Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
STRATEGIC PROPERTY ASSOCIATES, LLC 401(K) PROFIT SHARING PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1997

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

STRATEGIC PROPERTY ASSOCIATES, LLC

27422 PORTOLA PARKWAY, STE 150
FOOTHILL RANCH, CA 92630

2b Employer Identification Number (EIN)
58-2447158

2c Sponsor's telephone number
949-713-5000

2d Business code (see instructions)
531210

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2012	SHARON HONG
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
STRATEGIC PROPERTY ASSOCIATES, LLC

27422 PORTOLA PARKWAY, STE 150
FOOTHILL RANCH, CA 92630

3b Administrator's EIN
58-2447158

3c Administrator's telephone number
949-713-5000

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	188
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	181
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	20
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	201
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	201
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	91
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2A 2E 2F 2G 2J 2K 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)		**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)		**C** (Service Provider Information)
(5)		**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
STRATEGIC PROPERTY ASSOCIATES, LLC 401(K) PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
STRATEGIC PROPERTY ASSOCIATES, LLC

D Employer Identification Number (EIN)
58-2447158

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)	1257	0
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1287	1287
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	126405	115719
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	1620808	1730742
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	1749757	1847748
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j	32579	21010
k	Total liabilities (add all amounts in lines 1g through1j)	1k	32579	21010
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	1717178	1826738

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
	(B) Participants	2a(1)(B)	216600	
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		216600
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	8863	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		8863
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-53108
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		172355
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	41360	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		41360
f Corrective distributions (see instructions)	2f		21010
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	425	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		425
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		62795
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		109560
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: KUSHNER, SMITH, JOANOU & GREGSON (2) EIN: 95-3322166

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	**4a**	X		3434
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	**4b**		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	**4c**		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	**4d**		X	
e	Was this plan covered by a fidelity bond?	**4e**	X		200000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	**4f**		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4g**		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4h**		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	**4i**	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	**4j**		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	**4k**		X	
l	Has the plan failed to provide any benefit when due under the plan?	**4l**		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	**4n**		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

Kushner ■ Smith ■ Joanou ■ Gregson

KSJG

CERTIFIED PUBLIC ACCOUNTANTS

STRATEGIC PROPERTY ASSOCIATES, LLC
401(k) PROFIT SHARING PLAN

Financial Statements
and
Supplementary Information
For the Years Ended December 31, 2011 and 2010
(With Independent Auditor's Report Thereon)

Kushner, Smith, Joanou & Gregson, LLP
Licensed by the California Board of Accountancy, Member of AICPA
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Supplementary Information:

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Schedule 2: Schedule H, line 4a – Schedule of Delinquent
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Kushner ■ Smith ■ Joanou ■ Gregson

KSJG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator and Participants of
Strategic Property Associates, LLC 401(k) Profit Sharing Plan

We were engaged to audit the financial statements and supplemental schedules of the Strategic Property Associates, LLC 401(k) Profit Sharing Plan (the Plan) as of December 31, 2011 and 2010, as listed in the accompanying table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Capital Bank and Trust Company, the trustee of the Plan assets, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2011 and 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on these accompanying financial statements and supplemental schedules taken as a whole. The supplemental schedules is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Kushner Smith Joanou Gregson, LLP

October 1, 2012

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STRATEGIC PROPERTY ASSOCIATES, LLC
401(k) PROFIT SHARING PLAN

Statements of Net Assets Available for Benefits
December 31, 2011 and 2010

ASSETS

	2011	2010
Contributions receivable:		
Notes receivable from participants	$ 115,719	$ 126,405
Participants	--	1,257
Total receivables	115,719	127,662
Investments at fair value (Notes 3 and 4):		
Interest bearing cash	1,287	1,287
Registered investment companies	1,730,742	1,620,808
Total investments	1,732,029	1,622,095
Total assets	1,847,748	1,749,757

LIABILITIES

Corrective distributions payable	21,010	32,579
Net assets available for benefits	$ 1,826,738	$ 1,717,178

See accompanying notes to financial statements

STRATEGIC PROPERTY ASSOCIATES, LLC
401(k) PROFIT SHARING PLAN

Statements of Changes in Net Assets
Available for Benefits
Years Ended December 31, 2011 and 2010

