

Firm Brochure dated 5/31/11

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*This brochure provides information about the qualifications and business practices of Numbers by Tom Paske and Diane Kramer, Inc. If you have any questions about the contents of this brochure, please contact us at (952) 944-5577 and/or [1erinhanson@comcast.net](mailto:1erinhanson@comcast.net). 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 Numbers by Tom Paske & Diane Kramer Inc. also is available on the SEC's website at [www.adviserinfo.sec.com](http://www.adviserinfo.sec.com).*

## Item #2

### Material Changes

On July 29, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provided to Clients as required by SEC Rules. This brochure, dated May 31, 2011, is a new document prepared according to the SEC’s new requirements. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

We will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business fiscal year. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Erin Hanson, Chief Compliance Officer of Numbers by Tom Paske & Diane Kramer, Inc. at (952) 944-5577 or [1erinhanson@comcast.net](mailto:1erinhanson@comcast.net). Our Brochure is provided free of charge.

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## Item #4

### Advisory Business

A. Numbers by Tom Paske and Diane Kramer, Inc (“Numbers”, “we” or us”) is an independent Minneapolis, Minnesota based investment advisory firm. We provide fee-only financial planning and investment management services. The firm has been in business since 1986. The two principal owners are Thomas A. Paske, CFO and Diane Kramer, C.E.O. In 1998 Erin Hanson became a Junior Partner in the firm. Our investment advisory services are driven by and coordinated with each Client’s individual financial goals. Our approach uses diversified portfolios and systematic strategy to manage investments. We follow strict fiduciary standards, putting our Clients’ interests before our own and seeking to avoid conflicts of interest with our Clients. We are compensated only by our Clients.

B, C. We help Clients coordinate and prioritize their financial lives with all aspects of their life goals. Integrating investments across all individual retirement accounts, taxable accounts and employee retirement accounts is crucial to the process. Client input and involvement are critical parts of the financial planning process and implementation of investment decisions. After client assets are invested, we help our Clients monitor their investments and provide advice related to ongoing financial and investment needs. We are objective and always put our Clients’ interests first.

Numbers generally has discretionary authority over Client funds. Discretionary authority means that we have the authority to determine, without obtaining specific Client consent, the securities bought or sold and the amount of securities bought or sold. The only restrictions on the above discretionary authority are those set by the Client on a case by case basis. Discretionary authority allows us to act on behalf of the Client in most matters necessary or incidental to the handling of the account.

Advice and services are tailored to the stated objectives of the Client(s). We discuss with the Client in detail, critically important information such as the Client’s risk tolerance, time horizon and projected future needs to formulate an investment policy. This policy guides us in objectively and suitably managing the Clients’ account. We meet with Clients as needed to review portfolio performance, discuss current issues, and re-assess goals and plans.

Our approach uses broadly diversified portfolios and a systematic strategy to manage investments. Our investment recommendations generally include exchange-listed securities, exchange traded funds and on occasion mutual funds. We may also recommend certificates of deposit, municipal and U.S. government securities and money market funds. If our Clients hold other types of investments, we will advise them on those investments as well. Clients may impose restrictions on investing in certain securities or types of securities. We consider such restrictions when making our investment choices.

See Item 8 for description of our investment strategy.

D. We do not participate in or sponsor any wrap fee programs.

E. As of June 30, 2011 we are managing approximately \$31,966,599.77 of Client assets on a discretionary basis and \$1,298,276.79 on a non-discretionary basis.

## Item #5

### Fees and Compensation

A. We provide investment advisory and financial planning services to our Clients. Services may include the analysis of the Client's current portfolio, development of a financial plan and implementation of a recommended portfolio as well as ongoing monitoring of the financial plan / investment portfolio.

All fees are agreed upon with the Client. In general we charge 1.1% per annum of managed assets. In some cases, a flat fee has been arranged with the Client.

B. Advisory fees may be deducted directly from the Client's accounts upon submission of an invoice to the custodian. When the Client's accounts are established with the custodian he/she determines whether they would pay their fees directly or have them deducted from their accounts.

C. Fees are charged on a semi-annual basis, every January and July and are based upon the market value of the Account at the end of the previous month close. The market value is provided to Numbers by the custodian of the account. We may modify the terms of the fee agreement by giving Clients 30 day advance written notice.

D. Clients pay brokerage transaction costs and other charges directly to the custodian. See item 12. Client may be required to pay, in addition to our fee, a proportionate share of any Exchange Traded Fund's (ETF) or mutual fund's fees and charges. For example, Mutual fund operating expenses are paid out of the fund are an additional expense incurred by the Client.

E. Clients pay all advisory fees semi-annually, in advance. New accounts are not billed until the new billing period has begun. The relationship / service agreement may be terminated by either Numbers or the Client at any time. We ask that written notification be submitted. Clients' fees are reimbursed based upon the months remaining for the billing period.

F. We are a fee-only investment advisory firm paid on a percentage of Client assets under management. No supervised person associated with Numbers receives or accepts any compensation for the sale of securities or investment products.

## **Item #6**

### **Performance-Based Fees and Side-by-Side Management**

We do not charge any performance-based fees for our services. Accordingly, this Item is not applicable to our firm.



