

Part 2A of Form ADV: Firm *Brochure*

Item 1      **Cover Page**

**D.A. Flowers & Company, LLC**  
2213 5th Street, Berkeley, CA 94710  
(510) 868-2648

This brochure provides information about the qualifications and business practices of D. A. Flowers & Company, LLC. If you have any questions about the contents of this brochure, please contact us at (510) 868-2648 or [info@dafflowersandcompany.com](mailto:info@dafflowersandcompany.com).

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 D. A. Flowers & Company, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

D. A. Flowers & Company, LLC is a Registered Investment Advisor. Registration does not imply a certain level of skill or training.

**Contact Information:**

D. A. Flowers & Company, LLC  
2213 5th Street  
Berkeley, CA 94710  
(510) 868-2648  
[info@dafflowersandcompany.com](mailto:info@dafflowersandcompany.com)

Website address: [www.dafflowersandcompany.com](http://www.dafflowersandcompany.com)

**Item 2      Material Changes**

1.) Assets under management as of 12/31/2014 have been updated on page 4

**Item 3 Table of Contents**

Item 1	Cover Page .....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents .....	3
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation.....	6
Item 6	<i>Performance-Based Fees</i> and Side-By-Side Management .....	7
Item 7	Types of <i>Clients</i> .....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9	Disciplinary Information .....	8
Item 10	Other Financial Industry Activities and Affiliations .....	8
Item 11	Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading	8
Item 12	Brokerage Practices .....	9
Item 13	Review of Accounts.....	11
Item 14	<i>Client</i> Referrals and Other Compensation.....	11
Item 15	Custody.....	12
Item 16	Investment Discretion.....	12
Item 17	Voting <i>Client</i> Securities.....	12
Item 18	Financial Information .....	13
Item 19	Requirements for State-Registered Advisers.....	13

## **Item 4            Advisory Business**

D. A. Flowers & Company, LLC provides investment management and personal financial planning services. The company was incorporated April 24, 2008 and commenced operations on February 1, 2009. Assets under management as of 12/31/2014 are \$16,479,274. Of those assets, \$16,351,296 are managed on a discretionary basis. \$127,978 are non-discretionary.

D. A. Flowers & Company offers two types of Financial Advisory Services: (1) Personal Financial Planning and (2) Investment Management. Both services are offered on a Fee Only basis. Each of these services may be billed separately or, more commonly, the two services are integrated on an ongoing basis.

### **Personal Financial Planning**

Personal Financial Planning provides a comprehensive view of a client's financial situation and recommends action to take in the short, medium and long term. A planning engagement is a collaborative process between the advisor and the client that takes place over an initial 12 month period and is tailored to the specific needs of the individual client. The planning process consists of six steps:

1. Establish and define the relationship including scope of work and costs
2. Gather relevant client documents and data and determine goals, expectations and risk tolerances
3. Analyze and evaluate the client's current financial situation and examine alternate solutions
4. Develop and present written Financial Plan
5. Implement or assist with implementation of plan as appropriate
6. Monitor results

A typical planning engagement will last one year with an initial 1-2 hour meeting; a second meeting to discuss the plan within two to three weeks after all required documents are received; a six month check-in, in person or by phone, and a twelve month formal review.

- Areas covered in a typical plan:
- Financial Situation
- Investments
- Risk Management/Insurance
- Retirement Planning
- Tax Strategies
- Estate Planning

The scope of the planning engagement including objectives, areas of planning to be addressed and costs will be defined in written engagement letter at the beginning of the planning process.

### **Investment Management Services**

D. A. Flowers & Company provides Investment Management services on a fee only basis. Investment Accounts are held as separate accounts at a low cost custodian such as Charles Schwab. The firm has limited power of attorney over the accounts being managed and discretionary authority to invest the accounts in accordance with client guidelines and risk tolerance.

An Investment Policy Statement (IPS) will be prepared for each client specifying how the portfolio will be managed and outlining the client's preferences for risk and return, time horizon, tax situation, legal requirements, and unique features. In addition, the asset allocation target, rebalancing strategy and types of investments that will be employed are specified.

In general, D. A. Flowers & Company utilizes a Modern Portfolio Theory (MPT) approach to investment management. Our fundamental investment philosophy has three tenets: (1) Diversify; (2) Minimize Costs; (3) Minimize Taxes. In practice, this translates into a low turnover, tax efficient strategy. Fees and trading costs are taken into account when selecting investments.