	2011	2010
Additions to net assets attributed to:		
Investment (loss) income:		
Net (depreciation) appreciation in fair value of investments	$ (53,108)	$ 153,943
Interest income from notes receivable from participants	8,863	8,873
Contributions:		
Participants	216,600	184,047
Total additions	172,355	346,863
Deductions from net assets attributed to:		
Benefits paid to participants	41,360	230,338
Administrative expenses	425	2,559
Corrective distributions	21,010	32,579
Total deductions	62,795	265,476
Net increase in assets	109,560	81,387
Net assets available for benefits:		
Beginning of year	1,717,178	1,635,791
End of year	$ 1,826,738	$ 1,717,178

See accompanying notes to financial statements

STRATEGIC PROPERTY ASSOCIATES, LLC
401(k) PROFIT SHARING PLAN

Notes to Financial Statements
December 31, 2011 and 2010

NOTE 1 - DESCRIPTION OF PLAN

The following description of the Strategic Property Associates, LLC 401(k) Profit Sharing Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for more detailed information of the Plan's provisions.

General - The Plan is a defined contribution plan and profit sharing plan that was established on January 1, 1997. The Plan covers all employees of Strategic Property Associates, LLC, Strategic Asset Services, LLC and Strategic Assets Services of California, Inc., (collectively the Company) who have completed six consecutive months of employment with at least 500 hours of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions - Participants' contributions are made to the Plan by means of salary deferral by which the participant is entitled to defer the lesser of 100% of their compensation or a fixed amount determined annually by the Internal Revenue Service. The Company may also make discretionary matching contributions. No discretionary matching contributions were made by the Company during the years ended December 31, 2011 and 2010, respectively. In addition, the Company, at its option, may make discretionary profit sharing contributions. For the years ended December 31, 2011 and 2010, no profit sharing contributions were allocated to the Plan.

Participant Accounts - Each participant's account is credited with the participant's contributions, the Company's matching contributions, and an allocation of (a) the Company's discretionary profit sharing contributions and (b) Plan earnings. Allocations of discretionary profit sharing contributions are based on participant wages, as defined. Allocations of plan earnings are based on participant balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested interest in their account.

Notes Receivable From Participants - The Plan allows participants to borrow up to 50% of their vested account balances, but not less than $1,000 nor more than $50,000. Generally, the loan repayment period may not exceed five years with the interest rate determined based on prevailing rates at the date of the loan. Home loans can be repaid over a period greater than five years.

(Note 1 continued on the following page)

STRATEGIC PROPERTY ASSOCIATES, LLC
401(k) PROFIT SHARING PLAN

Notes to Financial Statements
(Continued)
December 31, 2011 and 2010

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Vesting - The participants are immediately vested in their voluntary contributions and the Company's Safe Harbor contributions, plus actual earnings thereon. Employer profit sharing contributions vest according to the following schedule:

Years of Service [Year(s)]	Vested Percentage [%]
Less than 2 years	0
2	20
3	40
4	60
5	80
6	100

Payment of Benefits - Upon reaching retirement age of 65 or upon termination of service, a participant may elect to receive a lump-sum payment or other optional forms offered under the Plan in an amount equal to the vested value of his or her account.

Forfeitures - Amounts forfeited from terminating participants' nonvested portion of their Company profit sharing contributions and earnings on Company contributions can be used to reduce future employer contributions or to pay administrative expenses. At both December 31, 2011 and 2010, there were no forfeited nonvested accounts. No forfeitures were used to reduce Company contributions during the years ended December 31, 2011 and 2010. Forfeitures used to pay administrative expenses were none and $1,135 during the years ended December 31, 2011 and 2010, respectively.

Investments - Each participant directs the allocation of his or her contribution, and employer matching and discretionary profit sharing contributions to one or more of eighteen investment options.

STRATEGIC PROPERTY ASSOCIATES, LLC
401(k) PROFIT SHARING PLAN

Notes to Financial Statements
(Continued)
December 31, 2011 and 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements have been prepared in compliance with the Department of Labor Rules and Regulations for reporting and disclosure under ERISA.

