

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

J.C. Nicholson Jr., Circuit Court Judge
Deadra L. Jefferson, Circuit Court Judge

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DEC 03 2018

SC Court of Appeals

Appellate Case No. 2018-000460

Assistive Technology Medical
Equipment Services, LLC, ... Respondent,

v.

Hood & Selander, CPAS, LLC; Donna C. Cash, as
Personal Representative of the Estate of Dorothy A. Connelly;
W.E. Applegate, III, as Personal Representative of the
Estate of James B. Connelly; Kimberly Cuce; Phillip DeClemente, ... Defendants,

Of whom, Phillip DeClemente is the Appellant.

RECORD ON APPEAL
Volume 2 of 2, Pages 462-712

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STATE OF SOUTH CAROLINA	) COURT OF COMMON PLEAS
	) NINTH JUDICIAL CIRCUIT
COUNTY OF BERKELEY	)
	)
Assistive Technology Medical	)
Equipment Services, LLC,	) CASE NO. 2011-CP-10-008011
	)
PLAINTIFF,	) TRANSCRIPT OF RECORD
	)
VS.	)
	)
Hood & Selander, CPAS, LLC,	)
Donna C. Cash, as Personal	)
Representative of the Estate of	)
Dorothy A. Connelly, W. E.	)
Applegate, II, as Personal	)
Representative of the Estate of	)
James B. Connelly, Kimberly	)
Cuce, Phillip DeClemente,	)
	)
DEFENDANTS.	)

January 5, 2017

Moncks Corner, South Carolina

B E F O R E:

The Honorable Deadra Jefferson

A P P E A R A N C E S:

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For the Plaintiff

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For the Defendant Phillip L. DeClemente

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I N D E X

EXHIBIT LIST -- 03

HEARING -- 04

CERTIFICATION OF TRANSCRIPT -- 88

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D E F E N D A N T
E X H I B I T S

<u>NO.</u>	<u>DESCRIPTION</u>	<u>MARKED</u>	<u>ADMIT</u>
1	Sales Tax Liability	36	40
2	Capital Withdrawals (ID ONLY)	42	--
3	'09 Tax Returns	67	72

WITNESS:Phillip DeClemente

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Jeffrey Reed

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1 THE COURT: This is Assistive Technology Medical
2 Equipment Services, LLC, versus Hood & Selander, CP,
3 Donna C. Cash, etc..

4 But I think only -- everything is settled except
5 with the case with -- the only thing before the court
6 today is the matter with Mr. DeClemente. That is
7 D-E-C-L-E-M-E-N-T-E. 2011-CP-10-8011.

8 This is a continuation of a hearing that we began
9 November 1st 2016. The record was left open to allow Mr.
10 Marshall to present the testimony of his client and to
11 supplement the record with any other matters.

12 Okay. Mr. Smith, is here on behalf of the
13 plaintiff. Are you ready to proceed?

14 MR. SMITH: We are, Your Honor.

15 THE COURT: And Mr. Marshall is here on behalf of
16 the defense; is that correct?

17 MR. MARSHALL: That is correct, Judge.

18 THE COURT: Are you ready to proceed?

19 MR. MARSHALL: Yes, we are. I have ---

20 THE COURT: Okay. You may call your next -- your
21 witness.

22 MR. MARSHALL: All right. Well, preliminarily,
23 Judge, I had filed a motion pertaining to some discovery
24 and I had filed a motion to compel.

25 THE COURT: I think it is a little -- I don't think

1 you can do that, can you, with your client in default
2 posture? We had already started the hearing. The only
3 thing we were doing was resuming the hearing to take
4 testimony on the damages. That is the only thing this
5 matter is limited to.

6 MR. MARSHALL: Okay, well, I thought -- well, the
7 documents we had sought -- and this was an issue at the
8 previous hearing. But I thought that that was actually
9 the court's instruction because I ---

10 THE COURT: I don't remember.

11 MR. MARSHALL: Well, I ---

12 THE COURT: If I am wrong I stand corrected. But
13 what is it exactly that you are seeking to compel?

14 MR. MARSHALL: It is some tax returns for the
15 business that is the subject of the damages hearing.

16 THE COURT: How are things going to affect your
17 client's testimony? We can get those later can't we? Is
18 it that you want me to look at them, or does he have
19 copies of them?

20 MR. MARSHALL: No, ma'am. We had served discovery
21 requests in this case ---

22 THE COURT: But how would your client be competent
23 to testify about tax returns to a business he was not a
24 party to? He is not an expert. He can't tell me what
25 they mean.

1 So if you want to get them and you want me to look
2 at them I don't know who you would introduce them
3 through.

4 MR. MARSHALL: Well, I was going to move -- I think
5 once you hear his qualifications you may agree that he is
6 an expert. And that was going to be something else that
7 I move forth when he takes the stand, Judge.

8 But the suggestion by the court had been when I
9 raised this issue previously was, well, Mr. Marshall, you
10 have subpoena power. And ---

11 THE COURT: You do have subpoena powers. And if you
12 appropriately served the subpoena then the information
13 would have been delivered directly to you.

14 But I don't think you have the ability to compel
15 them in the form of discovery at this juncture of the
16 proceedings.

17 MR. MARSHALL: Well, ---

18 THE COURT: So did you send a subpoena to any entity
19 asking for documents?

20 MR. MARSHALL: I -- well, I sent them -- yes, Judge,
21 to Art Bradham the CPA who has served as their, quote,
22 unquote, expert.

23 THE COURT: I thought he had the tax returns when he
24 testified.

25 MR. MARSHALL: He may have had them, but ---

1 THE COURT: I thought he testified about them. Am I
2 wrong? My memory might be hazy. If it is two months
3 ago.

4 MR. MARSHALL: He must have testified about I would
5 imagine some of them, Judge. But we think these are
6 relevant. We asked for the ones for '13 ---

7 THE COURT: Who did you ask -- who did you serve the
8 subpoena on?

9 MR. MARSHALL: Mr. Bradham back on November 2nd.
10 And so ---

11 THE COURT: What exactly did you ask him for?

12 MR. MARSHALL: For the 2013, '14, and '15 ---

13 THE COURT: And what was the response -- you
14 subpoenaed him as a witness too, didn't you?

15 MR. MARSHALL: No, it was -- we have Mr. Reed
16 today ---

17 THE COURT: Okay.

18 MR. MARSHALL: --- since Mr. Bradham ---

19 THE COURT: Okay. So how did Mr. Bradham respond?

20 MR. MARSHALL: Well, he didn't. And we would also
21 ask for the K-1's associated with those years.

22 THE COURT: When you say he didn't respond what do
23 you mean?

24 MR. MARSHALL: He didn't respond. So I e-mailed him
25 a couple of times ago once you set this date; and I said,

1 hey, I need that stuff, please.

2 And I got a response from Mr. Smith, James Smith,
3 that he filed a motion to quash the subpoena. So I filed
4 a motion, a motion ---

5 THE COURT: Well, unless y'all sent it to me and
6 brought it to my attention - as you can well imagine
7 there's voluminous amounts of paper that are filed in the
8 Clerk's Office - they would not know to send that to me.
9 It would just have been put on a motion's roster. So I
10 would have no idea what the status of that is. Or if a
11 motion to quash was filed I would have no knowledge of
12 it.

13 And I don't think it is any of the documents my
14 secretary -- let's see what I have got here.
15 (WHEREUPON, pause to review file.)

16 THE COURT: Yeah, I don't have a copy of a motion to
17 quash. I have copies of your subpoenas that you sent to
18 my office. And I have to be honest, I really sort of
19 glanced at them. I didn't read them in any detail.

20 MR. MARSHALL: Sure. Well, Judge, that is the basis
21 for our request that this be continued until we can
22 get ---

23 THE COURT: Your client should be able to testify to
24 other things. The whole, you know, crux of his testimony
25 is not those tax returns. And the hearing is very

1 limited in scope. It is damages only. So if we need to
2 resume it we will just have to do that.

3 Is there a reason -- you don't -- do you represent
4 Mr. Bradham, Mr. Smith?

5 MR. SMITH: Your Honor, I do not represent Mr.
6 Bradham. I represent ATMES. But just to briefly address
7 this and tell the rest of the story about my ---

8 THE COURT: Sure.

9 MR. SMITH: The subpoena was defective in so many
10 ways. Originally it was an unsigned e-mail subpoena that
11 was later improperly served. But it asked not for tax
12 returns of the company that I represent, ATMES, Your
13 Honor; it asked for tax returns of another company called
14 Reliable ---

15 THE COURT: That is not a party to this action?

16 MR. SMITH: --- which is not a party to this action.
17 And we are not asking damages relating to Reliable. And
18 so there are a whole host of reasons why it would be not
19 appropriate to respond to an inartfully drawn and served
20 subpoena and one that is not at all relevant to the
21 matter before us today, Your Honor.

22 THE COURT: Is that accurate that you asked for tax
23 returns to an entity that is not a party to this action?

24 MR. MARSHALL: It is the same entity, Judge.
25 It's ---

1 THE COURT: Well, they are not a party.

2 MR. MARSHALL: Well, ---

3 THE COURT: Isn't there a separate case pending with
4 that other entity?

5 MR. MARSHALL: There is a case in which my client is
6 a plaintiff involving the same entity. So Reliable and
7 Abacare merged into a company called ATME.

8 THE COURT: Yeah, but you would have to prove some
9 nexus that in fact they filed joint taxes and they are
10 the same entity. Otherwise it is not relevant. Unless
11 they are a party. And if they are not a party they don't
12 have any duty to turn anything over to you. And you ---

13 MR. MARSHALL: Well, I think they are a party,
14 Judge, because they're ---

15 THE COURT: This other entity is not a named party
16 in this case.

17 MR. MARSHALL: It is not a separate entity though,
18 Judge. It is a subdivision of the main entity.

19 MR. SMITH: That is absolutely incorrect, Your
20 Honor.

21 THE COURT: You would have to prove some -- I am
22 hearing only the case that deals with these parties and
23 damages related to these parties only.

24 If there is a separate case pending about this
25 subsidiary or a subsection of this company then that's --

1 you deal with that under that heading of that case.

2 But because it is your position that the entities
3 are co-mingled you would have to -- you have the burden
4 of proving that.

5 And I haven't heard anything up to the point in
6 these proceedings that would justify them having to turn
7 over any information about an unrelated entity that is
8 not a party to this case.

9 They don't have any duty to respond to the subpoena
10 in that posture. They don't have to give you the
11 documents for an entity that it is not a party to this
12 case.

13 MR. MARSHALL: My client can certainly testify about
14 them being the same entity ---

15 THE COURT: I would encourage you to have your
16 client testify as to whatever is relevant on damages and
17 that we get started. And then we will -- I will see at
18 the end of it if you have been able to draw some nexus to
19 these records you indicated you have asked for.

20 But basically as it stands now they have no duty to
21 turn it over to you and they didn't have to respond to
22 the subpoena. Especially if it didn't comply with the
23 rules.

24 MR. MARSHALL: Well, it did, Judge. It was served
25 properly.

1 THE COURT: He says it wasn't signed properly and it
2 wasn't served properly.

3 MR. MARSHALL: I have a copy of it, and I have proof
4 of delivery.

5 THE COURT: Okay. Did you share that with Mr.
6 Smith?

7 MR. MARSHALL: I am sure he knows that ---

8 MR. SMITH: Originally I was never served pursuant
9 to the rules when he sent out a copy of the subpoena, and
10 I had to get it from another source.

11 But it is in our motion to quash which we would be
12 happy to take up with the court, care to; but don't ---

13 THE COURT: Well, at this point I don't know that it
14 is germane to any issue on damages in this case. So I
15 think we should proceed and then I can address that, you
16 know, later if it is necessary.

17 MR. SMITH: Thank you, Your Honor.

18 MR. MARSHALL: The unsigned copy I think Mr. Smith
19 to which he is referring is, one, a courtesy copy that I
20 sent and said, hey, this is going to be coming overnight
21 restricted delivery, proof of delivery; and I said I just
22 wanted you to have this as soon as possible. That is
23 what he is referring to.

24 All right. Phillip DeClemente, please.

25 THE COURT: Sir, if you would stand and raise your

1 hand to be sworn.

2 (WHEREUPON, the witness was duly sworn.)

3 THE COURT: State your full name for the record.
4 And I need you to speak a lot more loudly than you are
5 speaking right now.

6 MR. DECLEMENTE: Phillip DeClemente.

7 THE COURT: Spell your last name, please, for the
8 court reporter.

9 MR. DECLEMENTE: D-E-C-L-E-M-E-N-T-E.

10 THE COURT: Okay. Thank you, sir. You may take
11 your seat and you may proceed.

12 MR. MARSHALL: Would you like for him to take the
13 stand, correct?

14 THE COURT: He can stay right.

15 MR. MARSHALL: Oh, okay.

16 **DIRECT EXAMINATION BY MR. MARSHALL OF PHILLIP DECLEMENTE:**

17 Q All right. Phillip, tell the court please about
18 your work background as during your entire life as it
19 relates to management and operation and accounting
20 practices for durable medical equipment companies.

21 A I am 43 years old and been working at DME industries
22 since I was 20 managing medical equipment companies. I
23 have owned two separate DME companies and a managing
24 partner of a third. I have had total control over all
25 operations from accounting to the operations of DME
26

1 businesses.

2 Q All right. And that is since you were 20 years old?

3 A That is correct.

4 Q That has been ---

5 A Twenty-four years.

6 Q Twenty-four years of experience. And what
7 companies -- for which companies have you worked; what is
8 the name of those company and what did you do for those
9 companies?

10 A In particular there's one that -- we have got
11 Abacare. I started Abacare from ground floor. Founded
12 the company in 2005. I had a majority partner which was
13 the Connelly's were the financing backing of the
14 business. I ran total operations. And they financed and
15 ran the legal and the accounting part of the business.

16 I had subsequently after that started another DME
17 company which was short-lived which is Homecare DME. And
18 prior to that Sunshine Medical where I had -- was a
19 managing partner of that durable medical equipment
20 company.

21 Q Okay. And durable medical equipment company refers
22 to what type of products?

23 A Everything from oxygen, hospital beds, wheelchairs,
24 to ventilators, OB monitors, heart monitors, wound-care
25 pumps; anything you need from the homecare side.

1 Q All right. And what was your involvement with the
2 accounting and financial side of these businesses with
3 which you have been involved?

4 A I strictly would take checks that came in inbound
5 mail, make deposits, and then report the deposits to a
6 CPA that was handling the business. The CPA handled
7 everything from reporting sales taxes to performing the
8 tax at the year end. Tax returns and any legal situation
9 those were handled by the Connelly's.

10 So just to kind of separate it, I handled the
11 day-to-day finance stuff, purchasing, inbound income, and
12 then reported out to a CPA that was in Abacare situation
13 that was hired and part of the Connelly team.

14 Q All right.

15 MR. MARSHALL: Well, Judge, at this point I would
16 like to move to have Mr. DeClemente recognized as an
17 expert ---

18 THE COURT: I am not going to allow him to be an
19 expert to bolster his testimony. He can be an expert if
20 he is going to opine about something else. Otherwise he
21 is a fact witness.

22 MR. MARSHALL: Well, Judge, that is the same
23 situation that our --- that Bradham was in I think when
24 you qualified him as an expert.

25 THE COURT: I have to cross each bridge when I come

1 to it. Your client is a party to this case. He is not
2 going to bolster his testimony by having himself
3 qualified as an expert. He is a fact witness. He was
4 there. He rationally perceived it. His testimony is
5 going to be weighed in that regard.

6 MR. MARSHALL: As was Mr. Bradham.

7 THE COURT: I am not going to do this tit-for-tat
8 with you again this morning. So I need you to follow the
9 court's instructions and move on.

10 MR. MARSHALL: Let me -- and that being the case,
11 Judge ---

12 THE COURT: And Mr. Bradham is not listed as a party
13 in any of this. He is not a party in this case.

14 MR. MARSHALL: No, he is a fact witness. He was a
15 fact witness.

16 THE COURT: But he was an expert and he was retained
17 for that purpose. Your client is a party. It is no
18 different than when I have a doctor in a medical
19 malpractice case and he asks me to qualify him as an
20 expert so he can tell the jury that what he did wasn't
21 wrong. It is bolstering.

22 MR. MARSHALL: Mr. Bradham, Judge, was ---

23 THE COURT: I am done with it.

24 MR. MARSHALL: Was the accountant.

25 THE COURT: I am done with it.

1 MR. MARSHALL: For the parties.

2 THE COURT: Yeah, but he is -- he is -- he is not a
3 party. And having him qualified as an expert is
4 bolstering his testimony. He is a fact witness. He is
5 talking about damages that he rationally perceived. You
6 need to question him and move on.

7 MR. MARSHALL: Okay. Well, Judge, I have to put
8 something ---

9 THE COURT: And I assume that you have no
10 objection -- you stood up and that was going to be your
11 objection?

12 MR. SMITH: It was, Your Honor.

13 THE COURT: Yeah.

14 MR. SMITH: That was my objection. Thank you.

15 MR. MARSHALL: That being the court's ruling, Judge,
16 I have to put something on the record. And that is
17 that ---

18 THE COURT: There is nothing to put on the record.
19 You have proffered testimony. There is no jury, and I
20 have ruled.

21 MR. MARSHALL: Well, Judge, respectfully, I have to
22 have a record.

23 THE COURT: We have a record. You questioned
24 your -- are you okay (adjusting chair)? These seats are
25 very slippery.

1 You questioned your client. You asked that he be
2 qualified as an expert. I denied your request. Rule 18
3 provides that once -- not Rule 18 in -- I am thinking of
4 criminal Rule 18. But the civil rules provide
5 correspondingly that once the court has ruled there is to
6 be no further argument. So your record is preserved.

7 MR. MARSHALL: Okay. Well, I ---

8 THE COURT: You moved to have him qualified as an
9 expert. I denied it based on bolstering.

10 MR. MARSHALL: Right. Now I have a motion, Judge,
11 to strike the testimony of Art Bradham.

12 THE COURT: You would have had to have made that
13 contemporaneously when he testified. Denied.
14 Alternatively there is no basis to strike Mr. Bradham's
15 testimony.

16 MR. MARSHALL: Well, Judge ---

17 THE COURT: I have ruled -- I have ruled. Move on.
18 Question your client, Mr. Marshall. We are here for him
19 to be able to respond and give his position as regards
20 damages.

21 MR. MARSHALL: Well, Judge, I have another basis for
22 moving to strike Mr. Bradham's testimony. I would
23 like ---

24 THE COURT: You would have had to have made that
25 motion contemporaneously. You failed to do it. It is

1 waived. We have already had his testimony. You don't
2 get to come back later and ask the court to strike it.

3 MR. MARSHALL: Well, ---

4 THE COURT: Rules don't work that way.

5 MR. MARSHALL: I was going to refresh the court ---

6 THE COURT: I don't need ---

7 MR. MARSHALL: --- on my objection.

8 THE COURT: --- you to refresh my memory. I was
9 there. I heard it. I took meticulous notes. I remember
10 what Mr. Bradham testified to. And you would have had to
11 have made a motion at that time contemporaneously to
12 strike his testimony. You did not. It is waived.

13 But based on his testimony there is no basis to
14 strike his testimony. So alternatively it is denied as
15 well.

16 MR. MARSHALL: Okay. Thank you.

17 THE COURT: You need to proceed with questioning
18 your client.

19 MR. MARSHALL: Yes, ma'am.

20 Q All right. Let's move, Phillip, to the point at
21 which you became involved with the plaintiffs in this
22 case which is I guess technically ATME. But ATME being
23 owned by whom at the time that you were brought in as a
24 defendant in this case?

25 MR. SMITH: Objection. Relevance. It is not

1 related to damages that I can see, Your Honor.

2 THE COURT: Would you like to respond, Mr. Marshall;
3 how is this related to damages?

4 MR. MARSHALL: Well, I am trying to lay a foundation
5 for the damages we are talking about.

6 THE COURT: I think we already know what their
7 relationship is. It is clear from the file, and you have
8 a default order that already says what their relationship
9 is. Yes.

10 I don't think there is any mystery about how they
11 all interacted with one another and what his posture was
12 in this company or his interaction with the company.

13 MR. MARSHALL: Well, I thought earlier we had
14 discussed there was some perhaps issue about whether this
15 was the same company or different companies because you
16 had made a ruling ---

17 THE COURT: Your client is bound by that default
18 order. He is deemed to have admitted all of the
19 allegations in that complaint. I am not going to
20 litigate something that has already been decided.

21 Judge Nicolson's order is the law of the case. The
22 only thing you get to respond to under the rules are
23 damages. We have had testimony from the plaintiffs to
24 establish damages. Your client's testimony is limited to
25 rebutting that testimony. You don't get to relitigate

1 this whole case all over again. Judge Nicholson's order
2 has already decided that for you.

3 Q Let me ask a question that I don't think would be
4 objectionable. Do you believe that you are responsible
5 for any damages to the plaintiff in this case?

6 A Absolutely not.

7 Q And why is that?

8 A One is the plaintiffs didn't suffer any damages.
9 You know, there is documentation ---

10 MR. SMITH: Objection. He has already been found
11 liable for damages and ---

12 THE COURT: That is the law of the case, Mr.
13 Marshall. Your client can't now say he is not
14 responsible. The only thing he can challenge is the
15 amount of the damages but not that he is responsible for
16 them.

17 MR. MARSHALL: Well ---

18 THE COURT: Judge Nicholson's order has already
19 found that he is.

20 MR. MARSHALL: Yes, ma'am.

21 Q When you say that they didn't suffer any damages you
22 are not denying that you have already been found in
23 default and that a court could legally find you
24 responsible for damages in any amount from a dollar to 20
25 million if they chose; you would acknowledge that,

1 correct?

2 A Correct.

3 Q So when you say that they didn't suffer any damages
4 you acknowledge that by the law of this case at least
5 they are going to get awarded a dollar; do you understand
6 that?

7 A That is correct.

8 Q Okay. So go ahead, please.

9 A I dispute what evidence that Art Bradham submitted
10 as his opinionated rationally perceived evaluation of
11 damages on this case.

12 Q All right. And what is your reason for disagreeing
13 with Mr. Bradham's opinion? And to refresh the court,
14 what was his opinion?

15 A Well, I think Mr. Bradham had claimed that there was
16 \$875,000 in damages based on a debt of \$87,000 that was
17 owed on taxes.

18 Mr. Bradham took eight -- 80,000 debt which should
19 have been entered as a liability and changed the whole
20 notion of the company. So an 80,000 debt turned into
21 \$800,000 in damages when the plaintiffs only owned this
22 company for 13 months.

23 Their tax returns don't even show any damages. The
24 tax returns show that assets and liabilities consistently
25 stayed at very near the same amounts from the beginning

1 of the year until the end of the year in 2009.

2 Q All right. When you say that the plaintiffs only
3 owned it for 13 months is it not true that on the
4 Secretary of State's records the plaintiffs still owned
5 ATME, Reliable, and Abacare?

6 A That is correct according to the Secretary of State.

7 Q Okay. Are you referring to the fact that there's
8 testimony in this case from Mr. Meril Smith and Mr. Reed
9 that at some point they sold assets of Abacare or at
10 least some portion of the assets; is that what you are
11 referring to?

12 A Correct. We made the transaction of the merger in
13 November of 2008. And in December of 2009 they sold the
14 assets to Long's Medical. Which at that point they no
15 longer owned the assets or the contracts for the
16 patients. They were just in name and the tax ID number.

17 Q Okay. And when you said we made the merger were you
18 referring to you and one of the owners of Abacare merged
19 with the plaintiff's company called Reliable at that time
20 into a company called ATME?

21 A Correct.

22 Q Okay.

23 MR. SMITH: Objection, Your Honor.

24 THE COURT: Basis?

25 MR. SMITH: Well, that is not what has been found to

1 be the facts in the case and is not the law of the case.
2 It is a gross misrepresentation of actually what took
3 place. And it is certainly not what has been found in
4 the case.

5 THE COURT: The objection is sustained. Confine
6 your testimony to the issue of damages, Mr. Marshall.

7 MR. MARSHALL: Okay.

8 THE COURT: I understand that your client has issues
9 and you have issues with the default order, but it is
10 what it is; ---

11 MR. MARSHALL: Sure

12 THE COURT: --- and your remedy is an appeal. And I
13 am just not going to re-plow that ground again for three
14 hours today.

15 MR. MARSHALL: It is understood, Judge. I am not
16 doing that intentionally but ---

17 THE COURT: Yeah, I understand ---

18 MR. MARSHALL: You have got to help me stay on
19 track ---

20 THE COURT: Yeah, I understand that it is difficult,
21 and that is why I posited it the way I -- it is. I know
22 that sometimes it is very difficult for a litigant to
23 understand the procedural posture of a case.

24 But his remedy now at this point is an appeal. I
25 have concurrent jurisdiction with Judge Nicholson. And

1 even if I could overrule his I wouldn't because I trust
2 his judgment.

3 So at this point an appellate court will have to
4 look at it and make a decision about it. But as tempting
5 as it is we can't keep going back over what has already
6 been decided.

7 MR. MARSHALL: Yes, ma'am. I understand completely.

8 THE COURT: Okay.

9 MR. MARSHALL: And I am trying to comply.

10 THE COURT: I understand. I am trying to keep you
11 on track so we can stay focused.

12 MR. MARSHALL: All right.

13 THE COURT: Thank you.

14 Q So let's start talking some dollars here. Now what
15 did the plaintiffs pay for Abacare?

16 A The initial transaction to make the purchase of
17 Abacare was going to be done at a little bit over a
18 million dollars. We had set to close the business of
19 Abacare and then start up the company ATMES. And then
20 within two weeks of the closing date my partner had
21 passed way.

22 And when my partner passed away there was a death
23 provision in the contract I had with her that now changed
24 and reduced the sale price. So we delayed it for another
25 month. And the price came down almost \$200,000. At

1 basically a \$200,000 discount from the originally agreed
2 amount. That happened ---.

3 Q Explain the death provision if you can. Was this
4 like a gift that Ms. Connelly, your partner at Abacare,
5 was bestowing upon you at her death; or what was this?

6 A It was part of our arrangement and the agreement for
7 the work that I was putting into the company and the
8 success of the company prior to the merger that if in the
9 event of their death there was a calculated formula. It
10 would be five times EBITDA of what -- so I would have a
11 cap of what I would have to pay.

12 In other words I was building a business that ended
13 up paying a bunch of money back for -- that I -- that I
14 did so in the event of her death that I would receive a
15 discount on the actual price. So even though we agreed
16 to I think it was \$1,046,000 we got it for the \$809,000
17 due to the -- due to the death and the way the contract
18 was worded.

19 I honestly went to the partners and said now that I
20 have got a \$200,000 discount then I should -- should
21 share in some of that money. And their response was we
22 are all 25 percent equal partners, we all share in the
23 benefit of it.

24 Q So are you saying that 75 percent of the \$200,000
25 death benefit which accrued to you was shared with your

1 new three partners at ATME?

2 A Correct.

3 Q So are you saying that in your mind you believe that
4 three quarters of \$200,000 was a benefit that accrued to
5 your new three partners at ATME?

6 A That is correct.

7 Q All right. So the sale price again was you say once
8 it -- it was going to be over a million, but then it
9 wound up being 807 because of the death benefit?

10 A Eight-oh-nine, I believe.

11 Q Eight-oh-nine because of the death benefit. All
12 right. What -- how much money was Abacare making at the
13 time that you joined in the ATME partnership with Mr.
14 Smith and Mr. Reed and Ms. Cuce?

15 A We were in our third year of business and when we
16 were collecting over a million dollars. I believe the
17 num- -- the figure is around \$1.5 million as ---

18 Q That is gross though, right?

19 A That is correct. That is gross.

20 Q Okay. So for what year was that ---

21 A From -- that was to complete 2008 from January to
22 October I believe is where they cut the number off of
23 2008. So for a period of ten months that was the gross
24 amount.

25 Because the merger took place in November. We

1 started new books.

2 Q So for the immediate ten months prior to the merger
3 you said a million-and-a-half dollars gross?

4 A That is correct.

5 Q What was the net?

6 A I am unsure exactly what we were averaging.
7 Somewhere around 15- to 20-something percent. And every
8 year that I had started the company we were profitable.
9 Because every year we ended up having to pay taxes. It
10 was kind of an unheard of story, new company -- began a
11 company, within the first couple of years as paying the
12 taxes was profitable.

13 MR. SMITH: Objection. That is contrary to the
14 proven case, Your Honor.

15 Q Is that why -- do you believe that is why the
16 plaintiffs were interested in merging their company,
17 Reliable, with your company Abacare?

18 A That is -- that is one of the factors that was taken
19 into consideration was the value of the company and how
20 profitable the company was.

21 Q All right. So to get some time perspective here is
22 it true that Abacare and Reliable merged in November of
23 2008?

24 A That is correct. And it was scheduled to close
25 October 2008 due to the death. It was postponed.

1 Q Okay. And you were a member of this new company
2 owned by the plaintiffs; and you and Ms. Cuce, you were a
3 member of it for how many months? When did you sell your
4 25 percent ownership of ATME?

5 A In November of 2008 I along with the plaintiffs had
6 become equal partners. There was four of us. Equal
7 partners. We started the parent company called ATMES.
8 And under ATMES we had Abacare, Reliable, Adaptive Total
9 Care; and one other entity under me, ATMES. So all of
10 the companies were brought underneath one umbrella, and
11 we all equally shared that company at 25 percent each.

12 Q Okay. So you merged in November of '08. And then
13 when is it though that you sold your 25 percent ownership
14 to your partners?

15 A That was done in May of 2009. So we are talking a
16 total of seven months was I involved in a partnership of
17 this business.

18 Q Okay. And after you left what to your knowledge
19 became of ATME, Abacare, and Reliable at that point in
20 time? What was the next -- what was the next -- was
21 there some sort of transaction that involved that
22 entity ---

23 A Yeah, at the end of 2009 was -- it upon my departure
24 they brought the management in from Long's Medical very
25 quickly. And through 2009 he managed the business, the

1 operations. And at the end of 2009 they sold the assets,
2 the contract, to Long's Medical for a substantial amount
3 of money.

4 Q What is that amount?

5 MR. SMITH: Objection. I don't know what this has
6 to do again with damages, Your Honor.

7 THE COURT: Would you like to respond?

8 MR. MARSHALL: Oh, absolutely, Judge.

9 THE COURT: How is it relevant to damages?

10 MR. MARSHALL: If they paid 807, the plaintiffs paid
11 807, for my client's company, and then they turned around
12 and sold it, I think it is certainly relevant as to the
13 amount they sold it for which is what he is just getting
14 ready to state.

15 THE COURT: How is that relevant to damages?
16 Because that is not what this is about. This is as I
17 understand it about the deficit in reporting of certain
18 income which resulted in a loss to the company.

19 So how -- are you trying -- argue he is entitled to
20 some kind of set off because of what they sold the
21 company for? I am a little confused.

22 MR. MARSHALL: Well, absolutely.

23 THE COURT: What legal theory ---

24 MR. MARSHALL: Because the value of the company ---

25 THE COURT: What legal theory would support that?

1 MR. MARSHALL: If you are paying 807 for a company
2 and you only -- and you only have it for less than ten
3 years before you make a transaction of its asset and then
4 you collect \$600,000 then how are you going to say that
5 you have an \$875,000 loss?

6 THE COURT: The market took a dive very easily? I
7 don't know.

8 That is like when you buy a house when the market
9 was inflated for \$400,000 and then a year later it is
10 only worth 200,000. You can't argue to the person that
11 you are selling it to that, well, you know I bought this
12 house for 400,000 and therefore you should pay me 400,000
13 when the fair market value is only 200.

14 That is the same kind of logic you are -- was using
15 right now. That is why I am lost. It is not making
16 sense to me. I don't understand the nexus of that to
17 damages.

18 MR. MARSHALL: Well, if I -- Judge ---

19 THE COURT: Because the basis of -- that is not the
20 basis of their claim. The basis of their claim is that
21 certain information was misrepresented to certain state
22 taxing authorities and as a result they suffered a
23 detrimental loss to this company and that it was your
24 client's failure to do what he was supposed to do, which
25 the court has already found he failed to do, that

1 resulted in that loss.

2 So I am struggling to figure out under what legal
3 theory, what precedent, he would be entitled to some
4 setoff.

5 MR. MARSHALL: Well, they have ---

6 THE COURT: I am not aware of any.

7 MR. MARSHALL: Well, they have to prove the loss. I
8 mean an example would be, Judge, if ---

9 THE COURT: They have to prove the loss by a
10 preponderance of the evidence. And you are allowed to
11 challenge that. But you have to -- you have to give a
12 legal precedent to advocate a theory.

13 And if your theory is that he is entitled to some
14 level of setoff I need to see a case that says that.
15 Because I am not aware of one.

16 MR. MARSHALL: Well, ---

17 THE COURT: And the two things you are talking about
18 are completely unrelated. Because they could have sold
19 the company at a great profit, but if they still suffered
20 a loss because of his behavior they are still entitled to
21 that loss.

22 MR. MARSHALL: Right, we are just trying ---

23 THE COURT: Because that is money that came out of
24 their pocket to pay for something they say he didn't do.

25 MR. MARSHALL: We are just trying to determine if

1 there was a loss and if so how much.

2 THE COURT: The court has all ready found there was
3 a loss. So now we are only talking about the amount ---

4 MR. MARSHALL: How much.

5 THE COURT: --- of the loss.

6 MR. MARSHALL: So for instance if I buy something
7 from somebody for ten dollars and then I later say, hey,
8 you ripped me off, it was only worth nine, but I then
9 sell it to somebody else for eight, how am I going to
10 claim that I lost twenty?

11 THE COURT: That is not analogous, what you are
12 saying. They are two separate things. They are not
13 analogous.

14 They are saying they suffered a separate loss
15 because of his special relationship to him and -- I don't
16 care if they sold it for a million dollars. They are
17 saying that if my reasonable anticipation was to get a
18 million dollars but I had to give the State of South
19 Carolina five hundred thousand back you have robbed me of
20 what I was supposed to get and you owe me that money.
21 That is their theory.

22 So it really doesn't matter how much the company was
23 sold for in the grand scheme of things. You have to --
24 what you are allowed to do is challenge the amount of
25 damages they say they have suffered. So what they sold

1 the business for is really not relevant.

2 They could have sold it for two million dollars. If
3 they owed the State of South Carolina a half a million
4 then they have been denied the benefit of their bargain
5 because they expected to net two million but they didn't
6 get two million because they had to pay money back to the
7 State.

8 So what you are saying -- that is why I am having a
9 hard time following what you are saying.

10 Q Well, how much -- Mr. DeClemente, how much did the
11 plaintiffs pay to the State?

12 A The total bill for the company was 159,000. The
13 plaintiffs owed 59,000 of that, and we owed 100,000. Or
14 technically it was \$87,000. Over fines and fees I think
15 it went up \$100,000. And so technical -- you know, the
16 damage was \$100,000.

17 Q And that was the \$87,000 that is alleged should have
18 been paid by Abacare to the State plus the penalties and
19 fees, right?

20 A And interest at \$13,000 brought it to 100,000.

21 Q All right. And then the remainder of the Abacare
22 bill of 150-something-thousand the plaintiffs don't deny
23 that that was their responsibility because you were out
24 of the company by then and they were following the same
25 accounting principles as you were; is that correct?

1 MR. SMITH: Objection, Your Honor. We do deny what
2 he is saying the plaintiffs don't. And it has been
3 proven conclusively that it was not the case.

4 THE COURT: Would you like to respond to the
5 objection?

6 MR. MARSHALL: Well, I mean I have their
7 accountant's Mr. Bradham's calculation that says the
8 plaintiffs are responsible for that portion of the bill.
9 I can put that into evidence.

10 THE COURT: I think that is already in evidence.
11 Isn't it?

12 MR. MARSHALL: I'm not sure. But I better try to
13 protect the record.

14 THE COURT: I don't think it is -- is it
15 contradicted how much money he had to pay the State?

16 MR. MARSHALL: Apparently.

17 MR. SMITH: Your Honor, what was offered in
18 testimony is incorrect. We paid the full 159. He said
19 he assumed that they had some responsibility. It was
20 entirely paid by my client.

21 So that was what I was addressing, that it has been
22 proven, that it has been conclusively proven that we paid
23 the whole amount.

24 MR. MARSHALL: Well, Mr. DeClemente can't be
25 responsible for a tax bill that accrued when he had sold

1 his ownership in the company.

2 So if I can have this marked and put it into
3 evidence, please.

4 THE COURT: Well, you can't move anything to
5 evidence sua sponte. You need to lay the foundation for
6 a document to be placed into evidence.

7 You need to show it to Mr. Smith. And then you need
8 to ask the court if it can be admitted into evidence.

9 MR. MARSHALL: Mr. Smith knows this document. Let
10 me see if I can get ---

11 THE COURT: Well, I am just telling you what the
12 procedure is, Mr. Marshall. You don't hand a document to
13 the court reporter and instruct her to mark it as an
14 exhibit.

15 MR. MARSHALL: Are you able to ---

16 THE COURT: You need to lay the foundation for the
17 document, give Mr. Smith a copy of the document; and then
18 we'll go from there.

19 MR. MARSHALL: Well, if I could get it marked so
20 that we can refer to it.

21 THE COURT: That is fine.

22 MR. MARSHALL: It will be easier.

23 THE COURT: It will be marked as ID.

24 (WHEREUPON, Defendant Exhibit Number 1, sales tax
25 liability, was marked for identification.)

