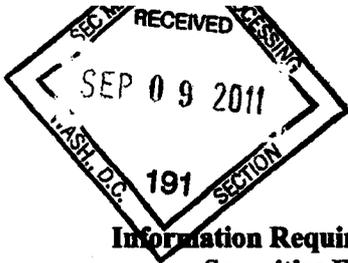


Ch. 8



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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

ANNUAL AUDITED REPORT FORM X-17A-5 PART III

OMB APPROVAL OMB Number: 3235-0123 Expires: April 30, 2013 Estimated average burden hours per response . . . 12.00

SEC FILE NUMBER 8 - 28164

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 07/01/10 AND ENDING 06/30/11 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: PROSPERA FINANCIAL SERVICES, INC.

OFFICIAL USE ONLY FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5429 LBJ FREEWAY, STE. 400 Dallas Texas 75240 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

CASSANDRA GALVAN 972-581-3029 (Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Brad A. Kinder, CPA 815 Parker Square Flower Mound Texas 75028 (Name - if individual, state last, first, middle name) (Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
Public Accountant
Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

12/12/11

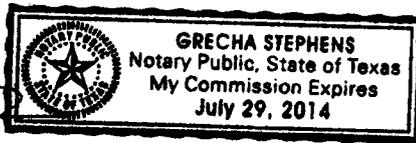
OATH OR AFFIRMATION

I, DAVID STRINGER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of PROSPERA FINANCIAL SERVICES, INC., as of June 30, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE

Signature: [Handwritten Signature]
Title: President

[Handwritten Signature]



This report** contains (check all applicable boxes):

- (a) Facing page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Cash Flows.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors. None
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
(o) Independent auditor's report on the internal control as required by SEC rule 17a-5.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Schedule I

PROSPERA FINANCIAL SERVICES, INC.
Computation of Net Capital and Aggregate
Indebtedness Pursuant to Rule 15c3-1
June 30, 2011

| | |
|---|----------------------------|
| Total stockholder's equity qualified for net capital | \$ 2,346,110 |
| Other deduction: | |
| Excess fidelity bond deductible | <u>13,000</u> |
| Total Capital | <u>2,333,110</u> |
| Deductions and/or charges | |
| Non-allowable assets: | |
| Commissions receivable | 186,647 |
| Receivables and advances - related parties | 15,680 |
| Prepaid expenses | 174,112 |
| Clearing deposit | 10,000 |
| Forgivable notes receivable | 381,812 |
| Non-marketable securities | <u>34,787</u> |
| Total deductions and/or charges | <u>803,038</u> |
| Net capital before haircuts on securities positions | <u>1,530,072</u> |
| Haircuts on securities: | |
| Cash equivalents | <u>4,101</u> |
| Net Capital | <u>\$ 1,525,971</u> |
| Aggregate indebtedness | |
| Accounts payable | \$ 149,463 |
| Accrued expenses | 2,446,663 |
| Income taxes payable - Parent | 24,691 |
| Unfunded forgivable notes receivable | <u>87,900</u> |
| Total aggregate indebtedness | <u>\$ 2,708,717</u> |
| Computation of basic net capital requirement | |
| Minimum net capital required (greater of \$100,000 or 6 2/3% of aggregate indebtedness) | <u>\$ 180,581</u> |
| Net capital in excess of minimum requirement | <u>\$ 1,345,390</u> |
| Ratio of aggregate indebtedness to net capital | <u>1.78 to 1</u> |

Note: The above computation does not differ from the computation of net capital under Rule 15c3-1 as of June 30, 2011 as filed by Prospera Financial Services, Inc. on Form X-17A-5. Accordingly, no reconciliation is deemed necessary.