

**Part 2A of Form ADV: Firm Brochure**

**Item 1 Cover Page**

**Prosperity Investment Advisors, Inc. Brochure**

**September 6th, 2023**

**Contact Person: Stephanie Burris**

**Address: 8832 Portico Lane**

**Longmont, CO 80503**

**Phone: 303-776-4562**

**This brochure provides information about the qualifications and business practices of Prosperity Investment Advisors, Inc. If you have questions about this brochure, please contact us at 303-776-4562. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by the State of Colorado.**

**We look forward to another year of servicing clients and long-term relationships!**

**Item 2 Material Changes**

1. The Custodian, Broker Dealer the firm works with primarily was TD AMERITRADE. TD AMERITRADE and CHARLES SCHWAB AND CO have merged and client accounts previously at TD AMERITRADE are now at CHARLES SCHWAB AND CO.

### Item 3 Table of Contents

Item	Page Number
<b>1. Cover Page</b>	<b>1</b>
<b>2. Material Changes</b>	<b>2</b>
<b>3. Table of Contents</b>	<b>3</b>
<b>4. Advisory Business</b>	<b>4</b>
<b>5. Fees and Compensation</b>	<b>5</b>
<b>6. Performance Based Fees and Side-By-Side Management</b>	<b>7</b>
<b>7. Types of Clients</b>	<b>7</b>
<b>8. Methods of Analysis, Investment Strategies and Risk of Loss</b>	<b>7</b>
<b>9. Disciplinary Information</b>	<b>8</b>
<b>10. Other Financial Industry Activities and Affiliations</b>	<b>9</b>
<b>11. Code of Ethics, Participation or Interest in Client Transaction and Personal Trading</b>	<b>9</b>
<b>12. Brokerage Practices</b>	<b>10</b>
<b>13. Review of Accounts</b>	<b>13</b>
<b>14. Client Referrals and Other Compensation</b>	<b>13</b>
<b>15. Custody</b>	<b>13</b>
<b>16. Investment Discretion</b>	<b>13</b>
<b>17. Voting Client Securities</b>	<b>13</b>
<b>18. Financial Information</b>	<b>14</b>
<b>Education, Business Background, Other Business Activities</b>	<b>14</b>

#### **Item 4 Advisory Business**

Prosperity Investment Advisors, Inc. offers investment advice through asset management and financial planning services. It was founded by Stephanie Burris, in November of 2008. We help clients with investment and general financial decisions. We consider key factors that are specific to a client's situation such as age, tax situation, income level, income security, investment experience, risk tolerance, goals, and family and estate planning considerations. This is done through a series of meetings to understand the client's needs and goals and any issues that may require special consideration

Clients may request to avoid certain kinds of individual stocks or to weight holdings towards environmentally or socially responsible companies.

Assets Under Management: As of September 2023

Prosperity Investment Advisors manages \$12.0 Million in assets on a non-discretionary basis. The term non-discretionary means that the customer agrees to the strategy and the when, what, and how much of the securities we will transact. We offer clients investment options and try to educate clients on the pros and cons, and risks and rewards of any given investment class. We do not manage any assets on a non-discretionary basis as of this date.

We offer an Asset Management Service, Financial Planning Services, and consulting to corporations for Profit Sharing Plans.

## Item 5 Fees and Compensation

Fees are based on the type of service provided. All fees are billed in arrears.

**Firm Managed Assets:** These are assets in which the advisor has direct access to view the account and acts as the client's agent in placing trades and transactions such as bank transfers and IRA distributions. Fees for such accounts that are managed by the firm are deducted directly from the clients account on a semi-annual basis. They are calculated as a percentage of assets in the household. The fee is calculated on the month end balance. Withdrawals and additions during the month will be prorated for the percentage of the month that the assets were in the account based on a 30-day month. The minimum annual fee for managed accounts is \$250 or 62.50 per quarter.

### Fee Schedule:

Household Asset Total	Annual Advisory Fee
\$20,000 to \$100,000	1.5%
\$100,000- \$2,000,000	1%
\$2,000,0000	Negotiable

Example of Fee Calculation				Quarterly Fee
Account Values	May	June	July	
Client IRA	71,000	71,000	74,000	
Client Account (Taxable)	29,000	29,500	29,800	
<b>Total Client Household assets</b>	\$ 100,000	\$ 100,500	\$ 103,800	
<b>Fee of 1% per year, calculated on month end balance. .01 divided by 12 months equals</b>	0.00083	0.00083	0.00083	
<b>One twelfth of 1% is calculated on each monthly balance and billed quarterly or semi-annually or annually.</b>	\$ 83.33	\$ 83.75	\$ 86.50	253.58

### Hourly Services:

**Hourly Rate: \$195 per hour.** Any discount to the hourly rate is at the sole discretion of the Adviser. Hourly fees are due upon completion of work. This will apply to assets that are not under adviser's management.