1 MR. SMITH: They are having conversations over here.

2 THE COURT: Yeah, you can't talk to your client
3 during testimony, Mr. Marshall.

4 MR. MARSHALL: Let me ---

5 THE COURT: That is impermissible. Please don't do
6 that.

7 Q Let me show you what has been marked as
8 Defendant's 1 for ID. See if you are able to identify
9 that.

10 A Yes.

11 THE COURT REPORTER: Mr. Marshall, could I get you
12 to speak up a little bit ---

13 MR. MARSHALL: I'm sorry.

14 THE COURT: --- because the air conditioner is
15 running and I can't hear you.

16 Q What is the document, Defendant's Exhibit 1 for ID?

17 A This is a document that Art Bradham submitted as to
18 contributed to his calculations or in his opinion on
19 damages.

20 THE COURT: I'm sorry; please repeat your answer,
21 sir. I couldn't hear you.

22 A This document is a document submitted by Art Bradham
23 where he is calculating numbers to support his theory or
24 opinion of damages.

25 THE COURT: Now he is not going to be able to

1 comment on Mr. Bradham's opinion. That is pitting. If
2 he wants to formulate his own opinion about it based on
3 his knowledge and his rational perception and within the
4 scope of his employment or his duties in the company, he
5 can do that.

6 But he can't look at a document and say Mr.
7 Bradham -- you can't pit like that. So confine your
8 answers in the right format.

9 Q Do you have any thoughts as to whether this document
10 is relevant to the issue of damages in this lawsuit?

11 A What I do -- because if I recall we had a CPA submit
12 an affidavit saying our evaluations were correct and not
13 wrong and there wasn't the damages by a tax amount that
14 was owed. That was previously submitted on the record.
15 I believe by Mr. Hobbs?

16 THE COURT REPORTER: By who?

17 THE COURT: I am sorry, sir, repeat your answer so
18 the court reporter can hear you.

19 A A Mr. Hobbs I believe it was.

20 THE COURT: Could you spell that for us, please.

21 THE WITNESS: H-O-B-B-S.

22 THE COURT: Thank you, sir.

23 Q All right. So in responding to my question about
24 Number 1 for ID --

25 MR. MARSHALL: Could we get this marked too, please?

1 Q You referred to another document we are going to
2 mark as Defendant's 2 for ID.

3 MR. SMITH: Your Honor, before we entertain this
4 document ---

5 THE COURT: I'm sorry; I can't hear you, Mr. Smith.

6 MR. SMITH: I apologize. I need to mark -- raise an
7 objection. There is an affidavit that is being proposed
8 that I do not recall ever seeing.

9 THE COURT: Yeah, you can't submit an affidavit.
10 You have to call the witness so they can be subject to
11 cross-examination.

12 MR. MARSHALL: Well, I think this one is already
13 part of the record because Mr. ---

14 THE COURT: I don't know. I don't have a list of
15 the exhibits from Charleston. But my clerk is attempting
16 to get that right now.

17 MR. MARSHALL: Didn't Mr. Howser put this ---

18 MR. SMITH: I have never seen it in the record. It
19 has never been filed or been marked ---

20 THE COURT: If Mr. Howser put it in during a summary
21 judgment hearing an affidavit is appropriate. This is a
22 hearing on damages. Pursuant to due process they get to
23 question any witness. You can't cross-examine an
24 affidavit.

25 Summary judgment affidavits are appropriate because

1 that is the format of a summary judgment motion; we don't
2 take testimony. But when you have a hearing unless
3 everybody consents there are no affidavits. Only live
4 testimony.

5 MR. MARSHALL: Okay. Let me make a motion to
6 introduce Defendant's 1.

7 THE COURT: Any objection?

8 MR. SMITH: No objection on one, Your Honor.

9 THE COURT: Okay. Defendant's Number 1 will be
10 admitted without objection. And I assume that is Mr.
11 Bradham's report?

12 MR. MARSHALL: It is just part -- it is a single
13 page pulled from the report, Your Honor.

14 THE COURT: Okay.

15 (WHEREUPON, Defendant's Exhibit Number 1 was admitted
16 into evidence.)

17 THE COURT: I have got all of the exhibits. We just
18 neglected to bring them with us. And I apologize to you
19 all in advance. We should have brought the entire file
20 with us. And my staff neglected to do that. So we will
21 just have to pinch hit.

22 I am going to get a list of the exhibits though from
23 the evidence clerk in Charleston so we can know what has
24 already been admitted so that we don't duplicate what has
25 already come in.

1 Q What is the evidence in this case as to the amount
2 for which some of the assets Abacare were sold to Long's?

3 A I'm sorry, could you repeat that question.

4 Q What is the evidence -- I mean what is your belief
5 as to the amount of money that ATME sold part of
6 Abacare's assets to Long's Medical in 2009?

7 THE COURT: I'm sorry, I didn't understand that
8 question. And your client is looking puzzled like he
9 doesn't understand it. Can you repeat it?

10 MR. SMITH: I am with the judge on this one.

11 THE COURT: Yeah, I had a hard time following you.

12 Q Do you know the amount of money that ATME received
13 as a result of selling part of Abacare's assets to Long's
14 Medical in 2009?

15 A And my understanding from Jeff Reed's deposition
16 was ---

17 MR. SMITH: Objection to hearsay.

18 THE COURT: Sustained. Hearsay. He cannot repeat
19 what someone else said in a deposition.

20 Q All right. Talk to me about how money was being
21 distributed from ATME which was the parent company of
22 Abacare and Reliable after they merged to the partners.
23 You were one of four partners. You each owned -- you
24 each owned 25 percent of ATME, correct?

25 A That is correct.

1 Q And the idea I am assuming was to make money, not
2 lose it; right?

3 A Correct.

4 Q Were y'all making any money?

5 A We were.

6 Q Tell us about that.

7 A We -- obviously we had combined multiple companies.
8 And they were both profitable because it is on how you
9 write it off. The way the partners rewarded themselves
10 with the profit is we took capital withdrawals. This --
11 these were distributions that would come to us courtesy
12 through a K-1 as prepared by Art Bradham. Our K-1's come
13 in and we took capital withdrawals which was perceived as
14 your income. And it was done on a monthly basis.

15 I received I believe three of those before the
16 partners held my capital withdrawals in 2009.

17 MR. MARSHALL: All right. I am going to have to get
18 something marked.

19 (WHEREUPON, Defendant's Exhibit Number 2, capital
20 withdrawals, was marked for identification.)

21 THE COURT: ID only.

22 MR. MARSHALL: All right. She is marking this as
23 Number 2.

24 Q Take a look at that. That is a copy of it. See if
25 you are able to at least identify it.

1 A Yes, these are the K-1's showing what the partner
2 distributions were.

3 Q All right. During what time period?

4 A From 2008 when ATMES was formed through two thousand
5 and -- through 2012 total. And there is 2008, 2009,
6 2010, 2011, 2012 K-1's here.

7 Q All right. Have you done any -- now this top page
8 is above these K-1's. Who prepared that and when?

9 A The top page was a document that I prepared by
10 putting all of the K-1's that were submitted by the
11 plaintiffs or plaintiff's witnesses showing all of the
12 K-1's and then just tallied them together. But more
13 specifically it was to show how they held my cash
14 distributions in 2009 ---

15 MR. SMITH: Objection, Your Honor. That is another
16 issue that has been conclusively proven and resolved in
17 the default. And ---

18 THE COURT: I guess ---

19 MR. SMITH: --- it is not relevant to damages.

20 THE COURT: How is it relevant, Mr. Marshall?

21 MR. MARSHALL: The last statement he made, I don't
22 think that is. That is relevant to the other -- the
23 withholding of his payments is relevant to the other case
24 but ---

25 THE COURT: So you agree that the question -- that

1 portion of the response should be stricken?

2 MR. MARSHALL: Sure.

3 THE COURT: Sustained.

4 MR. MARSHALL: Okay. Thank you.

5 Q So to be clear for the record this is a summary
6 prepared by you and you maintain that it is just a
7 summary of the K-1's which are behind it?

8 A Correct.

9 MR. MARSHALL: I would like to move Number 2 into
10 evidence, Judge.

11 THE COURT: Any objection?

12 MR. SMITH: We would just object on relevance as to
13 how it relates at all to the loss and the condition the
14 business was in and the losses that my client suffered.

15 THE COURT: How is it relevant?

16 MR. MARSHALL: Because it shows all the money that
17 they were paid by the business.

18 THE COURT: How is that relevant to damages? How is
19 that relevant to any of your client -- to the damage they
20 claim they sustained as a result of this failure to do
21 the tax, sales tax, information?

22 It is not whether the company was -- the company
23 could have been overwhelmingly profitable. That is not
24 the issue. The issue is whether they suffered losses as
25 a result of the failure of what he did and -- the issue

1 is not whether.

2 The court had already found they found -- they
3 suffered losses as a result of this behavior. The only
4 issue before me is the amount of that damage. So it
5 really isn't relevant whether they were profitable or
6 not.

7 I think Mr. Smith would concede that it really
8 doesn't make a difference. They could have been
9 tremendously profitable, but it doesn't matter whether
10 they suffered damage or not.

11 MR. MARSHALL: Well, maybe we ---

12 THE COURT: It is not relevant to the amount of
13 damages. I don't think they are saying that they weren't
14 profitable. They are saying that your client's behavior
15 resulted in them having to pay the State of South
16 Carolina significant money because the sales tax was not
17 reported appropriately.

18 MR. MARSHALL: Okay. Well, if we can separate those
19 out ---

20 THE COURT: So that is what they have testified to.
21 They said this is the amount how it was underreported,
22 this is how they calculated it, and this is how much
23 money they had to pay, and that is the loss they
24 suffered.

25 So your testimony of your client has to be confined

1 to challenging that amount. So it doesn't matter whether
2 the company was profitable or not. It is not relevant.

3 MR. MARSHALL: Well, I ---

4 THE COURT: It doesn't matter whether they were in
5 the red or the black. Unless it relates to the amount.
6 In other words if they say that the failure to report
7 resulted in them having to pay ten dollars to the State
8 you get to challenge that ten dollars and say that it
9 wasn't ten, it was five. But the profitability of the
10 business has no bearing on that. They could have been
11 profitable and still had to pay the State of South
12 Carolina money.

13 So I am inclined to agree with Mr. Smith that it is
14 not relevant and sustain the objection. It will be
15 marked for ID.

16 MR. MARSHALL: Okay.

17 THE COURT: I don't think they denied that those
18 K-1's were done. I don't think they denied that
19 withdrawals and distributions were made. I don't think
20 they denied that based on your client's behavior they
21 quit paying him. But that is a whole nother lawsuit,
22 isn't it?

23 MR. MARSHALL: Yes, ma'am. Okay, so ---

24 THE COURT: So y'all will litigate that on another
25 day...

1 MR. MARSHALL: Yes, ma'am, ---
2 THE COURT: Now that might be relevant to the other
3 case. I don't know. But it is not relevant to damages
4 in this case.
5 MR. MARSHALL: All right. As long as we have a
6 clear ruling that is all I can ask for.
7 THE COURT: It will be marked for ID only.
8 MR. MARSHALL: Okay.
9 May I consult with my client? I can't consult with
10 him at all, Judge?
11 THE COURT: You can't talk to him about his
12 testimony.
13 MR. MARSHALL: All right.
14 MR. DECLEMENTE: Can we have a recess?
15 THE COURT: He can't talk with you about your
16 testimony even in a recess, not once your testimony has
17 begun.
18 MR. MARSHALL: Let me then please have another
19 document marked.
20 (WHEREUPON, document shown to plaintiff's attorney.)
21 MR. SMITH: Your Honor, I am straining to find how
22 on earth this would be relevant.
23 THE COURT: I don't know what it is. What is it?
24 MR. SMITH: It is a full and final release document
25 which of course ---

1 THE COURT: Is it -- who does it relate to?

2 MR. SMITH: It does not relate -- it would somehow
3 try to undo the condition that might be considered a
4 defense. It is not related to most of any of the claims
5 related to this matter, but it is a release purported to
6 be between ATMES and Mr. Meril Smith and Shephard Reed
7 and Kimberly Cuce. And ---

8 THE COURT: How is that relevant, Mr. Marshall?

9 MR. SMITH: But I don't have any idea why on earth
10 this would relate to damages.

11 MR. MARSHALL: It is a release in favor of --
12 contrary to what was just said it is a release in favor
13 of Phillip DeClemente by the plaintiffs.

14 THE COURT: But that would be a defense, correct,
15 which he could not propound --- he can't propound at this
16 time. He has been precluded.

17 MR. MARSHALL: Well, on liability; but not on
18 damages, Judge.

19 THE COURT: How can a release relate to the amount
20 of damages?

21 MR. MARSHALL: Because it has specific language
22 about damages.

23 THE COURT: That is a defense. That goes to
24 liability, not to damages. That would have been an
25 affirmative defense which is release in the original

1 action if he had filed an answer that was upheld by the
2 court and not struck.

3 Judge Nicholson's order precludes him from raising
4 any defenses at all. Now does that document have a
5 number in it, or does it say he is released from all
6 obligations?

7 MR. MARSHALL: I can read the relevant portion if
8 you would allow me.

9 THE COURT: No, I would assume it is a standard
10 release that basically says you are not responsible for
11 anything. But that has been -- that would have been
12 something you would have pled in an answer which would
13 have been an affirmative defense and you would have been
14 required to plead it.

15 Judge Nicholson struck the answer. He has no
16 defenses except to the amount of damages. What you are
17 now trying to submit that as, as a defense to a total
18 amount of damages as a release, you can't do it.

19 He has been found to be liable for some amount.
20 They have presented their figures. And basically their
21 figures are that there was an omission of sales tax
22 liability that was owed at purchase of 100,644, that
23 there was an overstatement of the value of the business,
24 for a total damages of 875,144.

25 You get to challenge that. You just have to color

1 in the lines to challenge it.

2 I am not going to relitigate his liability. I don't
3 have the jurisdiction to. It has been decided. It is
4 the law of the case. We are all bound by it.

5 Three years from now I don't know what a Court of
6 Appeals might say. I have no clue.

7 MR. MARSHALL: All right. Well, let me see ---

8 THE COURT: But I am not in the -- I don't have the
9 authority to review it. We have concurrent jurisdiction.
10 That would be like asking him to reverse my order. He is
11 not -- you know, we don't have the authority to do that.

12 MR. MARSHALL: Okay, Judge.

13 THE COURT: But it is an unliquidated amount. So
14 your client is, under the rules, even though he is in
15 default, allowed to be heard on damages. And I am giving
16 you that opportunity. But you have to confine yourself
17 to what is allowed by the rules.

18 MR. MARSHALL: Okay.

19 Q Phillip, in response to Mr. Bradham's intention that
20 the defendants were responsible for \$875,000 in damages
21 do you have any response to that that you would like to
22 bring to the court's attention whether that is accurate
23 or inaccurate?

24 A I would like to answer that in two answers, Judge.
25 One, I dispute the amount of damages at 800. And it is

1 obviously 87,000 plus 13,000 of interest. It is a debt
2 that was owed. However, at the time of the sale it was
3 not known that that debt was owed.

4 The Supreme Court ruling did not come out until
5 April of 2009, five, six months after the sale. At that
6 point is when everybody in the DMA industry understood
7 that there was an underreporting going on. So at the
8 time of the sale we didn't even know that we owed any
9 portion at all.

10 MR. SMITH: Objection, Your Honor. All of that has
11 been ---

12 THE COURT: Basis?

13 MR. SMITH: It is not relevant. And it is all
14 contrary to his statement that has been proven that they
15 did know and they didn't disclose.

16 THE COURT: Yeah, he is bound. The judge has
17 already found that he didn't make the disclosure. He
18 can't challenge it now.

19 Again, I know that is frustrating. But that is the
20 posture of the case. I can't relitigate that.

21 A So let me answer the other part of the question on
22 the actual amounts. The amount owed is an amount that
23 was calculated by two CPAs. I had no involvement in it.
24 All right.

25 Even though they claim that we owed \$87,000, what

1 was done after the ruling was they went in and looked at
2 the amount that we deposited and claimed that is the
3 money we owed.

4 In DME there was taxes on exemptions. And the
5 taxable exemptions requires you to generate a very
6 lengthy report that will be thousands of pages and pull
7 out the items that are exempted so that you get the
8 actual true amount of taxable income.

9 If we collected \$100,000, we don't report \$100,000
10 when we have exemptions. We would subtract the
11 exemptions and then we would report.

12 In our industry our average is in the 60 percent.
13 What we had reported was 53 percent. They come in and
14 calculated the changes. They based it off of total
15 collections.

16 An example of inflating the tax amount in the month
17 of February of '07 the revised -- the correct amount
18 given to the South Carolina Department of Revenue was
19 over \$30,000 more than what was actually deposited in the
20 bank that month, which proves is their tax amount is
21 inflated; it is not based on actual taxable income.

22 So the amount there is a big discrepancy in it.
23 When they corrected the taxable amounts to the South
24 Carolina Department of Revenue it took our percentage of
25 income as taxable to 88 percent relative -- 85 percent.

1 That is erroneously high. We would not be that high of a
2 tax bracket.

3 Because the CPAs and or the plaintiffs and the
4 defendant all have different opinions on it the only true
5 accurate way is to run the report and take out the
6 exempted items.

7 That was not done when they calculated this 87,000,
8 159,000, that was owed. They produced a number. They
9 went in and negotiated the payment. They paid it off to
10 the government. So when you look at the actual damages
11 this is not a true number.

12 Had I been involved and had the consultant with me I
13 would have made sure we got the exact correct number
14 taking out the exemptions.

15 There's three months in their corrected report that
16 they gave to the South Carolina Department of Revenue
17 where they claimed a corrected amount would be taxable,
18 was higher than that what was actually deposited for
19 those three months. Which shows it is an inaccurate
20 number.

21 Q Do you have some exhibit or calculations you made
22 that support what you just stated?

23 A I think the South Carolina Department of Revenue
24 report it was put together into a spreadsheet where it
25 adds it all up on all of the multiple pages which shows

1 it.

2 MR. SMITH: Your Honor, if I might.

3 THE COURT: Yes, sir.

4 MR. SMITH: It appears the witness is using
5 documents that are before him to testify from of which I
6 do not have the benefit or the court has the benefit.

7 THE COURT: Do you have a copy, Mr. Marshall ---

8 MR. MARSHALL: Oh, I'm sorry.

9 THE COURT: --- for Mr. Smith?

10 MR. SMITH: And I can share ---

11 MR. MARSHALL: This is something that you previously
12 received -- this -- you are right, he is looking at
13 something to refresh his -- right here.

14 MR. SMITH: What is that, Mr. Marshall?

15 MR. MARSHALL: This is the -- this was -- what he is
16 looking at is some of his notes that were provided to you
17 many many months ago.

18 MR. SMITH: Your Honor, I would object.

19 THE COURT: Well, he can use it to refresh his
20 memory.

21 MR. SMITH: He can as long as we all have notice of
22 that.

23 THE COURT: Yes.

24 MR. SMITH: I think that is correct, Your Honor.

25 THE COURT: Uh-huh. Do you have a copy now?

1 MR. SMITH: I do -- I do have a copy.

2 THE COURT: Okay. You may continue.

3 Q So if I understand you correctly you are saying that
4 the 87,000-and-change that was paid on behalf of Abacare
5 prior to its sale is inflated; you are saying it is too
6 much because certain products whether they be CPAP's or
7 whatever the terms are in the industry, some products you
8 don't have to pay sales tax on; is that correct?

9 A That is correct. And it is supported by the actual
10 money that was deposited into an account, a bank account,
11 was lower than what the corrected reported amount to the
12 DOR after the sale.

13 Q Okay. Well, rather than 87,000-and-change in back
14 sales taxes do you know what the correct number should
15 have been based on actual sales?

16 A No, because the plaintiffs are the only ones that
17 have access to that data. Those reports. And they have
18 not turned over.

19 Q That -- that covers I guess a portion of Mr.
20 Bradham's opinion in this case. Do you have any
21 testimony that you would like to offer that relates to
22 his ultimate finding of an \$875,000 loss to the
23 plaintiffs?

24 A I want to read my notes just so I can reconcile my
25 thoughts.

1 MR. SMITH: Your Honor, if he is looking at any
2 documents that I don't have I think we need the benefit
3 of him laying a foundation for the need to refresh his
4 recollection. It just seems inappropriate that he ---

5 THE COURT: What is your client referring to, Mr.
6 Marshall?

7 MR. SMITH: Number one exhibit.

8 THE COURT: Mr. Bradham's report?

9 MR. SMITH: That is correct.

10 THE COURT: Okay. You may continue.

11 Q So if you have any testimony you would like to
12 propound regarding Mr. Bradham's astronomical figure
13 then ---

14 THE COURT: Please don't make any editorial comments
15 in your question. Just ask the question.

16 A Yeah, I think the most important part of the 800,000
17 claim for damages that are claimed it is again Art
18 Bradham inputted a liability debt and changed the whole
19 formula which was, you know, it was based on forecasting
20 inputs that are the most critical -- you know,
21 forecasting cash flow is a very difficult situation in
22 our business. You should kind of go off your sales and
23 your collections and your referrals.

24 But he took the actual \$87,000 and broke it down and
25 then inputted that in the cash flow and projected five

1 years out. But it is a liability for a year. It is a
2 liability. It is a bill. You owe the bill. You pay it,
3 and it goes away.

4 It doesn't get forecasted in a five-year plan. You
5 will continue to pay your taxes on taxable items, which
6 now I believe has been phased out. But you can't -- you
7 can't include a short-term liability as a projection on
8 your cash flow for five years. It is a debt that is
9 owed.

10 It is just like saying I have got to go buy \$100,000
11 worth of hospital beds but I am going to continue to buy
12 these hospital beds every year at \$100,000 and I am going
13 to forecast that so it changes the valuation of a company
14 or inflates the damages done to a company because of the
15 liability.

16 It should have just been entered in as liability.
17 Yes, I agree that there is some portion that was due.
18 But you won't know an accurate amount unless you run the
19 correct reports and you take out the tax exempt items.
20 And that is what we had done.

21 When the DOR -- when the Supreme Court made their
22 ruling in April nobody contacted me to help them figure
23 this out. Obviously as the conductor of the train I was
24 the only one that would understand our business, our
25 format, and run into a course of explaining them. It was

1 done by the CPAs and the plaintiffs.

2 But the dispute is a high dispute. It is a debt
3 that is owed. It is not something that -- have been put
4 into the forecast to inflate damages.

5 Q Okay. For clarification on the -- for purposes of
6 the record, we only put in one page -- you say you are
7 testifying -- you were refreshing recollection with
8 Defendant's Exhibit 1. But you have got multiple pages,
9 and there is only one page here that has been marked. Is
10 this the affidavit that Mr. Bradham did or is this some
11 report that he did?

12 A This was the report he included with this affidavit.

13 Q Oh, it is with the affidavit?

14 A Correct.

15 Q Okay. Well, that is in the record.

16 Now when ATME sold some of the assets that had been
17 previously owned by Abacare do you know whether or not
18 they sold the accounts receivable?

19 A From what I have read by the -- that they turned --
20 the plaintiff's turned over is, no, they retained the
21 accounts receivable. So that would be additional income
22 separate from the sale -- the income from the sale that
23 the plaintiffs would have received.

24 Q Do you have any information as to the value of those
25 accounts receivable that were retained that had

1 previously been owned by Abacare that were retained by
2 ATME?

3 A That is part of the subpoena that we have asked for.
4 The plaintiffs refuse to turn it over, the amount.

5 Q And do you have any knowledge as to whether or not
6 the two previous defendants that have now settled out of
7 this case, Selander and the Estate of Connelly, do you
8 have any knowledge as to whether they paid any monies to
9 the plaintiffs?

10 MR. SMITH: Relevance, Your Honor. Objection.

11 THE COURT: I'm sorry; I couldn't hear you.

12 MR. SMITH: Object. Relevance.

13 THE COURT: How is this relevant?

14 MR. MARSHALL: Well, Judge, I think he would be
15 entitled to credit for any amounts that have been paid by
16 his codefendants.

17 THE COURT: I'm sorry; I can't hear you.

18 MR. MARSHALL: I think he would be entitled to
19 credit ---

20 THE COURT: How are their joint tortfeasors; how is
21 he entitled to setoffs? You only get setoffs when you
22 have some level of indemnity to one another or you have
23 like where that -- where you are joint tortfeasors.

24 I am just trying to figure out under what case
25 theory you would be entitled to set off to what somebody

1 else paid.

2 MR. MARSHALL: Okay.

3 THE COURT: Because I -- who else have they made --
4 who else has -- are you saying somebody else in this
5 equation has paid money -- well, they have paid money;
6 haven't they? Well, I don't know. Did Hood and Selander
7 pay any money to them?

8 MR. SMITH: Your Honor, there was a settlement paid
9 by Hood and Selander of the full amount.

10 THE COURT: And how much was -- was there anything
11 paid by -- let me see here. Hood and Selander. Did
12 Donna Cash or The Estate of Connolly pay anything?

13 MR. SMITH: They did not pay anything.

14 THE COURT: How about W.E. Applegate, the III?

15 MR. SMITH: He did not pay anything.

16 THE COURT: Well, who -- well, then that includes
17 the Estate of James Connolly. Kimberly Cuce or Cuce. I
18 don't know how to pronounce that.

19 MR. SMITH: She did not pay anything either.

20 THE COURT: Phillip -- well, I am sorry; I am down
21 to the end. Sorry.

22 Okay. Now under --- let me ask another question.
23 The total amount of damages you have claimed you
24 suffered, wasn't the allegation that Hood and Selander in
25 connection with this gentlemen committed these acts? So

1 would he not be entitled to some level of setoff so that
2 your client is not unjustly enriched?

3 MR. SMITH: I think later in an action for a
4 contribution or some sort of -- between those parties. I
5 think what has happened in the record of the case and
6 what has been a matter of law is the contribution claims
7 that were purportedly to be asserted were dismissed
8 because they were not permitted to be asserted.

9 And so I think that issue has been resolved, both in
10 summary judgment instead of being granted, against Mr.
11 DeClemente on those claims for contributions. So those
12 on liability ---

13 THE COURT: Oh, so there already have ---

14 MR. SMITH: --- has been resolved.

15 THE COURT: So there's already been a motion on
16 that?

17 MR. SMITH: Yes, Your Honor. That has been created
18 for both Ms. -- the Estate of Connelly and for Selander.
19 Summary judgment in their favor has been granted on any
20 claim of contribution already.

21 THE COURT: Oh, so it has already been resolved?

22 MR. SMITH: It has; yes, Your Honor.

23 THE COURT: Okay.

24 Did you realize that?

25 MR. MARSHALL: Well, I am not sure I agree with that

1 characterization. I know you issued a ruling, Judge,
2 pertaining to Dave Howzer's motion for summary judgment
3 on my client's indemnity claim, and you issued that in
4 favor of Mr. Selander. Regarding ---

5 THE COURT: The order that I issued -- and I'm
6 paraphrasing. Just as Judge Nicholson's order is
7 binding, that I don't have anything to rule on; there was
8 nothing before me.

9 MR. MARSHALL: That is correct.

10 THE COURT: The issues had already been resolved.

11 MR. MARSHALL: That is right.

12 THE COURT: So if Judge Nicholson already ruled on
13 it then it is done.

14 MR. MARSHALL: And then regarding the Estate of
15 Connelly, Mr. Meyrick and I ---

16 THE COURT: I think I said the same thing in that
17 order.

18 MR. MARSHALL: Okay. Okay. I don't think that ---

19 THE COURT: So I am still trying to wind my way back
20 to how would -- he could be entitled to any contribution.

21 MR. MARSHALL: Okay, well, if you rule that he is
22 not, Judge, then ---

23 THE COURT: I don't know. You need to tell me how
24 he is. That is why I am asking a question.

25 MR. MARSHALL: Well, it goes to exactly what you

1 said, how -- how are you going to prevent a double
2 recovery for the plaintiffs. I mean if they get -- they
3 go -- they receive money in settlement from codefendants
4 and then they get a judgment versus the remaining
5 codefendant and they collect the whole thing again it
6 just seems like a double recovery to me.

7 THE COURT: Well, I mean your client -- and I don't
8 mean this in any pejorative sense, but does he -- are
9 they going to collect \$875,000 from him in assets?

10 MR. MARSHALL: I don't think so, Judge.

11 THE COURT: So they really -- is he in jeopardy of
12 any double recovery at this point?

13 MR. MARSHALL: Well, as a practical matter, no ---

14 THE COURT: Y'all can give me some case law on it.
15 But I don't -- I mean I will allow the testimony as a
16 proffer and we will go from there.

17 But you don't know the amount of the settlements, do
18 you? So that is a legal issue. Your client can't
19 testify to that. That is something you would have to
20 raise before the court and I would have to make a
21 decision.

22 MR. MARSHALL: Well, I can probably just ask Mr.
23 Reed about it and see if we can get an answer.

24 Q All right. Mr. DeClemente, is there anything else
25 which you would like to inform the court which you

1 believe is relevant to the issue of damages, not
2 liability?

3 A I think the judge had -- the CPA where the
4 plaintiffs come to me and say, look, we have got to
5 self-report and we have got to analyze -- audit our
6 taxable income and make sure that we report it correctly
7 after the ruling in April, this amount of taxes that they
8 paid would have been significantly lower.

9 There is no way our taxable income was in the 85, 88
10 percent. Even ATMES for the period that they owned it
11 reduced their tax amount down to 65 percent.

12 So a company for two years is at 85 and 88 percent
13 of taxable income and then as soon as it changed
14 ownership it dropped its revenue of taxable income down
15 to 65 percent?

16 So it supports the whole argument that the tax
17 amount was inflated. They wouldn't have owed this tax
18 amount had they done -- gone the proper channels; contact
19 me, shared the reports, we all converse, we all make sure
20 they are accurate, before they were just reported over
21 and turn around and make a claim against all of the
22 defendants.

23 But, again, those numbers 2007 we reported 53
24 percent of our revenue. They increased it to 85 percent.
25 2008 they increased it to 88.85 percent.

1 And then as soon as ATMES was formed and I joined
2 hands with the plaintiff as a partner we reduced it back
3 down to 65 percent, within the industry norm.

4 So I mean we didn't change the referral base or the
5 income base in those three year periods of the audit. It
6 is just change in the ownership and who interpreted what
7 and how that was interpreted.

8 But I totally disagree with that number. Plus the
9 calculations of damages was the wrong formula, being done
10 by a party that in my opinion is of course not
11 independent. But he is -- it was a report that he put
12 together that inflated actual damage numbers.

13 Q What is the industry norm, if you know, as
14 percentage of gross in the DME industry that turns into
15 net percentagewise?

16 A Profit wise.

17 Q Profit wise.

18 A It can range anywhere from now we are seeking low
19 ends of 11, 12 percent. And a good DME company,
20 depending on the variation of the rental equipment and
21 programs they offer, could be up in the 20's.

22 It just really depends if -- you know, if you have
23 got retail added. There's a lot of different formulas
24 that's added to determine the profit margin.

25 Q Did you already put -- I think you did. I

1 apologize. I don't remember. Put a percent --
2 percentage of profit on Abacare? I think I remember you
3 talking about a ten-month period prior to the merger
4 between Abacare and Reliable, did you -- do you know ---

5 A I don't remember the exact number. But it was
6 profitable. And it was somewhere, you know, at the 10
7 percent mark.

8 Q About ten percent profit?

9 A Yeah, ten percent profit as going into the merger.

10 Q Have you seen any evidence or documents in this case
11 that tells you about the profit or loss of Abacare after
12 you left -- you left after, what, seven months? You left
13 ATME ---

14 A Correct.

15 Q --- after seven months?

16 A Correct.

17 Q And then your former partners, the plaintiffs, owned
18 it before selling some of its assets for about another
19 six months; is that right, because they owned before the
20 sale to Long's for about 13 months; is that right?

21 A Seven months.

22 Q Okay.

23 A That they owned it -- continued to own it.

24 Q Do you have any information about the profitability
25 or loss of Abacare during the seven months with which you

1 were associated with your former partners, the
2 plaintiffs, and then also about the seven months when you
3 were gone and they still were maintaining Abacare's
4 assets?

5 A Yeah, their -- the 2009 tax returns from ATME showed
6 that there was no losses. There was a decrease of
7 probably 100,000 plus dollars in value of assets compared
8 to liabilities. But they still maintained books of
9 almost \$2 million.

10 So if there was -- even though they had dumped the
11 Abacare assets it didn't even start changing the books of
12 ATMES.

13 Q Do you have -- you are talking about tax returns.
14 Do you have anything that you could offer to the court as
15 an exhibit in that regard with you?

16 A Actually I do have the 2009 tax return for ATMES
17 that shows the income, the assets of the business. This
18 would be at the end of 2009 that was filed by Art
19 Bradham. But I do have copies if you would like to ---

20 Q Well, let's -- yeah, let's give one to Mr. Smith.
21 (WHEREUPON, document provided to Mr. Smith.)

22 THE COURT: ID only.
23 (WHEREUPON, Defendant's Exhibit Number 3, 2009 tax
24 return, was marked for identification.)

25 Q All right. Specifically why do you believe this --

1 MR. MARSHALL: What is that, three?

2 THE COURT REPORTER: Three.

3 Q This document that has just been marked as
4 Defendant's 3, why do you think ---

5 THE COURT: ID only.

6 Q --- this is relevant to the issue of damages in this
7 hearing?

8 A Well, again, if you had an \$800,000 loss you would
9 be showing it in your tax returns. You are going to
10 document -- there is a sale of this year which doesn't
11 appear to be recorded as income with the Long's Medical
12 and the purchases. But the numbers are still around
13 that.

14 On the very last page, Page 5 of this tax return,
15 2A, accounts receivable, this is the report we have been
16 asking plaintiffs to hand over to how much money did they
17 retain when they made the sale which is this is money
18 that is still owed by clients, insurance companies,
19 patients, any other businesses they have done --
20 conducted business with. Abacare also known as Abbys.

21 And it showed at the beginning of the year when
22 Abacare was still part of Abbys that \$600,000 was owed to
23 them. At the end of the year after the transaction the
24 Long remained at \$537,000.

25 So it shows they retained the AR side of the sales.

1 Not only did they sell it for 500-plus-thousand dollars
2 but they also retained the AR side of it where they were
3 able to collect more money from there.

4 So as they claimed in the theory of damages, they
5 never reported any damages in the tax return. Their tax
6 return doesn't reflect any such sort of damages. That
7 was more just a document produced for litigation.

8 Q We talked about it is your belief that prior to the
9 merger Abacare had a net profit of about ten percent of
10 gross; is that correct?

11 A Correct.

12 Q Do you know -- because you bought into their company
13 of Reliable just like Reliable bought into your company
14 of Abacare; y'all became partners?

15 A Correct.

16 Q Do you have any information as to in the timeframe
17 prior to the merger what the net profit of Reliable was?

18 MR. SMITH: Objection. Relevance.

19 THE COURT: Sustained. Relevance.

20 Q All right. Mr. DeClemente, do you have any other
21 documents you think are relevant to damages or anything
22 that you would like to say regarding the issue?

23 A No. Not at this time.

24 Q Okay. Thank you.

25 THE COURT: Mr. Smith, any questions for the

1 witness?
2 MR. SMITH: Just briefly, Your Honor.
3 THE COURT: You may proceed.
4 **CROSS-EXAMINATION BY MR. SMITH OF PHILLIP DECLEMENTE:**
5 Q Mr. DeClemente, what is your current legal name?
6 THE COURT REPORTER: I'm sorry, Mr. Smith, I didn't
7 hear your question.
8 MR. SMITH: I'm sorry.
9 Q Your current legal name, Mr. DeClemente; what is by
10 law you are known as today?
11 A Can ...?
12 THE COURT: You can't consult with your lawyer, sir.
13 You need to answer the question. If you have had your
14 name changed in any legal proceedings you need to tell us
15 and answer that question. It is not protected. It is
16 not privileged.
17 A All right. It is Phillip Goodpaster.
18 Q Can you spell it, please.
19 A Goodpaster.
20 Q Goodpaster?
21 A That is correct.
22 THE COURT: Is it paster or pasture?
23 THE WITNESS: Paster.
24 THE COURT: P-A-S-T-O-R?
25 THE WITNESS: T-E-R.

1 Q Have you also been both known by the name of Alec
2 Rockford?

3 A That is correct.

4 Q Was that a legal name that you held?

5 A Correct.

6 Q And you have also been known as Phillip DeClemente;
7 is that correct?

8 A Correct.

9 Q Any other names that you have been known by?

10 A Not yet.

11 Q But might there be other names in the future?

12 A Where is it relevant?

13 THE COURT: I'm sorry, sir; please answer the
14 question yes or no and then you may explain your answer.

15 A I do not know.

16 Q Mr. -- what is today your name?

17 A Phillip Goodpaster.

18 Q Mr. Goodpaster, a couple of things. This 2009 tax
19 return of ATMES that you presented, I don't. --

20 MR. SMITH: Was it admitted into evidence, Your
21 Honor?

22 MR. MARSHALL: No, but I would like to move ---

23 THE COURT: ID only.

24 MR. SMITH: I mean that is what I thought.

25 MR. MARSHALL: I would like to move it into

1 evidence, please.

2 MR. SMITH: I have no objection, Your Honor.

3 THE COURT: Mark and admitted without objection.
4 (WHEREUPON, Defendant's Exhibit Number 3 was admitted
5 into evidence.)

6 THE COURT: Defendant's Number 3.

7 Q That indicates an ordinary business loss of 175,000
8 in that year, correct?

9 A That is what is on the paper.

10 Q Right, and that was submitted to the federal
11 government; correct?

12 A I would assume.

13 Q Okay. And are you aware also that Mr. Bradham gave
14 in his testimony and his report that he indicated a
15 \$900,000 loss to my client also in future tax returns;
16 are you aware of that, that was filed with the federal
17 government?

