

Southern Home Medical, Inc & Subs.

Corporation Income Tax Returns

For the Year Ended December 31, 2013

2013

Department of the Treasury
Internal Revenue Service

beginning _____, ending _____

Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

A Check if:

- 1a Consolidated return (attach Form 851) ☒ **X**
- b Life/nonlife consolidated return ☐
- 2 Personal holding co. (attach Sch. PH) ☐
- 3 Personal service corp. (see instructions) ☐
- 4 Schedule M-3 attached ☐

TYPE
OR
PRINT

Name

Southern Home Medical, Inc & Subs.

Number, street, and room or suite no. If a P.O. box, see instructions.

50 Lawrence St

City or town, state, or province, country and ZIP or foreign postal code

Lyman, SC 29365

B Employer identification number

C Date incorporated

01/13/2005

D Total assets (see instructions)

\$ 450,706.

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income

1a Gross receipts or sales	1a	693,816.
b Returns and allowances	1b	
c Balance. Subtract line 1b from line 1a	1c	693,816.
2 Cost of goods sold (attach Form 1125-A)	2	128,180.
3 Gross profit. Subtract line 2 from line 1c	3	565,636.
4 Dividends (Schedule C, line 19)	4	
5 Interest	5	59.
6 Gross rents	6	
7 Gross royalties	7	
8 Capital gain net income (attach Schedule D (Form 1120))	8	
9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	
10 Other income (attach statement) See Consolidated Income and Deductions	10	23,050.
11 Total income. Add lines 3 through 10	11	588,745.

Deductions (See instructions for limitations on deductions.)

12 Compensation of officers (attach Form 1125-E)	12	34,900.
13 Salaries and wages (less employment credits)	13	154,838.
14 Repairs and maintenance	14	53,249.
15 Bad debts	15	
16 Rents	16	36,230.
17 Taxes and licenses	17	8,337.
18 Interest	18	146.
19 Charitable contributions	19	1,572.
20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20	8,507.
21 Depletion	21	
22 Advertising	22	22,939.
23 Pension, profit-sharing, etc., plans	23	
24 Employee benefit programs	24	35,946.
25 Domestic production activities deduction (attach Form 8903)	25	
26 Other deductions (attach statement) See Consolidated Income and Deductions	26	168,905.
27 Total deductions. Add lines 12 through 26	27	525,569.
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	63,176.

29a Net operating loss deduction (see instructions)	29a	49,025.
b Special deductions (Schedule C, line 20)	29b	
c Add lines 29a and 29b	29c	49,025.

Tax, Refundable Credits, and Payments

30 Taxable income. Subtract line 29c from line 28 (see instructions)	30	14,151.
31 Total tax (Schedule J, Part I, line 11)	31	2,123.
32 Total payments and refundable credits (Schedule J, Part II, line 21)	32	
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input checked="" type="checkbox"/> X	33	39.
34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed	34	2,162.
35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid	35	
36 Enter amount from line 35 you want: Credited to 2014 estimated tax <input type="checkbox"/> Refunded <input checked="" type="checkbox"/> X	36	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

President

May the IRS discuss this return with the preparer shown below?
☒ Yes ☐ No

Paid

Print/Type preparer's name
Anthony F Perricelli

Preparer's signature

Date
3/11/14Check if self-employed ☐PTIN
P00105224

Preparer

Firm's name ▶ Scott and Company, LLC

Use Only

Firm's address ▶ PO Box 8388
Columbia, SC 29202

Firm's EIN ▶ F

Phone no.

803-256-6021

Schedule C Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Schedule J Tax Computation and Payment (see instructions)**Part I - Tax Computation**

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/> Stmt 1 <input type="checkbox"/>	
3	Alternative minimum tax (attach Form 4626)		2,123.
4	Add lines 2 and 3		2,123.
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834 (see instructions)	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e	6	
7	Subtract line 6 from line 4	7	2,123.
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9a	Recapture of investment credit (attach Form 4255)	9a	
b	Recapture of low-income housing credit (attach Form 8611)	9b	
c	Interest due under the look-back method-completed long-term contracts (attach Form 8697)	9c	
d	Interest due under the look-back method-income forecast method (attach Form 8866)	9d	
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e	
f	Other (see instructions - attach statement)	9f	
10	Total. Add lines 9a through 9f	10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31	11	2,123.

Part II - Payments and Refundable Credits

12	2012 overpayment credited to 2013	12	
13	2013 estimated tax payments	13	
14	2013 refund applied for on Form 4466	14	()
15	Combine lines 12, 13, and 14	15	
16	Tax deposited with Form 7004	16	
17	Withholding (see instructions)	17	
18	Total payments. Add lines 15, 16, and 17	18	
19	Refundable credits from:		
a	Form 2439	19a	
b	Form 4136	19b	
c	Form 8827, line 8c	19c	
d	Other (attach statement - see instructions)	19d	
20	Total credits. Add lines 19a through 19d	20	
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32	21	

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. ▶ 551112		
b	Business activity ▶ Holding Company		
c	Product or service ▶ Management Svcs		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? If "Yes," enter name and EIN of the parent corporation ▶		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

Schedule K	Other Information continued (see instructions)
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				Yes	No
5 At the end of the tax year, did the corporation: a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851 , Affiliations Schedule? For rules of constructive ownership, see instructions If "Yes," complete (i) through (iv) below.				X	
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock		
ApneaRx, LLC		United States	100.00%		
L Health and Fitness, Inc.		United States	100.00%		
Encore Medical Staffing, Inc.		United States	100.00%		
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions If "Yes," complete (i) through (iv) below.					X
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452 , Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.					X
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If "Yes," enter: (i) Percentage owned ▶ and (ii) Owner's country ▶ (c) The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶					
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.					
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$					
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶					
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.					
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ 49,025.					
13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$					X
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? If "Yes," complete and attach Schedule UTP.					X
15a Did the corporation make any payments in 2013 that would require it to file Form(s) 1099?					X
b If "Yes," did or will the corporation file required Forms 1099?					
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?					X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?					X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million?					X

