

RpBrooks Financial, Inc.
dba Prudent Money Financial Services
A Registered Investment Advisor

909 Lake Carolyn Parkway, Suite 230
Irving, Texas 75039
(972) 386-0384 Phone
(972) 386-9787 Fax

Prudentmoney.com

FORM ADV PART II
Uniform Application for Investment Advisor Registration

This brochure provides information about the qualifications and business practices of Prudent Money Financial Services. If you have any questions about the contents of this brochure, please contact us at 972-386-0384 and/or bob@prudentmoney.com. The term "registered investment advisor" does not imply a certain level of skill or training. 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 Prudent Money Financial Services also is available on the SEC's website at www.adviserinfo.sec.gov

FORM ADV PART II **TABLE OF CONTENTS**

	<u>Page</u>
Advisory Business	3
The Firm.....	3
Advisory Services	3
Fee Based Money Management.....	3
The Prudent Management Account Process	3
Assets Under Management	6
Other Types of Fee Based Services	
The Personal Financial Planning Process	6
Other Products and Services	7
Fees and Compensation	7
The Prudent Management Account Fee Schedule	7
The Buy and Hold Strategy Fee Schedule	8
Other Fees	8
Transaction Fees	8
Short Term Trade Fees.....	9
Other Fees	10
The Personal Financial Planning Fee.....	10
General Information on Fees	10
Types of Clients	11
Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Methods of Analysis	11
Investment Strategies	11
Types of Investments	11
Risk of Loss	12
Disciplinary Information.....	12
Other Financial Industry Activities or Affiliations.....	12
Miscellaneous Business Relationships	12
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Code of Ethics.....	13
Participation or Interest in Client Transactions	15
Brokerage Practices	15
Research and Other Soft Dollar Benefits.....	15
Brokerage for Client Referrals.....	15
Aggregate Purchases or Sales of Securities	15
Review of Accounts.....	15
Client Referrals and Other Compensation	16
Custody	16
Investment Discretion	17
Voting Client Securities.....	17
Principal Executive Officer.....	18
Education and Business Standards.....	18
Education and Business Background.....	18

FORM ADV PART II

ADVISORY BUSINESS

The Firm

RpBrooks Financial, Inc. dba Prudent Money Financial Services is currently located at 909 Lake Carolyn Parkway, Suite 230, Irving, Texas 75039.

The principal owner of Prudent Money Financial Services is Robert P. Brooks.

I started my practice in 1992. In January of 2004 I reregistered the firm as a Registered Investment Advisor (RIA). Due to the total of assets under management we are now a state regulated Investment Adviser firm and update our filing with the Securities and Exchange Commission (SEC) annually.

Advisory Services

Prudent Money Financial Services is a full service financial services company with an emphasis on fee based money management. Unlike the vast majority of firms, I take a contrarian approach to money management and actively manage for both bull and bear markets.

In addition to money management I also offer personal financial planning services. This is usually contracted on an hourly basis and can cover all facets of financial planning.

FEE BASED MONEY MANAGEMENT

The PRUDENT MANAGEMENT ACCOUNT is a fee-based, discretionary asset management program that allows Prudent Money Financial Services ("PMFS") the flexibility to manage the client's account within predetermined constraints. Each risk based investment strategy can be modified to offer maximum flexibility to meet the individual client's unique investment objectives, financial goals and particular needs of their current situation. Each portfolio is designed utilizing strategic and tactical asset allocation, trend analysis, and diversification techniques with an emphasis on managing for risk.

The PRUDENT MANAGEMENT ACCOUNT Process

PMFS consults with clients, gathers financial profile information, such as the purpose of the account, primary objective, risk tolerance, liquidity needs, age, occupation, income, net worth, and other special considerations which might impact how the account is managed. Please note that PMFS does its best to manage for taxes. However, there are often times when managing for risk and strategy become a higher priority than tax considerations. The financial information gathered is used to assist in accurately defining specific investment objectives and risk tolerance.