18 A I am aware of a lot of goodwill credits that were
19 given.

20 Q When this business was purchased it was purchased,
21 as you have testified, an 809,000 loan; correct?

22 A Correct.

23 Q And you have paid none of that? You have paid none
24 of the loan, correct?

25 A Well, that depends on how you look at that.

1 Q No, I am asking you, sir, have you ever ---

2 A I ---

3 Q --- written a check to the bank to pay that loan?

4 A While I was in ownership we paid -- made payments to
5 the bank through the company.

6 Q And are you aware that are the payments still being
7 made on that loan?

8 A I don't know.

9 Q Are you making any payments today for that?

10 A Well, it depends on how you look at that too.
11 Because you have been using maybe my money to make the
12 payments.

13 Q Mr. Goodpaster, have you written a check to the bank
14 to pay that \$800,000 loan, 800 or 900,000 loan, at any
15 time?

16 A Nope.

17 Q You testified earlier there was a tax liability of
18 \$159,000 that was calculated, total; \$100,000 of that
19 accrued prior to the purchase, \$59,000 accrued after.

20 In Mr. Bradham's assessment of the damages he
21 assesses \$100,000 being one -- exactly \$100,000 and 64 --
22 644 dollars. That was paid by my client, correct;
23 actually was paid?

24 A Cannot be confirmed because you won't give us copies
25 of payments made.

1 Q Do you have any indication that it was not paid?

2 A I have doubts because of the letters that Art
3 Bradham has written requesting a deduction and the tax
4 liability. So we can't see exactly what was paid by the
5 defendant -- or by the plaintiffs.

6 Q Thank you. Mr. DeClemente --

7 MR. SMITH: And, Your Honor, I am going to ask a
8 couple of questions that go to truth telling ability.

9 THE COURT: Sure.

10 Q Have you ever been convicted of a felony, Mr.
11 Goodpaster?

12 A Yep, when I was 17 years old.

13 Q And more recently you are banned from two states,
14 are you not?

15 A That is incorrect.

16 Q You have to get a court permission to come to South
17 Carolina, correct?

18 A Do not.

19 Q And you have to get court permission to come I
20 believe also to Georgia?

21 A That is incorrect.

22 Q Are you -- is your testimony you have never been
23 convicted of burglary?

24 A Correct, I have not been.

25 Q Is that a case pending against you today?

1 A That is not a conviction.

2 Q Have you ever been convicted of larceny?

3 A No. Incorrect. And for the record, I have never
4 been charged with larceny.

5 MR. SMITH: One second, Your Honor.

6 THE COURT: Yes, sir.

7 MR. SMITH: Your Honor, nothing further of Mr.
8 Goodpaster.

9 THE COURT: Any redirect?

10 MR. MARSHALL: Just briefly, Judge.

11 THE COURT: Yes, sir.

12 **REDIRECT EXAMINATION BY MR. MARSHALL OF PHILLIP**

13 **DECLEMENTE:**

14 Q Is the reason that you talk about you no longer were
15 banned from any location is because you have been
16 released from probation?

17 A That was correct.

18 Q And when did that occur?

19 A A few weeks ago.

20 Q All right. Thank you very much. That is all.

21 THE COURT: Well, I need to know what he was on
22 probation for. What was he on probation for? Because
23 that is like vague. It is hanging in the record and I
24 need for clarity of the record.

25 MR. DECLEMENTE: It was simple harassment.

1 MR. SMITH: Harassment?

2 MR. DECLEMENTE: Simple ---

3 MR. MARSHALL: Simple harassment.

4 THE DEFENDANT: --- harassment.

5 THE COURT: There is no such thing as simple
6 harassment in South Carolina. A simple ---

7 MR. DECLEMENTE: Second degree ---

8 THE COURT: Simple anything is in the Magistrates
9 Court. That is 30 days or \$500. Anything that requires
10 probation carries a year and a day or more. So it would
11 have had to have been something else.

12 MR DECLEMENTE: It was second harassment.

13 THE COURT: So it was harassment, second degree?

14 MR. MARSHALL: Second offense or second degree?

15 MR DECLEMENTE: Second degree. On a second degree.

16 MR. MARSHALL: Second degree, Your Honor.

17 THE COURT: And when did he -- he was placed on
18 probation for that?

19 MR DECLEMENTE: Correct. Served two years
20 probation.

21 THE COURT: And he went to another state?

22 MR DECLEMENTE: Correct, I went to Florida.

23 THE COURT: And then under the interstate compact, I
24 assume?

25 MR DECLEMENTE: Correct.

1 THE COURT: And you are saying Florida -- well, it
2 would have to be South Carolina released you from
3 probation?

4 MR DECLEMENTE: They sent notification to Florida
5 and Florida released me.

6 THE COURT: And when were -- you said a couple of
7 weeks ago.

8 MR DECLEMENTE: Good behavior, Your Honor.

9 THE COURT: Okay. I just needed that clear.
10 Because when you are sort of just leaving that hanging
11 without any -- it could lend itself to many
12 interpretations.

13 MR DECLEMENTE: I will be glad ---

14 THE COURT: It is best that we be clear.

15 MR DECLEMENTE: I will be glad to tell the truth.

16 THE COURT: No; oh, no; I am fine with what you -- I
17 just needed clarify on what it was.

18 All right. Anything further in redirect?

19 MR. SMITH: No, thank you, Judge.

20 THE COURT: Any further witnesses from the defense?

21 MR. MARSHALL: I would like to just briefly call Mr.
22 Jeff Reed, please.

23 THE COURT: Is that Mr. Reed right here?

24 MR. MARSHALL: Yes, Your Honor.

25 THE COURT: Mr. Reed, if you would stand for me

1 please, sir, and raise your right hand to be sworn.

2 (WHEREUPON, the witness was duly sworn.)

3 THE COURT: Sir, tell us your full name for the
4 record.

5 THE WITNESS: Jeffrey Joe Reed.

6 THE COURT: And is that R-E-I-D or R-E-E-D?

7 THE WITNESS: R-E-E-D. Yes, ma'am, E-D.

8 THE COURT: Thank you, sir. You may take your seat.
9 I just need you to speak loudly and clearly so the court
10 reporter can take down your responses. You may proceed,
11 Mr. Marshall.

12 MR. MARSHALL: Thank you.

13 THE COURT: Excuse me, I have got the hiccups. You
14 are welcome.

15 **DIRECT EXAMINATION BY MR. MARSHALL OF JEFFREY REED:**

16 Q Mr. Reed, good afternoon. I would imagine you will
17 recall the day that you gave a deposition in this case,
18 right?

19 A Yes.

20 Q Okay. And when we talked, you and I during that
21 deposition, and maybe one or both of the other lawyers,
22 but, you know, one of the main issues in this thing is
23 are you and Mr. Smith owed money as a result of somebody
24 doing something wrong and second of all if so how much
25 are you owed; right; would you agree those are the

1 issues?

2 A Yes.

3 Q Okay. And when I asked you about -- is you named
4 several defendants in this case, correct; Cuce, the
5 Estate, Declemente, Sam Applegate -- at any rate, when I
6 asked you who you felt was responsible for any loss you
7 might -- well, let me back up.

8 When we talked about the amount of loss that I asked
9 you you felt, what is the amount you feel you are out, I
10 think if I recall correctly you were somewhat ambiguous
11 and I think you said you would kind of leave that up
12 maybe to the experts and the accountants and so forth; is
13 that accurate?

14 A That is still accurate, yes, sir.

15 Q All right. And when I asked you though if there was
16 a loss -- and I think you definitely said there was a
17 loss, you just couldn't put a firm dollar amount on it.
18 And I asked you, well, who do you believe is responsible
19 for any loss that you and Mr. Smith have suffered; I
20 think you said that you felt that Mr. Selander was at
21 fault; is that correct?

22 A I thought all were at fault, yes, sir.

23 Q But do you remember a couple of times in your
24 deposition saying that you didn't ---

25 A If you can show me where I said that then I will.

1 But I was there, and I think I was pretty clear.

2 THE COURT: For what purposes is that question being
3 asked, Mr. Marshall? Liability has already been
4 determined. You can't now challenge it. Only the
5 amount.

6 MR. MARSHALL: Well, I understand that Judge;
7 but ---

8 THE COURT: It doesn't matter. The court has
9 already found your client is liable. It doesn't matter
10 what he thinks. It is the law of the case.

11 MR. MARSHALL: Well, they have to prove their
12 damages. And ---

13 THE COURT: They have to prove their damages.

14 MR. MARSHALL: -- this plaintiff said he does not
15 attribute damages to Mr. DeClemente.

16 THE COURT: Well, then you need to ask him that
17 question directly. But the court has already determined
18 that he owes something.

19 MR. MARSHALL: That is correct.

20 THE COURT: So I think it is a moot issue at this
21 point. It is the amount he owes. Even if he said in a
22 deposition before the default he doesn't believe your
23 client owed him anything it is a moot issue at this point
24 because the court has already determined that he owes
25 something and that he is responsible.

1 MR. MARSHALL: Well, if I ---

2 THE COURT: Again, I caution you I am not going to
3 relitigate what has already been litigated.

4 MR. MARSHALL: Well, determining the amount of
5 damages, Judge, is obviously why we are here.

6 THE COURT: The court has ruled, Mr. Marshall. Move
7 on and ask your next question.

8 MR. MARSHALL: Your Honor, if I could just have
9 (WHEREUPON, pause awaiting next question.)

10 Q Well, I mean let me just see if this refreshes your
11 recollection. This is from April 25th of '16, your
12 deposition. So this is Page 275. We were there a long
13 time. Starting at Line 20. See if you recall this
14 little exchange:

15 Because your recollection is that when you sold it
16 to Long's you sold between 560 and 600,000 roughly,
17 question mark.

18 Answer: Something like that.

19 Question: In that neighborhood?

20 Answer: I would have to go back and look.

21 Question: Okay. When you sold to Long's did you
22 sell the --

23 I'm sorry, I have got to get -- I'm sorry; scratch
24 that.

25 Let me just cover one little thing here. On page --

1 I have got to get the whole transcript.

2 Let's just go back to that, since I started that,
3 and see what it says.

4 (WHEREUPON, pause to retrieve document.)

5 Q Okay. This is back on Page 275, Line 25.

6 Question: Okay. When you sold to Long's did you
7 sell the Medicare number that was associated with
8 Abacare --

9 That is not what I was trying to find right there.

10 On Page 220 -- well, let's go back to -- all right,
11 219, Line 25.

12 THE COURT: To properly use the deposition you have
13 to ask him a question. He needs to answer
14 inconsistently. You then need to give him -- have the
15 certified copy of the deposition for the court to unseal
16 and then give it to him and read the exact question. And
17 he needs to give the exact response.

18 MR. MARSHALL: I don't -- well, I don't have the
19 certified. I didn't notice that deposition. I don't
20 have the certified. So if you are not going to allow it
21 then ---

22 THE COURT: I am just telling you what the rules
23 are. The only way you get to use a deposition to impeach
24 someone is they have to answer inconsistently.

25 MR. MARSHALL: Well, he just asked me if he doesn't

1 recall and if I could refresh his recollection. I am
2 just trying to ---

3 THE COURT: Well, then you can give it to him to
4 refresh his --- I don't recall your answer -- you need to
5 ask the exact question that is in the deposition. Not a
6 similar question. You need to ask the exact question.
7 And then we need to determine first whether he answers
8 consistently or inconsistently.

9 MR. MARSHALL: All right, Judge. Well, I am not
10 even sure it matters because it has already been briefed
11 and it is already in the record of the case. So I
12 apologize for taking so long.

13 THE COURT: That is okay.

14 MR. MARSHALL: We don't need to cover that right
15 now.

16 THE COURT: All right.

17 Do you have any further questions of the witness?

18 Q Mr. Reed, if you know. You testified that you
19 believed that the sale amount of some Abacare assets to
20 Long's Medical in 2009 was between 560,000 and 600;
21 correct, total cost?

22 A (Witness shakes head.)

23 Q You didn't testify to that?

24 A No.

25 Q What -- do you have any information today as to what

1 the amount was?

2 A Well, we didn't sell it in 2009.

3 Q What year was it?

4 A 2011 or '12.

5 Q And when you sold it in 2011 or '12 do you know how
6 much money you received for those assets?

7 A I can't recall exactly.

8 Q Do you have an estimate?

9 A Are you talking about in '09 or '11?

10 MR. SMITH: Your Honor, ---

11 Q You said nothing happened in '09.

12 MR. SMITH: Objection. Relevance.

13 THE COURT: I guess I am -- you sort of lost me a
14 little bit, Mr. Marshall. I am trying -- what is it that
15 you are asking the witness?

16 MR. MARSHALL: I am trying to get to when they sold
17 these assets to Long's Medical. And maybe I have the
18 year wrong.

19 Q Do you know the year that you sold the assets?

20 A I did.

21 Q What year was it?

22 A Let me say that it has been a while. It was right
23 on the cusp of '11 and '12.

24 Q Okay.

25 A But it was not in 2009.

1 Q All right.

2 A The assets in the business '11 and '12. It could
3 have been December of '11, December of '12. So you would
4 have to forgive me for that. But it was not '09. Sold
5 some equipment in '09. Not the asset.

6 Q Okay. Well, you in '11 or '12 when you sold the
7 asset do you know whether or not you sold accounts
8 receivable at that time along with these other assets?

9 A I would have to go back and look, number one, just
10 to be quite honest with you. Because at that time we not
11 only when we got money had to pay off this debt that we
12 have been arguing about for the last 11 years or whatever
13 it was now me and you have gotten over here today. But
14 all of that we had to pay -- continue to pay the
15 government for the taxes.

16 So a lot of money went from different avenues where
17 we were taking, as you know, tremendous losses. So I
18 would have to go back to when the money came in it went
19 for taxes, as we discussed all day so.

20 Q So the answer I guess is you just don't know whether
21 you transferred ---

22 A No, ---

23 Q --- accounts ---

24 A --- but our accountant would be the guy to ask or
25 Meril would be the guy to ask. I sell equipment. I am

1 the equipment guy.

2 Q All right. Thank you.

3 MR. MARSHALL: Nothing further. Thank you.

4 THE COURT: Any questions for the witness?

5 MR. SMITH: Yes, just very briefly, Your Honor.

6 THE COURT: You may proceed.

7 MR. SMITH: Thank you.

8 **CROSS-EXAMINATION BY MR. SMITH OF JEFFREY REED:**

9 Q Mr. Reed, bottom line, when you -- when the -- there
10 has been some interest in the sale of the loan. Does the
11 sale of a loan render any profit whatsoever?

12 A No profit.

13 Q All right. And as a matter of fact you are still
14 paying today on the note that was entered into when you
15 purchased this ---

16 A And let me be real clear. In 2008 we took out an
17 809,000 as Phillip talked about it. And that was exactly
18 true, 809,000 loan. And then we got in so much debt
19 because this little venture that we had to sell assets
20 off to lose money and then had to reallocate another
21 loan.

22 Which February of this year, which is almost nine
23 years later, we might actually get this debt paid off.

24 Q Mr. Reed, are you a CPA?

25 A No, sir.

1 Q And so figuring out exactly what a forensic economic
2 loss of business, is that something you have the capacity
3 to do?

4 A No, sir.

5 Q And are you relying on Mr. Bradham to assess what
6 your loss and what the damage to ATMES is in this case?

7 A Absolutely.

8 MR. SMITH: Thank you, Your Honor. Nothing further.

9 THE COURT: Any redirect?

10 MR. MARSHALL: No, ma'am. Thank you.

11 THE COURT: You are welcome. Any further witnesses?

12 MR. MARSHALL: No, I don't have any more. Thank
13 you, Judge.

14 THE COURT: You are welcome.

15 Any witnesses in rebuttal, Mr. Smith?

16 MR. SMITH: None, Your Honor.

17 THE COURT: Okay. I will take the matter under
18 advisement. If you all could provide me with proposed
19 orders within ten days of today in word format.

20 Please send those to DJeffersonsc@sccourts.org.
21 Copy one another on them. And after I have received the
22 orders and reviewed them I will issue an opinion.

23 Please make any findings of fact and conclusions of
24 law consistent with the record as well as citing any
25 applicable authority in support of your position.

1 Okay. And if you disagree with one another's orders
2 please don't e-mail me because I am not going to read
3 them. I just believe in being honest. Y'all going back
4 and forth with one another I hit delete, to tell you the
5 truth. I've got too much on my plate.

6 And I get proposed orders. I rarely if ever sign an
7 order the way it is submitted to me. I always do my own
8 research. And frankly I have already started writing
9 something. But I find it instructive to get people's
10 orders because it tells me their thinking, and it really
11 in a way summarizes closing argument.

12 And so it is unlikely you are going to get it back
13 the way it was sent, either way. Okay. So I give y'all
14 the benefit of that so you can, you know, not feel like
15 you have got to tell me what you disagree with. All
16 right.

17 MR. MARSHALL: I understand. Your Honor.

18 THE COURT: Thank you guys. You have a good new
19 year.

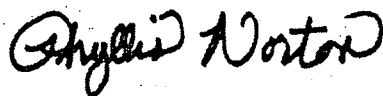
20 (WHEREUPON, the hearing concluded.)

(NOTE: Please contact the court reporter for additional copies or certified transcripts.)

CERTIFICATE

I, the undersigned Phyllis Norton, Official Court Reporter for the Ninth Judicial Circuit of the State of South Carolina, do hereby certify that the foregoing is a true, accurate, and complete transcript of record of all proceedings had and evidence introduced in the captioned case, relative to appeal, in the court for South Carolina, on January 5, 2017. Joyce Rueger, Court Reporter in attendance. Transcribed by Phyllis Norton.

I do further certify that I am neither of kin, counsel, nor interest to any party hereto.



PHYLLIS NORTON, CVR

Date: March 27, 2018

Certified Transcript Provided For: Cameron L. Marshall
Certification Reference #2018-0327

Assistive Technology Medical
Equipment Services, Inc.,

Plaintiff,

vs.

Hood & Selander, CPAs, LLC, Donna C.)
Cash as Personal Representative of)
the Estate of Dorothy A. Connelly,)
W.E. Applegate, III, as Personal)
Representative of James B. Connelly,)
Kimberly Cuce, Phillip Declemente,)

Defendants.

COPY

Deposition on oral examination of RONALD H. BURKETT, reported by Diane Grubowski, Court Reporter and Notary Public in and for the State of South Carolina; Said deposition taken pursuant to Notice and in accordance with the South Carolina Rules of Civil Procedure, at Law Office of James E. Smith, 1422 Laurel Street, Columbia, South Carolina, on Thursday, the 14th day of September 2017, scheduled for 10:00 a.m. and commencing at the hour of 10:02 a.m.

PALMETTO REPORTING

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1 your original evaluation, correct? I mean the
2 numbers you got from Mr. Burkett you accepted as
3 gospel when you did your evaluation?

4 A You said the numbers I got from --

5 Q From Mr. Declemente?

6 A Yes, that's correct.

7 Q You took those as gospel?

8 A I took those to be -- that's the foundation of my
9 evaluation, yes.

10 Q Sure. So if it was proven in this case that the
11 net revenues that were provided to you, the numbers
12 that were provided to you by Mr. Declemente were
13 grossly over-reported and that has been proven,
14 would that might change your evaluation?

15 A Let me just make sure. Ask me that and let me make
16 sure I understand what you're asking.

17 Q Sure.

18 A Okay. Were you on a particular page? Is that
19 where you are now?

20 Q I'm looking at -- and I'll walk you around these.
21 But one of the allegations -- well, let's just --
22 we'll take a step back further. I'm probably going
23 a little quicker than I should --

24 A I'm sorry. I just want to make sure I understand
25 what you're asking.

1 Q Yes. So let's go through the Complaint to make
2 sure you are familiar with the Complaint. So go to
3 the Third Cause of Action, paragraph 45.

4 A All right.

5 Q So paragraph 45 says, the defendants, which
6 includes Mr. Declemente, represent in writing and
7 by their words and acts that they have furnished
8 accurate and complete information to the plaintiff,
9 information what the defendants claimed was not
10 misleading regarding the company's profitability,
11 assets and liabilities. The representation made by
12 the defendants, Mr. Declemente, to the plaintiff
13 regarding Abacare's profitability, assets,
14 liabilities, were false. So the court takes that
15 statement as being proven, that he provided false
16 information to the plaintiffs and false information
17 to you that was used as the basis of your report.

18 A Okay.

19 Q So as a matter of law, that is proven.

20 A Okay.

21 Q The representations that were made were material.
22 They were representations that influenced the
23 plaintiff in making the decision to enter into the
24 agreement with the defendants. That is also taken
25 as proven. The defendants either knew that the

1 representations were false. Mr. Declemente gave us
2 false representations. They made them with
3 reckless disregard with the truth or falsity as
4 evidenced by Minutes of the meeting. And I'll just
5 read it into the record and I'll try to be slow
6 about it. David noted -- and David, I believe, is
7 the CPA working on the matter, Mr. Selander --
8 noted that the taxable sales reported on the June
9 sales tax forms appeared significantly understated.
10 David stressed the importance to report as
11 accurately as possible the taxable sales on the
12 monthly forms. David advised that Abacare should
13 set aside a reserve in case of an audit. If an
14 audit determines the company should use sales tax -
15 - sales rather than collections, then Abacare could
16 -- then Abacare could a substantial amount of tax,
17 penalties and interest. David noted at the last
18 meeting and repeated this meeting that a system
19 needs to be set up as soon as possible that will
20 support the gross sales number posted on the sales
21 tax returns. This information will be needed in
22 case of an audit. Finally, David noted that a
23 couple of sales tax returns since the last
24 shareholders meeting were filed and paid late.
25 There is a penalty of up to 25 percent of the tax

1 for a late filing and payment. The defendant
2 intended the plaintiff to act on the defendant's
3 representations.

4 This is important, paragraph 51. The plaintiff
5 did not know that the defendants had failed to
6 disclose a tax liability in the amount of
7 \$100,320.41, information that the plaintiff could
8 have known -- could not have known through its own
9 due diligence. Plaintiffs relied upon the terms
10 whereby the defendant warranted that all of the
11 information furnished to the plaintiff for the
12 purposes of evaluating the profitability of Abacare
13 Home Medical, Inc., was complete, accurate and not
14 misleading.

15 Let's talk about paragraph 51, specifically.
16 In this case all of these paragraphs, all of these
17 facts that are alleged and terms of liability are
18 conclusively proven as a matter of law. So when it
19 says that the plaintiff did not know this
20 information, and when it says the plaintiff could
21 not have known through its own due diligence, all
22 right -- that contrary to what's in your Affidavit
23 --

24 A I understand.

25 Q -- this is different than what you say.

1 A Uh-huh.

2 Q You say in your Affidavit the plaintiff should have
3 known. But do you understand as a matter of law it
4 has already conclusively proven that the plaintiff
5 did not know and could not have known?

6 A That's what you are telling me.

7 Q Yes.

8 A So I understand what you are telling me, okay? I
9 don't know that's a matter of law, but that's what
10 you're telling me, okay.

11 Q I mean I'll just represent to you that in default

12 --

13 A Right.

14 Q -- questions of liability, right, opinions of
15 liability are already proven. Your Affidavit, as I
16 read it, do you make any opinions as to damages?

17 A I don't make any opinion as to damages. Based on
18 what I said in my Affidavit -- do you mind if I
19 look at it?

20 Q Yes, sure. I've got it right here.

21 A Based on my Affidavit, if the parties knew about
22 what was going on with the sales tax and they
23 purchased the business knowing that, with that
24 information, okay, and based on what I wrote in my
25 Affidavit that there's evidence that they probably

1 knew that, okay. Then the purchase price of the
2 business is the fair market value between what they
3 -- what they paid for the business, okay --

4 Q Okay.

5 A -- if they knew that. And therefore if that is the
6 fair market value, then they paid a fair price for
7 the business based on if they had that knowledge is
8 what I'm saying.

9 Q Right. And I'm saying would that change your
10 opinion if as a matter of law it was proven that
11 they didn't have knowledge and could not have
12 known?

13 A If they did not have knowledge, and what I said
14 here is they had knowledge of these things, they
15 paid a good -- there is no damage and it is fair
16 market value what they pay. If they did not have
17 knowledge and they did not know, then that's a
18 different issue altogether, okay.

19 Q And that would change your opinion if it is proven
20 that they did not have knowledge?

21 A If they did not have knowledge, it would change my
22 opinion.

23 Q Okay. And it really seems like your opinion has to
24 do with liability, not damages?

25 A Right. That's exactly right, liability, yes.

1 Q And so there are really two elements of liability
2 here. One is the sales tax disclosure or failure
3 to disclose, which you talk about in your
4 Affidavit. Do you at all address the question of
5 whether or not the information you received in
6 doing your evaluation was not accurate as to the
7 net sales revenue?

8 A I did not address that.

9 Q So if the court found that Mr. Declemente lied
10 about and grossly inflated the net proceeds that
11 were used as the basis for your report, that might
12 affect your opinion in this matter?

13 A It might -- it might affect my opinion, yes.

14 Q I'm going to ask you a couple of questions about
15 your original evaluation. Burkett, Burkett and
16 Burkett and yourself are not defendants in this
17 lawsuit, correct?

18 A That's correct.

19 Q And you and your work in preparing that evaluation,
20 you based it upon the information that was
21 available to you at the time?

22 A Yes.

23 Q And that was information provided to you by Mr.
24 Declemente?

25 A Yes.

- 1 Q And you assumed that what he was giving you were
2 the correct numbers?
- 3 A Yes.
- 4 Q And of those numbers that you were looking at, he
5 included the amount of net income, right --
- 6 A Yes.
- 7 Q -- of the business?
- 8 A Yes.
- 9 Q That was used to help evaluate -- the evaluation
10 you were making of Abacare?
- 11 A Yes.
- 12 Q And if this lawsuit had conclusively proven that
13 the number he gave you for net income was grossly
14 overstated, that would affect the opinion if you
15 actually had a different number for net income?
- 16 A It could. It could, yes.
- 17 Q And nowhere in this lawsuit is it asserted that you
18 or Burkett, Burkett and Burkett, did anything
19 wrong?
- 20 A That's correct.
- 21 Q You're not a defendant in the case. The assumption
22 would be that you rendered an appropriate opinion
23 based upon the information you had at the time?
- 24 A Yes.
- 25 Q Do you have any opinions as to the amount of

1 damages suffered or not suffered by ATMES?

2 A I'm sorry. Are you finished with your question?

3 Q Yes.

4 A I'm, sorry. I thought you were about to say
5 something.

6 Q That's it.

7 A All right. As I say in my Affidavit, if the facts
8 were known, okay, if the facts were known -- and I
9 didn't say -- in my mind, if the facts were known,
10 based on what I said in my Affidavit, and the
11 purchasers knew that there were additional sales
12 tax, potential sales tax issues, okay, and they
13 purchased the business for a value, then that's the
14 value of the business at that point in time. It
15 doesn't matter what my valuation said, it doesn't
16 matter what anybody else's valuation said, that's
17 the fair market value at that point in time,
18 willing buyer, willing seller.

19 Q So that's your "if", if they had known?

20 A That's right.

21 Q And so in this case we'll talk about, what we're
22 talking about, your opinion that applies to this
23 case and to the purchaser ATMES, right?

24 A Yes.

25 Q And so you're saying if ATMES had known about the

- 1 sales tax liability, then the price was the fair
2 market value?
- 3 A Yes.
- 4 Q That's your opinion?
- 5 A Right.
- 6 Q Now I want you to take this fact into place, that
7 if we're going to say which is proven in this case,
8 the plaintiff did not know that the defendants
9 failed to disclose the tax liability in the amount
10 of \$100,320.41, and there was information that the
11 plaintiff could not have known through their own
12 diligence, so assume that fact is gospel, that it's
13 proven. Does that change your opinion as to
14 whether or not they paid the fair market price?
- 15 A If that fact was not known, then it would have an
16 impact on fair market value, yes.
- 17 Q And the plaintiff would be damaged in some amount?
- 18 A I don't know what it would be.
- 19 Q You don't know what --
- 20 A Potentially damaged, right.
- 21 Q And you're not here to render an opinion on
22 damages?
- 23 A No.
- 24 Q Okay.
- 25 A Well, I say I'm not here to render. I don't have a

1 damage calculation. Again, it goes back to what I
2 said earlier. Based on these facts, if they knew,
3 they paid fair market value.

4 Q Right.

5 A Which would result in no damages. Okay?

6 Q Okay, I understand. And that's -- that's -- you
7 are providing -- that's a hypothetical, correct?

8 A That's exactly right.

9 Q And what I'm providing you is the fact.

10 A Okay.

11 Q I'm providing you what is gospel.

12 A Yes.

13 Q In this case it is proven that they did not know
14 that fact.

15 A Okay.

16 Q And so that would change your opinion?

17 A Yes.

18 Q Okay. Your report, and we talked a little bit, but
19 I want to get -- to be abundantly clear about this,
20 that the net revenue -- the opinion, as I read your
21 Affidavit, I don't see anything that addresses net
22 revenue at all, as to whether or not there was
23 appropriate representation of that or not. Do you
24 render any opinion as to the net revenue of the
25 business based upon your report?

- 1 A No.
- 2 Q Okay. If it was proven to you and if it was
3 provided to you that as a matter of fact that they
4 had -- Mr. Declemente had lied and had provided you
5 grossly overstated net revenues, that would impact
6 the valuation that you provided in this case?
- 7 A Yes, it could.
- 8 Q And that could also result in damages in terms of
9 not paying the fair market value that my clients
10 paid to purchase the business?
- 11 A It would change the fair market value, yes.
- 12 Q And it would have the potential of damaging my
13 client?
- 14 A Potential, yes.
- 15 Q Yes. But you're not here to render an opinion on
16 that at all?
- 17 A That's right.
- 18 Q Okay. So in going back to the Complaint, I just
19 want to make sure that you understand for the
20 purposes of your expert opinion it has been
21 conclusively proven that Mr. Declemente committed
22 fraud and deceit on my clients, the plaintiffs. I
23 just want to make sure you're aware of that.
- 24 A I'm not aware of that.
- 25 Q Okay.

1 A I mean I reviewed the Complaint, but I can't say I
2 remember reading that and I'm not aware of it.

3 Q The effect of the default means that it is proven
4 that he did these things as alleged.

5 A Okay.

6 Q So he has committed fraud and deceit upon the
7 plaintiffs, proven. And he has committed
8 negligence by not using due care and providing the
9 information that was asked for, that he has proven
10 to negligently damage the plaintiffs. Okay?

11 You're aware of that?

12 A You're telling me that, so I'm assuming. I'm
13 taking it as your representation.

14 Q Yes. I'll go get the Default Order so it's part of
15 the record. It's also been conclusively proven
16 that Mr. Declemente committed negligent
17 misrepresentations at the plaintiff. It has
18 already been proven that he negligently failed to
19 represent the net revenues that were the basis of
20 your report and he negligently failed to disclose
21 or negligently misrepresented the sales tax
22 liability. That has been conclusively proven. I
23 just wanted -- did you take that into account in
24 your opinion at all?

25 A No, I did not.

- 1 Q Yes. Did you take into account in your opinion
2 that it has been conclusively proven that he is
3 liable for civil conspiracy, that he conspired with
4 others to fail to disclose and to hide this
5 information from the plaintiffs?
- 6 A Yes.
- 7 Q Are you aware of that?
- 8 A No, not aware of that, so I didn't take it into my
9 opinion.
- 10 Q Okay. And if you were to assume all of these
11 things taken as gospel, they would have an impact
12 on your opinion?
- 13 A They could, yes.
- 14 Q Yes. Did you read at all the damages evaluation of
15 Mr. Art Bradham?
- 16 A I did look at them, yes.
- 17 Q Okay. Do you offer any criticism of his report in
18 any way?
- 19 A I mean Art did a mathematical computation, based on
20 my report is what he did, so I don't have any -- I
21 don't -- I didn't go back and check his
22 calculations. I didn't do anything else. He made
23 some assumptions at the end about what the value
24 would have been, but I don't -- I don't know if
25 that's the value I would have come up with or not.

1 Q Right. Art is a CPA?

2 A Yes.

3 Q And you know him?

4 A I do.

5 Q I think there's a lot of mutual respect between the
6 two of you and your profession?

7 A I think it is, yes.

8 Q He certainly speaks very highly of you. In looking
9 at his valuation, and you reviewed it --

10 A I looked at it, yes.

11 Q And is he as equally qualified as an expert to
12 provide an opinion as to a valuation as yourself
13 or --

14 A I think he's a CPA, but I'm not sure. So I'm not
15 sure what his designations are. Okay?

16 Q Yes, okay.

17 A So I'm not questioning his ability, but I don't
18 know what his designations -- I don't remember what
19 they are.

20 MR. SMITH: Let me mark this as
21 Plaintiff's Two.

22 Defendant's Deposition Exhibit #2,
23 consisting of 1 sheet, marked for
24 identification and made a part of this
25 deposition. (Art Bradham Calculations)

1 Q I'm providing you -- this was a one-pager and I ask
2 if you have seen that before?

3 A Yes.

4 Q So you've looked at that before?

5 A Yes.

6 Q Do you see the alphabet soup next to his name at
7 the bottom?

8 A Yes.

9 Q It says Art Bradham, CPA, right?

10 A That's right.

11 Q And what does that mean?

12 A He's a certified public accountant.

13 Q And you are a certified public accountant, right?

14 A Yes.

15 Q What is CVA?

16 A CVA is certified valuation analyst.

17 Q All right. And then what is EA?

18 A I guess enrolled agent.

19 Q Yes, I think so. Mtax, I guess is that a masters
20 in tax? I don't know.

21 A I don't know Mtax. I don't know.

22 Q I'm not sure either. But bottom line, with that,
23 assuming all of those designations are correct,
24 would someone with that background have the
25 ability, and experience, and training, and

VALUATION OF THE COMMON STOCK OF:

ABACARE HOME MEDICAL, INC.

2353 NORTH HIGHWAY 17

MOUNT PLEASANT, SOUTH CAROLINA 29466

Valuation Date: APRIL 30, 2008

Report Dated: JULY 14, 2008

OPINION LETTER

July 14, 2008

Mrs. Dorothy Connelly
2353 North Highway 17
Mount Pleasant, SC 29466

Dear Mrs. Connelly:

The enclosed valuation report has been developed for the exclusive and confidential use of Mrs. Connelly and Mr. Phillip Declemente. The report has been prepared by Burkett Burkett & Burkett CPAs, P.A. dated July 14, 2008 and was made by, and/or under the direct supervision of the undersigned. The purpose of the valuation is to render an opinion as to the fair market value of the common stock interest, as of April 30, 2008.

In preparing my business valuation report, I have relied upon historical financial information provided to me by management and derived from tax returns and internal financial statements. This financial information has not been audited, reviewed, or compiled by me and accordingly I do not express an opinion or any form of assurance on this financial information.

My report is based on historical and prospective financial information provided to me by management and other third parties. Users of this valuation report should be aware that business valuations are based on future earnings potential that may or may not materialize. Therefore, the actual results achieved during the projection period will vary from the projections used in this valuation, and the variations may be material. The accompanying report discusses all assumptions and limiting conditions that apply to this opinion of value and are integral to the understanding of the opinion.

Based upon my study and analytical review procedures, I have concluded that a reasonable estimate of the fair market value of a 100% common stock interest of ABACARE Home Medical, Inc. as of April 30, 2008 is \$975,000.

This engagement was not contingent upon developing or reporting predetermined results. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, nor the occurrence of a subsequent event directly related to the intended use of this appraisal. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *National Association of Certified Valuation Analysts Professional Standards* and the guidelines established by the American Institute of Certified Public Accountants.

Sincerely yours,



Ronald H. Burkett, CPA, CVA

Burkett Burkett & Burkett CPAs, P.A.

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EXECUTIVE SUMMARY

Governing Standard: Revenue Ruling 59-60
Prepared In Accordance: National Association of Certified Valuation Analysts
Professional Standards
Purpose: Sale of Common stock
Standard of Value: Fair Market Value
Premise of Value: Value as a going concern
Client Name: Connelly Management, Inc.
Business Name: ABACARE Home Medical, Inc.
Type of Entity: S corporation
Business Interest Valued: 100%
Valuation Date: April 30, 2008
Report Date: July 14, 2008
Appraiser Name: Ronald H. Burkett, CPA, CVA
Appraiser Firm: Burkett Burkett & Burkett CPAs, P.A.
Conclusion of Value: \$975,000

INTRODUCTION

SPECIFICS

Burkett Burkett & Burkett CPAs, P.A. has been retained by Mrs. Connelly to estimate the fair market value of ABACARE Home Medical, Inc. (herein referred to as ABACARE or the Company). ABACARE is an S corporation located at 2353 North Highway 17 in Mount Pleasant, South Carolina. Furthermore, an interest of 100% is being valued as of April 30, 2008.

The appraisal will be used by Mrs. Connelly and Mr. Phillip Declemente for transactional and/or negotiation purposes only. The distribution of this report is restricted to Mrs. Connelly and Mr. Declemente, legal and tax professionals, advising each, and any regulatory agencies whereby reporting is required. Any other use of this report is unauthorized and the information included in the report should not be relied upon.

Definitions

Appendix F has a glossary of terms that is applicable to this engagement.

Standard of Value

The standard of value for this report is fair market value, which is consistent with the definition of fair market value as defined by Revenue Ruling 59-60:

Fair market value is the amount at which property would change hands between a willing seller and a willing buyer when neither is under compulsion and when both have a reasonable knowledge of the relevant facts.

In addition, the hypothetical seller and buyer must be able and willing to trade and be well informed about the property and issues concerning the market for such property.

Premise of Value

This report is prepared using the premise that the subject company is a going concern. This means that it is presumed that in the future the assemblage of assets, resources and income producing items will continue in use to produce income and cash flow. The subject company is a going concern business enterprise.

SOURCES OF INFORMATION

The primary sources of information were research on the economy, industry and company, analysis of financial statements, tax returns, accounting reports and interviews with key people. Please see Appendix D for a complete listing.

