

## Item 1: Cover Page

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# Paraklete Financial, Inc. Form ADV Part 2A Investment Adviser Brochure

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March 27, 2024

This Brochure provides information about the qualifications and business practices of Paraklete<sup>®</sup> Financial, Inc. (“we,” “us,” “our”), CRD# 142323. If you have any questions about the contents of this Brochure, please contact Thomas N. Tillery, Vice President and Chief Compliance Officer at (678) 290-3930 or [ttillery@parakletefinancial.com](mailto:ttillery@parakletefinancial.com).

Additional information about our Firm is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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.

We are a registered investment adviser. Please note that use of the term “registered investment advisor” and a description of the Firm and/or our employees as “registered” does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2: Summary of Material Changes

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### **Annual Update**

In this Item of Paraklete<sup>®</sup> Financial, Inc.'s (Paraklete<sup>®</sup> or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment.

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

Since the last ADV Annual Amendment filing on February 5, 2024, there are no material changes to report.

### **Full Brochure Available**

Paraklete<sup>®</sup>'s Form ADV may be requested at any time, without charge by contacting Susan M. Tillery, President, or Thomas N. Tillery, Vice President and Chief Compliance Officer at (678) 290-3930 and/or [stillery@parakletefinancial.com](mailto:stillery@parakletefinancial.com) or [ttillery@parakletefinancial.com](mailto:ttillery@parakletefinancial.com).

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## Item 4: Advisory Business

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### **Firm Description and Types of Advisory Services**

Paraklete® Financial, Inc. (Paraklete®) was founded with one very important underlying mission – to eliminate the burden of economic mismanagement by facilitating financial stewardship.

Paraklete® is the Koine Greek word for Advocate. Its primary meaning was "one who is called to someone's aid, as a helper or counselor." It is also the term for Holy Spirit in the New Testament. The word has a rich history and has been transliterated for use in many other languages; Arabic and Hebrew are two examples.

By acting as a "Paraklete" for our clients, we help them navigate the maze of financial decisions that are presented to them on a daily basis. Our advocacy reduces the "financial mistakes" which lead to the "economic mismanagement" of resources. Our advocacy also increases our clients' greatest asset, available time. Having more time enriches the quality of life for both our clients and their families.

Paraklete® is unique in that it is a true fee-for-service integrated financial planning firm; **there are no products sold and no assets managed.** Our primary focus is to financially educate our clients, who are then empowered with the knowledge they need to make correct choices regarding their individual financial situations. Paraklete® collaborates with the client's investment, legal, tax and insurance advisers to develop an overall integrated plan.

Paraklete® is marketed exclusively through a network of select professionals (CPAs, attorneys, bankers and financial advisers).

Paraklete® was founded in 2006, and is principally owned by Susan M. Tillery, CPA/PFS, AEP® (Distinguished) President and Chief Executive Officer and Thomas N. Tillery, CFP®, AEP®, Vice President and Chief Compliance Officer. Together, Susan and Tom have over 60 years of experience in integrated financial planning, asset protection, estate planning, risk management, investments, philanthropy, and retirement and tax planning.

### **Financial Planning**

We may prepare an integrated financial plan for our clients. Our financial planning services may involve consultation, analysis, and recommendations in the six areas of financial planning, which include (1) financial situation; (2) income taxes; (3) risk management/insurance; (4) investments; (5) financial independence/retirement planning; and (6) estate planning.

We review the client's present financial situation and provide an analysis and recommendations in accordance with stated goals and objectives. This service may include an initial consultation and subsequent follow-up meetings. The services provided in this regard may include, but would not be limited to the following:

- Prepare an annual Statement of Financial Position
- Create a Statement of Cash Flow
- Review client's most recent tax returns and provide tax planning advice
- Review client's insurance and make risk management recommendations
- Review client's estate plan and make recommendations
- Prepare an analysis of financial independence
- Review current investments
- Provide education planning advice

Individual Services to be provided will be detailed in the Client Engagement Letter.

### **Recommendation of Other Advisers**

If clients seek investment management services, we also introduce clients to third-party unaffiliated advisers. Before recommending other advisers to introduce to clients, we conduct due diligence on each adviser and ensure that each is properly licensed or registered. We do not receive or share any fees with other advisers.

### **Tailored Relationships**

To the fullest extent possible, we endeavor to tailor our advisory services to meet the specific needs of each client. In order to determine a suitable course of action for an individual client, we review our clients' financial circumstances and other factors that may influence our recommendations. Such a review may include, but would not necessarily be limited to, investment objectives, consideration of a client's overall financial condition, income tax status, personal and business assets, and other factors.