A risk assessment can be administered in 1 of 2 ways. The client discovery and evaluation process can give PMFS a solid look at the unique risk characteristics of each

client. From there, a risk profile can be determined. Each client is also encouraged to take a risk assessment that has been developed by PMFS. The risk assessment, taken on-line, is in a 10 question format. The score of the assessment is used to further confirm the results of the client discovery and evaluation process and solidify the risk category.

After a client takes the risk assessment, it is scored as follows:

<u>Risk Score</u>	<u>Risk Category</u>
6-9	Conservative Growth
10-14	Moderate Growth
14-18	Growth

In order to understand each of the 3 investment portfolios, it is important to understand that the Prudent Money Management System is based on a collection of strategies. The main strategies are the core strategy, the bond/fixed income strategy, and the risk strategy.

Core Strategy is composed of mutual funds that share the same goals and objectives of the PMFS investment process. They are selected for their ability to manage risk and growth versus focusing solely on growth. These mutual funds have at their disposal the ability to use varying strategies that could be considered contrarian in nature. The funds are evaluated on their own merit. The mutual funds are also evaluated on their ability to produce an overall return as a group of investments.

Bond/Fixed income has much the same objectives as the core strategy. These are mutual funds that manage first for risk and then income/growth. They represent the most conservative part of the process. Bonds can lose money and should not be considered a safe investment strategy. They have to be managed and evaluated. When implementing the bond strategy, PMFS strongly weighs the pros and cons of the current interest rate environment as well as the prospects for dramatic change in future rates.

The ***Risk/Reward strategy*** is based on the Prudent Money Optimism Index. At any given time the optimism index could be either:

Very Optimistic
Optimistic
Cautiously Optimistic
Balanced
Cautious
Negative
Very Negative

Based on that assessment, client money is invested and traded based on the risk strategy to reflect the risk and reward levels of the stock market. Within that risk strategy, inverse mutual funds and index mutual funds through Pro Funds Mutual Company are used. These funds can be traded at the end of each trading day without cost to the client.

3 Different Investment Portfolios

Based on the evaluation and discovery process as well as the personal risk survey, clients would fall into 1 of 3 different investment portfolios.

Conservative Growth – This investment strategy contains the core strategy, the bond strategy, and to a limited degree the risk strategy. The main objective is preservation of capital over the long-term.

Moderate Growth – This investment strategy contains the core strategy and the risk strategy. There is more of an emphasis on the use of the risk/reward trading strategy than the conservative growth. The main objective is to take the risk necessary to make money in both bull and bear markets alike.

Growth – This investment strategy is the same as the moderate growth with one exception. The growth strategy can take additional risk in certain sector investments and can be actively traded when it makes sense.

Overall, all the investment strategies share a main objective and depending on the assessment of the environment could theoretically at any given time utilize the same approach. If that is the case, the universal approach would not exceed the risk parameters of the conservative growth account. The main objective for PMFS is based on the theory that to grow money over time a strategy has to be the best at managing for risk and large declines. The most successful investors miss the large declines.

Other Investment Portfolios – There is a fourth type of investment portfolio that could be the most appropriate for clients. This is utilized when the client's situation calls for something that is even more customized beyond managing for risk. Those scenarios could represent multiple situations.

Other Investments that could be utilized – Depending upon the client, privately held REITS, fixed annuities, and variable annuities could be recommended as a suitable investment. They would be in addition to the PMFS investment process.

All investment strategies have been tested and modeled given many different scenarios and risk conditions.

PMFS will monitor client accounts track also and objectives, and be available to discuss account performance, and answer questions.

In all matters, PMFS's planning services are analytical and advisory only, and do not include any legal, accounting or other professional services. PMFS will work with your legal, accounting, and other professional advisors to ensure the coordination of all pieces involved to the financial planning and/or estate planning process.

