

**Southern Home Medical, Inc. & Subs.**

Corporation Income Tax Return

*For the Year Ended December 31, 2014*

Form **1120****U Corporation Income Tax Return**

OMB No. 1545-0123

For calendar year 2014 or tax year

beginning \_\_\_\_\_, ending \_\_\_\_\_

**2014**Department of the Treasury  
Internal Revenue Service► Information about Form 1120 and its separate instructions is at [www.irs.gov/form1120](http://www.irs.gov/form1120).**A Check if:**

- 1a Consolidated return (attach Form 951) ☒ **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.

**218 Trade St, Suite A**

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

**Greer, SC 29651****B** Employer identification number**C** Date incorporated**01/13/2005****D** Total assets (see instructions)**\$ 268,159.****E** Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☒ **X** Address change

<b>Income</b>	<b>1a</b> Gross receipts or sales	<b>1a</b>	<b>462,984.</b>
	<b>b</b> Returns and allowances	<b>1b</b>	
	<b>c</b> Balance. Subtract line 1b from line 1a	<b>1c</b>	<b>462,984.</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A)	<b>2</b>	<b>49,779.</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c	<b>3</b>	<b>413,205.</b>
	<b>4</b> Dividends (Schedule C, line 19)	<b>4</b>	
	<b>5</b> Interest	<b>5</b>	<b>159.</b>
	<b>6</b> Gross rents	<b>6</b>	
	<b>7</b> Gross royalties	<b>7</b>	
	<b>8</b> Capital gain net income (attach Schedule D (Form 1120))	<b>8</b>	
	<b>9</b> Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	<b>9</b>	<b>21,565.</b>
<b>10</b> Other income (attach statement)	<b>10</b>		
<b>11</b> Total income. Add lines 3 through 10	<b>11</b>	<b>434,929.</b>	
<b>Deductions (See instructions for limitations on deductions.)</b>	<b>12</b> Compensation of officers (attach Form 1125-E)	<b>12</b>	<b>29,579.</b>
	<b>13</b> Salaries and wages (less employment credits)	<b>13</b>	<b>167,564.</b>
	<b>14</b> Repairs and maintenance	<b>14</b>	<b>31,625.</b>
	<b>15</b> Bad debts	<b>15</b>	
	<b>16</b> Rents	<b>16</b>	<b>41,298.</b>
	<b>17</b> Taxes and licenses	<b>17</b>	<b>9,019.</b>
	<b>18</b> Interest	<b>18</b>	
	<b>19</b> Charitable contributions	<b>19</b>	
	<b>20</b> Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	<b>20</b>	<b>4,328.</b>
	<b>21</b> Depletion	<b>21</b>	
	<b>22</b> Advertising	<b>22</b>	<b>18,607.</b>
	<b>23</b> Pension, profit-sharing, etc., plans	<b>23</b>	
	<b>24</b> Employee benefit programs	<b>24</b>	<b>3,262.</b>
	<b>25</b> Domestic production activities deduction (attach Form 8903)	<b>25</b>	
	<b>26</b> Other deductions (attach statement) <b>See Consolidated Income and Deductions</b>	<b>26</b>	<b>174,729.</b>
	<b>27</b> Total deductions. Add lines 12 through 26	<b>27</b>	<b>480,011.</b>
	<b>28</b> Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	<b>28</b>	<b>-45,082.</b>
<b>29a</b> Net operating loss deduction (see instructions)	<b>29a</b>		
<b>b</b> Special deductions (Schedule C, line 20)	<b>29b</b>		
<b>c</b> Add lines 29a and 29b	<b>29c</b>		
<b>Tax, Refundable Credits, and Payments</b>	<b>30</b> Taxable income. Subtract line 29c from line 28 (see instructions)	<b>30</b>	<b>-45,082.</b>
	<b>31</b> Total tax (Schedule J, Part I, line 11)	<b>31</b>	<b>0.</b>
	<b>32</b> Total payments and refundable credits (Schedule J, Part II, line 21)	<b>32</b>	<b>2,160.</b>
	<b>33</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	<b>33</b>	
	<b>34</b> Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed	<b>34</b>	<b>0.</b>
	<b>35</b> Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid	<b>35</b>	<b>2,160.</b>
	<b>36</b> Enter amount from line 35 you want: Credited to 2015 estimated tax <b>2,160.</b> Refunded <input type="checkbox"/>	<b>36</b>	

**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.

**CLIENT'S COPY**

Signature of officer

Date

**President**

Title

May the IRS discuss this return with the preparer shown below?

☒ **X** Yes ☐ No**Paid**

Print/Type preparer's name

**Anthony F Perricelli**

Preparer's signature

Date

**3/11/15**Check if self-employed ☐

PTIN

**P00105224****Preparer**Firm's name **► Scott and Company, LLC**Firm's EIN **►****Use Only**Firm's address **► PO Box 8388  
Columbia, SC 29202**

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"/>	2 0.
3	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4 0.
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 0.
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 0.

**Part II - Payments and Refundable Credits**

12	2013 overpayment credited to 2014	12	
13	2014 estimated tax payments	13	2,160.
14	2014 refund applied for on Form 4466	14	( )
15	Combine lines 12, 13, and 14	15	2,160.
16	Tax deposited with Form 7004	16	
17	Withholding (see instructions)	17	
18	Total payments. Add lines 15, 16, and 17	18	2,160.
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	2,160.

**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-subsidiary 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)**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.

(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.

(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.

- 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.) **▶** \$

- 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. **▶** \$

- 14** Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? **▶** ☒

If "Yes," complete and attach Schedule UTP.

- 15a** Did the corporation make any payments in 2014 that would require it to file Form(s) 1099? **▶** ☒

- 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? **▶** ☒

- 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? **▶** ☒

- 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? **▶** ☒

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		152,880.		66,580.
2a	Trade notes and accounts receivable	122,417.		139,394.	
b	Less allowance for bad debts	(36,635.)	85,782.	(36,635.)	102,759.
3	Inventories				
4	U.S. government obligations	See		See	
5	Tax-exempt securities	Statement of		Statement of	
6	Other current assets (att. stmt.)	Consolidated	24,605.	Consolidated	33,728.
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	268,506.		227,393.	
b	Less accumulated depreciation	(261,587.)	6,919.	(224,801.)	2,592.
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.		62,500.
15	Total assets		330,186.		268,159.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (att. stmt.)		448.		2,101.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (att. stmt.)		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		-160,498.		-221,542.
26	Adjustments to shareholders' equity (attach statement)				
27	Less cost of treasury stock	( )		( )	
28	Total liabilities and shareholders' equity		330,186.		268,159.

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

Note: The corporation may be required to file Schedule M-3 (see instructions).

1	Net income (loss) per books	-61,044.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	2,162.		Tax-exempt interest \$	16,975.
3	Excess of capital losses over capital gains				16,975.
4	Income subject to tax not recorded on books this year (itemize):		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	\$
b	Charitable contributions	\$ 22,947.			
c	Travel and entertainment	\$ 6,832.	9	Add lines 7 and 8	16,975.
	996.	30,775.	10	Income (page 1, line 28) - line 6 less line 9	-45,082.
6	Add lines 1 through 5	-28,107.			

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

1	Balance at beginning of year	-160,498.	5	Distributions: a Cash	
2	Net income (loss) per books	-61,044.		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	-221,542.	8	Balance at end of year (line 4 less line 7)	-221,542.