Basis of Accounting - The financial statements of the Plan are prepared under the accrual method of accounting.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Investment Valuation and Income Recognition - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

Administrative Expenses - Administrative expenses are paid by both the Plan and the Company. Administrative expenses paid for by the Plan amounted to $425 and $2,559 for the plan years ended December 31, 2011 and 2010, respectively.

Risk and Uncertainties - The Plan provides for various investment options in any combination of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level or risk associated with certain investment securities and the level of uncertainty related to changes in the value of investments securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

(Note 2 continued on the following page)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - The Plan evaluated subsequent events through October 1, 2012, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3 - INVESTMENTS

The following participant directed investments as of December 31, 2011 and 2010 are summarized as follows:

		2011	2010
Investments greater than five percent of the Plan's net assets:			
American Funds	American Balanced Fund R2	$ 157,747	$ 152,457
American Funds	Bond Fund of America R2	127,864	109,927
American Funds	Capital World Growth and Income Fund	264,927	276,110
American Funds	Growth Fund of America R2	459,780	440,725
American Funds	New Perspective Fund R2	320,072	291,679
American Funds	Washington Mutual Investors Fund R2	290,190	250,137
		1,620,580	1,521,035
Aggregate of investments less than five percent of the Plan's net assets:		111,449	101,060
		$ 1,732,029	$ 1,622,095

During 2011 and 2010, the Plan's net investments (including gains and losses on investments bought and sold, as well as held during the year) (depreciated) appreciated in value as follows:

	2011	2010
Registered investment companies	$ (53,108)	$ 153,943

STRATEGIC PROPERTY ASSOCIATES, LLC
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Notes to Financial Statements
(Continued)
December 31, 2011 and 2010

NOTE 4 - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(Note 4 continued on the following page)

STRATEGIC PROPERTY ASSOCIATES, LLC
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Notes to Financial Statements
(Continued)
December 31, 2011 and 2010

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Interest bearing cash: Valued at market value of corresponding currency at year end.

Registered investment companies (Mutual Funds): Valued at the net asset value (NAV) of shares held by the Plan at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	Assets at Fair Value as of December 31, 2011			
	Level 1	*Level 2*	*Level 3*	*Total*
Registered investment companies:				
Domestic funds	$ 749,970	$ --	$ --	$ 749,970
Balance funds	173,120	--	--	173,120
International funds	608,384	--	--	608,384
Fixed income funds	127,864	--	--	127,864
Other funds	71,404	--	--	71,404
	1,730,742	--	--	1,730,742
Interest bearing cash	1,287	--	--	1,287
Total assets at fair value	$ 1,732,029	$ --	$ --	$ 1,732,029

(Note 4 continued on the following page)

STRATEGIC PROPERTY ASSOCIATES, LLC
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Notes to Financial Statements
(Continued)
December 31, 2011 and 2010

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011 and 2010:

	Assets at Fair Value as of December 31, 2010			
	Level 1	*Level 2*	*Level 3*	*Total*
Registered investment companies:				
Domestic funds	$ 690,862	$ --	$ --	$ 690,862
Balance funds	154,918	--	--	154,918
International funds	595,828	--	--	595,828
Fixed income funds	109,927	--	--	109,927
Other funds	69,273	--	--	69,273
	1,620,808	--	--	1,620,808
Interest bearing cash	1,287	--	--	1,287
Total assets at fair value	$ 1,622,095	$ --	$ --	$ 1,622,095

NOTE 5 - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Capital Bank and Trust Company, the trustee of the Plan, has certified to the completeness and accuracy of:

- Investments and notes receivable from participants reflected on the accompanying Statements of Net Assets Available for Benefits as of December 31, 2011 and 2010.
- Net (depreciation) appreciation in fair value of investments and interest reflected on the accompanying Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2011 and 2010.

NOTE 6 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, so that each participant receives 100 percent of his or her account balance as of the date of termination.

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Notes to Financial Statements
(Continued)
December 31, 2011 and 2010

NOTE 7 - TAX STATUS

The Plan document is a volume submitter defined contribution plan that received a favorable opinion letter from the Internal Revenue Service (IRS) on March 31, 2008, which stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is currently designated and being operated in compliance with the applicable requirement of the IRC.

The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011 and 2010, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

NOTE 8 - PARTY-IN-INTEREST TRANSACTIONS

The Company, which qualifies as a party-in-interest, absorbs certain administrative expenses of the Plan. Such transactions qualify for a statutory exemption.

