

Southern Home Medical, Inc.
Consolidated Balance Sheet

June 30,
2016

ASSETS

Current Assets:		
Cash and cash equivalents	\$	-
Accounts receivable, net		93,699
Note receivable		2,500
Total Current Assets		<u>96,199</u>
Property and equipment, net		326
TOTAL ASSETS	\$	<u>96,525</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Bank indebtedness	\$	1,775
Accrued interest		10,066
Total Current Liabilities		<u>11,841</u>
Notes payable		80,500
Total Liabilities		<u>92,341</u>
Stockholders' Equity:		
Preferred A		19,827
Preferred C		18,006
Common Equity		10,566
Accumulated deficit		<u>(44,215)</u>
Total Stockholders' Equity		<u>4,184</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	<u>96,525</u>

See notes to the unaudited financial statements.

Southern Home Medical, Inc.
Consolidated Statement of Operations

	<u>Three Months Ended</u> <u>June 30, 2016</u>
Revenues	\$ 10,311
Operating Expenses	
Direct costs	2,728
Sale, general, and administrative	<u>8,754</u>
Total Operating Expenses	<u>11,482</u>
Loss from operations	<u>(1,171)</u>
Net Loss	\$ <u><u>(1,171)</u></u>

See notes to the unaudited financial statements.

Southern Home Medical, Inc.
Consolidated Statement Of Cash Flow

	<u>Three Months Ended June 30, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (1,171)
Changes in current assets and liabilities:	
Accounts payable and accrued interest	<u>1,171</u>
Net cash used in Operating Activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash used in Investing Activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Issuance of common stock for cash	<u>-</u>
Net cash provided by Financing Activities	<u>-</u>
Net cash increase (decrease) for period	-
Cash at beginning of period	<u>-</u>
Cash at end of period	\$ <u><u>-</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for income taxes	\$ <u><u>-</u></u>
Cash paid for interest	\$ <u><u>-</u></u>

See notes to the unaudited financial statements.

SOUTHERN HOME MEDICAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Three Months Ended June 30, 2016
(Unaudited)

NOTE 1- BASIS OF PRESENTATION

This is a preliminary unaudited overview for the three months ended June 30, 2016. The accompanying unaudited financial statements are being prepared internally in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they currently do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited financial statements contain no current adjustments consisting only of normal recurring accruals considered necessary to present fairly the Company's financial position at June 30, 2016.

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

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

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.

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

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. As of June 30, 2016, the Company had cash of \$0 and was indebted to the bank for \$1,775.

NOTE 2 – PROMISSORY NOTES AND CONVERTIBLE NOTES

The company entered into various unsecured debt arrangements in the form of promissory notes to multiple companies. All the promissory outlined in the chart below have similar terms and conditions. The total principle amount owed on the promissory notes is \$80,500. Each of the notes are due 10 days after receiving a written demand for payment. All of the promissory notes bear an interest rate of 10% per annum. Payment of the notes can be either in cash or converted into Southern Home Medical, Inc. common stock. If payment is made in Southern Home Medical, Inc. common stock, the "conversion price" is the lesser of (a) the price that the Southern Home Medical, Inc. common stock is trading at on the date of the conversion less a 50% percent discount or (b) \$0.0001 per share. The principle balance on the notes as of June 30, 2016 was \$80,500. Interest in the amount of \$10,066 was accrued on the notes as of the period ending June 30, 2016.

Note Amount	Date of the Note	Balance Due	Interest accrued
\$ 7,500	8/29/2014	\$ 7,500	\$ 1,379
\$ 9,000	10/23/2014	\$ 9,000	\$ 1,519
\$ 8,500	10/31/2014	\$ 8,500	\$ 1,416
\$ 4,700	2/5/2015	\$ 4,700	\$ 658
\$ 9,625	3/26/2015	\$ 9,625	\$ 1,218
\$ 5,075	3/26/2015	\$ 5,075	\$ 642
\$ 23,100	5/26/2015	\$ 23,100	\$ 2,538
\$ 10,000	10/20/2015	\$ 10,000	\$ 696
\$ 3,000	6/24/2016	\$ 3,000	\$ -

NOTE 3 – OTHER EVENTS

As of April 1, 2016 Southern Home Medical Inc. released control of Encore Medical Staffing Inc.

On April 20, 2016 Jeffery Sarvis and Brittany Toole resigned from the company and Miguel Dotres was appointed Interim President and Director of Southern Home Medical Inc.

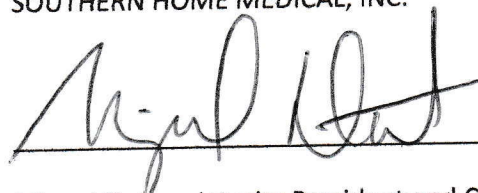
NOTE 4- LEGAL PRESENTATION

There are no legal issues known at present that is a concern for Southern Home Medical Inc.

CERTIFICATION

I, Miguel Dotres, Interim 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, 2016, in conformity with accounting principles generally accepted in the United States, consistently applied.

SOUTHERN HOME MEDICAL, INC.

A handwritten signature in black ink, appearing to read 'Miguel Dotres', is written over a horizontal line.

Miguel Dotres, Interim President and CEO