See Consolidated Schedules M-1 and M-2

**Cost of Goods Sold**

(Rev. December 2012)

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

OMB No. 1545-2225

Department of the Treasury  
Internal Revenue Service▶ **Information about Form 1125-A and its instructions is at [www.irs.gov/form1125a](http://www.irs.gov/form1125a).**

Name

Employer identification number

**Southern Home Medical, Inc & Subs.**

<b>1</b>	Inventory at beginning of year .....	<b>1</b>	<b>0.</b>
<b>2</b>	Purchases .....	<b>2</b>	<b>49,779.</b>
<b>3</b>	Cost of labor .....	<b>3</b>	<b>0.</b>
<b>4</b>	Additional section 263A costs (attach schedule) .....	<b>4</b>	<b>0.</b>
<b>5</b>	Other costs (attach schedule) .....	<b>5</b>	<b>0.</b>
<b>6</b>	<b>Total.</b> Add lines 1 through 5 .....	<b>6</b>	<b>49,779.</b>
<b>7</b>	Inventory at end of year .....	<b>7</b>	<b>0.</b>
<b>8</b>	<b>Cost of goods sold.</b> 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) .....	<b>8</b>	<b>49,779.</b>

**9 a** 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.

Form **851**  
(Rev. December 2010)  
Department of the Treasury  
Internal Revenue Service

**Affiliations Schedule**  
▶ File with each consolidated income tax return.  
For tax year ending December 31, 2014

OMB No. 1545-0025

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.  
218 Trade St, Suite A

City or town, state, and ZIP code Greer, SC 29651

**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		2,160.	
	Subsidiary corporations:			
2	ApneaRx, LLC 218 Trade St, Suite A Greer, SC 29651		0.	0.
3	Encore Medical Staffing, Inc. 218 Trade Street, Suite A Greer, SC 29651		0.	0.
4				
5				
6				
7				
8				
9				
10				
Totals (Must equal amounts shown on the consolidated tax return) ▶			2,160.	

**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						%	%	
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.

**Depreciation and Amortization**  
(Including Information on Listed Property) **OTHER**  
▶ Attach to your tax return.

OMB No. 1545-0172

**2014**

Attachment  
Sequence No. **179**

▶ Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).

Name(s) shown on return

Business or activity to which this form relates

Identifying number

**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
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
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 2013 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
13	Carryover of disallowed deduction to 2015. 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 2014	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	

**Section B - Assets Placed in Service During 2014 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 2014 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
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 aircraft, 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	09/14/09	100.00	%	5,250.	5.00	200DB-HY		
2002 JETTA	01/01/13	100.00	%	3,000.	5.00	200DB-HY		

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

<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
<b>38</b> 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		
<b>39</b> Do you treat all use of vehicles by employees as personal use?		
<b>40</b> 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?		
<b>41</b> 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
<b>42</b> Amortization of costs that begins during your 2014 tax year:					
<b>43</b> Amortization of costs that began before your 2014 tax year					<b>43</b>
<b>44</b> Total. Add amounts in column (f). See the instructions for where to report					<b>44</b>



Form **4562**Department of the Treasury  
Internal Revenue Service (99)  
Name(s) shown on return**Depreciation and Amortization**  
(Including Information on Listed Property) OTHER

▶ Attach to your tax return.

OMB No. 1545-0172

**2014**Attachment  
Sequence No. 179▶ Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).

Business or activity to which this form relates

Identifying number

Southern Home Medical, Inc &amp; 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 <b>smaller</b> of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2013 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 2015. 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 2014	17	3,522.
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		

**Section B - Assets Placed in Service During 2014 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 2014 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	806.
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	4,328.
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 aircraft, 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:

See Statement 1	%						806.	
-----------------	---	--	--	--	--	--	------	--

**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****806.****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
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .....						
<b>31</b> Total commuting miles driven during the year .....						
<b>32</b> Total other personal (noncommuting) miles driven .....						
<b>33</b> Total miles driven during the year. Add lines 30 through 32 .....						
<b>34</b> Was the vehicle available for personal use during off-duty hours? .....	Yes	No	Yes	No	Yes	No
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? .....						
<b>36</b> 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.

<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? .....	Yes	No
<b>38</b> 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 .....		
<b>39</b> Do you treat all use of vehicles by employees as personal use? .....		
<b>40</b> 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? .....		
<b>41</b> 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 2014 tax year:

--	--	--	--	--	--

**43** Amortization of costs that began before your 2014 tax year .....**43****44 Total.** Add amounts in column (f). See the instructions for where to report .....**44**

## Other Depreciation

[illegible]

\* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction

Form **4797**Department of the Treasury  
Internal Revenue Service**Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at [www.irs.gov/form4797](http://www.irs.gov/form4797).

OMB No. 1545-0184

**2014**Attachment  
Sequence No. **27**

Name(s) shown on return

Identifying number

**Southern Home Medical, Inc & Subs.****1** Enter the gross proceeds from sales or exchanges reported to you for 2014 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) **1****Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
<b>2</b>						

<b>3</b> Gain, if any, from Form 4684, line 39	<b>3</b>	
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37	<b>4</b>	
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824	<b>5</b>	
<b>6</b> Gain, if any, from line 32, from other than casualty or theft	<b>6</b>	<b>755.</b>
<b>7</b> Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	<b>7</b>	<b>755.</b>
<b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. <b>Individuals, partners, S corporation shareholders, and all others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.		
<b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions) <b>See Statement 2</b>	<b>8</b>	<b>20,332.</b>
<b>9</b> Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	<b>9</b>	<b>0.</b>

**Part II Ordinary Gains and Losses****10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

<b>2005 Kia Sedona</b>						
	091409	070114	0.	5,250.	5,250.	0.
<b>2002 Jetta</b>						
	010113	070114	0.	3,000.	3,000.	0.

<b>11</b> Loss, if any, from line 7	<b>11</b>	( )
<b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable	<b>12</b>	<b>755.</b>
<b>13</b> Gain, if any, from line 31	<b>13</b>	<b>20,810.</b>
<b>14</b> Net gain or (loss) from Form 4684, lines 31 and 38a	<b>14</b>	
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36	<b>15</b>	
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824	<b>16</b>	
<b>17</b> Combine lines 10 through 16	<b>17</b>	<b>21,565.</b>
<b>18</b> For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: <b>a</b> If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions		
	<b>18a</b>	
<b>b</b> Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	<b>18b</b>	

JWA For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2014)

**Part III** Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
<b>A</b> Concentrators	061509	070814
<b>B</b> Oxygen Cylinders	Varies	062414
<b>C</b> 2001 Chevy Astro Van	092011	012114
<b>D</b>		

These columns relate to the properties on lines 19A through 19D.		Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20	10,965.	7,100.	3,500.	
21 Cost or other basis plus expense of sale	21	10,210.	18,603.	4,050.	
22 Depreciation (or depletion) allowed or allowable	22	10,210.	18,603.	4,050.	
23 Adjusted basis. Subtract line 22 from line 21	23	0.	0.	0.	
24 Total gain. Subtract line 23 from line 20	24	10,965.	7,100.	3,500.	
<b>25 If section 1245 property:</b>					
a Depreciation allowed or allowable from line 22	25a	10,210.	18,603.	4,050.	
b Enter the smaller of line 24 or 25a	25b	10,210.	7,100.	3,500.	
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the smaller of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
<b>27 If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage	27b				
c Enter the smaller of line 24 or 27b	27c				
<b>28 If section 1254 property:</b>					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion	28a				
b Enter the smaller of line 24 or 28a	28b				
<b>29 If section 1255 property:</b>					
a Applicable percentage of payments excluded from income under section 126	29a				
b Enter the smaller of line 24 or 29a	29b				

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	21,565.
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	20,810.
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	755.

**Part IV** Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions.)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33	
34 Recomputed depreciation (see instructions)	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Election Under Section 1.1502-21(b)(3)(i)

Southern Home Medical, Inc & Subs.  
218 Trade St, Suite A  
Greer, SC 29651

Employer Identification Number:

For the Year Ending December 31, 2014

This is an election under Section 1.1502-21(b)(3)(i) to waive the entire carryback period pursuant to Section 172(b)(3) for the 2014 CNOL's of the consolidated group of which Southern Home Medical, Inc, 06-1740508 is the common parent.

Section 1.263(a)-1(f) De Minimis Safe Harbor Election

Southern Home Medical, Inc & Subs.  
218 Trade St, Suite A  
Greer, SC 29651

Employer Identification Number:

For the Year Ending December 31, 2014

Southern Home Medical, Inc & Subs., a parent corporation of a consolidated group, is making the de minimis safe harbor election under Reg. Sec. 1.263(a)-1(f).