A diversified portfolio of up to ten different asset classes is combined to maximize returns for each given level of risk. A mean-variance optimization framework is employed taking into account the correlations and covariance of the different asset classes. Risk preferences are established during the planning process or on a standalone basis for non-planning clients. Target allocations are established based on the MPT model and the risk preferences agreed to by the client.

Investments may consist of individual stocks; active mutual funds; index mutual funds; Exchange Traded funds and individual bonds. Options and futures may be used as risk management tools in very limited situations with explicit, written client approval. The mix of securities will depend on client goals, preferences and situation.

## **Item 5 Fees and Compensation**

D.A. Flowers & Company, LLC is a fee-only Investment Advisor and Financial Planner. We are compensated only by the fees that we charge our clients and do not receive any compensation beyond those fees.

### **Financial Planning Fees**

Financial Plans are constructed based on the unique needs of each individual client and based on the scope and nature of the work to be performed. Most planning engagements will be on a Fixed Annual Retainer basis with the scope, nature, duration and cost of the engagement determined up front and in writing.

A typical plan will cost \$3500 and includes up to twenty hours of professional time over the first year including meetings and phone calls. Following the initial 12 month planning period, ongoing planning is \$1750 per year and includes a six month and twelve month formal review and not to exceed 15 hours of professional time. The time limits are structured so that clients will have ample access on an ongoing basis to professional advice and guidance. Once the maximum hours are exceeded a new engagement may be initiated by mutual consent of the parties.

An initial deposit of \$1000 is due upon signature of the initial engagement letter with the balance due at plan delivery. In the unusual circumstance where the written plan has not been delivered within three months of the original engagement, then the balance will be due for the work completed to that date and billable monthly thereafter if the engagement continues under the original agreement.

In situations where the planning is particularly complex or time consuming a retainer or project fee may be negotiated based on the specifics of the particular project or situation being addressed. Under certain circumstances where a project is very limited in scope, an hourly engagement may be appropriate. The hourly fee in these circumstances is \$250 per hour with a \$500 minimum.

### **Investment Management Fees**

Investment management fees are paid in advance at the beginning of each quarter based on assets under management at that time. Management fees are usually deducted from client accounts but may be billed directly if desired. The fee schedule is as follows:

1.00% per year on the first \$1 million of assets under management  
0.75% of the next \$1 million (\$1 - \$2 million)  
0.50% of the next \$3 million (\$2 - \$5 million)  
0.25% on all amounts above \$5 million  
Minimum annual fee: \$3500

Fees may be negotiable under certain conditions.

Clients may pay other types of fees or expenses in connection with advisory services, such as custodian fees or mutual fund expenses. Clients may incur brokerage and other transaction costs. See item 12 for further discussion of brokerage.

Clients may terminate their investment advisory agreement at any time. If the agreement is terminated in the first five business days after entering into the agreement, the client will receive a full refund of any fees or deposits paid to D. A. Flowers and Company under that agreement. Thereafter, clients may terminate at any time but will be liable for any fees earned up to the date of termination. Any unearned fees will be refunded to the client on a prorated basis. If fees are due from the client, they will be calculated on a prorated basis based on the most recent quarterly invoice. A termination notice must be in writing and is effective only upon receipt by D. A. Flowers & Company. D. A. Flowers & Company reserves the right to terminate the investment contract with 30 days written notice.

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

Section not applicable.

D. A. Flowers & Company, LLC does not receive any performance-based fees.

**Item 7            Types of Clients**

D. A. Flowers & Company, LLC provides investment advice to individuals; pension and profit sharing plans; and trusts, estates, or charitable organizations.

**Conditions for Managing Accounts**

D. A. Flowers & Company provides both Financial Planning and Investment Management Services. Both services are available to clients as an integrated service or as standalone offerings. Stand alone Investment Management services have a minimum fee of \$3500 per year which equates to a minimum asset size of \$350,000 in investable assets. There is no minimum asset requirement for Financial Planning Services. In addition, Investment management minimums are waived for Personal Financial Planning clients in good standing.

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

In general, D. A. Flowers & Company utilizes a Modern Portfolio Theory (MPT) approach to investment management. Our fundamental investment philosophy has three tenets: (1) Diversify; (2) Minimize Costs; (3) Minimize Taxes. In practice, this translates into a low turnover, tax efficient strategy. Fees and trading costs are taken into account when selecting investments.

