

Item 1: Cover Page

SPC FINANCIAL, INC.

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April 24, 2012

This brochure provides information about the qualifications and business practices of SPC Financial, Inc. If you have any questions about the contents of this brochure, please contact us at 301-770-6800 or info@spcfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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



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— Securities offered through —
Raymond James Financial Services, Inc.
MEMBER FINRA/SIPC

PART 2A OF FORM ADV: FIRM BROCHURE

Item 2: Material Changes

SPC Financial, Inc. has had no material changes since its last brochure update March 15, 2012.

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PART 2A OF FORM ADV: FIRM BROCHURE

Item 4: Advisory Business

SPC Financial, Inc. ("SPC or Adviser"), owned by Edward Geoffrey Sella, is an Independent Registered Investment Advisor/SEC engaged since 1970 in Financial Planning and Portfolio Management services for individual, corporate, institutional, ERISA funds, and charitable Clients. SPC primarily invests its Clients in the following types of investments:

- Equity securities (exchange listed, over-the-counter, and foreign issuers)
- Warrants
- Corporate debt securities (other than commercial paper)
- Certificates of deposits
- Municipal securities
- Investment company securities (variable life insurance, variable annuities, and mutual fund shares)
- U.S. government securities
- Options contracts on securities
- Interests in partnerships investing in real estate and oil and gas
- Other types of investments including: collectibles, hard assets, life insurance, unit investment trusts, alternative investments and fixed annuities

Advice is tailored to individual Client's needs. Client's needs are identified by the collection of pertinent information through interviews with Clients and detailed financial planning, as applicable. Clients may be able to impose reasonable restrictions on their accounts. Reasonable restrictions may include the designation of particular securities or types of securities that should not be purchased in their account (i.e., Company XYZ or companies involved in a particular industry, etc.), or should be sold if held in their account. However, in some cases, since investment discretion has been delegated to SPC or a third-party manager, SPC or the manager may determine that the implementation of such a restriction may be impractical. In the event such a determination is made, the Client will be notified promptly.

A related firm, Sella & Martinic, LLC, offers tax return preparation. Another related firm, SPC Insurance, LLC, offers life, disability, and long-term care insurance products. SPC employs Investment Adviser Representatives ("IARs") and Financial Planners, as well as various professional and administrative staff, some of whom may be registered securities representatives and licensed insurance brokers/agents.

As of December 31, 2011, SPC had the following assets under management. The figures are approximate:

Discretionary:	\$290,000,000	Accounts:	995
Non-Discretionary:	\$240,000,000	Accounts:	2625
Total Assets:	\$530,000,000	Accounts:	3620

Privacy Policy

SPC is committed to maintaining the confidentiality, integrity and security of personal information entrusted to it by current, past and potential Clients. SPC collects non-public personal information about Clients from the following sources: information received from Clients on applications or other forms and information about Client transactions with SPC, its affiliates or others. SPC restricts access to non-public personal information about Clients to employees who need to know that information to provide products or services to Clients. SPC employees are subject to a strict employment policy regarding confidentiality.

SPC does not disclose without client permission any non-public personal information about Clients or former Clients to anyone except as required by law. SPC may disclose information to nonaffiliated parties as required by law, such as government agency or regulators. SPC may use personal information for the purpose of offering or furnishing products and services, including services offered by Sella & Martinic, LLC, and SPC Insurance, LLC. Client names and addresses, or other financial information, are never given or sold to unrelated third parties for use except for the below described service.

SPC will provide certain client information to an unaffiliated third party class action clearing firm, Chicago Clearing Corporation ("CCC"). SPC will periodically provide client information to CCC in order that CCC may process class action claims that Clients may hold by virtue of Clients' securities holdings in Raymond James accounts. Clients may elect to opt-out of this service by signing a SPC form. Clients who are residents of California and Vermont, in accordance with those states' privacy policies, will be offered the option to opt-in to SPC's arrangement with CCC.

PART 2A OF FORM ADV: FIRM BROCHURE

Item 4: Advisory Business

SPC retains records relating to professional services that it provides to better able assist Clients with professional needs and, in some cases, to comply with professional guidelines. In order to protect Client non-public personal information SPC maintains physical, electronic and procedural safeguards that comply with professional standards. Under strict confidence, a backup database of SPC Clients and accounts is maintained.

Officers and Investment Adviser Representatives

SPC executive officers and IARs are noted below, including their education, date of birth, commencement date with SPC, and business background if employed by SPC for fewer than five (5) years.

E. Geoffrey Sella, CPA/PFS, CFP®

President, CEO and IAR (1983)
Marquette University, BS
DOB 1958
Raymond James Financial Services
Registered Principal

Mariann B. Miller, CRCP

Chief Compliance Officer (2010)
University of Maryland, BA
University of Maryland University College, MA
DOB 1955
FINRA 1991 – 2010
Raymond James Financial Services
Registered Principal

Joshua Treydon Hatfield Charles, CFP®, CHFC®, CLU®, ADPASM, CEP®, CLTC

Vice President and IAR (2005)
Florida State University, BS
DOB 1970
Raymond James Financial Services
Registered Principal

Mark Zabst, CFP®

IAR (2005)
Purdue University, BS
DOB 1981
Raymond James Financial Services
Registered Representative

Leo Martinic, CPA

Treasurer and IAR (1999)
Marquette University, BS
DOB 1958
Raymond James Financial Services
Registered Principal

William Gregory Chatfield, CFP®

Secretary (1983)
DOB 1962
Raymond James Financial Services
Registered Options Principal

Lois Weaver, CFP®

Financial Planning Dept. Supervisor (1992)
Dickinson College, BA
DOB 1947
Raymond James Financial Services
Registered Representative

Matthew E. Gilchrist, CFP®

IAR (2009)
University of Maryland, BA
DOB 1984
Raymond James Financial Services
Registered Representative

Jennifer Meyer, CFP®

IAR (2002)
University of Maryland, BA
DOB 1970
Raymond James Financial Services
Registered Representative

Pamela L. Mudd, CPA, CFP®

IAR (2002)
University of Maryland, BS
DOB 1965

Timothy J. Mount, CFP®

IAR (2010)
Western Carolina University, BS
DOB 1979
Raymond James Financial Services
Registered Representative

Todd A. Rundle, CFP®

IAR (2006)
The Pennsylvania State University, BS
DOB 1972

Patrick J. McGonigle, CFP®

IAR (2010)
Virginia Polytechnic Institute and State University, BS
DOB 1985
Raymond James Financial Services
Registered Representative

