Southern Home Medical, Inc.
Consolidated Profit and Loss
January through December 2015

Income	
Gross Receipts	1,140,504
Total Gross Receipts	1,140,504
Total Income	1,140,504
Cost of Goods Sold	
Cost of Goods Sold	
Medical Equipment and Supplies	39,019
Total Cost of Goods Sold	39,019
Total COGS	39,019
Gross Profit	**1,101,485**
Expense	
Administrative Support	19,405
Automobile Expense	46,399
Background Consent Expense	3,131
Bad Debt Expense	1,574
Bank Service Charges	236
Business Licenses and Permits	826
Certification Expenses	5,014
Charitable Contributions	23,939
Computer and Internet Expense	10,178
Corporate Filings	145
Dues & Subscriptions	200
Employee Opportunities	2,427
EMSI Office Expenses	49,111
Insurance Expense	33,124
Marketing	19,758
Office Supplies	5,334
Overpayment Expense	5,612
Payroll Expenses	712,773
Postage and Delivery	704
Printing and Reproduction	4,064
Professional Fees	34,976
Referral Fees	600
Rent Expense	16,421
Repairs & Maintenance	7,891
Shipping & Freight	104
Supplies	412
Taxes	6,970
Telephone	7,379
Travel & Entertainment	18,138
Uniform	331
Utilities	3,677
Total Expense	**1,040,855**
Other Income	
Interest Income	353
Total Other Income	353
Net Income	**60,983**

Southern Home Medical, Inc.
Consolidated Balance Sheet
December 31, 2015

ASSETS	
Current Assets	
Checking/Savings	
Cash	67,965
Total Checking/Savings	67,965
Other Current Assets	
Accounts Receivable	240,459
Franchise Advances	6,836
Inter Company Transfer	171,350
Notes Receivable	-34,135
Prepaid Taxes	2,647
Total Other Current Assets	387,156
Total Current Assets	455,121
Fixed Assets	
Accumulated Depreciation	-224,800
Fitness Equipment	15,000
Furniture and Fixtures	5,615
Major Equipment	9,433
Office Equipment	23,623
Rental Equipment	171,521
Total Fixed Assets	392
TOTAL ASSETS	**455,512**

Southern Home Medical, Inc.
Consolidated Balance Sheet
December 31, 2015

LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	16,965
Total Accounts Payable	16,965
Other Current Liabilities	
Inter Company Transfer	111,467
Lease Payables	0
Total Other Current Liabilities	111,467
Total Current Liabilities	128,432
Total Liabilites	128,432
Equity	
Additional Paid in Capital	220,024
Common Stock	226,742
Retained Earnings	-221,503
Series A Preferred	19,827
Series C Preferred	18,006
Shareholder Contributions	3,001
Shareholder Distributions	0
Net Income	60,983
TOTAL EQUITY	327,080
TOTAL LIABILITIES & EQUITY	**455,512**

Southern Home Medical, Inc.
Consolidated Statement of Cash Flows
January through December 2015

OPERATING ACTIVITIES	
Net Income	60,983
Adjustments to reconcile Net Income to net cash provided by Operations:	
Accounts Receivable	-101,066
Admin Advances	30,000
Allowance For Doubtful Accounts	0
Inter-Company Cash	21,344
PL & GL Advances	-929
Notes Receivable	0
Accounts Payable	0
Workers Comp Advances	-4,709
Note Payable	0
Cash From EMSI	-17,344
Payroll Liabilities	14,865
Net cash provided by Operating Activities:	**3,144**
INVESTING ACTIVITIES	
Furniture & Fixtures	0
Inter-Company:SHOM	-4,000
Major Equipment	2,100
Notes Receivable	0
Office Equipment	100
Rental Equipment	0
Net cash provided by Investing Activities:	**-1,800**
Net Cash Increase for Period:	**1,344**
Cash at Beginning of Period:	**66,621**
Cash at End of Period:	**67,965**

SOUTHERN HOME MEDICAL, INC.