ASSETS UNDER MANAGEMENT

As of December 31, 2010:

Total Assets managed on discretionary basis:

Fidelity Brokerage	\$51,340,000
Variable Annuities	2,980,000

Total Assets managed on non-discretionary basis:

Fidelity Brokerage	\$1,380,000
Variable Annuities	670,000
Private REITs	7,200,000
Fixed Annuities	3,080,000
529 Plans	600,000
Custodial Accounts	120,000
Other Accounts	245,000

Total Assets Under Management	\$67,615,000
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THE PERSONAL FINANCIAL PLANNING PROCESS

These services are offered to those clients of PMFS who wish to engage in a financial planning relationship where PMFS is hired to provide general investment advice or guidance relating to one or more of the following areas:

- A review of the client's current investment portfolio;
- A review of the client's comprehensive financial plan;
- Debt Management Planning - added
- Cash-flow Planning
- Business Planning
- A discussion of a generic investment portfolio or investments in general, not involving any specific investment recommendations;
- A review of a new or current issue regarding a portion of the client's current plan addressing one or more of the following areas: investment planning and/or asset management, windfall or "special needs" planning, estate planning, retirement planning

PMFS will carefully review all relevant materials pertaining to your specific consultation. Then you will be provided with a written summary that will reflect your current financial circumstances, your personal objectives and recommendations for you to consider.

The consultation services provided to you by PMFS are limited to the advice given and the information discussed during the single consultation, and any related follow-up, and may or may not require an in-depth financial plan.

PLAN IMPLEMENTATION

The services included in the planning process are limited to recommending strategies for the client to consider. Clients are in no way obligated to implement the strategies presented or use the products that may be recommended. In addition, clients who wish to implement all or portions of the plan are not obligated to do so through PMFS or its affiliations. Should the client choose to implement the recommendations contained in the client's plan or consultation, the implementation of those recommended strategies is entirely at the client's discretion. Implementation of some recommended products, especially insurance products, might pay reasonable and customary commissions to affiliated persons of PMFS. See additional disclosure throughout Schedule F.

OTHER PRODUCTS AND SERVICES

Robert Brooks, principal of PMFS is also a published author and noted public speaker. The books he writes may be offered for sale under PMFS and/or on his website, www.prudentmoney.com. Mr. Brooks may spend up to 25% of his time on writing and public speaking activities. In addition, Mr. Brooks writes a newsletter that is provided to clients of the firm at no additional charge.

Seminars are usually provided at no fee to the participant although the employer, in certain circumstances, may pay a fee for Mr. Brooks' time. Topics for the seminars vary but will normally cover areas such as stewardship, risks about investing in the stock market, managing debt and other general financial planning topics.

FEES AND COMPENSATION

The PRUDENT MANAGEMENT ACCOUNT Fee Schedule

PMFS charges an annual advisory fee based on a percentage of each account's assets under management. In addition, a transaction fee may apply to certain mutual funds, stocks, bonds and other securities. The minimum account size is normally \$100,000. Fees and account size may be negotiable based upon a number of factors including, but not limited to, the client's objectives, family or other related accounts, assets currently under management and the investment strategy employed. The fees are billed quarterly, in advance, based upon the market value of the assets under management, including accrued interest, at the end of each calendar quarter. The fee is based on a 90 day quarter and a 360 day year rather than actual days. The fee is determined by the total of all accounts under management not including assets invested in REITS or annuities. Fees will be debited from the account in accordance with the client authorization in the Investment Advisory Services Agreement. The management fee is calculated for each quarter based on the value of the account on the last business day of the prior quarter end and divided by four. Fee accounts that are opened on a day other than the first day of the calendar quarter or closed on a day other than the last day of the quarter will pay a prorated fee. The initial fee will generally be deducted from the clients' account at the beginning of the first full calendar quarter along with the set up fee and the fee for the first full quarter. The initial fee will be calculated based on the account opening value

upon the account being funded and prorated. Should a client wish to terminate his agreement with PMFS any fees charged in advance of the final quarter will be adjusted pro rata and refunded to the account from which it was charged. There may be other fees to cover portfolio setup, execution, brokerage and custodial costs. Applicable fee schedules are as follows:

