

DISCLOSURE BROCHURE

COVER PAGE
THE INVESTMENT ADVISORS ACT OF 1940 RULE 204-3
FORM ADV PART 2A

IARD/CRD #: 133443
SEC File #: 801-68140

SARA-BAY

FINANCIAL CORP

REGISTERED INVESTMENT ADVISOR

2201 Cantu Court, Suite 217
Sarasota, Florida 34232

Toll: 800.373.2917
Tel: 941.371.8027
Fax: 941.373.8314

www.Sara-Bay.com
info@Sara-Bay.com

ITEM 1

This Disclosure Brochure provides information about the qualifications and business practices of Sara-Bay Financial Corp., which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Sara-Bay Financial Corp. is also available on the SEC's website at www.adviserinfo.sec.gov.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.

BROCHURE
DATED

1
JANUARY
2011

MATERIAL CHANGES

ITEM 2

There have been no material changes made to this document since the last revision date indicated on the cover of this Disclosure Brochure.

TABLE OF CONTENTS

Advisory Business	4
Who We Are	4
Our Mission	4
What We Do	4
How We Get to Know You	5
Fees & Compensation	5
Portfolio Management Fees	5
Protocols for Portfolio Management Services	6
Termination of Portfolio Management Services	7
Performance-Based Fees & Side-By-Side Management	7
Types of Clients	7
Methods of Analysis, Investment Strategies & Risk of Loss	7
Methods of Analysis	8
Investment Strategy	8
Disciplinary Information	9
Other Financial Industry Activities & Affiliations	9
Independent Insurance Agents	9
Code of Ethics, Participation or Interest in Client Transactions & Personal Trading	9
Code of Ethics	9
Client Transactions	10
Insider Trading	11
Brokerage Practices	11
Custodial Services	11
Direction of Transactions & Commission Rates (Best Execution)	12
Review of Accounts	12
Client Referral & Other Compensation	12
Custody	12
Investment Discretion	13
Securities & Amount Bought or Sold	13
Voting Client Securities	13
Financial Information	13
Requirements for State-Registered Advisors	13

ADVISORY BUSINESS

Who We Are

Sara-Bay Financial Corp. (hereinafter referred to as, "the Company", "we", "us" and "our") is a registered investment advisor¹ incorporated as a Florida corporation in November of 1993. We offer portfolio management services designed to help you, our client², achieve superior investment returns.

Owners

The Company is controlled by the following persons:

Name	Title	CRD#
J. Michael Hard	President & Chief Compliance Officer	236707
Benjamin M. Hard	Vice President	4362335

Assets Under Management

As of December 31, 2010, our assets under management totaled:

Client Discretionary Managed Accounts..... \$54,730,000

We do not offer non-discretionary investment management services.

Our Mission

Our mission is to manage your investable assets and to assist you in making intelligent, informed decisions on how best to achieve long-term growth and capital appreciation in your investment portfolio. We maintain one overall objective - structure and implement investment strategies designed to maximize wealth, maintain investment expectation and minimize risk.

What We Do

We specialize in active asset management using diversified portfolios of primarily equity ("stock") positions and fixed income ("bond") instruments. Depending on our security analysis, company earnings expectations, and market research, your investment portfolio will consist of those securities that we feel can beat popular market indices over a complete market cycle.

In accomplishing your investment objectives we will: (i) create tailored investment strategy; (ii) implement the designed investment strategies for investment management, asset allocation and timing services; and, (iii) monitor the investment performance of such management strategies.

¹ The term "registered investment advisor" is not intended to imply that Sara-Bay Financial Corp. has attained a certain level of skill or training. It is used strictly to reference the fact that we are "registered" as a licensed "investment advisor" with the United States Securities and Exchange Commission - and with such other State Agencies that may have limited regulatory jurisdiction over our business practices.