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APPROACH

Revenue Ruling 59-60 states:

It is advisable to emphasize that in the valuation of the stock of closely held corporations or the stock of corporations where market quotations are either lacking or too scarce to be recognized, all available financial data, as well as all relevant factors affecting the fair market value, should be considered. The following factors, although not all-inclusive, are fundamental and require careful analysis in each case:

- The nature of the business and the history of the enterprise from its inception;
- The economic outlook in general and the condition and outlook of the specific industry in particular;
- The book value of the stock and the financial condition of the business;
- The earning capacity of the company;
- The dividend paying capacity;
- Whether or not the enterprise has goodwill or other intangible value;
- Sales of the stock and the size of the block of stock to be valued;
- The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over-the-counter.

Business valuation theory promulgates three basic approaches to value.

Asset Based Approach: A general way of determining a value indication of a business's assets and/or equity using one or more methods based directly on the value of the assets of the business less liabilities.

Income Approach: A general way of determining a value indication of a business's assets and/or equity using one or more methods wherein a value is determined by converting anticipated benefits.

Market Approach: A general way of determining a value indication of a business's assets and/or equity using one or more methods that compares the subject to similar investments that have been sold.

The various methods of valuation that appraisers use in practice are typically considered as subdivisions of these broad approaches. Valuation methods under the Market and Income approaches generally contain common characteristics such as measures of benefit streams, discount rates and/or capitalization rates and multiples.

As corroborating calculations we have included "Rules of Thumb" methods. These methods are not strong, but they are sometimes a worthy resource for comparisons.

As Certified Public Accountants (CPAs) and business valuers, our work was completed in accordance with the guidelines established by the American Institute of Certified Public Accountants (AICPA), and the National Association of Certified Valuation Analysts (NACVA).

Assumptions

No one provided significant personal property appraisal assistance, as such, for purposes of this report, it is assumed that the fair market value of the company's assets equal book value.

This valuation report has been prepared in accordance with the *National Association of Certified Valuation Analysts Professional Standards*. In accordance with these standards, a Statement of Contingent and Limiting Conditions is provided as Appendix B and a Statement of Appraiser Qualifications is included in Appendix C.

Scope Limitation

This report is not intended to serve as a basis for expert testimony in a court of law or other governmental agency without further analysis and resulting documentation.

COMPANY

ABACARE is located in Mount Pleasant, South Carolina and is one of that area's largest retail suppliers of home health products and services. They also have a small location in Little River, South Carolina. ABACARE offers equipment for both sale and rent. The products ABACARE provide include durable medical equipment, aids, and supplies. These include, but are not limited to:

- mobility products;
- wheelchairs and components;
- ambulatory aids;
- compression therapy;
- incontinence products;
- maternity supplies;
- wound and skin care products;
- respiratory products;
- pediatric equipment;
- orthopedic supports and braces;
- bathroom safety products;
- rehabilitative products; and,
- vehicle and home modifications.

ABACARE's staff includes Mobility Specialists, Clinical Specialists, and Billing Associates who are able to evaluate the customers' needs, answer questions, and work with physicians and insurance customers to recommend the best products that will serve the customers purpose.

ABACARE is able to deliver its products to most of South Carolina and provide, among others, the following services:

- 24-hour emergency service;
- Repair and cleaning of equipment;
- In-store health clinics (blood pressure, respiratory, etc.); and,
- Product and technology training for therapists and physicians.

ABACARE participates in most major insurance plans and is a Medicare and Medicaid provider. It is important to note that on a national level, state and federal government programs provide almost 65 percent of industry revenue, including more than 30 percent from Medicare and 25 percent from Medicaid. As such ABACARE's revenue is very much dependent on the payments it receives from Medicare and Medicaid. Currently, South Carolina is contemplating cutting Medicaid reimbursements by 9.5%. If they do, it is likely that insurance carriers will follow suit, as they have done in the past.

Over the past few years ABACARE's sales have increased from \$33,614 in 2004 to \$1,472,971 in 2007 and ABACARE is on course to have \$1.8 million of sales in 2008. This is significant growth over a 4-year period. They are currently looking to stabilize this growth and are no longer aggressively pursuing new clients, but rather growing the

clients they have. Further, management represents that the Little River location is not doing as well as planned and if sales do not improve, the location may likely be closed.

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APPRAISAL OF ECONOMIC CONDITIONS

INDUSTRY OVERVIEW

The US home healthcare industry includes about 12,000 companies and agencies with combined annual revenue of \$40 billion. Large companies include Apria Healthcare, Gentiva Health Services, and Lincare Holdings. About a quarter of industry revenue is generated by nonprofit organizations, such as hospital-based agencies and visiting nurse associations. The industry is highly fragmented: the 50 largest companies hold less than 25 percent of the market.

COMPETITIVE LANDSCAPE

Demand is driven by demographics and medical developments that encourage home healthcare. The profitability of individual companies depends on effective marketing and efficient operations. Large companies have some economies of scale in sales and marketing. Small companies can compete successfully by serving a local market. The industry is highly labor-intensive: average annual revenue per worker is about \$50,000.

Because of the relatively low revenue per employee, companies focus on cost control. Another consequence of the low revenue is that even small cuts in reimbursement rates have a large effect on revenue. Many home healthcare companies went bankrupt after Medicare reimbursements were cut in the late 1990s.

PRODUCTS, OPERATIONS & TECHNOLOGY

The four major types of services are general home visits, respiratory therapy, infusion therapy, and medical equipment rental. Home visits are for general nursing care, including limited physical examinations, physical therapy and personal care such as bathing, and account for 75 percent of industry revenue. Respiratory therapy (sometimes called inhalation therapy) consists mainly of oxygen treatment for patients with chronic obstructive pulmonary disease (COPD) and other lung diseases. Infusion therapy includes injections and intravenous delivery of nutrition fluids, anti-bacterial solutions, chemotherapy, and pain medication. Medical equipment rental includes items like beds, respirators, and wheelchairs. Companies treat both patients who have a short-term need for care, such as after a hospital stay, and those with chronic diseases like COPD that require long-term treatment. Most patients are elderly.

The operations of companies are very basic, involving mainly personnel management and appointment scheduling, equipment maintenance, and insurance billing. Operations are highly local. Large companies generally operate a network of branch offices. Apria Healthcare operates almost 500 branch offices in 50 states. Services are provided by nurses, aides, therapists, and medical technicians as part of a care plan prescribed by a doctor.

Similar to other healthcare providers, home healthcare companies rely heavily on computer systems for scheduling and billing. Because care is provided in patient homes, wireless communication systems are becoming an important source of efficiencies.

SALES & MARKETING

Although patients are the users of home healthcare services, marketing is focused on those who authorize treatments or who pay for them, including doctors, hospitals, insurers, and managed care companies. Sales are usually handled by a field sales force. The large companies in the industry are advantaged in being able to provide services to insurers with regional or national needs.

State and federal government programs provide almost 65 percent of industry revenue, including more than 30 percent from Medicare and 25 percent from Medicaid. About 20 percent of revenue comes from private health insurers, the rest from individuals in the form of co-payments. The Medicare program pays for 2.5 million patients per year, with an average of 35 visits per patient and an average payment per visit of about \$85. Many Medicare and private insurance plans closely follow the Medicare payment schedule. Under its Prospective Payment System (PPS), Medicare pays a maximum fee per 60-day period, no matter how many home visits are made.

FINANCE & REGULATION

Home healthcare companies tend to have high receivables, close to 60 days sales, mainly from high quality sources. Cash management is an important function because of the large number of small transactions. Companies that rent out equipment have high inventory and high annual investment in new equipment.

The industry is highly regulated because of the large participation by Medicare and Medicaid. The Balanced Budget Act of 1997 (BBA); the Medicare Balanced Budget Refinement Act of 1999; and the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 affected reimbursement levels for various home healthcare services. Detection of numerous instances of fraud in billing prompted legislation, including the "anti-kickback statute," the "physician self-referral" provision of the Omnibus Budget Reconciliation Act of 1993 (known as Stark II), the False Claims Act, the Health Care Fraud statute of 1996, and the False Statements statute of 1996.

Most larger home healthcare companies have accreditation from the private Joint Commission. Companies need state licenses and must meet eligibility standards for certification as Medicare and Medicaid providers.

REGIONAL & INTERNATIONAL ISSUES

Because home healthcare is provided mainly to older patients, the size of the local market varies across the country. Medicare pays for home healthcare for 1.1 percent of the

population of Florida and 0.9 percent in New York and Illinois, but only 0.4 percent of the population in Nevada and Arizona.

RECENT DEVELOPMENTS

QUARTERLY INDUSTRY UPDATE

Medicare Approves At-home Sleep Apnea Testing - At-home sleep testing for obstructive sleep apnea has been approved by the Centers for Medicare and Medicaid Services (CMS), which may benefit home healthcare services prepared to provide the service. Industry experts say that the decision will lead to increased coverage of obstructive sleep apnea testing by insurance companies.

Medicare Bidding Program Threatens Some Companies - A new Medicare bidding program for durable medical equipment will put many providers out of business and will disrupt services, according to the American Association for Homecare (AAH). The program will be implemented in 10 metropolitan areas starting July 1, 2008. Hundreds of durable medical equipment providers say that they've been improperly disqualified and removed by CMS from the bidding process. The competitive bidding program was designed to reduce the number of durable medical equipment providers and reduce reimbursement rates for several types of home-based equipment and care.

Legislation Would Mandate Bonding for Some Companies - A bill introduced in the Senate that's intended to deter Medicare fraud and abuse would impose a \$500,000 surety bond requirement on durable medical equipment providers. The Medicare Fraud Prevention Act of 2008 would also increase civil and criminal fines for Medicare fraud and abuse. The AAH says that the legislation, if passed, would put thousands of small home care companies out of business.

BUSINESS CHALLENGES

CRITICAL ISSUES

Dependence on Reimbursement Rates - The industry depends highly on the reimbursement rates that insurers allow for specific home healthcare services, especially Medicare. The rapid rise in national healthcare costs in recent years has made Medicare reimbursement a political issue. Because the industry already operates with low costs, any cuts in reimbursement rates directly affect profitability.

- US consumer prices for the care of invalids and elderly at home, a reflection of reimbursement rate trends, increased 5 percent in March 2008 over year earlier levels.

OTHER BUSINESS CHALLENGES

Customer Concentration - Many companies in the industry have reimbursement arrangements with just a few third-party payers, and therefore depend highly on those relationships. Payers like insurance companies, managed care companies, and Medicare can terminate contracts for various reasons. Disqualification from a large program like Medicare would devastate most home healthcare companies.

Increased Regulation - A number of companies and individuals have been prosecuted for billing fraud and other illegal practices, such as self-referrals and kickbacks. As with other healthcare providers, home healthcare companies face a greater level of regulation, especially as the aging population increases Medicare spending on home services.

TRENDS AND OPPORTUNITIES

BUSINESS TRENDS

Home Healthcare for Chronic Conditions - Initially conceived as transitional care after hospitalization, home healthcare now serves mainly elderly patients with chronic conditions who require periodic treatment, and patients who require extended treatment that can be given outside a hospital.

Payers: Greater Involvement in Home Treatments - Managed care organizations (MCOs) and Medicare are taking a greater direct role in determining home treatments. Most home healthcare companies are required to provide information that can be used to determine the outcomes of different treatments, leading to better care strategies.

Surveillance Technology for Home Patients - Surveillance, including monitoring and tracking/feedback technologies to help the elderly and disabled live more independently, are being tested. Monitoring technologies use sensors or video cameras to monitor a person's well-being. Demand for medical monitoring systems for at-home patients is increasing.

Quality Control Measures - Medicare uses Outcome Based Quality Improvement (OBQI), a new method to improve the health of home healthcare patients. The method monitors specific goals of home care, such as reduced hospitalization rates. Doctors collect patient data to measure outcomes, and then compare company or agency results to benchmarks, enabling healthcare providers to determine the strength and weakness of their performance.

INDUSTRY OPPORTUNITIES

Services to Large MCOs - The growth of national and regional MCOs is an opportunity for large home healthcare companies to provide them a complete range of services for their members. Rather than deal with multiple smaller companies, national and regional MCOs prefer to deal with a single vendor.

Pediatric Home Healthcare More Profitable - Home healthcare for pediatric patients with long-term conditions is preferred by both doctors and parents over long hospitalizations. Pediatric courses of treatment often last for years. The rates that can be charged for pediatric services are generally higher than for geriatric patients because of the higher levels of nursing and technological skill required. Pediatric Services of America on average provides 10 hours of treatment per day for eight months.

Favorable Demographics - Demand for home healthcare will increase from the sheer numbers of older Americans. The number of people older than 65 will grow more than 50 percent from 2000 to 2020. Because of medical advances, many of the medical conditions these people may suffer from will be better treated at home than in a hospital or nursing home.

Mobile Technology Improves Efficiency - Mobile computing, scanners, and electronic computerized forms allow home healthcare providers to make more home visits than with a paper-based system, and to reduce errors. Onsite data entry also eliminates errors in data transcription, contributing to faster reimbursement.

EXECUTIVE INSIGHT

Executive:
CHIEF EXECUTIVE OFFICER - CEO

Key Focus:

Supporting Industry Positions on Regulations

State and federal government agencies, in their role as regulators, inspectors, and insurers, are a major factor in the home healthcare industry. Rapidly rising healthcare costs and numerous cases of billing fraud prompted a series of legislative initiatives. These initiatives have resulted in additional paperwork, which has become burdensome to the point of diminishing the quality of care. Companies, through their industry associations, are actively supporting needed reforms and reduced paperwork burdens.

Key Focus:

Evaluating Expansion Opportunities

With the population aging and the cost of home healthcare lower compared to hospitalization, opportunities for industry growth are significant. Numerous studies conclude that offering increased services in the home is less stressful and more convenient to the patient, and less costly for both the patient and the third-party payer. Companies are exploring unfilled medical opportunities and adding new services as their cost-effectiveness is demonstrated.

Executive:

CHIEF FINANCIAL OFFICER - CFO

Key Focus:

Managing High Receivables

Receivables can be high as most patients are covered by Medicare or state Medicaid plans and private insurance. Receivables can approach 60 days sales or more as past industry abuses and billing fraud have caused third-party payers to ask questions that require follow-up paperwork. Most companies are submitting insurance claims electronically to expedite processing, and some payers are using electronic funds transfer to speed payment.

Key Focus:

Controlling Costs

Third-party payers that pay the vast majority of home healthcare costs are under tremendous pressure to reduce costs. Home healthcare revenues are relatively low per employee, so companies focus on controlling materials and expenses to enhance profitability, as better inventory monitoring can improve operating efficiencies.

Executive:

CHIEF INFORMATION OFFICER - CIO

Key Focus:

Implementing Back-Office Automation Systems

Since billable activities are performed away from the office and, for the most part, outside the range of function of supervisory staff, administrative systems that don't

require excessive overhead are essential. Most companies are implementing back-office automation systems that permit online capture of patient diagnostics and treatment. Companies implement field information systems for proper contract administration, inventory management, and patient outcome analysis, and to ensure accurate order entry and pricing, billing, and collections. The systems enable management to monitor and evaluate contract profitability.

Key Focus:

Using Mobile Computing

Home visits are time-consuming and require careful scheduling to optimize caregiver time. Many companies are digitizing patient records, which allows home healthcare providers to access them from the homes they visit using mobile computing. Mobile computing, which many companies are using, is more efficient than a paper-based system because it allows more home visits in the same amount of time. Companies use mobile computing for onsite data entry to speed claims processing and reimbursement.

Executive:

HUMAN RESOURCES - HR

Key Focus:

Conducting Employee Background Checks

Due to the high cost of medical and liability insurance, and due to workers entering private homes, most companies insist that new employees have background checks. Checks include verifying the academic records, as well as certification of nurses and other professionals. Criminal records are checked for all new workers and drug testing conducted.

Executive:

VP SALES/MARKETING - SALES

Key Focus:

Marketing to MCOs

The increased willingness of MCOs to pay for home care is an opportunity for home healthcare providers to expand their services. Sales teams call on MCOs and structure contracts for a variety of services throughout the MCO's geographic area. Home healthcare providers note the savings in dealing with just one vendor, including reduced claims processing and costs for MCOs and their members.

Key Focus:

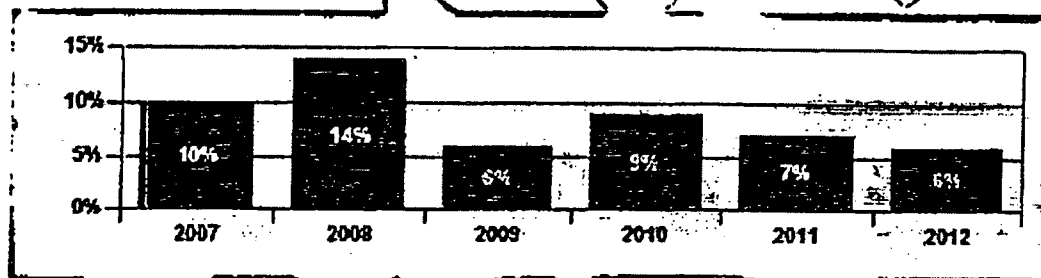
Promoting Services

Home healthcare is much cheaper than hospitalization, and organizations efficient in providing home healthcare services can grow. Companies market their areas of specialization to payers and physicians for referral. Companies also develop initiatives to increase customer awareness of their clinical and operational programs to gain market share through senior centers and retirement communities. Given the favorable demographics of aging baby boomers, companies continue to market their services and reduced costs.

INDUSTRY FORECAST

US personal consumption expenditures for home healthcare services are forecast to grow at an annual compounded rate of 8.4 percent between 2007 and 2012.

Consumer Spending Growth Very Strong for Home Healthcare



First Research forecasts are based on INFORUM forecasts that are licensed from the Interindustry Economic Research Fund, Inc. (IERF) in College Park, MD. INFORUM's "interindustry-macro" approach to modeling the economy captures the links between industries and the aggregate economy.

(Source: Data provided by First Research, Inc.)

COMPANY BALANCE SHEETS

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ABACARE HOME MEDICAL, INC.
HISTORICAL BALANCE SHEETS

	12/31/04	12/31/05	12/31/06	12/31/07	04/20/08	Adjustments to FTMV	Operating Assets
CURRENT ASSETS:							
CASH	\$ 4,088	\$ 17,708	\$ 45,095	\$ 68,168	\$ 53,481	\$ -	\$ 53,481
ACCOUNTS RECEIVABLE	13,086	35,369	200,873	812,732	630,783	-	630,783
ALLOWANCE FOR BAD DEBTS	-	-	(24,397)	(288,434)	(758,434)	(20,348)	(508,793)
INVENTORY	8,432	12,002	237,918	112,008	112,908	13,733	126,701
PREPAID INSURANCE	-	-	1,163	5,683	9,188	-	9,188
PREPAID PROPERTY TAXES	-	-	-	-	2,500	-	2,500
SECURITY DEPOSIT ON UTILITIES	-	-	-	1,363	1,363	-	1,363
SECURITY DEPOSIT ON LEASE	-	-	1,043	1,043	1,043	-	1,043
TOTAL CURRENT ASSETS	25,494	65,337	621,495	819,546	531,424	(9,618)	571,809
FIXED ASSETS:							
PROPERTY AND EQUIPMENT	-	88,678	289,080	437,373	-	-	-
LEASEHOLD IMPROVEMENTS	-	-	-	-	5,320	-	5,320
OFFICE EQUIPMENT	-	-	-	-	12,811	-	12,811
WAREHOUSE EQUIPMENT	-	-	-	-	23,040	-	23,040
FURNITURE & FIXTURES	-	-	-	-	23,481	-	23,481
2004 DODGE SPRINTER VAN 2000	-	-	-	-	34,745	-	34,745
2004 DODGE CARAVAN SE	-	-	-	-	21,538	-	21,538
2006 DODGE SPRINTER VAN 2500	-	-	-	-	36,088	-	36,088
COMPUTER SOFTWARE	-	-	-	-	14,800	-	14,800
EQUIPMENT FOR RENTAL	-	-	-	-	277,074	24,056	301,130
ACCUMULATED DEPRECIATION	-	(11,000)	(153,495)	(271,278)	(271,278)	-	(271,278)
TOTAL PPE	-	75,881	111,981	100,095	177,858	24,056	201,718
TOTAL ASSETS	\$ 25,494	\$ 140,898	\$ 633,096	\$ 879,640	\$ 709,082	\$ 17,443	\$ 773,527
CURRENT LIABILITIES:							
ACCOUNTS PAYABLE	\$ 28,702	\$ 18,887	\$ 74,820	\$ 128,319	\$ 121,481	\$ -	\$ 121,481
AP - COOPER HALL HOME CARE	25	-	-	-	-	-	-
AP - CM	-	-	-	8,052	-	-	-
SALES TAX PAYABLE	-	371	1,041	2,844	-	-	-
MISC LINE OF CREDIT	-	-	-	30,000	25,000	-	25,000
OTHER ACCRUED EXPENSES	-	1,071	1,121	3,021	2,485	-	2,485
ACCRUED PAYROLL	-	3,866	12,103	18,818	18,718	-	18,718
TOTAL CURRENT LIABILITIES	28,708	24,812	90,495	180,012	167,684	-	187,684
LONG TERM LIABILITIES:							
LEASE - PUGET SOUND	-	(700)	38,287	31,178	39,406	-	39,406
LEASE - INVACARE CREDIT CORP	-	-	1,279	-	-	-	-
LEASE - MARYEST FUNDING	-	-	42,281	34,878	31,925	-	31,925
LEASE - APF SEP	-	-	-	-	5,514	-	5,514
LEASE - VGM FINANCIAL 9114001	-	-	8,575	-	-	-	-
LEASE - VGM FINANCIAL 9114002	-	-	3,994	-	-	-	-
LEASE - VGM FINANCIAL 9114003	-	-	13,293	7,485	5,437	-	5,437
LEASE - VGM FINANCIAL 9114004	-	-	11,070	6,443	4,798	-	4,798
LEASE - VGM FINANCIAL 9114005	-	-	2,828	-	-	-	-
LEASE - VGM FINANCIAL 9114006	-	-	16,789	-	-	-	-
MP - DOROTHY CONNELLY	-	-	-	28,337	26,307	-	26,307
MP - VEHICLES - 2003 SPRINTER	-	24,436	26,292	21,738	19,433	-	19,490
MP - VEHICLES - 2004 CARAVAN	-	-	19,427	18,519	14,149	-	14,149
MP - VEHICLES - 2004 SPRINTER	-	-	32,516	26,841	23,182	-	23,782
MP - SHAREHOLDERS - BEFORE PHILIP	-	140,000	287,000	281,000	287,000	-	287,000
TOTAL LONG TERM LIABILITIES	21,708	21,708	21,708	21,708	21,708	-	21,708
TOTAL LIABILITIES	50,416	46,520	112,203	201,720	189,392	-	209,392
STOCKHOLDERS' EQUITY:							
COMMON STOCK	100	100	100	100	100	-	100
ADDITIONAL PAID IN CAPITAL	-	-	-	-	-	-	-
RETAINED EARNINGS	(23,802)	(79,059)	18,633	(7,811)	70,788	-	70,788
TOTAL STOCKHOLDERS' EQUITY	(23,802)	(79,059)	18,633	(7,811)	70,688	-	70,688
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 26,694	\$ 140,296	\$ 833,096	\$ 879,640	\$ 709,082	\$ 17,443	\$ 773,527

COMPANY PROFIT AND LOSS

DRAFT

ABACARE HOME MEDICAL, INC.
HISTORICAL INCOME STATEMENTS - ADJUSTED
FOR THE YEARS ENDING:

	12/31/04	%	12/31/05	%	12/31/06	%	12/31/07	%	Adjusted 04/30/08	%	Normalized Income	%
SALES	\$ 33,815	100.00%	\$ 118,167	100.00%	\$ 1,109,436	100.00%	\$ 1,472,671	100.00%	\$ 1,880,877	100.00%	\$ 1,880,800	100.00%
COST OF GOODS SOLD	26,362	78.00%	91,215	77.21%	343,883	31.00%	428,078	29.00%	646,030	34.29%	606,300	31.00%
GROSS MARGIN	7,453	22.00%	26,952	22.79%	765,553	69.00%	1,044,593	70.94%	1,234,847	65.71%	1,274,500	69.00%
OPERATING EXPENSES:												
SALARIES - OFFICERS	-	0.00%	-	0.00%	86,300	8.19%	91,843	6.24%	80,000	4.25%	80,000	4.24%
SALARIES	12,950	38.00%	40,451	34.22%	207,744	18.72%	313,640	21.29%	421,839	22.43%	430,000	22.86%
ADVERTISING	1,154	3.43%	3,867	3.27%	13,289	1.20%	6,007	0.41%	11,054	0.59%	11,000	0.58%
AUTO AND TRUCK EXPENSE	-	0.00%	-	0.00%	2,000	0.18%	1,000	0.07%	1,000	0.05%	1,000	0.05%
BANK CHARGES	-	0.00%	-	0.00%	24,000	2.17%	42,829	2.90%	26,486	1.41%	26,500	1.41%
COMPUTER EXPENSE	-	0.00%	38	0.03%	707	0.06%	884	0.06%	738	0.04%	807	0.04%
COMMISSIONS	-	0.00%	2,132	1.80%	5,290	0.48%	3,438	0.23%	-	0.00%	-	0.00%
CONTRACT LABOR	30	0.09%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2,829	0.15%
CONTRIBUTIONS - CHARITABLE	-	0.00%	-	0.00%	85	0.00%	-	0.00%	-	0.00%	-	0.00%
CREDIT CARD FEES	-	0.00%	-	0.00%	200	0.02%	-	0.00%	-	0.00%	-	0.00%
DEPRECIATION	-	0.00%	1,000	0.85%	878	0.08%	2,844	0.19%	300	0.02%	1,700	0.09%
DUES AND SUBSCRIPTIONS	-	0.00%	1,000	0.85%	148,412	13.40%	104,218	7.08%	73,773	3.92%	73,773	3.92%
EMPLOYEE BENEFITS	-	0.00%	-	0.00%	4,902	0.45%	9,802	0.67%	4,031	0.21%	7,328	0.39%
EMPLOYEE PROCUREMENT	-	0.00%	-	0.00%	1,483	0.13%	1,008	0.07%	158	0.01%	820	0.04%
INSURANCE - LIABILITY	-	0.00%	-	0.00%	2,421	0.22%	2,329	0.16%	1,838	0.09%	1,810	0.09%
INSURANCE - GROUP	-	0.00%	-	0.00%	7,344	0.66%	4,281	0.29%	6,277	0.33%	8,300	0.44%
INSURANCE - PROPERTY	-	0.00%	-	0.00%	-	0.00%	3,218	0.22%	27,388	1.46%	27,400	1.46%
INSURANCE - WORKERS COMP	-	0.00%	3,218	2.72%	4,040	0.36%	11,007	0.75%	12,500	0.67%	10,300	0.55%
INSURANCE - VEHICLE	-	0.00%	825	0.69%	4,180	0.38%	7,301	0.50%	12,188	0.65%	12,200	0.65%
INTEREST EXPENSE	-	0.00%	-	0.00%	8,800	0.79%	1,800	0.12%	6,024	0.32%	7,544	0.40%
INVESTMENT	-	0.00%	-	0.00%	20,878	1.89%	10,877	0.74%	13,077	0.69%	15,240	0.81%
LIQUIDITY FEES	-	0.00%	-	0.00%	-	0.00%	1,132	0.08%	3,288	0.17%	4,000	0.21%
MEALS AND ENTERTAINMENT	-	0.00%	398	0.33%	10,622	0.96%	3,270	0.22%	868	0.05%	728	0.04%
MISCELLANEOUS	-	0.00%	343	0.29%	10,622	0.96%	11,077	0.75%	6,824	0.36%	10,300	0.55%
OFFICE EXPENSE AND POSTAGE	-	0.00%	-	0.00%	888	0.08%	307	0.02%	706	0.04%	833	0.04%
PAYROLL EXPENSE	179	0.53%	1,866	1.58%	5,340	0.48%	22,878	1.56%	34,906	1.86%	35,000	1.86%
PROFESSIONAL FEES	1,815	5.37%	2,333	1.97%	11,801	1.06%	13,688	0.93%	104,400	5.55%	104,400	5.55%
RENT - BLDG	4,967	14.69%	2,333	1.97%	26,122	2.35%	20,030	1.36%	35,144	1.87%	35,000	1.86%
RENT - STORAGE	-	0.00%	-	0.00%	-	0.00%	1,653	0.11%	883	0.05%	1,000	0.05%
REPAIRS AND MAINTENANCE	-	0.00%	-	0.00%	367	0.03%	1,711	0.12%	883	0.05%	1,000	0.05%
RETIREDMENT CONTRIBUTION	-	0.00%	-	0.00%	-	0.00%	1,711	0.12%	883	0.05%	1,000	0.05%
SECURITY EXPENSE	-	0.00%	-	0.00%	-	0.00%	1,711	0.12%	883	0.05%	1,000	0.05%
SUPPLIES PURCHASED	-	0.00%	-	0.00%	-	0.00%	1,711	0.12%	883	0.05%	1,000	0.05%
SHOWROOM EXPENSE	-	0.00%	-	0.00%	-	0.00%	1,711	0.12%	883	0.05%	1,000	0.05%
SUPPLIES	-	0.00%	-	0.00%	1,238	0.11%	2,367	0.16%	36	0.00%	891	0.05%
TAXES - SALES TAX	-	0.00%	-	0.00%	-	0.00%	1,238	0.08%	71	0.00%	-	0.00%
TAXES - PROPERTY	981	2.90%	508	0.43%	948	0.09%	1,461	0.10%	1,380	0.07%	1,400	0.07%
TAXES - PAYROLL	-	0.00%	-	0.00%	1,561	0.14%	4,893	0.33%	6,878	0.36%	6,880	0.36%
TRAINING	-	0.00%	4,800	4.06%	22,888	2.06%	33,978	2.31%	40,828	2.17%	40,800	2.17%
TRAVEL	882	2.61%	111	0.09%	5,882	0.53%	4,088	0.28%	16,300	0.86%	16,300	0.86%
TELEPHONE	1,707	5.05%	2,718	2.30%	5,827	0.53%	9,807	0.67%	4,784	0.25%	5,298	0.28%
UNIFORMS	-	0.00%	294	0.25%	1,151	0.10%	14,587	0.99%	18,777	0.99%	18,800	0.99%
UTILITIES	-	0.00%	430	0.36%	9,822	0.89%	1,206	0.08%	3,006	0.16%	2,921	0.16%
WAREHOUSE EXPENSE	-	0.00%	-	0.00%	447	0.04%	8,835	0.60%	5,189	0.27%	5,200	0.27%
TOTAL OPERATING EXPENSES	27,227	80.29%	91,456	77.29%	679,808	61.00%	784,011	53.20%	1,007,278	53.54%	1,000,304	53.21%
INCOME FROM OPERATIONS	(16,080)	-47.79%	(54,167)	-46.00%	136,808	12.32%	248,664	16.74%	173,577	9.23%	170,500	9.07%
OTHER INCOME:												
SURPLUS CHARGES	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
GAIN ON ASSET DISPOSAL	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
UNREALIZED GAINS (LOSSES)	-	0.00%	-	0.00%	(18,340)	-1.65%	-	0.00%	-	0.00%	-	0.00%
DIVIDEND INCOME	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
INTEREST INCOME	-	0.00%	-	0.00%	-	0.00%	90	0.01%	-	0.00%	-	0.00%
TOTAL OTHER INCOME	-	0.00%	-	0.00%	(18,340)	-1.65%	90	0.01%	-	0.00%	-	0.00%
OTHER EXPENSES:												
BAO DELET EXPENSE	-	0.00%	-	0.00%	(21,285)	-1.92%	(289,746)	-19.67%	(81,897)	-4.35%	(81,817)	-4.35%
NET INCOME BEFORE TAXES	(16,080)	-47.79%	(54,167)	-46.00%	98,808	8.90%	(10,802)	-0.74%	112,580	5.98%	116,500	6.21%
INCOME TAXES	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
NET INCOME	(16,080)	-47.79%	(54,167)	-46.00%	98,808	8.90%	(10,802)	-0.74%	112,580	5.98%	116,500	6.21%

Interest
Depreciation
EBITDA \$ 700,832

NORMALIZATION ADJUSTMENTS

Normalization adjustments are required to adjust the historical financial statements so that they are representative of a normal condition as of the valuation date.

Balance Sheet Adjustments

Balance Sheet Adjustments

The Company's reported book value at the date of valuation, April 30, 2008, was \$75,081. Adjustments were made to the balance sheet to more accurately reflect the net asset value of the company. These included adjustments to the "Inventory" and "Equipment for Rental." These adjustments were made after discussions with Phillip Declemente and David Selander, CPA and are consistent with the adjustments made at year-end for financial statement and tax return purposes. An adjustment was also made to "Allowance for Bad Debts." This adjustment was made after an analysis of the Aged Accounts Receivable was performed and discussed with ABACARE's management and accountants.

Income Statement Adjustments

The Company's reported profit and loss statement was annualized using the profit and loss statement for April 30, 2008. This annualized statement was then normalized based on discussions with management, including an adjustment to estimate annual bad debt expenses based on the accounts receivable analysis performed.

ESTIMATE OF VALUE

Methodologies Considered But Rejected

While there are many methods that can be used to determine the fair market value of a company, the fact pattern in the specific case of ABACARE dictates that certain methodologies are inappropriate. The following lists those methods and the reasons why they are not used.

Economic Balance Sheet Method

The economic balance sheet value method determines value by restating assets and liabilities to reflect the current fair market value of all balance sheet items. Company value is then determined by subtracting the fair market value of total liabilities from the fair market value of total assets. This method takes as fact that the underlying assets are the driving factor in the valuation of the company.

The economic balance sheet methodology was rejected for determining the value of ABACARE because my review indicates that the value of the enterprise is driven by the ability of the collection of assets in place to generate a benefit stream that is more important in terms of valuation than the value in the underlying assets themselves. In other words, the value of the individual assets and their associated liabilities are less important than the manner in which management has utilized them.

Capitalization of Excess Net Cash Flows to Equity Holders Method

The capitalization of excess earnings method develops a value by blending pieces of the asset approach and the income approach. During Prohibition in the 1920's, this method was introduced to estimate the intangible value of breweries and distilleries lost as a result of enacting Prohibition laws. The US Treasury Department, in Appeals and Review Memorandum 34, established the methodology. Its current version is found in Revenue Ruling 68-609.

The primary methodology adds the present value of the excess portion of a benefit stream over the normal benefit stream provided by the assemblage of the assets to the fair market value of those assets generating the benefit stream. Capitalization of excess earnings requires estimates of the adjusted net asset value, ongoing benefit stream, normal benefit stream return and a capitalization of future earnings. This method was rejected as it too places an emphasis on the value of the company's individual assets.

Determination of Fair Market Value

Capitalization of Net Cash Flows to Equity Holders Method

This method determines value by applying a capitalization rate to the expected free cash flow from one period.

Capitalization of cash flow requires an estimate of an ongoing benefit stream and a capitalization rate. The capitalization rate represents the required rate of return minus the sustainable growth rate. Capitalization of cash flow effectively determines the present value of the Company's ongoing economic benefit stream growing perpetually at a fixed rate and discounted at the required rate of return. The present value is representative of the amount a willing buyer and a willing seller would exchange for the business.

A cash flow stream needs to define the changes in working capital, capital expenditures and long term debt. The cash flow stream used for this valuation and the profit and loss projections used to calculate the cash flow streams may be found at Exhibits 1 and 2, respectively.

The ongoing increase in working capital is calculated for purposes of this valuation as 15% of the increase in gross sales from one year to the next. The ongoing increase/decrease in capital expenditures was determined based on discussions with management and are as follows:

- \$15,000 in year 1 for new car
- \$10,000 in year 2 for copier/printer/fax
- \$40,000 in years 2-5 for new delivery trucks

No new long-term debt is expected to be incurred over the next five years. Lastly the debt principal repayments were determined based on the amortization schedules provided by management as well as estimated amortization schedules for the financing of the delivery trucks that are projected to be purchased in the future. These estimated amortization schedules assumed a 5-year note with an annual interest rate of 7%.

Capitalization Rates

The discount rate represents the risk an investor is willing to accept for the potential reward an investment in the subject company will return. It can also be considered the rate of return that an investor requires on an ongoing basis. This risk is not calculated in a vacuum or a sterile environment but rather it is calculated based on the factors that can be contrasted against the investment in other vehicles that are available and in the specific environment as of the valuation date.

The build-up method layers different risk estimates to build up a discount rate. The appropriate discount rate components for the Company are the risk free rate, equity risk premium, size premium and company specific premium. Subtracting sustainable growth from the discount rate develops the capitalization rate.

Risk Free Rate

The risk free rate measures the rate of return an investor can earn without taking any additional risk. Examples of risk free returns are United States Treasury bonds. As of the valuation date April 30, 2008, the yield on a 20-year United States Treasury Bond was 4.49%. The rate applied to the buildup was 4.49%.

Equity Risk Premium

The equity risk premium represents the risk an investor accepts for investing in large public companies. This risk is measured by taking the returns of public companies over the last 80 years and subtracting the risk free return over the last 80 years (average annual returns for large capitalization stocks minus average annual returns for long term government bonds). This information is published by Morningstar in *Ibbotson SBBI - 2008 Valuation Yearbook*. As of December 31, 2007, the equity risk premium was 7.1%. The rate applied to ABACARE was 7.1%.

Size Risk Premium

Empirical evidence shows that the risk reward principle (the greater the risk the greater the reward) holds true in the size or capitalization of the company. The size premium represents average annual returns for small capitalization stocks minus average annual returns for large capitalization stocks. Based on *Ibbotson SBBI - 2008 Valuation Yearbook*, a publication of Morningstar, the small stock risk premium averaged 3.65% from 1926 to 2006. The rate applied to ABACARE was 3.65%.