Total Assets	One-time Portfolio Set-up And Consultation Fee**	On-going Management Fee
\$50,000 to \$500,000	\$200	1.50%
\$500,000 to \$1,000,000	\$200	1.00%
\$1,000,000 to \$1,999,999	\$200	0.85%
\$2,000,000 to \$2,999,999	\$200	0.70%
\$3,000,000 and Up	\$200	Negotiable

*** The up-front cost covers the portfolio set-up. It also covers any planning counsel that you need to get started. That covers any planning needs from debt to overall financial planning.*

Other Fee Based Investment Schedules

There are times when either the PMFS management process is not suitable for the client or the client does not meet the minimum asset requirements. In that case, a third party manager is offered as an alternative. The managers that PMFS uses as a third party practice tactical type investing and share the same philosophies as PMFS. They are not buy and hold investments. If this type of investment strategy is deemed a fit, an account would be opened and a fee of 3% of the total deposited account value is deducted from the account. Future deposits to this account will also have a fee of 3% deducted at the time of the deposit. This fee is not adjusted for withdrawals. PMFS recognizes that this fee may be considered excessive and higher than those fees charged by other investment advisers for a similar strategy.

Other Fees

TRANSACTION FEES

PMFS will be able to use the following mutual funds in the Prudent Management Account for No Transaction Fee

- Fidelity NTF No-load Funds
- Fidelity Low-load Funds
- Non-Fidelity NTF No-load Funds
- Non-Fidelity Load Funds at NAV/NTF
- Non-Fidelity Load Funds

The No Transaction fee (NTF) program includes over 2,500 no-load funds, including 70 Fidelity no-load funds.

Should it deem necessary for PMFS to use a fund not included in the list above a transaction fee would apply. Such fees are charged by the custodian, National Financial Services and PMFS does not receive any transactions fees. The fee schedule is a follows:

Mutual Fund

<u>Individual Trade Size</u>	<u>Commission (percent of principal)</u>
< \$5,000	\$13.00 + 0.60% of principal amount
\$5,001 to \$10,000	\$22.00 + 0.30% of principal amount
\$10,001 to \$25,000	\$30.00 + 0.15% of principal amount
\$25,001 to \$95,000	\$50.00 + 0.07% of principal amount
> \$95,001	\$120.00 + \$0.06% of principal amount

- Minimum \$29 ticket charge
- Schedule applies to purchases only, no transaction fees on sales

Fixed Income

Municipal Bonds	Competitive Basis
Government notes & bonds	Competitive Basis
GNMAs and CMOs	Competitive Basis
Corporate Bonds	Competitive Basis
Government order of 20 bonds or less	\$50.00
Government Auction Orders (regardless of size)	\$50.00
Government Treasury Bills (regardless of size)	\$50.00

Equities

Manual Trades Placed via Trading Desk:	
Minimum Commission per account	\$30.00
Commission per Share	\$0.06
(Regardless of trade size or allocation)	
Trades placed electronically via Advisor CHANNEL	
Minimum Commission per account	\$24.95
Commission per Share	\$0.03
(for every share over 1,000 shares)	

SHORT TERM TRADE FEES

Based on the policies and procedures of certain mutual fund companies and National Financial, penalties could be assessed against the assets held in a mutual fund in the event liquidation occurs within a stated holding period. As an example, National Financial (custodian of all client accounts) as of September 2004 has placed a 60-day holding period for most mutual funds. If mutual fund assets are sold within that 60-day holding period, a penalty would be assessed by National Financial. In addition to National Financial's fee, each mutual fund could also enforce a penalty during a stated time period. PMFS will not voluntarily liquidate a position that is in that holding period. If that does occur by mistake, the client will be reimbursed any fees that occurred as a result of the liquidation. If PMFS is instructed to sell assets as part of a withdrawal, any fees that occur as a result of the holding period will be assessed and charged to the client. PMFS will not be held responsible. All requested withdrawals will be taken as a percentage from each mutual fund in the portfolio in order to preserve the original allocation of the portfolio. If any additional fees by PMFS are charged for any other reason, client will be notified prior to any fees being assessed and obtain agreement from

client regarding the assessment of those fees. PMFS has no interest in the transaction fees.