Schedule L Balance Sheets per Books

Beginning of tax year

End of tax year

Assets	(a)	(b)	(c)	(d)
1 Cash		135,502.		152,879.
2a Trade notes and accounts receivable	128,437.		122,417.	
b Less allowance for bad debts	(23,972.)	104,465.	(36,635.)	85,782.
3 Inventories				
4 U.S. government obligations	See	See		
5 Tax-exempt securities	Statement of	Statement of		
6 Other current assets (att. stmt.)	Consolidated	32,531.	Consolidated	24,605.
7 Loans to shareholders	Beginning		Ending	
8 Mortgage and real estate loans	Balance Sheet		Balance Sheet	
9 Other investments (att. stmt.)				
10a Buildings and other depreciable assets	265,506.		268,506.	
b Less accumulated depreciation	(132,552.)	132,954.	(141,066.)	127,440.
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization	()		()	
14 Other assets (att. stmt.)		60,000.		60,000.
15 Total assets		465,452.		450,706.
Liabilities and Shareholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (att. stmt.)		37,300.		448.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (att. stmt.)		2,800.		2,636.
22 Capital stock: a Preferred stock	37,833.		37,833.	
b Common stock	226,742.	264,575.	226,742.	264,575.
23 Additional paid-in capital		223,025.		223,025.
24 Retained earnings - Appropriated (attach statement)				
25 Retained earnings - Unappropriated		-62,248.		-39,978.
26 Adjustments to shareholders' equity (attach statement)				
27 Less cost of treasury stock		()		()
28 Total liabilities and shareholders' equity		465,452.		450,706.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1 Net income (loss) per books	22,270.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books		Tax-exempt interest \$	2,258.
3 Excess of capital losses over capital gains			2,258.
4 Income subject to tax not recorded on books this year (itemize):	8,278.	8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation	\$
a Depreciation	\$	b Charitable contributions	\$
Charitable contributions	14,109.		
Travel and entertainment	7,561.	9 Add lines 7 and 8	2,258.
13,216.	34,886.	10 Income (page 1, line 28) - line 6 less line 9	63,176.
6 Add lines 1 through 5	65,434.		

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	-62,248.	5 Distributions: a Cash	
2 Net income (loss) per books	22,270.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
4 Add lines 1, 2, and 3	-39,978.	7 Add lines 5 and 6	
		8 Balance at end of year (line 4 less line 7)	-39,978.

ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

[illegible]

Cost of Goods Sold

(Rev. December 2012)

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.

OMB No. 1545-2225

▶ Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

Name

Employer Identification number

Southern Home Medical, Inc & Subs.

1 Inventory at beginning of year	1	0.
2 Purchases	2	128,180.
3 Cost of labor	3	0.
4 Additional section 263A costs (attach schedule)	4	0.
5 Other costs (attach schedule)	5	0.
6 Total. Add lines 1 through 5	6	128,180.
7 Inventory at end of year	7	0.
8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	128,180.

9a Check all methods used for valuing closing inventory:

- (i) ☒ Cost
- (ii) ☐ Lower of cost or market
- (iii) ☐ Other (Specify method used and attach explanation) ▶ _____

b Check if there was a writedown of subnormal goods ▶ ☐**c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐**d** If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d** | _____**e** If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation? ☐ Yes ☒ No**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No
If "Yes," attach explanation.

Affiliations Schedule

► File with each consolidated income tax return.

OMB No. 1545-0025

For tax year ending

December 31, 2013

Name of common parent corporation

Southern Home Medical, Inc

Employer identification number

Number, street, and room or suite no. If a P.O. box, see instructions.

50 Lawrence St

City or town, state, and ZIP code

Lyman, SC 29365

Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (see instructions)

Corp. No.	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7004
1	Common parent corporation			
	Subsidiary corporations:			
	ApneaRx, LLC			
	50 Lawrence St			
2	Lyman, SC 29365		0.	0.
	Encore Medical Staffing, Inc.			
	107 Station Street			
3	Lyman, SC 29365	2	0.	0.
4			0.	0.
5				
6				
7				
8				
9				
10				
Totals (Must equal amounts shown on the consolidated tax return)				

Part II Principal Business Activity, Voting Stock Information, Etc. (see instructions)

Corp. No.	Principal business activity (PBA)	PBA Code No.	Did the subsidiary make any nondividend distributions?		Stock holdings at beginning of year			
			Yes	No	Number of shares	Percent of voting power	Percent of value	Owned by corporation no.
1	Common parent corporation Holding Company	551112						
	Subsidiary corporations:							
2	Home Medical Care	621610		X		%	%	
3	Medical Staffing	561900		X		%	%	
4				X		100.00%	100.00%	1
5						%	%	
6						%	%	
7						%	%	
8						%	%	
9						%	%	
10						%	%	

Part IV Additional Stock Information (see instructions)

1 During the tax year, did the corporation have more than one class of stock outstanding? ☒ Yes ☐ No

If "Yes," enter the name of the corporation and list and describe each class of stock.

Corp. No.	Name of corporation	Class of stock
1	Southern Home Medical, Inc	Common & Preferred

2 During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation? ☐ Yes ☒ No

If "Yes," enter the name of the corporation(s) and explain circumstances.

Corp. No.	Name of corporation	Explanation

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group? ☐ Yes ☒ No

If "Yes," enter the name of the corporation and see the instructions for the percentages to enter in columns

(a), (b), and (c).