Industry Risk Premium

Based upon the industry of the subject company as reported in *Ibbotson SBBi - 2008 Valuation Yearbook*, a publication of Morningstar, the industry risk premium was calculated as 1.52%. The rate applied to ABACARE was 1.52%.

Specific Company Risk Premium

Based upon Company specific factors the summation requires an additional risk premium of 4.00%. These factors include ABACARE's high dependence on the reimbursement rates that insurers allow for specific home healthcare services, especially Medicare and Medicaid. The steep increase in healthcare costs during the past few years has made these reimbursements a political issue and any cuts in reimbursement rates will directly affect ABACARE's profitability. As already stated, ABACARE depends highly on its relationship with third-party payers such as insurance companies, managed care companies, and Medicare. These companies can terminate contracts for various reasons. Disqualification from a large program could have a large negative impact on ABACARE's business. Also, as with other healthcare providers, ABACARE faces a greater level of regulation, especially as the aging population increases and companies and individuals continue to be prosecuted for billing fraud and other illegal practices, such as self-referrals and kickbacks.

Expected Sustainable Growth Rate

We estimate 3.00% long term compound annual growth. This cash flow growth estimate is based upon my assessment of the Company's prospects for sustained growth in relationship to the estimate of ongoing cash flow power developed above.

Calculation of the Rate

The capitalization rate used for the purposes of this valuation is 18.00%. The schedule below shows how the rate was calculated.

BUILD-UP METHOD - CAPITALIZATION RATE

RISK FREE RATE:

20-YEAR U. S. TREASURY
YIELD

4.49%

EQUITY RISK PREMIUM

7.10%

SIZE PREMIUM

3.65%

INDUSTRY RISK PREMIUM

1.52%

SPECIFIC RISK

4.00%

EQUITY DISCOUNT RATE

20.76%

EQUITY DISCOUNT RATE (rounded)

21.00%

LESS: LONG TERM GROWTH RATE

3.00%

CAPITALIZATION RATE

18.00%

Application of Minority Interest Discount

A minority interest discount is a reduction in the initial indicated value due to a lack of control prerogatives such as declaring dividends, liquidating the company, going public, issuing or buying stock, directing management, setting management's salaries, etc. In this case, a minority interest discount is not appropriate because we are valuing a 100% interest in ABACARE.

Application of Marketability Discount

In my opinion, a discount of 15.00% is required for lack of marketability. The discount reflects an expectation for the lack of a secondary market in which to negotiate a quick sale.

Appendix E contains further information on the lack of a marketability discount.

Application of Excess or Non-Operating Assets

Excess or non-operating assets represent the value of resources the company has control of, but that are not required to operate the business. Examples are excess cash on hand and real estate or other securities not used in the production of goods or services. In my judgment, excess and non-operating assets that need to be added back and are a part of the business's value total \$0.

Indicated Value Calculation

The following schedule presents the indicated value using the capitalization of net cash flow to equity holders method. As calculated, the indicated fair market value is \$470,889 which has been rounded to \$471,000.

PROJECTED CASH FLOW		\$ 99,718
+ CAPITALIZATION RATE		18.0%
		<u>\$ 553,987</u>
MARKETABILITY DISCOUNT	15%	<u>(83,098)</u>
INDICATED EQUITY VALUE		\$ 470,889
SELECTED EQUITY VALUE		<u>\$ 471,000</u>

Discounted Cash Flows Method

The discounted cash flows method was applied and the fair market value of ABACARE as of April 30, 2008 was determined to be \$930,000. This income method is the most appropriate method to use because the method focuses on the present value of the forecasted future cash flows that would accrue to the hypothetical owner of the company that vary greatly in the short run, but are still estimable in the long run. This method requires an explicit forecast of the future cash flows over a reasonably foreseeable short term and an estimate of a long term cash flow that is stable and sustainable, i.e. not varying from period to period and determined to continue into the future without compromise. An appropriate discount rate and an estimate of long term growth beyond the forecast period allow discrete present values to be calculated and summed for all the cash flows to determine the entity value.

Key Assumptions in Forecast

The basic forecast assumptions are developed within the context of the Company's historical experience during the past 5 years. The assumptions are summarized below:

- Sales Growth – 10% growth per year
- Gross Profit Margin – 69%
- Operating Expenses – increase 7% over the prior
- Officer's Compensation – Increase by \$10,000 per year

A cash flow stream needs to define the changes in working capital, capital expenditures and long term debt. The cash flow stream used for this valuation may be found at Exhibit 1. The ongoing increase in working capital is calculated for purposes of this valuation as 15% of the increase in gross sales from one year to the next. The ongoing increase/decrease in capital expenditures was determined based on discussions with management and are as follows:

- \$15,000 in year 1 for new car
- \$10,000 in year 2 for copier/printer/fax
- \$40,000 in years 2-5 for new delivery trucks

No new long-term debt is expected to be incurred over the next five years. Lastly the debt principal repayments and interest expenses were determined based on the amortization schedules provided by management as well as estimated amortization for the financing of the delivery trucks that are projected to be purchased in the future. These estimated amortization schedules assumed a 5-year note with an annual interest rate of 7%.

Income Tax Rate(s) Assumptions

In valuing S corporations, it is important to understand the tax benefit that S corporation shareholders receive. In 1958 Congress adopted Subchapter S in the Technical

Amendments Act of 1958. Under Subchapter S all corporate earnings would be treated as if they were distributed, and taxed once. When Congress enacted Subchapter S it had no intention of removing taxes on corporate income. Personal and corporate income tax rates are nearly equal, and the S corporation investor must pay taxes on the entire corporate income, whether it is distributed or not. No corporate taxes are being avoided. However, the investor will not have to pay dividend tax on any amount that is distributed to him. Therein lies the benefit of investing in an S corporation.

As such, the corporate/individual income tax rate used in our analysis is 40%. For purposes of calculating the benefit/premium an S corporation shareholder receives over a C corporation shareholder a tax rate of 20% is used. To see how this benefit is calculated see Exhibits 1 and 2.

Discount Rate

The discount rate represents the risk an investor is willing to accept for the potential reward an investment in the subject company will return. Different rates apply to different types of businesses. It is also known as the return that an investor requires by generating the investment. This risk is not calculated in a vacuum or a sterile environment but rather it is calculated based on the factors that can be contrasted against investing in other vehicles that are available and in the specific environment as of the valuation date.

The buildup method layers different risk estimates to build up a discount rate. The appropriate discount rate components for the Company are the risk free rate, equity risk premium, size premium and company specific premium.

Risk Free Rate

The risk free rate measures the rate of return an investor can earn without taking any additional risk. Examples of risk free returns are United States Treasury bonds. As of the valuation date April 30, 2008, the yield on a 20-year United States Treasury Bond was 4.49%. The rate applied to the buildup was 4.49%.

Equity Risk Premium

The equity risk premium represents the risk an investor accepts for investing in large public companies. This risk is measured by taking the returns of public companies over the last 80 years and subtracting the risk free return over the last 80 years (average annual returns for large capitalization stocks minus average annual returns for long term government bonds). This information is published by Morningstar in *Ibbotson S&P - 2008 Valuation Yearbook*. As of December 31, 2007, the equity risk premium was 7.1%. The rate applied to ABACARE was 7.1%.

Size Risk Premium

Empirical evidence shows that the risk reward principle (the greater the risk the greater the reward) holds true in the size or capitalization of the company. The size premium represents average annual returns for small capitalization stocks minus average annual returns for large capitalization stocks. Based on *Ibbotson SBBI - 2008 Valuation Yearbook*, a publication of Morningstar, the small stock risk premium averaged 3.65% from 1926 to 2006. The rate applied to ABACARE was 3.65%.

Industry Risk Premium

Based upon the industry of the subject company as reported in *Ibbotson SBBI - 2008 Valuation Yearbook*, a publication of Morningstar, the industry risk premium was calculated as 1.52%. The rate applied to ABACARE was 1.52%.

Specific Company Risk Premium

Based upon Company specific factors the summation requires an additional risk premium of 4.00%. These factors include ABACARE's high dependence on the reimbursement rates that insurers allow for specific home healthcare services, especially Medicare and Medicaid. The steep increase in healthcare costs during the past few years has made these reimbursements a political issue and any cuts in reimbursement rates will directly affect ABACARE's profitability. As already stated, ABACARE depends highly on its relationship with third-party payers such as insurance companies, managed care companies, and Medicare. These companies can terminate contracts for various reasons. Disqualification from a large program could have a large negative impact on ABACARE's business. Also, as with other healthcare providers, ABACARE faces a greater level of regulation, especially as the aging population increases and companies and individuals continue to be prosecuted for billing fraud and other illegal practices, such as self-referrals and kickbacks.

Discount Rate Calculation

The schedule below shows how the discount rate was calculated. The discount rate chosen for ABACARE is 21%.

BUILD - UP METHOD - DISCOUNT RATE

RISK FREE RATE:

20-YEAR U. S. TREASURY YIELD

EQUITY RISK PREMIUM	4.49%
SIZE PREMIUM	7.10%
INDUSTRY RISK PREMIUM	3.65%
SPECIFIC RISK	1.52%
EQUITY DISCOUNT RATE	<u>4.00%</u>
EQUITY DISCOUNT RATE (rounded)	20.76%
	<u>21.00%</u>

Terminal Growth Rate and Benefit Stream

One of the key elements to the discounted cash flow method is that an estimate of a long term benefit stream that is stable and sustainable can be determined. Put another way, this benefit stream is continuing into the future without change. In the short term, the benefit stream can vary wildly due to circumstances in the fact pattern. However, at the end of the reasonably foreseeable future a terminal benefit stream must be estimated.

We estimate 3.00% terminal compound annual growth. This growth estimate is based upon my assessment of the Company's prospects for sustained growth in relationship to the estimate of ongoing cash flow power developed above.

The cash flow in the fifth period of the discrete forecast was \$287,991. Applying the growth rate of 3.00%, I estimate the continuing stream should be \$1,647,946.

The stream is then discounted to present value and summed with the discrete present values in determining the fair market value of ABACARE.

Midyear Convention

In the normal discounting process it is assumed that the benefit stream is available to the hypothetical buyer at the end of the period. This is not always the case since sales occur over the course of a period and expenses occur over the course of a period. The benefit stream is then available during the period and not only at the end. To implement this logic, a midyear convention is used. The midyear convention calculates the present value of a benefit stream using arithmetic that presumes half is available before the midyear and half is available after the midyear.

Application of Marketability Discount

In my opinion, a discount of 15.00% is required for lack of marketability. The discount reflects an expectation for the lack of a secondary market in which to negotiate a quick sale.

Appendix E contains further information on the lack of a marketability discount.

Indicated Value Calculation

The following schedule presents the indicated value using the discounted cash flows method. As calculated, the indicated fair market value of ABACARE is \$929,789 which has been rounded to \$930,000.

	END YEAR 1	END YEAR 2	END YEAR 3	END YEAR 4	END YEAR 5	RESIDUAL
NET CASH TO EQUITY HOLDERS	\$ 99,718	\$ 98,363	\$ 182,900	\$ 235,773	\$ 287,991	\$ 1,647,946
PRESENT VALUE FACTOR @ 21%	0.904977	0.747915	0.618112	0.510836	0.422179	0.348908
PRESENT VALUE	90,242	73,567	113,053	120,441	121,584	574,982
SUM OF PRESENT VALUES	1,093,869					
MARKETABILITY DISCOUNT 15%	(164,080)					
INDICATED EQUITY VALUE	\$ 929,789					
SELECTED EQUITY VALUE	\$ 930,000					

Market Data Method - Mid-Market Comps

Guideline companies are companies that provide a reasonable basis for comparison to the relevant investment characteristics of a company being valued. Guideline companies are most often publicly traded companies, although they may be private, in the same or similar business as the subject of this valuation. Guideline companies are used as a basis to develop valuation conclusions with respect to a subject company under the presumption that a similar market exists for the subject company as exists for the guideline companies.

Ideal guideline companies should be in the same business as the company being valued. However, if there is insufficient transaction evidence in the same business, it may be necessary to consider companies with an underlying similarity of relevant investment characteristics such as markets, products, growth, cyclical variability and other salient factors.

The guideline company method uses a group of public companies and/or privately held companies selected for their ability to provide valuation guidelines for the analyst. The most commonly used version of the guideline company method develops a price/earnings ratio with which to capitalize net income.

I searched the Midmarket Comps database for transactions involving privately held and publicly traded guideline companies. The Midmarket Comps database is a study of transactions involving publicly traded and privately held businesses with annual sales between \$1 million and \$100 million. The study is compiled by World M&A Network. I researched guideline companies by first identifying the industry in which ABACARE operates and, using the Standard Industrial Classification Code (SIC Code), 8082, for the industry, I performed a search for a group of companies in a similar line of business as that of the subject company. I screened this group further through the use of key words and phrases that are unique to and describe the subject Company's product or operations. The search parameters used in determining whether or not a particular transaction in the Midmarket database was comparable to the subject Company were:

SIC	Closing Date	Price (Millions)	Seller's Revenues (Millions)	Seller's Net Income	P/E	P/R	P/EBITDA
8082	01/01/1996	2.500	1.800	0.193	12.953	1.389	0
8082	01/04/1996	2.600	2.300	0.147	17.687	1.130	0
8082	01/01/1996	3.750	2.000	0.558	6.720	1.875	0
8082	01/01/1996	4.000	3.600	0.566	7.067	1.111	0
8082	02/01/1996	2.600	0.986	0.098	26.531	2.637	0
8082	06/30/1996	0.330	0.698	-0.172	0.000	0.355	0
8082	07/17/1996	2.000	2.700	0.227	4.405	0.370	0
8082	05/13/1996	4.100	4.800	0.214	19.159	0.854	0
8082	01/01/1997	2.000	18.000	-0.386	0.000	0.083	0
8082	04/09/1998	0.000	6.700	-0.951	0.000	0.000	0
8082	01/01/1998	1.200	9.200	-1.800	0.000	0.130	0
8082	08/10/2000	1.750	4.000	0.257	3.405	0.219	1.846
8082	08/20/2001	3.300	12.900	-1.100	0.000	0.128	0
8082	09/08/2005	0.904	2.200	0.182	4.967	0.411	3.798
8082	04/03/2007	0.775	2.200	0.515	1.505	0.352	1.294

The average of the price/earnings (P/E) ratios shown above is 10.44 and the median is 6.894. The P/E ratio used for purposes of this report is 10.44. The average of the price/revenue (P/R) ratios shown above is 0.789 and the median is 0.391. The selected P/R ratio for this report is 0.789. The price/EBITDA (P/EBITDA) ratios shown above average 2.313 and the median is 1.846. The selected P/EBITDA ratio is 2.313.

Application of Marketability Discount

In my opinion, a discount of 15% is required for lack of marketability. The discount reflects an expectation for the lack of a secondary market in which to negotiate a quick sale.

Appendix E contains further information on the lack of a marketability discount.

Indicated Value Calculation

The following schedule presents the conclusions of value using the market data Mid-Market Comps ratio methods. As calculated, the indicated fair market value ranges from \$400,351 to \$1,207,170.

MID MARKET COMPS	
NORMALIZED NET INCOME	\$114,599
EARNINGS MULTIPLE	10.4
SUBTOTAL	1,196,414
MARKETABILITY DISCOUNT 15.00%	(179,462)
INDICATED EQUITY VALUE	<u>\$1,016,952</u>
GROSS REVENUE	\$ 1,800,000
REVENUE MULTIPLE	0.789
SUBTOTAL	1,420,200
MARKETABILITY DISCOUNT 15.00%	(213,030)
INDICATED EQUITY VALUE	<u>\$ 1,207,170</u>
NOMALIZED EBITDA	\$ 203,632
EBITDA MULTIPLE	2.3
SUBTOTAL	471,001
MARKETABILITY DISCOUNT 15.00%	(70,650)
INDICATED EQUITY VALUE	<u>\$ 400,351</u>

RULES OF THUMB METHOD

As previously indicated we applied various Rules of Thumb for corroboration. They are summarized as follows.

VALUATION MULTIPLES

GROSS SALES		\$ 1,800,000
MULTIPLIER		0.50
SUBTOTAL		900,000
MARKETABILITY DISCOUNT	15.00%	(135,000)
INDICATED EQUITY VALUE		<u>\$ 765,000</u>

GROSS PROFIT		\$ 1,242,000
MULTIPLIER		0.90
SUBTOTAL		1,117,800
MARKETABILITY DISCOUNT	15.00%	(167,670)
INDICATED EQUITY VALUE		<u>\$ 950,130</u>

EBITDA		\$ 203,632
MULTIPLIER		3.70
SUBTOTAL		753,439
MARKETABILITY DISCOUNT	15.00%	(113,016)
INDICATED EQUITY VALUE		<u>\$ 640,423</u>

Note that the above Rules of Thumb values fall within the range of values that our other more reliable methods have indicated. Thus, these Rules of Thumb corroborate the valuation methods we are using to determine our conclusion of value.

CONCLUSION OF VALUE

In the schedule below, I have assigned weights to the values indicated by the various valuation methods. The weights are intended to reflect my opinion of the relative importance or reliability of the methods when determining fair market value.

Weights are assigned as follows:

<u>VALUATION INDICATION BY METHOD</u>	<u>INDICATED VALUE</u>
CAPITALIZATION OF NET CASH FLOW TO EQUITY HOLDERS METHOD	\$ 471,000
DIRECT VALUATION OF EQUITY BY DISCOUNTED CASH FLOWS METHOD	\$ 930,000
MID-MARKET COMPS	
Earnings Multiple	\$1,016,952
Revenue Multiple	\$ 1,207,170
EBITDA Multiple	\$ 400,351
CONCLUSION OF EQUITY VALUE	<u>\$975,000</u>

OPINION

Therefore, based upon the facts and circumstances of the valuation and subject to the limitations in both conditions and scope listed in this report, my opinion of the resultant fair market value of ABACARE on a control, non-marketable basis as of April 30, 2008 is:

\$ 975,000

DEFECT

APPENDIX A: VALUATION CERTIFICATION AND SIGNATURE OF THE ANALYST

I certify to the best of my knowledge:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinion, and conclusions were developed, and this report has been prepared in conformity with the National Association of Certified Valuation Analysts Professional Standards.
8. I have not made a personal inspection of the property that is the subject of this report; however, Mike Grabowski and Julie Dunn have visited the Mt. Pleasant location.
9. No one provided significant personal property appraisal assistance to the person signing this certification. As I stated in the assumptions, for the purposes of this report, I assumed that the book value of the assets was equal to the fair market value of the assets.

Signature of the Analyst:



Mr. Ronald H. Burkett, CPA, CVA

Shareholder

Burkett Burkett & Burkett CPAs, P.A.

APPENDIX B: LIMITING CONDITIONS

Preparation of this report involved the review of substantial documentation with respect to the Company, the industry and the national economy. Information reviewed relative to the Company is summarized in Appendix C. Sources of information related to the industry and the national economy are cited specifically at appropriate sections of the report.

In conjunction with the preparation of this report, I, Ronald H. Burkett of Burkett Burkett & Burkett CPAs, P.A., had discussions with management, which provided an important perspective to my understanding of the information reviewed and analyzed in the preparation of this valuation opinion.

In all cases, I have relied upon the referenced information without independent verification. This report is, therefore, dependent upon the information provided. A material change in critical information relied upon in this report would be cause for a reassessment to determine the effect, if any, upon my conclusion.

Users of this business valuation report should be aware that business valuations are based on future earnings potential that may or may not materialize. Therefore, the actual results achieved during the projection period will vary from the projections utilized in this valuation, and the variations may be material.

Some assumptions invariably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual performance in any areas forecasted/projected will vary from the forecast/projection, and the variations may be material. Burkett Burkett & Burkett CPAs, P.A. will not express any form of assurance on the likelihood of achieving the forecast/projection or on the reasonableness of the used assumptions. Any such forecast/projection is presented as part of the appraisal and is not intended to be used separately.

The value premise(s) cited in this report are fundamental to the value opinions rendered herein, and I reserve the right to reconsider such premise(s) should subsequent or additional information be discovered, although no such obligation exists.

We have relied upon the representations of the owners, management and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities except as specifically stated to the contrary in this report. I have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that ABACARE has good title to all assets.

The estimate of value included in this report assumes that ABACARE will maintain the character and integrity of the company through any sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the company.

Since neither ABACARE management nor advisors have advised me otherwise, I assume that there is full compliance with all applicable federal, state, and local laws and regulations unless the lack of compliance is stated, defined, and considered in the appraisal report.

Public information, purchased private information and industry statistical information are from sources I deem to be reliable; however, I make no representation as to the accuracy or completeness of such information, and have accepted the information without further verification.

This report and its related calculations were prepared using various software applications potentially including Microsoft Word and Microsoft Excel, and/or various Internet-related software, third-party data (as indicated) and information.

I assume no responsibility for the legal description or matters including legal or title considerations. Title to the subject assets, properties, or business interests is assumed to be good and marketable as represented by owners, management and advisors of ABACARE unless otherwise stated.

I assume no hidden or unapparent conditions regarding the subject assets, properties or business interests.

Unless otherwise stated in this report, I did not observe, and I have no knowledge of, the existence of hazardous materials with regard to the subject assets, properties, or business interests. However, I am not qualified to detect such substances. I assume no responsibility for such conditions or for any expertise required to discover them.

No opinion, counsel or interpretation is intended in matters that require legal or other appropriate professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

The analyses, opinions, and conclusions presented in this report apply to this engagement only and may not be used out of the context presented herein. This report is valid only for the effective date(s) specified and only for the purpose(s) specified herein.

Although I have exerted considerable diligence and applied my best efforts in constructing this document, immaterial anomalies, if any, may arise. Even so, I am confident that my overall conclusion would still fall within a materially consistent conclusion.

While the client has not informed Burkett Burkett & Burkett CPAs, P.A. of any intent to do so, any third parties to whom this report is shown may be assured that this report, while performed in the employ of the client, was materially prepared on a non-advocacy basis. Any third persons, however, are cautioned that Burkett Burkett & Burkett CPAs, P.A. has no duty to you and, therefore, no warranty is expressed or implied. Nothing in this report is intended to replace your independent sole judgment, due diligence, or decision to seek professional legal, accounting, or valuation counsel.

This report has been prepared solely for the use of the party or parties named and specifically for the purposes set out therein. In accordance with normal practice, I hereby disclaim liability to any other person. Any other person should not rely upon the information and conclusions reached nor should any statement in this report be used for any other purpose without written consent from ABACARE.

The statements and opinions given in this report are given in good faith and in the belief that such statements are not false or misleading. In preparing this report I have relied upon information believed to be reliable and accurate provided by the owners,

management and advisors of ABACARE and other sources. I have no reason to believe that any material facts have been withheld from me, nor do I warrant that my investigation has revealed all of the matters in which an audit or more extensive examination might disclose.

This valuation reflects facts and conditions existing at the date of this valuation. Subsequent events have not been considered, and I have no obligation to update my report for such events and conditions.

Burkett Burkett & Burkett CPAs, P.A. does not purport to be a guarantor of value. Valuation of closely held companies is an imprecise science, with value being a question of fact, and reasonable people can differ in their estimates of value. Burkett Burkett & Burkett CPAs, P.A., however, performed conceptually sound and commonly accepted methods and procedures of valuation in determining the estimate of value included in this report. Burkett Burkett & Burkett CPAs, P.A. is not liable for any use, reliance, financial applications, report distribution or other utilization of any kind, by any party not having written authorization from Burkett Burkett & Burkett CPAs, P.A.

The appraised estimate of fair market value in this report is based on the definition applied throughout such report. An actual transaction in the shares may be completed at a value higher, lower or equal to the value rendered herein. I make no guarantee of any kind with regard to the likely or ultimate amount that may result in any future transaction.

The opinion(s) offered in this report do not constitute an offer to buy or sell the shares.

The valuation analyst, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government, professional or regulatory hearing, including IRS matters with reference to the matters contained herein, unless prior written arrangements have been made with Burkett Burkett & Burkett CPAs, P.A. regarding such additional engagement as to the timing, fee arrangements, and nature of the services required.

None of the partners or employees of Burkett Burkett & Burkett CPAs, P.A. have any present or contemplated future interest in the property being valued, any personal interest with respect to the parties involved, or any other interest that might prevent me from performing an unbiased valuation. My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.

Possession of this report does not carry with it the right of publication. It may not be used for any purpose by any person other than the client to whom it is addressed without my written consent and, in any event, only with proper written qualifications and only in its entirety.

Neither all nor any part of the contents of this report shall be disseminated to the public through advertising, public relations, news, sales, or other media without my prior written consent and approval.

Liability of Burkett Burkett & Burkett CPAs, P.A. and its partners and employees for errors and omissions, if any, in this work will be limited to the amount of its compensation for the work performed in this assignment.

This report is further subject to any other contingencies, assumptions, and limiting conditions that may be set out elsewhere within this report.

DRAFT

APPENDIX C: QUALIFICATIONS OF APPRAISER

RONALD H. BURKETT
CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED VALUATION ANALYST

BACKGROUND

Born in Columbia, South Carolina, Ronny graduated from Airport High School in 1970 and from the University of South Carolina with a Bachelor of Science Degree in Accounting in May of 1974.

BUSINESS HISTORY

1977 - Present Shareholder since 1979 of Burkett Burkett & Burkett Certified Public Accountants, P.A.

1979 - 1980 Part-time Teacher of Accounting for Columbia Commercial College

1974 - 1977 International Paper Company in Georgetown, S.C. and the Division Office in Mobile, Alabama.

CERTIFICATIONS AND PROFESSIONAL MEMBERSHIPS

Certified Public Accountant licensed in the state of South Carolina and Georgia

Member of the South Carolina Association of Certified Public Accountants

Member of the Central Chapter of Certified Public Accountants

LITIGATION ENGAGEMENTS

Ronny has been retained as an expert in over three hundred cases involving damage assessments, in breach of contract, personal injury cases, business interruption claims, receiverships, tax and financial matters, legal and accounting malpractice claims, probate disputes, forensic accounting, and business valuations. He has rendered testimony in U.S. District Court, U.S. Bankruptcy Court, S.C. Circuit Court, S.C. Court of Common Pleas, S.C. General Sessions Court, S.C. Masters in Equity Court, S.C. Magistrate's Court, S.C. Family Court, S.C. Probate Court and various county Probate Courts and Family Courts. He has also testified in various arbitration proceedings.

APPENDIX D: SOURCES OF INFORMATION

- Analysis of the unaudited financial statements for 2005-April 30, 2008
- Analysis of the US Income Tax Returns for an S Corporation (Form 1120S) for the years 2004-2007
- Relevant company documents:
 - Real Estate and Equipment Leases
 - Employment Agreements
 - Serialized and Non-serialized inventory reports as of December 31, 2007 and April 30, 2008
 - Depreciation Schedules
 - Amortization Schedules
 - Aged Accounts Receivable Reports
- Research of the overall economic conditions and industry outlook
 - First Research
 - VGM Group

This information from the above sources was accepted without further verification. See Appendix B for a complete list of the assumptions and limitations to which this valuation report is subject to.

APPENDIX E: MARKETABILITY DISCOUNT

Marketability relates to the liquidity of an investment relative to a comparable and actively traded alternative. In essence, impairment of liquidity increases an investor's expected rate of return. As a result, the market clearing price of a nonmarketable security is discounted relative to the price of its marketable counterpart. The discount for lack of marketability is stated as a percentage of a marketable value.

The valuation of share of stock in closely held corporations typically warrants a discount for lack of marketability. Many factors affect the liquidity of an investment. Among them are the following:

1. Number of shareholders;
2. Size of the block of stock being valued;
3. Restrictions on its sale by agreement or law;
4. The absence of registration; and,
5. The anticipated dividend flow attributable to the investment.

When attempting to quantify these factors that influence liquidity into an appropriate discount for lack of marketability, it is necessary to consider the following factors:

1. The holding period. Without an active market, an investor must hold for an uncertain length of time until a liquidity event occurs. In general, longer holding periods without liquidity imply higher discounts for lack of marketability. An investor should reasonably characterize exit timing along a probability distribution. Although subjective, the relative probabilities of exit dates are reasonably related to the following:

- a. Historical ownership policies (insiders, outsiders, family, investors, etc.);
- b. Buy/sell or other shareholder agreements;
- c. Management/ownership succession (age, health, competence, emerging liquidity needs);
- d. Business plans and likely exit strategies of the controlling owner(s); and,
- e. Emerging attractiveness for equity offering or acquisition.

2. Required holding period return. To overcome the unattractiveness of the lack of liquidity, an investor in such securities expects a premium return in excess of that provided by liquid alternatives. Investment features that impair marketability will exact higher expected rates of return which imply higher discounts for lack of marketability. Unattractive features of a lack of liquid security could include the following:

- a. Absence, inadequacy of or inability to pay dividends;
- b. Subjective uncertainties related to the duration of the expected holding period and to achieving a favorable exit date valuation;
- c. Restrictive shareholder agreements; and,
- d. Various other features that increase uncertainty of cash flows.

3. **Growth in underlying value during the holding period.** If an investment is appreciating, that growth will provide a portion of the realized return during the holding period. Growth and marketability discounts are negatively correlated. As expected capital appreciation increases, discounts for lack of marketability decrease. Growth potential should be evaluated in the context of management's business plan, historical growth, and external factors such as emerging industry conditions and market valuations.

4. **Expected cash flow distributions during the holding period.** Holding period returns are also provided by interim cash flows (in addition to capital appreciation). As with growth, holding period cash distributions and discounts for lack of marketability are negatively correlated. Holding period cash flows (dividends, etc.) should be evaluated in the context of historical dividend policy, ability to distribute and the cash needs implied by the business plan.

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APPENDIX F: GLOSSARY

This Glossary was developed jointly by representatives of the American Institute of CPAs, the American Society of Appraisers, the Canadian Institute of Business Valuers, the Institute of Business Appraisers, and the National Association of Certified Valuation Analysts.

Adjusted Book Value - the value that results after one or more asset(s) or liability amounts are added, deleted, or changed from their respective financial statement amounts.

Appraisal - See Valuation.

Appraisal Approach - See Valuation Approach.

Appraisal Date - See Valuation Date.

Appraisal Method - See Valuation Method.

Appraisal Procedure - See Valuation Procedure.

Asset (Asset-Based) Approach - a general way of determining a value indication of a business, business ownership interest, or security by using one or more methods based on the value of the assets of that business net of liabilities.

Benefit Stream - any level of income, cash flow, or earnings generated by an asset, group of assets, or business enterprise. When the term is used, it should be supplemented by a definition of exactly what it means in the given valuation context.

Beta - a measure of systematic risk of a security; the tendency of a security's returns to correlate with swings in the broad market.

Blockage Discount - an amount or percentage deducted from the current market price of a publicly traded security to reflect the decrease in the per share value of a block of those securities that is of a size that could not be sold in a reasonable period of time given normal trading volume.

Business - see Business Enterprise.

Business Enterprise - a commercial, industrial, service, or investment entity, or a combination thereof, pursuing an economic activity.

Business Valuation - the act or process of determining the value of a business enterprise or ownership interest therein.

Capital Asset Pricing Model (CAPM) - a model in which the cost of capital for any security or portfolio of securities equals a risk free rate plus a risk premium that is proportionate to the systematic risk of the security or portfolio.

Capitalization - a conversion of a single period stream of benefits into value.

Capitalization Factor - any multiple or divisor used to convert anticipated benefits into value.

Capitalization Rate - any divisor (usually expressed as a percentage) used to convert anticipated benefits into value.

Capital Structure - the composition of the invested capital of a business enterprise; the mix of debt and equity financing.

Cash Flow - cash that is generated over a period of time by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a definition of exactly what it means in the given valuation context.

Control - the power to direct the management and policies of a business enterprise.

Control Premium - an amount (expressed in either dollar or percentage form) by which the pro rata value (calculated, in proportion value) of a controlling interest exceeds the pro rata value of a noncontrolling interest in a business enterprise, that reflects the power of control.

Cost Approach - a general way of estimating a value indication of an individual asset by quantifying the amount of money that would be required to replace the future service capability of that asset.

Cost of Capital - the expected rate of return (discount rate) that the market requires in order to attract funds to a particular investment.

Discount - a reduction in value or the act of reducing value.

Discount for Lack of Control - an amount or percentage deducted from the pro rata share of value of one hundred percent (100%) of an equity interest in a business to reflect the absence of some or all of the powers of control.

Discount for Lack of Marketability - an amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability.

Discount Rate - a rate of return (cost of capital) used to convert a monetary sum, payable or receivable in the future, into present value.

Economic Life - the period of time over which property may generate economic benefits.

Effective Date - See Valuation Date.

Enterprise - See Business Enterprise.

Equity Net Cash Flows - those cash flows available to pay out to equity holders (in the form of dividends) after funding operations of the business enterprise, making necessary capital investments, and reflecting increases or decreases in debt financing.

Equity Risk Premium - a rate of return in addition to a risk free rate to compensate for investing in equity instruments because they have a higher degree of probable risk than risk free instruments (a component of the cost of equity capital or equity discount rate).

Excess Earnings - that amount of anticipated benefits that exceeds a fair rate of return on the value of a selected asset base (often net tangible assets) used to generate those anticipated benefits.

Excess Earnings Method - a specific way of determining a value indication of a business, business ownership interest, or security determined as the sum of the value of the assets obtained by capitalizing excess earnings and the value of the selected asset base. Also frequently used to value intangible assets. See Excess Earnings.

Fair Market Value - the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts. {NOTE: In Canada, the term "price" should be replaced with the term "highest price".}

Forced Liquidation Value - liquidation value at which the asset or assets are sold as quickly as possible, such as at an auction.

Going Concern - an ongoing operating business enterprise.

Going Concern Value - the value of a business enterprise that is expected to continue to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place.

Goodwill - that intangible asset arising as a result of name, reputation, customer loyalty, location, products, and similar factors not separately identified.

Goodwill Value - the value attributable to goodwill.

Income (Income-Based) Approach - a general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more methods that convert anticipated benefits into a present single amount.

Intangible Assets - nonphysical assets (such as franchises, trademarks, patents, copyrights, goodwill, equities, mineral rights, securities and contracts as distinguished from physical assets) that grant rights, privileges, and have economic benefits for the owner.

Invested Capital - the sum of equity and debt in a business enterprise. Debt is typically long term liabilities or the sum of short term interest bearing debt and long term liabilities. When the term is used, it should be supplemented by a definition of exactly what it means in the given valuation context.

Invested Capital Net Cash Flows - those cash flows available to pay out to equity holders (in the form of dividends) and debt investors (in the form of principal and interest) after funding operations of the business enterprise and making necessary capital investments.

Investment Risk - the degree of uncertainty as to the realization of expected returns.

Investment Value - the value to a particular investor based on individual investment requirements and expectations. {NOTE: In Canada, the term used is "Value to the Owner."}

Key Person Discount - an amount or percentage deducted from the value of an ownership interest to reflect the reduction in value resulting from the actual or potential loss of a key person in a business enterprise.

Levered Beta - the beta reflecting a capital structure that includes debt.

Liquidity - the ability to quickly convert property to cash or pay a liability.

Liquidation Value - the net amount that can be realized if the business is terminated and the assets are sold piecemeal. Liquidation can be either "orderly" or "forced".

Majority Control - the degree of control provided by a majority position.

Majority Interest - an ownership interest greater than fifty percent (50%) of the voting interest in a business enterprise.

Market (Market-Based) Approach - a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

Marketability - the ability to quickly convert property to cash at minimal cost.

Marketability Discount - See Discount for Lack of Marketability.

Minority Discount - a discount for lack of control applicable to a minority interest.

Minority Interest - an ownership interest less than fifty percent (50%) of the voting interest in a business enterprise.

Net Book Value - with respect to a business enterprise, the difference between total assets (net of accumulated depreciation, depletion, and amortization) and total liabilities of a business enterprise as they appear on the balance sheet (synonymous with Shareholder's Equity); with respect to an intangible asset, the capitalized cost of an intangible asset less accumulated amortization as it appears on the accounting books of the business enterprise.

Net Cash Flow - a form of cash flow. When the term is used, it should be supplemented by a qualifier (for example, "Equity" or "Invested Capital") and a definition of exactly what it means in the given valuation context.

Net Tangible Asset Value - the value of the business enterprise's tangible assets (excluding excess assets and non-operating assets) minus the value of its liabilities. (NOTE: In Canada, tangible assets also include identifiable intangible assets.)

Nonoperating Assets - assets not necessary to ongoing operations of the business enterprise. (NOTE: In Canada, the term used is "Redundant Assets.")

Orderly Liquidation Value - liquidation value at which the asset or assets are sold over a reasonable period of time to maximize proceeds received.

Premise of Value - an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation; e.g. going concern, liquidation.

Portfolio Discount - an amount or percentage that may be deducted from the value of a business enterprise to reflect the fact that it owns dissimilar operations or assets that may not fit well together.

Rate of Return - an amount of income (loss) and/or change in value realized or anticipated on an investment, expressed as a percentage of that investment.

Redundant Assets - {NOTE: In Canada, see "Nonoperating Assets."}

Report Date - the date conclusions are transmitted to the client.

Replacement Cost New - the current cost of a similar new property having the nearest equivalent utility to the property being valued.

Reproduction Cost New - the current cost of an identical new property.

Residual Value - the prospective value as of the end of the discrete projection period in a discounted benefit streams model.

Risk Free Rate - the rate of return available in the market on an investment free of default risk.

Risk Premium - a rate of return in addition to a risk free rate to compensate the investor for accepting risk.

Rule of Thumb - a mathematical relationship between or among variables based on experience, observation, hearsay, or a combination of these, usually applicable to a specific industry.

Special Interest Purchaser - acquirers who believe they can enjoy post-acquisition economies of scale, synergy, or strategic advantages by combining the acquired business interest with their own.

