

EVERYBODY'S PHONE COMPANY
(a development stage Company)

FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES

FOR THE PERIOD ENDING September 30, 2012

Unaudited

Everybody's Phone Company
(a development stage company)
Profit & Loss
For the Period Ending Sept 30, 2012

	<u>July - Sept 12</u>	<u>Jan-Sept 12</u>
REVENUE		
Income	\$ 508	\$ 1,428
Cost of Sales	<u>\$ 507</u>	<u>\$ 1,244</u>
Gross Profit	\$ 1	\$ 184
 EXPENSES		
General and Administrative	\$ 63,823	\$ 259,306
Rent	\$ 4,064	\$ 12,191
Utilities	\$ 872	\$ 2,185
Travel	\$ 2,081	\$ 2,679
 Total Expenses	<u>\$ 70,840</u>	<u>\$ 276,361</u>
 Loss	<u><u>\$(70,839)</u></u>	<u><u>\$(276,177)</u></u>

unaudited

Everybody's Phone Company
(a development stage company)
Balance Sheet
For the Period Ending Sept 30, 2012

	<u>Sep 30, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
Checking	20,304
Total Checking/Savings	20,304
Accounts Receivable	
Accounts Receivable	152,100
Total Accounts Receivable	152,100
Other Current Assets	
Other Current Asset	13,417
Total Other Current Assets	13,417
Total Current Assets	185,821
Fixed Assets	
Fixed Asset	11,395
Total Fixed Assets	11,395
Other Assets	
Investments	52,000
Total Other Assets	52,000
TOTAL ASSETS	<u>249,216</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	367
Total Accounts Payable	367
Other Current Liabilities	
Loans	48,145
Payroll Liabilities	42,338
Total Other Current Liabilities	90,483
Total Current Liabilities	90,850
Long Term Liabilities	
Notes	206,568
Total Long Term Liabilities	206,568
Total Liabilities	297,418
Equity	
Equity	1,186,864
Preferred	30,000
Retained Earnings	-988,890
Net Income	-276,177
Total Equity	-48,203
TOTAL LIABILITIES & EQUITY	<u>249,215</u>

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Everybody's Phone Company
(a development stage company)
Statement of Cash Flows
For the Period Ending Sept 30, 2012

	<u>Jan - Sep 12</u>
OPERATING ACTIVITIES	
Net Income	-276,177
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	100
Other Current Asset: Deposit	-917
Other Current Asset: Prepaid	-2,500
Accounts Payable	-2,554
Loans: Dieringer Loan	48,145
Payroll Liabilities	<u>42,226</u>
Net cash provided by Operating Activities	-191,677
INVESTING ACTIVITIES	
Fixed Asset: Computer: Accum/Dep Computer	571
Fixed Asset: Furniture: Accum/Dep Furniture	<u>770</u>
Net cash provided by Investing Activities	1,341
FINANCING ACTIVITIES	
Notes	-93,250
Equity: Common Stock	263,069
Equity: Paid In Capital	3,181
Equity: Stock Subscriptions	<u>33,250</u>
Net cash provided by Financing Activities	<u>206,250</u>
Net cash increase for period	15,914
Cash at beginning of period	<u>4,389</u>
Cash at end of period	<u><u>20,303</u></u>

Everybody's Phone Company
(a development stage company)
Consolidated Statements of Shareholder Equity (Deficit)
For the Year Ending December 31, 2010, 2011, and
For the Period Ending September 30, 2012

	<u>Common Shares</u>	<u>Preferred Shares</u>	<u>Amounts</u>	<u>Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance December 31, 2010	52,791,465		52,791	418,205	-588,237	-117,240
Stock issued through March 31, 2011	128,500,000		128,500	206,539		335,039
Stock Subscription				-191,818		-191,818
Net Loss through March 31, 2011					-188,600	-188,600
Balance March 31, 2011	181,291,465		181,291	432,926	-776,837	-162,619
Stock issued through June 30, 2011	35,000,000	30,000	35,000	10,000		75,000
Net Loss through June 30, 2011					-124,851	-124,851
Balance June 30, 2011	216,291,465	30,000	216,291	442,926	-901,688	-212,470
Net Loss through September 30, 2011					-46,873	-46,873
Balance September 30, 2011	216,291,465	30,000	216,291	442,926	-948,561	-259,343
Net Loss through December 31, 2011					-40,329	-40,329
Stock issued through December 31, 2011	45,000,000		45,000	183,147		228,147
Balance December 31, 2011	261,291,465	30,000	261,291	626,073	-988,890	-71,526
Net Loss through March 31, 2012					-123,466	-123,466
Stock issued through March 31, 2012	90,469,230		90,470	67,030		157,500
Balance March 31, 2012	351,760,695	30,000	351,761	693,103	-1,112,356	-37,492
Net Loss through June 30, 2012					-81,872	-81,872
Stock issued through June 30, 2012	37,500,000		37,500	2,500		-40,000
Balance June 30, 2012	389,260,695	30,000	389,261	695,603	-1,194,228	-79,364
Net Loss through Sept 30, 2012					-70839	-70839
Stock issued through Sept 30, 2012	135,100,000		135,100	-\$33,100		102,000
Balance Sept 30, 2012	524,360,695	30,000	524,360	662,503	-1,265,067	-48,203