**Non-Firm Managed Assets, also known as Held Away Assets:** For assets that are not managed by the firm for which a client would like advice or analysis, an asset analysis service is offered. We can help you

- Assess and benchmark the performance of these assets by reviewing third party reports and portfolio analysis through sources such as Morningstar, Thomson Reuters, S&P
- Select from investment choices in a 401K or other work sponsored plan.
- Help you understand the investment choices available in your annuity or 529 Plan
- Discuss risks of the assets based on current market conditions

**Financial Planning Services:** For clients that are in need of financial planning services or assistance with specific decisions, we are happy to offer hourly financial planning services without asset management. Often people want to continue to manage their own assets, but they want an unbiased opinion on how to budget for a goal, what savings vehicles to use, what kind of investments to make, whether to refinance their loan, etc.! Many clients want a retirement or college planning check up. They want to know if they are on track.

We help clients by taking in data and performing financial calculations with planning software and calculators that can help direct these decisions. We use some of the many calculators that are on the web to perform these calculations.

Financial Planning Questions may cover the following types of questions:

- Where do I stand regarding retirement? Am I on track?
- How much can I convert from my traditional IRA to a Roth IRA?
- How much do I need to contribute to my child's college plan?
- How should I allocate my assets?
- I have three kinds of debt, which ones should I pay down first or refinance?
- I have company stock options and stock purchase...Which shares should I exercise?
- Estate planning in conjunction with an Attorney or C.P.A.

**Client Collaboration:** Clients will be asked to provide all relevant data required for the analysis. This includes information covering assets and debts, income, and taxes to determine your options. These are critical inputs to the planning process. The client is responsible to notify the Advisor of any material changes to their financial situation or objectives that may impact the focus of the plan.

**Deliverable:** We will discuss the advice and options you have. I will provide a written recommendation where applicable to summarize the advice. At no time are clients who purchase hourly advice obligated to implement the advice with Prosperity Investment Advisors, Inc., or any other firm. Implementation is at your discretion and is up to you to perform.

**No Third-Party Payments:** All compensation that Prosperity Investment Advisors earns is paid by clients and agreed by clients. We do not obtain any compensation from third parties including commissions, referral fees, revenue sharing, brokerage fees, account maintenance fees or any others. This allows us to provide independent advice by utilizing all types of

investments and not being restricted to or tied to a particular mutual fund company, insurance product, ETF fund, etc. We want to avoid the conflicts of interest that may incentivize other advisors to recommend investments that are more profitable to the advisor or broker than to the client.

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

We do not accept any performance-based fees. Not applicable.

**Item 7    *Types of Clients***

**There are four types of clients we service:**

- 1. Individuals and Families**
- 2. Trusts**
- 3. Corporations**
- 4. Profit sharing plans**

Our minimum account size and household size is \$20000 for the firm asset management service. We do make exceptions for long term relationships and for clients who have fallen on hard times and may not be able to maintain their savings plan. For example, sometimes we start a new type of account or a long-term Roth conversion process that will mean that we are shifting assets between accounts as tax strategy permits.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

**Investment Risk:** Investing in stocks and bonds, ETFs, mutual funds, and annuities involves risk of fluctuation in value and risk of loss. The price or value of everything fluctuates based on supply and demand and securities also work this way. Staying in cash also has risk because that cash will usually lose purchasing power every year due to inflation.

We try to build a portfolio of many different asset classes because not all assets will perform at one time. This will smooth out returns and reduce volatility in your portfolio. Asset allocation has historically improved returns. For example, in the 2008 crisis, not all bonds performed the same! Treasuries at one point had a negative rate of return as the price went up due to demand for safety and corporate bonds and high yield corporate bonds were delivering high yields due to price unprecedented price depreciation because the banks and individuals were selling them at record rates. If one held these types of bonds without treasuries, your portfolio would have taken a hard, temporary dive however, for people who held many types of assets, they saw them recover at different rates based on the more fundamental outlook for the security. I remain a strong proponent of asset allocation despite the fact that during the 2008 banking crisis, we had a complete downturn in nearly all asset classes. There are things we can do to protect clients from these downturns, such as trade limits and utilizing cash or certificates of deposit for money that is required within 1-2 years for income.