Standard of Value - the identification of the type of value being utilized in a specific engagement, e.g. fair market value, fair value, investment value.

Sustaining Capital Reinvestment - the periodic capital outlay required to maintain operations at existing levels, net of the tax shield available from such outlays.

Systematic Risk - the risk that is common to all risky securities and cannot be eliminated through diversification. When using the capital asset pricing model, systematic risk is measured by beta.

Terminal Value - See Residual Value.

Unlevered Beta - the beta reflecting a capital structure without debt.

The Risk Management Association - Formerly known as Robert Morris Associates.

Unsystematic Risk - the portion of total risk specific to an individual security that can be avoided through diversification.

Valuation - the act or process of determining the value of a business, business ownership interest, security, or intangible asset.

EXHIBITS

DRAFT

Valuation Approach - a general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more valuation methods.

Valuation Date - the specific point in time as of which the valuator's opinion of value applies (also referred to as "Effective Date" or "Appraisal Date").

Valuation Method - within approaches, a specific way to determine value.

Valuation Procedure - the act, manner, and technique of performing the steps of an appraisal method.

Valuation Ratio - a fraction in which a value or price serves as the numerator and financial, operating, or physical data serve as the denominator.

Value to the Owner - {NOTE: In Canada, see Investment Value.}

Weighted Average Cost of Capital (WACC) - the cost of capital (discount rate) determined by the weighted average at market value of the cost of all financing sources in the business enterprise's capital structure.

Exhibit 1

ABACARE HOME MEDICAL, INC.
PROJECTED INCOME STATEMENTS
FOR THE YEARS ENDING:

	PROJECTED									
	Year 0	%	Year 1	%	Year 2	%	Year 3	%	Year 4	%
SALES	\$ 1,800,000	100.00%	\$ 1,980,000	100.00%	\$ 2,178,000	100.00%	\$ 2,395,800	100.00%	\$ 2,635,380	100.00%
COST OF GOODS SOLD	558,000	31.00%	613,500	31.00%	675,180	31.00%	742,680	31.00%	818,968	31.00%
GROSS MARGIN	1,242,000	69.00%	1,366,500	69.00%	1,502,820	69.00%	1,653,120	69.00%	1,816,412	69.00%
OPERATING EXPENSES:										
SALARIES - OFFICERS	90,000	4.44%	90,000	4.55%	100,000	4.59%	110,000	4.59%	120,000	4.55%
SALARIES	430,000	23.89%	460,100	23.24%	492,307	22.60%	526,788	21.99%	563,642	21.39%
ADVERTISING	11,053	0.61%	11,827	0.60%	12,855	0.59%	13,540	0.57%	14,488	0.55%
AUTO AND TRUCK EXPENSE	55,500	3.08%	59,385	3.00%	63,542	2.92%	67,990	2.84%	72,749	2.76%
BANK CHARGES	907	0.05%	971	0.05%	1,038	0.05%	1,111	0.05%	1,189	0.05%
COMPUTER EXPENSE	2,829	0.16%	3,027	0.15%	3,229	0.15%	3,433	0.14%	3,639	0.14%
COMMISSIONS	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
CONTRACT LABOR	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
CONTRIBUTIONS - CHARITABLE	1,700	0.09%	1,818	0.09%	1,946	0.09%	2,083	0.09%	2,228	0.08%
CREDIT CARD FEES	3,600	0.20%	4,173	0.21%	4,483	0.21%	4,778	0.20%	5,112	0.19%
DEPRECIATION	73,775	4.10%	79,267	4.00%	85,195	3.96%	91,560	3.86%	98,364	3.73%
DUES AND SUBSCRIPTIONS	7,328	0.41%	7,841	0.40%	8,390	0.39%	8,978	0.37%	9,606	0.36%
EMPLOYEE BENEFITS	620	0.03%	663	0.03%	710	0.03%	760	0.03%	813	0.03%
EMPLOYEE PROCUREMENT	1,818	0.10%	1,945	0.10%	2,082	0.10%	2,227	0.09%	2,383	0.09%
INSURANCE - LIABILITY	4,300	0.24%	4,581	0.23%	4,863	0.23%	5,146	0.22%	5,431	0.21%
INSURANCE - GROUP	27,400	1.52%	29,318	1.48%	31,370	1.44%	33,566	1.40%	35,916	1.36%
INSURANCE - PROPERTY	10,300	0.58%	11,255	0.57%	12,271	0.56%	13,353	0.54%	14,503	0.51%
INSURANCE - WORKERS COMP	12,300	0.68%	13,054	0.66%	13,868	0.64%	14,744	0.62%	15,682	0.59%
INSURANCE - VEHICLE	7,564	0.42%	8,094	0.41%	8,660	0.40%	9,263	0.39%	9,915	0.37%
INTEREST EXPENSE	15,200	0.85%	16,100	0.82%	17,037	0.78%	18,019	0.76%	19,045	0.73%
PENALTY	738	0.04%	790	0.04%	845	0.04%	905	0.04%	968	0.04%
LICENSE FEES	4,020	0.22%	4,301	0.22%	4,603	0.21%	4,925	0.21%	5,269	0.20%
MEALS AND ENTERTAINMENT	10,638	0.59%	11,363	0.57%	12,180	0.56%	13,032	0.54%	13,944	0.53%
MISCELLANEOUS	683	0.04%	728	0.04%	777	0.04%	829	0.03%	886	0.03%
OFFICE EXPENSE AND POSTAGE	23,410	1.30%	25,048	1.27%	26,802	1.23%	28,679	1.20%	30,685	1.16%
PAYROLL EXPENSE	430	0.02%	462	0.02%	515	0.02%	561	0.02%	609	0.02%
PROFESSIONAL FEES	27,308	1.52%	29,218	1.48%	31,295	1.44%	33,453	1.40%	35,796	1.36%
RENT - BLDG	104,400	5.80%	104,400	5.27%	104,400	4.79%	104,400	4.38%	104,400	3.96%
RENT - STORAGE	1,550	0.08%	1,645	0.08%	1,742	0.08%	1,841	0.08%	1,942	0.07%
REPAIRS AND MAINTENANCE	1,021	0.06%	1,092	0.06%	1,169	0.05%	1,251	0.05%	1,338	0.05%
RETIREMENT CONTRIBUTION	600	0.03%	642	0.03%	687	0.03%	735	0.03%	786	0.03%
SECURITY EXPENSE	2,300	0.13%	2,461	0.12%	2,633	0.12%	2,818	0.12%	3,015	0.11%
SERVICES PURCHASED	29,850	1.66%	31,840	1.61%	34,173	1.57%	36,868	1.53%	39,927	1.48%
SHOWROOM EXPENSE	981	0.06%	1,060	0.05%	1,145	0.05%	1,234	0.05%	1,329	0.05%
SUPPLIES	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
STATE TAX	75	0.00%	80	0.00%	86	0.00%	92	0.00%	98	0.00%
SALES TAX	1,400	0.08%	1,498	0.08%	1,603	0.07%	1,715	0.07%	1,835	0.07%
TAXES - PROPERTY	5,650	0.31%	6,048	0.31%	6,489	0.30%	6,921	0.29%	7,400	0.28%
TAXES - PAYROLL	45,900	2.55%	49,113	2.48%	52,551	2.41%	56,229	2.35%	60,188	2.28%
TRAINING	15,300	0.85%	16,371	0.83%	17,517	0.80%	18,743	0.78%	20,055	0.76%
TRAVEL	6,200	0.35%	6,708	0.34%	7,178	0.33%	7,680	0.32%	8,218	0.31%
TELEPHONE	15,000	0.83%	16,008	0.81%	17,088	0.79%	18,256	0.77%	19,511	0.74%
UNIFORMS	2,921	0.16%	3,125	0.16%	3,344	0.15%	3,578	0.15%	3,829	0.14%
UTILITIES	7,300	0.41%	7,811	0.39%	8,358	0.38%	8,943	0.37%	9,569	0.36%
WAREHOUSE EXPENSE	8,207	0.46%	8,642	0.43%	9,107	0.42%	9,604	0.40%	10,137	0.39%
TOTAL OPERATING EXPENSES	1,086,354	59.24%	1,104,378	55.78%	1,187,037	53.59%	1,239,505	51.74%	1,313,107	49.81%
INCOME FROM OPERATIONS	175,646	8.78%	281,821	13.22%	335,783	15.42%	413,597	17.28%	505,308	19.17%
OTHER EXPENSES:										
BAD DEBT EXPENSE	(81,047)	-3.39%	(85,320)	-3.30%	(89,893)	-3.21%	(94,785)	-3.12%	(99,920)	-3.04%
NET INCOME BEFORE TAXES	114,599	6.37%	196,501	9.92%	245,890	12.21%	338,812	14.14%	426,288	16.14%
INCOME TAXES (40%)	45,840	2.55%	78,600	3.97%	108,356	4.98%	135,525	5.68%	170,114	6.48%
NET INCOME	\$ 68,759	3.82%	\$ 117,901	5.95%	\$ 137,534	6.23%	\$ 203,287	8.46%	\$ 256,174	9.68%

PROJECTION ASSUMPTIONS

Fees (increase over prior year)	10.00%
Cost of Goods Sold (as percentage of fees)	31.00%
Other Expenses (increase over prior year)	7.00%
Income taxes	40.00%

Exhibit 2

ABACARE HOME MEDICAL, INC.
ESTIMATION OF NET CASH FLOW TO EQUITY HOLDERS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NET INCOME AFTER TAXES	\$ 117,900	\$ 159,534	\$ 203,287	\$ 255,171	\$ 309,606
PASS-THROUGH ENTITY PREMIUM (20%) (Adjustment for dividend tax avoided)	23,580.10	31,906.85	\$40,657.47	\$51,034.25	\$ 61,921.11
PLUS: DEPRECIATION	49,367	45,195	45,760	40,474	43,000
MINUS: ADDITIONS TO WORKING CAP	(27,000)	(31,050)	(35,708)	(41,064)	(47,223)
MINUS: CAPITAL EXPENDITURES	(15,000)	(50,000)	(40,000)	(40,000)	(40,000)
PLUS: NEW DEBT INCURRED					
MINUS: DEBT PRINCIPAL REPAY.	(49,130)	(57,223)	(31,097)	(29,843)	(39,313)
NET CASH FLOW TO EQUITY HOLDERS	\$ 99,718	\$ 98,363	\$ 182,900	\$ 235,773	\$ 287,991

RESIDUAL

YEAR 5 CASH FLOW	\$ 287,991
LONG-TERM GROWTH RATE	3%
YEAR 6 CASH FLOW	296,630
+ CAPITALIZATION RATE	18%
RESIDUAL CASH FLOW	\$ 1,647,946
ASSUMPTION: NET WORKING CAPITAL	15.0%

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

STOCK PURCHASE AND
ASSIGNMENT AGREEMENT

THIS STOCK PURCHASE AND ASSIGNMENT AGREEMENT (the "Agreement") is made as of the 7th day of November 2008, by and among the Estate of Dorothy A. Connelly (the "Seller"), Phillip L. DeClemente ("Assignor"), and Assistive Technology Medical Equipment Services, LLC, a South Carolina limited liability company (the "Purchaser").

RECITALS:

WHEREAS, Seller currently owns one hundred and four (104) shares of Abacare Home Medical, Inc.'s (the "Corporation") outstanding common stock (the "Stock") which constitute 80% of the Corporation's issued and outstanding shares; and

WHEREAS, Assignor hereby wishes to assign his rights to acquire the Stock, pursuant to that certain Employment Agreement by and between himself and ABACARE HOME MEDICAL, INC., a South Carolina Corporation, dated January 1, 2008 (the "Employment Agreement"); and

WHEREAS, Purchaser wishes to purchase the Stock from Seller, and Seller wishes to sell the Stock to Purchaser as more particularly provided herein; and

WHEREAS, Seller, Purchaser, and Assignor would like to more fully set forth the terms and conditions of the purchase of the Stock in this Agreement.

NOW, THEREFORE, in consideration of the mutual promise and for other good and valuable undertakings herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

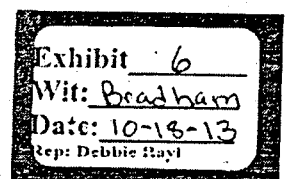
1. Recitals. The above recitals are true and correct and are incorporated herein.
2. Assignment of Rights. Assignor hereby assigns his right to purchase the Stock, under the Employment Agreement, to Purchaser.
3. The Stock Purchase.

(a) Sale of Stock. Upon the terms and subject to the conditions contained in this Agreement, Seller shall assign, transfer, and deliver to Purchaser, and Purchaser shall acquire from Seller the Stock, indicated below, free and clear of all liens, claims, charges and encumbrances of any nature whatsoever as follows:

(b) Purchase Price. The purchase price for the Stock shall be Eight Hundred Nine Thousand, Five Hundred and No/100 (\$809,500.00) Dollars (the "Purchase Price"), payable in full in immediately available United States funds at the Closing.

(c) The Corporation shall, following the Closing, continue to lease the land and building located at 2553 Highway 17 North, Mount Pleasant, South Carolina, TMS No. 580-14-00-006 (the "Building"), pursuant to that certain lease agreement, attached hereto as Exhibit A.

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(d) All the Corporation's loans, leases, and other credit arrangements will be amended to remove James B. Connelly, his heirs and assigns, and his Estate, and Dorothy A. Connelly, her heirs and assigns, and her Estate, from personal guarantees or personal collateral.

(e) The December 31, 2008 tax return for the year of the sale will be prepared by Hood & Selander CPAs, LLC and paid for by the Corporation.

4. **Representations and Warranties of Seller.** Seller represents and warrants to Purchaser, with the knowledge that Purchaser is purchasing the Stock in full reliance thereon:

(a) **Organization and Good Standing.** The Corporation is duly organized, validly existing and in good standing under the laws of the State of South Carolina. All of the Stock have been duly authorized and validly issued and is fully paid and nonassessable.

(b) **Authority and Validity.** Seller has the capacity and right to execute, deliver and perform Seller's obligations under this Agreement and the other documents executed or required to be executed by Seller in connection with this Agreement.

(c) **Title to Stock.** At the Closing or as otherwise contemplated in the Agreement, Seller shall convey to the Purchaser good, marketable and exclusive title to the Stock, free and clear of all liens, claims, charges and encumbrances of any nature whatsoever, except claims, if any, for estate taxes for which Seller shall indemnify and hold harmless Purchaser, and Seller shall warrant and defend Purchaser's title to the Stock against the lawful claims of all persons. Seller also represents and warrants that the Stock represents all shares of ownership that Seller possesses in the Corporation.

(d) **No claim to assets of Corporation.** Seller warrants that it does not have any ownership or equitable interest in any of the assets used by the Corporation and that it has not assigned or conveyed any such interest to another person or entity.

(e) **Material Omissions or Nondisclosure.** Seller's representations and warranties, and all statements, certificates, schedules, documents or other information furnished or to be furnished by the Seller to the Purchaser pursuant to this Agreement are true, correct and complete in all material respects, and neither contain nor will contain any untrue statement of a material fact or omit nor will omit to state any material facts necessary to make the statements contained therein not misleading.

5. **Representations and Warranties of Purchaser.** Purchaser represents and warrants to the Seller the following facts with the knowledge that Seller is selling the Stock in full reliance thereon:

(a) **Organization and Good Standing.** The Purchaser is duly organized, validly existing and in good standing under the laws of the State of South Carolina. All of the Stock have been duly authorized and validly issued and is fully paid and nonassessable.

(b) **Authority and Validity.** Seller has the capacity and right to execute, deliver and perform Seller's obligations under this Agreement and the other documents executed or required to be executed by Seller in connection with this Agreement.

(c) **Investment Intent.** Purchaser is acquiring the Stock owned by Seller in the Corporation for Purchaser's own account.

(d) **Knowledge of Risks.** Purchaser is aware of the substantial risks that he is accepting by his investment in the Stock. The Purchaser is aware that the Corporation is a small,

privately held company with an illiquid market for its shares and with no guaranteed return on its shares outstanding either through dividends, distributions, etc.

(e) Financial Conditions. Purchaser is fully familiar with the financial conditions of the Corporation and has been provided with and has reviewed the financial statements, including but not limited to, balance sheets and income statements of the Corporation since inception of the Corporation including interim statements as well as the tax returns for the Corporation since its inception.

(f) Material Omissions or Nondisclosure. Purchaser's representations and warranties, and all statements, certificates, schedules, documents or other information furnished or to be furnished by Purchaser to Seller pursuant to this Agreement are true, correct and complete in all material respects, and neither contain nor will contain any untrue statement of a material fact or omit nor will omit to state any material facts necessary to make the statements contained therein not misleading.

6. Survival of Representations and Warranties. All representations and warranties made by the parties, each to the other, in this Agreement or pursuant thereto shall survive the consummation of the transactions contemplated by this Agreement notwithstanding investigation heretofore or hereafter made by a party hereto.

7. Closing. The closing shall take place on or before November 7, 2008 or at such time and place as the parties hereto shall mutually agree (the "Closing"), time being of essence.

8. Termination. This Agreement shall terminate upon the mutual agreement of all parties hereto.

9. Default. If either of the parties hereto fails to meet his or her obligations hereunder, he or she, as the case may be, shall be deemed to be in default and the non defaulting party shall have the right to seek damages and/or specific performance or such other legal remedies as may be allowed by law.

10. Expenses and Absence of Commissions. Purchaser and Seller each agree to bear their own legal, accounting, and other expenses in connection with the preparation and consummation of this Agreement. Purchaser and Seller also acknowledge and warrant to the other that neither has incurred any liability for commissions, finder's fees, or similar claims in connection with this transaction.

11. Attorneys' Fees. If either party brings or commences any legal action or proceeding to enforce any of the terms of this Agreement (or for damages by reason of an alleged breach of this Agreement), the prevailing party, if any, in such action shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees that may have been incurred, including any and all costs and expenses incurred in enforcing, perfecting and executing such judgment, and including all costs of appeal.

12. Article, Section, and Paragraph Headings. The article, section, and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

13. Entire Agreement. This Agreement, and the attachments referred to herein or delivered pursuant hereto, which form a part hereof, contain the entire understanding of the parties with respect to its subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter of this Agreement.

14. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of South Carolina. Venue shall lie in Charleston County.

15. **Amendment.** No provision hereof may be amended, modified, supplemented, changed, waived, forfeited, discharged or terminated except pursuant to a writing executed by the party or parties against whom or which the enforcement of such amendment, modification, supplementation, change, waiver, forfeiture, discharge or termination is sought.

16. **Waiver.** A party hereto may, at its option, waive in writing any and all of the conditions herein contained to which its obligations hereunder are subject, without waiving the future application of such conditions.

17. **Binding Effect.** This Agreement shall be binding upon the parties hereto, their heirs, legal representatives, and permitted assigns.

18. **Counterparts.** This Agreement may be executed in multiple counterparts which in the aggregate shall constitute one (1) agreement. A facsimile of an executed Agreement shall be enforceable.

19. **Miscellaneous.** Notwithstanding anything in this Agreement to the contrary, Assignor hereby agrees that if Purchaser defaults in its obligations under this Agreement, Assignor's right to acquire the Stock, as provided in the Employment Agreement or any other agreement shall terminate, and further, he shall immediately tender his shares in the Corporation for purchase by Seller at a price of Two Hundred Two Thousand, Three Hundred Seventy-Five and No/100^{ths} (\$202,375.00) Dollars. The Seller, in his sole discretion, may elect, but notwithstanding anything to the contrary in the Employment Agreement, shall not be obligated to purchase the Stock of Assignor.

[SIGNATURES ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, Seller, Purchaser, and Assignor have duly executed this Agreement as of the day and year first hereinabove written.

SELLER:

[Signature]
(Witness #1)

(Witness #2)

Donna C. Cash
The Estate of Dorothy A. Connelly
By: Donna C. Cash
Its: Personal Representative

ASSIGNOR:

(Witness #1)

(Witness #2)

P. DeClemente
Phillip L. DeClemente
Its: CoD

PURCHASER:

Assistive Technology Medical Equipment Services,
LLC, a South Carolina limited liability company

(Witness #1)

(Witness #2)

P. DeClemente
By: Phillip L. DeClemente
Its: Manager

(Witness #1)

(Witness #2)

[Signature]
By: G. Murrell Smith Jr
Its: Manager

(Witness #1)

(Witness #2)

[Signature]
By: JEFFREY JOE REED
Its: MANAGER

[Signature]

(Witness #1)

(Witness #2)

By: Kimberly L. Pucci

Its: manager

in advance, the Seller shall be entitled to all interest as per the amortization schedule. Therefore, total payments will be Three Hundred Thirty Thousand Three Hundred and Eighty Two and 59/100 (\$330,382.59) even upon early payment by ATMES.

- b. That Reed and Smith shall personally guarantee to DeClemente the first twelve (12) payments, and no more, of the promissory note referenced hereinabove. No member shall be personally responsible for said promissory note other than as set forth hereinabove.
 - c. DeClemente shall be entitled to payment, as set forth above, if ATMES is sold to a third-party after five (5) days has elapsed from the date of sale.
3. That DeClemente shall have no further right, title or interest in ATMES, Reliable Medical Equipment of South Carolina, LLC (Reliable) or Abacare Home Medical Inc. (Abacare), Reliable Prosthetics and Orthotics, LLC, Medical Management Company and Adaptive Total Care and shall not hold or occupy any title or position in regard to any ATMES, Reliable or Abacare, Reliable Prosthetics and Orthotics, LLC, Medical Management Company and Adaptive Total Care referenced herein and shall immediately acknowledge and resign any title, office, ownership right or otherwise as it relates to any Corporation, Limited Liability Company or Entity referenced herein.
 4. That DeClemente shall be entitled to the sole and exclusive use, right and ownership in that certain 2008 Chevrolet Silverado vehicle and cell phone which has been used, in the past, as a company phone and shall take every step and action necessary to transfer ownership of the vehicle and cell phone out of the name of Abacare and into the name of DeClemente. Further, until said vehicle and cell phone is transferred out of the name of Abacare, appropriate amounts will be withheld from the monthly payments from the Company to DeClemente as set forth above for payments, taxes and insurance on said vehicle as well as any cell phone currently in possession of DeClemente. DeClemente shall also transfer all debt and cost (including but not limited to Insurance, taxes and maintenance) associated with 2008 Chevrolet Silverado and cell phone. He shall be responsible for all cost associated with the two and hold the company harmless and indemnify them from any liability whatsoever with said Truck and cell phone. If any liability is created by the cell phone or Truck, then Buyers have the right at their discretion, in addition to any other remedy, to withhold said liability from Seller's monthly payment.
 5. That DeClemente shall be entitled to have his health insurance premium in the amount of Three Hundred Forty Five and 25/100 dollars

TRUCK
RETURNED
PRIOR TO
MARCH 2011

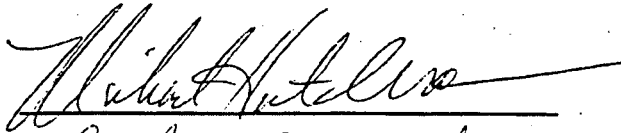
(\$345.25) paid by the Company for sixty (60) days and said premium shall be deducted from DeClemente's monthly payment of Seven Thousand Three Hundred and 00/100 Dollars (\$7,300.00).

- 6. That nothing contained herein shall remove, release or discharge DeClemente from any loans, obligations, leases, notes or personal guarantees signed by him to the National Bank of South Carolina or any other creditor, lender or otherwise including, but not limited to the loan to the National Bank of South Carolina in the amount of Eight Hundred and Nine Thousand and 00/100 Dollars (\$809,000.00) shown by that certain commercial note dated November 4, 2008 which is secured by life insurance of DeClemente in the amount of Three Hundred Thousand and 00/100 Dollars (\$300,000.00) together with all accounts receivable, inventory and equipment now owned or hereinafter owned by AMTES. It is understood and agreed by and between the parties that the Company, with its remaining members, will take all steps necessary to remove DeClemente from any personal guarantees or obligations of the Company after a period of twelve (12) months from the execution of this document and further DeClemente acknowledges and understands that he will, not upon execution of this document, enter into or obligate the Company to any liability, debt or responsibility. Further, DeClemente shall be responsible for any debt incurred by him not previously referenced herein including but not limited to any credit card charges, and the Company shall be entitled to withhold and deduct payment for same from any payment due to Seller.**
- 7. That DeClemente will enter into a Covenant Not to Compete, which shall be incorporated into this document by reference wherein he shall not, during the period of payment, as set forth hereinabove, engage in, be associated in, be employed by, give advice, or allow any direct family member engage in the sale, lease or purchase of durable medical equipment. The parties agree that any violation of this provision by the seller shall be a material breach of the covenant not to compete and confidentiality agreement and the buyer shall be entitled to withhold and terminate any future payments to the buyer in addition to the other remedies provided in the said Covenant not to Compete. Nothing contained herein shall prevent the buyer from seeking any further remedies damages in law or equity. The consideration for this contract is based upon the Sellers covenant not to compete among other considerations.**
- 8. That DeClemente shall, simultaneously upon the execution of this Agreement, enter into and sign a Confidential Agreement wherein he shall agree in consideration of the terms and agreement as set forth herein, to hold in strict confidence and not divulge any of the**

provisions of this Agreement or to divulge any and all aspects of the business involved herein, including, AMTES, Reliable or Abacare.

9. That it is further agreed by and between the parties that if at the end of the buyout period as set forth hereinabove, Smith and Reed remain as members and have an ownership interest in the Company then DeClemente shall be paid an additional Thirty Thousand and 00/100 Dollars over a six (6) month period as a compliance bonus, interest paid at the rate of zero percent at the rate of Five Thousand and 00/100 Dollars per month provided and subject to DeClemente not having violated any of the terms of this Buy/Sell Agreement, the Confidentiality Agreement referenced herein and the Covenant Not to Compete referenced hereinabove and has not acted in any manner detrimental to the success of any of the companies referenced herein.
10. The parties acknowledge and understand that simultaneously with the execution of this Buy/Sell Agreement that the remaining members of AMTES, that being G. Murrell Smith, Jr., Jeffrey J. Reed and Kimberly L. Cuce, will enter into an agreement wherein the twenty-five percent (25%) interest of DeClemente transferred and assigned herein shall equally be divided among Smith and Reed only, subject to the terms and conditions of the Agreement including payment method and payment provisions for said additional ownership interest.
11. That DeClemente shall, simultaneously with the execution of this document, execute an assignment of any of his right, title and interest in that certain Commercial Lease Agreement between The Estate of Connely and Abacare date December 27, 2007 so as to assign Smith and Reed all rights, entitlements and privileges up to and through September 15, 2009 as it relates to the option to purchase the Mt. Pleasant property as more specifically described in Exhibit A of that certain Commercial Lease Agreement dated January 1, 2008. Should said Reed and Smith purchase the property in Exhibit A as set forth herein and realize a fifteen percent (15%) discount, Smith and Reed shall pay to DeClemente the sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00). Should DeClemente, directly or indirectly, exercise the option to purchase the property in Exhibit A, the current lease dated January 1, 2008 shall become null and void with no further obligation by the tenant. Further, DeClemente shall have the right, after the expiration of the above Smith & Reed option, to purchase the subject property or subsequently sell the subject property to a third-party, however, in said event then the current lease of Abacare shall immediately terminate and Abacare and/or ATMES shall have no further obligations under said lease.

WITNESS our signatures this 30 day of June, 2009.



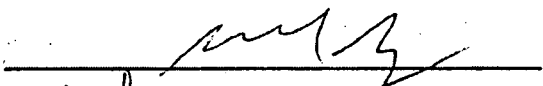
Cindy Bernick

Judy A Blocker

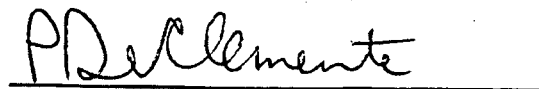
Bal Th

Judy A Blocker

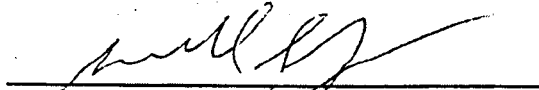
Bal Th



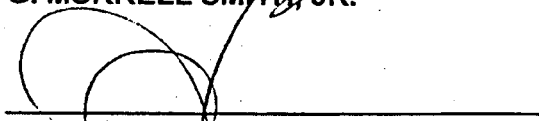
John S. Th



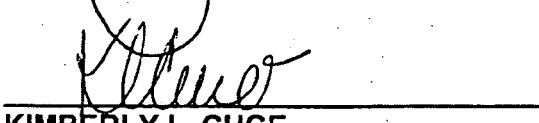
PHILLIP L. DeCLEMENTE



G. MURRELL SMITH, JR.



JEFFREY J. REED



KIMBERLY L. CUCE

SCDOR

1452 West Evans Street
Post Office Box 5418
Florence SC 29502

December 17, 2009

Art Bradham CPA PC
Reliable Medical Equipment of South Carolina
418 Broad St.
Sumter, SC 29150-4216

Type Tax: Sales Tax
Period: 10/01/2006 to 09/30/2009
File #: 043-16868-7
Audit #: 04-21-3417
Response Date: March 17, 2010

Dear Mr. Bradham:

The Department's audit of the above referenced tax return(s) has been completed. Enclosed is the audit report which explains our **Proposed Assessment**.

If you agree with the changes detailed in the enclosed report, the balance on Form AS-54 should be remitted to this office within 30 days from the date of this letter. Otherwise, additional interest, and penalties, if applicable, will accrue. Please include a copy of the AS-54 Distribution, or, Processing Report with your check to insure proper processing.

If you agree with the Department's adjustments, but are unable to make full payment at this time, please complete the enclosed Waiver of Restriction on Assessment (SC 870) and return it to this office as soon as possible. Upon receipt of this document, a final assessment will be issued.

If you disagree with any of the adjustments of tax, interest, or penalties that have been proposed by the Department, a written protest must be submitted to this office by the response date. Enclosed is an information guide (CID-6) which explains the information that must be included in your protest. The protest may be submitted on the enclosed form or by letter.

If you do not respond to this letter by the response date, you will have waived your right to appeal the proposed assessment and the Department will issue the final assessment and begin collection action.

Should you have any questions, please do not hesitate to contact this office.

Sincerely,
Florence Taxpayer Service Center



Steve Pierce, Auditor
Email pierces@sctax.org, 843-661-4850 Ext 121, FAX 843-662-4876

SCDOR

Martha Jo Johnson, General Manager

File Number: 043-16868-7

Reliable Medical Equipment of South Carolina
418 Broad St.

Tax Type: Sales Tax

Sumter, SC 29150-4216

Audit Control #: 04-21-3417

Audit periods: From 10/01/2006 To 09/30/2009

Explanation of Audit Adjustments and Assessments

PURCHASE INVOICES AND DEPRECIATION SCHEDULES WERE EXAMINED TO VERIFY USE TAX. PURCHASES SUBJECT TO USE TAX WERE LISTED AND DISCUSSED WITH THE TAXPAYER. A DETAILED LISTING OF USE TAX IS SHOWN ON SCHEDULE AS-36-3.

A SALES TAX COMPLIANCE AUDIT WAS CONDUCTED BY ART BRADHAM, CPA, FOR THE AUDIT PERIOD. THE AUDITORS EXAMINED THE AUDIT WORKPAPERS TO VERIFY THE ADDITIONAL TAXES FOUND DUE. THE AUDITORS DID AGREE WITH THE SELF AUDIT WITH THE EXCEPTION OF EXEMPT SALES TO HOSPICE. THESE SALES WERE DISCUSSED WITH THE TAXPAYER AND BOTH PARTIES AGREED TO TAX THESE SALES.

CREDIT FOR TAXES PAID ARE SHOWN ON TWO SCHEDULES: BASIC SALES CR AND LOCAL TAX CR. THESE TAX PAID FIGURES WERE TAKEN FROM THE SALES TAX RETURNS AND VERIFIED WITH OUR SYSTEM.

TOTAL TAXABLE SALES FOR THE AUDIT PERIOD PER COMPLIANCE AUDIT ARE SHOWN ON TWO OTHER SCHEDULES: M&M SALES AND SALES NON M&M. THESE FIGURES ARE TAKEN FROM THE SELF COMPLIANCE SCHEDULES FURNISHED BY ART BRADHAM. THESE TOTALS ARE SHOWN AS DISALLOWED DEDUCTIONS BECAUSE DEDUCTIONS WERE TAKEN FOR THE DIFFERENCE IN GROSS SALES AND THE ORIGINAL TAXABLE FIGURES.

FOR AN ADJUSTMENT TO USE TAX

A use tax is imposed on the storage, use, or other consumption in the State of tangible personal property purchased at retail for storage, use, or other consumption in this State, at the rate of five percent of the sales price of the property, regardless of whether the retailer is or is not engaged in business in this State.

SC Code Section 12-36-1310

Beginning June 1, 2007, an additional sales, use, and casual excise tax equal to one percent is imposed on amounts taxable pursuant to this chapter, except that this additional one percent tax does not apply to amounts taxed pursuant to:

_ Section 12-36-920(A) - accommodations for transients

_ Section 12-36-2110 - items subject to a maximum sales and use tax

_ Section 12-36-910(d)(1) - unprepared food which may be lawfully purchased with United States Department of Agriculture food coupons.

SC Code Section 12-36-1110

Every person storing, using, or otherwise consuming in this State tangible personal property purchased at retail, is liable for the use tax, until the tax is paid to the state.

SC Code Section 12-36-1330

Schedule AS-36-3 lists all adjustments to use tax individually showing the vendor, the product and purchase price.

FOR AN ADJUSTMENT TO DEDUCTIONS

It is presumed that all gross proceeds are subject to the tax, until the contrary is established. The burden of proof that the sale of tangible personal property is not a sale at retail is on the seller.

SC Code Section 12-36-950

Schedule AS-36-5 lists all adjustments to deductions individually.

Local Sales and Use Taxes

Counties may levy sales and use tax upon referendum approval. Such taxes are to be administered and collected by the SC Department of Revenue in the manner that sales and use taxes are administered and collected pursuant to Chapter 36 of Title 12. For more detailed information refer to SC Information Letter 05-1 of January 6, 2005 and Chapter 10 of Title 4.

Since a sale is not completed until delivery is made, items shipped from a local option County into a non-local option County for first receipt by the customer are not subject to the local option tax and deliveries made into a local option County are subject to the local option tax of that county.

Purchases of building material for use under a construction contract are exempt from the local option tax if:

- <1> the written bid is submitted and
- <2> the construction contract is executed before the imposition date and
- <3> a verified copy of the contract is submitted within six months to the Department.

A special exemption certificate, ST-10-C, will be used to document this exemption.

In accordance with the Catawba Indian Claims Settlement Act, the sales and use tax imposed on sales in and deliveries into the Catawba Indian Reservation will be as follows: (effective 1-Jan-2004)

- _ Sales within the Reservation - 6% Tribal sales tax
- _ Deliveries into the Reservation -
 - _ Invoices larger than \$100 - 6% Tribal sales tax
 - _ invoices of \$100 and less - 5% State sales tax and no local option tax.

The General Ledger (G/L) Code assigned to the 'regular' local option tax is 34-2721. The Counties, Catawba Tribal Sales and Use, and Tourism Development Sales and Use with special local option tax and the appropriate G/L Code are indicated with an @1, @2, @3, @4, @5, and @6. Chapter 10 of SC Code Title 4.

@1 Capital Projects Local Option, G/L 34-2726

@2 School District Local Option, G/L 34-2730, **Food which may be purchased with food stamps are exempt. The exemption applies to everyone who purchases these types of qualified items. Effective July 1, 2005, this exemption does not apply to the Clarendon School District Local Option tax.**

@3 Transportation Local Option, G/L 34-2728

@4 Property Offset, G/L code will be assigned when the tax is imposed by a county.

@5 Catawba Tribal Sales Tax, G/L 34-3766

@6 TOURISM DEVELOPMENT TAX, G/L 34-2740

The effective dates for the local option taxes are listed below: (Counties in **BOLD** impose multiple local option taxes.)

1-Jul-91: **Charleston, Colleton, Jasper, Hampton, McCormick and Marion.**

1-May-92: **Abbeville, Allendale, Bamberg, Edgefield, Lancaster, Marlboro and Saluda.**

1-May-94: Chester and Florence.
 1-May-95: Pickens.
 1-May-96: Dillon, Lee and Sumter.
 1-Jul-96: Cherokee @2
 1-May-97: Berkeley, Chesterfield, Clarendon, Darlington, Kershaw and Williamsburg.
 1-May-98: York @1.
 1-May-99: Barnwell, Chester @1 (repealed 05/01/2000), Jasper @1 (Capital Projects replaced with School District on 12/01/2002) , Laurens, Newberry @1, Orangeburg @1.
 1-Jun-99: Beaufort @3 (repealed 12/01/2000)
 30-Apr-2000: Chester @1 - Last day for 1% Capital Projects Local Option. Note, the 1% local option is still in effect.
 1-Sep-2000: Chesterfield @2
 30-Nov-2000: Beaufort @3 - Last day for 1% Transportation Local Option.
 1-May-2001: Aiken @1, Allendale @1
 30-Nov-2002: Jasper @1 - Last day for 1% Capital Project Local Option. Audit adjustments for audits completed after 30-Nov-2002 for this tax for Jasper County will be reflected in the Jasper School District tax.
 1-Dec-2002: Jasper @2 - First day for 1% School District Local Option
 1-May-2003: Dillon @2 <1>, Hampton @1
 1-Jan-2004: Catawba Tribal Sales Tax @5 6% tax rate
 1-Feb-2004 Darlington County School District @2
 1-Jun-2004 Clarendon County School District @2
 1-Mar-2005 Lexington County School District @2
 1-May-2005 Calhoun, Charleston @3 0.5% rate, Dorchester @3, and Richland
 1-May-2006 Fairfield
 1-Oct-2006 Lee @2

INTEREST

Interest on taxes owed and refunds due is computed using the Internal Revenue Service interest rates <*> for underpayment compounded daily. Generally, interest is not paid during the first seventy-five days after filing a request for refund. SC Code Section 12-54-25

FAILURE TO FILE

In the case of failure to file a return on or before the date prescribed by law (determined with regard to any extension) there must be added to the amount required to be shown as tax on the return, a penalty of five percent if the failure is not for more than one month, with an additional five percent for each additional month or fraction of the month not exceeding twenty five percent in the aggregate.