OTHER FEES

Wire Fee	\$15.00
Trade-Away Fee	\$20.00
Foreign-Security Transfer Fee	Competitive Basis
Check Reorder	\$6.00
Account Close-out Fee	\$75.00 per account

The Personal Financial Planning Fee

Services may be offered at an hourly rate of up to \$200 per hour depending on the complexity of analysis and services to be provided as well as the experience of the person(s) providing the necessary services and research. Additionally, clients may be charged a reduced hourly fee of \$60 per hour for services performed by back office staff and administrative staff.

Details regarding the payment of the planning fee by the Client shall be set forth in the Personal Financial Planning Services Contract. A portion of the planning fee (up to 50%) may be due and payable at the time the Contract is signed with the balance of the fee due when the recommendations are completed and delivered. For plans that are expected to take longer than 6 months to complete, PMFS will invoice the client 25% of the balance due every 3 months with the remaining 25% payable as an initial deposit. With this in mind, PMFS will not require the prepayment of more than \$500 in fees by any client more than six months in advance of the planning services being provided. (Please note: If planning services are being provided throughout the six month time frame, fees of > \$500 may be due from the Client.)

The Personal Financial Planning Services Contract by and between PMFS and the Client may be cancelled at any time by providing written notice to the other party of their desire to cancel the agreement. In the event that the Client wishes to cancel the planning services prior to any services being performed, any advance payments shall be fully refunded to the client. If the Client cancels the agreement after PMFS has begun the services requested in the agreement, the Client shall be charged for the services completed and the remainder of any advance payments, if any, shall be refunded to the Client within thirty days.

General Information on Fees

The fee charged is calculated as described within the Form ADV Part II and is not charged on the basis of a share of capital gains or upon capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)).

All fees paid to PMFS 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 and will generally include a management fee, other fund expenses, and a possible distribution fee. The fund may also

impose sales charges. If so, the client may pay an initial or deferred sales charge. A client may invest in a mutual fund directly without the services of PMFS. In that case, the client would not receive the services provided by PMFS, which are designed, among other things, to assist the client in determining which investment management programs and money managers are most appropriate to the client's financial situation and objectives. The client should review both the fees charged by the funds and the fees charged by PMFS and the investment(s) chosen to fully understand the total amount of fees to be paid by the client. Only then will the client be able to fully evaluate the advisory services being provided.

Similar or different services may be available to the client from other advisers at prices that may be the same or higher or lower than those offered by PMFS. All fees and account minimums may be negotiated at the discretion of PMFS.

TYPES OF CLIENTS

Prudent Money Financial Services generally provides investment advice to Individuals, Pension and Profit Sharing Plans, Trusts, Estate, or charitable organizations, Corporations or business entities other than those listed above.

Prudent Money does not provide investment advice to Banks, thrift institutions or Investment companies.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Prudent Money Financial Services' security analysis methods include charting, fundamental, technical and cyclical. PMFS will utilize other sources of information, such as Morningstar and the Internet, and various analysis services.

The main sources of information used are financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Investment Strategies

The investment strategies used to implement any investment advice given to clients include long term purchases (securities held at least one year), short term purchases (securities sold within a year), trading (securities sold within 30 days, and short sales.

Types of Investments

Prudent Money Financial Services and its related persons may recommend or provide advice on the following types of investments: This may not be an all-inclusive list.

Equity Securities (exchange listed securities, securities traded over-the-counter, foreign issues)
Warrants
Corporate debt securities (other than commercial paper)
Commercial paper
Certificates of deposit
Municipal securities
Investment Company Securities (Variable life insurance, variable annuities, mutual fund shares)
United States government securities
Options contracts on securities
Interests in partnerships investing in real estate, oil and gas interests, low income housing and/or oil and gas
Equipment leasing
REITs (real estate investment trusts
CMOs (collateralized mortgage options)
529 plans

Risk of Loss

Mutual funds are **not** guaranteed or insured by the FDIC or any other government agency.

You can lose money investing in mutual funds.