PART 2A OF FORM ADV: FIRM BROCHURE

Item 5: Fees and Compensation

INVESTMENT ADVISORY SERVICES FEES

Financial Planning

SPC contracts with Clients to provide investment advisory services including development of an investment strategy and program based upon Client's individual goals and needs ("Financial Plan"). Each Client is assigned an Investment Adviser Representative ("IAR") who will oversee implementation and maintenance of Client's plan in conjunction with SPC's Financial Planning department. A Financial Plan may include 1) review, analysis and advice on Client assets, including assets not held with SPC's affiliated broker/dealer (see Portfolio Management), 2) retirement planning and survivor needs analysis, 3) income, estate and gift tax planning, 4) education funding, and 5) life, disability, and long term care insurance planning. In preparing a Financial Plan for a Client, the IAR gathers information deemed relevant to the particular service provided through personal interviews with the Client and through documents and/or Client profile questionnaires completed by the Client. Each service includes an analysis of the Client's financial information, which may, but is not necessarily required to include items such as: their current assets, income, investments, liabilities, short and long-term capital and liquidity needs, risk tolerance and short and long-term financial goals and objectives. IARs may also help the Client coordinate the implementation of any recommendations made, including referral to other practicing professionals such as an attorney, accountant or insurance agent whose services may be required.

SPC and Client agree in advance to the scope of Financial Planning services and the fee.

Basic Fee Schedule

SPC may charge an hourly rate of up to \$400 agreed in advance of service or a flat fee for initial creation/implementation of a Financial Plan agreed in advance of service. Fee is billed upon completion of services. The minimum fee is \$400.

Refund Policy/Termination Procedure (Basic Fee Schedule)

If the fee is paid in advance of services, Client may request a refund within five (5) days of payment. Client may terminate the relationship at any time either verbally or in writing. Clients that terminate the advisory agreement within the first five (5) business days of entering into the advisory agreement will have any advisory fees incurred refunded. Client has no further obligation to SPC upon the return of the fee.

Annual Fee Schedule

The annual fee range is \$250 - \$1,000 as agreed in advance by SPC and the Client.

Refund Policy/Termination Procedure (Annual Fee Schedule)

If the fee is paid in advance of services, Client may request a refund within five (5) days of payment. Clients may terminate the relationship at any time either verbally or in writing. Clients that terminate the advisory agreement within the first five (5) business days of entering into the advisory agreement will have any advisory fees paid refunded.

Client Agreement/Assignment

The Financial Planning fee paid by the Client to SPC is based upon an Investment Advisory Agreement, or verbal agreement (individually/collectively with the below referenced affiliated Broker Dealer Agreement(s) the "Client Agreement"). SPC will not assign a Client Agreement without the Client's consent.

Portfolio Management

SPC contracts with Clients to provide investment advisory services including periodic review and recommendations of Client securities portfolio(s) held in Client's affiliated Broker Dealer account(s) ("Portfolio Management"). SPC's affiliated Broker Dealer is Raymond James Financial Services, Inc./Raymond James & Associates ("Raymond James", "RJFS", and/or "RJA"). Clients execute a Broker Dealer Agreement for each securities account held at Raymond James. Raymond James provides to SPC, among other services, custody of Client accounts and clearing of Client securities transactions. Please refer to Item 10, "Other Financial Industry Activities and Affiliations," for more complete information.

Fee Schedule

SPC and its IARs receive compensation for Portfolio Management as described below. Portfolio Management fees are separate and in addition to Financial Planning fees.

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Broker Dealer Agreement / Annual Asset-Based Fee

For Portfolio Management investment advisory services, SPC and IAR may charge Client a fee, billed quarterly, not to exceed three percent (3%) annually, of the asset value of Client affiliated Broker Dealer securities account(s) ("Asset-based Fee"). The Asset-based Fee and accounts are specified in writing in the Broker Dealer Agreement(s), the SPC Investment Advisory Agreement, or both. A portion of the Asset-based Fee is paid to RJFS for administrative services. When a Portfolio Management account is opened, the Asset-based Fee is billed for the remainder of the current quarterly billing period and is based on the inception value. Accounts opened in the 3rd month of a quarter are billed for the remainder of the quarter plus the next full quarter based on the inception value. Thereafter, the Asset-based Fee is billed quarterly in advance, based upon the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day.

No fee adjustment will be made because of withdrawals made by the Client during a quarter. Cash or money market investments will be included in the open-end mutual fund section for billing purposes. Cash or money market investments which exceed 20% of the total market value of a Client account at the time of billing will be included for fee purposes only if the account did not exceed 20% in cash or money market investments at the end of the previous quarter. Otherwise the balance in excess of 20% will not be included in the value of Client account for fee purposes. Payment of the Asset-based Fee in advance may cause the actual percentage amount charged to the Client during any quarter to be more or less than the stated percentage due to fluctuations in Client securities account(s) value during the quarter.

SPC instructs its Clients to authorize and direct Raymond James as Custodian to deduct Asset-based Fees from the Client account(s) at the beginning of each quarter. Clients are further instructed to authorize and direct Raymond James to pay SPC or its designee the Asset-based Fee each quarter. RJFS/RJA provide various administrative services to Clients which include determining the fair market value of assets held in Client account assets, account transactions, receipt and disbursement of funds including fees paid to SPC or its designee, interest and dividends received, and account gain or loss by security, as well as for the total account.

Client Agreement/Assignment

The Asset-based Fee paid by clients to SPC is based upon the Client Agreement. SPC will not assign a Client Agreement without Client consent.

Accounts

For Portfolio Management Clients, SPC utilizes the RJFS PASSPORT and AMBASSADOR accounts described below. Asset-based Fee Clients pay SPC for investment advice and services based upon the level of assets in the Client's account(s), independent of the level of trading activity. By deciding to pay a fee based on services provided rather than commissions on transactions, a Client's fee may be higher than the cost of a commission alternative during periods of lower trading activity.

The Asset-based Fee charged is in addition to the management fees and operating expenses charged by open-end and closed-end mutual funds and by ETFs. To the extent that a Client intends to hold shares for an extended period of time, these internal fund expenses should be added to the Asset-based Fee when evaluating the costs of a fee-based account. In addition, certain mutual fund families impose short-term trading charges (typically 1 to 2% of the original amount invested) which are generally NOT waived for fee-based accounts. These short-term charges are imposed by the funds (not SPC) to deter "market timers" who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the account and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, which may increase the overall cost to the Client are available in each fund's prospectus.