Name of group member: Southern Home Medical, Inc  
Member ID: 3

Name of group member: AnneaRX, LLC  
Member ID:

Name of group member: Encore Medical Staffing, Inc.  
Member ID:

## Form 4562 Listed Property Information-More Than 50% Statement 1

(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	Y N	
Honda Van	03/22/10		3,133.		5.	200DBHY		
2001 Chevy Astro Van	09/20/11		4,050.		5.	200DBHY		
2006 Chevy Cargo	02/01/12		8,400.		5.	200DBHY	806.	
Totals to Form 4562, Part V, Line 26							806.	



Form 4797

## Section 1231 Losses From Prior Years

Statement 2

	Loss Sustained	Loss Previously Recaptured	Loss Remaining
Tax Year 2009			
Tax Year 2010			
Tax Year 2011			
Tax Year 2012	20,332		20,332
Tax Year 2013			
Total Remaining Section 1231 Losses from Prior Years			20,332

# INCOME AND DEDUCTIONS

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical, Inc	AnneaRx LLC	Encore Medical Staffing, Inc.
Gross receipts or sales	462,984.			462,984.	25,000.	292,482.	145,502.
Less returns and allowances							
Net Sales	462,984.			462,984.	25,000.	292,482.	145,502.
<b>Cost of goods sold:</b>							
Inventory at beginning of year		49,779.		49,779.		49,779.	
Purchases							
Cost of labor							
Additional section 263A costs							
Other costs							
Inventory end of year	49,779.			49,779.		49,779.	
Cost of goods sold	413,205.			413,205.	25,000.	242,703.	145,502.
<b>Gross profit</b>							
Dividends							
Interest Stmt 6	159.			159.		144.	15.
Gross rents							
Gross royalties							
Capital gain net income							
Net gain or (loss) Form 4797	21,565.			21,565.		21,565.	
Other income							
<b>Total Income</b>	434,929.			434,929.	25,000.	264,412.	145,517.
<b>Deductions</b>							
Compensation of officers	29,579.			29,579.			29,579.
Salaries and wages	167,564.			167,564.		93,720.	73,844.
Repairs	31,625.			31,625.	756.	29,850.	1,019.
Bad debts							
Rents	41,298.			41,298.	1,998.	32,700.	6,600.
Taxes Stmt 7	9,019.			9,019.	2,177.	6,863.	-21.
Interest							
Charitable Contributions Stmt 3	4,328.			4,328.		4,328.	
Depreciation not claimed elsewhere							
Depletion							
Advertising	18,607.			18,607.	48.	16,396.	2,163.
Pension, profit-sharing, etc., plans							
Employee benefit programs	3,262.			3,262.		3,262.	
Domestic Production Activities Deduction Stmt 8	174,729.			174,729.	40,670.	81,849.	52,210.
Other deductions	480,011.			480,011.	45,649.	288,968.	165,394.
<b>Total Deductions</b>							
Taxable income before NOL and special deductions	-45,082.			-45,082.	-20,649.	-4,556.	-19,877.
Net operating loss deduction							
Special deductions							
<b>Taxable Income</b>	-45,082.			-45,082.	-20,649.	-4,556.	-19,877.

## Charitable Contribution Adjustment

Statement

3

Limitation of 10% of Taxable Income as Adjusted

-4,508.

	Original Contribution	Applied to Date	Contribution Available	Amount Deducted	Remaining Limitation After Deduction
Current Year					
	Southern Home Medical, Inc				
	4,170.		4,170.	0.	0.
	ApneaRx, LLC				
	14,451.		14,451.	0.	0.
	Encore Medical Staffing, Inc.				
	4,326.		4,326.	0.	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.
Year End	12/31/13				
	Southern Home Medical, Inc				
	3,107.	311.	2,796.	0.	0.
	ApneaRx, LLC				
	6,521.	654.	5,867.	0.	0.
	Encore Medical Staffing, Inc.				
	6,053.	607.	5,446.	0.	0.
Consolidated Charitable Contribution Deduction				0.	
Less: Combined Charitable Contribution Deduction				0.	
Consolidated Adjustment				0.	

Allocation of Current Consolidated Net  
Operating Loss to Member Corporations

Statement 4

	Current Consolidated NOL	X	Member's Current NOL	/	Total of All Members With NOL	=	NOL Allocated to this Company
12/31/14	Southern Home Medical, Inc						
	45,082.		20,649.		45,082.		20,649.
12/31/14	ApneaRx, LLC						
	45,082.		4,556.		45,082.		4,556.
12/31/14	Encore Medical Staffing, Inc.						
	45,082.		19,877.		45,082.		19,877.

Southern Home Medical, Inc & Subs.

Statement 5

Current Charitable Contributions

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

Charity	22,947.	4,170.	14,451.	4,326.
Total Current Contributions	22,947.	4,170.	14,451.	4,326.

	Interest Income		
	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC Encore Medical Staffing, Inc.
Other interest	159.		144. 15.
Total Interest Income	159.		144. 15.

## Taxes

	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
License Fee	1,260.	1,260.		
Licenses & permits	576.		576.	
Other Taxes & Licenses	115.			115.
Property Taxes	1,267.		1,533.	-266.
Sales Tax	4,884.		4,754.	130.
South Carolina Taxes - Based on Income	917.	917.		
Total Taxes	9,019.	2,177.	6,863.	-21.

## Other Deductions

	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Accreditation Fees	943.			943.
Administrative Support	25,934.	2,911.	19,709.	3,314.
Automobile Expense		45.	15.	78.
Bank Service Charges	5,138.			
COMPUTER & INTERNET	5,165.		5,165.	
Computer & Internet Expenses	12,915.	6,156.		6,759.
Continuing Education				
Contract Labor				
Dues & Subscriptions	3,562.			3,562.
Franchise Fees & Incentives	2,337.		2,337.	
General Liability Insurance	20,062.			20,062.
Insurance	6,833.	3,047.	2,792.	994.
Meals and Entertainment	2,018.	2,018.		
Meeting Expenses		621.		
Office Supplies and Expense	14,328.		3,150.	10,557.
Other Insurance				
Postage & Delivery	1,625.	1,061.	332.	232.
Printing & Reproduction	253.			253.
Professional Fees	49,277.	16,661.	30,401.	2,215.
Respiratory Care Program	300.		300.	
Telephone	12,864.	1,429.	9,015.	2,420.
Travel	7,259.	6,286.	973.	
Travel Expense	821.			821.
Uniforms				
Utilities	8,095.	435.	7,660.	
Total Other Deductions	174,729.	40,670.	81,849.	52,210.



**BEGINNING BALANCE SHEET**

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical Inc	AnneaRx, LLC	Encore Medical Staffing, Inc.
<b>Assets</b>							
Cash	152,880.			152,880.		80,633.	67,473.
Trade notes and accounts receivable	122,417.			122,417.	4,774.	122,118.	299.
Less allowance for bad debts	36,635.			36,635.		36,635.	
Inventories							
U.S. government obligations							
Tax-exempt securities							
Other current assets	24,605.		-5,000.	29,605.			29,605.
Statement 9							
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	261,587.			261,587.		249,326.	12,261.
Depletable assets							
Less accumulated depletion							
Land (net of any amortization)							
Intangible assets (amortizable only)							
Less accumulated amortization	60,000.		-27,000.	87,000.	60,000.	27,000.	
Other assets							
Statement 10							
<b>Total Assets</b>	330,186.		-32,000.	362,186.	64,774.	200,035.	97,377.
<b>Liabilities and Stockholders' Equity</b>							
Accounts payable							
Mortgages, notes, bonds payable in less than 1 year							
Other current liabilities	448.		-32,000.	32,448.	32,000.		448.
Statement 11							
Loans from stockholders							
Mortgages, notes, bonds payable in 1 year or more							
Other liabilities	2,636.			2,636.		2,636.	
Statement 12							
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	-160,498.			-160,498.	-451,824.	194,398.	96,928.
Adjustments to shareholders' equity							
Less cost of treasury stock							
<b>Total Liabilities and Stockholders' Equity</b>	330,186.		-32,000.	362,186.	64,774.	200,035.	97,377.

