

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

**Narrow Path Financial Inc.**

**Office Address:**  
5313 N County Road 11  
Fort Collins, CO 80524

Tel: 970-219-0936

Fax: 720-230-4877

[www.narrowpathfinancial.org](http://www.narrowpathfinancial.org)

[don@narrowpathfinancial.net](mailto:don@narrowpathfinancial.net)

This brochure provides information about the qualifications and business practices of Narrow Path Financial Inc. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 970-219-0936. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Narrow Path Financial Inc. (CRD #173480) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**JANUARY 2, 2018**

## **Item 2: Material Changes**

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing of this brochure on February 7, 2017 the following have been updated:

- Item 5 has been updated to disclose the introduction of a new fee schedule for investment advisory services
- Item 5 has been updated to include a new installment payment structure for one-time financial planning project fees
- Item 5 has been updated to include an upfront fee for fixed fee subscription model financial planning

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 970-219-0936 or by email at [don@narrowpathfinancial.net](mailto:don@narrowpathfinancial.net).

## **Item 3: Table of Contents**

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## **Item 4: Advisory Business**

### **Firm Description**

Narrow Path Financial Inc. (NPF) was founded and registered as an investment advisor in 2014. Donald O. Dority is 100% owner.

NPF provides services primarily to individuals, high net worth individuals, foundations/charitable organizations, trusts and estates for natural persons and business or corporate entities. Advice is provided through consultation with the client and includes, but is not limited to: determination of financial objectives, identification of financial problems, cash flow management, insurance review, risk management, investment management, estate, gift and wealth transfer planning, education funding and retirement planning.

NPF is also bound to a fiduciary duty to place the best interest of the client first. Our Code of Professional Conduct calls for an unswerving commitment to honorable behavior, even at the sacrifice of personal advantage. We must adhere to a high standard of care that encompasses acting with integrity, objectivity, due care, competence and serving the public interest.

NPF's name was derived from the new testament book of the Bible, Matthew 7:12 New American Standard Bible (NASB) 12. In everything, therefore, treat people the same way you want them to treat you, for this is the Law and the Prophets.<sup>13</sup> Enter through the narrow gate; for the gate is wide and the way is broad that leads to destruction, and there are many who enter through it. <sup>14</sup> For the gate is small and the way is narrow that leads to life, and there are few who find it.

The mission therefore of NPF is to protect, lead, steward and guide those in financial planning that leads to stability, security and prosperity.

The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products, therefore minimizing any conflict of interest with the given advice.

NPF does not act as a custodian of client assets.

Other professionals (e.g., accountants, insurance agents, attorneys, etc.) are engaged directly by the client on an as-needed basis.

### **Types of Advisory Services**

#### **ASSET MANAGEMENT**

NPF offers discretionary direct asset management services to advisory clients. NPF will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

### Discretionary

When the client provides NPF discretionary authority the client will sign a limited trading authorization or equivalent. NPF will have the authority to execute transactions in the account without seeking client approval on each transaction.

### ERISA PLAN SERVICES

NPF provides service to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans.

NPF provides educational support, guidance and assistance to plan sponsors with respect to vendor selection, employee education, fiduciary committee management and other investment decisions. The plan sponsor is ultimately responsible for the decisions made in their plan.

In response to the DOL Fiduciary Rule, NPF reiterates that in order to protect the interests of the plan participants and beneficiaries, IRA owners, and plan fiduciaries, NPF acknowledges fiduciary status for itself and its Advisers. NPF and its Advisers adhere to basic standards of impartial conduct. In particular, under this standards-based approach, NPF and its advisers give prudent advice that is in the customer's best interest, avoid misleading statements, and receive no more than reasonable compensation.

### FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable; NFP shall prepare a written financial plan for clients. The client will compensate NPF as described in detail under the "Fees and Compensation" section of this brochure. NFP's financial planning services may involve consultation, analysis, and recommendations in the following areas of financial planning, which include (1) cash flow planning; (2) income taxes; (3) risk management, asset protection and insurance; (4) investments; (5) retirement planning; and (6) estate, gift and wealth transfer planning (7) elder planning (8) charitable planning (9) education planning.