Mutual fund share prices will fluctuate, so investors could lose money if they sell shares when prices have fallen.

Diversification does not ensure a profit or protect against a loss in a declining market.

Past performance is not a reliable indicator of future performance. But past performance can help you assess a fund's volatility over time.

DISCIPLINARY INFORMATION

None

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Miscellaneous Business Relationships

PMFS has a business relationship with the following companies:

- Purshe Kaplan Sterling Investments, Dallas, TX, Member FINRA, SIPC
- Borden Hamman Agency, Dallas, TX
- Ash Brokerage Agency, Dallas, TX
- Fidelity Investments Institutional Brokerage Group (IBG), Boston, MA

Advisors of PMFS may be registered representatives of Purshe Kaplan Sterling Investments (PKS) and insurance licensed under Borden Hamman Agency and/or Ash Brokerage Agency. PKS is not involved in the RIA aspects of the business, such as financial planning, investment selection, due diligence, etc.

PMFS and/or its associated persons may receive reasonable and customary commissions from the sale of insurance and investment products. As part of their normal business activities, associates of PMFS may spend approximately 10% of their time on these other business activities. Neither PMFS, nor its advisors, are associated with the aforementioned companies; instead, advisor has a business relationship with the companies. The insurance and securities business is on a commission basis and is not the principal business. However, the disclosure is provided since there is a conflict of interest for related persons of Advisor to offer insurance and securities products and vehicles since a commission could be received

CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRAINING

Code of Ethics

PMFS, in accordance with SEC rule 204 A-1, has adopted and enforces a written Code of Ethics whereby each employee and related person agrees to conduct business in accordance with the law and the ideals of PMFS. The PMFS Code of Ethics is available upon request.

PMFS, through its own account(s) or through accounts of its associated persons, may buy (own) or sell the same securities it recommends to clients. At no time is PMFS or its associated persons in a position to affect the price of the security other than through normal market fluctuation.

PMFS has adopted the North American Securities Administrators Association policy entitled “Unethical Business Practices of Investment Advisors.” This policy provides that a PMFS investment advisor shall not engage in unethical business practices, including the following:

- (a) Recommending to a client the purchase, sale or exchange of any security without reasonable grounds for believing that the recommendation is suitable based upon the client's investment objectives, financial situation and needs.
- (b) Exercising any discretionary power in placing an order for the purchase or sale of securities for a client without obtaining written discretionary authority from the client within ten business days after the date of the first transaction placed pursuant to the oral discretionary authority.
- (c) Inducing trading in a client's account that is excessive in view of the financial resources, investment objectives and character of the account.
- (d) Placing an order to purchase or sell a security for the account of a client without authority to do so.

- (e) Placing an order to purchase or sell a security for the account of a client upon instruction of a third party without first having obtained a written third party trading authorization from the client.
- (f) Borrowing money or securities from a client unless the client is a broker/dealer, an affiliate of the investment Advisor, or a financial institution engaged in the business of loaning funds.
- (g) Loaning money to a client unless the client is an affiliate of the investment advisor.
- (h) Misrepresenting prior performance by exaggerating successes and concealing losses or fees charged.
- (i) Misrepresenting to any advisory client, or prospective client, the qualifications of the investment advisor, or to misrepresent the nature of the advisory services being offered or fees to be charged for such service, or to omit any material fact necessary to make the statements made not misleading.
- (j) Providing a report or recommendation to any advisory client prepared by someone other than the advisor without disclosing that fact.
- (k) Charging a client a fee which is unreasonable in relation to fees charged by other advisors for similar services.
- (l) Failing to disclose to clients in writing before any advice is rendered any material conflict of interest relating to the advisor which could reasonably be expected to impair the rendering of unbiased and objective advice including:
 - (1) Compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; and
 - (2) Charging a client an advisory fee for rendering advice when a commission for executing the suggested securities transactions will also be charged.
- (m) Guaranteeing a client that a specific result will be achieved (gain or loss) with advice which will be rendered.
- (n) Publishing, circulating or distributing any advertisement which does not comply with the Investment Advisors Act of 1940 and state requirements.
- (o) Disclosing the identity, affairs, or investments of any client unless required by law to do so, or unless consented to by the client.
- (p) When the investment advisor has custody or possession of the securities or funds of a client, failing to:
 - (1) Segregate and properly mark securities of the client.
 - (2) Deposit the funds of the clients into separate bank accounts.
 - (3) Notify each client as to the place and manner in which his funds and securities are being maintained.
 - (4) Provide an itemized list of all securities and funds in the advisor's possession to the client at least every three months; and
 - (5) Verify annually on a surprise basis through actual examination by an independent CPA that the advisor's accounting of all funds and securities of the client is correct.
- (q) Entering into any investment advisory contract unless the contract is in writing and discloses the services to be provided, the term of the contract, the advisory fee, the formula for computing the fee, the amount of prepaid fee to be returned in the event of contract termination or non-performance, whether the contract grants discretionary