SC Code Section 12-54-43(C)(1)

NEGLIGENCE (ALL PERIODS)

If any part of an underpayment of tax or part of a claim for refund of tax is due to negligence or disregard of regulations, there must be added to the tax an amount equal to the sum of five percent of the underpayment and an amount equal to fifty percent of the interest payable under Section 12-54-25. SC Code Section 12-54-43(F)(1)



SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Billing Summary

**AS-54-GT
Sales Tax**

Audit: Sales Tax

Adjustment Schedules: basic sales cr, local tax cr, M&M Sales, Sales Non M&M, Use

Tax Type	Tax	Interest	Penalty	Total	
1	0.00	0.00	0.00	0.00	1
2 Sumter Cnty LO 43	26,734.76	1,946.52	4,249.48	32,930.76	2
3 Sumter Cnty CP 43	8,444.34	138.01	756.88	9,339.23	3
4 Durable Medical Goods	141,023.08	12,009.62	20,968.07	174,000.77	4
5 Sales Tax	1,506.72	(964.60)	6,398.16	6,940.28	5
Total (5)	177,708.90	13,129.55	32,372.59	223,211.04	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
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Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Billing Report for □

AS-54
Sales Tax

Audit: Sales Tax

Adjustment Schedules: basic sales cr, local tax cr, M&M Sales, Sales Non M&M, Use

Period	Measure	Tax Due	Interest	Penalty	Total
1 10/31/2006	(207,876.00)	0.00	0.00	0.00	0.00
2 11/30/2006	(242,920.00)	0.00	0.00	0.00	0.00
3 12/31/2006	(162,980.00)	0.00	0.00	0.00	0.00
4 01/31/2007	(238,604.00)	0.00	0.00	0.00	0.00
5 02/28/2007	(223,080.00)	0.00	0.00	0.00	0.00
6 03/31/2007	(372,000.00)	0.00	0.00	0.00	0.00
7 04/30/2007	(211,264.00)	0.00	0.00	0.00	0.00
8 05/31/2007	(317,848.00)	0.00	0.00	0.00	0.00
9 06/30/2007	(266,796.00)	0.00	0.00	0.00	0.00
10 07/31/2007	(202,930.00)	0.00	0.00	0.00	0.00
11 08/31/2007	(91,740.00)	0.00	0.00	0.00	0.00
12 09/30/2007	(200,132.00)	0.00	0.00	0.00	0.00
13 10/31/2007	(367,260.00)	0.00	0.00	0.00	0.00
14 11/30/2007	(265,832.00)	0.00	0.00	0.00	0.00
15 12/31/2007	(188,946.00)	0.00	0.00	0.00	0.00
16 01/31/2008	(88,096.00)	0.00	0.00	0.00	0.00
17 02/29/2008	(109,176.00)	0.00	0.00	0.00	0.00
18 03/31/2008	(167,368.00)	0.00	0.00	0.00	0.00
19 04/30/2008	(320,316.00)	0.00	0.00	0.00	0.00
20 05/31/2008	(357,572.00)	0.00	0.00	0.00	0.00
21 06/30/2008	(300,008.00)	0.00	0.00	0.00	0.00
22 07/31/2008	(286,328.00)	0.00	0.00	0.00	0.00
23 08/31/2008	(303,408.00)	0.00	0.00	0.00	0.00
24 09/30/2008	(179,752.00)	0.00	0.00	0.00	0.00
25 10/31/2008	(232,744.00)	0.00	0.00	0.00	0.00
26 11/30/2008	(104,218.00)	0.00	0.00	0.00	0.00
27 12/31/2008	(129,376.00)	0.00	0.00	0.00	0.00
28 01/31/2009	(126,538.00)	0.00	0.00	0.00	0.00
29 02/28/2009	(125,272.00)	0.00	0.00	0.00	0.00
30 03/31/2009	(139,974.00)	0.00	0.00	0.00	0.00
31 04/30/2009	(209,948.00)	0.00	0.00	0.00	0.00
32 05/31/2009	(154,296.00)	0.00	0.00	0.00	0.00
33 06/30/2009	(254,576.00)	0.00	0.00	0.00	0.00
34 07/31/2009	(245,700.00)	0.00	0.00	0.00	0.00
35 08/31/2009	(224,764.00)	0.00	0.00	0.00	0.00
36 09/30/2009	(588,759.66)	0.00	0.00	0.00	0.00
Total (36)	(8,208,397.66)	0.00	0.00	0.00	0.00



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

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Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Tax Detail for []

AS-54-TD
Sales Tax

Period	Measure	Tax	Total Tax
1 10/31/2006	(207,876.00)	0.00	0.00
2 11/30/2006	(242,920.00)	0.00	0.00
3 12/31/2006	(162,980.00)	0.00	0.00
4 01/31/2007	(238,604.00)	0.00	0.00
5 02/28/2007	(223,080.00)	0.00	0.00
6 03/31/2007	(372,000.00)	0.00	0.00
7 04/30/2007	(211,264.00)	0.00	0.00
8 05/31/2007	(317,848.00)	0.00	0.00
9 06/30/2007	(266,796.00)	0.00	0.00
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17 02/29/2008	(109,176.00)	0.00	0.00
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19 04/30/2008	(320,316.00)	0.00	0.00
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21 06/30/2008	(300,008.00)	0.00	0.00
22 07/31/2008	(286,328.00)	0.00	0.00
23 08/31/2008	(303,408.00)	0.00	0.00
24 09/30/2008	(179,752.00)	0.00	0.00
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32 05/31/2009	(154,296.00)	0.00	0.00
33 06/30/2009	(254,576.00)	0.00	0.00
34 07/31/2009	(245,700.00)	0.00	0.00
35 08/31/2009	(224,764.00)	0.00	0.00
36 09/30/2009	(588,759.66)	0.00	0.00
Total (36)	(8,208,397.66)	0.00	0.00

Tax Detail

TaxMaster 4.3.7.791 - 10/27/2009

12/10/2009 Page 3 of 32



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Penalty Detail for □

AS-54-PEN
Sales Tax

Period	Total	
1 10/31/2006	0.00	1
2 11/30/2006	0.00	2
3 12/31/2006	0.00	3
4 01/31/2007	0.00	4
5 02/28/2007	0.00	5
6 03/31/2007	0.00	6
7 04/30/2007	0.00	7
8 05/31/2007	0.00	8
9 06/30/2007	0.00	9
10 07/31/2007	0.00	10
11 08/31/2007	0.00	11
12 09/30/2007	0.00	12
13 10/31/2007	0.00	13
14 11/30/2007	0.00	14
15 12/31/2007	0.00	15
16 01/31/2008	0.00	16
17 02/29/2008	0.00	17
18 03/31/2008	0.00	18
19 04/30/2008	0.00	19
20 05/31/2008	0.00	20
21 06/30/2008	0.00	21
22 07/31/2008	0.00	22
23 08/31/2008	0.00	23
24 09/30/2008	0.00	24
25 10/31/2008	0.00	25
26 11/30/2008	0.00	26
27 12/31/2008	0.00	27
28 01/31/2009	0.00	28
29 02/28/2009	0.00	29
30 03/31/2009	0.00	30
31 04/30/2009	0.00	31
32 05/31/2009	0.00	32
33 06/30/2009	0.00	33
34 07/31/2009	0.00	34
35 08/31/2009	0.00	35
36 09/30/2009	0.00	36
Total (36)	0.00	

Penalty Detail

TaxMaster 4.3.7.791 - 10/27/2009

12/10/2009 Page 4 of 32



SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Combined Summary for □

AS-32-BILL
Sales Tax

Period	basic sales cr	local tax cr	Total	
1 10/31/2006	(103,938.00)	(103,938.00)	(207,876.00)	1
2 11/30/2006	(121,460.00)	(121,460.00)	(242,920.00)	2
3 12/31/2006	(81,490.00)	(81,490.00)	(162,980.00)	3
4 01/31/2007	(119,302.00)	(119,302.00)	(238,604.00)	4
5 02/28/2007	(111,540.00)	(111,540.00)	(223,080.00)	5
6 03/31/2007	(186,000.00)	(186,000.00)	(372,000.00)	6
7 04/30/2007	(105,632.00)	(105,632.00)	(211,264.00)	7
8 05/31/2007	(158,924.00)	(158,924.00)	(317,848.00)	8
9 06/30/2007	(133,398.00)	(133,398.00)	(266,796.00)	9
10 07/31/2007	(97,056.00)	(105,874.00)	(202,930.00)	10
11 08/31/2007	(45,870.00)	(45,870.00)	(91,740.00)	11
12 09/30/2007	(100,066.00)	(100,066.00)	(200,132.00)	12
13 10/31/2007	(183,630.00)	(183,630.00)	(367,260.00)	13
14 11/30/2007	(132,916.00)	(132,916.00)	(265,832.00)	14
15 12/31/2007	(118,092.00)	(70,854.00)	(188,946.00)	15
16 01/31/2008	(83,110.00)	(4,986.00)	(88,096.00)	16
17 02/29/2008	(100,368.00)	(8,808.00)	(109,176.00)	17
18 03/31/2008	(83,684.00)	(83,684.00)	(167,368.00)	18
19 04/30/2008	(160,158.00)	(160,158.00)	(320,316.00)	19
20 05/31/2008	(178,786.00)	(178,786.00)	(357,572.00)	20
21 06/30/2008	(150,004.00)	(150,004.00)	(300,008.00)	21
22 07/31/2008	(143,164.00)	(143,164.00)	(286,328.00)	22
23 08/31/2008	(151,704.00)	(151,704.00)	(303,408.00)	23
24 09/30/2008	(89,876.00)	(89,876.00)	(179,752.00)	24
25 10/31/2008	(116,372.00)	(116,372.00)	(232,744.00)	25
26 11/30/2008	(65,138.00)	(39,080.00)	(104,218.00)	26
27 12/31/2008	(80,860.00)	(48,516.00)	(129,376.00)	27
28 01/31/2009	(79,086.00)	(47,452.00)	(126,538.00)	28
29 02/28/2009	(62,636.00)	(62,636.00)	(125,272.00)	29
30 03/31/2009	(87,484.00)	(52,490.00)	(139,974.00)	30
31 04/30/2009	(131,228.00)	(78,720.00)	(209,948.00)	31
32 05/31/2009	(96,436.00)	(57,860.00)	(154,296.00)	32
33 06/30/2009	(127,288.00)	(127,288.00)	(254,576.00)	33
34 07/31/2009	(122,850.00)	(122,850.00)	(245,700.00)	34
35 08/31/2009	(112,382.00)	(112,382.00)	(224,764.00)	35
36 09/30/2009	(165,018.00)	(423,741.66)	(588,759.66)	36
Total (36)	(4,186,946.00)	(4,021,451.66)	(8,208,397.66)	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Billing Report for Sumter Cnty LO 43 [43]

AS-54
Sales Tax

Audit: Sales Tax

Adjustment Schedules: basic sales cr, local tax cr, M&M Sales, Sales Non M&M, Use

Period	Measure	Tax Due	Interest	Penalty	Total
1 10/31/2006	50,303.84	503.04	107.26	78.78	689.08
2 11/30/2006	30,964.00	309.64	63.55	47.26	420.45
3 12/31/2006	26,684.00	266.84	52.46	39.57	358.87
4 01/31/2007	13,953.00	139.53	26.36	20.16	186.05
5 02/28/2007	30,570.00	305.70	55.56	43.07	404.33
6 03/31/2007	26,813.00	268.13	46.58	36.70	351.41
7 04/30/2007	35,022.00	350.22	58.06	46.54	454.82
8 05/31/2007	48,510.00	485.10	76.70	62.61	624.41
9 06/30/2007	41,780.00	417.80	62.87	52.33	533.00
10 07/31/2007	19,235.00	192.35	27.47	42.59	262.41
11 08/31/2007	83,780.00	837.80	113.12	307.90	1,258.82
12 09/30/2007	9,452.90	94.53	12.02	15.47	122.02
13 10/31/2007	72,233.00	722.33	86.64	79.44	888.41
14 11/30/2007	65,806.93	658.07	74.11	69.96	802.14
15 12/31/2007	78,071.00	780.71	82.19	80.13	943.03
16 01/31/2008	113,672.00	1,136.72	112.71	170.03	1,419.46
17 02/29/2008	117,995.00	1,179.95	109.81	172.90	1,462.66
18 03/31/2008	69,234.00	692.34	60.26	133.98	886.58
19 04/30/2008	53,391.00	533.91	43.72	75.26	652.89
20 05/31/2008	50,925.00	509.25	38.90	95.84	643.99
21 06/30/2008	66,572.00	665.72	47.62	123.67	837.01
22 07/31/2008	66,573.00	665.73	44.71	88.93	799.37
23 08/31/2008	100,575.10	1,005.75	62.73	182.23	1,250.71
24 09/30/2008	129,101.80	1,291.02	74.53	166.37	1,531.92
25 10/31/2008	105,869.00	1,058.69	55.44	239.45	1,353.58
26 11/30/2008	107,686.00	1,076.86	50.47	294.45	1,421.78
27 12/31/2008	151,717.85	1,517.18	64.43	335.65	1,917.26
28 01/31/2009	115,864.00	1,158.64	44.08	195.83	1,398.55
29 02/28/2009	98,949.00	989.49	33.70	115.79	1,138.98
30 03/31/2009	143,456.00	1,434.56	43.40	236.89	1,714.85
31 04/30/2009	126,343.00	1,263.43	33.95	143.32	1,440.70
32 05/31/2009	117,606.93	1,176.07	27.25	131.23	1,334.55
33 06/30/2009	128,744.00	1,287.44	25.79	206.01	1,519.24
34 07/31/2009	107,456.00	1,074.56	17.81	62.63	1,155.00
35 08/31/2009	84,869.61	848.70	11.05	47.96	907.71
36 09/30/2009	(16,303.83)	(163.04)	(0.79)	8.55	(155.28)
Total (36)	2,673,475.13	26,734.76	1,946.52	4,249.48	32,930.76



SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

Tax Detail for Sumter Cnty LO 43 [43]

AS-54-TD
Sales Tax

Period	Measure	2880 Tax	Total Tax
1 10/31/2006	50,303.84	503.04	503.04
2 11/30/2006	30,964.00	309.64	309.64
3 12/31/2006	26,684.00	266.84	266.84
4 01/31/2007	13,953.00	139.53	139.53
5 02/28/2007	30,570.00	305.70	305.70
6 03/31/2007	26,813.00	268.13	268.13
7 04/30/2007	35,022.00	350.22	350.22
8 05/31/2007	48,510.00	485.10	485.10
9 06/30/2007	41,780.00	417.80	417.80
10 07/31/2007	19,235.00	192.35	192.35
11 08/31/2007	83,780.00	837.80	837.80
12 09/30/2007	9,452.90	94.53	94.53
13 10/31/2007	72,233.00	722.33	722.33
14 11/30/2007	65,806.93	658.07	658.07
15 12/31/2007	78,071.00	780.71	780.71
16 01/31/2008	113,672.00	1,136.72	1,136.72
17 02/29/2008	117,995.00	1,179.95	1,179.95
18 03/31/2008	69,234.00	692.34	692.34
19 04/30/2008	53,391.00	533.91	533.91
20 05/31/2008	50,925.00	509.25	509.25
21 06/30/2008	66,572.00	665.72	665.72
22 07/31/2008	66,573.00	665.73	665.73
23 08/31/2008	100,575.10	1,005.75	1,005.75
24 09/30/2008	129,101.80	1,291.02	1,291.02
25 10/31/2008	105,869.00	1,058.69	1,058.69
26 11/30/2008	107,686.00	1,076.86	1,076.86
27 12/31/2008	151,717.85	1,517.18	1,517.18
28 01/31/2009	115,864.00	1,158.64	1,158.64
29 02/28/2009	98,949.00	989.49	989.49
30 03/31/2009	143,456.00	1,434.56	1,434.56
31 04/30/2009	126,343.00	1,263.43	1,263.43
32 05/31/2009	117,606.93	1,176.07	1,176.07
33 06/30/2009	128,744.00	1,287.44	1,287.44
34 07/31/2009	107,456.00	1,074.56	1,074.56
35 08/31/2009	84,869.61	848.70	848.70
36 09/30/2009	(16,303.83)	(163.04)	(163.04)
Total (36)	2,673,475.13	26,734.76	26,734.76

Tax Detail

TaxMaster 4.3.7.791 - 10/27/2009

12/10/2009 Page 7 of 32



SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Penalty Detail for Sumter Cnty LO 43 [43]

**AS-54-PEN
Sales Tax**

Period	Failure To File > Oct00	Negligence	Total	
1 10/31/2006	0.00	78.78	78.78	1
2 11/30/2006	0.00	47.26	47.26	2
3 12/31/2006	0.00	39.57	39.57	3
4 01/31/2007	0.00	20.16	20.16	4
5 02/28/2007	0.00	43.07	43.07	5
6 03/31/2007	0.00	36.70	36.70	6
7 04/30/2007	0.00	46.54	46.54	7
8 05/31/2007	0.00	62.61	62.61	8
9 06/30/2007	0.00	52.33	52.33	9
10 07/31/2007	19.24	23.35	42.59	10
11 08/31/2007	209.45	98.45	307.90	11
12 09/30/2007	4.73	10.74	15.47	12
13 10/31/2007	0.00	79.44	79.44	13
14 11/30/2007	0.00	69.96	69.96	14
15 12/31/2007	0.00	80.13	80.13	15
16 01/31/2008	56.84	113.19	170.03	16
17 02/29/2008	59.00	113.90	172.90	17
18 03/31/2008	69.23	64.75	133.98	18
19 04/30/2008	26.70	48.56	75.26	19
20 05/31/2008	50.93	44.91	95.84	20
21 06/30/2008	66.57	57.10	123.67	21
22 07/31/2008	33.29	55.64	88.93	22
23 08/31/2008	100.58	81.65	182.23	23
24 09/30/2008	64.55	101.82	166.37	24
25 10/31/2008	158.80	80.65	239.45	25
26 11/30/2008	215.37	79.08	294.45	26
27 12/31/2008	227.58	108.07	335.65	27
28 01/31/2009	115.86	79.97	195.83	28
29 02/28/2009	49.47	66.32	115.79	29
30 03/31/2009	143.46	93.43	236.89	30
31 04/30/2009	63.17	80.15	143.32	31
32 05/31/2009	58.80	72.43	131.23	32
33 06/30/2009	128.74	77.27	206.01	33
34 07/31/2009	0.00	62.63	62.63	34
35 08/31/2009	0.00	47.96	47.96	35
36 09/30/2009	0.00	8.55	8.55	36
Total (36)	1,922.36	2,327.12	4,249.48	



SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

Combined Summary for Sumter Cnty LO 43 [43]

AS-32-BILL

Sales Tax

Period	local tax cr	M&M Sales	Sales Non M&M	Use	Total	
1 10/31/2006	(51,969.00)	72,142.00	29,928.00	202.84	50,303.84	1
2 11/30/2006	(60,730.00)	66,739.00	24,955.00	0.00	30,964.00	2
3 12/31/2006	(40,745.00)	42,190.00	25,239.00	0.00	26,684.00	3
4 01/31/2007	(59,651.00)	43,662.00	29,942.00	0.00	13,953.00	4
5 02/28/2007	(55,770.00)	51,565.00	34,775.00	0.00	30,570.00	5
6 03/31/2007	(93,000.00)	72,758.00	47,055.00	0.00	26,813.00	6
7 04/30/2007	(52,816.00)	57,481.00	30,357.00	0.00	35,022.00	7
8 05/31/2007	(79,462.00)	85,920.00	42,052.00	0.00	48,510.00	8
9 06/30/2007	(66,699.00)	54,282.00	54,197.00	0.00	41,780.00	9
10 07/31/2007	(52,937.00)	36,162.00	36,010.00	0.00	19,235.00	10
11 08/31/2007	(22,935.00)	60,773.00	45,942.00	0.00	83,780.00	11
12 09/30/2007	(50,033.00)	36,723.00	22,527.00	235.90	9,452.90	12
13 10/31/2007	(91,815.00)	96,410.00	59,958.00	7,680.00	72,233.00	13
14 11/30/2007	(66,458.00)	91,364.00	39,115.00	1,785.93	65,806.93	14
15 12/31/2007	(35,427.00)	77,436.00	34,967.00	1,095.00	78,071.00	15
16 01/31/2008	(2,493.00)	68,651.00	46,014.00	1,500.00	113,672.00	16
17 02/29/2008	(4,404.00)	69,832.00	52,567.00	0.00	117,995.00	17
18 03/31/2008	(41,842.00)	59,208.00	50,863.00	1,005.00	69,234.00	18
19 04/30/2008	(80,079.00)	76,013.00	57,457.00	0.00	53,391.00	19
20 05/31/2008	(89,393.00)	72,974.00	67,344.00	0.00	50,925.00	20
21 06/30/2008	(75,002.00)	77,791.00	62,778.00	1,005.00	66,572.00	21
22 07/31/2008	(71,582.00)	67,780.00	70,375.00	0.00	66,573.00	22
23 08/31/2008	(75,852.00)	80,288.00	95,733.00	406.10	100,575.10	23
24 09/30/2008	(44,938.00)	87,336.00	85,397.00	1,306.80	129,101.80	24
25 10/31/2008	(58,186.00)	87,662.00	76,393.00	0.00	105,869.00	25
26 11/30/2008	(19,540.00)	61,173.00	66,053.00	0.00	107,686.00	26
27 12/31/2008	(24,258.00)	104,346.00	70,340.00	1,289.85	151,717.85	27
28 01/31/2009	(23,726.00)	52,580.00	87,010.00	0.00	115,864.00	28
29 02/28/2009	(31,318.00)	80,493.00	49,774.00	0.00	98,949.00	29
30 03/31/2009	(26,245.00)	78,838.00	89,858.00	1,005.00	143,456.00	30
31 04/30/2009	(39,360.00)	82,239.00	83,464.00	0.00	126,343.00	31
32 05/31/2009	(28,930.00)	73,075.00	70,503.00	2,958.93	117,606.93	32
33 06/30/2009	(63,644.00)	97,355.00	94,028.00	1,005.00	128,744.00	33
34 07/31/2009	(61,425.00)	94,965.00	73,916.00	0.00	107,456.00	34
35 08/31/2009	(56,191.00)	66,543.00	73,592.00	925.61	84,869.61	35
36 09/30/2009	(211,870.83)	119,140.00	76,397.00	30.00	(16,303.83)	36
Total (36)	(2,010,725.83)	2,603,889.00	2,056,875.00	23,436.96	2,673,475.13	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Billing Report for Sumter Cnty CP 43 [43CP]

AS-54
Sales Tax

Audit: Sales Tax

Adjustment Schedules: basic sales cr, local tax cr, M&M Sales, Sales Non M&M, Use

Period	Measure	Tax Due	Interest	Penalty	Total
1 10/31/2006	102,272.84	0.00	0.00	0.00	0.00
2 11/30/2006	91,694.00	0.00	0.00	0.00	0.00
3 12/31/2006	67,429.00	0.00	0.00	0.00	0.00
4 01/31/2007	73,604.00	0.00	0.00	0.00	0.00
5 02/28/2007	86,340.00	0.00	0.00	0.00	0.00
6 03/31/2007	119,813.00	0.00	0.00	0.00	0.00
7 04/30/2007	87,838.00	0.00	0.00	0.00	0.00
8 05/31/2007	127,972.00	0.00	0.00	0.00	0.00
9 06/30/2007	108,479.00	0.00	0.00	0.00	0.00
10 07/31/2007	72,172.00	0.00	0.00	0.00	0.00
11 08/31/2007	106,715.00	0.00	0.00	0.00	0.00
12 09/30/2007	59,485.90	0.00	0.00	0.00	0.00
13 10/31/2007	164,048.00	0.00	0.00	0.00	0.00
14 11/30/2007	132,264.93	0.00	0.00	0.00	0.00
15 12/31/2007	113,498.00	0.00	0.00	0.00	0.00
16 01/31/2008	116,165.00	0.00	0.00	0.00	0.00
17 02/29/2008	122,399.00	0.00	0.00	0.00	0.00
18 03/31/2008	111,076.00	0.00	0.00	0.00	0.00
19 04/30/2008	133,470.00	0.00	0.00	0.00	0.00
20 05/31/2008	140,318.00	0.00	0.00	0.00	0.00
21 06/30/2008	141,574.00	0.00	0.00	0.00	0.00
22 07/31/2008	138,155.00	0.00	0.00	0.00	0.00
23 08/31/2008	176,427.10	0.00	0.00	0.00	0.00
24 09/30/2008	174,039.80	0.00	0.00	0.00	0.00
25 10/31/2008	164,055.00	0.00	0.00	0.00	0.00
26 11/30/2008	127,226.00	0.00	0.00	0.00	0.00
27 12/31/2008	175,975.85	0.00	0.00	0.00	0.00
28 01/31/2009	139,590.00	0.00	0.00	0.00	0.00
29 02/28/2009	130,267.00	0.00	0.00	0.00	0.00
30 03/31/2009	169,701.00	0.00	0.00	0.00	0.00
31 04/30/2009	165,703.00	0.00	0.00	0.00	0.00
32 05/31/2009	146,536.93	1,465.37	33.95	163.51	1,662.83
33 06/30/2009	192,388.00	1,923.88	38.54	307.85	2,270.27
34 07/31/2009	168,881.00	1,688.81	27.99	98.44	1,815.24
35 08/31/2009	141,060.61	1,410.61	18.36	79.71	1,508.68
36 09/30/2009	195,567.00	1,955.67	19.17	107.37	2,082.21
Total (36)	4,684,200.96	8,444.34	138.01	756.88	9,339.23



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

Tax Detail for Sumter Cnty CP 43 [43CP]

AS-54-TD
Sales Tax

Period	Measure	1043S Tax	Total Tax
1 10/31/2006	102,272.84	0.00	0.00
2 11/30/2006	91,694.00	0.00	0.00
3 12/31/2006	67,429.00	0.00	0.00
4 01/31/2007	73,604.00	0.00	0.00
5 02/28/2007	86,340.00	0.00	0.00
6 03/31/2007	119,813.00	0.00	0.00
7 04/30/2007	87,838.00	0.00	0.00
8 05/31/2007	127,972.00	0.00	0.00
9 06/30/2007	108,479.00	0.00	0.00
10 07/31/2007	72,172.00	0.00	0.00
11 08/31/2007	106,715.00	0.00	0.00
12 09/30/2007	59,485.90	0.00	0.00
13 10/31/2007	164,048.00	0.00	0.00
14 11/30/2007	132,264.93	0.00	0.00
15 12/31/2007	113,498.00	0.00	0.00
16 01/31/2008	116,165.00	0.00	0.00
17 02/29/2008	122,399.00	0.00	0.00
18 03/31/2008	111,076.00	0.00	0.00
19 04/30/2008	133,470.00	0.00	0.00
20 05/31/2008	140,318.00	0.00	0.00
21 06/30/2008	141,574.00	0.00	0.00
22 07/31/2008	138,155.00	0.00	0.00
23 08/31/2008	176,427.10	0.00	0.00
24 09/30/2008	174,039.80	0.00	0.00
25 10/31/2008	164,055.00	0.00	0.00
26 11/30/2008	127,226.00	0.00	0.00
27 12/31/2008	175,975.85	0.00	0.00
28 01/31/2009	139,590.00	0.00	0.00
29 02/28/2009	130,267.00	0.00	0.00
30 03/31/2009	169,701.00	0.00	0.00
31 04/30/2009	165,703.00	0.00	0.00
32 05/31/2009	146,536.93	1,465.37	1,465.37
33 06/30/2009	192,388.00	1,923.88	1,923.88
34 07/31/2009	168,881.00	1,688.81	1,688.81
35 08/31/2009	141,060.61	1,410.61	1,410.61
36 09/30/2009	195,567.00	1,955.67	1,955.67
Total (36)	4,684,200.96	8,444.34	8,444.34

Tax Detail

TaxMaster 4.3.7.791 - 10/27/2009

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SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Penalty Detail for Sumter Cnty CP 43 [43CP]

AS-54-PEN
Sales Tax

Period	Failure To File > Oct00	Negligence	Total	
1 10/31/2006	0.00	0.00	0.00	1
2 11/30/2006	0.00	0.00	0.00	2
3 12/31/2006	0.00	0.00	0.00	3
4 01/31/2007	0.00	0.00	0.00	4
5 02/28/2007	0.00	0.00	0.00	5
6 03/31/2007	0.00	0.00	0.00	6
7 04/30/2007	0.00	0.00	0.00	7
8 05/31/2007	0.00	0.00	0.00	8
9 06/30/2007	0.00	0.00	0.00	9
10 07/31/2007	0.00	0.00	0.00	10
11 08/31/2007	0.00	0.00	0.00	11
12 09/30/2007	0.00	0.00	0.00	12
13 10/31/2007	0.00	0.00	0.00	13
14 11/30/2007	0.00	0.00	0.00	14
15 12/31/2007	0.00	0.00	0.00	15
16 01/31/2008	0.00	0.00	0.00	16
17 02/29/2008	0.00	0.00	0.00	17
18 03/31/2008	0.00	0.00	0.00	18
19 04/30/2008	0.00	0.00	0.00	19
20 05/31/2008	0.00	0.00	0.00	20
21 06/30/2008	0.00	0.00	0.00	21
22 07/31/2008	0.00	0.00	0.00	22
23 08/31/2008	0.00	0.00	0.00	23
24 09/30/2008	0.00	0.00	0.00	24
25 10/31/2008	0.00	0.00	0.00	25
26 11/30/2008	0.00	0.00	0.00	26
27 12/31/2008	0.00	0.00	0.00	27
28 01/31/2009	0.00	0.00	0.00	28
29 02/28/2009	0.00	0.00	0.00	29
30 03/31/2009	0.00	0.00	0.00	30
31 04/30/2009	0.00	0.00	0.00	31
32 05/31/2009	73.27	90.24	163.51	32
33 06/30/2009	192.39	115.46	307.85	33
34 07/31/2009	0.00	98.44	98.44	34
35 08/31/2009	0.00	79.71	79.71	35
36 09/30/2009	0.00	107.37	107.37	36
Total (36)	265.66	491.22	756.88	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

Combined Summary for Sumter Cnty CP 43 [43CP]

AS-32-BILL
Sales Tax

Period	M&M Sales	Sales Non M&M	Use	Total
1 10/31/2006	72,142.00	29,928.00	202.84	102,272.84
2 11/30/2006	66,739.00	24,955.00	0.00	91,694.00
3 12/31/2006	42,190.00	25,239.00	0.00	67,429.00
4 01/31/2007	43,662.00	29,942.00	0.00	73,604.00
5 02/28/2007	51,565.00	34,775.00	0.00	86,340.00
6 03/31/2007	72,758.00	47,055.00	0.00	119,813.00
7 04/30/2007	57,481.00	30,357.00	0.00	87,838.00
8 05/31/2007	85,920.00	42,052.00	0.00	127,972.00
9 06/30/2007	54,282.00	54,197.00	0.00	108,479.00
10 07/31/2007	36,162.00	36,010.00	0.00	72,172.00
11 08/31/2007	60,773.00	45,942.00	0.00	106,715.00
12 09/30/2007	36,723.00	22,527.00	235.90	59,485.90
13 10/31/2007	96,410.00	59,958.00	7,680.00	164,048.00
14 11/30/2007	91,364.00	39,115.00	1,785.93	132,264.93
15 12/31/2007	77,436.00	34,967.00	1,095.00	113,498.00
16 01/31/2008	68,651.00	46,014.00	1,500.00	116,165.00
17 02/29/2008	69,832.00	52,567.00	0.00	122,399.00
18 03/31/2008	59,208.00	50,863.00	1,005.00	111,076.00
19 04/30/2008	76,013.00	57,457.00	0.00	133,470.00
20 05/31/2008	72,974.00	67,344.00	0.00	140,318.00
21 06/30/2008	77,791.00	62,778.00	1,005.00	141,574.00
22 07/31/2008	67,780.00	70,375.00	0.00	138,155.00
23 08/31/2008	80,288.00	95,733.00	406.10	176,427.10
24 09/30/2008	87,336.00	85,397.00	1,306.80	174,039.80
25 10/31/2008	87,662.00	76,393.00	0.00	164,055.00
26 11/30/2008	61,173.00	66,053.00	0.00	127,226.00
27 12/31/2008	104,346.00	70,340.00	1,289.85	175,975.85
28 01/31/2009	52,580.00	87,010.00	0.00	139,590.00
29 02/28/2009	80,493.00	49,774.00	0.00	130,267.00
30 03/31/2009	78,838.00	89,858.00	1,005.00	169,701.00
31 04/30/2009	82,239.00	83,464.00	0.00	165,703.00
32 05/31/2009	73,075.00	70,503.00	2,958.93	146,536.93
33 06/30/2009	97,355.00	94,028.00	1,005.00	192,388.00
34 07/31/2009	94,965.00	73,916.00	0.00	168,881.00
35 08/31/2009	66,543.00	73,592.00	925.61	141,060.61
36 09/30/2009	119,140.00	76,397.00	30.00	195,567.00
Total (36)	2,603,889.00	2,056,875.00	23,436.96	4,684,200.96



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Billing Report for Durable Medical Goods [DMG]

AS-54
Sales Tax

Audit: Sales Tax

Adjustment Schedules: basic sales cr, local tax cr, M&M Sales, Sales Non M&M, Use

Period	Measure	Tax Due	Interest	Penalty	Total
1 10/31/2006	72,142.00	3,607.10	769.08	564.90	4,941.08
2 11/30/2006	66,739.00	3,336.95	684.94	509.32	4,531.21
3 12/31/2006	42,190.00	2,109.50	414.67	312.81	2,836.98
4 01/31/2007	43,662.00	2,183.10	412.59	315.45	2,911.14
5 02/28/2007	51,565.00	2,578.25	468.53	363.18	3,409.96
6 03/31/2007	72,758.00	3,637.90	631.97	497.88	4,767.75
7 04/30/2007	57,481.00	2,874.05	476.44	381.92	3,732.41
8 05/31/2007	85,920.00	4,296.00	679.33	554.47	5,529.80
9 06/30/2007	54,282.00	3,256.92	490.32	408.01	4,155.25
10 07/31/2007	36,162.00	1,988.91	283.92	440.30	2,713.13
11 08/31/2007	60,773.00	3,342.52	451.28	1,228.40	5,022.20
12 09/30/2007	36,723.00	2,019.77	256.68	330.32	2,606.77
13 10/31/2007	96,410.00	5,302.55	636.01	583.13	6,521.69
14 11/30/2007	91,364.00	5,025.02	565.86	534.18	6,125.06
15 12/31/2007	77,436.00	4,258.98	448.33	437.11	5,144.42
16 01/31/2008	68,651.00	3,775.81	374.37	564.77	4,714.95
17 02/29/2008	69,832.00	3,840.76	357.47	562.81	4,761.04
18 03/31/2008	59,208.00	3,256.44	283.42	630.17	4,170.03
19 04/30/2008	76,013.00	4,180.72	342.29	589.22	5,112.23
20 05/31/2008	72,974.00	4,013.57	306.58	755.33	5,075.48
21 06/30/2008	77,791.00	4,278.51	306.12	794.84	5,379.47
22 07/31/2008	67,780.00	3,727.90	250.38	497.99	4,476.27
23 08/31/2008	80,288.00	4,415.84	275.40	800.07	5,491.31
24 09/30/2008	87,336.00	4,803.48	277.33	619.01	5,699.82
25 10/31/2008	87,662.00	4,821.41	252.50	1,090.53	6,164.44
26 11/30/2008	61,173.00	3,364.52	157.70	919.98	4,442.20
27 12/31/2008	104,346.00	5,739.03	243.69	1,269.65	7,252.37
28 01/31/2009	52,580.00	2,891.90	110.03	488.80	3,490.73
29 02/28/2009	80,493.00	4,427.12	150.86	518.15	5,096.13
30 03/31/2009	78,838.00	4,336.09	131.19	716.01	5,183.29
31 04/30/2009	82,239.00	4,523.15	121.55	513.09	5,157.79
32 05/31/2009	73,075.00	4,019.13	93.10	448.47	4,560.70
33 06/30/2009	97,355.00	5,354.53	107.27	856.81	6,318.61
34 07/31/2009	94,965.00	5,223.08	86.56	304.43	5,614.07
35 08/31/2009	66,543.00	3,659.87	47.63	206.81	3,914.31
36 09/30/2009	119,140.00	6,552.70	64.23	359.75	6,976.68
Total (36)	2,603,889.00	141,023.08	12,009.62	20,968.07	174,000.77



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Tax Detail for Durable Medical Goods [DMG]