## Other Current Assets

## Schedule L

	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

Statement 10

Other Assets

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

Inter-Company Loan - SHMM  
Investment in Apnea  
•Elimination  
Total Other Assets

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

Schedule L				Statement	11
Current Liabilities					
	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.	
Payroll Liabilities	448.			448.	
Total Intercompany	32,000.	32,000.			
•Elimination	-32,000.				
Total Other Current Liabilities	448.	32,000.		448.	

Schedule L

Statement 12

Other Liabilities

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.

ENDING BALANCE SHEET AND SCHEDULE M-2

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
<b>Assets</b>							
Cash	66,580.			66,580.	7,716.	16,877.	41,987.
Trade notes and accounts receivable	139,394.			139,394.		129,076.	10,318.
Less allowance for bad debts	36,635.			36,635.		36,635.	
Inventories							
U.S. government obligations							
Tax-exempt securities							
Other current assets Statement 13	33,728.			33,728.	2,530.		31,198.
Loans to stockholders							
Mortgage and real estate loans							
Other investments	227,393.			227,393.		223,382.	4,011.
Buildings and other depreciable assets	224,801.			224,801.		220,790.	4,011.
Less accumulated depreciation							
Depletable assets							
Less accumulated depletion							
Land (net of any amortization)							
Intangible assets (amortizable only)							
Less accumulated amortization	62,500.		-67,500.	130,000.	60,000.	70,000.	
Other assets Statement 14	268,159.		-67,500.	335,659.	70,246.	181,910.	83,503.
<b>Total Assets</b>							
<b>Liabilities and Stockholders' Equity</b>							
Accounts payable							
Short term mortgages, notes, and bonds							
Other current liabilities Statement 15	2,101.		-67,500.	69,601.	67,500.		2,101.
Loans from stockholders							
Long term mortgages, notes, and bonds							
Other liabilities	37,833.			37,833.	37,833.		
Capital stock: a Preferred stock	226,742.			226,742.	226,741.		1.
b Common stock	223,025.			223,025.	220,024.	3,001.	
Additional paid-in capital							
Retained earnings - Appropriated	-221,542.			-221,542.	-481,852.	178,909.	81,401.
Retained earnings - Unappropriated							
Adjustments to shareholders' equity							
Less cost of treasury stock	268,159.		-67,500.	335,659.	70,246.	181,910.	83,503.
<b>Total Liabilities and Stockholders' Equity</b>							
<b>Schedule M-2</b>							
Balance at beginning of year	-160,498.			-160,498.	-451,824.	194,398.	96,928.
Net income per books	-61,044.			-61,044.	-30,028.	-15,489.	-15,527.
Other increases							
<b>Total Increases</b>	-221,542.			-221,542.	-481,852.	178,909.	81,401.
Distributions: Cash							
Stock							
Property							
Other decreases							
<b>Total Decreases</b>				-221,542.	-481,852.	178,909.	81,401.
<b>Balance at End of Year</b>							

## Schedule L

	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Administrative Advances	30,000.			30,000.
Advances	1,198.			1,198.
Federal Prepaid Taxes	2,160.	2,160.		
State Prepaid Taxes	370.	370.		
Total Other Current Assets	33,728.	2,530.		31,198.

## Schedule L

Statement 14

## Other Assets

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

67,500.			
60,000.	60,000.	67,500.	
2,500.		2,500.	
-67,500.			

Total Other Assets	60,000.	70,000.	
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62,500.			
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	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Payroll Liabilities	2,101.			2,101.
Total Intercompany	67,500.	67,500.		
•Elimination	-67,500.			
Total Other Current Liabilities	2,101.	67,500.		2,101.

**SCHEDULE M-1**

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
<b>Schedule M-1</b>							
Net income per books	61,044.			-61,044.	-30,028.	-15,489.	-15,527.
Federal income tax	2,162.			2,162.	2,162.		
Excess of capital losses over capital gains							
Income subject to tax not recorded on books this year (itemize):							
Expenses recorded on books this year not deducted in this return (itemize):							
Depreciation	22,947.			22,947.	4,170.	14,451.	4,326.
Contribution carryover	6,832.			6,832.	3,047.	2,791.	994.
Travel and entertainment	996.			996.		648.	348.
Other See Statement 16							
<b>Total Increases</b>	-28,107.			-28,107.	-20,649.	2,401.	-9,859.
Income recorded on books this year not included in this return (itemize):							
Tax-exempt interest							
Other See Statement 17	16,975.			16,975.		6,957.	10,018.
Deductions in this tax return not charged against book income this year (itemize):							
Depreciation							
Contribution carryover							
Other							
<b>Total Decreases</b>	16,975.			16,975.		6,957.	10,018.
<b>Taxable Income</b>	-45,082.			-45,082.	-20,649.	-4,556.	-19,877.

## Schedule M-1

Statement 16

## Expenses Not Deducted in Return

	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Bad Debt Expense	648.		648.	
Officer life insurance premiums	348.			348.
Related entity write-off				
Total Expenses Not in Return	996.		648.	348.

## Schedule M-1

## Income Not Included in Return

Statement 17

	Consolidated Amounts	Southern Home Medical, Inc	ApneaRx, LLC	Encore Medical Staffing, Inc.
Accrual to Cash - A/R	10,018.			10,018.
Accrual to cash adj	6,957.		6,957.	
Total Income Not Included in Return	16,975.		6,957.	10,018.

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	-45,082.	0.		-45,082.	-20,649.	-4,556.	-19,877.
<b>Adjustments and Preferences</b>							
Depreciation of tangible property							
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							
Other adjustments							
<b>Total Adjustment and Preference Items</b>	-45,082.			-45,082.	-20,649.	-4,556.	-19,877.
<b>Pre-adjustment AMTI</b>							
Adjusted current earnings adjustment	3,246.			3,246.		3,246.	
Combined pre-adjustment AMTI and above amount	-41,836.			-41,836.	-20,649.	-1,310.	-19,877.
Alternative tax NOL deduction Stmt 21							
<b>Alternative Minimum Taxable Income</b>	-41,836.	0.		-41,836.	-20,649.	-1,310.	-19,877.

## AMT Charitable Contribution Adjustment

Statement 18

Limitation of 10% of AMT Taxable Income as Adjusted 0.

	Original Contribution	Applied to Date	Contribution Available	Amount Deducted	Remaining Limitation After Deduction
Current Year					
	4,170.	Southern Home Medical, Inc	4,170.	0.	0.
		ApneaRx, LLC			
	14,451.		14,451.	0.	0.
		Encore Medical Staffing, Inc.			
	4,326.		4,326.	0.	0.
Year End 12/31/13					
	3,107.	Southern Home Medical, Inc	2,848.	0.	0.
		ApneaRx, LLC			
	6,521.		5,978.	0.	0.
		Encore Medical Staffing, Inc.			
	6,053.		5,549.	0.	0.
AMT Consolidated Charitable Deduction				0.	
Regular Charitable Contribution Deduction				0.	
Consolidated AMT Charitable Contribution Deduction				0.	

