always act in good faith and with candor; we shall be proactive in our disclosure of any conflicts of interest that may impact our clients; and we shall not accept any referral fees or compensation that is contingent upon the purchase or sale of a financial product.

**Internal Code of Ethics:** We take the issue of regulatory compliance seriously. Our firm and our staff are required to comply with state and applicable federal securities regulations. We require that all staff members (advisory representatives and associated persons) immediately report any known or suspected violations of the Adviser's Fiduciary Duties, Code of Ethics or securities rules and regulations to our Chief Compliance Officer. Failure to report material information will result in loss of authority or termination and possible additional action by a regulator. We will abide by honest and ethical business practices to include, but are not limited to:

- We will not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account;
- We will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the client and we will document suitability;
- We will place non-discretionary orders only after obtaining client authorization;
- We are never to borrow money or securities from, or lend money or securities to a client;
- We will not place an order for the purchase or sale of a security if the security is not registered, or the security or transaction is not exempt from registration in states where we provide investment advice;
- We will not place orders or recommend that the client place an order to purchase or sell a security through a broker-dealer or agent; engage the services of a broker-dealer or agent; or advisory representative or advisory firm that is not licensed in states where we provide investment advice or with the SEC.

All access persons will report all but exempt personal securities trading to the Chief Compliance Officer for themselves and for beneficial relationships. The Chief Compliance Officer is charged with approval and monitoring of personal securities transactions.

**CFP® Code:** Richard S. Kahler, MS, CFP®, CFT-I™, CeFT®, CCIM, Sarah E. Swantner, CFP®, Nathan Gehring, CFP®, Christina Lynn, MS, CFP®, CDFA®, CEP™, AFC®, all hold the Certified Financial Planner™ designation ("CFP®"). The Certified Financial Planner Board of Standards Inc. (CFP Board) also has adopted its own Code of Ethics and Professional Responsibility (Code of Ethics) to provide principles and rules to all persons whom it has recognized and certified to use the CFP®, Certified Financial Planner™ and certification marks (collectively "the marks"). The CFP® Board determines who is certified and thus authorized to use the marks. Implicit in the acceptance of this authorization is an obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. The CFP® Code of Ethics' Principles expresses the profession's recognition of its responsibilities to the public, to the client, to colleagues and to employers. They apply to all CFP® Board designees and provide guidance to them in the performance of their professional services. Clients are welcome to request a copy of the CFP® Code of Ethics from us.

If there are any questions relating to our Code of Ethics or one would like copies of the above Codes, please contact the Chief Compliance Officer of our firm. Further information concerning the CFP® Code of Ethics is available by visiting [www.cfp.net](http://www.cfp.net).

## Item 12: Custodial Broker/Dealer Practices

We seek to recommend a custodian/broker dealer who will hold assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services.

We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/ SIPC/ NFA (“TD Ameritrade”). TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers our firm services which include custody of securities, trade execution, clearance and settlement of transactions generally used to service all of our clients. We receive some benefits from TD Ameritrade through our participation in the program. (Please see the disclosure under Item 14 of this Brochure.)

### **Research and Other Soft Dollar Benefits**

TD Ameritrade may make certain research and brokerage services available at no additional cost to our firm all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade may include 1) research reports on recommendations or other information about particular companies or industries; 2) economic surveys, data and analyses; 3) financial publications; 4) portfolio evaluation services; 5) financial database software and services; 6) computerized news and pricing services; 7) quotation equipment for use in running software used in investment decision-making; and 8) other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

There is no direct link between our firm’s participation in the program and the investment advice we give to our clients, although our firm receives economic benefits through our participation in the

program that are typically not available to TD Ameritrade retail investors. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers. Although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

As a result of receiving the services discussed above for no additional cost, we may have an incentive to continue to use or expand the use of TD Ameritrade's services. This interest may conflict with the client's interest of obtaining the lowest commission rate available. Our firm examined this potential conflict of interest when we chose to enter into the relationship with TD Ameritrade and we have determined in good faith that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

### **Brokerage for Client Referrals**

Our firm does not direct client transactions to a particular custodian/broker-dealer in return for client referrals.

### **Directed Brokerage**

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the custodian/broker-dealer with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified custodian/broker-dealer. Our firm recommends the use of TD Ameritrade. Each client will be required to establish their account(s) with TD Ameritrade if not already done. Please note that not all advisers have this requirement.

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific custodian/broker-dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

We allow clients to direct brokerage outside our recommendation. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

### **Trade Aggregation and Allocation**

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such aggregate orders occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, trades are allocated in the most equitable manner possible. In all cases trades of KFG and its employees will always trade after clients.