Corp. No.	Name of corporation	(a) Percent of value	(b) Percent of outstanding voting stock	(c) Percent of voting power
		%	%	%
		%	%	%
		%	%	%
		%	%	%

Corp. No. (d) Provide a description of any arrangement.

Compensation of Officers

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120S.

► Information about Form 1125-E and its separate instructions is at www.irs.gov/form1125e.

OMB No. 1545-2225

Employer Identification number

Southern Home Medical, Inc & Subs.

Note. Complete Form 1125-E only if total receipts are \$500,000 or more. See instructions for definition of total receipts.

[illegible]

2	Total compensation of officers	2	34,900.
3	Compensation of officers claimed on Form 1125-A or elsewhere on return	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return	4	34,900.

For Paperwork Reduction Act Notice, see separate instructions.

Form 1125-E (Rev. 12-2013)

Underpayment of Estimated Tax by Corporations

► Attach to the corporation's tax return.

OMB No. 1545-0142

► Information about Form 2220 and its separate instructions is at www.irs.gov/form2220.

2013

Name

Southern Home Medical, Inc & Subs.

Employer identification number

Note: Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Required Annual Payment

1	Total tax (see instructions)	1	2,123.
2a	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2a	
2b	Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	2b	
2c	Credit for federal tax paid on fuels (see instructions)	2c	
2d	Total. Add lines 2a through 2c	2d	
3	Subtract line 2d from line 1. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty	3	2,123.
4	Enter the tax shown on the corporation's 2012 income tax return (see instructions). Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5	4	
5	Required annual payment. Enter the smaller of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3	5	2,123.

Part II Reasons for Filing - Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220 even if it does not owe a penalty (see instructions).

- 6 ☐ The corporation is using the adjusted seasonal installment method.
- 7 ☐ The corporation is using the annualized income installment method.
- 8 ☐ The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Part III Figuring the Underpayment

	(a)	(b)	(c)	(d)
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	04/15/2013	06/17/2013	09/16/2013	12/16/2013
10 Required installments. If the box on line 6 and/or line 7 above is checked, enter the amounts from Sch A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 5 above in each column.	531.	531.	530.	531.
11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15				
Complete lines 12 through 18 of one column before going to the next column.				
12 Enter amount, if any, from line 18 of the preceding column				
13 Add lines 11 and 12				
14 Add amounts on lines 16 and 17 of the preceding column		531.	1,062.	1,592.
15 Subtract line 14 from line 13. If zero or less, enter -0-				
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-		531.	1,062.	
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	531.	531.	530.	531.
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column				

Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17 - no penalty is owed.

Part IV Figuring the Penalty

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month.)	Statement 2			
20 Number of days from due date of installment on line 9 to the date shown on line 19				
21 Number of days on line 20 after 4/15/2013 and before 7/1/2013				
22 Underpayment on line 17 x $\frac{\text{Number of days on line 21} \times 3\%}{365}$	\$	\$	\$	\$
23 Number of days on line 20 after 06/30/2013 and before 10/1/2013				
24 Underpayment on line 17 x $\frac{\text{Number of days on line 23} \times 3\%}{365}$	\$	\$	\$	\$
25 Number of days on line 20 after 9/30/2013 and before 1/1/2014				
26 Underpayment on line 17 x $\frac{\text{Number of days on line 25} \times 3\%}{365}$	\$	\$	\$	\$
27 Number of days on line 20 after 12/31/2013 and before 4/1/2014				
28 Underpayment on line 17 x $\frac{\text{Number of days on line 27} \times 3\%}{365}$	\$	\$	\$	\$
29 Number of days on line 20 after 3/31/2014 and before 7/1/2014				
30 Underpayment on line 17 x $\frac{\text{Number of days on line 29} \times \%}{365}$	\$	\$	\$	\$
31 Number of days on line 20 after 6/30/2014 and before 10/01/2014				
32 Underpayment on line 17 x $\frac{\text{Number of days on line 31} \times \%}{365}$	\$	\$	\$	\$
33 Number of days on line 20 after 9/30/2014 and before 1/1/2015				
34 Underpayment on line 17 x $\frac{\text{Number of days on line 33} \times \%}{365}$	\$	\$	\$	\$
35 Number of days on line 20 after 12/31/2014 and before 2/16/2015				
36 Underpayment on line 17 x $\frac{\text{Number of days on line 35} \times \%}{365}$	\$	\$	\$	\$
37 Add lines 22, 24, 26, 28, 30, 32, 34, and 36	\$ 15.	\$ 12.	\$ 8.	\$ 4.
38 Penalty. Add columns (a) through (d) of line 37. Enter the total here and on Form 1120; line 33; or the comparable line for other income tax returns				\$ 39.

* Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.irs.gov. You can also call 1-800-829-4933 to get interest rate information.

Depreciation and Amortization
(Including Information on Listed Property) OTHER

▶ See separate instructions.

▶ Attach to your tax return.

Southern Home Medical, Inc & Subs.

Other Depreciation

Identifying number

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	3,000.
3	Threshold cost of section 179 property before reduction in limitation	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000.

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	3,000.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	3,000.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	3,000.
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	66,176.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	3,000.
13	Carryover of disallowed deduction to 2014. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

Section B - Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs.		S/L	
h	Residential rental property	/	27.5 yrs.	MM	S/L	
		/	27.5 yrs.	MM	S/L	
i	Nonresidential real property	/	39 yrs.	MM	S/L	
		/		MM	S/L	

Section C - Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year	/	40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	3,000.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A - Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)**24a** Do you have evidence to support the business/investment use claimed? ☒ **Yes** ☐ **No** **24b** If "Yes," is the evidence written? ☒ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
--	-------------------------------------	--	-------------------------------	--	---------------------------	------------------------------	----------------------------------	---------------------------------------

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use **25****26** Property used more than 50% in a qualified business use:

2005 Kia		%						
Sedona	091409	100.00 %	5,250.		5.00	200DB-HY		
2002 JETTA	010113	100.00 %	3,000.		5.00	200DB-HY		3,000.