### **Fiduciary Statement**

Paraklete® and our employees are fiduciaries who must take into consideration the best interests of our clients. Paraklete® will act with competence, dignity, integrity, and in an ethical manner, when dealing with clients. Paraklete® will use reasonable care and exercise independent professional judgement when conducting investment analysis, promoting our services, and engaging in other professional activities.

As a fiduciary, Paraklete® has the obligation to deal fairly with our clients. Paraklete® has the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and

- Treat clients fairly and equitably.

**Wrap Fee Programs**

Paraklete® does not participate in a Wrap Fee Program.

**Client Assets**

Paraklete® does not manage client assets.

**California Conflicts Disclosure**

Please note that neither Paraklete®, an affiliate nor associated person of Paraklete® will receive commissions from the sale of insurance or real estate or will receive fees or other compensation from the sale of securities or other products or services recommended in the financial plan or otherwise has a conflict of interest.”

In addition, clients are under no obligation to act on Paraklete®’s or any associated person's recommendations. If a client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Paraklete® or associated person(s) when such person is employed as an agent with a licensed broker-dealer or is licensed as a broker-dealer or through any associate or affiliate of such person.

## Item 5: Fees and Compensation

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### **Compensation – Financial Planning**

Financial Planning fees will be charged as Annual Flat/Fixed Fees as follows:

Our annual fee (flat/fixed) for our financial planning services ranges from \$4,000 to \$150,000. Acceptable forms of payment include personal check and ACH. The amount of the fee is specific to each client and is based on: (1) the scope of the financial planning engagement, and (2) the amount of time required to accomplish the engagement.

Paraklete® collects annual fees in three (3) separate installments.

The first installment is calculated as 50% of the total annual fee. (Note that 50% of the financial planning services are provided within 90 calendar days.) The initial payment is due upon a client's engagement of Paraklete® and an invoice is sent to the client with their copy of the engagement letter.

The second installment is calculated as 25% of the total annual fee. Paraklete® will issue an invoice for the second installment 90 calendar days after the client's initial engagement of Paraklete®.

The third installment is calculated as 25% of the total annual fee. Paraklete® will issue an invoice for the third installment 210 calendar days after the client's initial engagement of Paraklete®.

After the first 12 months, the annual fee is reassessed and ranges from \$4,000 to \$150,000, which will be invoiced in advance on a quarterly basis and subject to an amended agreement.

The client is directed to review any other adviser's fees and compensation on the other adviser's Form ADV Part 2A. Paraklete® makes it a priority for no client to be charged a total management fee over 3%.

### **Engagement Terms**

The Client may terminate this agreement within five (5) calendar days of its execution without fee or penalty. Thereafter, in the event a client terminates the engagement within 7 calendar days of having signed the engagement letter, the client will be entitled to a prorated refund, equal to (83/90% of the \*initial installment).

After the first 7 calendar days, the entire first installment is deemed earned and therefore non-refundable to the client, and no further installments will be due. If the client terminates the Agreement more than 7 calendar days after having signed it but not later than the 90<sup>th</sup> calendar day, Paraklete® will discontinue service and will not issue invoices for the remainder of the annual service fee installments. If the client terminates the engagement after the 90<sup>th</sup> calendar day but before the 210<sup>th</sup> calendar day, Paraklete® will deem any previously collected fees as

earned and will not issue a refund to the client. Further, any uninvoiced, uncollected fees will not be pursued by Paraklete®.

### **Other Compensation**

Neither Paraklete® nor any of its Supervised Persons (employees) accept compensation for the sale of securities or insurance products. We do not sell securities, insurance, real estate or other products or services recommended in a financial plan. We do not receive compensation other than the fees as outlined above.

Our clients are under no obligation to act upon our recommendations. If the client elects to act on any of our recommendations, the client is under no obligation to effect the transaction through our Firm.

### **General Information on Compensation and Other Fees**

Specific fee arrangements will be set forth in the client's engagement letter. All fees are due within two (2) weeks of the date of delivery of the invoice to the client.

In certain circumstances, fees are negotiable depending on the time involved, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

In addition to our fees, the client may be charged other fees by parties independent from us as part of the implementation of their financial plan. Investment management fees may be charged by investment managers. Brokerage fees/commissions charged to a client for securities trade executions may be billed to the client by the broker-dealer or custodian of record for their account. We do not have any affiliations with Broker-Dealers, and any such fees are exclusive of, and in addition to our compensation. The client will be solely and directly responsible for all fees, including fees from other advisers. For additional information, please see Form ADV Part 2A, Item 12, Brokerage Practices.

Clients should note that similar planning services may (or may not) be available from other registered investment advisers for similar or lower fees. Our fees will not exceed 3%.

### **California Material Conflicts of Interest Disclosure**

Paraklete® provides financial planning services and does not receive compensation (e.g., commissions, fees) from the sale of securities, insurance, real estate or other products or services recommended in a financial plan.