power to the advisor, and that no assignment of such contract shall be made by the investment advisor without the consent of the client.

Participation of Interest in Client Transactions

PMFS acts as broker or agent to effect securities transactions for compensation for any clients. PMFS may buy or sell for itself securities that it also recommends to its clients

BROKERAGE PRACTICES

Research and Other Soft Dollar Benefits

PMFS does not allow Soft Dollar trades.

PMFS may receive access to product research, services, technology, and other educational information to help them operate efficiently, grow their business and deliver exceptional service to clients. PKS, IBG, Borden Hamman Agency, Ash Brokerage Agency, or other Investment companies that PMFS does business with may provide some or all of these services. No client is charged “extra” for these services and the information received may be used to benefit all clients of PMFS.

Brokerage for Client Referrals

PMFS does not receive client referrals from a broker-dealer or third party and does not have an incentive to select or recommend a broker-dealer based other than the clients’ interest in receiving the most favorable execution.

Aggregate the Purchase or Sale of Securities

PMFS submits trades in managed brokerage account to the Institutional Platform at Fidelity Investments. Through Fidelity’s Advisor CHANNEL trade order management functionality processes individual and lists of equity and mutual fund orders, including block equity orders, in real time. Equity trade orders are transmitted directly to Fidelity’s mainframe computer system, which verifies that the orders pass standard trading and accounting requirement and the routes them directly to the markets. This direct-to-market trade order capability virtually eliminates the potential for errors and delays associated with manual processing, and enables PMFS to place orders closer to the market close. It has been PMFS practice to not aggregate the purchase or sale of securities because Fidelity’s Advisor CHANNEL trade order management trades individual as well as aggregate in real time.

REVIEW OF ACCOUNTS

PMFS offers an annual review meeting with each client that holds a Prudent Management Account. An offer is made to each client that at any time they feel their economic condition, goals, or objectives have significantly changed to warrant a review they may

contact PMFS to schedule a review meeting. PMFS is available for questions over the phone at any time. In some cases, with the client's consent, a phone conference will suffice for an annual review.

Fidelity IBG sends monthly reports of account balances and transactions to each Prudent Management Account owner. Upon request, PMFS will provide any additional reporting necessary to satisfy the clients need.

CLIENT REFERRALS AND OTHER COMPENSATION

Certain of PMFS's associated persons are also registered representatives of Purshe Kaplan Sterling Investments, a registered Broker/Dealer (PKS) and, as such, may effect securities transactions through PKS on behalf of their clients. In such instances, the related persons may receive commissions, mark ups, markdowns, 12b-1 fees or other sums for any securities transactions placed through PKS. Clients are advised that they are not required to effect their securities transactions through PKS, commission for securities paid pursuant to a prospectus will be the same. However, commissions, or fees for other securities transactions may be higher or lower if placed through PKS than if placed through another broker-dealer. PKS provides related persons/registered representatives with due diligence, compliance information and regulatory review. Furthermore, all securities transactions made on behalf of a client and placed through PKS are reviewed and approved by PKS supervisory principals as required by the FINRA.