27 Property used 50% or less in a qualified business use:

		%			S/L			
		%			S/L			
		%			S/L			

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 **28****29** Add amounts in column (i), line 26. Enter here and on line 7, page 1 **29** 3,000.**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle	(b) Vehicle	(c) Vehicle	(d) Vehicle	(e) Vehicle	(f) Vehicle
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2013 tax year:					
43 Amortization of costs that began before your 2013 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Depreciation and Amortization
(Including Information on Listed Property) OTHER

▶ See separate instructions.

▶ Attach to your tax return.

Southern Home Medical, Inc & Subs.

Other Depreciation

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0.
13	Carryover of disallowed deduction to 2014. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	4,163.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

Section B - Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

Section C - Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year	/		40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	1,344.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	5,507.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A - Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)**24a** Do you have evidence to support the business/investment use claimed? ☒ **Yes** ☐ **No** **24b** If "Yes," is the evidence written? ☒ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
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25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use**25****26** Property used more than 50% in a qualified business use:

See Statement 3	%						1,344.	
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27 Property used 50% or less in a qualified business use:

	%				S/L -			
	%				S/L -			
	%				S/L -			

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1**28**

1,344.

29 Add amounts in column (i), line 26. Enter here and on line 7, page 1**29****Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle	(b) Vehicle	(c) Vehicle	(d) Vehicle	(e) Vehicle	(f) Vehicle
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
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42 Amortization of costs that begins during your 2013 tax year:

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43 Amortization of costs that began before your 2013 tax year**43****44** Total. Add amounts in column (f). See the instructions for where to report**44**

2013 DEPRECIATION AND AMORTIZATION REPORT

Other Depreciation

OTHER

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
2	Computer	0920110200	DB	5.00	17	635.		635.				0.
3	Rug - Back Room	1005111200	DB	7.00	17	600.			600.	600.		0.
4	Rug - Encore Office	1005111200	DB	7.00	17	1,400.			1,400.	1,400.		0.
5	Printer/fax/scanner	053107200	DB	5.00	17	476.			476.	475.		0.
6	2005 Kia Sedona	091409200	DB	5.00	21	5,250.		5,250.				0.
7	Rug - Kitchen Area	1005111200	DB	7.00	17	900.			900.	900.		0.
8	2002 JETTA	010113200	DB	5.00	21	3,000.		3,000.			3,000.	3,000.
	* Total Other Depreciation					12,261.		8,885.	3,376.	3,375.	3,000.	3,000.
	Current Activity											
	Beginning balance					9,261.		5,885.	3,376.	3,375.		
	Acquisitions					3,000.		3,000.	0.	0.		
	Dispositions					0.		0.	0.	0.		
	Ending balance					12,261.		8,885.	3,376.	3,375.		

BANK BAD DEBTS

Name	I.D. No.
Southern Home Medical, Inc & Subs.	

EXPERIENCE METHOD

1. Average Loss Experience Method

	Net Charge-Offs	Total Loans
2013		
2012		
2011		
2010		
2009		
2008		
Total		
Average Loss Percentage (Total Charge-Offs Divided by Total Loans)		%
Current Year Experience Reserve (Current Year Total Loans Times Average Loss Percentage)		
Less: Reserve for Bad Debt before Current Year Addition		
Beginning Reserve for Bad Debts	23,972.	
Recoveries		
Less: Charge-Offs	12,663.	11,309.
Deduction for Average Loss Experience Method		-11,309.

2. Minimum Reserve Level

Reserve for Bad Debts at End of Base Year	
or	
Total Outstanding Loans at End of Current Year Times	
Base Year Reserve Ratio	
Less: Reserve for Bad Debts before Current Year Addition	11,309.
Deduction for Minimum Reserve Level	-11,309.
3. Current Year Addition to Reserve (Greater of Lines 1 or 2)	0.

Tax Computation		Statement	1
1. Taxable Income	14,151		
2. Lesser of Line 1 or First Bracket Amount . .	14,151		
3. Line 1 Less Line 2	0		
4. Lesser of Line 3 or Second Bracket Amount . .	0		
5. Line 3 Less Line 4	0		
6. Income Subject to 34% Tax Rate	0		
7. Income Subject to 35% Tax Rate	0		
8. 15 Percent of Line 2	2,123		
9. 25 Percent of Line 4	0		
10. 34 Percent of Line 6	0		
11. 35 Percent of Line 7	0		
12. Additional 5% Surtax.	0		
13. Additional 3% Surtax	0		
14. Total Income Tax		2,123	

Form 2220	Computation of Underpayment Penalty							Statement	2
Q T R	EVENT AMOUNT TYPE	*	REMAINING UNDERPAYMENT	PERIOD OF UNDERPAYMENT		DAYS	INT RATE	AMOUNT OF PENALTY	
A	Q		531.	04/15/2013	03/15/2014	334	3.00%	15.	
B	Q		531.	06/15/2013	03/15/2014	273	3.00%	12.	
C	Q		530.	09/15/2013	03/15/2014	181	3.00%	8.	
D	Q		531.	12/15/2013	03/15/2014	90	3.00%	4.	
Total to Form 2220, Line 38								39.	