In order to determine a suitable course of action for an individual client, NFP will perform a review of the variables that are presented. This review may include, but is not limited to, investment objectives, consideration of overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the client's particular circumstances.

NFP will review the client's present financial situation and issue a written analysis and report of recommendations in accordance with the client's goals and objectives. This service may include an initial consultation and subsequent follow-up visits. The services provided in this regard may include but are not limited to the following:

- Prepare an annual net worth statement;
- Create a cash flow statement;
- Review current investments and make recommendations thereon;

- Review most recent tax returns and provide tax planning advice;
- Review life insurance and disability insurance and make recommendations thereon;
- Review estate plan and make recommendations thereon;
- Social Security planning
- Complete a retirement analysis; and
- Provide education planning advice.

**Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created by NPF that reflect the stated goals and objectives of the client. Clients may impose restrictions on investing in certain securities or types of securities that could limit the selection of particular mutual funds.

Agreements may not be assigned without prior written client consent.

**Client Assets under Management**

As of December 1, 2017 NPF had \$6,411,005.99 clients’ assets under management on a discretionary basis.

**Item 5: Fees and Compensation**

**Method of Compensation and Fee Schedule**

ASSET MANAGEMENT

NPF offers discretionary direct asset management services to advisory clients. NPF will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

In determining the fee NPF will offer the following:

<b>Portfolio amount</b>	<b>Investment advisory fee</b>
\$0 - \$250,000	1.0%
\$250,001 - \$1,000,000	0.95%
\$1,000,001-2,000,000	0.85%
\$2,000,001-3,000,000	0.75%
\$3,000,001-up	0.70%

The annual fee may be negotiable. We always reserve the right to charge less than these published rates and in special circumstances provide planning pro bono in cases of financial

hardship. Accounts within the same household shall be combined for a reduced fee. We also reserve the right to waive fees for certain clients of our affiliated businesses. This may create a conflict of interest when charging less or no fees to certain clients. This conflict is mitigated by the fact that we have a fiduciary duty to place our client's best interest first and we will adhere to those duties.

**Fees are billed either quarterly or monthly in advance based on the amount of assets managed** as of the close of business on the last business day of the previous quarter. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. For cancellation after the initial five (5) business day period, client will be entitled to a pro rata refund for the days service was not provided in the final billing period. An updated client agreement acknowledging any increase in said fees shall be executed by the client and NPF.

Clients will select a payment method on the Investment Advisory Agreement. They will choose to pay via the following methods:

- Check – to be remitted by client to NPF on the first of each quarter.
- Deducted from an account managed by NPF at the beginning of each month or quarter.
  - If automatic deduction is selected, NPF will:
    - Provide the client with an invoice prior to instructing the custodian to deduct the fee stating the amount of the fee, the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee;
    - Obtain written authorization signed by the client allowing the fees to be deducted; and
    - The client will receive monthly or quarterly statements directly from the custodian which disclose the fees deducted.

#### ERISA PLAN SERVICES

The annual fees are based on the market value of the Included Assets and will not exceed 1% of the value. Fees are billed either quarterly or monthly in advance based on the amount of assets managed as of the close of business on the last business day of the previous pay period. For services started any time other than the first day of a month, the fee will be prorated based on the number of days remaining in the initial fee period. Thereafter, the fee will be based on the market value of the Plan assets on the last business day of the previous fee period (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets). If this Agreement is terminated prior to the end of the fee period, the NPF shall be entitled to a prorated fee based on the number of days during the fee period services were provided. Any unearned fees shall be refunded to the Plan or Plan Sponsor.

The compensation of Advisor for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to

pay the fees. Advisor does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, Advisor will disclose this compensation, the services rendered, and the payer of compensation. Advisor will offset the compensation against the fees agreed upon under this Agreement.

#### FINANCIAL PLANNING AND CONSULTING

Prior to starting the planning process the client is provided a written estimate that includes the estimated time and the total cost of the Financial Planning and Consulting services. This estimate is based upon information provided by the client during the discovery process and the estimate may be changed if additional undisclosed or unexpected items require unforeseen implementation into the plan or the fee decreased if the plan requires significantly less time. The hourly fee varies from project to project, however, the standard hourly fee is \$250 based on the background, experience and education of the advisor and the complexity of the engagement.

