

ACCOUNTANTS PROPRIETARY FINANCIAL SERVICENET, INC.

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Brochure

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This brochure provides information about the qualifications and business practices of Accountants Proprietary Financial ServiceNet, Inc. If you have any questions about the contents of this brochure, please contact us at (212) 319-1489. 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. Registration with the Securities and Exchange Commission does not imply any particular level of skill or training.

Additional information about Accountants Proprietary Financial ServiceNet, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This annual update to Accountants Proprietary Financial ServiceNet Inc.'s ("APFS") brochure does not include information on material changes to APFS's policies, practices or conflicts of interest.

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Advisory Business

APFS was formed in 1999. Joel Boyarsky, Chairman of the Board and CEO of APFS, is a principal owner of APFS through his sole ownership of Improved Funding Techniques, Inc. (“IFTI”) which owns more than a majority of APFS. IFTI is a consulting and actuarial firm specializing in the design, installation and administration of employee benefit plans. IFTI refers clients to APFS, and IFTI provides consulting and actuarial services to APFS clients who are also IFTI clients. As of September 30, 2012, APFS manages \$314 million in assets on a non-discretionary basis.

APFS is a registered investment adviser and is sub-advised by Envestnet Portfolio Solutions, Inc. (“Envestnet”). APFS provides an investment management recommendation service in which it matches the goals and investment objectives of its clients with the investment programs it offers. Clients may place restrictions on their investments in their Client Profiling Questionnaire (the “Profile”), including in particular issuers/types of securities.

APFS offers clients five Envestnet investment programs, each of which is described below:

Program 1: Selected Fund Account – 1 (Mutual Funds Models)

This program includes mutual funds selected by our sub-adviser, Envestnet, and purchased on a “no load” or a “load waived” basis through the custodian based on the information provided by the client.

Envestnet acts as account manager for all accounts under this program. Subject to the limitations described in the client’s responses to the Profile or other appropriate suitability analysis (including any reasonable restrictions the client may place on account investments), Envestnet has full authority to supervise and direct the investment of the monies contributed by the client in accordance with a model portfolio created by Envestnet without prior consultation.

Program 2: Selected Fund Account – 2 (UMA)

This program includes general securities, including mutual funds, exchange-traded funds (“ETFs”), stocks and bonds, selected by our sub-adviser, Envestnet, and purchased and sold through the custodian, recommended and selected by Envestnet based on the information submitted by the client. Envestnet has arrangements with certain other registered investment advisers who have agreed to act as third-party providers of research services (“Research Providers”). Envestnet from time to time obtains the security rankings and/or purchase and sale recommendations of such Research Providers in the form of model portfolios or otherwise as appropriate in order that Envestnet may manage certain assets in accordance with a Research Provider’s recommendations.

Envestnet acts as manager for all accounts under this program. Subject to the limitations described in the Client’s responses to the Profile or other appropriate suitability analysis (including any reasonable restrictions the Client may place on account investments), Envestnet has full authority to supervise and direct the investment of the monies contributed by the client without prior consultation.

Program 3: Selected Fund Account – 3 (SMA Adviser Choice)

Registered investment advisers (“Separate Account Managers”) selected by APFS and its sub-adviser based on the information submitted by the client manages accounts under this program. All Separate Account Managers enter into appropriate, standard-form sub-advisory contracts with Envestnet obligating each Separate Account Manager to perform its respective duties in accordance with the requirements of the program. The client approves all transactions in the account other than transactions of approved

Separate Account Managers who manage the account on a discretionary basis. The client approves the selection of Separate Account Managers.

The investment recommendations for the account are subject to the limitations described in the client's response to the Profile or other appropriate suitability analysis (including any reasonable restrictions the client may place on account investments).

Program 4: ActivePassive Portfolios

This program includes the selection of ActivePassive Funds selected by APFS in conjunction with our sub-adviser, Envestnet, based on the information submitted by the client. Envestnet acts as the investment adviser for these funds. The funds are purchased on a "no load" or a "load waived" basis through the custodian.