Form 4626	AMT Contribution Limitation	Statement 19
1) Regular taxable income before NOL, charitable contributions, and Domestic Production Activities Deduction (DPAD) . . . . .	-45,082	
2) Add: Other AMT adjustment and preference items other than ACE, charitable contributions and DPAD . . . . .	0	
Capital loss carryback utilized . . . . .		
3) Preadjustment AMTI before ACE, contributions, NOL, and DPAD	-45,082	
4) ACE adjustment items . . . . .	4,328	
5) ACE without charitable contributions (line 3 plus line 4) .	-40,754	
6) Line 5 less line 3 (enter excess as a negative amount) . .	4,328	
7) Multiply line 6 by 75%. Enter result as a positive amount	3,246	
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 . . . . .	3,246	
10) AMTI without contributions, NOL and DPAD (line 3 + line 9)	-41,836	
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%). . . . .	0	
12a) Total available 10% contributions . . . . .	37,322	
b) Total available 100% contribution . . . . .	0	
13a) 10% contribution deduction to calculate 90% AMTI limitation for NOL (lesser of line 11 or line 12a) . . .	0	
b) 100% AMT charitable deduction (lesser line 12b or 100% of line 10 less line 13a) . . . . .	0	
c) Total of lines 13a and 13b . . . . .	0	
14) AMTI for purposes of 90% NOL Limitation(line 10 less 13)	-41,836	
15) NOL limitation, 90% of line 14 . . . . .	-37,652	
16) Total NOL available less any NOL carryback . . . . .	114,258	
17) AMT NOL (lesser of line 15 or line 16) . . . . .	0	
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) . .	-41,836	
19) 10% of line 18 . . . . .	-4,184	
20a) 10% AMT charitable deduction (lesser line 12a or line 19)	0	
b) 100% AMT charitable deduction (lesser line 12b or 100% of line 10 less line 20a) . . . . .	0	
c) Total AMT charitable deduction (line 20a plus line 20b)	0	
21) Regular contribution deduction . . . . .	0	
22) AMT contribution adjustment (line 21 less line 20) . . .	0	
23) Combined AMT charitable contribution adjustment . . . . .	0	
24) Consolidated adjustment to line 20, Form 4626 . . . . .	0	

Allocation of Current Consolidated AMT Net  
Operating Loss to Member Corporations

Statement 20

	Current Consolidated AMT NOL	X	Member's Current AMT NOL	/	Total of All Members With AMT NOL	=	AMT NOL Allocated to this Company
12/31/14	Southern Home Medical, Inc						
	41,836.		20,649.		41,836.		20,649.
12/31/14	ApneaRx, LLC						
	41,836.		1,310.		41,836.		1,310.
12/31/14	Encore Medical Staffing, Inc.						
	41,836.		19,877.		41,836.		19,877.

AMT Net Operating Loss Adjustment

Statement 21

90% AMT Taxable Income before NOL limitation -37,652.

	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			
		114,258.	114,258.	0.	
Subtotal			114,258.	0.	
Consolidated AMT NOL Deduction			0.		
Combined AMT NOL Deduction			0.		
Consolidated AMT NOL Adjustment			0.		



# ADJUSTED CURRENT EARNINGS

	Consolidated Amounts	Adjustments	Eliminations	Combined Amounts	Southern Home Medical Inc	AnneaRx, LLC	Encore Medical Staffing, Inc.
<b>Pre-adjustment AMTI</b>	-45,082.	0.		-45,082.	-20,043.		
<b>ACE Depreciation Adjustment:</b>							
Depreciation expense recomputed for AMT purposes	4,328.			4,328.		4,328.	
Post-1993 depreciation							
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							
<b>Total ACE Depreciation</b>	4,328.			4,328.		4,328.	
<b>ACE Depreciation Adjustment</b>							
<b>Inclusion in ACE of Items Included in E&amp;P:</b>							
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							
<b>Total Inclusion of Items</b>							
<b>Disallowance of Items Not Deductible in Computing E&amp;P:</b>							
Certain dividends received							
Dividends paid on preferred stock of public utilities							
Dividends paid to an ESOP							
Non-patronage dividends							
Other items							
<b>Total Disallowance of Items</b>							
<b>Certain Other E&amp;P Adjustments</b>							
Intangible drilling costs							
Circulation expenditures							
Organizational expenditures							
LIFO inventory adjustments							
Installment sales							
<b>Total Other E&amp;P Adjustments</b>							
<b>Disallowance of loss on exchange of debt pools</b>							
Acquisition expenses of life insurance companies							
Depletion							
Basis adjustments							
<b>Adjusted Current Earnings</b>	-40,754.	0.		-40,754.	-20,649.	-228.	-19,877.
Subtract pre-adjustment AMTI from ACE	4,328.	*****	*****	4,328.		4,328.	
<b>Adjusted Current Earnings Adjustment</b>	3,246.	*****	*****	3,246.		3,246.	

# Application for Change in Accounting Method

OMB No. 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)		Identification number (see instructions)	
Southern Home Medical, Inc & Subs.		Principal business activity code number (see instructions)	
Number, street, and room or suite no. If a P.O. box, see the instructions.		551112	
218 Trade St, Suite A		Tax year of change begins (MM/DD/YYYY) 01/01/2014	
City or town, state, and ZIP code		Tax year of change ends (MM/DD/YYYY)	
Greer, SC 29651		Name of contact person (see instructions)	
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)		Jeffrey Sarvis	
		Contact person's telephone number	
		864-655-5900	

If the applicant is a member of a consolidated group, check this box ☒ **X**

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box ☐

<b>Check the box to indicate the type of applicant.</b>	<b>Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)</b>
<input type="checkbox"/> Individual	<input type="checkbox"/> Depreciation or Amortization
<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions
<input type="checkbox"/> Controlled foreign corporation (Sec. 957)	<input type="checkbox"/> Other (specify) ▶
<input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))	
<input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))	
<input type="checkbox"/> Exempt organization. Enter Code section ▶	
<input type="checkbox"/> Cooperative (Sec. 1381)	
<input type="checkbox"/> Partnership	
<input type="checkbox"/> S corporation	
<input type="checkbox"/> Insurance co. (Sec. 816(a))	
<input type="checkbox"/> Insurance co. (Sec. 831)	
<input type="checkbox"/> Other (specify) ▶	

**Caution.** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request		Yes	No
1	Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No. 187 (b) Other <input type="checkbox"/> Description ▶		
2	Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation		
<b>Note.</b> Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).			
Part II Information For All Requests		Yes	No
3	Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		X
4a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.		X
b	Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		

### Signature (see instructions)

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

Filer

Preparer (other than filer/applicant)

Signature and date

Signature of individual preparing the application and date

Name and title (print or type)

Anthony F Perricelli

Name of individual preparing the application (print or type)

Scott and Company, LLC

Name of firm preparing the application

**Part II** Information For All Requests (continued)

Yes No

- 4c** Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?
- d** Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)?  
If "Yes," attach the consent statement from the director.
- e** Is the request to change the method of accounting being filed under the 90-day or 120-day window period?  
If "Yes," check the box for the applicable window period and attach the required statement (see instructions).  
☐ 90 day ☐ 120 day: Date examination ended ▶
- f** If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination.  
Name ▶ Telephone no. ▶ Tax year(s) ▶
- g** Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?
- 5a** Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court?  
If "Yes," enter the name of the (check the box) ☐ Appeals officer and/or ☐ counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court.  
Name ▶ Telephone no. ▶ Tax year(s) ▶
- b** Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?
- c** Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)?  
If "Yes," attach an explanation.
- 6** If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.
- 7** If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity?  
If "Yes," the applicant is **not** eligible to make the change.
- 8a** Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?
- b** If "Yes," attach an explanation.
- 9a** Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?
- b** If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.
- c** If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.
- 10a** Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?
- b** If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).
- 11** Is the applicant requesting to change its **overall** method of accounting?  
If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.
- Present method:** ☐ Cash ☐ Accrual ☐ Hybrid (attach description)
- Proposed method:** ☐ Cash ☐ Accrual ☐ Hybrid (attach description)

**Part II Information For All Requests** (continued)

Yes No

- 12 If the applicant is either (i) **not** changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following:
- a The item(s) being changed.
  - b The applicant's present method for the item(s) being changed.
  - c The applicant's proposed method for the item(s) being changed.
  - d The applicant's present overall method of accounting (cash, accrual, or hybrid).
- 13 Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application.
- 14 Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions .....  
If "No," attach an explanation.
- 15a Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)? .....
- b If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.
- 16 Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response? .....
- 17 If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.

1st preceding  
year ended: mo. yr.2nd preceding  
year ended: mo. yr.3rd preceding  
year ended: mo. yr.

\$

\$

\$

**Part III Information For Advance Consent Request**

Yes No

- 18 Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? .....  
If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.
- 19 Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.
- 20 Attach a copy of all documents related to the proposed change (see instructions).
- 21 Attach a statement of the applicant's reasons for the proposed change.
- 22 If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? .....  
If "No," attach an explanation.
- 23a Enter the amount of **user fee** attached to this application (see instructions). ► \$ .....
- b If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).