##### One-time financial planning project fees

NPF will offer financial plans/consultations to two separate and distinct groups. In order to provide a fair representation of the fees being charged they will be disclosed separately below.

##### Family Office clients

For our very wealthy or high net worth clients that will consist of sophisticated client engagements and may involve many other professionals, several generations involved in family businesses and investments across wide geographical areas. The fee for financial planning services for Family Office clients will range from \$10,000 to \$75,000.

##### Traditional clients

Traditional clients typically consist of individuals the timeframe to complete their financial plan is considerably less than a Family Office Client and will be reflected in the fees they are charged. The fee for financial planning services for Traditional clients will range from \$2,000 to \$10,000.

The first installment is calculated as 50% of the total fee. (Financial planning services are provided within 90 calendar days as long as the client delivers all requested materials.) The initial payment is due upon a client's engagement of NPF and an invoice is sent to client with their copy of the Financial Planning Agreement. The final payment is due upon delivery of the completed financial plan, and may have a credit if it was found that the engagement was not as lengthy as originally estimated in the agreement.

The fee for financial planning services is typically based on time estimates. While average financial plans may take approximately 40 hours to complete; more complex financial plans take up to 500 hours or more. Therefore, there is a higher cost to complete the plan. An integrated financial plan attempts to address all areas of a client's financial situation along with pertinent data relating to the development of the plan, including but not limited to:

- Coordinate financial specialists, such as attorneys, bankers, insurance and other product specialists.
- Relevant personal and family data for everyone included in the financial plan.
- Goals and objectives.
- Identification of issues and problems in reaching those goals and objectives.
- Assumptions used in the plan including inflation, investment growth, and mortality rates.
- Balance sheet and net worth statement.
- Cash flow analysis, which indicates net cash flow and sources and uses of funds over the years.
- Income tax planning to minimize taxes over the duration of the financial plan.

At the end of this process, our client receives a complete integrated/holistic financial plan, and that plan is reviewed in detail, including implementation steps.

During this process, the following categories may be taken into consideration for review. NPF will make recommendations on some or all of the following areas:

<b><i>Traditional Clients</i></b>	<b><i>Family Office Clients</i></b>
<p><i>Long-Term Spending (2-5 hours)</i> Fees would range from \$300 to \$1,250</p> <ul style="list-style-type: none"> <li>• Cash flow projection, which includes income projections and tax estimates.</li> </ul>	<p><i>Long-Term Spending (30-100 hours)</i> Fees would range from \$4,500 to \$25,000</p> <ul style="list-style-type: none"> <li>• Cash flow projection, which includes income projections and tax estimates.</li> </ul>
<p><i>Education Funding (1-5 hours)</i> Fees would range from \$150 to \$1,250</p> <ul style="list-style-type: none"> <li>• Tax-efficient, long-term strategies for paying for children’s and grandchildren’s college education.</li> </ul>	<p><i>Education Funding (30-60 hours)</i> Fees would range from \$4,500 to \$15,000</p> <ul style="list-style-type: none"> <li>• Tax-efficient, long-term strategies for paying for children’s and grandchildren’s college education.</li> </ul>
<p><i>Investments (3-6 hours)</i> Fees would range from \$450 to \$1,500</p> <ul style="list-style-type: none"> <li>• Assist in preparing an investment policy statement.</li> <li>• Identification of time horizon for investments.</li> <li>• Recommendation of an asset allocation to match risk, time horizon, and other parameters.</li> <li>• Recommendation for selecting a portfolio manager to implement investments (or communication with client’s current investment manager, if desired).</li> </ul>	<p><i>Investments (50-150 hours)</i> Fees would range from \$7,500 to \$37,500</p> <ul style="list-style-type: none"> <li>• Assist in preparing an investment policy statement.</li> <li>• Identification of time horizon for investments.</li> <li>• Recommendation of an asset allocation to match risk, time horizon, and other parameters.</li> <li>• Recommendation for selecting a portfolio manager to implement investments (or communication with client’s current investment manager, if desired).</li> </ul>
<p><i>Retirement (2-5 hours)</i> Fees would range from \$300 to \$1,250</p> <ul style="list-style-type: none"> <li>• Review employment-related benefits, qualified plan’s contributions, and other</li> </ul>	<p><i>Retirement (30-150 hours)</i> Fees would range from \$4,500 to \$37,500</p> <ul style="list-style-type: none"> <li>• Review employment-related benefits, qualified plan’s contributions, and other</li> </ul>