Certain Plan investments are managed by American Funds. American Funds and Capital Bank and Trust Company (Capital Bank) are related parties. Capital Bank is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions for which a statutory exemption exists. Additionally, notes receivable from participants are considered party-in-interest transactions.

NOTE 9 - PROHIBITED TRANSACTIONS

During the year ended December 31, 2011, the Company failed to remit to the Plan's trustee certain employee contributions totaling $3,434 within the period prescribed by Department of Labor regulations. Delays in remitting contributions to the trustee were due to administrative errors, and the Company is in the process of rectifying the matter by paying lost earnings on the employee contributions that were remitted late.

STRATEGIC PROPERTY ASSOCIATES, LLC
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Supplementary Information
December 31, 2011

Schedule H, line 4i – Schedule of Assets (Held at End of Year)
EIN #58-2447158
PN #001

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	**Description of investment including maturity date, rate of interest, collateral, par or maturity value**	**Cost**	**Current Value**
*	American Funds	American Balanced Fund R2	N/A	$ 157,747
*	American Funds	Bond Fund of America R2	N/A	127,864
*	American Funds	Capital World Growth and Income Fund	N/A	264,927
*	American Funds	EuroPacific Growth Fund R2	N/A	23,385
*	American Funds	Growth Fund of America R2	N/A	459,780
*	American Funds	Money Market Fund	N/A	71,404
*	American Funds	New Perspective Fund R2	N/A	320,072
*	American Funds	Target Date 2010 R2	N/A	4,946
*	American Funds	Target Date 2015 R2	N/A	696
*	American Funds	Target Date 2020 R2	N/A	2,770
*	American Funds	Target Date 2025 R2	N/A	197
*	American Funds	Target Date 2035 R2	N/A	496
*	American Funds	Target Date 2040 R2	N/A	982
*	American Funds	Target Date 2045 R2	N/A	4,086
*	American Funds	Target Date 2050 R2	N/A	1,200

(Schedule 1 continued on the following page)

STRATEGIC PROPERTY ASSOCIATES, LLC
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December 31, 2011

Schedule H, line 4i – Schedule of Assets (Held at End of Year)
EIN #58-2447158
PN #001

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	**Description of investment including maturity date, rate of interest, collateral, par or maturity value**	**Cost**	**Current Value**
*	American Funds	Washington Mutual Investors Fund R2	N/A	290,190
	Farmers & Merchants Bank	Interest Bearing Cash	N/A	1,287
	Total investments at fair value			1,732,029
*	Notes receivable from participants	Interest rates ranging from 4.25% - 10.25% with maturity dates through October 2016	--	115,719
	Total asets held for investment purposes at year end			$ 1,847,748

* - Party-in-interest as defined by ERISA for which a statutory exemption exists.
N/A – Information not required for participant-directed investments.

STRATEGIC PROPERTY ASSOCIATES, LLC
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Supplementary Information
December 31, 2011

Schedule H, line 4a - Schedule of Delinquent Participant Contributions
EIN #58-2447158
PN #001

	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Participant Contributions Transferred Late to Plan	$ 3,434	$ --	$ --	$ --

STRATEGIC PROPERTY ASSOCIATES, LLC
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Schedule H, line 4i – Schedule of Assets (Held at End of Year)
EIN #58-2447158
PN #001

(a)	(b)	(c)	(d)	(e)
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*	American Funds	Target Date 2020 R2	N/A	2,770
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*	American Funds	Target Date 2035 R2	N/A	496
*	American Funds	Target Date 2040 R2	N/A	982
*	American Funds	Target Date 2045 R2	N/A	4,086
*	American Funds	Target Date 2050 R2	N/A	1,200

(Schedule 1 continued on the following page)

STRATEGIC PROPERTY ASSOCIATES, LLC
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December 31, 2011

Schedule H, line 4i – Schedule of Assets (Held at End of Year)
EIN #58-2447158
PN #001

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	Farmers & Merchants Bank	Interest Bearing Cash	N/A	1,287
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	Total asets held for investment purposes at year end			$ 1,847,748

* - Party-in-interest as defined by ERISA for which a statutory exemption exists.
N/A – Information not required for participant-directed investments.