Event Type: Q = Amount underpaid at start of quarter
P = Payment
W = Withholding
R = Interest rate change
L = Switch to or from a leap year

Form 4562	Listed Property Information-More Than 50%							Statement	3
(a) Description	(b) Date	(c) Bus. %	(d) Cost	(e) Basis	(f) Life	(g) Mth/Cv	(h) Deduction	(i) 179 Elected	
(k) Total Miles	(l) Business Miles	(m) Commuting Miles	(n) Personal Miles	(o) Was Veh. Avail.?	(p) > 5% Owner?	(q) Another Veh. Available?			
				Y N	Y N	Y N			
Honda Van	03/22/10	100.00	3,133.		5.	200DBHY			
2001 Chevy Astro Van	09/20/11	100.00	4,050.	2,025.	5.	200DBHY			
2006 Chevy Cargo	02/01/12	100.00	8,400.	4,200.	5.	200DBHY	1,344.		
Totals to Form 4562, Part V, Line 26							1,344.		

INCOME AND DEDUCTIONS

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical, Inc	AoneRx, LLC	Encore Medical Staffing, Inc.
Gross receipts or sales	693,816.			693,816.	4,000.	592,766.	97,050.
Less returns and allowances							
Net Sales	693,816.			693,816.	4,000.	592,766.	97,050.
Cost of goods sold:							
Inventory at beginning of year							
Purchases	128,180.			128,180.		128,180.	
Cost of labor							
Additional section 263A costs							
Other costs							
Inventory end of year	128,180.			128,180.			
Cost of goods sold							
Gross profit	565,636.			565,636.	4,000.	464,586.	97,050.
Dividends							
Interest	stmt 8	59.		59.	27.		32.
Gross rents							
Capital gain net income							
Net gain or (loss) Form 4797	stmt 9	23,050.		23,050.			
Other income							
Total Income	588,745.			588,745.	27,050.	464,613.	97,082.
Deductions							
Compensation of officers	34,900.			34,900.			
Salaries and wages	154,838.			154,838.			
Repairs	53,249.			53,249.	335.	42,071.	10,843.
Bad debts							
Rents	36,230.			36,230.		29,030.	7,200.
Taxes	8,337.			8,337.	775.	6,901.	661.
Interest	146.			146.	4.		
Charitable Contributions	stmt 4	-4,479.		6,051.		3,091.	2,960.
Depreciation not claimed elsewhere	8,507.			8,507.		5,507.	3,000.
Depletion							
Advertising	22,939.			22,939.		20,647.	2,292.
Pension, profit-sharing, etc., plans							
Employee benefit programs	35,946.			35,946.			
Domestic Production Activities Deduction							
Other deductions	168,905.			168,905.	21,693.	103,725.	43,487.
Total Deductions	525,569.	-4,479.		530,048.	22,807.	436,798.	70,443.
Taxable income before NOL and special deductions	63,176.	4,479.		58,697.	4,243.	27,815.	26,639.
Net operating loss deduction	49,025.	44,782.		4,243.	4,243.		
Special deductions							
Taxable Income	14,151.	-40,303.		54,454.		27,815.	26,639.

Charitable Contribution Adjustment

Statement 4

Limitation of 10% of Taxable Income as Adjusted 1,572.

	Original Contribution	Applied to Date	Contribution Available	Amount Deducted	Remaining Limitation After Deduction
Current Year					
	Southern Home Medical, Inc				
	3,107.		3,107.	311.	1,261.
	ApneaRx, LLC				
	6,521.		6,521.	654.	607.
	Encore Medical Staffing, Inc.				
	6,053.		6,053.	607.	0.
Year End					
12/31/12	Southern Home Medical, Inc				
	5,639.	0.	5,639.	0.	0.
	Encore Medical Staffing, Inc.				
	1,162.	0.	1,162.	0.	0.
Consolidated Charitable Contribution Deduction				1,572.	
Less: Combined Charitable Contribution Deduction				6,051.	
Consolidated Adjustment				-4,479.	

Allocation of Charitable Contribution Deduction Statement

5

Charitable Contribution Available	/	Total Charitable Contribution Available	X	Remaining Consolidated Charitable Income =	Contribution Allocated to this Company
12/31/13		Southern Home Medical, Inc			
3,107.		15,681.		1,572.	311.
12/31/13		ApneaRx, LLC			
6,521.		15,681.		1,572.	654.
12/31/13		Encore Medical Staffing, Inc.			
6,053.		15,681.		1,572.	607.

Net Operating Loss Adjustment

Statement 6

Consolidated Taxable Income before NOL and DPAD Deduction 63,176.

	SRLY or Sec. 382 Limit	Total NOL Available	Total NOL After SRLY or Sec. 382 Limitation	Total NOL Deducted	Remaining Taxable Income after NOL Deduction
Year End	12/31/11	Southern Home Medical, Inc			
		49,025.	49,025.	49,025.	14,151.
Subtotal		49,025.	49,025.	49,025.	
Consolidated NOL Deduction			49,025.		
Combined NOL Deduction			4,243.		
Consolidated NOL Adjustment			44,782.		

Southern Home Medical, Inc & Subs.

Current Charitable Contributions

Consolidated Southern Home ApneaRx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

15,681.	3,107.	6,521.	6,053.
15,681.	3,107.	6,521.	6,053.

Total Current Contributions

Southern Home Medical, Inc & Subs.

Interest Income

Statement 8

Consolidated Southern Home ApneaRx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

Other interest	59.	27.	32.
Total Interest Income	59.	27.	32.

Southern Home Medical, Inc & Subs.

Other Income

Statement 9

Consolidated Southern Home ApneaRx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

Debt Cancellation Gain	10,300.	10,300.	
Other Income	12,750.	12,750.	
Total Other Income	23,050.	23,050.	

Southern Home Medical, Inc & Subs.

Statement 10

Taxes

Consolidated Southern Home ApneaRx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

License Fee	200.		
Other Taxes & Licenses	1,022.	200.	285.
Payroll Taxes			
Property Taxes	2,152.		354.
Sales Tax	4,388.	1,798.	22.
State Income Tax	575.	4,366.	
		575.	
Total Taxes	8,337.	775.	661.