I use third party analysis and news to perform analysis. I typically utilize three sources for information on individual stocks to create my own opinion and understanding of the outlook for the stock. Sources include

- Financial reporting and opinions
- Third party analysis, reports, and rating services
- Corporate rating services
- Annual reports, prospectuses

These sources include

- Charting



- Fundamental and accounting based analysis
- Technical trends
- Cyclical trends

For example, let's say that we have a client that want to purchase a transportation stock that is at a multi-year high price. We review the data and see that it has downward momentum (more people selling), and it is facing cyclical headwinds such as higher fuel prices and their fundamentals do not look good with high costs, dropping revenues and poor ability to pass price increases to the consumer. We would conclude that this is not a good investment.

**Strategy:** I use long term purchases of both actively managed investments (mutual funds) and passively managed investments like index ETFs in a portfolio so that we minimize trading costs and tax consequences. However, we do use a more defensive strategy with many stocks and ETFs so that we can programmatically protect gains in client accounts using stop limit orders. This way we may segment the portfolio by very long-term holdings (mutual funds of stocks and bonds) and more short-term money for which we are seeking upside with a downside limit. The use of such stop limit orders can result in very short-term holding periods. ETFs are often used by very active traders and thus can be more volatile than mutual funds, but you can exit them programmatically at any point in the day. This contrasts to a mutual fund for which you can only exit at the close of the trading day. I also try to overweight certain sectors or asset classes based on cyclical trends in the economy.

## **Item 9 Disciplinary Information**

There have been no disciplinary or legal events against my corporation or the owners.

## **Item 10 Other Financial Industry Activities and Affiliations**

Prosperity Investment Advisors, Inc. recommends that clients execute their securities transactions through Charles Schwab and CO for Firm managed assets. This is a material relationship for our firm. Please refer to "Item 12 Brokerage Practices" for more detail.

## **Item 11 Code of Ethics, Participation, or Interest in *Client* Transactions & Personal Trading**

***CODE OF ETHICS AND PERSONAL TRADING:***

The Adviser has adopted a Code of Ethics based upon the principle that officers of the Adviser owe a fiduciary duty to clients for which the Adviser acts as investment adviser or subadviser. Accordingly, officers and employees of the Adviser are responsible for conducting personal trading activities in a manner that does not interfere with a client's portfolio transactions or take improper advantage of a relationship with any client.

The fundamental position of the Adviser is that, in effecting personal securities transactions, personnel of the Adviser must always place the interests of clients ahead of their own pecuniary interests. All personal securities transactions by these persons must be conducted in accordance with the Code of Ethics and in a manner to avoid any actual or potential conflict of interest or any abuse of any person's position of trust and responsibility. Further, these persons should not take inappropriate advantage of their positions with or on behalf of a client.

Employees of the firm are generally precluded from buying or selling securities for their personal portfolio(s) if their decision is substantially derived, from information obtained through his or her employment unless the information relating to the investment decision is also available to the investing public on reasonable inquiry.

Officers must abide by and act in accordance with all applicable Federal and State regulations. Individuals who fail to comply with the firm's policies and procedures may be subject to sanctions and disciplinary action, including termination of employment.

The Adviser's policy allows employees to maintain and trade in personal securities accounts provided any personal investing by an employee in any accounts in which the employee has a beneficial interest, including any accounts for any immediate family or household members, is consistent with the Adviser's fiduciary duty to its clients and consistent with regulatory requirements.

The key elements of the Adviser's Code of Ethics can be summarized as follows:

- The Adviser expressly prohibits any employee from placing his or her interests ahead of its advisory clients.
- The Adviser's employees are not permitted to benefit at the expense of a client with respect to a transaction in a security they own on the same day any client purchases or sells the same security, except for certain inadvertent simultaneous transactions exempted by the President or Chief Compliance Officer.
- All employees' reports of personal securities transactions are reviewed for compliance with the Adviser's Code of Ethics.
- The Adviser's employees are required to hold securities for a minimum of 15 days (except for money market funds) unless an extenuating circumstance justifies the granting of an exemption by the President and Chief Compliance Officer.
- The Adviser's employees are prohibited from serving on the Board of Directors of any public company including mutual fund Boards of Directors/Trustees. For outside employment, the Adviser's employees are prohibited from advising clients on the stocks of these companies or trading outside of an employer stock account.
- The Adviser's employees may not give or accept gifts and entertainment that are inappropriate or could be seen as overly generous or which could influence employee decision-making.
- The Adviser's employees may buy individual securities such as stocks or individual bonds in their own account that they also recommend to clients provided that they disclose their interest in the security to the client. For example, we recently recommend some REITs that we are also recommending to clients. The officer, Stephanie Burris, tells clients that she owns these, and this could be a conflict of interest.

- A complete copy of Adviser's Code of Ethics is available upon request.