**Part IV Section 481(a) Adjustment**

Yes No

- 24 Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? .....  
If "Yes," do not complete lines 25, 26, and 27 below.
- 25 Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ ..... Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.

**Part IV Section 481(a) Adjustment** (continued)**Yes No**

- 26** If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change? .....
- 27** Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? .....
- If "Yes," attach an explanation.

**Schedule A - Change in Overall Method of Accounting** (If Schedule A applies, Part I below must be completed.)**Part I Change in Overall Method** (see instructions)

- 1** Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.

- a** Income accrued but not received (such as accounts receivable) .....
- b** Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method .....
- c** Expenses accrued but not paid (such as accounts payable) .....
- d** Prepaid expenses previously deducted .....
- e** Supplies on hand previously deducted and/or not previously reported .....
- f** Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II .....
- g** Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ► .....
- h Net section 481(a) adjustment** (Combine lines 1a-1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25 .....

Amount	
\$	
\$	

- 2** Is the applicant also requesting the recurring item exception under section 461(h)(3)? ☐ Yes ☐ No
- 3** Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

**Part II Change to the Cash Method For Advance Consent Request** (see instructions)

Applicants requesting a change to the cash method must attach the following information:

- 1** A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- 2** An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

**Schedule B - Change to the Deferral Method for Advance Payments** (see instructions)

- 1** If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
- a** A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
- b** If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
- c** If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- 2** If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
- a** A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
- b** A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
- c** A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
- d** A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

**Schedule C - Changes Within the LIFO Inventory Method** (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970**, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1** Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a** Valuing inventory (e.g., unit method or dollar-value method).
  - b** Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c** Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
  - d** Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2** If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3** If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4** If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5** Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6** If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1** If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2** If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a** A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b** A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c** If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d** A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e** A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f** A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g** A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3** If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4** If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

## Section 263A Assets (see instructions)

**1** To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.

- |                |   |
|----------------|---|
| <b>Part II</b> | <b>Change in Valuing Inventories Including Cost Allocation Changes</b> (Also complete Part III on pages 7 and 8.) |
|----------------|---|

- b Enter the value at the end of the tax year preceding the year of change .....
- 5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
- a Copies of Form(s) 970 filed to adopt or expand the use of the method.
- b **Only for applicants requesting advance consent.** A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
- c **Only for applicants requesting an automatic change.** The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

**Section A - Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B - Direct and Indirect Costs Required To Be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material .....		
2 Direct labor .....		
3 Indirect labor .....		
4 Officers' compensation (not including selling activities) .....		
5 Pension and other related costs .....		
6 Employee benefits .....		
7 Indirect materials and supplies .....		
8 Purchasing costs .....		
9 Handling, processing, assembly, and repackaging costs .....		
10 Offsite storage and warehousing costs .....		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle .....		
12 Depletion .....		
13 Rent .....		
14 Taxes other than state, local, and foreign income taxes .....		
15 Insurance .....		
16 Utilities .....		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity .....		
18 Engineering and design costs (not including section 174 research and experimental expenses) .....		
19 Rework labor, scrap, and spoilage .....		
20 Tools and equipment .....		
21 Quality control and inspection .....		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant .....		
23 Licensing and franchise costs .....		
24 Capitalizable service costs (including mixed service costs) .....		
25 Administrative costs (not including any costs of selling or any return on capital) .....		
26 Research and experimental expenses attributable to long-term contracts .....		
27 Interest .....		
28 Other costs (Attach a list of these costs.) .....		



**Part III Method of Cost Allocation** (see instructions) (continued)**Section C - Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses .....		
2 Research and experimental expenses not included in Section B, line 26 .....		
3 Bidding expenses not included in Section B, line 22 .....		
4 General and administrative costs not included in Section B .....		
5 Income taxes .....		
6 Cost of strikes .....		
7 Warranty and product liability costs .....		
8 Section 179 costs .....		
9 On-site storage .....		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11 .....		
11 Other costs (Attach a list of these costs.) .....		

**Schedule E - Change in Depreciation or Amortization** (see instructions)Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.**Note.** See the **List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instr.).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? ☐ Yes ☐ No  
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? ☐ Yes ☐ No  
If "Yes," enter the applicable section ► \_\_\_\_\_
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)? ☐ Yes ☐ No  
If "Yes," state the election made ► \_\_\_\_\_
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
- b If the property is residential rental property, did the applicant live in the property before renting it? ☐ Yes ☐ No
- c Is the property public utility property? ☐ Yes ☐ No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
  - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
  - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
  - c The facts to support the asset class for the proposed method.
  - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
  - e The useful life, recovery period, or amortization period of the property.
  - f The applicable convention of the property.
  - g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

# Application for Change in Accounting Method

OMB No. 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)		Identification number (see instructions)	
Southern Home Medical, Inc & Subs.		Principal business activity code number (see instructions)	
Number, street, and room or suite no. If a P.O. box, see the instructions.		551112	
218 Trade St, Suite A		Tax year of change begins (MM/DD/YYYY) 01/01/2014	
City or town, state, and ZIP code		Tax year of change ends (MM/DD/YYYY)	
Greer, SC 29651		Name of contact person (see instructions)	
Jeffrey Sarvis		Contact person's telephone number	
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)		864-655-5900	

If the applicant is a member of a consolidated group, check this box ☒ **X**

If **Form 2848**, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box ☐

**Check the box to indicate the type of applicant.**

- |  |  |
|--|--|
| <input type="checkbox"/> Individual  | <input type="checkbox"/> Cooperative (Sec. 1381)     |
| <input checked="" type="checkbox"/> Corporation                                  | <input type="checkbox"/> Partnership                 |
| <input type="checkbox"/> Controlled foreign corporation (Sec. 957)               | <input type="checkbox"/> S corporation               |
| <input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))                   | <input type="checkbox"/> Insurance co. (Sec. 816(a)) |
| <input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) | <input type="checkbox"/> Insurance co. (Sec. 831)    |
| <input type="checkbox"/> Exempt organization. Enter Code section ▶               | <input type="checkbox"/> Other (specify) ▶           |

**Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)**

- |   |
|---|
| <input checked="" type="checkbox"/> Depreciation or Amortization                                  |
| <input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions |
| <input type="checkbox"/> Other (specify) ▶  |

**Caution.** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request		Yes	No
1	Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No. 184 (b) Other <input type="checkbox"/> Description ▶		
2	Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation		X

**Note.** Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

Part II Information For All Requests		Yes	No
3	Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		X
4a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.		X
b	Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		

**Signature (see instructions)**

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

**Filer**

**Preparer (other than filer/applicant)**

Signature and date

Signature of individual preparing the application and date

Name and title (print or type)

Anthony F Perricelli

Name of individual preparing the application (print or type)

Scott and Company, LLC

Name of firm preparing the application

**Part II Information For All Requests** (continued)**Yes No**

- 4c** Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?
- d** Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)?  
If "Yes," attach the consent statement from the director.
- e** Is the request to change the method of accounting being filed under the 90-day or 120-day window period?  
If "Yes," check the box for the applicable window period and attach the required statement (see instructions).  
☐ 90 day ☐ 120 day: Date examination ended ►
- f** If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination.  
Name ► Telephone no. ► Tax year(s) ►
- g** Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?
- 5a** Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court?  
If "Yes," enter the name of the (check the box) ☐ Appeals officer and/or ☐ counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court.  
Name ► Telephone no. ► Tax year(s) ►
- b** Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?
- c** Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)?  
If "Yes," attach an explanation.
- 6** If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.
- 7** If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity?  
If "Yes," the applicant is **not** eligible to make the change.
- 8a** Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?
- b** If "Yes," attach an explanation.
- 9a** Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?
- b** If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.
- c** If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.
- 10a** Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?
- b** If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).
- 11** Is the applicant requesting to change its **overall** method of accounting?  
If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.
- Present method:** ☐ Cash ☐ Accrual ☐ Hybrid (attach description)
- Proposed method:** ☐ Cash ☐ Accrual ☐ Hybrid (attach description)