Certain no-load variable annuities may be offered in PASSPORT and AMBASSADOR accounts and may be subject to the Asset-based Fee, which is in addition to the management fees and operating expenses charged by the insurance companies offering these products. More sophisticated investments such as options and margin may be offered in PASSPORT and AMBASSADOR accounts. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on a Client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where an IAR may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved. The use of margin also increases the risk of loss to Client portfolios.

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A Client's total cost of each of the services provided through these accounts, if purchased separately, could be more or less than the costs of each respective service. Cost factors may affect the Client's ability to:

- 1) obtain the services provided within the accounts separately with respect to the selection of mutual funds,
- 2) invest and rebalance the selected mutual funds without the payment of a sales charge, and
- 3) obtain performance reporting comparable to those provided within each account.

When making cost comparisons, Clients should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each account may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or the Client does not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the Client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

Investments which are included in the asset value of the Client's Asset-based Fee account(s) for purpose of calculating the Asset-based Fee compensation to SPC are hereinafter referred to as "Fee Investments." These investments include open-end mutual funds offered with no sales commission or load, publicly traded closed-end mutual funds, common and preferred stocks, American Depositary Receipts, options contracts, real estate investment trusts, corporate bonds, U.S. Government and Government agency bonds, mortgage backed and municipal bonds, and any other investment that may, from time to time, be designated as a Fee Investment. For the purposes of the Client Agreement, the term "value of the account" shall mean the total absolute value of the securities in the account, long or short, plus all credit balances, with no offset for any margin or debit balances.

Other investments may be bought or sold by Clients in their Asset-based Fee account but will be defined as "Fee Exempt Investments." Fee Exempt Investments generally include new or secondary securities offerings, including brokered certificates of deposit. Should a Client buy any of these securities, Client will pay, directly or indirectly, a commission which is defined by the terms of the offering as stated in the prospectus or confirmation for the security. Unless otherwise agreed to by Client and RJFS, said investments will be exempt from inclusion in the asset value of the Client's account subject to the Asset-based Fee for a period of twelve (12) months from the date of purchase in the Client's account. After a twelve (12) month period from the date of purchase, the applicable Fee Exempt investments will revert to Fee Investments.

In the event that Fee Exempt Investments are transferred into a Client account for administrative services only, they will be charged the following annual administrative fee in lieu of the normal Fee Investment schedule percentage: 0.09% on the first \$1,000,000 of assets; 0.05% on assets above \$1,000,000.

The fee schedules for the various types of accounts are as follows:

BLENDING RATE FEE SCHEDULE

PASSPORT FEE Investments:

Account Value	Annual Asset- Based Fee
First \$200,000	1.75%
Next \$300,000	1.50%
Next \$500,000	1.00%
Over \$1,000,000	1.00%
Over \$5,000,000	Negotiable
*The minimum Account value is \$25,000	

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PASSPORT FEE SCHEDULE – THREE TIER

Passport Fee Investments Excluding Open-Ended Mutual Funds, Cash and Bonds:

Account Value	Total Fee
First \$200,000	2.00%
Next \$300,000	1.50%
Next \$500,000	1.00%
Over \$1,000,000	1.00%

Passport Fee Investment Open-End Mutual Funds and Cash:

Account Value	Total Fee
First \$100,000	1.75%
Next \$100,000	1.50%
Next \$300,000	1.25%
Next \$500,000	.75%
Over \$1,000,000	.75%

Passport Fee Investment Bonds:

Account Value	Total Fee
First \$100,000	1.50%
Next \$100,000	1.25%
Next \$300,000	1.00%
Next \$500,000	.75%
Over \$1,000,000	.75%
Over \$5,000,000	Negotiable

AMBASSADOR FEE SCHEDULE

Account Value*	Annual Asset-based Fee
First \$200,000	2.00%
Next \$300,000	1.75%
Amounts over \$500,000	1.25%
*The minimum Account value is \$50,000	

SPC or its IARs may receive incentive compensation for utilizing AMBASSADOR accounts. This additional compensation is derived from RJFS administrative or management fee and is a portion of, not in addition to, the Asset-based Fee. Such additional compensation is based on Client assets invested in AMBASSADOR accounts. If SPC Client aggregate AMBASSADOR account (and certain other non Annual-fee Based accounts) assets meet the below thresholds, SPC will receive additional compensation as follows:

- Assets between \$50 million and \$100 million – 15%
- Assets between \$100 million and \$150 million – 30%
- Assets between \$150 million and \$300 million – 45%
- Assets \$300+ million – 60% or higher, subject to maximum annualized fee of \$150/account

FREEDOM Account

Freedom is an investment advisory account managed by RJA. SPC does not exercise discretionary authority over Client Freedom account(s), but retains oversight responsibility. Raymond James allocates assets in Freedom accounts through

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Item 5: Fees and Compensation

discretionary mutual fund management, based upon Client financial objectives and risk tolerances. The minimum investment for an account is \$50,000.00. Fees range from 1%-2%.

Accounts – Additional Disclosures

SPC IARs are also registered representatives of Raymond James Financial Services, Inc., an SEC registered broker/dealer, and will recommend Raymond James to all advisory clients for brokerage services. IARs are subject to FINRA Conduct Rule 3040 that restricts them from conducting securities transactions away from Raymond James. Therefore, Clients are advised that IARs are limited to conducting securities transactions only through Raymond James. It may be the case that Raymond James charges a higher fee than another broker charges for a particular type of service, such as transaction fees. Clients may utilize the broker/dealer of their choice and have no obligation to effect transactions through Raymond James. However, if a Client does not utilize Raymond James as their broker/dealer, SPC will not be able to accept the Client's account(s) or perform any Portfolio Management investment advisory services for the Client.

Cash Rule Conflict

In PASSPORT and AMBASSADOR accounts cash or money market investments which exceed 20% of the total market value of Client's account at the time of billing will be included for fee purposes only if the account did not exceed 20% in cash or money market investments at the end of the previous quarter. Otherwise the balance in excess of 20% will not be included in the value of Client's account for fee purposes. This fee billing provision is intended to equitably assess advisory fees to Client assets for which an ongoing advisory service is being provided, and the exclusion of excess cash from the advisory fee is intended to benefit Clients holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time. However, this provision may pose a financial disincentive to an IAR, as the portion of cash or money market investments will not be included in the asset-based fee charged to the account. This may cause an IAR to reallocate a Client account from cash or money market investments to advisory fee eligible investments in order to avoid the application of this provision and therefore receive a fee on the full asset value in a Client's account(s).

