

**Southern Home Medical, Inc.**  
**Consolidated Profit and Loss**  
**April through June 2015**

<b>Income</b>	
Gross Receipts	291,391
Total Gross Receipts	<u>291,391</u>
 Total Income	 291,391
 <b>Cost of Goods Sold</b>	
Cost of Goods Sold	
Medical Equipment and Supplies	10,119
Total Cost of Goods Sold	<u>10,119</u>
 Total COGS	 <u>10,119</u>
 Gross Profit	 <u><u>281,272</u></u>
 <b>Expense</b>	
Administrative Support	6,588
Automobile Expense	11,152
Background Consent Expense	1,811
Bad Debt Expense	1,158
Bank Service Charges	106
Business Licenses and Permits	5,327
Charitable Contributions	4,407
Computer and Internet Expense	2,432
Employee Opportunities	646
EMSI Office Expenses	3,141
Insurance Expense	11,687
Marketing	8,698
Office Supplies	1,548
Overpayment Expense	2,702
Payroll Expenses	156,808
Postage and Delivery	158
Printing and Reproduction	428
Professional Fees	10,071
Referral Fees	50
Rent Expense	5,997
Repairs & Maintenance	2,798
Respiratory Care Program	0
Shipping & Freight	97
Supplies	0
Taxes	1,456
Telephone	1,231
Travel & Entertainment	6,677
Uniform	127
Utilities	747
 Total Expense	 <u><u>248,048</u></u>
 <b>Other Income</b>	
Interest Income	325
Total Other Income	325
 Net Income	 <u><u>33,549</u></u>

**Southern Home Medical, Inc.**  
**Consolidated Balance Sheet**  
**June 30, 2015**

**ASSETS**

**Current Assets**

**Checking/Savings**

**Cash**

**60,207**

**Total Checking/Savings**

**60,207**

**Other Current Assets**

**Accounts Receivable**

**193,329**

**Notes Receivable**

**195,382**

**Total Other Current Assets**

**388,711**

**Total Current Assets**

**448,919**

**Fixed Assets**

**Accumulated Depreciation**

**-224,800**

**Fitness Equipment**

**15,000**

**Furniture and Fixtures**

**5,615**

**Major Equipment**

**10,633**

**Office Equipment**

**23,623**

**Rental Equipment**

**171,521**

**Total Fixed Assets**

**1,592**

**TOTAL ASSETS**

**450,511**

**Southern Home Medical, Inc.**  
**Consolidated Balance Sheet**  
**June 30, 2015**

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

**Accounts Payable** 7,795

**Total Accounts Payable** 7,795

**Other Current Liabilities**

**Inter Company Transfer** 114,350

**Lease Payables** 0

**Total Other Current Liabilities** 114,350

**Total Current Liabilities** 122,145

**Total Liabilities** 122,145

**Equity**

**Additional Paid in Capital** 220,024

**Common Stock** 226,742

**Retained Earnings** -221,503

**Series A Preferred** 19,827

**Series C Preferred** 18,006

**Shareholder Contributions** 3,001

**Shareholder Distributions** 0

**Net Income** 62,268

**TOTAL EQUITY** 328,366

**TOTAL LIABILITIES & EQUITY** 450,511

**Southern Home Medical, Inc.**  
**Consolidated Statement of Cash Flows**  
**April through June 2015**

**OPERATING ACTIVITIES**

Net Income	34,070
Adjustments to reconcile Net Income to net cash provided by Operations:	
Accounts Receivable	-4,805
Admin Advances	-5,500
Allowance For Doubtful Accounts	0
Inter-Company Cash	-18,000
PL & GL Advances	-1,759
Notes Receivable	0
Accounts Payable	0
Lease Payables	0
Note Payable	0
Cash From EMSI	5,000
Payroll Liabilities	3,289
Net cash provided by Operating Activities:	<u>32,554</u>

**INVESTING ACTIVITIES**

Furniture & Fixtures	0
Inter-Company: SHOM	0
Major Equipment	450
Notes Receivable	0
Office Equipment	100
Rental Equipment	0
Net cash provided by Investing Activities:	<u>550</u>

Net Cash Increase for Period:	12,845
Cash at Beginning of Period:	47,362
Cash at End of Period:	60,207

# **SOUTHERN HOME MEDICAL, INC.**

## ***Share Count Information***

***June 30, 2015***

### **Outstanding Share Count as of June 30, 2015**

Common	786,509,863
Preferred A	10,000,000
Preferred C	8,256,250

### **Authorized Share Count as of June 30, 2015**

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

### **Public Float as of June 30, 2015**

Float	425,034,542
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### **Shareholders of Record as of June 30, 2015**

Total	1,949
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# NOTES TO FINANCIAL STATEMENTS OF SOUTHERN HOME MEDICAL, INC.

JUNE 30, 2015 (UNAUDITED)

## NOTE 1 – BASIS OF PRESENTATION

This is a preliminary overview unaudited of the 2<sup>nd</sup> quarter 2015. The accompanying unaudited financial statements are being prepared internally in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they currently do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited financial statements contain no current adjustments consisting only of normal recurring accruals considered necessary to present fairly the Company's financial position at June 30, 2015.

Management's Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

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

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

Advertising Costs – Advertising costs are expenses as incurred. The Company does not incur any direct-response advertising costs. No does the company employee an agency.

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

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

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

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

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

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

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

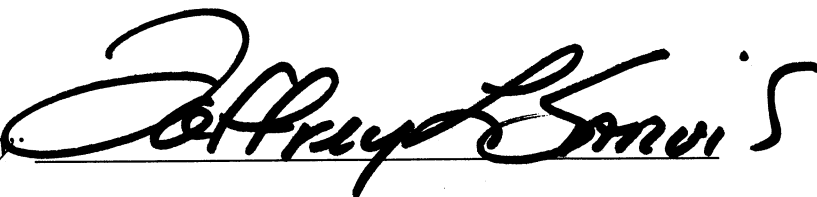
## NOTE 2– LEGAL PRESENTATION

There are no legal issues or concerns at present that is a concern for SHOM. There is a claim from Greentree Financial Group, Inc., Mike Bongiovanni, and R. Chris Cottone that they are owed stock from an old promissory note dated December 1, 2006.

## CERTIFICATION

I, *Jeffrey L Sarvis*, *President & CEO* of Southern Home Medical, Inc., hereby certify that the unaudited financial statements and related footnotes hereto present fairly, in all material respects, the financial position of Southern Home Medical, Inc. and the results of its operations and cash flows as of and for the period ended June 30, 2015, in conformity with accounting principles generally accepted in the United States, consistently applied.

SOUTHERN HOME MEDICAL, INC

By: 

*Jeffrey L Sarvis, President & CEO*