<p>tax-deferral arrangements. Recommend ways to maximize benefits.</p> <ul style="list-style-type: none"> <li>● Estimate Social Security benefits and recommend Social Security start date and strategies.</li> <li>● Consider healthcare and long-term care in retirement.</li> <li>● Income Tax</li> <li>● Tax minimization and deferral strategies, including tax-free bonds and contributions to IRAs, qualified retirement plans, and college savings programs.</li> <li>● Planning for Alternative Minimum Tax.</li> </ul>	<p>tax-deferral arrangements. Recommend ways to maximize benefits.</p> <ul style="list-style-type: none"> <li>● Estimate Social Security benefits and recommend Social Security start date and strategies.</li> <li>● Consider healthcare and long-term care in retirement.</li> <li>● Income Tax</li> <li>● Tax minimization and deferral strategies, including tax-free bonds and contributions to IRAs, qualified retirement plans, and college savings programs.</li> <li>● Planning for Alternative Minimum Tax.</li> </ul>
<p><i>Insurance (3-6 hours)</i> Fees would range from \$450 to \$1,500</p> <ul style="list-style-type: none"> <li>● Analyze current insurance policies with insurance professionals.</li> <li>● Recommend types and amounts of coverage for property &amp; casualty, health, major medical, excess liability, disability, life insurance, and long-term care coverage.</li> <li>● Provide referrals to insurance professionals, as needed.</li> </ul>	<p><i>Insurance (50-100 hours)</i> Fees would range from \$7,500 to \$25,000</p> <ul style="list-style-type: none"> <li>● Analyze current insurance policies with insurance professionals.</li> <li>● Recommend types and amounts of coverage for property &amp; casualty, health, major medical, excess liability, disability, life insurance, and long-term care coverage.</li> <li>● Provide referrals to insurance professionals, as needed.</li> </ul>
<p><i>Estate Planning (2-10 hours)</i> Fees would range from \$300 to \$1,500</p> <ul style="list-style-type: none"> <li>● Review of current Wills, trusts, powers of attorney, and related documents. Recommendation of new or updated documents.</li> <li>● Analyze beneficiary designations and allocation of assets by title.</li> <li>● Discuss desired gifting strategies.</li> </ul>	<p><i>Estate Planning (60-120 hours)</i> Fees would range from \$9,000 to \$30,000</p> <ul style="list-style-type: none"> <li>● Review of current Wills, trusts, powers of attorney, and related documents. Recommendation of new or updated documents.</li> <li>● Analyze beneficiary designations and allocation of assets by title.</li> <li>● Discuss desired gifting strategies.</li> </ul>

Client may terminate the Agreement within five (5) business days of signing the agreement. If Client terminates after five (5) business days, but before delivery NPF is due a pro-rata fee based on the work completed. NPF reserves the right to waive all or a portion of the financial planning fee at its discretion.

**FIXED FEE, SUBSCRIPTION MODEL FINANCIAL PLANNING**

Alternatively, Financial Planning can also be offered on a fixed fee basis. This service consists of an upfront fee of \$1,000.00 with a minimum one year agreement. The annual fee is

\$1,800.00, paid in monthly installments at the rate of \$150.00 per month for expanded services, or an annual fee of \$1,200.00, for basic services paid in monthly installments of \$100.00. The fee may be negotiable in certain cases. Fees for this service may be paid by electronic funds transfer or check. This service may be terminated with 30 days' notice. Upon termination of any account, the fee will be prorated and any unearned fee will be refunded to the client.

### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities and exchange-traded funds. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

For more details on the brokerage practices, see Item 12 of this brochure.

