



*Est. 2003*

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

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CRD #127469

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### **Item 1 – Cover Page**

This Disclosure Brochure provides information about the qualifications and business practices of Innovative Financial, LLC (IF, LLC). If you have any questions about the contents of this Brochure, please contact us at (303) 275-7170 or via email at [Info@InnovativeFinancial.com](mailto:Info@InnovativeFinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

IF, LLC is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Learn more about IF, LLC at [www.InnovativeFinancial.com](http://www.InnovativeFinancial.com) or at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Innovative Financial’s CRD Number is #127469.

## Item 2 – Material Changes

Since the last annual update of this Brochure, dated January 9, 2025, we have not made any material changes.

A current copy of our Brochure may be requested by contacting us at (303) 275-7170 or [info@InnovativeFinancial.com](mailto:info@InnovativeFinancial.com).

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## Item 4 – Advisory Business

IF, LLC is a Denver-based, fee-only financial advisory firm. The firm is owned by DeDe Smolen and began in 2003. We offer financial planning, investment management, and tax preparation services.

We offer objective personal financial planning services that evaluate your current financial circumstances and create a plan to help you achieve your future goals and objectives. We will provide analysis and recommendations regarding specific topics, which could include any or all of the following, depending on your specific needs: retirement, estate, education, tax, and legacy planning. Our goal is to help you reach your life goals as well as your money goals.

With our investment management services, we provide ongoing discretionary management of your investment portfolio, based on your individual needs and investment objectives. We will work with you to determine an appropriate investment strategy and assign an investment portfolio designed to meet your goals. Our planning services help to inform our investment strategy for each client, setting realistic goals and limits. We primarily recommend no-load mutual funds in our discretionary investing program; however, we may also offer advice on equity securities, corporate debt securities, municipal debt securities, mutual funds, exchange-traded funds, variable annuities, variable life insurance, U.S. Government securities, stock options, and entrepreneurial opportunities. See Item 8 below for further information regarding our investment strategies. Portfolios are based on rigorously designed models and customized as required.

For clients that engage IF, LLC for investment management services, we may also provide tax preparation services. Clients are not required to use our tax preparation services and may choose another tax

professional. With this service, we will prepare your federal and state income tax returns from information you furnish to us. We will not audit or otherwise verify the data you submit.

As of December 31, 2025, we managed \$105,290,978 in client assets on a discretionary basis. We do not manage assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

We receive compensation on the basis of pre-negotiated flat fees or assets under management fees set forth in a written fee agreement signed by both the client and IF, LLC. No custodian fees, mutual fund fees, or any other fees other than our fee will be charged by IF, LLC in connection with our advisory services. The custodian will charge transaction fees directly. If services include asset management, fees will be billed quarterly in advance and deducted from managed accounts. Otherwise, the fee is due at the time of engagement.

Please refer to Item 15 below for information about direct deduction of fees from client accounts.

We do not accept any third-party compensation from the sale of any securities or other investment products or other advice, including asset-based sales charges or service fees from the sale of mutual funds. We do not earn commissions on any securities that we may recommend to our clients. In addition, IF, LLC is not affiliated with any insurance company and does not hold any life insurance, disability insurance, or variable annuity licenses.

Upon termination of any advisory agreement, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. We may, at our sole discretion, propose a different fee arrangement for certain clients. All fees are subject to negotiation between the client and adviser.

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

IF, LLC does not charge any performance-based fees (that is, fees based on a share of capital gains on or capital appreciation of the assets of a client) and does not engage in side-by-side management.

## **Item 7 – Types of Clients**

We offer financial planning and investment management services to individuals and institutions, including endowments, foundations, pension, profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

We do not require an asset minimum for new clients.

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

### **Methods of Analysis**

We apply the tenets of Modern Portfolio Theory (“MPT”), which, in part, states that risk must be considered as well as returns. We attempt to maximize a portfolio’s expected return for a given amount of portfolio risk by carefully choosing the proportions of various index funds.