IARs may receive other forms of compensation as a part of business activities unrelated to the Adviser. These activities may create a conflict for the IAR. However, SPC has policies and procedures in place to recognize and appropriately deal with any conflicts that arise between the IAR multiple capacities. These activities are discussed in *Item 10 Other Financial Industry Activities and Affiliations*.

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

SPC does not have performance-based fees or utilize side-by-side management. The only fees charged to the Client are noted in *Item 5 Fees and Compensation* and *Item 12 Brokerage Practices*, as applicable.

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Item 7: Types of Clients

SPC has the following types of clients:

- Individuals
- Trusts
- Estates
- Charitable Organizations
- Corporations
- Pension and Profit Sharing Plans

SPC does not require a minimum asset amount for financial planning or hourly consulting. There is a minimum investment of \$25,000 for a Passport account, \$50,000 and \$100,000 for certain types of Freedom accounts and \$50,000 for an Ambassador account, although smaller accounts may be accepted based upon the specific circumstances of an account.

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

METHODS OF ANALYSIS

SPC uses the following methods of analysis in its Client accounts:

- Fundamental
- Technical
- Charting
- Cyclical

Fundamental analysis and charting deal with the examination of all the material factors of the security, the company, industry in which the company operates, and the economy while technical analysis and cycles deal with the examination of the supply and demand of the securities as evidenced by market activity. The potential risks of using Fundamental/Charting are that the IAR is utilizing historical information, which may not predict the future outcome of a security. The potential risks of using Technical/Cyclical are the quality of the information being utilized to support the analysis and no expectation of a change to a cycle. The Research Department of Raymond James & Associates, Inc. uses fundamental, technical and cyclical analysis in arriving at its recommendations.

SPC obtains research from several sources including Raymond James & Associates, Inc. Research consists of written investment reports on the economy, industries, individual companies, portfolio strategies, research analysis meetings, research analyst discussions, and financial statements. SPC also utilizes various securities rating and ranking services. SPC also utilizes research by third parties and rating services. SPC subscribes to various industry periodicals including STANDARD & POORS Stock & Bond Guides and MORNINGSTAR. On-line research services include Reuters, STANDARD & POORS Advisor, Daily Investment Digest, Dorsey Wright Daily Equity & Market Analysis Report, Dorsey Wright Chart Service Plus, Dorsey Wright Mutual Fund Service, CS First Boston Focus List, Economic Market Commentary Daily & Weekly, Quarterly EPS Estimator, and Raymond James & Associates, Inc. Closing Market Commentary, Combined Long-Term Buy List, Research Overview, Daily Company Comments / Reports, and Focus List. SPC IARs access various other sources of information on the economy, the financial markets, mutual funds, individual securities, and investment strategies.

INVESTMENT STRATEGIES

SPC may employ the following types of investment strategies:

- Long term purchases (held for more than a year)
- Margin transactions
- Short term purchases (held for less than a year)
- Option writing including covered options
- Trading (securities sold within 30 days)

SPC generally recommends a long term approach to investing. However, stop-loss or portfolio hedging strategies may be utilized to limit downside risk which may result in short term holding periods. SPC may also recommend shorter term strategies to Clients for tax benefits. SPC strives to build assets over time with sound investments. Investment strategies are structured only after careful analysis of a Client's overall financial situation, risk tolerance, and investment objectives. As economic conditions change, recommendations and investment philosophy must change accordingly to maximize benefits and minimize risk to Clients. SPC may also employ shorter term strategies as economic conditions warrant. SPC IARs may utilize margin and options trading for Clients based upon Client's financial situation, risk tolerance, and investment objectives. Client must consent in writing to all margin and options accounts and the accounts must be approved by RJFS compliance.

SPC recommends the following types of securities:

- Equity securities (exchange listed, over-the-counter, and foreign issuers)
- Investment company securities (variable life insurance, variable annuities, and mutual fund shares)
- Warrants
- U.S. government securities
- Corporate debt securities (other than commercial paper)
- Option contracts on securities
- Certificates of deposits
- Interests in partnerships investing in real estate and oil and gas
- Municipal securities

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Item 9: Disciplinary Information

SPC does not have any disciplinary history.

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Item 10: Other Financial Industry Activities and Affiliations

SECURITIES BROKERAGE

IARs or related persons, in their individual capacity as Registered Representatives of Raymond James Financial Services, Inc., are paid fees and/or commissions on securities transactions. All commissions are disclosed to Clients. All commissions are assigned by IAR or related persons to SPC or its designee, except the portion paid to IAR or related persons, if applicable. Notwithstanding the fact that IAR or related persons of SPC are Registered Representatives of RJFS, SPC is solely responsible for all investment advice rendered to Clients.

SPC also offers through its broker-dealer affiliation the services of Raymond James & Associates, Inc. ("RJA"), a New York Stock Exchange member firm. RJA executes securities transactions for RJFS. Transactions and compensation are governed by SEC regulations regarding disclosure requirements. SPC also offers through its broker-dealer affiliation the portfolio management services of Raymond James Consulting Services and Asset Management Services. SPC also offers through its broker-dealer affiliation public and private limited partnerships and Real Estate Investment Trusts.

Commission charges may vary depending upon any number of factors, including type of security, purchase or sale, secondary market price, volume of trading, market float, and traded or listed exchange. SPC believes that commissions charged by RJFS are competitive with other full service broker-dealers and that they are fair and reasonable. Commissions charged by RJFS, while generally competitive, are not necessarily the lowest in the industry.

Clients who execute brokerage transactions through RJFS may be charged commissions in addition to the Portfolio Management fee charged by SPC. Brokerage transactions are placed only through RJFS. There is an inherent potential conflict of interest in this arrangement in that SPC through its IARs or related persons who are Registered Representatives of RJFS may share in a percentage of the brokerage commissions; however, commission charges paid by Clients are not higher as a result.

IARs and related persons may also recommend Raymond James Consulting Services or Asset Management Services, divisions of Raymond James & Associates, Inc. Raymond James Consulting Services and/or Asset Management Services retain outside portfolio managers who are Registered Investment Advisers. Asset Management Services also sponsors Eagle Asset Management, a Registered Investment Adviser. IARs or related persons may recommend to Clients any of these affiliated firms and receive fees and/or commissions. Commissions and/or fees received by IARs or related persons are assigned to SPC or its designee, except the portion paid to related persons, if applicable. Quarterly fees to Eagle and other portfolio managers under Raymond James Consulting Services and/or Asset Management Services are automatically deducted from Client accounts and detailed on RJA statements. The statement includes line items showing the value of the Client's assets upon which the fee is based and the specific manner in which the fee is calculated. It is the Client's responsibility to verify the accuracy of these statement entries.