Notes

1. Prior to January 1, 2005 EPC Issued the following:
 - a. 9/13/03 4,510,000 were issued
 - b 10/09/03 10,000 shares were issued
2. No shares were issued in fiscal years 2004/05
3. 9/15/06 4,320,000 shares were issued
4. 7/12/07 40,000 shares were issued
5. 12/31/08 220,000 were issued
6. Stock issued through June 30, 2009 16,890,000
7. Stock issued from October through December 31, 2009 23,861,465
8. Stock through Jan - Mar 2010 -1,160,000
9. No shares issued April through June 2010
10. Shares canceled July through September 2010 1,450,000
11. 12/1/2010 5,250,000 were issued
12. Stock issued through March 31, 2011 68,500,000 free trading and 60,000,000 restricted
13. Stock issued through June 30, 2011 5,000,000 free trading shares and 30,000,000 restricted and 30,000 series "A" preferred
14. Stock issued through December 31, 2011 45,000,000 free trading shares
15. Stock issued through March 31, 2012 54,469,230 free trading shares and 36,000,000 restricted
16. Stock issued through June 30, 2012 39,500 free trading shares
17. Stock issued through September 30, 2012 73,100,000 free trading shares and 62,000,000 restricted

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Notes to Financial Results for the Period Ending Sept 30, 2012

Unaudited

Note 1- Summary of Significant Accounting Policies

Deposit:

AT&T required a deposit of \$10,000 from EVPH prior to any business activity. If EVPH maintains their monthly bill according to terms, AT&T will release some and/or all of the deposit paid at a future date

Accounts Receivable:

The former President of the company received an advance of \$49,200

A third party non-affiliate who purchased debt has an outstanding balance of \$ 105,000.00 due the note holder that has assigned the note to EVPH

Investment:

During the 2nd quarter 2011 EVPH invested \$ 52,000 as announced previously with NatServ concerning a mortgage purchase agreement. EVPH anticipates exiting this agreement during the 4th quarter 2012 with a return of cash.

Loans:

The Company received a \$ 50,000 loan from a shareholder in June 2012 which will be repaid monthly over a term of five (5) years with an interest rate of twelve (12%) percent

Long Term Notes:

The company received stock of a public traded company from the three directors of the corporation during fiscal year 2006 totaling \$ 153,317, which were assigned to various third party non-affiliates in October 2008.

The third party non-affiliates mention in the above notes only purchased \$100,000 of the total amount of debt of \$609,317: therefore the remaining debt was recorded on EVPH Balance Sheet in December 2010.

In December 2010 \$50,000 of debt was assigned to a third party non-affiliate which was from a convertible note from the Company dated September 30, 2008.

In January 2011 \$ 69,999 of debt was assigned to a third party non-affiliate which was from a convertible note from the Company dated October 3, 2009.

In March 2011 \$ 188,500 of debt was assigned to a third party non-affiliate which was from a convertible note from the Company dated November 30, 2009.

In November 2011 a third party non-affiliate who purchased debt has an outstanding balance of \$ 105,000.00 due the note holder that has assigned the note to EVPH

Accrued payroll liabilities of \$ 40,000 and long term liabilities of \$ 266,568 are due the three (3) founders of the company. All three (3) founders of the Company have agreed that the payment of said accrued liabilities would be forgiven and/or paid with restricted shares of common stock of the company.

Each founder received 20,000,000 restricted shares of common stock in lieu of \$ 20,000 cash resulting in EPC's long term liabilities being reduced to \$ 206,568.00

Payroll:

Beginning January 1, 2004 through September 2009 the company has accrued 69 months of payroll for two officers of the Corporation totaling \$552,000 however only 57 months through September 2008 for a total of \$ 456,000 were assigned to various third party non-affiliates in October 2008.