Envestnet acts as account manager for all accounts under this program. Subject to the limitations described in the client's responses to the Profile or other appropriate suitability analysis (including any reasonable restrictions the client may place on account investments), Envestnet has full authority to supervise and direct the investment of the monies contributed by the client to the account without prior consultation.

Program 5: Select Fund Account – 4 (Adviser Choice)

This program includes mutual funds selected by APFS's advisory representative based on the information submitted by the client and purchased on a "no load" or a "load waived" basis through the custodian. The program may also include exchange-traded funds ("ETFs") and general securities (stocks and bonds) selected by APFS's advisory representative based on the information submitted by the client. The client approves all transactions in the account.

APFS and its advisory representatives act on a non-discretionary basis only. The investment recommendations for the account are subject to the limitations described in the client's responses to the Profile or other appropriate suitability analysis (including any reasonable restrictions the client may place on account investments).

In addition to the five investment programs described above, APFS offers three other investment programs:

Levy Harkins & Co. Inc. (Levy Harkins)

Levy Harkins is an individual separate account investment adviser, offering specialized investment management services to clients, based upon an investment philosophy of growth at a reasonable rate. Levy Harkins' primary investment strategy is fulfilled utilizing a predominantly equities-based approach. Levy Harkins has full authority to supervise and direct the investment of the monies contributed by the client to the account without prior consultation.

John Hancock Retirement Services (John Hancock)

John Hancock provides investment platforms designed to encompass the needs of both trustee-directed and participant-directed defined contribution qualified plans. These platforms utilize group annuity mutual fund wrap programs. John Hancock's family of products has been built around a combination of investment options chosen with the goal of providing risk adjusted returns and broad diversification

across asset classes, investment styles and asset managers. Participants select the investment options for their accounts.

ING Financial Advisors, LLC (ING)

ING provides investment platforms designed to encompass the needs of both trustee-directed and participant-directed defined contribution qualified plans. These platforms utilize group annuity mutual fund wrap programs. ING's family of products has been built around a combination of investment options chosen with the goal of providing risk adjusted returns and broad diversification across asset classes, investment styles and asset managers. Participants select the investment options for their accounts.

Fees and Compensation

APFS charges an annual fee ranging from 0.50% to 1.50% for its services. This fee range reflects the subadvisory fee paid to any subadviser and generally reflects the referral fee paid to any solicitor. However, to the extent any solicitor seeks a higher referral fee, the fee paid by the client will increase as a result. Envestnet deducts all fees from the client's assets and remits APFS's fee to APFS. Fees are payable quarterly, in advance, applied to the average aggregate value of a client's account during the preceding calendar quarter and are prorated for periods of less than a full quarter. Advisory agreements may be terminated by either APFS or the client at any time on written notice. In the event an advisory agreement is terminated, the client will receive a pro rata refund of the prepaid advisory fee. APFS's fees are not negotiable, but may be waived in whole or in part at the sole discretion of APFS. With respect to mutual funds and other pooled investment products held in a client's account, fees payable to APFS are in addition to expenses and advisory fees borne by and holdings including, if applicable, redemption fees, sales charges and transaction fees. APFS's fees may be avoided by the client investing directly in such holdings.

APFS offers clients five investment programs (as described under "Advisory Business"), each of which charges a different annual program fee as set forth below. However, for all programs, the custodian charges separately for brokerage, custody, clearing and execution. For more information, see "Brokerage Practices" below. The custodian may also charge clients redemption fees for the redemption of mutual funds held in client accounts. Clients are responsible for fees and expenses charged by insurance companies for any insurance or annuity products included in their accounts.

Program 1: Selected Fund Account – 1 (Mutual Fund Models)

Annual program fee: 0.50% to 1.50%

Includes total advisory fee paid to APFS and its sub-adviser, Envestnet.

Program 2: Selected Fund Account – 2 (UMA)

Annual program fee: 1.20% to 1.50%

Includes total advisory fees paid to APFS and its sub-adviser, Envestnet, and fees paid to any other Research Provider(s) (typically 0.20% to 0.60%, depending on asset class, asset style managed, account asset value and other factors).