We also incorporate the findings of economists Eugene Fama of the University of Chicago and Kenneth French of Dartmouth University. They jointly identified three risk factors associated with stock market returns (that is, market, size, and value) and two risk factors associated with fixed income returns (that is, term and default). Their Multi-Factor Model showed that a portfolio’s exposure to the market as a whole, as well as the degree to which that portfolio carries increased or decreased exposure to small company stocks and stocks with high book-to-market ratios (also known as value stocks), primarily determines the portfolio’s equity returns over time.

Many empirical studies guide our selection of funds and the construction of IF, LLC portfolios. We design our portfolios using research prepared by many experts and academics, including the following: Harry Markowitz, William Sharpe, Gary Brinson, Randolph Hood, Gilbert Beebower, Eugene Fama, Kenneth French, John Graham, Campbell Harvey, Laurent Barras, Olivier Scaillet, Russ Wermer, Amit Goyal, Sunil Wahal, Scott Stewart, John Neumann, Christopher Knittel, and Jeffrey Heisler. This research is reviewed and layered with MPT to balance risk, as measured by volatility against potential gains.

## **Investment Strategies**

Research has shown that investment strategies that try to beat the market are not successful over the long term. We do not attempt to time the market or specific sectors. Instead, we advise our clients to buy, hold, and rebalance portfolios that are globally diversified and incorporate an appropriate level of risk for them with a ratio of fixed income to equities, as determined by our risk coaching process.

We invest globally in capital markets through the use of index funds. We have adapted index fund portfolios to address our clients' widely varying appetites for risk. Our portfolios include a tilt towards equity investments in companies that are smaller and more value-oriented than many well-known indices. While we do offer advice on a variety of investments, we primarily recommend no-load mutual funds and exchange-traded funds. We may also recommend fixed income and real estate investment trusts ("REITs").

## **Risk of Loss**

Investing involves a risk of loss that you should be prepared to bear. Material risks associated with our passive strategy include the systematic risk of being invested in the market, known as "market risk." Other risks of investing include economic risks, the risk that the economy can go bad, behavioral risks, the risk that an investor will make emotional decisions regarding their investments, inflation risks, and many others. Additionally, using the Fama-French Multi-Factor Model, described above, may result in a higher level of volatility in small and value-oriented investments.

We do not represent or guarantee that our services or methods of analysis can or will predict future results or insulate clients from losses due to market declines. We do not offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way indicative of future performance.

## **Item 9 – Disciplinary Information**

IF, LLC is proud that none of our team members have ever been accused of or charged with any criminal or civil actions. Our firm and team members have never violated any investment-related statutes or regulations.

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

IF, LLC has no other financial industry activities or affiliations, such as real estate brokers, broker-dealers, banks, attorneys, or insurance companies.

The firm's principal, DeDe Smolen, is a Certified Public Accountant in Colorado and uses her relevant training and experience in providing financial planning services to clients, including tax preparation. We consider tax preparation an integral part of our planning process and do not charge separately for it. Since we do not charge separately for tax preparation services, they do not pose a conflict of interest.

We do not receive any commissions, favors, or other economic benefits from any third-parties that might be recommended as part of your work with us.

## Item 11 – Code of Ethics

IF, LLC recognizes the critical importance of our fiduciary responsibility and ethical behavior. We do not participate in or influence any situations or transactions where our own interests might take precedence over our clients' best interests. Additionally, IF, LLC is committed to complying with the ethical standards set forth by the American Institute of Certified Public Accountants ("AICPA") Code of Professional Conduct, the Certified Financial Planner Board of Standards ("CFP Board") *Code of Ethics and Standards of Conduct*, and the Financial Planning Association ("FPA") Code of Ethics.

Clients or prospective clients may request copies of any of the above by contacting DeDe Smolen at (303) 275-7170.

When we provide investment advice to you regarding your retirement plan account or individual retirement account ("IRA"), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than what is reasonable for our services; and
- Give you basic information about conflicts of interest.

It should be noted that the fiduciary duties outlined above do not differ from those we observe in all our advisory activities.