### Item 13: Review of Accounts or Financial Plans

**Investment Review.** The Chief Compliance Officer of Kahler Financial Group and the Chief Investment Officer hold strategic oversight of all our clients' portfolios. Our Investment Analyst holds the responsibility of energizing the process involved in reviewing the portfolios and is responsible for the project-based work related to investments. The portfolio review process that Kahler Financial Group uses is as follows:

We assign the client's portfolio a minimum of an annual review with more frequent reviews on an as needed basis. A review of the portfolio could also occur at the time of significant new deposits or withdrawals, material changes in client's financial information, significant changes in the market, as often as the client may prefer as agreed to at the time of engagement, or at our discretion. These reviews are not necessarily based on the timing of meetings with the client. This review is done on an aggregate client basis and does not require timing decisions. We review the investment managers or securities in the portfolio on an ongoing basis (at least quarterly).

Reviews entail analyzing the portfolio, securities, investment managers' performance, sensitivity to overall markets, economic changes, investment results and asset allocations, to help ensure the investment strategy is structured to continue to meet the client's stated needs and objectives. We examine each individual holding to see if any significant changes have occurred. We give particular attention to mutual funds held by researching the performance, risk, style, or current operational data of each fund. We then compare the current allocation among the asset classes to the allocation in the client's target portfolio and Investment Policy Statement.

If we determine that adjustments need to be made to bring the portfolio into closer conformity with the target allocation, we research all the assets in the categories in question to determine what changes to make. We then develop the trades needed to make these adjustments and instruct the manager accordingly.

Generally, on at least a quarterly basis, we will review the allocation of the directly managed portfolio among asset classes and compare that with the target allocation. We will also periodically compare portfolio returns to appropriate benchmarks. Reports are available through the Client Portal but will be provided upon request, or as the advisor deems appropriate.

Clients may call the office at any time during normal business hours to discuss their account, financial situation, or investment needs directly with the Chief Compliance Officer, the Chief Investment Officer or the Investment Analyst. We request that the client contact us no less than annually and promptly if there has been a change in the financial situation as new information may warrant a review or change in the investment strategies. We will request an update of the client's financial information annually so we can determine if there have been any changes that merit a change in the financial plan.



**Financial Planning Review.** The Director of Financial Planning is responsible for strategic oversight of all the financial planning and for supervising the financial planners reviewing the portfolio. The portfolio review process that the financial planning team uses is as follows.

We assign the financial plan a minimum of an annual review with more frequent reviews on an as needed basis. A review of the financial plan could also occur at the time of significant changes in a client's life or material changes in a client's financial situation. These reviews are not necessarily based on the timing of meetings with the client.

Reviews typically involve a review of these areas: insurance, asset protection, estate planning, taxation, financial independence, and cash flow.

Hourly and project services terminate upon project completion. In these cases, reviews or updates are not included in the services. We may recommend annual reviews or other follow-up services but it would be the client's responsibility to engage additional services from our firm, under a new or amended engagement.

## **Item 14: Client Referrals & Other Compensation**

### **Other Compensation Arrangements**

In addition to the benefits described in Item 12 of this brochure, TD Ameritrade or fund companies may make available to our firm other products and services that benefit us, but may not benefit client accounts. These benefits may include national, regional or investment adviser specific educational events organized and/or sponsored by TD Ameritrade or fund companies. Other potential benefits may include occasional business entertainment of personnel of our firm by TD Ameritrade or fund company personnel, including meals, invitations to sporting events, golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist our firm in managing and administering client accounts. These include software and other technology (and related technological training) that provide access to account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our fees from client accounts; and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our accounts, including accounts not maintained at TD Ameritrade. TD Ameritrade also makes available to our firm other services intended to help our firm manage and further develop our business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. While as a fiduciary, our firm endeavors to act in client's best interests, an adviser's recommendation/requirement to maintain client assets in accounts at TD Ameritrade may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by TD Ameritrade, which may create a potential conflict of interest.

### **Client Referrals**

We do not pay referral fees to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

## Item 15: Custody

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with the account custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We encourage clients to raise any questions with us about the custody, safety, or security of client assets. The custodians we do business with will send clients independent account statements listing account balance(s), transaction history, and any fee debits or other fees taken out of the account.

## Item 16: Investment Discretion

If the client chooses to have us manage their portfolio on a non-discretionary basis, that means all trades are reliant on a written confirmation from the client. That written confirmation is usually obtained prior to the trade but may be obtained after a trade was completed when we have a prior verbal approval.

If the client chooses to have us manage their portfolio on a discretionary basis, we will discretionarily execute all trades in accordance and compliance with the Investment Policy Statement. Discretionary asset management services are designed for clients who prefer to leave the decisions regarding the selection of specific investment vehicles to our firm. This service is similar in all aspects to our non-

discretionary services, with the exception that we choose the investments for the portfolio that are in compliance with the Investment Policy Statement and execute the trades discretionarily.

### **Item 17: Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. The client will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to the client and ask the party who sent them to mail them directly to the client in the future. The client may call, write, or email us to discuss questions about particular proxy votes or other solicitations.

### **Item 18: Financial Information**

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.