## **Item #7**

### **Types of Clients**

We provide investment advice to individuals, businesses, trusts and estates. Because each Client is unique, they must be willing to be involved in the planning and ongoing processes. Such involvement does not have to be time consuming, however we want our Clients to remain informed and have a sense of security about their investments.

We do not have any minimum requirements for our services.

## **Item #8**

### **Methods of Analysis, Investment Strategies and Risk of Loss**

We choose our investments based upon economic conditions. We pull our research on investments from company filings, news and outside reports. Several of these reports come from Schwab Institutional. Once we choose an investment we allocate it to those Clients for which we feel it is appropriate based upon the Clients risk tolerance and preferences. Fixed income and cash portions of portfolios are chosen based upon safety of principal and yield. We hold an investment position until we feel that it is no longer timely, economic conditions have changed or that it will not provide the portfolio with growth.

We use our best judgment and good faith efforts in rendering services to Clients. However, all investments involve risk of loss that Clients should be prepared to bear. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable. Not every investment recommendation we make will be profitable. Clients assume all market risk involved in the investment of account assets. Investments are subject to various market, currency, economic, political and business risks.

Except as may otherwise be provided by law, we are not liable to Clients for:

- Any Loss that Clients may suffer by reason of any investment recommendation we made with that degree of care, skill and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or
- Any act or failure to act by a custodian of the Client account.

It is the responsibility of the Client to give us complete information and to notify us of any changes in financial circumstances or goals.

## **Item #9**

### **Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or person associated with Numbers by Tom Paske and Diane Kramer, Inc. has any information to disclose which is applicable to this Item.

## **Item 10**

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

In addition to our investment advisory business, we also provide bookkeeping services to individuals and small corporations. Our bookkeeping department is run by one of our principals, Diane Kramer. Bookkeeping services include: Bill paying, statements, invoicing, quarterly reports, W-2's, 1099's and year-end planning. These services account for approximately 40% of Numbers revenue. A small portion of our Investment Advisory Clients are bookkeeping clients as well. We do not recommend that Investment Advisory Clients become bookkeeping clients and they are not required to do so.

Numbers does not have any affiliations and is not compensated by any source other than our client fees.

## Item #11

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

A. We have a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our standard of business conduct and fiduciary duty to Clients. The Code of Ethics includes provisions relating to confidentiality of Client information, a prohibition of insider trading, restrictions on the acceptance of significant gifts and personal securities trading procedures, among other things

A copy of the Code of Ethics is available to any Client or prospective Client upon request. Our Clients or prospective Clients may request a copy of the firm's Code of Ethics by contacting Erin Hanson at (952) 944-5577 or [1erinhanson@comcast.net](mailto:1erinhanson@comcast.net).

B-D. We do not own or manage any companies or investments that we advise our Clients to buy.

Numbers by Tom Paske and Diane Kramer, Inc. or individuals associated with our firm may buy and sell some of the same securities for their own account that we buy and sell for Clients. When appropriate, we will purchase or sell securities for the Clients before purchasing the same for our personal accounts. In some instances Employees or employee related persons may purchase securities at the same time through a "Block Trade". The employee is given the same price as that of the client at the time of purchase.

Employees must follow our Code of Ethics when making trades for their own accounts. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with making decisions in the best interest of the advisory Clients while at the same time, allowing employees to invest for their own accounts.

We maintain a list of all securities holdings for the firm and for anyone associated with our advisory practice that has access to advisory recommendations. An appropriate officer of the firm reviews these holdings on a regular basis.

Any individual employed by the firm who does not follow our Code of Ethics trading policies may be subject to termination.

## Item #12 – Brokerage Practices

A. Our Clients' assets are held by independent third-party custodians. Except to the extent that the Client directs otherwise, we may use our discretion in recommending the broker-dealer. The Client is not obligated to effect transactions through any broker-dealer recommended by us. In recommending broker-dealers, we will comply with our fiduciary duty to see best execution and with the Securities Exchange Act of 1934. We will take into account such relevant factors as

- Price;
- Custodian's facilities, reliability and financial responsibility;
- The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such custodian to Numbers, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors that we consider to be relevant.

Generally speaking, we will recommend that Clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co. Inc ("Schwab") so long as Schwab continues to meet the above criteria. We work primarily with Schwab for administrative convenience and also because Schwab offers a good value to our Clients for the transaction costs and other costs incurred.

Schwab is a registered broker-dealer and SIPC member. Schwab provides us with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services are generally available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's Clients' account assets are maintained at Schwab Institutional.

Schwab's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also make available to us other products and services that benefit us but may not directly benefit Client accounts. Some of these other products and services assist us in managing and administering Clients account. These include software and other technology that provide access to Client account data (such as trade confirmation and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts), provide research, pricing information and other market data, facilitate payment of our fees from Clients' accounts and assist with back-office support, recordkeeping and Client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Schwab Institutional.

Schwab may also provide other services intended to help us manage and further develop our business. These services may include consulting, publications and presentations on practice management, information technology, business succession regulatory compliance and marketing. The availability of the foregoing products and services is not contingent on us committing to Schwab any specific amount of business (assets in custody or trading).

