

Item 1 – Cover Page

PROFESSIONAL ADVISORY SERVICES, LLC

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This Brochure provides information about the qualifications and business practices of Professional Advisory Services, LLC (“Professional Advisory Services”, “PAS”, the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (704) 883-0284 or at info@professionaladvisory.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.

PAS is a registered investment adviser. Registration of 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.

Additional information about PAS also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for PAS is 119148.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 26, 2011 is a new document prepared according to the SEC’s new requirements and rules. 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.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials 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.

We 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 Doug Ralston at 704-883-0284.

Additional information about PAS is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with PAS who are registered, or are required to be registered, as investment adviser representatives of PAS.

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Item 4 – Advisory Business

PAS is owned by Doug Ralston and Keith Norris and has been providing advisory services since 1999. As of December 31, 2010, PAS managed \$74,420,618 on a discretionary basis.

Integrated Wealth Management Services

For individuals and trusts, PAS will work with the client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement. PAS uses investment and portfolio allocation software to evaluate alternative portfolio designs. PAS evaluates the client's existing investments with respect to the client's investment policy statement. PAS works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. PAS will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold regular review meetings with the client regarding the account as necessary.

PAS will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. PAS will allocate the client's assets among various investments taking into consideration the overall investment style selected by the client. Client portfolios may include some individual equity securities held by clients at the start of the advisory relationship. PAS does not recommend individual equity securities, but will assist clients to manage existing holdings. PAS may also recommend fixed income securities to advisory clients.

On an ongoing basis, PAS will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. PAS will periodically, and at least annually, review clients' investment policy, risk profile and to discuss each client's accounts to the extent appropriate.

PAS manages portfolios on a discretionary basis. PAS does not exercise proxy voting authority for any client.

PAS' full range of Wealth Management Services includes ongoing advice to the client regarding many aspects of their personal wealth in addition to the asset management component described above. PAS' services may include advice to clients similar to financial planning, and covering (but not limited to) each of the following personal circumstances:

- assistance with wealth management tax strategies,
- providing asset allocation strategies for personal assets within qualified retirement plans,

- wealth transfer (including estate and business succession planning),
- insurance coverage needs,
- charitable planning,
- college funding,
- home and auto financing,
- review client beneficiary forms for all accounts,
- reviewing trust and estate documents and assist the client in consultations with the client's legal adviser, as necessary, and
- recommending strategies for family limited partnerships, as necessary.

Participant-Directed Qualified Retirement Plan Services

PAS also provides advisory services to participant-directed qualified retirement plans through the third party administration services of BenefitStreet or Newport Group, which are online bundled service providers offering passive investment vehicles and an opportunity for plan sponsors to provide diversified portfolios to their participants along with daily account access, valuation, and investment education.

PAS will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. PAS will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

PAS will recommend changes in the plan's investment vehicles as may be appropriate from time to time. PAS generally will review the plan's investment vehicles and investment policy as necessary.

Consulting

PAS also provides general consulting to individuals or qualified plan trustees who do not engage PAS for the services described above. Consulting services are not intended to be ongoing, but rather reviews of current financial circumstances. The consulting services may cover financial areas similar to those described above.

Each client will be quoted a consulting fee based on the level of services agreed upon. Fees will be based on PAS' hourly rate of \$200 per hour, and shall be due and payable as earned. A minimum and maximum fee may be agreed to.

All consulting services are included as a part of Integrated Wealth Management Services for clients with advised assets greater than \$750,000.

Item 5 – Fees and Compensation

The annual fee for **Integrated Wealth Management Services** will be charged as a percentage of assets under management, according to the schedule below:

Assets under management	Annual Fee (%)
Up to \$749,999	\$8000 Minimum
\$750,000 - \$999,999	1.10%
\$1,000,000 - \$1,999,999	1.00%
\$2,000,000 - \$2,999,999	0.90%
\$3,000,000 - \$3,999,999	0.80%
\$4,000,000 - \$4,999,999	0.70%
\$5,000,000 - \$5,999,999	0.60%
\$6,000,000 - \$9,999,999	0.50%
\$10,000,000 or greater	Negotiable

A minimum fee of \$8000 is recommended for this service. All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts. Under limited circumstances, PAS may accept new accounts smaller than \$750,000. PAS will not accept new accounts smaller than \$400,000, however, for which the minimum fee would subject the account to a fee greater than 2.00%. Also, any accounts accepted lower than \$750,000 will receive only asset management services and will not receive PAS' full range of services regarding all aspects of the client's wealth described above.