Program 3: Selected Fund Account – 3 (SMA Adviser Choice)

Annual program fee: 1.20% to 1.50%

Includes total advisory fees paid to APFS and its sub-adviser, Envestnet, and fees paid to any Separate Account Manager(s) (typically 0.25% to 1.00%, depending on asset class, asset style managed, account asset value and other factors).

Program 4: ActivePassive Portfolios

Annual program fee: 0.90% to 1.50%

Includes total advisory fees paid to APFS. Our sub-adviser, Envestnet, receives a management fee from each fund in which the account invests, which ranges from 0.60% to 0.95% of average net assets annually depending on the fund, and pays a portion of those fees to subadvisers of those funds.

Program 5: Selected Fund Account – 4 (Adviser Choice)

Annual program fee: 0.50% to 1.50%

Includes total advisory fees paid to APFS and administrative fees paid to Envestnet.

Levy Harkins

Annual program fee: 1.50%

Includes total advisory fees paid to APFS and Levy Harkins.

John Hancock

Annual program fee: 0% to 1.25%

Includes total advisory fees paid to APFS and John Hancock.

ING

Annual program fee: 0% to 1.25%

Includes total advisory fees paid to APFS and ING.

Performance-Based Fees and Side-by-Side Management

This item is not applicable to APFS since it does not charge clients performance-based fees.

Types of Clients

APFS generally provides investment advice to individuals and pension and profit sharing plans.

The account minimums for each investment program is as follows:

Program 1: Selected Fund Account – 1 (Mutual Funds Models)

\$50,000 per account, which may be waived on a case-by-case basis.

Program 2: Selected Fund Account – 2 (UMA)

\$250,000 per account, which may be waived on a case-by-case basis.

Program 3: Selected Fund Account – 3 (SMA Adviser Choice)

\$1,000,000 per account (or whatever the separate account manager requires).

Program 4: ActivePassive Portfolios

\$25,000 per account, which may be waived on a case-by-case basis.

Program 5: Selected Fund Account – 4 (Adviser Choice)

No account minimum required.

Levy Harkins

\$250,000 per account.

John Hancock

\$50,000 per account.

ING

\$50,000 per account.

Methods of Analysis, Investment Strategies and Risk of Loss

As described under “Advisory Business,” APFS provides an investment management recommendation service in which it matches the goals and investment objectives of its clients with the investment services provided by APFS and its sub-adviser.

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

Material risks involved in investing in one of APFS’s investment programs include:

Market Risk – All securities are subject to market risk. The values of the securities held by a client may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions.

Mutual Fund/ETF Risk – As a shareholder of mutual funds or ETFs, clients bear their proportionate share of the underlying fund’s fees and expenses. As a result, a client’s cost of investing will be higher than the cost of investing directly in the underlying funds and may be higher than investment strategies that invest directly in stocks. In addition, a client’s investments in mutual funds or ETFs are subject to the particular

risks described in the mutual funds/ETFs' prospectuses, copies of which are provided to the client and which APFS urges the client to read.

Equity Securities Risk – To the extent a client's account invests in equity investments (i.e., stocks), a particular stock, an industry or stocks in general may fall in value. The value of a client's account will go up and down with the prices of the securities in which the account invests. The prices of stocks change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, decreased demand for an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

Fixed Income Securities Risks – To the extent a client's account invests in fixed income securities (i.e., bonds), the investment is subject to call risk, which is the possibility that an issuer may redeem the security before maturity (a call) at a price below its current market price. An increased likelihood of a call may reduce the security's price. If a fixed income security is called, an account may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risk, or other less favorable characteristics.

Debt obligations are also generally subject to the risk that the issuer may be unable to make principal and interest payments when they are due. In addition, securities could lose value because of a loss of confidence in the ability of the borrower to pay back debt. Non-investment grade debt – also known as "high-yield bonds" or "junk bonds" – has a higher risk of default and tends to be less liquid than higher-rated securities.