² A client could be a high net worth individual and their family members, a family office, a foundation or endowment, a charitable organization, a corporation and/or small business, a trust, a guardianship, an estate, another fiduciary, a retirement plan, or any other type of entity to which we choose to give investment advice.

For more information on our investment strategies, see Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss" below.

How We Get to Know You

We get to know you through one-on-one consultations to discuss issues such as your current income and expenses, career, personal goals, investment return expectations and prior investment experience.

With the complexity of today's marketplace, it is critical for us to understand who you are and what you want to accomplish financially. We must have a clear picture of your unique financial composition and risk tolerance so that we can develop a successful investment plan and tailored asset allocation guideline.

Our meetings with you to discuss your finances will help to eliminate much of the guesswork in achieving the security and independence you desire and simplify your financial alternatives. In return, we will have:

- ❖ Defined and narrowed objectives and investment options;
- ❖ Identified areas of greatest distress;
- ❖ Developed a strategy for addressing concerns about the future;
- ❖ Cultivated peace of mind; and,
- ❖ Created a unique picture of your overall economic personality.

Once your financial parameters have been identified, we will prepare an investment plan that outlines what asset mix is most suitable for your unique investment expectations and risk tolerance. This investment plan will guide us in the management of your account(s), and as a standard against which to measure future results and to make modifications where necessary.

FEES & COMPENSATION

ITEM 5

Portfolio Management Fees

Portfolio management is provided on an asset-based fee arrangement. Our management fee is calculated based on the aggregate market value of your account on the first business day of the new calendar quarter multiplied by one-fourth of the corresponding annual percentage rate (i.e., $1.50\% \div 4 = 0.375\%$).

We retain discretion, within each tier, to negotiate the management fee lower on a client-to-client basis depending on the size, and complexity of the portfolio managed. Generally, fee breaks occur as assets in your portfolio increase past the following tiers:

Account Value	Annual Fee Rate Not to Exceed
Up to \$150,000	1.50%
\$150,001 to \$500,000	1.35%
\$500,001 to \$1,000,000	1.25%
Over \$1,000,000	1.00%

There is no absolute minimum investment required to open a portfolio management account. However, every portfolio account is subject to a minimum annual fee charge of \$1,000 (\$250 billed quarterly). Therefore, managed accounts with assets less than \$67,000, can experience higher annual percentage fees (e.g., a managed account of \$50,000 with a minimum annual fee charge of \$1,000, will translate into an annual fee rate of 2.00%). Consequently if your account is less \$67,000, you might be able to contract with another investment advisor for equivalent service at lower costs.

The portfolio management fee will be fully disclosed to you in an Investment Advisory Agreement prior to conducting any investment management services.

Protocols for Portfolio Management Services

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) managing your account; (ii) withdrawing funds from your account(s); (iii) your bill for investment services; (iv) other fees charged to your account(s); and, (iv) termination.

Discretion

We will establish discretionary trading authority on all management accounts to execute securities transactions at anytime without your prior consent or advice.

Billing

Your account will be billed quarterly in advance based on the aggregate fair market portfolio value of the assets in your account on the first day of the new calendar quarter. For the first billing quarter, if the management account was not opened at the beginning/end of the quarter, the fee will be based upon a pro-rata calculation of the fair market value of your assets to be managed for the period.

Advisory fees will be taken first from free credit balances or from any money market funds or balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees. Such liquidation may affect the relative balances of the account.

Deposits and Withdrawals

Assets in excess of \$10,000 deposited into, or withdrawn from, your portfolio management account between billing cycles will result in, for a deposit, a pro-rated fee, and for withdrawals, a pro-rated refund of fees. Such pro-rated fee or refund will be based on the number of days remaining in the current quarterly period. For amounts under \$10,000, we do not pro-rate a fee or make refunds.