Other Deductions

Statement 11

Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Accreditation Fees	400.	400.	
Administrative Support	6,237.		6,237.
Automobile Expense	31,020.	967.	2,224.
Bad Debt-Trade related notes			
Bank Service Charges	56.	15.	11.
COMPUTER & INTERNET	100.	100.	
Computer & Internet Expenses	9,125.	2,325.	6,800.
Continuing Education	285.		285.
Contract Labor	9,922.	9,922.	
Dues & Subscriptions	100.	100.	
Franchise Fees & Incentives	6,017.		6,017.
General Liability Insurance	4,330.	4,330.	
Insurance	1,476.		1,476.
Laboratory Fees	1,030.		1,030.
Meals and Entertainment	7,562.	1,357.	2,407.
Office Supplies and Expense	12,255.	1,235.	3,166.
Other Insurance	500.	500.	
Postage & Delivery	2,138.	1,505.	274.
Printing & Reproduction	4,013.		4,013.
Professional Fees	37,891.	13,853.	1,856.
Respiratory Care Program	1,628.		
Telephone	14,951.	1,628.	731.
Travel	2,293.	436.	
Travel Expense	6,791.	1,857.	6,791.
UNIFORM EXPENSE	169.		169.
Uniforms	400.	400.	
Utilities	8,216.	8,216.	
Total Other Deductions	168,905.	21,693.	43,487.

BEGINNING BALANCE SHEET

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Assets							
Cash	135,502.			135,502.	10,295.	81,784.	43,423.
Trade notes and accounts receivable	128,437.			128,437.		119,860.	8,577.
Less allowance for bad debts	23,972.			23,972.		23,972.	
Inventories							
U.S. government obligations							
Tax-exempt securities							
Other current assets Statement 12	32,531.			32,531.			32,531.
Loans to stockholders							
Mortgage and real estate loans							
Other investments							
Buildings and other depreciable assets	265,506.			265,506.		256,245.	9,261.
Less accumulated depreciation	132,552.			132,552.		123,291.	9,261.
Depletable assets							
Less accumulated depletion							
Land (net of any amortization)							
Intangible assets (amortizable only)							
Less accumulated amortization							
Other assets Statement 13	60,000.			60,000.	60,000.		
Total Assets	465,452.			465,452.	70,295.	310,626.	84,531.
Liabilities and Stockholders' Equity							
Accounts payable							
Mortgages, notes, bonds payable in less than 1 year							
Other current liabilities Statement 14	37,300.			37,300.	37,300.		
Loans from stockholders							
Mortgages, notes, bonds payable in 1 year or more							
Other liabilities Statement 15	2,800.			2,800.		2,800.	
Capital stock: a Preferred stock	37,833.			37,833.	37,833.		
b Common stock	226,742.			226,742.	226,741.		1.
Additional paid-in capital	223,025.			223,025.	220,024.	3,001.	
Retained earnings - Appropriated							
Retained earnings - Unappropriated	-62,248.			-62,248.	-451,603.	304,825.	84,530.
Adjustments to shareholders' equity							
Less cost of treasury stock							
Total Liabilities and Stockholders' Equity	465,452.			465,452.	70,295.	310,626.	84,531.

Schedule L

Other Current Assets

	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Administrative Advances	10,099.			10,099.
Advances	6,793.			6,793.
Florence Office	6,830.			6,830.
Franchisee Promissory Notes	750.			750.
Lake Hartwell Office	3,400.			3,400.
Nashville Office	4,659.			4,659.
Total Other Current Assets	32,531.			32,531.

Schedule L

Other Assets

Consolidated Southern Home ApneaRx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

Investment in Apnea

60,000. 60,000.

Total Other Assets

60,000. 60,000.

Schedule L

Current Liabilities

Consolidated Southern Home ApneaRx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

Other Notes Payable

37,300.

37,300.

Total Other Current Liabilities

37,300.

37,300.

Schedule L

Other Liabilities

Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
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VGM Financial Leases

2,800.		2,800.	
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Total Other Liabilities

2,800.		2,800.	
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ENDING BALANCE SHEET AND SCHEDULE M-2

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Assets							
Cash	152,879.			152,879.			
Trade notes and accounts receivable	122,417.			122,417.	4,774.	80,632.	67,473.
Less allowance for bad debts	36,635.			36,635.		122,118.	299.
Inventories						36,635.	
U.S. government obligations							
Tax-exempt securities							
Other current assets Statement 16	24,605.		-5,000.	29,605.			29,605.
Loans to stockholders							
Mortgage and real estate loans							
Other investments							
Buildings and other depreciable assets	268,506.			268,506.		256,245.	12,261.
Less accumulated depreciation	141,066.			141,066.		128,805.	12,261.
Depletable assets							
Less accumulated depletion							
Land (net of any amortization)							
Intangible assets (amortizable only)							
Less accumulated amortization							
Other assets Statement 17	60,000.		-27,000.	87,000.	60,000.	27,000.	
Total Assets	450,706.		-32,000.	482,706.	64,774.	320,555.	97,377.
Liabilities and Stockholders' Equity							
Accounts payable							
Short term mortgages, notes, and bonds							
Other current liabilities Statement 18	448.		-32,000.	32,448.	32,000.		448.
Loans from stockholders							
Long term mortgages, notes, and bonds							
Other liabilities Statement 19	2,636.			2,636.		2,636.	
Capital stock: a Preferred stock	37,833.			37,833.			
b Common stock	226,742.			226,742.			1.
Additional paid-in capital	223,025.			223,025.		3,001.	
Retained earnings - Appropriated							
Retained earnings - Unappropriated	-39,978.			-39,978.	-451,824.	314,918.	96,928.
Adjustments to shareholders' equity							
Less cost of treasury stock							
Total Liabilities and Stockholders' Equity	450,706.		-32,000.	482,706.	64,774.	320,555.	97,377.
Schedule M-2							
Balance at beginning of year	-62,248.			-62,248.	-451,603.	304,825.	84,530.
Net income per books	22,270.			22,270.	-221.	10,093.	12,398.
Other increases							
Total Increases	-39,978.			-39,978.	-451,824.	314,918.	96,928.
Distributions: Cash							
Stock							
Property							
Other decreases							
Total Decreases							
Balance at End of Year	-39,978.			-39,978.	-451,824.	314,918.	96,928.

