

# SOUTHERN HOME MEDICAL, INC.

## Consolidated Profit and Loss

July thru September 2014

<b>Income</b>	
Gross Receipts	137,778
<b>Total Gross Receipts</b>	<u>137,778</u>
<b>Total Income</b>	<b>137,778</b>
<b>Cost of Goods Sold</b>	
Cost of Goods Sold	
Medical Equipment and Supplies	8,239
<b>Total Cost of Goods Sold</b>	<u>8,239</u>
<b>Total COGS</b>	<b>8,239</b>
<b>Gross Profit</b>	<u><u>129,539</u></u>
<b>Expense</b>	
Administrative Support Expense	5,199
Advertising and Promotion	395
Automobile Expense	3,766
Bad Debt Expense	76
Background Consent Expenses	973
Bank Service Charges	30
Licenses and Permits	0
Charitable Contributions	4,770
Computer and Internet Expense	1,309
EMSI Offices Expenses	67
Employee Opportunities	610
Franchise Recovery Expense	0
Franchisee Incentive	0
Insurance Expense	3,726
Interest Expense	0
Laboratory Fees	0
Marketing	4,681
Office Supplies	791
Overpayment Expense	1,708
Payroll Expenses	52,075
Postage and Delivery	405
Printing and Reproduction	0
Professional Fees	10,899
Rent Expense	8,850
Repairs & Maintenance	1,979
Respiratory Care Program	0
Shipping & Freight	0
Supplies	26
Taxes	2,864
Telephone	2,773
Travel & Entertainment	9,680
Utilities	2,101
<b>Total Expense</b>	<u><u>119,752</u></u>
<b>Other Income</b>	
Interest Income	8
<b>Total Other Income</b>	<u>8</u>
<b>Net Income</b>	<u><u>9,795</u></u>

# SOUTHERN HOME MEDICAL, INC.

## Consolidated Balance Sheet

September 30, 2014

### Liabilities

#### Current Liabilities

Accounts Payable

Accounts Payable

0

Total Accounts Payable

0

#### Other Current Liabilities

VGM Insurance

0

Payroll Liabilities

1,214

Inter-Company Transfers

118,344

Tax Liabilities

0

Total Other Current Liabilities

119,558

Total Current Liabilities

119,558

Total Liabilities

119,558

### Equity

Additional Paid in Capital

220,024

Common Stock

226,742

Retained Earnings

-39,977

Series A Preferred

19,827

Series C Preferred

18,006

Shareholder Contributions

3,001

Shareholder Distributions

0

Net Income

-61,938

TOTAL EQUITY

385,685

TOTAL LIABILITIES & EQUITY

505,243

**SOUTHERN HOME MEDICAL, INC.**

*Consolidated Balance Sheet*

*September 30, 2014*

**ASSETS**

**Current Assets**

Checking/Savings

Cash

82,655

**Total Checking/Savings**

82,655

**Other Current Assets**

Accounts Receivable

137,234

Notes Receivable

638

**Total Other Current Assets**

137,872

**Total Current Assets**

220,526

**Total Current Assets**

274,130

**Fixed Assets**

108,975

**Total Other Assets**

121,500

**TOTAL ASSETS**

505,243

**LIABILITIES & EQUITY**

**SOUTHERN HOME MEDICAL, INC.**

*Share Count Information*

*September 30, 2014*

**Outstanding Share Count as of September 30, 2014**

Common	266,809,863
Preferred A	10,000,000
Preferred C	8,256,250

**Authorized Share Count as of September 30, 2014**

Common	500,000,000
Preferred A	25,000,000
Preferred C	25,000,000

**Public Float as of September 30, 2014**

Float	205,034,542
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**Shareholders of Record as of September 30, 2014**

Total	1,947
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NOTES TO FINANCIAL STATEMENTS  
OF  
SOUTHERN HOME MEDICAL, INC.  
September 30, 2014 (UNAUDITED)

**NOTE 1 – BASIS OF PRESENTATION**

This is a preliminary overview unaudited 3rd quarter of 2014. 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 September 30, 2014.

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.

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.

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 known that surround Southern Home Medical, Inc.”

## **CERTIFICATION**

I, Jeffrey 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 September 30, 2014, in conformity with accounting principles generally accepted in the United States, consistently applied.

## **SOUTHERN HOME MEDICAL, INC**

By: 

*Jeffrey L Sarvis, President*