### **External Compensation for the Sale of Securities to Clients**

NPF does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of NPF.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

## **Item 7: Types of Clients**

### **Description**

NPF generally provides investment advice to individuals, high net worth individuals, foundations/charitable organizations, trusts and estates for natural persons and business or corporate entities. Client relationships vary in scope and length of service.

### **Account Minimums**

NPF does not require a minimum to open an account.

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

### **Methods of Analysis**

NPF advisors follow the principles of modern portfolio theory (MPT) for structuring investor client portfolios. NPF's services are based on long-term investment strategies incorporating the principles of MPT. The investment approach is firmly rooted in the belief that markets are "efficient" and that investors' returns are determined principally by asset allocation decisions, rather than market timing and active management. NPF recommends diversified portfolios. Although all investments involve risk, investment recommendations seek to limit risk through broad diversification and investments in conservative fixed income securities. NPF's

investment philosophy is designed for investors who desire a buy and hold strategy, with an investment time horizon minimum of five years, and preferably ten years or more. NPF's philosophy seeks to minimize frequent trading of securities which results in increased brokerage and other transaction costs. Investors who do not commit to a MPT philosophy may not achieve desired long-term results.

### **Investment Strategy**

Each client completes an initial review questionnaire that documents their objectives, assets and desired investment strategy. The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with NPF:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in

good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9: Disciplinary Information**

### **Criminal or Civil Actions**

The firm and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings.

### **Self Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

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

### **Broker-Dealer or Representative Registration**

NPF has no employees that are registered representatives of a broker-dealer.

### **Futures or Commodity Registration**

Neither NPF nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Managing Member Donald Dority is also a tax preparer. Approximately 30% of his time is spent on this activity. He does not have signatory authority over accounting clients' checking accounts therefore no material conflicts of interest are present.

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

### **Code of Ethics Description**

The employees of NPF have committed to a Code of Ethics ("Code"). The purpose of NPF's Code is to set forth standards of conduct expected of NPF employees and addresses conflicts that arise. The Code defines acceptable behavior for employees of NPF. The Code reflects NPF and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients. The client's best interest will be the highest priority.

NPF's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of NPF may engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

NPF's Code is based on the guiding principle that the interests of the client are our top priority. NPF's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform and uphold that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company. The client's best interests will be served in every case.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' securities, or non-public information regarding the portfolio holdings of any reportable fund.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

NPF and its employees do not recommend to clients securities in which we have a material financial interest.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

NPF and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest, employees are required to disclose all reportable securities transactions as well as provide NPF with copies of their brokerage statements.

The Chief Compliance Officer of NPF is Donald O. Dority. He reviews all employee trades each quarter. The personal trading review and subsequent follow-up regarding any inappropriate trades helps assure that the personal trading of employees does not affect the markets. Trades that otherwise disadvantage the client will not be allowed.

### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

NPF does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist in this area. In order to mitigate conflicts of interest employees will buy or sell securities for themselves after they buy or sell securities for clients. Employees are also required to disclose all reportable securities transactions as well as provide NPF with copies of their brokerage statements. The personal trading review and subsequent follow-up regarding any inappropriate trades helps assure that the personal trading of employees does not affect the markets. The Chief Compliance Officer of NPF is Donald O. Dority. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that employees of the firm do not receive preferential treatment over client transactions.

## **Item 12: Brokerage Practices**

### **Factors Used to Select Broker-Dealers for Client Transactions**

NPF may recommend the use of a particular broker-dealer or may utilize a broker-dealer of

the client's choosing. Recommend Broker Dealers include Shareholders Services Group, (SSG), TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC. Advisor is not affiliated with any of the brokerage firms named above. Broker does not supervise the advisor, its agents or activities. NPF will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. NPF relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by NPF.