INSURANCE BROKER/AGENT

SPC and its IARs or related persons may have insurance company affiliations through a related firm, SPC Insurance, LLC, from which they receive commissions or they may be individually licensed. Clients are under no obligation to execute recommendations relating to insurance and/or annuity products through SPC Insurance, LLC. Variable insurance products are placed through Raymond James Insurance Group, an affiliate of RJFS.

TAX PREPARATION

SPC IARs or related persons offer tax preparation services through the related firm Sella & Martinic, LLC. Sella & Martinic, LLC charges separate fees for preparation and/or amending of Client income tax returns based upon the complexity of the return and the time involved by the preparer. Fees for income tax preparation are payable by the client upon completion of the return. Edward Geoffrey Sella, Leo Martinic, Pamela Mudd and Ernest D. Miller receive compensation from Sella & Martinic, LLC. William Gregory Chatfield may receive compensation from Sella & Martinic, LLC. In addition, Sella & Martinic, LLC is a sub-tenant of SPC Financial, Inc. As such, Sella & Martinic, LLC pays rent to and shares in common expenses with SPC.

PART 2A OF FORM ADV: FIRM BROCHURE

Item 10: Other Financial Industry Activities and Affiliations

OTHER ACTIVITIES

SPC IARs and related persons may participate in events or accept speaking engagements regarding various financial topics unrelated to investment services or securities products. SPC IARs or related persons may render general tax and financial advice to Clients when providing financial planning services.

For more information regarding other financial industry activities and affiliations by a specific IAR, please consult the *Brochure Supplement* for the respective individual.

PART 2A OF FORM ADV: FIRM BROCHURE

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

SPC IARs or related persons may buy or sell securities that are also recommended to Clients. All conflicts of interest are disclosed in writing to the Client. SPC has adopted specific policies to prevent its IARs and related persons from trading ahead of Client orders, from receiving better pricing than Clients when trading in the same securities, from the misuse of material, non-public information to trade in securities, and from the misuse of any Client information to trade in securities. SPC also prohibits without pre-approval from its Chief Compliance Officer, purchase by its IARs or related persons of any Initial Public Offering or privately issued securities, to prevent misappropriation of an investment opportunity from Clients. SPC strictly monitors IAR and related person personal securities accounts, and employs additional specific procedures and reviews to enforce these policies. SPC Policies and Procedures governing participation of interest in Client transactions are contained in the SPC Code of Ethics, a copy of which will be furnished to Clients or prospective Clients upon request.

SPC, its IARs, and related persons have a duty to exercise authority and responsibility for the benefit of the Client, to place the interests of the Client first, and to refrain from having outside interests that conflict with the interests of the Client. All SPC IARs and related persons must avoid any circumstances that might adversely affect, or appear to affect, the duty of complete loyalty to the Client. All SPC IARs and related persons must adhere to SPC's Code of Ethics.

PART 2A OF FORM ADV: FIRM BROCHURE

Item 12: Brokerage Practices

The Advisor currently uses RJA as its Custodian. Clients may use a Custodian of their choice and have no obligation to utilize RJA/RJFS. However, the Advisor cannot accept the account if the Client chooses another Custodian.

The Custodian may have their own fee and cost schedules they are entitled to as a Custodian of the account. These fees and costs are completely independent of the Adviser, and the Adviser does not receive any portion of these collected costs. The following are the fees and charges schedules for the various PASSPORT, AMBASSADOR, and FREEDOM accounts.

PASSPORT Account

The PASSPORT Account is carried by RJA on a non-discretionary or discretionary basis, and provided certain qualifications are met, offers Clients the ability to pay for securities portfolio review and recommendations via an annual Asset-based Fee calculated as a percentage of the value of assets in the Client's account(s). RJFS charges Clients an additional flat fee, called a "Processing Fee", per securities transaction, in lieu of a commission, on Fee Investments for execution and clearing services. Commissions will be charged on the sale of any investments which are Fee Exempt Investments with the exception of the sale of any securities originally purchased as new or secondary offerings.

TRANSACTION EXECUTION & CLEARING CHARGES SCHEDULE

Security Type	Processing Fee
Stocks, Closed End Funds and ETFs	\$30.00
Mutual Funds – Open End	\$30.00
UITs/REITs	\$30.00
Preferred Stock	\$50.00
Option Contracts	\$50.00
Bonds	\$50.00

In addition to Processing Fees, RJFS charges Clients a charge per transaction for handling and postage. Clients may also incur charges for other account services provided by RJFS, through RJA, not directly related to execution and clearing of transactions, including but not limited to IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfer of securities.

SPC and its IARs do not share in PASSPORT Processing Fees. Processing Fees are not commissions, but are to defray the expenses incurred in facilitating the execution and clearing of Client portfolio transactions. The actual expense incurred by RJFS for any given transaction may be less than or greater than the Processing Fee. No-load mutual funds may be transacted directly with the sponsoring fund organization with no Processing or Asset-based Fee.

The Processing Fees set forth above include all execution charges except (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities Exchange Act of 1934, and any other charges or taxes imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

For non-IRA/ERISA PASSPORT accounts, the Client's IAR may elect to absorb all or a portion of the Processing Fee. Certain open-end mutual funds which may be acquired by Clients, may, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee ("trail"). Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. However, if the IAR elects to absorb the Processing Fees in non-IRA/ERISA accounts, they may also elect to receive trails paid by the fund company, if any, to defray the cost of the Processing Fees they absorb. If such an election is made, there may be a conflict of interest where the IAR may have an incentive to absorb all of the Processing Fees in consideration of the actual or anticipated trails they will receive. RJFS facilitates the maintenance of custody of Client securities positions through RJA at no additional charge, including holding securities in nominee name.

PART 2A OF FORM ADV: FIRM BROCHURE

Item 12: Brokerage Practices

AMBASSADOR Account

The Ambassador Account is a wrap fee investment advisory account that is administered by an affiliated advisor, Raymond James and Associates, Inc. ("RJA"). SPC's IAR's will manage your account on a non-discretionary basis or discretionary basis according to your objectives. This account offers you the ability to pay an asset based advisory fee which includes transactions costs with the advisory fee in lieu of commission for each transaction.

There is a minimum investment of \$50,000 for Ambassador Accounts. The advisory fees for the Ambassador Accounts are as follows: (All fees are incremental)

Account Value	Advisory Fee
First \$200,000	2.00%
Next \$300,000	1.75%
Over \$500,000	1.25%

There may be additional charges for other account services provided by RJA not directly related to the advisory, execution and clearing services provided including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day. The client authorizes and directs RJA, as Custodian, to deduct asset-based fees from your account. The brokerage statements issued by RJA will show the amount of the asset-based fee.