<b>Part II Information For All Requests</b> (continued)			<b>Yes</b>	<b>No</b>
12	If the applicant is either (i) <b>not</b> changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following:	<ul style="list-style-type: none"> <li>a The item(s) being changed.</li> <li>b The applicant's present method for the item(s) being changed.</li> <li>c The applicant's proposed method for the item(s) being changed.</li> <li>d The applicant's present overall method of accounting (cash, accrual, or hybrid).</li> </ul>		
13	Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application.			
14	Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions ..... If "No," attach an explanation.		X	
15a	Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)? .....			X
b	If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.			
16	Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response? .....			X
17	If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.			
	1st preceding year ended: mo.          yr.	2nd preceding year ended: mo.          yr.	3rd preceding year ended: mo.          yr.	
	\$	\$	\$	

<b>Part III Information For Advance Consent Request</b>			<b>Yes</b>	<b>No</b>
18	Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? ..... If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.			
19	Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.			
20	Attach a copy of all documents related to the proposed change (see instructions).			
21	Attach a statement of the applicant's reasons for the proposed change.			
22	If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? ..... If "No," attach an explanation.			
23a	Enter the amount of <b>user fee</b> attached to this application (see instructions). ► \$ .....			
b	If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).			

<b>Part IV Section 481(a) Adjustment</b>			<b>Yes</b>	<b>No</b>
24	Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? ..... If "Yes," do not complete lines 25, 26, and 27 below.			X
25	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ ..... Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.			

**Part IV Section 481(a) Adjustment** (continued)

Yes	No
	X

- 26** If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change? .....
- 27** Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? .....  
If "Yes," attach an explanation.

**Schedule A - Change in Overall Method of Accounting** (If Schedule A applies, Part I below must be completed.)**Part I Change in Overall Method** (see instructions)

- 1** Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.

- |  | Amount   |
|--|----------|
| <b>a</b> Income accrued but not received (such as accounts receivable) .....   | \$ ..... |
| <b>b</b> Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method .....  | .....    |
| <b>c</b> Expenses accrued but not paid (such as accounts payable) .....  | .....    |
| <b>d</b> Prepaid expenses previously deducted .....  | .....    |
| <b>e</b> Supplies on hand previously deducted and/or not previously reported .....   | .....    |
| <b>f</b> Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II .....  | .....    |
| <b>g</b> Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ► .....  | .....    |
| <b>h Net section 481(a) adjustment</b> (Combine lines 1a-1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25 ..... | \$ ..... |

- 2** Is the applicant also requesting the recurring item exception under section 461(h)(3)? ☐ Yes ☐ No
- 3** Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

**Part II Change to the Cash Method For Advance Consent Request** (see instructions)

Applicants requesting a change to the cash method must attach the following information:

- A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

**Schedule B - Change to the Deferral Method for Advance Payments** (see instructions)

- If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
  - A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
  - If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
  - If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
  - A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
  - A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
  - A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
  - A statement explaining whether the inventorable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

**Schedule C - Changes Within the LIFO Inventory Method** (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all Forms 970, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a Valuing inventory (e.g., unit method or dollar-value method).
  - b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
  - d Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

**Schedule D - Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other**

## Section 263A Assets (see instructions)

**Part I Change in Reporting Income From Long-Term Contracts** (Also complete Part III on pages 7 and 8.)

- 1** To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
- 2a** Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)? ☐ Yes ☐ No
- b** If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)? ☐ Yes ☐ No
- If line 2b is "No," attach an explanation.
- c** If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)? ☐ Yes ☐ No
- d** If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)? ☐ Yes ☐ No
- If line 2d is "Yes," attach an explanation of what cost comparison the applicant will use to determine a contract's completion factor.
- If line 2d is "No," attach an explanation of what method the applicant is using and the authority for its use.
- 3a** Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)? ☐ Yes ☐ No
- b** If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
- c** Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
- 4** To determine a contract's completion factor using the percentage-of-completion method:
- a** Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)? ☐ Yes ☐ No
- b** If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))? ☐ Yes ☐ No
- 5** Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

<b>Part II</b> <b>Change in Valuing Inventories Including Cost Allocation Changes</b> (Also complete Part III on pages 7 and 8.)	
--	--

- 1 Attach a description of the inventory goods being changed.
- 2 Attach a description of the inventory goods (if any) NOT being changed.
- 3a Is the applicant subject to section 263A? If "No," go to line 4a ..... ☐ Yes ☐ No
- b Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? ..... ☐ Yes ☐ No  
If "No," attach a detailed explanation .....

**4a** Check the appropriate boxes below.

Identification methods:

Specific identification .....

FIFO .....

LIFO .....

Other (attach explanation) .....

**Valuation methods:**

Cost .....

Cost or market, whichever is lower .....

Retail cost .....

Retail, lower of cost or market .....

Other (attach explanation) .....

Inventory Being Changed		Inventory Not Being Changed
Present method	Proposed method	Present method

- b Enter the value at the end of the tax year preceding the year of change .....
- 5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
- a Copies of Form(s) 970 filed to adopt or expand the use of the method.
- b **Only for applicants requesting advance consent.** A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
- c **Only for applicants requesting an automatic change.** The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

**Section A - Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B - Direct and Indirect Costs Required To Be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material .....		
2 Direct labor .....		
3 Indirect labor .....		
4 Officers' compensation (not including selling activities) .....		
5 Pension and other related costs .....		
6 Employee benefits .....		
7 Indirect materials and supplies .....		
8 Purchasing costs .....		
9 Handling, processing, assembly, and repackaging costs .....		
10 Offsite storage and warehousing costs .....		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle .....		
12 Depletion .....		
13 Rent .....		
14 Taxes other than state, local, and foreign income taxes .....		
15 Insurance .....		
16 Utilities .....		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity .....		
18 Engineering and design costs (not including section 174 research and experimental expenses) .....		
19 Rework labor, scrap, and spoilage .....		
20 Tools and equipment .....		
21 Quality control and inspection .....		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant .....		
23 Licensing and franchise costs .....		
24 Capitalizable service costs (including mixed service costs) .....		
25 Administrative costs (not including any costs of selling or any return on capital) .....		
26 Research and experimental expenses attributable to long-term contracts .....		
27 Interest .....		
28 Other costs (Attach a list of these costs.) .....		



**Part III Method of Cost Allocation** (see instructions) (continued)

**Section C - Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses .....		
2 Research and experimental expenses not included in Section B, line 26 .....		
3 Bidding expenses not included in Section B, line 22 .....		
4 General and administrative costs not included in Section B .....		
5 Income taxes .....		
6 Cost of strikes .....		
7 Warranty and product liability costs .....		
8 Section 179 costs .....		
9 On-site storage .....		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11 .....		
11 Other costs (Attach a list of these costs.) .....		