- *Directed Brokerage*

In circumstances where a client directs NPF to use a certain broker-dealer, NPF still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: NPF's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Custodians and Brokers we Use*

NPF may recommend the services of Shareholders Service Group ("SSG"), member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). We are independently owned and operated and are not affiliated with SSG. SSG offers independent investment advisers services, which include custody of Client securities, trade execution, clearance and settlement of transactions, and daily research and investment information. Advisor is not affiliated with the brokerage firm. Broker does not supervise the advisor, its agents or its investment activities

NPF participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between NPF's participation in the program and the investment advice it gives to its clients, although NPF receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving NPF participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees

deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to NPF by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by NPF's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit NPF but may not benefit its client accounts. These products or services may assist NPF in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help NPF manage and further develop its business enterprise. The benefits received by NPF or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, NPF endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by NPF or its related persons in and of itself creates a potential conflict of interest and may indirectly influence NPF's choice of TD Ameritrade for custody and brokerage services.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by NPF from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, NPF receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of NPF. These benefits include both proprietary research from the broker and other research written by third parties.

We currently receive soft dollar benefits by nature of our relationship with TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC.

Although not considered "soft dollar" compensation, NPF may receive benefits from SSG for research services to include reports, software, and institutional trading support. The receipt of additional benefits may give us an incentive to recommend that you maintain your account with SSG based on our interest in receiving SSG's services rather than your interest in receiving the best value and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of SSG as custodian and broker is in the best interests of our clients. Our belief is primarily supported by the scope and quality of services SSG provides to our clients and not services that benefit only us. Additionally, these benefits are offered to all investment advisers that use SSG for brokerage and execution services and not just our firm. To mitigate the existence of this conflict, on a periodic basis, we conduct a review of the full range and quality of SSG's services, including execution quality, commission rate, the value of research provided,

financial strength and responsiveness to our requests for trade data and other information.

NPF understands its duty for best execution and considers all factors in recommending SSG to Clients. These research services may be useful in servicing all NPF Clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While NPF may not always obtain the lowest commission rate, NPF believes the rate is reasonable in relation to the value of the brokerage and research services provided.

A conflict of interest exists when NPF receives soft dollars. This conflict is mitigated by the fact that NPF has a fiduciary responsibility to act in the best interest of its clients and the services received are beneficial to all clients.

### **Aggregating Securities Transactions for Client Accounts**

NPF is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other clients of NPF. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

## **Item 13: Review of Accounts**

### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by Donald O. Dority, Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate.

### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new financial market information, and changes in a client's own situation.

### **Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts from the custodian of NPF. Client receives confirmations of each transaction in account from custodian and an additional statement during any month in which a transaction occurs.

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

### **Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest**

NPF does not receive economic benefit from external sources.

### **Advisory Firm Payments for Client Referrals**

NPF does not compensate for client referrals.

## **Item 15: Custody**

### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Advisor is not affiliated with the custodian. The custodian does not supervise the advisor, its agents or activities. For advisory fees deducted directly from the brokerage accounts, see Item 5 for more details.

NPF is deemed to have constructive custody solely because clients have the option of having advisory fees deducted from their accounts by the custodian on behalf of NPF.

When advisory fees are deducted from the account by the custodian:

- NPF will provide the client with an invoice prior to instructing the custodian to deduct the fee stating the amount of the fee, the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee;
- NPF has obtained written authorization signed by the client allowing the fees to be deducted; and
- The client receives quarterly statements directly from the custodian which disclose the fees deducted.

## **Item 16: Investment Discretion**

### **Discretionary Authority for Trading**

NPF accepts discretionary authority to manage securities accounts on behalf of clients. NPF has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. At the start of the advisory relationship, the client will execute an advisory contract, which will grant our firm discretion over the account.

The client approves the custodian to be used and the commission rates paid to the custodian. NPF does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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

### **Proxy Votes**

NPF does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, NPF will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

### **Balance Sheet**

A balance sheet is not required to be provided because NPF does not serve as a custodian for client funds or securities and NPF does not require prepayment of fees of more than \$500 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

NPF has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Bankruptcy Petitions during the Past Ten Years**

NPF and its affiliates have no bankruptcies.