Paraklete®, its employees and investment advisor representatives have no material conflicts of interest that could be reasonably expected to impair the rendering of unbiased or objective advice. Paraklete® has no material conflicts of interest related to (a) compensation arrangements connected with advisory services which are in addition to the advisory fees, (b) other financial industry activities or affiliations, or (c) participation of interest in client transactions.





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

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### **Performance-Based Fees**

Neither Paraklete® nor any of its Supervised Persons (employees) accepts performance-based fees, therefore we do not engage in side-by-side management.

Paraklete® does not use a performance-based fee structure because of the potential for a conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend strategies that may carry a higher degree of risk to the client.

## Item 7: Types of Clients

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### **Types of Clients**

We will generally provide our services to individuals, high net worth individuals, businesses, trusts, and estates. We do not have any requirements for opening or maintaining an account, such as a minimum account size.

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

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### Methods of Analysis

Paraklete® does not engage in the analysis of publicly traded securities or recommend specific individual securities or fixed income instruments.

### Investment Strategies

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.

Paraklete® does not engage in these investment strategies itself – clients may request an investment manager to assist in and implement these strategies.

### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

**Although we do not manage assets, it should be noted that all investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. There can be no guarantee that your investment efforts will be successful. You should be prepared to bear the following risks of loss:**

- **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 next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **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.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

## **Item 9: Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Paraklete® or the integrity of Paraklete®'s management. Paraklete® has no information to disclose applicable to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

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### **Financial Industry Activities**

Paraklete® is not registered as a broker-dealer, and none of its Supervised Persons (employees) are registered representatives of a broker-dealer, nor do they have a pending application to become registered as a broker-dealer or as representatives of a broker-dealer.

Neither Paraklete® nor any of its Supervised Persons (employees) is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor, nor do any of their employees have a pending application to become registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Affiliations**

Neither Paraklete® nor any of its Supervised Persons (employees) have a material relationship or arrangement with any related person or financial industry entities, other than as noted below under Accountants/Accounting Firms.

### **Other Affiliations – Accountant or Accounting Firm**

Sandra K. Heit is the President of Modern CPA's, Inc., an accounting firm providing traditional accounting and tax consulting services. Generally, certain of our clients are also clients of Modern CPA's, Inc. This association is fully disclosed to clients upon inception of the client relationship. We do not pay or receive referral fees from Modern CPA's, Inc.

Linda M. Shepherd is the President of Net More, Inc., an accounting firm providing traditional accounting and tax consulting services. Generally, certain of our clients are also clients of Net More, Inc. This association is fully disclosed to clients upon inception of the client relationship. We do not pay or receive referral fees from Net More, Inc.

Charles S. Wilson is the President of Charles S. Wilson, Inc., an accounting firm providing traditional accounting and tax consulting services. Generally, certain of our clients are also clients of Charles S. Wilson, Inc. This association is fully disclosed to clients upon inception of the client relationship. We do not pay or receive referral fees from Charles S. Wilson, Inc. Clients always have the right to act upon the recommendations of Mr. Wilson in his capacity as an accountant. If they do wish to act upon the recommendations made by Mr. Wilson in this capacity, they have the right to do so with the investment professional of their choosing.

William NMI Jones is the President of Jones & Company, CPA's, an accounting firm providing traditional accounting and tax consulting services. Generally, certain of our clients are also clients of Jones & Company, CPA's. This association is fully disclosed to clients upon inception of the client relationship. We do not pay or receive referral fees from Jones & Company, CPA's.

Patricia F. Steward is the President of Steward Ingram and Cooper PLLC, an accounting firm providing traditional accounting and tax consulting services. Generally, certain of our clients are also clients of Steward Ingram and Cooper PLLC. This association is fully disclosed to clients upon inception of the client relationship. We do not pay or receive referral fees from Steward Ingram and Cooper PLLC.

**Other Affiliations – Limited Liability Companies and Trust Instruments**

Paraklete® is directly owned by Susan M. Tillery, Thomas N. Tillery, and TFO, LLC. TFO, LLC is owned by The Thomas N. Tillery Trust and The Susan M. Tillery Trust, which in turn are each managed by both Susan M. Tillery and Thomas N. Tillery as trustees.

**Other Investment Advisors**

Paraklete® may recommend other investment advisors for its clients but does not receive any compensation for these recommendations.



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

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### **Code of Ethics**

We take great pride in our commitment to serving our clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

We have developed a Code of Ethics ("Code") as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations
- Protection of material non-public information
- Conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions
- IPO and private placement policy
- Reporting of violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Each of our Supervised Persons (employees) has been furnished with a copy of our Code and has signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. Clients and prospective clients can obtain a copy of Paraklete®'s Code of Ethics by contacting Thomas N. Tillery at (678) 290-3930.