## Item 12 – Brokerage Practices

When working with us, your investments are held in an independent custodian account, such as Fidelity Investments, which is also a broker-dealer. Only broker-dealers can purchase and sell (trade) investments. IF, LLC receives no commissions or compensation of any kind for investments traded through your broker-dealer.

We strive to work with broker-dealers that offer the best value for their service. In choosing a broker-dealer or negotiating commission rates, we seek the most advantageous commission and fee schedule. However, less expensive brokerage transactions costs may be available through other sources. You may purchase investments directly through your custodian or through any broker-dealer or agent you choose. You may be charged brokerage fees that are different than the fees that are charged through the custodial account that we have established for you.

IF, LLC employees may occasionally receive nominal economic benefits from independent custodians and other non-clients. These may include meals and entertainment, computer linkages, discounts from selected software vendors, gifts of minimal value at conventions or holiday seasons, and access to some industry publications. Such benefits typically occur in the normal course of business or are part of our due diligence. We are very sensitive to conflicts of interest, and we do not believe that any of these nominal economic benefits influence our objectivity or negatively influence our understanding of our fiduciary obligations to our clients.

## **Item 13 – Review of Accounts**

IF, LLC will monitor your accounts on a quarterly basis. Additional reviews may take place based on various circumstances, including, but not limited to: contributions and withdrawals, changes in your life circumstances, or changes in your risk/return objectives or your risk capacity.

We will provide you with quarterly performance reports showing total portfolio value, portfolio holdings, and internal rate of return. You will receive trade confirmations, monthly or quarterly statements, and year-end tax statements from your custodian.

We recommend meeting with you on an annual basis or upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your current investment needs and objectives. Clients have the responsibility to inform IF, LLC of material changes in their situation.

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

Other than the benefits from custodians disclosed in Item 12 above, we do not receive any economic benefit, directly or indirectly, from any third-party for advice rendered to our clients.

We could engage independent solicitors to provide client referrals. If a client is referred to us by a solicitor, this practice is disclosed to the client in writing by the solicitor and we pay the solicitor a portion of the advisory fees earned for services we provide to the referred client. The use of solicitors is strictly regulated under applicable state law. Our policy is to fully comply with the requirements of applicable rules.

## **Item 15 – Custody**

IF, LLC does not have custody of your funds. Your funds and investments are held, purchased, and sold through an independent custodian. You will receive monthly statements and trade confirmations from your custodian. As a “check and balance,” clients are urged to compare their custodian’s statement to their IF, LLC statement and notify us immediately of any discrepancy between the two.

When clients pay fees by direct deduction from their accounts, we are deemed to have “constructive custody.” In order for us to collect fees by direct deduction, we must have the client’s written authorization to do so, send the qualified custodian notice of the fee amount to be deducted from the client’s account each time a fee is deducted, and send the client an itemized invoice (such as a fee billing statement) showing the fee amount, time period, amount of assets, and formula for the fee each time a fee is deducted.

## **Item 16 – Investment Discretion**

After developing a portfolio that supports your goals and meets your approval, we will need to make changes as quickly as possible when required. To do this effectively, we must have discretion to make investment transactions on your behalf. When you work with us, you sign an advisory agreement that gives us limited discretion. This discretion is limited to the ability to conduct trades, collect fees, and download information between IF, LLC and your custodian. It does not enable IF, LLC to direct investments in any manner that is not for your direct benefit.

Your investments are purchased and sold through your custodial account. You may buy investments directly through your custodian or through any broker or agent you choose. If we feel that an investment is not in your best interest, or it is an investment that is outside of our scope of work or expertise, it will be set up as a separate account and you may monitor it outside of your IF, LLC portfolio. Your custodian will send you trade confirmations of any changes we make for you.

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

Certain securities that you are invested in will contact you directly regarding voting or company proxies. You may want to participate in the voting process of the funds and firms they are invested in. We do not advise or take any action regarding voting mutual fund or company proxies that you may be invested in.

## **Item 18 – Financial Information**

We are not required to provide our company's financial information to our clients because we do not require the prepayment of more than \$500 in fees and six or more months in advance or have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.