Fixed income securities are subject to the risk that the securities could lose value because of interest rate changes. For example, bonds tend to decrease in value if interest rates rise. Debt obligations with longer maturities sometimes offer higher yields, but are subject to greater price shifts as a result of interest rate changes than debt obligations with shorter maturities.

Certain fixed income securities, including mortgage-backed securities carry prepayment risks. Prices and yields of mortgage-backed securities assume that the underlying mortgages will be paid off according to a preset schedule. If the underlying mortgages are paid off early, for example when homeowners refinance as interest rates decline, an account may be forced to reinvest the proceeds in lower yielding, high-priced securities. This may reduce an account's total return.

Disciplinary Information

APFS does not have any material legal or disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

Neil Boyarsky, Executive Vice President and Director of APFS and son of Joel Boyarsky, owns a 50% interest in Hawksfield Volatility Opportunities Fund (U.S.), LLC, a hedge fund managed by and 50% owned by Joel Boyarsky's son in-law. No clients of APFS are invested in the fund, nor are any solicited to invest in the fund.

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

APFS has adopted a Code of Ethics as required by Rule 204A-1 under the Investment Advisers Act. The Code of Ethics sets forth certain standards of business conduct that govern the personal investment activities of APFS's employees and officers, including the standard that the interests of advisory clients must be placed first at all times. The Code of Ethics requires "access persons" to report their personal securities transactions to APFS on a quarterly basis and their securities holdings upon commencement of employment (or upon becoming an access person) and annually thereafter. Access persons also must obtain approval from APFS's chief compliance officer before they acquire any ownership interest in any security in an initial public offering or limited offering. The Code of Ethics requires all employees and officers to comply with applicable federal securities laws and to promptly report any violation of the Code to the chief compliance officer. A copy of the Code of Ethics is available by contacting us at (212) 319-1489.

Brokerage Practices

APFS does not select or recommend broker-dealers for client transactions. Envestnet, the Separate Account Managers and the other program managers execute client transactions through a designated broker-dealer and, pursuant to its investment advisory agreement with APFS, clients are required to direct Envestnet, the Separate Account Managers or the other program managers to execute their transactions through such broker-dealer. Not all investment advisers require their clients to direct brokerage. By directing brokerage to such broker-dealer, Envestnet, the Separate Account Managers or the other program managers may be unable to obtain most favorable execution of client transactions, and this practice may cost clients more money. The broker-dealer may charge clients a "trade away fee" for any transaction that a Separate Account Manager or the other program manager places other than through such broker-dealer's normal trade execution process.

Review of Accounts

Joel Boyarsky (Chairman of the Board/CEO), Bruce Shapiro (Chief Operations Officer/Chief Investment Officer), David Glass (Analyst) or Bill Hartstein (Accountant) reviews the regular forms of investment on a daily basis and each client account on a monthly basis. The monthly review includes an analysis of transactions, investment performance, receipts and disbursements.

Clients are provided written quarterly performance analysis reports. The client's custodian provides written accounts statements, including asset lists and portfolio valuations, to clients on at least a quarterly basis.

Client Referrals and Other Compensation

APFS enters into agreements providing cash compensation to firms or persons who refer clients to APFS. The terms of the agreements differ somewhat depending upon the circumstances, but generally provide for compensation equal to a specified percentage of the fees received by APFS from the clients referred, or for fixed compensation, payable monthly or quarterly. Since APFS's fees include the fees paid to the solicitor, client fees will generally be higher than they would otherwise be if APFS did not enter into referral agreements. The solicitor discloses these fees in the disclosure statement provided to clients.

Custody

APFS is deemed to have custody of client assets for purposes of the Investment Advisers Act of 1940 when it deducts its advisory fee from client accounts. Clients will receive confirmations as transactions occur and monthly account statements from the client's custodian (bi-monthly if there was no activity in the account). APFS urges clients to carefully review those statements.

Investment Discretion

APFS does not accept discretionary authority to manage securities accounts on behalf of clients.

Voting Client Securities

APFS does not have authority to vote client securities. Levy Harkins has authority to vote client securities for clients in the Levy Harkins program.

Financial Information

APFS does not believe there is any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.