Fee Exclusions

The above fees for all our management services are exclusive of any charges imposed by the custodial firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

In addition, all fees paid to us for portfolio management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: 12b-1 fees. Redemption fees, account fees, purchase fees, contingent deferred sales charges, and other sales load charges may occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

Termination of Portfolio Management Services

To terminate investment advisory services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received at least 30 days prior to the date of termination. Such notification should include the date the termination will go into affect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last/first day of a calendar quarter, you shall be entitled to a pro-rated refund of the prepaid quarterly management fee based upon the number of days remaining in the quarter after the termination notice goes into affect. Once the termination of investment advisory services has been implemented, neither party has any obligation to the other - we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

We do not charge fees based on a share of capital gains or the capital appreciation of the assets held in your accounts.

TYPES OF CLIENTS

ITEM 7

The types of clients we offer advisory services to are described above under "Who We Are" in the Item 4, the "Advisory Business" section. We do not have a minimum account size for portfolio management; however, we do have a minimum fee we charge management accounts. The minimum fee is disclosed above under "Portfolio Management Fees" in Item 5 above in the, "Fees & Compensation" section of this Brochure.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

Our portfolio management approach incorporates your financial needs and investment objectives, time horizon, and risk tolerance to yield an effective investment strategy. Your portfolio is then tailored to these unique investment parameters using primarily equities (stocks), a mix of debt instruments (bonds), and the occasional investment company products (mutual funds) and exchange traded funds (ETFs) to design your unique investment strategy.

Methods of Analysis

In analyzing stocks and bonds we will use a combination of analysis techniques to gathering information and to guide us in our investment decisions.

Fundamental Analysis

Fundamental analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

Technical Analysis

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

With our stock selection process we will primarily use fundamental and technical analysis. Fundamental analysis provides us with a broad long-term view of a security that begins with determining a company's value and the strength of its financials while technical analysis is short-term focusing on the statistics generated by market activity.

Investment Strategy

It is our belief that within the context of all market climates, whether overall conditions are positive, negative, or neutral, there are always individual companies, which represent unusual value. It is our job to attempt to ferret out these golden nuggets and select them for your portfolio.

For the selection process, both the technical considerations, as well as fundamental factors relating to the companies are evaluated. Investment results are dependent not only on proper stock selection, but upon effective management technique. These decisions include the number of dollars to be invested in a particular investment, and what percentage of the entire portfolio should remain in cash. Also, control of risk is paramount. Within the portfolio, those companies, which decline in value or otherwise fail to fulfill our expectations, are routinely and systematically eliminated. While this strategy does not eliminate risk, its purpose is to reduce it. There is an ongoing effort to enhance and upgrade your portfolio.

While occasional opportunities arise which result in the realization of short-term gains, it is anticipated that the greatest enhancement to the portfolio will be derived from the "core" longer term holdings (i.e., stocks held one to five years).

The focus for our stock selection is primarily in three areas:

1. Stocks with strong annual earnings growth.
2. Shares of companies which show promise of future dynamic profitability because of the introduction of new products, a unique technology or valuable patents.
3. Stocks of larger corporations which have become severely depressed but have the potential to be rejuvenated and become turnaround situations. This could be a result of management changes, new products, and elimination of costly operations or new and innovative ideas.

There is always a time to buy and a time to sell even the most attractive security; we do not feel compelled to be fully invested in equities (stocks) when an alternative investment (cash reserves) offers a more attractive opportunity. In fact, it is our belief that avoiding severe losses is more important in determining overall market performance over the course of an entire market cycle. Regardless, as in any investment plan, there is risk involved, and there is no guarantee that the goals set forth will be achieved.

DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report at this time that are material to your evaluation of our advisory business.

OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

Independent Insurance Agents

Certain of our management persons are also licensed as resident life, health, and variable annuity insurance agents by the State of Florida and may be licensed as non-resident agents in other states. Each agent is licensed to sell insurance-related products and earn commissions from the sale of these products.

More information about our management persons and their outside business activities can be found in their individual "Brochure Supplements".