## **Item 19: Requirements for State Registered Advisors**

**Education and business background, including any outside business activities and disclosable events for all management and supervised persons can be found in the Supplement attached below to this Brochure (Part 2B of Form ADV).**

### **Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

None to report

## **SUPERVISED PERSON BROCHURE**

FORM ADV PART 2B

Donald O. Dority, CFP®, CPA/PFS, APMA®

## **Narrow Path Financial Inc.**

**Office Address:**

5313 N County Road 11  
Fort Collins, CO 80524

Tel: 970-219-0936

Fax: 720-230-4877

[www.narrowpathfinancial.org](http://www.narrowpathfinancial.org)  
[don@narrowpathfinancial.net](mailto:don@narrowpathfinancial.net)

This brochure supplement provides information about Donald O. Dority and supplements the Narrow Path Financial Inc.'s brochure. You should have received a copy of that brochure. Please contact Donald O. Dority if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Donald O. Dority (CRD #6406610) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**JANUARY 2, 2018**

## Brochure Supplement (Part 2B of Form ADV)

**Donald O. Dority, CFP®**, CPA/PFS, APMA®

1. Year of birth: 1972

### **Educational Background and Business Experience**

#### **Business Experience:**

2. Narrow Path Financial Inc.; President/Investment Advisor Representative; 10/2014 – Present
3. Dority & Associates, LLC; Principal/Tax Advisor; 11/2004 - Present
4. West Metro Fire Protection District; Firefighter/Paramedic; 03/2004 - Present
5. Lake House Enterprises, LLC; Member; 05/2013-Present

#### **Educational Background:**

6. University of Northern Colorado; Bachelor of Science; Business Administration – emphasis in finance and accounting; Spanish minor; Cum Laude; 1997

#### **Professional Certifications:**

Employees have earned certifications and credentials that are required to be explained in further detail.

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 62,000 individuals have obtained CFP® certification in the United States.

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

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to 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® certification.

Certified Public Accountant (CPA): A Certified Public Accountant is licensed by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include:

7. Bachelor’s degree from an accredited college or university with a concentration in accounting.
8. Minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA.
9. Successful completion of the CPA Certification Exam.
10. Follow a rigorous Code of Professional Conduct which requires they act with integrity, objectivity, due care, competence, and fully disclose conflicts of interest.
11. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period, or 120 hours over a three year period).

Personal Financial Specialist (PFS): Personal Financial Specialist (PFS) is a specialty credential awarded by the American Institute of Certified Public Accountants (AICPA). The requirements are:

12. Obtain and hold an unrevoked CPA License.
13. Join the AICPA and be a member in good standing.
14. Complete comprehensive PFP Education; a minimum of 80 hours of personal financial planning education within the five year period preceding the date of the PFS application.
15. Attain a specified level of PFP Experience; must have two years of full-time business or teaching experience (or 3,000 hours equivalent) in personal financial planning within the five year period preceding the date of the PFS application.
16. Pass a PFP Examination.

17. Adhere to AICPA's Code of Professional Conduct.
18. Upon approval, the candidate will become a member of an exclusive community of CPA financial planners: The PFS credential holder. Initial certification is good for a three year period.
19. To maintain the PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years.

### **Accredited Portfolio Management Advisor<sup>SM</sup> or APMA<sup>®</sup>**

Individuals who hold the APMA<sup>®</sup> designation have completed a course of study encompassing client assessment and suitability, risk/return, investment objectives, bond and equity portfolios, modern portfolio theory and investor psychology. Students have hands-on practice in analyzing investment policy statements, building portfolios, and making asset allocation decisions including sell, hold, and buy decisions within a client's portfolio. Additionally, individuals must pass an end-of-course examination that tests their ability to synthesize complex concepts and apply theoretical concepts to real-life situations.

All designees have agreed to adhere to Standards of Professional Conduct and are subject to a disciplinary process.

Designees renew their designation every two-years by completing 16 hours of continuing education, reaffirming adherence to the Standards of Professional Conduct and complying with self-disclosure requirements.

### **Other Business Activities Engaged In**

Donald O. Dority is also a tax preparer. Approximately 30% of his time is spent on this activity. He does not have signatory authority over accounting clients' checking accounts therefore no material conflicts of interest are present.

### **Additional Compensation**

Mr. Dority receives no additional compensation.

### **Supervision**

Since Mr. Dority is the sole owner of Narrow Path Financial Inc., he is solely responsible for all supervision and formulation and monitoring of investment advice offered to clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual.

### **Requirements for State-Registered Advisors**

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None