The annual asset-based fees include all execution charges except (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities Exchange Act of 1934, and any other charges or taxes imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

RJFS facilitates the maintenance of custody of Client securities positions through RJA at no additional charge, including holding securities in nominee name.

FREEDOM Account

Mutual fund trades will incur a \$30 transaction fee.

Investment of Cash Reserves

With respect to cash reserves of advisory Client accounts, the custodian of the account assets will determine where cash reserves are held. The custodian may offer one or multiple options to different account types (such as non-taxable and managed accounts). In addition, the custodian may, among other things, consider terms and conditions, risks and features, conflicts of interest, current interest rates, the manner by which future interest rates will be determined, and the nature and extent of insurance coverage (such as deposit protection from the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation). The custodian may change an investment option at any time by providing the Client with thirty (30) days advance written notice of such change, modification or amendment. As of January 2011, Cash Sweep Options include the Raymond James Bank Deposit Program ("RJBDP"), the Credit Interest Program ("CIP") sponsored by RJA, and the Eagle Cash Trust, including the money-market and municipal money-market fund, or any combination thereof.

Where an unaffiliated third party acts as custodian of account assets, Client and/or the custodian will determine where cash reserves are held. Cash balances arising from the sale of securities, redemptions of debt securities, dividend and interest payments and funds received from customers are invested automatically on a daily basis. When securities are sold, funds are deposited on the day after settlement date. Funds placed in a Client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the Client's account.

PART 2A OF FORM ADV: FIRM BROCHURE

Item 12: Brokerage Practices

Due to the foregoing practices, RJA may obtain federal funds prior to the date that deposits are credited to Client accounts and thus may realize some benefit because of the delay in investing such funds.

For further information please refer to the Cash Sweep Options disclosure statement, a copy of which is available from your IAR, or is available on the Raymond James public website, www.raymondjames.com.

RJA, as the Custodian, is obligated to seek best execution for all trades; however, better executions may be available via another broker/dealer based on a number of factors including volume, order flow, and market making activity. By executing transactions with the above Custodian, it is not guaranteed that a client will receive the most favorable execution of their trades, which in turn may cost clients more money.

SPC continuously reviews the accuracy, timeliness and execution of trades processed through RJFS. SPC selected RJFS for Client account custody and trade processing due to accessibility, electronic trading, efficient and professional service, technical support, and timely reporting to Clients. In addition, Client funds are fully covered through the excess SIPC coverage maintained by RJFS. RJFS prohibits SPC from utilizing any other broker-dealer for Client custody or securities trading. SPC periodically assesses the quality and value of the services offered by broker-dealers other than RJFS to assure that RJFS service and cost is fair and reasonable.

SPC IARs and related persons may receive research information through its broker-dealer affiliation on securities, market, and economic conditions. Raymond James does not impose surcharges on Clients for research. However, Raymond James does seek to do investment banking and other business with some companies covered by its research. Raymond James complies with all securities laws and regulations to manage these potential conflicts of interest. Additionally, Raymond James does not require that SPC IARs or related persons recommend any securities to Clients.

The Advisor may aggregate sale and purchase orders of securities held by the Advisor's Clients with similar orders being made simultaneously for other Clients if such aggregation is reasonably likely to result in overall economic benefit to Clients based on an evaluation that the Clients are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In some instances, the purchase or sale of securities for Clients will be effected simultaneously with the purchase or sale of like securities for other Clients. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions is determined and the Client may be charged or credited, as the case may be, the average transaction price. RJFS commission charges are the same for individual or block trades.

Item 13: Review of Accounts

SPC IARs offer annual review/updates to all Clients. More frequent meetings may be triggered by Client request, or by market or economic events, including changes in governing law. Portfolio Management Client account(s) are periodically and continuously monitored by SPC IARs for ongoing correlation of Client portfolio to Client stated investment objective and risk tolerance. Portfolio Management Clients (non-discretionary) are contacted by SPC IARs as warranted by changes in Client portfolio allocation, portfolio performance, market or economic events, known changes in Client financial situation, changes in governing tax law, and new or varied securities offerings.

Clients are assigned a month each year for their annual review. SPC IAR and/or the Financial Planning department contact Client for current financial data. One or more Financial Planning team members prepares Client annual financial documents and submits to the IAR for review. The IAR then conducts the Client annual meeting, occasionally in conjunction with Financial Planning staff.

SPC provides a variety of reports to Clients as applicable, including Client personal financial statements, retirement projections, estimate of survivor needs at death, overview of education funding needs, and asset allocation reports, including Morningstar Detail and Snapshot reports. For Portfolio Management Clients, SPC also provides performance reports, including historical, realized gain and loss, and performance by security. Raymond James also furnishes either quarterly or monthly account statements to SPC Clients who maintain Raymond James accounts.

PART 2A OF FORM ADV: FIRM BROCHURE

Item 14: Client Referrals and Other Compensation

If Clients act upon the IAR advice and chooses to use one of RJFS's affiliates as a money manager, custodian or to purchase insurance, SPC or its IAR may receive compensation in the form of commissions from the affiliate. If a Client chooses to use an IAR in his individual capacity as an insurance agent, the individual IAR will receive a commission. Additionally, if a Client purchases a mutual fund containing a 12b-1 fee, SPC and the IAR may receive such fees.

As part of its fiduciary duties to Clients, SPC endeavors at all times to put the interests of its investment advisory Clients first. Clients should be aware, however, that the receipt of economic benefits by SPC or its related persons in and of itself creates a potential conflict of interest.

SPC does not pay for or receive compensation for client referrals.

PART 2A OF FORM ADV: FIRM BROCHURE

Item 15: Custody

SPC is deemed to have custody of Client's assets as defined by SEC Rule 206(4)-2, because there are certain instances in which an IAR is a trustee on a Client's trust account or estate. All Clients will receive an account statement from the Custodian, which they should review carefully. SPC also provides performance reports to Clients. Clients are urged to compare the information received by the Custodian and Adviser and contact the Advisor with any questions.

Item 16: Investment Discretion

SPC obtains discretionary authority to Clients' accounts via the Client Agreements. Clients always maintain the right not to grant discretion to the Advisor if the Client chooses. An investment advisory Client who has delegated investment discretion to SPC or a third-party manager should be aware of their ability to impose reasonable restrictions on the investments made within their account(s), or reasonably modify existing restrictions they may have already imposed. Reasonable restrictions may include the designation of particular securities or types of securities that should not be purchased in their account (i.e. Company XYZ or companies involved in a particular industry, etc.), or should be sold if held in their account. However, since investment discretion has been delegated to SPC or a third-party manager, SPC or the manager may determine that the implementation of such a restriction may be impractical. In the event such a determination is made, the Client will be notified promptly.