## **Item 12 Brokerage Practices**

### **Suggestion of Broker to Clients for Firm Managed Asset Service Only and Soft Dollar Benefits to Advisor:**

Advisor may recommend that Clients execute their securities transactions through firms such as CHARLES SCHWAB & CO or another. Advisor participates in the CHARLES SCHWAB & CO customer program. CHARLES SCHWAB & CO is a member FINRA/SIPC ("CHARLES SCHWAB & CO"), is an unaffiliated SEC-registered broker-dealer and FINRA member.

While we do not share in a portion of fees that CHARLES SCHWAB & CO collects from clients for transactions in their accounts, we do benefit from using this single platform to help operate our business. These benefits are known as soft dollar benefits, and they may incent us to choose one brokerage firm over another.

The use of the CHARLES SCHWAB & CO Schwab Alliance Advisor platform for our firm managed asset service facilitates the operation of my business in these ways:

- Simplified operational procedures and transactions
- Easier account record keeping and transactions
- Obtaining third party research and proprietary CHARLES SCHWAB & CO research that we don't pay for directly
- Access to mutual funds with lower fee structures and lower initial investment levels for my clients than would otherwise be available to them in a retail brokerage platform

Managing client accounts at many brokerage firms would make us less efficient and would consume valuable time we need for servicing clients. We use these soft dollar benefits, specifically, research for all clients. We also access research for free from many other sources. We do not seek to allocate soft dollar benefits to clients proportionately by account size or the number of transactions the client performs. We simply seek to provide the best individual advice to each client possible. A client with more investments will benefit from more usage of the research offering.

Neither the officer of the company, Stephanie Burris, nor any related persons have obtained any unique investment products or services or discounts in our own accounts from this relationship. We participate in the same research and investments that clients do.

Our firm obtains a group errors and omissions insurance policy, and we buy research from Morningstar through a program with CHARLES SCHWAB & CO. In the case of the Morningstar research, this allows us to pull current customer portfolio data from their TDA accounts to provide an investment allocations snapshot for the client. We have not priced this independently.

Not all advisers recommend that clients direct them to execute transactions through a specified broker-dealer. The client may be able to obtain lower cost or faster trade execution elsewhere, especially if the adviser is able to aggregate transactions for many clients together. An example of this would be a mutual fund company that aggregates trades for a stock to all clients in the fund and lowers costs to all participants.

How did we choose CHARLES SCHWAB & CO?

When we started our business, we looked for an institutional brokerage platform that would provide open investment choices, competitive transaction and fee structures, good research, and reliable execution of trades for clients. We also looked for sound financials and a firm that was likely to stay in business for the long haul. We reviewed Fidelity, Charles Schwab and TD AMERITRADE, Inc. and found they were substantially equal in costs charged to clients and the services that they offered the advisor with one exception. The VEO TD AMERITRADE software available to advisors for the account management platform was superior. We selected TD AMERITRADE for this reason. They subsequently merged with CHARLES SCHWAB & CO, further reducing client transaction costs. Upon review of the merger plans and new platform, we did not believe there was a superior alternative for clients in cost or service compared to the hassle of transferring their cost basis, and the challenge of changing to another electronic account viewing platform for the client. Clients would have to reconnect their bank accounts as well. This is a lot of disruption for clients and the firm. A client is free to move to another Custodian at any time and we can still provide services for them.

CHARLES SCHWAB & CO offers services to independent investment advisors and their clients, which include custody of securities, trade execution, clearance, and settlement of transactions. Adviser receives some benefits from CHARLES SCHWAB & CO through its participation in the program. CHARLES SCHWAB & CO may charge commissions (ticket charges) for executing Adviser's transactions. With respect to investment advisory accounts, Adviser does not receive any part of these separate charges and transaction costs are not absorbed by Adviser, as described earlier.

Adviser may recommend/require that Clients establish investment advisory accounts with CHARLES SCHWAB & CO to maintain custody of Clients' assets and to effect trades for their accounts. CHARLES SCHWAB & CO may provide Adviser with access to their institutional trading and custody services, which are typically not available retail investors. CHARLES SCHWAB'S services include brokerage custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Adviser's Clients' accounts maintained in their custody, CHARLES SCHWAB & CO does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees or securities trades that are executed through the firm. 529 plans and annuities are held with outside parties.

CHARLES SCHWAB & CO may also make available to Adviser other products and services that could benefit Adviser. These types of services will help Adviser in managing and administering Client accounts. These include software and other technology that provide access to Client account data (i.e.,

trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of Adviser's fees from its clients' accounts; and assist with back-office functions, record-keeping, and Client reporting. Many of these services may be used to service all or a substantial number of Adviser's accounts.