A diversified portfolio of up to ten different asset classes is combined to maximize returns for each given level of risk. A mean-variance optimization framework is employed taking into account the correlations and covariance of the different asset classes. Risk preferences are established during the planning process or on a standalone basis for non-planning clients. Target allocations are established based on the MPT model and the risk preferences agreed to by the client.

Investments may consist of individual stocks; active mutual funds; index mutual funds; Exchange Traded funds and individual bonds. Options and futures may be used as risk management tools in very limited situations with explicit, written client approval. The mix of securities will depend on client goals, preferences and situation.

**Investing in securities involves risk, including the loss of principal. Past performance is not indicative of or a guarantee of future performance.**

## **Item 9            Disciplinary Information**

Not Applicable:

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of D. A. Flowers & Company, LLC or the integrity of company management or employees.

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

D. A. Flowers & Company, LLC has engaged in a fee sharing agreement with Jennifer Schwartz Consulting, a financial consultant to non-profit organizations. See Item 14 of this document for further information regarding client referrals and other compensation.

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

### **Code of Ethics**

Investment Advisers Act of 1940 imposes a fiduciary duty on investment advisers. As a fiduciary, D. A. Flowers & Company has a duty of utmost good faith to act solely in the best interests of each of his or her clients. Clients entrust D. A. Flowers & Company with their funds, which in turn places a high standard on D. A. Flowers & Company's conduct and integrity. This fiduciary duty compels all employees to act with the utmost integrity in all dealings. Furthermore, this fiduciary duty is the core principle underlying this Code of Ethics and Personal Trading Policy, and represents the expected basis of all dealings with D. A. Flowers & Company's clients.

### **Standards of Conduct**

This Code of Ethics consists of the following core principles:

- (1) The interests of clients will be placed ahead of the firm's or any employee's own investment interests.
- (2) Employees are expected to conduct their personal securities transactions in accordance with the Personal Trading Policy and will strive to avoid any actual or perceived conflict of interest. Employees with questions regarding the appearance of a conflict should consult with the CCO before taking action that may result in an actual conflict.
- (3) Employees will not take inappropriate advantage of their position with the firm.
- (4) Employees are expected to act in the best interest of each client.
- (5) Employees are expected to comply with federal securities laws

### **Participation or Interest in Client Transactions**

Principals and Employees of D. A. Flowers & Company will from time to time buy or sell securities for their personal account that are the same securities that are held in client accounts. This is due to the fact that investment strategies implemented on behalf of clients are similar, if not identical, to strategies pursued by firm personnel. As such, a Code of Ethics and Personal Trading Policy has been adopted by the firm to mitigate any potential conflicts of interest that may arise. A copy of our Ethics and Personal Trading Policy are available to any client or prospective client upon request. A brief synopsis of our Ethics and Personal trading Policy is as follows:

### **Personal Trading Policy**

In general, employees are expected to purchase or sell a security for their personal accounts only after trading of that same security has been completed in client accounts. Personal accounts of the employee include all accounts for family members living within the employee's household and accounts over which the employee has authority even though the account owner does not live within the same household as the employee.

## **Item 12 Brokerage Practices**

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

No Soft Dollar Arrangements: D. A. Flowers & Company, LLC does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”).

### **The Custodian and Brokers We Use**

D. A. Flowers & Company, LLC (“we/“our”) does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we currently cannot manage your account. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

### **How We Select Brokers/Custodians**

We seek to use a custodian/broker who will hold your 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:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab”)

### **Your Brokerage and Custody Costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “primebroker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select

Brokers/Custodians”).

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

### **Services That Benefit You.**

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

### **Services That May Not Directly Benefit You.**

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or our account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

### **Services That Generally Benefit Only Us.**

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party’s fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Schwab’s Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don’t have to pay for Schwab’s services so long as our clients collectively keep a total of at least \$10million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab’s services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable

execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. We have \$6,577,386, in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

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

#### **Investment Account Reviews**

Client accounts are reviewed on a periodic basis. All client accounts are reviewed daily to ensure conformity with investment guidelines, cash requirements and investment strategy. A formal review is conducted at least quarterly. Market and Economic conditions are monitored on a daily basis and adverse changes in macro or company specific conditions will trigger more frequent review.

