

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

OMB Number: 3235-0049  
Expires: February 28, 2011  
Estimated Average burden  
Hours per response.....4.07

Name of Investment Adviser: Baxter Financial Corporation					
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
	1200 N. Federal Highway #424	Boca Raton	FL	33432	561-395-2155

**This part of FORM ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any government authority.**

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(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

Applicant: Baxter Financial Corporation

SEC File Number:

801- 33382

Date:

3/27/09

**1. A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |                                     |     |  |     |   |
|-------------------------------------|-----|--|-----|---|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services .....   | 100 | % |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services.....  |     | % |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above...  |     | % |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription .....  |     | % |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above.....   |     | % |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... |     | % |
| <input type="checkbox"/>            | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities...   |     | % |
| <input type="checkbox"/>            | (8) | Provides a timing service .....  |     | % |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above.....   |     | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . . 

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

C. Applicant offers investment advisory services for: (check all that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges  | <input type="checkbox"/> (5) Commissions       |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> A. Individuals           | <input type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> C. Investment companies  | <input type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input type="checkbox"/> D. Pension and profit sharing plans |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

**FORM ADV**  
**Part II - Page 3**

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**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities                                       | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                             | <input checked="" type="checkbox"/> I. Options contracts on:               |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                     | <input checked="" type="checkbox"/> (1) securities                         |
| <input checked="" type="checkbox"/> (3) Foreign issuers  | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> B. Warrants  | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input checked="" type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                 | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                                    | <input checked="" type="checkbox"/> (1) real estate                        |
| <input type="checkbox"/> G. Investment company securities:                                     | <input checked="" type="checkbox"/> (2) oil and gas interests              |
| <input type="checkbox"/> (1) variable life insurance   | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)      |
| <input type="checkbox"/> (2) variable annuities  | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
| <input checked="" type="checkbox"/> (3) mutual fund shares                                     |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services                                |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | Securities and Exchange Commission   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (7) <input checked="" type="checkbox"/> Company press releases                         |
|   | (8) <input type="checkbox"/> Other (explain on Schedule F)                             |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input checked="" type="checkbox"/> Short sales  |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)**

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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... ☐ Yes ☒ No

(If yes, please describe these standards on Schedule F)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☒ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input checked="" type="checkbox"/> (2) investment company   | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. ☐ Yes ☒ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes No  
☒ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Securities are reviewed daily by determining price action and any news which may affect the securities. Reviews are conducted by Donald H. Baxter, President, Director, and Treasurer of Baxter Financial Corporation (BFC) of the portfolios of Philadelphia Fund, Inc. and Eagle Growth Shares, Inc. registered investment companies to which BFC serves as investment advisor and of the portfolios of the firm's private accounts. Also, Ronald F. Rohe, Chief Operating Officer and Secretary of BFC, reviews the private accounts under BFC's management which total eight as of December 31, 2008

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

A report of realized gains and losses is provided annually and investment analyses upon request.

Applicant: Baxter Financial Corporation

SEC File Number:  
801-33382

Date:  
3/27/09

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |                                     |                          |
|--|-------------------------------------|--------------------------|
|  | Yes                                 | No                       |
| (1) securities to be bought or sold? .....           | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                     | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ..... ☒ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                          |                                     |
|---|--------------------------|-------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes                      | No                                  |
|   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes                      | No                                  |
|   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... ☐ Yes ☒ No

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Baxter Financial Corporation

SEC File Number:  
801- 33382

Date:  
3/27/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:  
65-0080048

Item of Form (identify)	Answer
Part II Item 1.A. (1) & (2) and Item 1.D.	<p>Baxter Financial Corporation (BFC) provides investment supervision services to Philadelphia Fund, Inc. and Eagle Growth Shares, Inc., registered investment companies. BFC provides these services in accordance with the investment objective and policies of these funds.</p> <p>Effective April 1, 1991 pursuant to an investment agreement between BFC and Philadelphia Fund, Inc. and Eagle Growth Shares, Inc., the two funds compensate BFC for advisory services rendered at the following rate, payable monthly: .75 percent of the net asset of the funds (individually) not exceeding \$200,000,000. The rate of the annual fee is reduced to .625 percent on the net assets for each fund in excess of \$200,000,000 but less than \$400,000,000, and to .50 percent of the net assets in excess of \$400,000,000. The funds or BFC may terminate the advisory agreements on 60 day's written notice to the other party without penalty.</p> <p>BFC is responsible for providing overall supervision of Philadelphia Fund, Inc. and Eagle Growth Shares, Inc. administrative operation and receives an annual fee of .25% of the average net assets of each fund.</p> <p>BFC is entitled to receive payment up to .5% of the net assets of Philadelphia Fund, Inc. annually under a Distribution Plan approved by the Fund's Board of Directors to defray: (a) Expense associated with the sale of Fund shares, and (b) services to existing shareholders. The service fee component, which may not exceed, on an annual basis, .25% of the average net asset value of the Fund, is intended to defray the cost of providing personal services to the Fund's existing shareholders. BFC has agreed to reduce the Fund's Distribution Plan (12b-1) fees paid to BFC to .15% per annum of the Fund's average net assets until further notice. Payments are made BFC under the Fund's Distribution Plan on a monthly basis.</p> <p>Investment advisory, administrative and distribution plan fees are payable monthly by the two mutual funds, based on month-end net asset values of the Fund.</p> <p>BFC also provides investment advisory services to other individual and institutional investors in addition to Philadelphia Fund, Inc. and Eagle Growth Shares, Inc. Its standard fee for services provided to such private accounts is one percent of the net value of the client's account up to one million dollars and at a decreasing percentage for larger accounts. BFC may also charge a fixed dollar charge to such private accounts which BFC considers to be "large accounts", and this fixed dollar charge is negotiated on a client-by-client basis, based primarily on the dollar amount of assets under management and the estimated amount of time expended to manage the account.</p> <p>Clients, other than the mutual funds, are billed for investment advisory fees at the beginning of the quarter for that quarter based on the assets in the account at the end of the previous quarter. Clients, other than mutual funds, terminating their contracts are charged for the number of business days of the quarter that service was provided and the balance of the fee would be refunded. The application of the reimbursement policy is evaluated on a case-by-case basis.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Baxter Financial Corporation