As owner of the securities in their account(s), Clients, even if discretion has been granted, also have the right to:

- 1) Withdraw securities or cash from their account(s), provided they maintain the minimum account balance, as appropriate, based on their particular account type;
- 2) Vote securities, or delegate the authority to vote securities to another person (i.e. proxies, tender offers, etc.);
- 3) Be provided written confirmation, in a timely manner, of securities transactions placed for their account; and
- 4) Proceed directly against any issuer (i.e. class action participation) and not be obligated to join other parties as a condition precedent to initiating such a proceeding.

Should a Client wish to impose or modify existing restrictions, or their financial condition or investment objectives have changed, they should contact their IAR or the SPC Compliance Department at 301-770-6800. An IAR may have a limited discretionary trading authority to determine the types and amount of securities bought and sold in a Client account. This authority is granted in writing by the Client for each account via a discretionary asset management agreement. The IAR cannot take possession of funds or securities. Clients should understand that Raymond James Financial stock (RJF) cannot be purchased and held in discretionary accounts. Doing so could create a conflict of interest due to an SPC IAR's personal affiliation with RJF and or their personal holdings of RJF stock and/or RJF stock options.

Even with discretion SPC does not render advice to or take any actions on behalf of Clients with respect to any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments held in Client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of Clients with respect to transactions, securities or other investments held in Client accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation, with respect to transactions, securities or other investments held in a Client account is expressly reserved to the Client.

SPC may require a minimum account balance of \$50,000.00 for any account set up as a discretionary account.

PART 2A OF FORM ADV: FIRM BROCHURE

Item 17: Voting Client Securities

SPC does not vote proxies on the behalf of Clients. Clients should receive their proxy materials from the Custodian or transfer agent. However, in the event the Advisor receives such material, it will forward all proxy materials to Clients. Furthermore, the Advisor will not advise Clients on how to vote their proxies.

PART 2A OF FORM ADV: FIRM BROCHURE

Item 18: Financial Information

SPC is deemed to have custody of Client's assets as defined by SEC Rule 206(4)-2. SPC has not been subject to bankruptcy and knows of no reason that its financial condition would be impaired in meeting its contractual obligations to clients. The most current balance sheet for SPC is attached in the back of this brochure.

SPC FINANCIAL, INCORPORATED
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2011 AND 2010

SPC FINANCIAL, INCORPORATED
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SPC Financial, Incorporated
Rockville, Maryland

We have audited the accompanying statements of financial condition of SPC Financial, Incorporated (the Company) as of December 31, 2011 and 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the statements of financial condition as of December 31, 2011 and 2010, present fairly, in all material respects, the financial position of SPC Financial, Incorporated as of December 31, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.

E. Cohen and Company, CPAs

February 13, 2012

One Research Court
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PART 2A OF FORM ADV: FIRM BROCHURE

SPC FINANCIAL, INCORPORATED STATEMENTS OF FINANCIAL CONDITION DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 342,690	\$ 255,678
Accounts receivable, net of allowance for doubtful accounts of \$8,030 and \$3,375, respectively	14,675	30,092
Prepaid expenses	39,924	30,642
Due from related party	7,141	14,607
Deferred income taxes, current	17,000	12,000
Total current assets	<u>421,430</u>	<u>343,019</u>
Property and equipment		
Property and equipment	762,757	772,083
Less accumulated depreciation	(540,050)	(502,913)
Total property and equipment	<u>222,707</u>	<u>269,170</u>
Other assets		
Note receivable, stockholder	-	1,400
Deferred income taxes, non-current	62,000	58,000
Deposits	19,105	19,030
Total other assets	<u>81,105</u>	<u>78,430</u>
Total assets	<u><u>\$ 725,242</u></u>	<u><u>\$ 690,619</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of notes payable	\$ 50,970	\$ 46,495
Accounts payable	32,271	22,855
Accrued salaries and expenses	109,636	103,217
Income taxes payable	11,200	10,800
Deferred revenue	5,725	2,225
Total current liabilities	<u>209,802</u>	<u>185,592</u>
Long-term liabilities		
Notes payable, net of current portion	33,674	84,644
Deferred rent	318,370	277,593
Total liabilities	<u>561,846</u>	<u>547,829</u>
Commitments and contingencies		
Stockholders' equity		
Common stock - no par value, 20,000 shares authorized, 15,000 shares issued and outstanding	6,940	6,940
Retained earnings	156,456	135,850
Total stockholders' equity	<u>163,396</u>	<u>142,790</u>
Total liabilities and stockholders' equity	<u><u>\$ 725,242</u></u>	<u><u>\$ 690,619</u></u>

See notes to financial statements.

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SPC FINANCIAL, INCORPORATED NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

1. Organization and summary of significant accounting policies

Organization

SPC Financial, Incorporated (the Company) was incorporated on November 27, 1970, pursuant to the laws of the State of Maryland. On October 16, 1978, the Company filed an application with the Securities and Exchange Commission (SEC) to become a registered investment advisor, with approval granted October 23, 1978.

Cash and cash equivalents

The Company considers all cash and investment accounts with original maturities of three months or less to be cash equivalents. The Company maintains cash balances which may exceed Federally insured limits. The Company does not believe that this results in any significant credit risk.

Accounts receivable

The face amount of accounts receivable is reduced by an allowance for doubtful accounts. The allowance reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible are written off to the allowance for doubtful accounts.

Property and equipment

Property and equipment are recorded at original cost and are depreciated, net of salvage value, using the straight-line method over useful lives of three to ten years.

Income taxes

The Company files its income tax returns on the cash basis, whereby revenue is recognized when received and expenses are recognized when paid. As a result, certain transactions will affect different periods for financial statement and income tax reporting. Deferred Federal and state income taxes are provided for on the temporary differences arising from the timing of income and expense recognition. Management evaluates the likelihood of realization of deferred tax assets and provides an allowance where, in management's opinion, it is more likely than not that the asset will not be realized.

Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SPC FINANCIAL, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010

1. Organization and summary of significant accounting policies (continued)

Deferred rent

Total non-contingent minimum lease payments due under noncancellable long-term operating leases are recognized as rent expense over the term of the leases on a straight-line basis. The excess of reported expense over payments due under the terms of the leases at the balance sheet date are reflected as deferred rent.

