Southern Home Medical, Inc.
Consolidated Profit and Loss
January thru March, 2016

Income	
Gross Receipts	316,470
Total Gross Receipts	316,470
Total Income	316,470
Cost of Goods Sold	
Cost of Goods Sold	
Medical Equipment and Supplies	9,937
Total Cost of Goods Sold	9,937
Total COGS	9,937
Gross Profit	**306,533**
Expense	
Administrative Support	15,027
Automobile Expense	5,422
Background Consent Expense	403
Bad Debt Expense	0
Bank Service Charges	82
Business Licenses and Permits	535
Charitable Contributions	4,991
Computer and Internet Expense	321
Employee Opportunities	0
EMSI Office Expenses	9,787
Insurance Expense	6,042
Marketing	2,560
Office Supplies	444
Overpayment Expense	142
Payroll Expenses	224,788
Postage and Delivery	230
Printing and Reproduction	1,048
Professional Fees	10,476
Referral Fees	0
Rent Expense	2,997
Repairs & Maintenance	1,246
Respiratory Care Program	0
Shipping & Freight	0
Supplies	0
Taxes	2,303
Telephone	1,842
Travel & Entertainment	1,988
Uniform	0
Utilities	810
Total Expense	**293,482**
Other Income	
Interest Income	15
Total Other Income	15
Net Income	**13,065**

Southern Home Medical, Inc.
Consolidated Balance Sheet
March 31, 2016

ASSETS	
Current Assets	
Checking/Savings	
Cash	101,903
Total Checking/Savings	101,903
Other Current Assets	
Accounts Receivable	237,555
Franchise Advances	2,897
Inter Company Transfer	136,850
Notes Receivable	25,865
Prepaid Taxes	2,530
Total Other Current Assets	405,697
Total Current Assets	507,600
Fixed Assets	
Accumulated Depreciation	-224,800
Fitness Equipment	15,000
Furniture and Fixtures	5,615
Major Equipment	9,033
Office Equipment	23,623
Rental Equipment	171,521
Total Fixed Assets	-8
TOTAL ASSETS	**507,592**

Southern Home Medical, Inc.
Consolidated Balance Sheet
March 31, 2016

LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	30,495
Total Accounts Payable	30,495
Other Current Liabilities	
Inter Company Transfer	136,850
Lease Payables	0
Total Other Current Liabilities	136,850
Total Current Liabilities	167,345
Total Liabilites	167,345
Equity	
Additional Paid in Capital	220,024
Common Stock	226,742
Retained Earnings	-160,419
Series A Preferred	19,827
Series C Preferred	18,006
Shareholder Contributions	3,001
Shareholder Distributions	0
Net Income	13,065
TOTAL EQUITY	340,246
TOTAL LIABILITIES & EQUITY	**507,592**

Southern Home Medical, Inc.
Consolidated Statement of Cash Flows
January thru March 2016

OPERATING ACTIVITIES	
Net Income	13,065
Adjustments to reconcile Net Income	
to net cash provided by Operations:	
Accounts Receivable	2,903
Admin Advances	0
Allowance For Doubtful Accounts	0
Inter-Company Cash	1,400
PL & GL Advances	1,114
Notes Receivable	0
Accounts Payable	0
Workers Comp Advances	2,825
Note Payable	0
Cash From EMSI	10,000
Payroll Liabilities	13,530
Net cash provided by Operating Activities:	**44,837**
INVESTING ACTIVITIES	
Furniture & Fixtures	0
Inter-Company:SHOM	-11,400
Major Equipment	400
Notes Receivable	0
Office Equipment	0
Rental Equipment	0
Net cash provided by Investing Activities:	**-11,000**
Net Cash Increase for Period:	**33,837**
Cash at Beginning of Period:	**68,066**
Cash at End of Period:	**101,903**

SOUTHERN HOME MEDICAL, INC.

Share Count Information

March 31, 2016

Outstanding Share Count as of March 31, 2016

Common	725,070,012
Preferred A	10,000,000
Preferred C	10,516,250

Authorized Share Count as of March 31, 2016

Common	1,000,000,000
Preferred A	25,000,000
Preferred C	25,000,000

Public Float as of March 31, 2016

Float	400,977,549

Shareholders of Recored as of March 31, 2016

Total	1,948

NOTES TO FINANCIAL STATEMENTS
OF
SOUTHERN HOME MEDICAL, INC.
MARCH 31, 2016 (UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION

This is a preliminary overview unaudited of the 1st quarter 2016. 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 March 31, 2016.

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. No does the company employee an agency.

Other Current Liabilities – There are no short or long term outstanding liabilities that are not part of normal operation of the business.

Revenue Recognition – The Company recognizes revenue from the sale and rental of medical equipment and accessories at the time of delivery or the posting from the insurance provider.

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.

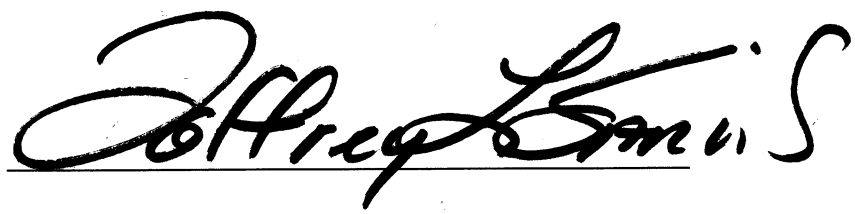
NOTE 2– LEGAL PRESENTATION

There are no legal issues known 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 March 31, 2016, in conformity with accounting principles generally accepted in the United States, consistently applied.

SOUTHERN HOME MEDICAL, INC

By: 

Jeffrey L Sarvis, President & CEO