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

ITEM 11

Code of Ethics

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

Client Transactions

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

Participation or Interest

It is against our policies for any of our employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by Mr. J. Michael Hard, our Chief Compliance Officer, and such investment is not in violation of any SEC and/or State rules and regulations.

Trading Allocation

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

Personal Trading

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee’s account. In these situations we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative, or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Our Chief Compliance Officer reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

4. Bunched orders (See “Trading Allocation” above) may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Mr. J. Michael Hard to ensure that such activities do not impact upon your security or create conflicts of interest.

Class Action Policy

The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

Insider Trading

The Company is in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. We do not share any non-public information with anyone who does not need to know and has set-up internal controls to guard your personal information.

BROKERAGE PRACTICES

ITEM 12

Custodial Services

The Company has custodial arrangements with Charles Schwab & Company, Inc. (“Schwab”), a licensed broker-dealer (member FINRA/SIPC), through its Schwab Institutional services to financial advisors.

We have selected Schwab as the custodian of choice based on their competitive transaction charges, our familiarity with their trading platforms, and on-line services and desktop software for account administration and operational support, including electronic trading, account forms and applications, market data, trading authorization, accounting and reporting, and other relevant administration and support services for us to assist with the management of your account. In addition, Schwab provides us proprietary and third-party research. These services offered from Schwab generally are available to independent investment advisors at no cost provided the investment advisor maintains a minimum amount of client assets under management in accounts at TD Ameritrade.

Services offered to us that have been discounted or waived are defined as “soft dollar” services. However, access to Schwab’s online services, dedicated trading desk and service group, real-time order matching systems and electronic interface, desktop software, and any research services provided or arranged by Schwab will be used to service all client accounts and will not be limited to only those particular accounts that may have generated commissions/transaction fees.

We are not a subsidiary of, or an affiliated entity of Schwab. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.

Direction of Transactions & Commission Rates (Best Execution)

Since we do not recommend, suggest or make available a selection of custodians, other than Schwab for you to choose to custody your account(s), best execution may not always be achieved and you may pay higher transaction fees. Furthermore since we only use Schwab's custodial services, we may not be able to provide you complete institutional services if you elect to use another broker-dealer.

There will be no attempt by us to recommend Schwab solely on the lowest commission rates available. Your investment needs, general reputation, trading capabilities, investment inventory, the financial strength, and our personal experience working with Schwab has been considered, among other items, in suggesting Schwab to you.

REVIEW OF ACCOUNTS

ITEM 13

Each account is reviewed on an ongoing basis to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary. In addition, you will receive at least quarterly statements from Charles Schwab & Company, Inc. where your account(s) are custodied. Each statement will summarize the specific investments currently held, the value of your portfolio and account transactions.

It is recommended that we review your account with you at least annually. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

We do not receive any economic benefit from an independent party for managing any of our clients' accounts. In addition, we do not compensate persons/firms for client referrals.

CUSTODY

ITEM 15

We do not take possession of or maintain custody of your funds or securities, but will simply monitor the holdings within in your portfolio and trade your account based on stated investment objectives and guidelines. Possession and custody of your funds and/or securities shall be maintained with Charles Schwab & Company, Inc. as indicated above under Item 12, "Brokerage Practices". Schwab will send, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. You are encouraged to verify the transaction activities disclosed to you in your brokerage statement.

INVESTMENT DISCRETION

ITEM 16

Securities & Amount Bought or Sold

We execute an Investment Advisory Agreement with you, which set forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval.

VOTING CLIENT SECURITIES

ITEM 17

We are hereby expressly precluded from voting proxies. You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations received by the custodian will be immediately forwarded to you for your evaluation and decision.

FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$500.

REQUIREMENTS FOR STATE-REGISTERED ADVISORS

ITEM 19

Information on each of our principal executive officers and management persons can be found in the attached "Brochure Supplements".

END OF DISCLOSURE BROCHURE