Deferred revenue

The Company recognizes revenue as earned. The unearned portion of revenue collected is reflected as deferred revenue in the accompanying financial statements.

2. Accounts and commissions receivable

All of the officers of the Company are registered representatives of an affiliated corporation, Raymond James Financial Services, Inc. (RJFS), which is a registered broker-dealer and is regulated by the Financial Industry Regulatory Authority (FINRA).

In their capacity as registered representatives of RJFS, the officers of the Company may receive commissions from broker/dealer securities transactions. All of this commission income from RJFS is assigned back to the Company by the officers. All of the commissions and fees are disclosed to the clients either through prospectuses, confirmations of trades or written agreements with the portfolio manager, copies of which are provided to the clients.

Commissions receivable, included in accounts receivable, represents commissions earned from transactions, net of any clearing costs and fees. At December 31, 2011 and 2010, the net amount due to the Company was \$12,275 and \$16,468, respectively.

SPC FINANCIAL, INCORPORATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2011 AND 2010

3. Due from related party

During the years ended December 31, 2011 and 2010, an entity partially owned by one of the stockholders had an informal agreement to reimburse the Company for administrative expenses incurred on their behalf. The balance due as of December 31, 2011 and 2010 was \$7,141 and \$14,607, respectively.

4. Property and equipment

Property and equipment at December 31, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Vehicles	\$ 293,571	\$ 293,571
Office furniture and fixtures	286,505	286,837
Office equipment and computers	114,433	125,210
Software	22,943	21,160
Leasehold improvements	<u>45,305</u>	<u>45,305</u>
	<u>\$ 762,757</u>	<u>\$ 772,083</u>

5. Long term debt

Long-term debt at December 31, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Vehicle notes:		
Jaguar Credit Corp., secured by vehicle, due in monthly installments of \$1,260, including interest at 7.3%, matures December 2013	\$ 28,064	\$ 40,636
Notes payables to stockholder:		
Unsecured, due in monthly installments of \$2,224, including interest at 12%, matures January 2013	26,992	48,990
Unsecured, due in monthly installments of \$1,174, including interest at 6%, matures March 2014	<u>29,588</u>	<u>41,513</u>
Total	<u>84,644</u>	<u>131,139</u>
Less current portion	<u>(50,970)</u>	<u>(46,495)</u>
Long-term debt, net of current portion	<u>\$ 33,674</u>	<u>\$ 84,644</u>

SPC FINANCIAL, INCORPORATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2011 AND 2010

5. Long-term debt (continued)

At December 31, 2011, the scheduled future principal maturities of long-term debt are as follows:

Years Ending December 31,	Amount
2012	\$ 50,970
2013	30,187
2014	3,487
	<u>\$ 84,644</u>

6. Lease commitments

The Company leased office space in Rockville, Maryland, under a 10-year lease, expiring October 31, 2013, which required annual fixed increases of 3% per year over the lease term. The total minimum lease payments required under the lease are recognized as an expense over the term of the lease on a pro rata basis.

In June 2007, the Company entered into a lease expansion and extension agreement under which the Company leased additional space and the term of the lease was extended to 15-years from the effective date of the agreement. All other terms of the lease remain in effect. The agreement became effective upon landlord's completion of the improvements to the expansion space in January 2008. Accordingly, the lease now expires in January 2023.

Total future minimum lease payments required under the office lease agreement as of December 31, 2011, are as follows:

Years Ending December 31,	Amount
2012	\$ 366,558
2013	376,996
2014	388,306
2015	399,956
2016	411,954
Thereafter	2,744,629
	<u>\$ 4,688,399</u>

SPC FINANCIAL, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010

7. Deferred income taxes

The Company files its income tax returns using the cash basis of accounting. At December 31, 2011 and 2010, the Company had temporary differences between its financial reporting and income tax reporting methods that results in deferred income taxes. The current deferred income tax asset results principally from the differences in accounting methods. The long-term deferred tax asset results from differences in accounting for depreciation and rent expense between tax returns and financial statements.

The Company did not recognize any cumulative adjustment relating to the adoption of FASB ASC 740 in 2010 nor are there any unrecognized tax benefits to be disclosed as of December 31, 2011. The Company's tax returns for the years 2008 – 2010 remain subject to examination by the Internal Revenue Service and the State of Maryland. The calendar year 2011 income tax returns have not yet been filed.

The temporary differences that give rise to the deferred tax assets are as follows:

	<u>2011</u>	<u>2010</u>
Net receivables	\$(3,000)	\$(6,000)
Deferred revenue	1,000	-
Prepaid expenses	(8,000)	(5,000)
Accounts payable	6,000	5,000
Accrued expenses	21,000	18,000
Deferred rent	67,000	58,000
Depreciation	<u>(5,000)</u>	<u>-</u>
Net deferred income tax assets	<u>\$ 79,000</u>	<u>\$ 70,000</u>
Current portion	<u>\$ 17,000</u>	<u>\$ 12,000</u>
Long-term portion	<u>\$ 62,000</u>	<u>\$ 58,000</u>

**SPC FINANCIAL, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010**

8. Stock purchase agreement

The Company has entered into a stock purchase agreement with one of its stockholders. Upon the death of the stockholder, the agreement calls for the purchase of the Company's stock by the Company from the estate of the deceased stockholder. The purchase price will be the fair market value of the stock as determined in accordance with the terms of the agreement. The determination of the purchase price is to be completed within 90 days of the Company's year end. The maximum commitment for repurchase of stock as of December 31, 2011, is \$83,400.

9. Employee benefit plans

The Company has a SIMPLE IRA for all present and future eligible employees of the Company. The annual contribution to the Plan is a dollar for dollar matching of employee's contributions up to a maximum of 3% of the employee's compensation for the year. Company contributions are made each pay period. Employees vest immediately in all contributions.

During 2008, the Company established a flexible spending plan which is funded by employees through payroll deductions. The Company also established a health reimbursement plan under which employees may be reimbursed up to a specific limit per employee for out-of-pocket health costs. The Company records its liability under this plan assuming that 60% - 80% of the maximum benefit is actually incurred in each year.

10. Employment agreements

The Company has employment agreements with several officers and employees that provide for certain disability and/or death benefits. The minimum cumulative contingent liability of the Company under these agreements was \$1,905,233 at December 31, 2011.

11. Subsequent events

Management of the Company has evaluated events or transactions that occurred after December 31, 2011 through February 13, 2012, the date the financial statements were available to be issued, and has determined that there were no subsequent events or transactions that should be disclosed in the financial statements.