Share Count Information

December 31, 2015

Outstanding Share Count as of December 31, 2015

Common	786,509,863
Preferred A	10,000,000
Preferred C	10,516,250

Authorized Share Count as of December 31, 2015

Common	5,000,000,000
Preferred A	25,000,000
Preferred C	25,000,000

Public Float as of December 31, 2015

Float	462,417,400

Shareholders of Record as of December 31, 2015

Total	1,949

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF
SOUTHERN HOME MEDICAL, INC

December 31, 2015 (UNAUDITED)

RESULTS OF OPERATION

Revenues: For twelve months ended December 31, 2015

Revenues for the period were $1,101,485. Revenues increased $649,949 from 2014 levels.

All sales transactions were with unrelated parties and with major vendors such as Invacare, Respironics, Merits, ResMed, Smith Drugs, Pinnacle, Nursing Homes, TransOx, Independence Medical, Southeastern Biomedical, ZirMed, Interim Hospice, Avalon Hospice, Peachtree Centre, Summit Health, Long Term Solutions, Brookedale Properties, America Republic Insurance and Uline.

Expenses: For twelve months ended December 31, 2015

Operating expenses for the twelve months ended December 31, 2015 was $1,040,855. We currently have no equipment that is on any lease program. Leasing equipment is not part of any plans in future operations of our company. We will not create debt with any leasing programs.

Total expenses for 2014 were $520,995

Total expenses for 2013 were $537,600

Total expenses for 2012 were $579,921

Total expenses for 2011 were $834,055

Total expenses for 2010 were $643,198

Total expenses for 2009 were $581,539

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Income Taxes: For twelve months ended December 31, 2015

We had no provision for income taxes for the twelve months ended December 31, 2015.

We do not currently have any net deferred tax assets.

All taxes are completed each year by Scott & Company, a PCAOB accounting firm based downtown in Columbia, SC.

Income / Losses: For twelve months ended December 31, 2015

We had a net gain of $60,983 for the twelve-month period ended December 31, 2015. We are confident we are moving in the right direction.

Total Income/Losses for 2014 were -$69,454

Total Income/Losses for 2013 were $40,524

Total Income/Losses for 2012 were $92,582

Total Income/Losses for 2011 were $82,322

Total Income/Losses for 2010 were $38,466

Total Income/Losses for 2009 were -$22,785

Impact of Inflation

We believe that inflation has had a negligible effect on operations.

Insurance Provisions

There is a Key Man Insurance policy with AXA Advisor, LLC on Jeffrey L Sarvis, President and CEO payable to Southern Home Medical, Inc. as beneficiary for $250,000.00. We also carry insurance with VGM Insurance Services, Healthcare Providers Service Organization (HPSO), Nurse Service Organization (NSO), Berkley Net, and Carolina Casualty.

Outstanding Share Count: For twelve months ended December 31, 2015

Common	786,509,863	There are 1949 Total Shareholders
Preferred A	10,000,000	There are 2 Shareholders in Preferred A
Preferred C	10,516,250	There are 28 Shareholders in Preferred C

Authorized Share Count: For twelve months ended December 31, 2015

Common	5,000,000,000
Preferred A	25,000,000
Preferred C	25,000,000

Liquidity & Capital Resources: For twelve months ended December 31, 2015

We currently rely on no financing from outside sources to provide us with capital. This has no effect on our operations and financial condition. Operation will continue as currently configured, however we have now established strong alliance with our banking partners and feel our position is stronger than ever, in the event we rely on their partnership.

We had cash on hand of $67,965 for the twelve months ended December 31, 2015. Our current amount of cash in the bank is sufficient for our operations. We will rely on the existence of revenue from our business daily to operate and make decisions.

Demand for our business will be dependent on, among other things, market acceptance of our medical equipment and the medical equipment market in general, competitive bidding program, demand for nursing home needs in the markets where we operate, legislation with Medicare & Medicaid and general economic conditions.

NOTES TO FINANCIAL STATEMENTS
OF
SOUTHERN HOME MEDICAL, INC.
DECEMBER 31, 2015 (UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION

This is a preliminary overview unaudited of the annual notes for 2015. The accompanying unaudited financial statements are being prepared internally in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they currently do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited financial statements contain no current adjustments consisting only of normal recurring accruals considered necessary to present fairly the Company's financial position at December 31, 2015.