B. Numbers may aggregate trades for Clients, in which case we will input trades directly into its custodian's trade management system. The allocations of a particular security will be determined by us before the trade is placed with the broker. When practical, Client trades in the same security will be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available. When employing a block trade:

- \* We will make reasonable efforts to attempt to fill Client orders by day-end.
- \* If the block order is not filled by day-end, we will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep Client transaction costs to a minimum.
- \* If a block order is filled (full or partial fill) at several prices through multiple trades, an average price and commission will be used for all trades executed;
- \* All participants receiving securities from the block trade will receive the average price.
- \* Only trades executed within the block on a single day may be combined for purposes of calculation the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy results in unfair or inequitable treatment of some or all of our Clients, we may deviate from this policy.



## Item #13 – Review of Accounts

A. Our accounts are reviewed by Thomas Paske, CFO and Erin Hanson, C.C.O. who are responsible for overseeing all investment advisory activities for the firm. Both Thomas and Erin have completed their:

NASD Series 63

NASD Series 65

The frequency of reviews is determined based upon the Clients' investments objectives and need. Accounts are reviewed, daily, quarterly or upon Client request. They will be reviewed no less than semi-annually.

B. More frequent reviews may be triggered by a change in the Clients' investment objectives, tax consideration, large deposits or withdrawals, large sales or purchase, or changes in the economic climate.

C. Investment advisory Clients receive standard account statements from the custodian of their accounts on a monthly basis. We provide Clients with a written report summarizing the account activity and performance semi-annually.

Clients are welcomed and encouraged to schedule a review meeting as they desire. At these meetings economic conditions and changes in personal circumstances are discussed.

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

All new Clients stem from current Client referrals. Numbers does not have any arrangements nor does it receive any compensation from any third party for referrals.

## Item #15 – Custody

With the exception of our ability to debit fees, we do not otherwise have custody of the assets in the investment accounts.

We shall have no liability to a Client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. The Client understands that SIPC provides only limited protection for the loss of property held by a custodian.

## **Item #16 – Investment Discretion**

Generally, Clients grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with our Disclosure Statement and the custodian account application, without the Clients prior approval of each specific transaction. Under this discretionary authority, Clients allow us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, and act on behalf of the Client in matters necessary or incidental to the handling of the account, including monitoring certain assets.

The only restrictions on our discretionary authority are those set by the Client on a case by case basis.

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

A. We ask that our Clients vote securities on their own behalf. In some instances, the Client may ask for our opinion or recommendation. In these instances, we try to recommend that which would be in the best interest of the Client. In most cases, we do not have authority to vote the Client's securities.

B. Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a Client, they will be sent directly to the Client or a designated representative who is responsible to vote the proxy.

## **Item #18 – Financial Information**

A. Numbers bills every January and July for our services. At that time, our fees are billed based upon account balances as of December 31<sup>st</sup> and June 30<sup>th</sup>. We bill in advance for our services no more than six months.

B. Numbers does have discretionary authority over Client funds or securities, but we have no financial commitments that impair our ability to meet contractual and fiduciary commitments to Clients.

C. Neither Numbers, nor any of the principals, have been the subject of a bankruptcy petition at any time in the past.

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

A. There are three owners at Numbers by Tom Paske & Diane Kramer, Inc., Thomas A. Paske – CFO, Diane Kramer – CEO and Erin Hanson – CCO. The principals are Thomas and Diane.

### **Thomas A. Paske**

Year of Birth: 1944

Chief Financial Officer, Numbers by Tom Paske & Diane Kramer, Inc.

Education: St. Olaf College – Northfield, MN (1963)

University of MN (1964)

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From 1977 – 1982 Thomas was the owner and manager of Cookhouse Recording in Minneapolis, MN. 1982 – 1986 Thomas held the position of Financial Systems Control Officer at both Duncan Advertising and Craig Wiese, Inc. In May of 1986, Thomas and Diane Kramer incorporated Numbers by Tom Paske & Diane Kramer, Inc.

**Diane K. Kramer**

Year of Birth: 1948

Chief Executive Officer, Numbers by Tom Paske & Diane Kramer, Inc.

Education: Minnesota School of Business – 1967

From 1969 – 1976 Diane was employed by Wilson Griak as bookkeeper. In 1980 she was employed by Sound 80 and from 1984 – 1986 she was the bookkeeper for Duncan Advertising. In May 1986 she joined Thomas Paske to form Numbers.

**Erin Hanson**

Year of Birth: 1970

Chief Compliance Officer, Numbers by Tom Paske & Diane Kramer, Inc.

Education: University of MN – 1989  
Glendale Community College – 1991  
Normandale Community College – 1993  
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Erin has been employed by Numbers as an Investment Advisor Representative and bookkeeping assistant since 1993.

B. Other Business Activities – See Part 2A, Item 10 (above)

C. We do not receive performance-based fees.

D. We have not been subject to arbitration claims or any other proceedings (civil, self-regulatory organization or administrative).

E. We have no relationships or arrangements with any securities issuers or otherwise.