The Principal of the firm manages up to 50 portfolios and reviews as described above.

#### **Client Reports**

Investment management clients receive an account statement from their custodian on a monthly basis with account totals, detailed valuation of individual securities and any transactions in the account. In addition to the custodian's statement, D. A. Flowers & Company provides each investment management client with a Quarterly report showing account holdings, asset allocation, account valuation and any purchases or sales during the period.

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

#### **Client Referrals**

D. A. Flowers & Company, LLC may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of our Firm Brochure and privacy policy and a copy of the solicitation agreement which contains the following information:

- Solicitor's name and relationship with our firm
- The fact that the Solicitor is being paid a referral fee
- The amount of the fee or percentage split of the ongoing fees
- The fact that the fee paid to us by the client will not be increased above our normal fees in order to compensate the Solicitor.

As a matter of policy, solicitors who refer clients may receive a fee split of the cash flow derived from the client's fees. Under no circumstances nor at any time is a referred client charged a fee greater than they would have paid had they come directly to D. A. Flowers & Company, LLC

#### **Other Compensation**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **Item 15      Custody**

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the quarterly portfolio reports you will receive from us.

## **Item 16      Investment Discretion**

### **Investment or Brokerage Discretion**

D. A. Flowers & Company maintains a limited power of attorney over all managed accounts and has discretionary authority to invest the accounts in accordance with client guidelines and risk tolerance. The limited power of attorney authorizes D. A. Flowers & Company to execute securities transactions in client accounts without prior client approval. This discretion includes the individual securities to be bought or sold and the amount of securities bought or sold.

Clients give us discretionary authority when they sign an investment management agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by providing us with written instructions.

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

D. A. Flowers & Company, LLC will accept, at Client's discretion, authority to vote client's securities. Our voting policies are as follows:

D. A. Flowers & Company strives to vote all proxies in the best economic interests of its clients. The decision of how to vote follows the same criteria D. A. Flowers & Company uses in managing client accounts—to vote for proposals in such a manner that, in D. A. Flowers & Company's opinion, will be in the client's best economic interest.

### **A. General Overview**

In evaluating a particular proxy proposal, D. A. Flowers & Company takes into consideration, among other items:

- (1) D. A. Flowers & Company's determination of how the proxy proposal will impact its clients
- (2) The period of time over which shares of the company are expected to be held in the client's portfolio
- (3) The size of the position
- (4) The costs involved in the proxy proposal
- (5) Management's assertions regarding the proxy proposal

### **B. Support of Management's Recommendations**

D. A. Flowers & Company will generally support management's recommendations on proxy issues, because management's ability is a key factor D. A. Flowers & Company considers in selecting equity securities for client portfolios. D. A. Flowers & Company believes a company's management should generally have the latitude to make decisions related to the company's business operations. However, when D. A. Flowers & Company believes the company's management is acting in an inconsistent manner with its clients' best interests, it will vote against management's recommendations.

**Item 18 Financial Information**

D. A. Flowers & Company, LLC has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

**Item 19 Requirements for State-Registered Advisers****Education and Business Background****Principal and Majority Stockholder: David A. Flowers**

Year of Birth: 1967

Professional Designations/Regulatory Exams:

- Certified Financial Planner (CFP®) - 2009
- Series 65 - 2000

Education:

- University of California, Berkeley, Certificate in Personal Financial Planning with Distinction, March, 2008
- University of California, Berkeley, BS in Business Administration, 1994

Work Experience (previous five years):

- D. A. Flowers & Company, LLC: 2009 – Present  
Principal; Portfolio Manager; Financial Planner
- Rayner & Haynor Investment Counselors (formerly Rayner Associates, Inc.): 2000 – 2009  
Vice President; Portfolio Manager; Chief Compliance Officer; Director, Board of Directors

**Other Disclosure Items:**

The principal does not have any outside business interest beyond D.A. Flowers & Company, LLC.

The firm does not accept performance based fees.

No member of the firm, or the firm itself, have current, pending or past arbitration claims or awards against them and has not otherwise been found liable in a civil, self-regulatory organization, or administrative proceeding involving:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices

D. A. Flowers & Company, LLC, its management persons and employees do not have any relationship or arrangement with any issuer of securities that is not listed in Item 10 of this document.