Schedule L

Other Current Assets

	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Administrative Advances	2,896.			2,896.
Advances	5,211.			5,211.
Employee Loans	2,839.			2,839.
Florence Office	5,750.			5,750.
Franchisee Promissory Notes	2,045.			2,045.
Lake Hartwell Office	3,095.			3,095.
North Texas	2,769.			2,769.
SHOM	5,000.			5,000.
•Elimination	-5,000.			
Total Other Current Assets	24,605.			29,605.

Schedule L

Other Assets

Statement 17

Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
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Inter-Company Loan - SHMM			
Investment in Apnea			
• Elimination			

27,000.			
60,000.			
-27,000.			

27,000.

60,000.

Total Other Assets

60,000.

27,000.

Schedule L				Statement	18
Current Liabilities					
	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.	

Payroll Liabilities	448.				
Total Intercompany	32,000.	32,000.		448.	
•Elimination	-32,000.				
Total Other Current Liabilities	448.	32,000.		448.	

Schedule L

Other Liabilities

Statement 19

Consolidated Southern Home ApneaRx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

VGM Financial Leases

2,636.

2,636.

Total Other Liabilities

2,636.

2,636.

SCHEDULE M-1

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Schedule M-1							
Net income per books	22,270.			22,270.	-221.	10,093.	12,398.
Federal income tax							
Excess of capital losses over capital gains							
Income subject to tax not recorded on books this year (itemize): See Statement 20	8,278.			8,278.			8,278.
Expenses recorded on books this year not deducted in this return (itemize):							
Depreciation							
Contribution carryover	14,109.	4,479.		9,630.	3,107.	3,430.	3,093.
Travel and entertainment	7,561.			7,561.	1,357.	3,798.	2,406.
Other See Statement 21	13,216.			13,216.		12,752.	464.
Total Increases	65,434.	4,479.		60,955.	4,243.	30,073.	26,639.
Income recorded on books this year not included in this return (itemize):							
Tax-exempt interest							
Other See Statement 22	2,258.			2,258.		2,258.	
Deductions in this tax return not charged against book income this year (itemize):							
Depreciation							
Contribution carryover							
Other							
Total Decreases	2,258.			2,258.		2,258.	
Taxable Income	63,176.	4,479.		58,697.	4,243.	27,815.	26,639.

Schedule M-1

Income Not Recorded on Books

Statement 20

Consolidated Southern Home ApneaRx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

Accrual to Cash - A/R

8,278.

8,278.

Total Income Not Recorded on Books

8,278.

8,278.

Schedule M-1

Expenses Not Deducted in Return

Statement 21

Consolidated Southern Home Apnearx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

Bad Debt Expense	12,752.	12,752.	
Officer life insurance premiums	464.		464.
Related entity write-off			
Total Expenses Not in Return	13,216.	12,752.	464.

Schedule M-1

Income Not Included in Return

Statement 22

Consolidated Southern Home ApneaRx, LLC Encore Medical
Amounts Medical, Inc Staffing, Inc.

Accrual to cash adj	2,258.		
Accrual to cash net adjustment		2,258.	
Total Income Not Included in Return	2,258.	2,258.	

ALTERNATIVE MINIMUM TAXABLE INCOME

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical, Inc	ApneaRx, LLC	ENCORE MEDICAL Staffing, Inc.
Taxable income or (loss) before NOL deduction	63,176.	4,479.		58,697.	4,243.	27,815.	26,639.
Adjustments and Preferences							
Depreciation of tangible property	-506.			-506.		-506.	
Amortization of certified pollution control facilities							
Amortization of mining exploration and development costs							
Amortization of circulation expenditures							
Basis adjustments							
Long-term contracts entered into after Feb. 28, 1986							
Merchant marine capital construction funds							
Section 833(b) deduction							
Tax shelter farm activities							
Passive activities							
Certain loss limitations							
Depletion							
Private activity bond issued after August 7, 1986							
Intangible drilling costs	266.	747.		-481.	-81.	-400.	
Other adjustments							
Total Adjustment and Preference Items	-240.	747.		-987.	-81.	-906.	
Pre-adjustment AMTI	62,936.	5,226.		57,710.	4,162.	26,909.	26,639.
Adjusted current earnings adjustment	4,510.			4,510.		4,510.	
Combined pre-adjustment AMTI and above amount	67,446.	5,226.		62,220.	4,162.	31,419.	26,639.
Alternative tax NOL deduction stmt 26	55,689.	52,252.		3,437.	3,437.		
Alternative Minimum Taxable Income	11,757.	-47,026.		58,783.	725.	31,419.	26,639.

AMT Charitable Contribution Adjustment

Statement 23

Limitation of 10% of AMT Taxable Income as Adjusted 1,306.

	Original Contribution	Applied to Date	Contribution Available	Amount Deducted	Remaining Limitation After Deduction
Current Year					
	Southern Home Medical, Inc				
	3,107.		3,107.	259.	1,047.
	ApneaRx, LLC				
	6,521.		6,521.	543.	504.
	Encore Medical Staffing, Inc.				
	6,053.		6,053.	504.	0.
AMT Consolidated Charitable Deduction				1,306.	
Regular Charitable Contribution Deduction				1,572.	
Consolidated AMT Charitable Contribution Deduction				266.	