SEC File Number:  
801- 33382

Date:  
3/27/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:  
65-0080048

Item of Form (identify)	Answer
Part II Item 4.C.(3)	Will engage in trading of securities held less than 30 days only when rare opportunities of occurrences present themselves.
Part II Item 6.	<p>Donald H. Baxter, President of Baxter Financial Corporation (BFC) determines the general investment advice to be given to firm clients, which include the Philadelphia Fund, Inc. and Eagle Growth Shares, Inc., registered investment companies, as well as to the other private accounts to which BFC serves as investment adviser. Mr. Baxter was born in 1943 and received a Bachelor of Science degree in finance from the University of Florida in 1966. Mr. Baxter presently serves as President, Treasurer, and Director of BFC, as well as President and Director of the Philadelphia Fund, Inc. and Eagle Growth Shares, Inc. Mr. Baxter serves as President and Director of Universal Programs International, Ltd. In December 1988, Mr. Baxter terminated his employment with Nesbitt Thomson Asset Management, Inc. the investment adviser to the Philadelphia Fund, Inc. and Eagle Growth Shares, Inc., previous to BFC, where Mr. Baxter served as portfolio manager.</p> <p>Ronald F. Rohe, Secretary and Chief Operating Officer of BFC, also determines general investment advice to be given to firm clients, except the Philadelphia Fund, Inc. and Eagle Growth Shares, Inc. Mr. Rohe was born in 1943 and received a Bachelor of Science degree in economics in 1965 and a MBA in 1970 from Xavier University. Mr. Rohe is also Vice President, Secretary, and Treasurer of the Philadelphia Fund, Inc. and Eagle Growth Shares, Inc. Mr. Rohe serves as Secretary of Universal Programs International, Ltd. Mr. Rohe joined BFC in August 1989 after terminating his employment with Paine Webber, Inc. where he served as a registered representative since 1979. Mr. Rohe is sole owner of Romulus, Inc. a residential housing renovator and owner.</p>
Part II Items 7.A., 7.B and 8.C.(2)	BFC also serves as administrator of the Philadelphia Fund, Inc. and Eagle Growth Shares, Inc. On July 15, 1991, BFC became sole underwriter of the Philadelphia Fund, Inc. and Eagle Growth Shares, Inc. BFC offers the shares of these funds on a best efforts basis.

(Complete amended pages in full, circle amended items and file with execution page (page 1).)



**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Baxter Financial Corporation

SEC File Number:  
801- 33382

Date:  
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:  
65-0080048

Item of Form (identify)	Answer
Part II Items 9.D. and 9.E	<p>For the purpose of the registrant's Code of Ethics, "Access Persons" has the same meaning as defined in Rule 17j-1 of the Investment Company Act of 1940 and Rule 204A-1 of the Investment Advisers Act of 1940 and also includes investment personnel. Registrant furnishes a copy of the Code of Ethics to each access person. Access persons including investment personnel are not allowed to purchase securities in an initial public offering or private placement without prior permission of registrant's president. Records of securities transactions of registrant and its access persons and its investment personnel are kept as required under the Investment Acts of 1940.</p> <p>Registrant and/or its personnel may buy, sell, or hold securities of companies which registrant may recommend that its clients buy, sell, or hold. Registrant has adopted a Code of Ethics which prohibits registrant or its personnel who are Access Persons from purchasing or selling any such securities when they know that any of the registrant's clients are either purchasing or selling, or considering the purchase or sale of such securities. The Code of Ethics contains certain exceptions to this policy for purchases pursuant to a dividend reinvestment program, purchase of a pro rata offering by the issuer to all shareholders, transactions approved by the president of the registrant because there exists only a remote possibility of a conflict of interest, and purchases and sales in a account over which the registrant or access person has no control. In addition, the Code does not require Access Persons to report the purchase and sale of U.S. Government securities, Bankers' acceptance, bank certificates of deposit, commercial paper, other high quality short-term debt instruments (including repurchase agreements), shares issued by open-end management investment companies other than Philadelphia Fund, Inc. and Eagle Growth Shares, Inc. shares (including money market funds), and shares issued by unit investment trusts that are invested exclusively in one more open-end funds (other than Philadelphia Fund, Inc. and Eagle Growth Shares, Inc.).</p> <p>BFC will provide a copy of its Code of Ethics to any client or prospective client upon request.</p>
Part II Item 10.	<p>Effective January 1, 1990, BFC instituted a policy of generally requiring a minimum account size of \$100,000 to establish an account to be managed by BFC. However, accounts of smaller size may still be accepted under special circumstances at the discretion of BFC. Acceptance of such smaller accounts is decided upon a case-by-case basis by BFC. This account size limitation is not applicable to investment companies under the management of BFC.</p> <p>The minimum initial investment in the Philadelphia Find, Inc., a registered investment company to which BFC serves as investment adviser, is currently \$1,000. The minimum initial investment in Eagle Growth Shares, Inc., a registered investment company to which BFC serves as investment adviser, is currently \$500.00</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Baxter Financial Corporation