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

As described above, Paraklete® does not manage client assets.

As Paraklete® does not manage client assets, Paraklete® and its Supervised Persons (employees) do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

Paraklete® will not affect any principal or agency cross securities transactions for client accounts.

## Item 12: Brokerage Practices

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

Soft dollar benefits are items such as research or other products or services that an investment adviser may receive from a broker-dealer(s), or other party, in connection with a client engagement. **We do not participate in any soft dollar arrangements.**

### **Brokerage for Client Referrals**

Paraklete® receives client referrals from financial institutions, such as other investment advisers. For all referred clients, Paraklete® may recommend that the referring investment adviser or other institution, with which the client already had an established relationship, be utilized to facilitate any securities transactions that are a part of the financial plan prepared by Paraklete®. In certain circumstances, firms like Paraklete® may receive client referrals as a result of recommending other service providers.

### **Directed Brokerage**

As described above, Paraklete® does not manage client assets, and does not engage in securities trading activities on behalf of clients.

### **Trade Aggregation**

Since Paraklete® does not manage assets, Paraklete® does not aggregate or block trades.

## Item 13: Review of Accounts

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### **Reviews**

Paraklete® does not manage assets and therefore does not review clients' portfolios or accounts on an ongoing basis other than as part of the Firm's financial planning services. Following the delivery of the client's financial plan, Paraklete® will follow up with the various parties involved (broker-dealers, investment advisers, attorneys, etc.) to ensure the implementation of the plan. Beyond that, there is no ongoing account review process that will be carried out by Paraklete®. Unless specifically engaged to do so, Paraklete® does not periodically review financial plans for inactive clients. In such cases, the anticipated reviewer will be Mr. Thomas N. Tillery, Vice President and Chief Compliance Officer. Ms. Susan M. Tillery, President and Chief Executive Officer, may serve as a secondary reviewer.

### **Reporting**

Financial Planning clients receive reports as contracted for at the inception of the engagement.

## Item 14: Client Referrals and Other Compensation

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### **Other Compensation**

Other than the compensation arrangements described above in Item 5, Paraklete® does not receive any compensation in connection with the investment advisory services provided to our clients.

### **Compensation – Client Referrals**

Under certain circumstances, firms like ours may compensate other parties for having referred clients or potential investment advisory clients to them. These sorts of arrangements are generally referred to as “solicitor” arrangements. **We do not participate in any solicitor arrangements.**

## **Item 15: Custody**

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Paraklete® does not have custody of client assets. Clients who implement their financial plans through other investment advisers will receive account statements from their broker-dealers, and clients should carefully review these statements.

## Item 16: Investment Discretion

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### **Non-Discretionary Authority**

Paraklete® does not manage accounts on a discretionary or non-discretionary basis, as they are a fee-only financial planner.

## Item 17: Voting Client Securities

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### **Proxy Voting**

Paraklete® does not have any authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for securities maintained in their portfolios; clients receive these proxies directly from either custodians or transfer agents. Clients may contact Paraklete® with questions regarding any particular solicitation. Clients may also contact custodians or transfer agents with questions about a particular solicitation via contact information located on proxy statements.

## **Item 18: Financial Information**

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Paraklete® has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

Paraklete® is not required to provide a balance sheet; Paraklete® does not serve as a custodian for client funds or securities and does not require prepayment of fees of both more than \$500 per client, and more than six months in advance.



## Item 19: Requirements for State Registered Advisers

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### **Management Background**

Susan M. Tillery is the President and Chief Executive Officer of Paraklete<sup>®</sup> Financial, Inc. Thomas N. Tillery is the Vice President and Chief Compliance Officer of Paraklete<sup>®</sup> Financial, Inc. Information on each supervised person's formal education and business background may be found on his/her Part 2B of Form ADV.

### **Other Business**

Susan M. Tillery, President and Chief Executive Officer, and Thomas N. Tillery, Vice President and Chief Compliance Officer, are co-owners of Financial Planning Advocate, LLC. Financial Planning Advocate, LLC provides curriculum and classroom instruction for various financial planning designations, including, but not limited to, the CFP<sup>®</sup> and CPA/PFS programs. They spend no more than 10% of their time on this activity.

### **Performance-Based Fees**

Neither Paraklete<sup>®</sup> nor any Supervised Persons are compensated by performance-based fees.

### **Disciplinary Disclosures**

Neither Paraklete<sup>®</sup> nor any management persons have been found liable in any arbitration claim, civil, self-regulatory organization (SRO), or administrative proceedings.

### **Issuer of Securities**

Neither Paraklete<sup>®</sup> nor any management persons have any relationships or arrangements with any issuer of securities