Certain client accounts may have been initiated prior to PAS' modification of the above fee schedule. Those previous fee schedules tended to be lower than the above schedule, including PAS' prior minimums.

The annual fee for **Participant-Directed Qualified Retirement Plan Services** will be charged as a percentage of assets within the plan. The annual fee may be the same as quoted fees for investment management services, or it may be a mutually agreed fixed fee based on expected assets within the plan.

Consulting fees will be based on the level of services agreed upon. Fees will be based on PAS' hourly rate of \$200 per hour, and shall be due and payable as earned. A minimum and maximum fee may be agreed to.

All consulting services are included as a part of Integrated Wealth Management Services for clients with advised assets greater than \$750,000.

General Information on Fees

In certain circumstances, all fees (except minimum annual fee), account minimums and their applications to family circumstances may be negotiable.

PAS will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian.

Clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted (date of first trade).

All fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

All fees paid to PAS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in mutual funds directly, without the services of PAS. In that case, the client would not receive the services provided by PAS which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. DFA funds also may not be available to the client directly. Accordingly, the client should review both the fees charged by the funds and the fees charged by PAS to fully

understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

PAS's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to PAS's fee, and PAS shall not receive any portion of these commissions, fees, and costs. Please see Item 12 for further information about brokerage.

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

PAS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

Item 7 – Types of Clients

PAS provides services to individuals, qualified retirement plans, trusts, and small businesses. Currently, PAS limits new clients to high net worth individuals (including trusts), their related business and pension plan assets, and other qualified retirement plans of similar size.

PAS generally requires a minimum of \$750,000 of assets under management and client net worth of \$1.5 million for new Wealth Management client engagements. A non-negotiable minimum annual fee of \$8000 applies for all managed accounts.

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

The primary investments recommended for investing are no-load mutual funds offered by Dimensional Fund Advisors and individual bond portfolios. PAS only recommends investment grade bonds and will monitor these securities for changes in rating.

PAS does not recommend the purchase of public partnership programs due to their illiquidity and the fee structure of such programs. Occasionally, PAS will recommend private real estate partnership programs and public real estate investment trusts (REITS) for certain clients who desire to include real estate in their asset allocation strategy.

PAS will also evaluate insurance products such as annuities and various types of life insurance products which may have been recommended to clients by other professionals.

PAS' security analysis is based on a number of factors including those derived from commercially available software technology, securities rating services, general market and financial information, due diligence reviews and specific investment analysis that clients may request.

PAS' main sources of information include commercially available investment services, financial newspapers, periodicals and issuer-prepared information. PAS also receives research from financial economists associated with Dimensional Fund Advisors.

PAS' investment advice is based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. PAS' investment approach is firmly rooted in the belief that markets are efficient and that investor's returns are determined principally by asset allocation decisions, not by market timing or stock picking. PAS focuses on developing diversified portfolios, principally through the use of passively managed, asset class mutual funds that are available only to institutional investors and clients of a network of selected investment advisors.

Risk of Loss

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

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PAS or the integrity of the Firm's management. PAS does not have any disciplinary information applicable to this Item to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Members of PAS, Messrs. Norris and Ralston, Members of PAS, are also shareholders in the accounting firm Norris, Stewart & Ralston, PA (NSR). The accounting firm may recommend PAS to accounting clients in need of advisory services. PAS may recommend NSR to advisory clients in need of accounting services. Accounting services provided by NSR are separate and distinct from the advisory services of PAS, and are provided for separate and typical compensation. There are no referral fee arrangements between PAS and NSR for these recommendations. No PAS client is obligated to use NSR for any accounting services. Certain of PAS' recommendations regarding tax strategies may require the client to consult with an accountant, and incur fees for accounting services.