SEC File Number:  
801- 33382

Date:  
3/27/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:  
65-0080048

Item of Form (identify)	Answer
Part II Item 12.A.	<p>BFC determines the quantity and specific securities for purchase or sale in keeping with the client's investment objectives. Limitations on authority in Eagle Growth Shares, Inc. and Philadelphia Fund, Inc. are as follows:</p> <p>Will not:</p> <ol style="list-style-type: none"> <li>1. Invest more than 5% of gross assets in securities of an issuer (except U.S. Government obligations).</li> <li>2. Invest more than 20% in securities of companies in the same industry.</li> <li>3. Buy more than 10% of the voting securities of any company.</li> <li>4. Borrow or lend money.</li> <li>5. Purchase securities on margin.</li> <li>6. Invest more than 20% of assets in Foreign corporations.</li> </ol>
Part II Items 12.A(3), 12.A.(4), and 12.B.	<p>Generally, BFC reserves the right to select brokers and dealers to effect transactions for client accounts. If requested by a client, or if BFC believes the client's present broker is not performing its responsibilities adequately or charging more for the products or services that is charged at other comparable brokerage firms, BFC will suggest one or several brokers for the client, based upon BFC's belief that the broker(s) will provide products and services at a competitive price. Clients may, however, direct BFC to use brokers and dealers which have been selected by the clients. In such circumstances, it is the clients' responsibility to determine whether the brokers or dealers selected are providing satisfactory execution of transactions and competitive, satisfactory commission levels, and BFC will not undertake to negotiate commission rates with brokers and dealers whom the client has directed BFC to use. Commission levels and execution capabilities of various brokers and dealers may vary. Under the investment advisory agreements with clients that provide The BFC shall have discretion to select brokers and dealers, they are selected with a view to obtaining best price and execution of transactions.</p> <p>Section 28(e) of the Securities Exchange Act of 1934 permits an investment adviser, under certain circumstances, to cause an account to pay a broker or dealer a commission for effecting a transaction in excess of the amount of commission another broker or dealer would have charged for effecting the transaction in recognition of the value of brokerage and research services provided by the broker or dealer. Brokerage and research services include (i) furnishing advice as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of purchases or sellers of securities; and (ii) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies, and the performance of accounts. In the case of research services, BFC believes that access to independent investment research is beneficial to its investment decision-making process, and therefore, to its clients.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

**Schedule F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
Baxter Financial Corporation

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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:  
65-0080048

Item of Form (identify)	Answer
Part II Items 12.A.(3), 12.A.(4), and 12.B (Continued)	<p>To the extent research services may be a factor in selecting brokers, such services may be in written form or through direct contact with individuals, and may include information as to particular companies and securities, as well as market, economic or institutional areas and information which assists in the valuation of investments. Examples of research-oriented services for which BFC might utilize client commissions (which commissions result solely from transactions for the mutual funds advised by BFC) include research reports, computerized financial data and electronic quotation services, publications and investment newsletters, trading analysis services, risk management services, and meeting with securities analysts and corporate executives at investment seminars.</p> <p>BFC does not engage in the practice of directing private client transactions to any broker in return for products and research services. Research may be used for the benefit of all BFC's accounts, not solely those accounts that pay for it. Also, it is possible that brokers and dealers may recommend clients to BFC. In such circumstances, a potential for conflicts of interest exists between obtaining best price and execution for such clients' transactions, and BFC's receiving future referrals from such brokers and dealers. In cases where BFC has been recommended by a broker or dealer to a client for money management services, and the brokerage is being placed through the same broker dealer, it is possible the client may not receive best execution.</p> <p>BFC does not consider sales of shares of the mutual funds that it advises as a factor in the selection of brokers or dealers to execute portfolio transactions for the funds; however, whether or not a particular broker or dealer sells shares of the fund neither qualifies nor disqualifies such broker or dealer to execute transactions for the mutual funds, provided that certain conditions of the Investment Company Act of 1940 are met.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1).)