Management's 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 effect the reported amounts of assets and liabilities, disclosures 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.

Fair Value of Financial Instruments – The carrying amounts of financial instruments including accounts receivable, medical equipment, accounts payable, stockholder loans payable and notes payable approximated fair value because of the immediate short-term maturity of these instruments.

Income Taxes – Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting and net operating loss-carry forwards. Deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The income tax benefit consists of taxes currently refundable due to net operating loss carry back provisions less the effects of accelerated depreciation for the federal government. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment. Earnings (Loss) Per Share – The Company reports earnings (loss) per share in accordance with Statement of Financial Accounting Standard (SFAS) No. 128. This statement requires dual presentation of basic and diluted earnings (loss) with a reconciliation of the numerator and denominator of the loss per share computations. Basic earnings per share amounts are based on the

weighted average shares of common outstanding. If applicable, diluted earnings per share assume the conversion, exercise or issuance of all common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. Accordingly, this presentation has been adopted for the periods presented. There were no adjustments required to net income for the period presented in the computation of diluted earnings per share. There were no common stock equivalents (CSE) necessary for the computation of diluted loss per share.

Fixed Assets – Fixed assets are recorded at cost and include expenditures that substantially increase the productive lives of the existing assets. Maintenance and repair costs are expensed as incurred. Depreciation is provided using the straight-line method. Depreciation of property and equipment is calculated over the management prescribed recovery periods, which range from 5 years for equipment to 7 years for furniture and fixtures.

When a fixed asset is disposed of, its cost and related accumulated depreciation are removed from the accounts. The difference between the undepreciated cost and proceeds from disposition is recorded as a gain or loss.

Advertising Costs – Advertising costs are expenses as incurred. The Company does not incur any direct-response advertising costs and nor does the company employee an agency.

Other Current Liabilities – There are currently no short or long term outstanding liabilities.

Revenue Recognition – The Company recognizes revenue from the sale and rental of medical equipment and accessories at the time of delivery, when title to the products transfer and the customer bears the risk of loss, net of estimated provisions for returns, rebates and sales allowances.

Comprehensive Income (Loss) – The Company adopted Financial Accounting Standards Board Statement of Financial Accounts Standards No. 130, *"Reporting Comprehensive Income"*, which establishes standards for the reporting and display of comprehensive income and its components in the financial statements. There were no items of comprehensive income (loss) applicable to the company during the period covered in the financial statements.

Long-Lived Assets – In accordance with Financial Accounting Standards Board Statement of Financial Accounting Standard No. 121, *"Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of"*, the carrying value of long-lived assets is reviewed by management on a regular basis for the existence of facts or circumstances, both internally and externally, that may suggest impairment. To date, no such impairment has been indicated. Should there be impairment in the future; the Company will recognize the amount of impairment based on discounted expected future cash flows from the impaired assets.

Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, the Company considers liquid investments with an original maturity of three months or less to be cash equivalents.

Uninsured Deposits – At no times during the period, the Company maintained a bank account balance that exceeded federally insured limits. The President & CEO personally signs every check.

Recent Accounting Pronouncements – In July 2006, the Financial Accounting Standards Board ("FASB") ratified the provisions of Emerging Issues Task Force ("EITF") Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (that is, Gross versus Net Presentation)." EITF Issue No. 06-3 requires that the presentation of taxes within revenue-producing transactions between a seller and a customer, including but not limited to sales, use, value added, and some excise taxes, should be on either a gross (included in revenue and cost) or a net (excluded from revenue) basis.

NOTE 2– LEGAL PRESENTATION

There are no legal issues or concerns at present that is a concern for SHOM.

CERTIFICATION

I, *Jeffrey L Sarvis, President & CEO* of Southern Home Medical, Inc., hereby certify that the unaudited financial statements and related footnotes hereto present fairly, in all material respects, the financial position of Southern Home Medical, Inc. and the results of its operations and cash flows as of and for the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States, consistently applied.

SOUTHERN HOME MEDICAL, INC

By: 

Jeffrey L Sarvis, President & CEO