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

PAS has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. PAS' Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth PAS' practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with PAS may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of PAS that no person employed by PAS shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, PAS requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. PAS requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

PAS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. PAS' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

PAS will provide a complete copy of its Code of Ethics to any client or prospective client upon request to the Chief Compliance Officer at PAS' principal address.

Item 12 – Brokerage Practices

Investment Management Services

PAS participates in the Schwab Advisor Services (SAS) services program offered to independent investment advisers by Charles Schwab & Company, Inc., a FINRA member broker dealer.

Schwab will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. PAS regularly reviews the SAS program to ensure that its recommendations are consistent with its fiduciary duty. The trading platform is essential to PAS' service arrangements and capabilities, and PAS may not accept clients who direct the use of other brokers. As part of these programs, PAS receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Form ADV Part 2A).

As PAS will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct PAS as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that PAS will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

Clients may also have assets custodied through the underwriter or sponsor offering a particular product. These situations typically occur when PAS recommends a variable annuity.

PAS does not block affiliated trades with any client trades. PAS also does not have any arrangements to compensate any broker dealer for client referrals. PAS will block trades where possible and when advantageous to clients although the advantages are not

generally perceived to exist. The blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple clients' accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Plan Services

PAS does not arrange for the execution of securities transactions for 401k plans as a part of this service. Transactions are executed directly through employee plan participation and a plan administrator.

Item 13 – Review of Accounts

Reviews and Reviewers of Accounts

PAS' Members will meet with clients quarterly to review accounts, at the clients' requests. Clients may choose with which firm investment professional they wish to meet. Each type of account review is described below. PAS regularly manages each client account.

Management Services

Account assets are supervised continuously and formally reviewed quarterly. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

Plan Services

Pension plan assets are reviewed on a quarterly basis, and according to the standards and situations described above for investment management accounts.

Consulting Services

PAS performs those consulting reviews requested by clients. Regular reviews of client circumstances are performed only when specifically requested by clients.

Regular Reports Provided to Clients

PAS will provide quarterly reports for wealth management services. Quarterly reports may contain asset allocation charts, asset balance, and performance information, benchmark comparisons, and market information. Clients will also receive monthly statements from their account custodian, which will outline the client's current positions, cost basis of securities, and current market value.

PAS will provide Pension Plan Service clients with annual reports regarding the performance of recommended investments.

PAS does not provided regular reports as part of its consulting services.

Item 14 – Client Referrals and Other Compensation

As indicated under the disclosure for Item 12, PAS utilizes the services of Schwab Advisor Services (SAS) services program. Schwab makes available to PAS products and services that benefit PAS but may not benefit its client's accounts. Some of these other products and services assist PAS in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations 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 PAS' fees from its clients accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of PAS' accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to PAS other services intended to help PAS manage and further develop its business enterprise. These services may include consulting, publications and conferences

on practice management, information technology, business succession, regulatory compliance, and marketing. While as a fiduciary, PAS endeavors to act in its clients best interests, PAS' recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to PAS of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab.

Receipt of Additional Referral Fees

PAS maintains a referral fee relationship with John Stevenson, a financial representative of LPL Financial. PAS may recommend certain clients or potential clients to Mr. Stevenson for financial services. PAS will receive a fee of approximately 25% of the advisory service charged by Mr. Stevenson based on the referral. The specific fee will be identified to any person referred under this agreement in a separate disclosure document.

PAS has also entered into a Referral Agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated and Managed Account Advisors LLC (collectively referred to as a "third party investment adviser"), each a wholly owned subsidiary of Bank of America Corporation. PAS may refer potential clients or other persons to such third party investment adviser at its discretion and for certain compensation from the third party investment adviser. Persons who PAS refers will receive a specific disclosure document from PAS identifying the fee received by PAS from the third party investment adviser.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. PAS urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

PAS requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold for Investment Management Accounts only. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

Item 17 – Voting Client Securities

PAS does not exercise proxy voting authority for any client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. PAS 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.