The client's broker, insurance company, fund company etc maintains custody of the client's assets and performs functions such as producing tax documentation, providing online access to accounts and the production of monthly statements. However, because we deduct fees directly from client accounts via an agreement with the client, this is considered constructive custody. In our Firm managed Asset program when Client fees are deducted from asset accounts by the third-party custodian there are constraints on advisers' access to funds by the custodian. Fees must be no more than 3% of the value of the account. If fees are more than this limit, client must provide a signed document permitting a greater payment.

Brokerage for Client Referrals: We do not receive any brokerage-based client referrals.

### **Item 13 Review of Accounts**

Stephanie Burris, President, will conduct a review of a client's firm managed assets on a semi-annual basis and more frequently should economic or client circumstances trigger the need for an additional review. She will review the account and the asset allocation by viewing the account and reviewing recent third-party research on the investment. Should a change be indicated, she will contact the client and recommend a change or discussion of options. Clients shall meet with Stephanie by phone or in person at least once annually for a full discussion of their account, goals and needs.

Examples of economic conditions that would trigger a non-periodic review would be a more than 8 to 10% correction in the stock market, a major change in Federal Reserve interest rate policy, a recession or sovereign country default.

At the one-year review, we may provide a Morningstar Portfolio report for all your holdings that will detail performance of the portfolio and key facts about the securities, along with a rating from Morningstar if available. If you own stocks, we may also provide third party analyst reports such as by S&P or Thomson Reuters analysts. Recommendations for changes will be discussed and agreed with the client.

Such review of non-firm managed assets can be done upon request of the client.

## Item 14 Client Referrals and Other Compensation

We do not gain any economic benefit in the form of hard dollar benefits such as sales awards or sales prizes from anyone in exchange for providing investment advice to our clients. We are paid by our clients. Please refer to section Item 12 “Brokerage Practices” to learn about the economic benefit of soft dollar benefits.

We do not compensate anyone for referrals.

## Item 15 Custody

The Client’s Broker, Annuity Insurance company, or mutual fund company will maintain custody of the client account. Clients will receive transaction confirmations and quarterly or monthly statements from their account custodians. Collectively, these reports will list client’s account holdings, transactions and fees paid to Adviser.

Note that as of March of 2011, The State of Colorado considers advisers who directly deduct fees from client accounts to have “constructive custody” of the client’s account. This means they have access to bill their fees from client accounts. All clients with firm managed assets are now considered to have constructive custody. We recommend that clients closely review statements. CHARLES SCHWAB & CO sends listing all transactions and fees charged directly to the Client's account for the time period. We will send our invoice in the mail so that you can compare these documents. We do not send monthly account statements.

## Item 16 Investment Discretion

Currently, we do not have any discretionary agreements with clients to provide authority to select securities without specific Client consent. However, we do have a limited power of attorney to act on behalf of clients to place transactions in their accounts at CHARLES SCHWAB & CO or in the Virginia College Savings Plan known as College America. To set up this capacity, clients execute a contract with the firm and fill out an account application at the respective custodian indicating that they provide the Adviser with limited power of attorney.

## Item 17 Voting *Client* Securities

We do not vote for clients for securities they own.

## Item 18 Financial Information

Prosperity Investment Advisors, Inc. bills all fees in arrears. The company is an S Corp and as such, all income and loss passes directly through to the owner, Stephanie Burris.

## Item 19 Requirements for State-Registered Advisers

### **Education and Business Background**

#### **Stephanie Burris**

##### Experience

Stephanie Burris has been assisting clients with investment decisions since 2005

- Prosperity Investment Advisors, Inc., President, and Chief Compliance Officer, 2008 to Present
- Agilent Technologies, Inc./Viavi Solutions, Marketing Program Manager, 2008-2023
- Edward Jones and Company, Registered Representative, and Investment Advisory Representative, 2005-2008
- Agilent Technologies, Inc., Marketing Manager, Expert Level, 1999-2005
- Hewlett Packard Company, Financial and Business Analyst, 1996-1999

##### Education and Professional Licensing

- Thunderbird School of Global Management, Master of Business Administration, 1995
- University of Arizona, BS in Finance and Marketing, 1993
- Series 7, 63, 66 exams
- College for Financial Planning, Accredited Asset Management Specialist (AAMS)

### **Other Business Activities**

Ms. Burris has historically worked as a marketing professional and may do so in the future. Ms. Burris is a volunteer on the CITY OF LONGMONT Art In Public Places Commission and has volunteered from time to time for St. Vrain Valley Schools. She will volunteer during business hours.