**Schedule E - Change in Depreciation or Amortization** (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

**Note.** See the **List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instr.).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? ☐ Yes ☒ No  
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? ☐ Yes ☒ No  
If "Yes," enter the applicable section ▶ \_\_\_\_\_
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)? ☐ Yes ☒ No  
If "Yes," state the election made ▶ \_\_\_\_\_
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
- b If the property is residential rental property, did the applicant live in the property before renting it? ☐ Yes ☒ No
- c Is the property public utility property? ☐ Yes ☒ No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
  - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
  - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
  - c The facts to support the asset class for the proposed method.
  - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
  - e The useful life, recovery period, or amortization period of the property.
  - f The applicable convention of the property.
  - g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

# Application for Change in Accounting Method

OMB No. 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)		Identification number (see instructions)	
Southern Home Medical, Inc & Subs.		551112	
Number, street, and room or suite no. If a P.O. box, see the instructions.		Principal business activity code number (see instructions)	
218 Trade St, Suite A		551112	
City or town, state, and ZIP code		Tax year of change begins (MM/DD/YYYY) 01/01/2014	
Greer, SC 29651		Tax year of change ends (MM/DD/YYYY)	
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)		Name of contact person (see instructions)	
		Jeffrey Sarvis	
		Contact person's telephone number	
		864-655-5900	

If the applicant is a member of a consolidated group, check this box ☒ **X**

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box ☐

**Check the box to indicate the type of applicant.**

- |  |  |
|--|--|
| <input type="checkbox"/> Individual  | <input type="checkbox"/> Cooperative (Sec. 1381)     |
| <input checked="" type="checkbox"/> Corporation                                  | <input type="checkbox"/> Partnership                 |
| <input type="checkbox"/> Controlled foreign corporation (Sec. 957)               | <input type="checkbox"/> S corporation               |
| <input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))                   | <input type="checkbox"/> Insurance co. (Sec. 816(a)) |
| <input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) | <input type="checkbox"/> Insurance co. (Sec. 831)    |
| <input type="checkbox"/> Exempt organization. Enter Code section ▶               | <input type="checkbox"/> Other (specify) ▶           |

**Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)**

- |   |
|---|
| <input checked="" type="checkbox"/> Depreciation or Amortization                                  |
| <input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions |
| <input type="checkbox"/> Other (specify) ▶  |

**Caution.** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request		Yes	No
1	Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No. 186 (b) Other <input type="checkbox"/> Description ▶		
2	Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation		
<b>Note.</b> Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).			
Part II Information For All Requests		Yes	No
3	Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		X
4a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.		X
b	Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		

**Signature (see instructions)**

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

**Filer**

**Preparer (other than filer/applicant)**

Signature and date

Signature of individual preparing the application and date

Name and title (print or type)

Anthony F Perricelli

Name of individual preparing the application (print or type)

Scott and Company, LLC

Name of firm preparing the application

**Part II** Information For All Requests (continued)

Yes No

**4c** Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?

**d** Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)?

If "Yes," attach the consent statement from the director.

**e** Is the request to change the method of accounting being filed under the 90-day or 120-day window period?

If "Yes," check the box for the applicable window period and attach the required statement (see instructions).

☐ 90 day ☐ 120 day: Date examination ended ▶

**f** If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination.

Name ▶ Telephone no. ▶ Tax year(s) ▶

**g** Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?

**5a** Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court?

If "Yes," enter the name of the (check the box) ☐ Appeals officer and/or ☐ counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court.

Name ▶ Telephone no. ▶ Tax year(s) ▶

**b** Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?

**c** Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)?

If "Yes," attach an explanation.

**6** If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.

**7** If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity?

If "Yes," the applicant is **not** eligible to make the change.

**8a** Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?

**b** If "Yes," attach an explanation.

**9a** Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?

**b** If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.

**c** If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.

**10a** Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?

**b** If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).

**11** Is the applicant requesting to change its **overall** method of accounting?

If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.

**Present method:** ☐ Cash ☐ Accrual ☐ Hybrid (attach description)

**Proposed method:** ☐ Cash ☐ Accrual ☐ Hybrid (attach description)

**Part II Information For All Requests** (continued)

Yes No

- 12** If the applicant is either (i) **not** changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following:
- a** The item(s) being changed.
  - b** The applicant's present method for the item(s) being changed.
  - c** The applicant's proposed method for the item(s) being changed.
  - d** The applicant's present overall method of accounting (cash, accrual, or hybrid).
- 13** Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application.
- 14** Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions .....  
If "No," attach an explanation.
- 15a** Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)? .....
- b** If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.
- 16** Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response? .....
- 17** If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.

1st preceding year ended: mo. yr.	2nd preceding year ended: mo. yr.	3rd preceding year ended: mo. yr.
\$	\$	\$

**Part III Information For Advance Consent Request**

Yes No

- 18** Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? .....  
If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.
- 19** Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.
- 20** Attach a copy of all documents related to the proposed change (see instructions).
- 21** Attach a statement of the applicant's reasons for the proposed change.
- 22** If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? .....  
If "No," attach an explanation.
- 23a** Enter the amount of **user fee** attached to this application (see instructions). ► \$ .....
- b** If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).

**Part IV Section 481(a) Adjustment**

Yes No

- 24** Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? .....  
If "Yes," do not complete lines 25, 26, and 27 below.
- 25** Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ ..... Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.

**Part IV Section 481(a) Adjustment** (continued)

Yes	No

- 26** If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change? .....
- 27** Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? .....  
If "Yes," attach an explanation.

**Schedule A - Change in Overall Method of Accounting** (If Schedule A applies, Part I below must be completed.)**Part I Change in Overall Method** (see instructions)

- 1** Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.

- a** Income accrued but not received (such as accounts receivable) .....
- b** Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method .....
- c** Expenses accrued but not paid (such as accounts payable) .....
- d** Prepaid expenses previously deducted .....
- e** Supplies on hand previously deducted and/or not previously reported .....
- f** Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II .....
- g** Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶ .....
- h Net section 481(a) adjustment** (Combine lines 1a-1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25 .....

Amount
\$ .....
.....
.....
.....
.....
.....
.....
\$ .....

- 2** Is the applicant also requesting the recurring item exception under section 461(h)(3)? ☐ Yes ☐ No
- 3** Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

**Part II Change to the Cash Method For Advance Consent Request** (see instructions)

Applicants requesting a change to the cash method must attach the following information:

- 1** A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- 2** An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

**Schedule B - Change to the Deferral Method for Advance Payments** (see instructions)

- 1** If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
- a** A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
- b** If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
- c** If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- 2** If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
- a** A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
- b** A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
- c** A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
- d** A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

**Schedule C - Changes Within the LIFO Inventory Method** (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970**, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1** Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a** Valuing inventory (e.g., unit method or dollar-value method).
  - b** Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c** Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
  - d** Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2** If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3** If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4** If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5** Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6** If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1** If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2** If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a** A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b** A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c** If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d** A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e** A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f** A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g** A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3** If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4** If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).



**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

**Section A - Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B - Direct and Indirect Costs Required To Be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material .....		
2 Direct labor .....		
3 Indirect labor .....		
4 Officers' compensation (not including selling activities) .....		
5 Pension and other related costs .....		
6 Employee benefits .....		
7 Indirect materials and supplies .....		
8 Purchasing costs .....		
9 Handling, processing, assembly, and repackaging costs .....		
10 Offsite storage and warehousing costs .....		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle .....		
12 Depletion .....		
13 Rent .....		
14 Taxes other than state, local, and foreign income taxes .....		
15 Insurance .....		
16 Utilities .....		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity .....		
18 Engineering and design costs (not including section 174 research and experimental expenses) .....		
19 Rework labor, scrap, and spoilage .....		
20 Tools and equipment .....		
21 Quality control and inspection .....		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant .....		
23 Licensing and franchise costs .....		
24 Capitalizable service costs (including mixed service costs) .....		
25 Administrative costs (not including any costs of selling or any return on capital) .....		
26 Research and experimental expenses attributable to long-term contracts .....		
27 Interest .....		
28 Other costs (Attach a list of these costs.) .....		



**Part II** Method of Cost Allocation (see instructions) (continued)**Section C - Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses .....		
2 Research and experimental expenses not included in Section B, line 26 .....		
3 Bidding expenses not included in Section B, line 22 .....		
4 General and administrative costs not included in Section B .....		
5 Income taxes .....		
6 Cost of strikes .....		
7 Warranty and product liability costs .....		
8 Section 179 costs .....		
9 On-site storage .....		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11 .....		
11 Other costs (Attach a list of these costs.) .....		

**Schedule E - Change in Depreciation or Amortization** (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

**Note.** See the **List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instr.).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? ☐ Yes ☒ No  
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? ☐ Yes ☒ No  
If "Yes," enter the applicable section ► \_\_\_\_\_
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)? ☐ Yes ☒ No  
If "Yes," state the election made ► \_\_\_\_\_
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
- b If the property is residential rental property, did the applicant live in the property before renting it? ☐ Yes ☐ No
- c Is the property public utility property? ☐ Yes ☒ No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
  - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
  - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
  - c The facts to support the asset class for the proposed method.
  - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
  - e The useful life, recovery period, or amortization period of the property.
  - f The applicable convention of the property.
  - g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.