AMT Allocation of Charitable Contribution Deduction

Statement 24

Charitable Contribution Available	Total Charitable Contribution Available	Remaining Consolidated Charitable Income =	Contribution Allocated to this Company
12/31/13	Southern Home Medical, Inc		
3,107.	15,681.	1,306.	259.
12/31/13	ApneaRx, LLC		
6,521.	15,681.	1,306.	543.
12/31/13	Encore Medical Staffing, Inc.		
6,053.	15,681.	1,306.	504.

Form 4626

AMT Contribution Limitation

Statement 25

1) Regular taxable income before NOL, charitable contributions, and Domestic Production Activities Deduction (DPAD)	64,748
2) Add: Other AMT adjustment and preference items other than ACE, charitable contributions and DPAD	-506
Capital loss carryback utilized	
3) Preadjustment AMTI before ACE, contributions, NOL, and DPAD	64,242
4) ACE adjustment items	6,013
5) ACE without charitable contributions (line 3 plus line 4)	70,255
6) Line 5 less line 3 (enter excess as a negative amount)	6,013
7) Multiply line 6 by 75%. Enter result as a positive amount	4,510
8) Enter excess of prior year net increases in AMTI due to ACE	
9) ACE Adjustment: If line 6 is positive or zero enter amount from line 7 here as a positive amount	
If line 6 is negative, enter the smaller of line 7 or line 8 here as a negative amount	4,510
10) AMTI without contributions, NOL and DPAD (line 3 + line 9)	68,752
11) Contribution limitation to calculate 90% AMTI limitation for NOL (line 10 plus special deductions not previously included in the ACE adjustment on line 9 above, multiplied by 10%).	6,875
12a) Total available 10% contributions	15,681
b) Total available 100% contribution	0
13a) 10% contribution deduction to calculate 90% AMTI limitation for NOL (lesser of line 11 or line 12a)	6,875
b) 100% AMT charitable deduction (lesser line 12b or 100% of line 10 less line 13a)	0
c) Total of lines 13a and 13b	6,875
14) AMTI for purposes of 90% NOL Limitation (line 10 less 13)	61,877
15) NOL limitation, 90% of line 14	55,689
16) Total NOL available less any NOL carryback	169,947
17) AMT NOL (lesser of line 15 or line 16)	55,689
18) AMTI for charitable deduction for 10 % limitation (line 10 less AMT NOL on line 17 plus special deductions not previously included as an ACE adjustment on line 9)	13,063
19) 10% of line 18	1,306
20a) 10% AMT charitable deduction (lesser line 12a or line 19)	1,306
b) 100% AMT charitable deduction (less line 12b or 100% of line 10 less line 20a)	0
c) Total AMT charitable deduction (line 20a plus line 20b)	1,306
21) Regular contribution deduction	1,572
22) AMT contribution adjustment (line 21 less line 20)	266
23) Combined AMT charitable contribution adjustment	-481
24) Consolidated adjustment to line 20, Form 4626	747

AMT Net Operating Loss Adjustment

Statement 26

90% AMT Taxable Income before NOL limitation	55,689.
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	SRLY or Sec. 382 Limit	Total AMT NOL Available	Total AMT NOL After SRLY or Sec. 382 Limitation	Total AMT NOL Deducted	Remaining AMT Taxable Income after NOL Deduction
Year End	12/31/12	Southern Home Medical, Inc			
		169,947.	169,947.	55,689.	0.
Subtotal			169,947.	55,689.	
Consolidated AMT NOL Deduction			55,689.		
Combined AMT NOL Deduction			3,437.		
Consolidated AMT NOL Adjustment			52,252.		

Form 4626

Combined Other Adjustments

Statement 27

Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
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Charitable Contributions	-481.	-81.	-400.
•Tax Adjustment - Charitable Contributions	747.		

Total Other Adjustments	266.	-81.	-400.
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ADJUSTED CURRENT EARNINGS

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical, Inc	AbneaRx, LLC	Encore Medical Staffing, Inc.
Pre-adjustment AMTI	62,936.	5,236.		57,710.	4,162.	26,909.	26,639.
ACE Depreciation Adjustment:							
Depreciation expense recomputed for AMT purposes	9,013.			9,013.		6,013.	3,000.
Post-1993 depreciation	3,000.			3,000.			3,000.
Post-1989, Pre-1994 property ACE							
Pre-1990 MACRS property ACE depreciation							
Pre-1990 original ACRS property ACE							
Sec. 168(f)(1) through (4) property ACE							
Other property ACE depreciation	3,000.			3,000.			3,000.
Total ACE Depreciation	6,013.			6,013.		6,013.	
ACE Depreciation Adjustment							
Inclusion in ACE of items Included in E&P:							
Tax-exempt interest income							
Death benefits from life insurance contracts							
All other distributions from life insurance contracts							
Inside buildup of undistributed income in life insur.							
Other items							
Total Inclusion of Items							
Disallowance of Items Not Deductible in Computing E&P:							
Certain dividends received							
Dividends paid on preferred stock of public utilities							
Dividends paid to an ESOP							
Non-patronage dividends							
Other items							
Total Disallowance of Items							
Certain Other E&P Adjustments							
Intangible drilling costs							
Circulation expenditures							
Organizational expenditures							
LIFO inventory adjustments							
Installment sales							
Total Other E&P Adjustments							
Disallowance of loss on exchange of debt pools							
Acquisition expenses of life insurance companies							
Depletion							
Basis adjustments							
Adjusted Current Earnings	68,949.	5,236.		63,723.	4,162.	32,922.	26,639.
Subtract pre-adjustment AMTI from ACE	6,013.	*****	*****	6,013.		6,013.	
Adjusted Current Earnings Adjustment	4,510.	*****	*****	4,510.		4,510.	