Additionally, certain of PMFS's associated persons are insurance agents with Borden Hamman Agency and/or Ash Brokerage Agency and possibly, other insurance companies. Any insurance product placed through these related persons may generate standard and customary insurance commissions, a portion of which may be paid to the related persons.

In most cases, PMFS or its related persons (Advisors) will recommend products to the advisory client available through PKS, on which they may receive commissions, if such products are found to be suitable for such client objectives. This is fully disclosed to the client at the time of entering into an advisory contract.

While these individuals endeavor at all times to put the interest of the clients first as part of PMFS's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations.

CUSTODY

PMFS chose Fidelity Investment Institutional Brokerage (IBG) to be the custodian because they were highly competitive in their transaction fees and offered such a wide array of non transaction fee funds to be used in client accounts. Fidelity IBG also provide Advisor Channel software to PMFS to monitoring and trading of PMFS

accounts. Fidelity Investments Institutional Brokerage (IBG) will be used to execute trades in client investment accounts at the discretion of Applicant and performs clearance of same. IBG will serve as the broker/dealer and the custodian of the securities in the Client's managed accounts. Clearing, custody or other brokerage services may also be provided by National Financial Services, LLC, Member NYSE, SIPC. (IBG) is not a related person to Applicant but the arrangement is material to Applicant's advisory business.

INVESTMENT DISCRETION

PMFS accepts discretionary authority to manage securities on behalf of clients. Clients will execute the PMFS Investment Advisory Agreement which grants PMFS trading authorization with respect to the purchase and sale of securities in Client's account.

PMFS will have the authority to determine, without obtaining specific client consent, securities to be bought or sold and the amount of the securities to be bought or sold. While it is assumed that the advisory client will purchase any insurance and investment products from the financial planner, the client is under no obligation to do so, as outlined in the advisory contract. The client pays the same fee for advisory services regardless of which financial planner is used, and whether or not products are purchased from the financial planner. The client also pays the same price and commissions for products, whether or not a financial plan was provided to the client by PMFS (for Modular Financial Advisement services). Generally, associated persons of PMFS recommend PKS as a broker/dealer for investment products and Ash Brokerage Agency or Borden Hamman Agency for insurance contracts. Should clients choose to use another broker/dealer or investment adviser, the client may pay more or less than the fees associated with the same or similar purchased through PMFS and its affiliations.

PMFS understands and acknowledges that at all times it owes a fiduciary duty to clients to obtain best execution for their transactions. We believe that our relationships with these companies help us to execute securities transactions for clients in such a manner that the client's total cost in each transaction is as favorable as possible under prevailing market conditions.

In some instances, commissions paid by the client may be charged at less than "full commission" for individual securities or bonds. In addition, some mutual funds may be purchased at NAV (net asset value or "no" commission) when purchased with an advisory account.

VOTING CLIENT SECURITIES

PMFS is precluded from voting proxies for securities held in their client accounts and will not be required to take any action or render advice with respect to the voting of proxies.

PRINCIPAL EXECUTIVE OFFICER

Education and Business Standards

All associates of PMFS that perform research functions or monitor client accounts will have a college degree or equivalent work experience in the investment, financial services or accounting arena. In addition, all associates will be appropriately securities or insurance licensed if required.

Education and Business Background

Robert Paxton Brooks CRD#2257109

Business Experience:

- Principal, RpBrooks Financial, Inc., dba Prudent Money Financial Services, Irving, Texas 06/92 to Present
- Registered Representative, Purshe Kaplan Sterling Investments, Dallas, TX 01/04 to Present
- Registered Representative, Commonwealth Financial Network, Dallas, TX 11/00 to 01/04
- Investment Adviser Rep., Commonwealth Financial Network, Dallas, TX 11/00 to 01/04
- Investment Adviser Rep., Lincoln Financial Advisors, Dallas, TX 06/92 to 12/00

Education:

- 2001, Registered Financial Consultant
- Series 7, General Securities Representative, 1994
- Series 63, Blue Sky Licensing, 1992
- BBA in Financial Services, Baylor University, 1990

Year of Birth: 1966