AS-54-TD
Sales Tax

Period	Measure	DMG Tax	Total Tax	
1 10/31/2006	72,142.00	3,607.10	3,607.10	1
2 11/30/2006	66,739.00	3,336.95	3,336.95	2
3 12/31/2006	42,190.00	2,109.50	2,109.50	3
4 01/31/2007	43,662.00	2,183.10	2,183.10	4
5 02/28/2007	51,565.00	2,578.25	2,578.25	5
6 03/31/2007	72,758.00	3,637.90	3,637.90	6
7 04/30/2007	57,481.00	2,874.05	2,874.05	7
8 05/31/2007	85,920.00	4,296.00	4,296.00	8
9 06/30/2007	54,282.00	3,256.92	3,256.92	9
10 07/31/2007	36,162.00	1,988.91	1,988.91	10
11 08/31/2007	60,773.00	3,342.52	3,342.52	11
12 09/30/2007	36,723.00	2,019.77	2,019.77	12
13 10/31/2007	96,410.00	5,302.55	5,302.55	13
14 11/30/2007	91,364.00	5,025.02	5,025.02	14
15 12/31/2007	77,436.00	4,258.98	4,258.98	15
16 01/31/2008	68,651.00	3,775.81	3,775.81	16
17 02/29/2008	69,832.00	3,840.76	3,840.76	17
18 03/31/2008	59,208.00	3,256.44	3,256.44	18
19 04/30/2008	76,013.00	4,180.72	4,180.72	19
20 05/31/2008	72,974.00	4,013.57	4,013.57	20
21 06/30/2008	77,791.00	4,278.51	4,278.51	21
22 07/31/2008	67,780.00	3,727.90	3,727.90	22
23 08/31/2008	80,288.00	4,415.84	4,415.84	23
24 09/30/2008	87,336.00	4,803.48	4,803.48	24
25 10/31/2008	87,662.00	4,821.41	4,821.41	25
26 11/30/2008	61,173.00	3,364.52	3,364.52	26
27 12/31/2008	104,346.00	5,739.03	5,739.03	27
28 01/31/2009	52,580.00	2,891.90	2,891.90	28
29 02/28/2009	80,493.00	4,427.12	4,427.12	29
30 03/31/2009	78,838.00	4,336.09	4,336.09	30
31 04/30/2009	82,239.00	4,523.15	4,523.15	31
32 05/31/2009	73,075.00	4,019.13	4,019.13	32
33 06/30/2009	97,355.00	5,354.53	5,354.53	33
34 07/31/2009	94,965.00	5,223.08	5,223.08	34
35 08/31/2009	66,543.00	3,659.87	3,659.87	35
36 09/30/2009	119,140.00	6,552.70	6,552.70	36
Total (36)	2,603,889.00	141,023.08	141,023.08	

Tax Detail

TaxMaster 4.3.7.791 - 10/27/2009

12/10/2009 Page 15 of 32



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Penalty Detail for Durable Medical Goods [DMG]

AS-54-PEN
Sales Tax

	Period	Failure To File > Oct00	Negligence	Total	
1	10/31/2006	0.00	564.90	564.90	1
2	11/30/2006	0.00	509.32	509.32	2
3	12/31/2006	0.00	312.81	312.81	3
4	01/31/2007	0.00	315.45	315.45	4
5	02/28/2007	0.00	363.18	363.18	5
6	03/31/2007	0.00	497.88	497.88	6
7	04/30/2007	0.00	381.92	381.92	7
8	05/31/2007	0.00	554.47	554.47	8
9	06/30/2007	0.00	408.01	408.01	9
10	07/31/2007	198.89	241.41	440.30	10
11	08/31/2007	835.63	392.77	1,228.40	11
12	09/30/2007	100.99	229.33	330.32	12
13	10/31/2007	0.00	583.13	583.13	13
14	11/30/2007	0.00	534.18	534.18	14
15	12/31/2007	0.00	437.11	437.11	15
16	01/31/2008	188.79	375.98	564.77	16
17	02/29/2008	192.04	370.77	562.81	17
18	03/31/2008	325.64	304.53	630.17	18
19	04/30/2008	209.04	380.18	589.22	19
20	05/31/2008	401.36	353.97	755.33	20
21	06/30/2008	427.85	366.99	794.84	21
22	07/31/2008	186.40	311.59	497.99	22
23	08/31/2008	441.58	358.49	800.07	23
24	09/30/2008	240.17	378.84	619.01	24
25	10/31/2008	723.21	367.32	1,090.53	25
26	11/30/2008	672.90	247.08	919.98	26
27	12/31/2008	860.85	408.80	1,269.65	27
28	01/31/2009	289.19	199.61	488.80	28
29	02/28/2009	221.36	296.79	518.15	29
30	03/31/2009	433.61	282.40	716.01	30
31	04/30/2009	226.16	286.93	513.09	31
32	05/31/2009	200.96	247.51	448.47	32
33	06/30/2009	535.45	321.36	856.81	33
34	07/31/2009	0.00	304.43	304.43	34
35	08/31/2009	0.00	206.81	206.81	35
36	09/30/2009	0.00	359.75	359.75	36
Total (36)		7,912.07	13,056.00	20,968.07	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Combined Summary for Durable Medical Goods [DMG]

AS-32-BILL
Sales Tax

Period	M&M Sales	Total	
1 10/31/2006	72,142.00	72,142.00	1
2 11/30/2006	66,739.00	66,739.00	2
3 12/31/2006	42,190.00	42,190.00	3
4 01/31/2007	43,662.00	43,662.00	4
5 02/28/2007	51,565.00	51,565.00	5
6 03/31/2007	72,758.00	72,758.00	6
7 04/30/2007	57,481.00	57,481.00	7
8 05/31/2007	85,920.00	85,920.00	8
9 06/30/2007	54,282.00	54,282.00	9
10 07/31/2007	36,162.00	36,162.00	10
11 08/31/2007	60,773.00	60,773.00	11
12 09/30/2007	36,723.00	36,723.00	12
13 10/31/2007	96,410.00	96,410.00	13
14 11/30/2007	91,364.00	91,364.00	14
15 12/31/2007	77,436.00	77,436.00	15
16 01/31/2008	68,651.00	68,651.00	16
17 02/29/2008	69,832.00	69,832.00	17
18 03/31/2008	59,208.00	59,208.00	18
19 04/30/2008	76,013.00	76,013.00	19
20 05/31/2008	72,974.00	72,974.00	20
21 06/30/2008	77,791.00	77,791.00	21
22 07/31/2008	67,780.00	67,780.00	22
23 08/31/2008	80,288.00	80,288.00	23
24 09/30/2008	87,336.00	87,336.00	24
25 10/31/2008	87,662.00	87,662.00	25
26 11/30/2008	61,173.00	61,173.00	26
27 12/31/2008	104,346.00	104,346.00	27
28 01/31/2009	52,580.00	52,580.00	28
29 02/28/2009	80,493.00	80,493.00	29
30 03/31/2009	78,838.00	78,838.00	30
31 04/30/2009	82,239.00	82,239.00	31
32 05/31/2009	73,075.00	73,075.00	32
33 06/30/2009	97,355.00	97,355.00	33
34 07/31/2009	94,965.00	94,965.00	34
35 08/31/2009	66,543.00	66,543.00	35
36 09/30/2009	119,140.00	119,140.00	36
Total (36)	2,603,889.00	2,603,889.00	

Combined Summary

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SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

Billing Report for Sales Tax [SALE6]

AS-54
Sales Tax

Audit: Sales Tax

Adjustment Schedules: basic sales cr, local tax cr, M&M Sales, Sales Non M&M, Use

Period	Measure	Tax Due	Interest	Penalty	Total
1 10/31/2006	(21,838.16)	(1,091.91)	(151.72)	130.46	(1,113.17)
2 11/30/2006	(35,775.00)	(1,788.75)	(238.52)	208.70	(1,818.57)
3 12/31/2006	(15,506.00)	(775.30)	(98.63)	88.08	(785.85)
4 01/31/2007	(29,709.00)	(1,485.45)	(181.00)	164.77	(1,501.68)
5 02/28/2007	(20,995.00)	(1,049.75)	(122.51)	113.74	(1,058.52)
6 03/31/2007	(45,945.00)	(2,297.25)	(255.04)	242.38	(2,309.91)
7 04/30/2007	(22,459.00)	(1,122.95)	(118.34)	115.32	(1,125.97)
8 05/31/2007	(37,410.00)	(1,870.50)	(186.95)	187.00	(1,870.45)
9 06/30/2007	(12,502.00)	(750.12)	(70.89)	72.95	(748.06)
10 07/31/2007	(12,518.00)	(751.08)	(66.81)	70.96	(746.93)
11 08/31/2007	23,007.00	1,380.42	186.39	507.33	2,074.14
12 09/30/2007	(27,270.10)	(1,636.21)	(127.19)	145.41	(1,617.99)
13 10/31/2007	(24,177.00)	(1,450.62)	(105.36)	125.21	(1,430.77)
14 11/30/2007	(25,557.07)	(1,533.42)	(103.27)	128.31	(1,508.38)
15 12/31/2007	(22,984.00)	(1,379.04)	(85.80)	111.85	(1,352.99)
16 01/31/2008	5,959.00	357.54	35.44	53.48	446.46
17 02/29/2008	2,383.00	142.98	13.30	20.95	177.23
18 03/31/2008	10,026.00	601.56	52.36	116.42	770.34
19 04/30/2008	(22,622.00)	(1,357.32)	(63.15)	99.44	(1,321.03)
20 05/31/2008	(22,049.00)	(1,322.94)	(56.86)	94.58	(1,285.22)
21 06/30/2008	(11,219.00)	(673.14)	(26.96)	47.14	(652.96)
22 07/31/2008	(1,207.00)	(72.42)	(2.71)	4.98	(70.15)
23 08/31/2008	20,287.10	1,217.23	75.92	220.54	1,513.69
24 09/30/2008	41,765.80	2,505.95	144.67	322.93	2,973.55
25 10/31/2008	18,207.00	1,092.42	57.22	247.09	1,396.73
26 11/30/2008	33,484.00	2,009.04	94.16	549.34	2,652.54
27 12/31/2008	31,199.85	1,871.99	79.49	414.14	2,365.62
28 01/31/2009	47,467.00	2,848.02	108.36	481.38	3,437.76
29 02/28/2009	18,456.00	1,107.36	37.72	129.60	1,274.68
30 03/31/2009	47,121.00	2,827.26	85.53	466.86	3,379.65
31 04/30/2009	17,850.00	1,071.00	28.78	121.49	1,221.27
32 05/31/2009	25,243.93	1,514.64	35.09	169.01	1,718.74
33 06/30/2009	31,389.00	1,883.34	37.73	301.36	2,222.43
34 07/31/2009	12,491.00	749.46	12.42	43.68	805.56
35 08/31/2009	18,326.61	1,099.60	14.31	62.14	1,176.05
36 09/30/2009	(6,082.00)	(364.92)	(1.78)	19.14	(347.56)
Total (36)	(13,161.04)	1,506.72	(964.60)	6,398.16	6,940.28



SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Tax Detail for Sales Tax [SALE6]

AS-54-TD
Sales Tax

	Period	Measure	SALE6 Tax	Total Tax
1	10/31/2006	(21,838.16)	(1,091.91)	(1,091.91)
2	11/30/2006	(35,775.00)	(1,788.75)	(1,788.75)
3	12/31/2006	(15,506.00)	(775.30)	(775.30)
4	01/31/2007	(29,709.00)	(1,485.45)	(1,485.45)
5	02/28/2007	(20,995.00)	(1,049.75)	(1,049.75)
6	03/31/2007	(45,945.00)	(2,297.25)	(2,297.25)
7	04/30/2007	(22,459.00)	(1,122.95)	(1,122.95)
8	05/31/2007	(37,410.00)	(1,870.50)	(1,870.50)
9	06/30/2007	(12,502.00)	(750.12)	(750.12)
10	07/31/2007	(12,518.00)	(751.08)	(751.08)
11	08/31/2007	23,007.00	1,380.42	1,380.42
12	09/30/2007	(27,270.10)	(1,636.21)	(1,636.21)
13	10/31/2007	(24,177.00)	(1,450.62)	(1,450.62)
14	11/30/2007	(25,557.07)	(1,533.42)	(1,533.42)
15	12/31/2007	(22,984.00)	(1,379.04)	(1,379.04)
16	01/31/2008	5,959.00	357.54	357.54
17	02/29/2008	2,383.00	142.98	142.98
18	03/31/2008	10,026.00	601.56	601.56
19	04/30/2008	(22,622.00)	(1,357.32)	(1,357.32)
20	05/31/2008	(22,049.00)	(1,322.94)	(1,322.94)
21	06/30/2008	(11,219.00)	(673.14)	(673.14)
22	07/31/2008	(1,207.00)	(72.42)	(72.42)
23	08/31/2008	20,287.10	1,217.23	1,217.23
24	09/30/2008	41,765.80	2,505.95	2,505.95
25	10/31/2008	18,207.00	1,092.42	1,092.42
26	11/30/2008	33,484.00	2,009.04	2,009.04
27	12/31/2008	31,199.85	1,871.99	1,871.99
28	01/31/2009	47,467.00	2,848.02	2,848.02
29	02/28/2009	18,456.00	1,107.36	1,107.36
30	03/31/2009	47,121.00	2,827.26	2,827.26
31	04/30/2009	17,850.00	1,071.00	1,071.00
32	05/31/2009	25,243.93	1,514.64	1,514.64
33	06/30/2009	31,389.00	1,883.34	1,883.34
34	07/31/2009	12,491.00	749.46	749.46
35	08/31/2009	18,326.61	1,099.60	1,099.60
36	09/30/2009	(6,082.00)	(364.92)	(364.92)
	Total (36)	(13,161.04)	1,506.72	1,506.72

Tax Detail

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SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Penalty Detail for Sales Tax [SALE6]

AS-54-PEN
Sales Tax

Period	Failure To File > Oct00	Negligence	Total
1 10/31/2006	0.00	130.46	130.46
2 11/30/2006	0.00	208.70	208.70
3 12/31/2006	0.00	88.08	88.08
4 01/31/2007	0.00	164.77	164.77
5 02/28/2007	0.00	113.74	113.74
6 03/31/2007	0.00	242.38	242.38
7 04/30/2007	0.00	115.32	115.32
8 05/31/2007	0.00	187.00	187.00
9 06/30/2007	0.00	72.95	72.95
10 07/31/2007	0.00	70.96	70.96
11 08/31/2007	345.11	162.22	507.33
12 09/30/2007	0.00	145.41	145.41
13 10/31/2007	0.00	125.21	125.21
14 11/30/2007	0.00	128.31	128.31
15 12/31/2007	0.00	111.85	111.85
16 01/31/2008	17.88	35.60	53.48
17 02/29/2008	7.15	13.80	20.95
18 03/31/2008	60.16	56.26	116.42
19 04/30/2008	0.00	99.44	99.44
20 05/31/2008	0.00	94.58	94.58
21 06/30/2008	0.00	47.14	47.14
22 07/31/2008	0.00	4.98	4.98
23 08/31/2008	121.72	98.82	220.54
24 09/30/2008	125.30	197.63	322.93
25 10/31/2008	163.86	83.23	247.09
26 11/30/2008	401.81	147.53	549.34
27 12/31/2008	280.80	133.34	414.14
28 01/31/2009	284.80	196.58	481.38
29 02/28/2009	55.37	74.23	129.60
30 03/31/2009	282.73	184.13	466.86
31 04/30/2009	53.55	67.94	121.49
32 05/31/2009	75.73	93.28	169.01
33 06/30/2009	188.33	113.03	301.36
34 07/31/2009	0.00	43.68	43.68
35 08/31/2009	0.00	62.14	62.14
36 09/30/2009	0.00	19.14	19.14
Total (36)	2,464.30	3,933.86	6,398.16

Penalty Detail

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SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Combined Summary for Sales Tax [SALE6]

AS-32-BILL
Sales Tax

Period	basic sales cr	Sales Non M&M	Use	Total
1 10/31/2006	(51,969.00)	29,928.00	202.84	(21,838.16)
2 11/30/2006	(60,730.00)	24,955.00	0.00	(35,775.00)
3 12/31/2006	(40,745.00)	25,239.00	0.00	(15,506.00)
4 01/31/2007	(59,651.00)	29,942.00	0.00	(29,709.00)
5 02/28/2007	(55,770.00)	34,775.00	0.00	(20,995.00)
6 03/31/2007	(93,000.00)	47,055.00	0.00	(45,945.00)
7 04/30/2007	(52,816.00)	30,357.00	0.00	(22,459.00)
8 05/31/2007	(79,462.00)	42,052.00	0.00	(37,410.00)
9 06/30/2007	(66,699.00)	54,197.00	0.00	(12,502.00)
10 07/31/2007	(48,528.00)	36,010.00	0.00	(12,518.00)
11 08/31/2007	(22,935.00)	45,942.00	0.00	23,007.00
12 09/30/2007	(50,033.00)	22,527.00	235.90	(27,270.10)
13 10/31/2007	(91,815.00)	59,958.00	7,680.00	(24,177.00)
14 11/30/2007	(66,458.00)	39,115.00	1,785.93	(25,557.07)
15 12/31/2007	(59,046.00)	34,967.00	1,095.00	(22,984.00)
16 01/31/2008	(41,555.00)	46,014.00	1,500.00	5,959.00
17 02/29/2008	(50,184.00)	52,567.00	0.00	2,383.00
18 03/31/2008	(41,842.00)	50,863.00	1,005.00	10,026.00
19 04/30/2008	(80,079.00)	57,457.00	0.00	(22,622.00)
20 05/31/2008	(89,393.00)	67,344.00	0.00	(22,049.00)
21 06/30/2008	(75,002.00)	62,778.00	1,005.00	(11,219.00)
22 07/31/2008	(71,582.00)	70,375.00	0.00	(1,207.00)
23 08/31/2008	(75,852.00)	95,733.00	406.10	20,287.10
24 09/30/2008	(44,938.00)	85,397.00	1,306.80	41,765.80
25 10/31/2008	(58,186.00)	76,393.00	0.00	18,207.00
26 11/30/2008	(32,569.00)	66,053.00	0.00	33,484.00
27 12/31/2008	(40,430.00)	70,340.00	1,289.85	31,199.85
28 01/31/2009	(39,543.00)	87,010.00	0.00	47,467.00
29 02/28/2009	(31,318.00)	49,774.00	0.00	18,456.00
30 03/31/2009	(43,742.00)	89,858.00	1,005.00	47,121.00
31 04/30/2009	(65,614.00)	83,464.00	0.00	17,850.00
32 05/31/2009	(48,218.00)	70,503.00	2,958.93	25,243.93
33 06/30/2009	(63,644.00)	94,028.00	1,005.00	31,389.00
34 07/31/2009	(61,425.00)	73,916.00	0.00	12,491.00
35 08/31/2009	(56,191.00)	73,592.00	925.61	18,326.61
36 09/30/2009	(82,509.00)	76,397.00	30.00	(6,082.00)
Total (36)	(2,093,473.00)	2,056,875.00	23,436.96	(13,161.04)



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Distribution Report [6320]

AS-54-DIST
Sales Tax

G/L Code	Code	DLN	Tax	Interest	Penalty	Total	
1			0.00	0.00	0.00	0.00	1
2	34-2726	1043S	8,444.34	138.01	756.88	9,339.23	2
3	34-2721	2880	26,734.76	1,946.52	4,249.48	32,930.76	3
4	14-4725	DMG	141,023.08	12,009.62	20,968.07	174,000.77	4
5	14-4701	SALE6	1,506.72	(964.60)	6,398.16	6,940.28	5
Total (5)			177,708.90	13,129.55	32,372.59	223,211.04	



SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

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Reliable Medical Equipment of South Carolina
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Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Schedule Summary for basic sales cr

AS-36-SCHD
Sales Tax

Period	1043S Sumter Cnty CP	2880 Sumter	Durable Medical Good	DMG	SALE6 Sales Tax	Total	
1 10/31/2006	(103,938.00)	0.00	0.00	0.00	(51,969.00)	(155,907.00)	1
2 11/30/2006	(121,460.00)	0.00	0.00	0.00	(60,730.00)	(182,190.00)	2
3 12/31/2006	(81,490.00)	0.00	0.00	0.00	(40,745.00)	(122,235.00)	3
4 01/31/2007	(119,302.00)	0.00	0.00	0.00	(59,651.00)	(178,953.00)	4
5 02/28/2007	(111,540.00)	0.00	0.00	0.00	(55,770.00)	(167,310.00)	5
6 03/31/2007	(186,000.00)	0.00	0.00	0.00	(93,000.00)	(279,000.00)	6
7 04/30/2007	(105,632.00)	0.00	0.00	0.00	(52,816.00)	(158,448.00)	7
8 05/31/2007	(158,924.00)	0.00	0.00	0.00	(79,462.00)	(238,386.00)	8
9 06/30/2007	(133,398.00)	0.00	0.00	0.00	(66,699.00)	(200,097.00)	9
10 07/31/2007	(97,056.00)	0.00	0.00	0.00	(48,528.00)	(145,584.00)	10
11 08/31/2007	(45,870.00)	0.00	0.00	0.00	(22,935.00)	(68,805.00)	11
12 09/30/2007	(100,068.00)	0.00	0.00	0.00	(50,033.00)	(150,099.00)	12
13 10/31/2007	(183,630.00)	0.00	0.00	0.00	(91,815.00)	(275,445.00)	13
14 11/30/2007	(132,916.00)	0.00	0.00	0.00	(66,458.00)	(199,374.00)	14
15 12/31/2007	(118,092.00)	0.00	0.00	0.00	(59,046.00)	(177,138.00)	15
16 01/31/2008	(83,110.00)	0.00	0.00	0.00	(41,555.00)	(124,665.00)	16
17 02/29/2008	(100,368.00)	0.00	0.00	0.00	(50,184.00)	(150,552.00)	17
18 03/31/2008	(83,684.00)	0.00	0.00	0.00	(41,842.00)	(125,526.00)	18
19 04/30/2008	(160,158.00)	0.00	0.00	0.00	(80,079.00)	(240,237.00)	19
20 05/31/2008	(178,786.00)	0.00	0.00	0.00	(89,393.00)	(268,179.00)	20
21 06/30/2008	(150,004.00)	0.00	0.00	0.00	(75,002.00)	(225,006.00)	21
22 07/31/2008	(143,164.00)	0.00	0.00	0.00	(71,582.00)	(214,746.00)	22
23 08/31/2008	(151,704.00)	0.00	0.00	0.00	(75,852.00)	(227,556.00)	23
24 09/30/2008	(89,876.00)	0.00	0.00	0.00	(44,938.00)	(134,814.00)	24
25 10/31/2008	(116,372.00)	0.00	0.00	0.00	(58,186.00)	(174,558.00)	25
26 11/30/2008	(65,138.00)	0.00	0.00	0.00	(32,569.00)	(97,707.00)	26
27 12/31/2008	(80,860.00)	0.00	0.00	0.00	(40,430.00)	(121,290.00)	27
28 01/31/2009	(79,086.00)	0.00	0.00	0.00	(39,543.00)	(118,629.00)	28
29 02/28/2009	(62,636.00)	0.00	0.00	0.00	(31,318.00)	(93,954.00)	29
30 03/31/2009	(87,484.00)	0.00	0.00	0.00	(43,742.00)	(131,226.00)	30
31 04/30/2009	(131,228.00)	0.00	0.00	0.00	(65,614.00)	(196,842.00)	31
32 05/31/2009	(96,436.00)	0.00	0.00	0.00	(48,218.00)	(144,654.00)	32
33 06/30/2009	(127,288.00)	0.00	0.00	0.00	(63,644.00)	(190,932.00)	33
34 07/31/2009	(122,850.00)	0.00	0.00	0.00	(61,425.00)	(184,275.00)	34
35 08/31/2009	(112,382.00)	0.00	0.00	0.00	(56,191.00)	(168,573.00)	35
36 09/30/2009	(165,018.00)	0.00	0.00	0.00	(82,509.00)	(247,527.00)	36
Total (36)	(4,186,946.00)	0.00	0.00	0.00	(2,093,473.00)	(6,280,419.00)	

Summary of basic sales cr

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SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Schedule of Basic Tax Credit--Adjustment to Deductions [sale6]

AS-36-5-cr
Sales Tax

	Date	Sold To	Description	Tax Cr	
1	10/31/06	Basic Sales Tax Credit	Per Sales Tax Returns	(51,969.00)	1
2	11/30/06	Basic Sales Tax Credit	Per Sales Tax Returns	(60,730.00)	2
3	12/31/06	Basic Sales Tax Credit	Per Sales Tax Returns	(40,745.00)	3
4	01/31/07	Basic Sales Tax Credit	Per Sales Tax Returns	(59,651.00)	4
5	02/28/07	Basic Sales Tax Credit	Per Sales Tax Returns	(55,770.00)	5
6	03/31/07	Basic Sales Tax Credit	Per Sales Tax Returns	(93,000.00)	6
7	04/30/07	Basic Sales Tax Credit	Per Sales Tax Returns	(52,816.00)	7
8	05/31/07	Basic Sales Tax Credit	Per Sales Tax Returns	(79,462.00)	8
9	06/30/07	Basic Sales Tax Credit	Per Sales Tax Returns	(66,699.00)	9
10	07/31/07	Basic Sales Tax Credit	Per Sales Tax Returns	(48,528.00)	10
11	08/31/07	Basic Sales Tax Credit	Per Sales Tax Returns	(22,935.00)	11
12	09/30/07	Basic Sales Tax Credit	Per Sales Tax Returns	(50,033.00)	12
13	10/31/07	Basic Sales Tax Credit	Per Sales Tax Returns	(91,815.00)	13
14	11/30/07	Basic Sales Tax Credit	Per Sales Tax Returns	(66,458.00)	14
15	12/31/07	Basic Sales Tax Credit	Per Sales Tax Returns	(59,046.00)	15
16	01/31/08	Basic Sales Tax Credit	Per Sales Tax Returns	(41,555.00)	16
17	02/29/08	Basic Sales Tax Credit	Per Sales Tax Returns	(50,184.00)	17
18	03/31/08	Basic Sales Tax Credit	Per Sales Tax Returns	(41,842.00)	18
19	04/30/08	Basic Sales Tax Credit	Per Sales Tax Returns	(80,079.00)	19
20	05/31/08	Basic Sales Tax Credit	Per Sales Tax Returns	(89,393.00)	20
21	06/30/08	Basic Sales Tax Credit	Per Sales Tax Returns	(75,002.00)	21
22	07/31/08	Basic Sales Tax Credit	Per Sales Tax Returns	(71,582.00)	22
23	08/31/08	Basic Sales Tax Credit	Per Sales Tax Returns	(75,852.00)	23
24	09/30/08	Basic Sales Tax Credit	Per Sales Tax Returns	(44,938.00)	24
25	10/31/08	Basic Sales Tax Credit	Per Sales Tax Returns	(58,186.00)	25
26	11/30/08	Basic Sales Tax Credit	Per Sales Tax Returns	(32,569.00)	26
27	12/31/08	Basic Sales Tax Credit	Per Sales Tax Returns	(40,430.00)	27
28	01/31/09	Basic Sales Tax Credit	Per Sales Tax Returns	(39,543.00)	28
29	02/28/09	Basic Sales Tax Credit	Per Sales Tax Returns	(31,318.00)	29
30	03/31/09	Basic Sales Tax Credit	Per Sales Tax Returns	(43,742.00)	30
31	04/30/09	Basic Sales Tax Credit	Per Sales Tax Returns	(65,614.00)	31
32	05/31/09	Basic Sales Tax Credit	Per Sales Tax Returns	(48,218.00)	32
33	06/30/09	Basic Sales Tax Credit	Per Sales Tax Returns	(63,644.00)	33
34	07/31/09	Basic Sales Tax Credit	Per Sales Tax Returns	(61,425.00)	34
35	08/31/09	Basic Sales Tax Credit	Per Sales Tax Returns	(56,191.00)	35
36	09/30/09	Basic Sales Tax Credit	Per Sales Tax Returns	(82,509.00)	36
Total (36)				(2,093,473.00)	

basic sales cr

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SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

Schedule Summary for local tax cr

AS-36-SCHD

Sales Tax

Period	1043S Sumter Cnty CP	2880 Sumter	DMG Durable Medical Good	SALE6 Sales Tax	Total	
1 10/31/2006	(103,938.00)	0.00	(51,969.00)	0.00	(155,907.00)	1
2 11/30/2006	(121,460.00)	0.00	(60,730.00)	0.00	(182,190.00)	2
3 12/31/2006	(81,490.00)	0.00	(40,745.00)	0.00	(122,235.00)	3
4 01/31/2007	(119,302.00)	0.00	(59,651.00)	0.00	(178,953.00)	4
5 02/28/2007	(111,540.00)	0.00	(55,770.00)	0.00	(167,310.00)	5
6 03/31/2007	(186,000.00)	0.00	(93,000.00)	0.00	(279,000.00)	6
7 04/30/2007	(105,632.00)	0.00	(52,816.00)	0.00	(158,448.00)	7
8 05/31/2007	(158,924.00)	0.00	(79,462.00)	0.00	(238,386.00)	8
9 06/30/2007	(133,398.00)	0.00	(66,699.00)	0.00	(200,097.00)	9
10 07/31/2007	(105,874.00)	0.00	(52,937.00)	0.00	(158,811.00)	10
11 08/31/2007	(45,870.00)	0.00	(22,935.00)	0.00	(68,805.00)	11
12 09/30/2007	(100,066.00)	0.00	(50,033.00)	0.00	(150,099.00)	12
13 10/31/2007	(183,630.00)	0.00	(91,815.00)	0.00	(275,445.00)	13
14 11/30/2007	(132,916.00)	0.00	(66,458.00)	0.00	(199,374.00)	14
15 12/31/2007	(70,854.00)	0.00	(35,427.00)	0.00	(106,281.00)	15
16 01/31/2008	(4,986.00)	0.00	(2,493.00)	0.00	(7,479.00)	16
17 02/29/2008	(8,808.00)	0.00	(4,404.00)	0.00	(13,212.00)	17
18 03/31/2008	(83,684.00)	0.00	(41,842.00)	0.00	(125,526.00)	18
19 04/30/2008	(160,158.00)	0.00	(80,079.00)	0.00	(240,237.00)	19
20 05/31/2008	(178,786.00)	0.00	(89,393.00)	0.00	(268,179.00)	20
21 06/30/2008	(150,004.00)	0.00	(75,002.00)	0.00	(225,006.00)	21
22 07/31/2008	(143,164.00)	0.00	(71,582.00)	0.00	(214,746.00)	22
23 08/31/2008	(151,704.00)	0.00	(75,852.00)	0.00	(227,556.00)	23
24 09/30/2008	(89,876.00)	0.00	(44,938.00)	0.00	(134,814.00)	24
25 10/31/2008	(116,372.00)	0.00	(58,186.00)	0.00	(174,558.00)	25
26 11/30/2008	(39,080.00)	0.00	(19,540.00)	0.00	(58,620.00)	26
27 12/31/2008	(48,516.00)	0.00	(24,258.00)	0.00	(72,774.00)	27
28 01/31/2009	(47,452.00)	0.00	(23,726.00)	0.00	(71,178.00)	28
29 02/28/2009	(62,636.00)	0.00	(31,318.00)	0.00	(93,954.00)	29
30 03/31/2009	(52,490.00)	0.00	(26,245.00)	0.00	(78,735.00)	30
31 04/30/2009	(78,720.00)	0.00	(39,360.00)	0.00	(118,080.00)	31
32 05/31/2009	(57,860.00)	0.00	(28,930.00)	0.00	(86,790.00)	32
33 06/30/2009	(127,288.00)	0.00	(63,644.00)	0.00	(190,932.00)	33
34 07/31/2009	(122,850.00)	0.00	(61,425.00)	0.00	(184,275.00)	34
35 08/31/2009	(112,382.00)	0.00	(56,191.00)	0.00	(168,573.00)	35
36 09/30/2009	(423,741.66)	0.00	(211,870.83)	0.00	(635,612.49)	36
Total (36)	(4,021,451.66)	0.00	(2,010,725.83)	0.00	(6,032,177.49)	

Summary of local tax cr

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SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

Schedule of Local Tax Credit--Adjustment of Deductions [2880]

AS-36-5Acr
Sales Tax

Date	Sold To	Description	Tax Cr	Amount	
1 10/31/06	Local Sales Tax Credit	Per Sales Tax Returns	(51,969.00)	519.69	1
2 11/30/06	Local Sales Tax Credit	Per Sales Tax Returns	(60,730.00)	607.30	2
3 12/31/06	Local Sales Tax Credit	Per Sales Tax Returns	(40,745.00)	407.45	3
4 01/31/07	Local Sales Tax Credit	Per Sales Tax Returns	(59,651.00)	596.51	4
5 02/28/07	Local Sales Tax Credit	Per Sales Tax Returns	(55,770.00)	557.70	5
6 03/31/07	Local Sales Tax Credit	Per Sales Tax Returns	(93,000.00)	930.00	6
7 04/30/07	Local Sales Tax Credit	Per Sales Tax Returns	(52,816.00)	528.16	7
8 05/31/07	Local Sales Tax Credit	Per Sales Tax Returns	(79,462.00)	794.62	8
9 06/30/07	Local Sales Tax Credit	Per Sales Tax Returns	(66,699.00)	666.99	9
10 07/31/07	Local Sales Tax Credit	Per Sales Tax Returns	(52,937.00)	529.37	10
11 08/31/07	Local Sales Tax Credit	Per Sales Tax Returns	(22,935.00)	229.35	11
12 09/30/07	Local Sales Tax Credit	Per Sales Tax Returns	(50,033.00)	500.33	12
13 10/31/07	Local Sales Tax Credit	Per Sales Tax Returns	(91,815.00)	918.15	13
14 11/30/07	Local Sales Tax Credit	Per Sales Tax Returns	(66,458.00)	664.58	14
15 12/31/07	Local Sales Tax Credit	Per Sales Tax Returns	(35,427.00)	354.27	15
16 01/31/08	Local Sales Tax Credit	Per Sales Tax Returns	(2,493.00)	24.93	16
17 02/29/08	Local Sales Tax Credit	Per Sales Tax Returns	(4,404.00)	44.04	17
18 03/31/08	Local Sales Tax Credit	Per Sales Tax Returns	(41,842.00)	418.42	18
19 04/30/08	Local Sales Tax Credit	Per Sales Tax Returns	(80,079.00)	800.79	19
20 05/31/08	Local Sales Tax Credit	Per Sales Tax Returns	(89,393.00)	893.93	20
21 06/30/08	Local Sales Tax Credit	Per Sales Tax Returns	(75,002.00)	750.02	21
22 07/31/08	Local Sales Tax Credit	Per Sales Tax Returns	(71,582.00)	715.82	22
23 08/31/08	Local Sales Tax Credit	Per Sales Tax Returns	(75,852.00)	758.52	23
24 09/30/08	Local Sales Tax Credit	Per Sales Tax Returns	(44,938.00)	449.38	24
25 10/31/08	Local Sales Tax Credit	Per Sales Tax Returns	(58,186.00)	581.86	25
26 11/30/08	Local Sales Tax Credit	Per Sales Tax Returns	(19,540.00)	195.40	26
27 12/31/08	Local Sales Tax Credit	Per Sales Tax Returns	(24,258.00)	242.58	27
28 01/31/09	Local Sales Tax Credit	Per Sales Tax Returns	(23,726.00)	237.26	28
29 02/28/09	Local Sales Tax Credit	Per Sales Tax Returns	(31,318.00)	313.18	29
30 03/31/09	Local Sales Tax Credit	Per Sales Tax Returns	(26,245.00)	262.45	30
31 04/30/09	Local Sales Tax Credit	Per Sales Tax Returns	(39,360.00)	393.60	31
32 05/31/09	Local Sales Tax Credit	Per Sales Tax Returns	(28,930.00)	289.30	32
33 06/30/09	Local Sales Tax Credit	Per Sales Tax Returns	(63,644.00)	636.44	33
34 07/31/09	Local Sales Tax Credit	Per Sales Tax Returns	(61,425.00)	614.25	34
35 08/31/09	Local Sales Tax Credit	Per Sales Tax Returns	(56,191.00)	561.91	35
36 09/30/09	Local Sales Tax Credit	Per Sales Tax Returns	(211,870.83)	2,118.71	36
Total (36)			(2,010,725.83)	20,107.26	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Schedule Summary for M&M Sales

AS-36-SCHD

Sales Tax

Period		1043S Sumter Cnty CP	2880 Sumter	DMG Durable Medical Good	SALE6 Sales Tax	Total	
1 10/31/2006	0.00	72,142.00	72,142.00	72,142.00	0.00	216,426.00	1
2 11/30/2006	0.00	66,739.00	66,739.00	66,739.00	0.00	200,217.00	2
3 12/31/2006	0.00	42,190.00	42,190.00	42,190.00	0.00	126,570.00	3
4 01/31/2007	0.00	43,662.00	43,662.00	43,662.00	0.00	130,986.00	4
5 02/28/2007	0.00	51,565.00	51,565.00	51,565.00	0.00	154,695.00	5
6 03/31/2007	0.00	72,758.00	72,758.00	72,758.00	0.00	218,274.00	6
7 04/30/2007	0.00	57,481.00	57,481.00	57,481.00	0.00	172,443.00	7
8 05/31/2007	0.00	85,920.00	85,920.00	85,920.00	0.00	257,760.00	8
9 06/30/2007	0.00	54,282.00	54,282.00	54,282.00	0.00	162,846.00	9
10 07/31/2007	0.00	36,162.00	36,162.00	36,162.00	0.00	108,486.00	10
11 08/31/2007	0.00	60,773.00	60,773.00	60,773.00	0.00	182,319.00	11
12 09/30/2007	0.00	36,723.00	36,723.00	36,723.00	0.00	110,169.00	12
13 10/31/2007	0.00	96,410.00	96,410.00	96,410.00	0.00	289,230.00	13
14 11/30/2007	0.00	91,364.00	91,364.00	91,364.00	0.00	274,092.00	14
15 12/31/2007	0.00	77,436.00	77,436.00	77,436.00	0.00	232,308.00	15
16 01/31/2008	0.00	68,651.00	68,651.00	68,651.00	0.00	205,953.00	16
17 02/29/2008	0.00	69,832.00	69,832.00	69,832.00	0.00	209,496.00	17
18 03/31/2008	0.00	59,208.00	59,208.00	59,208.00	0.00	177,624.00	18
19 04/30/2008	0.00	76,013.00	76,013.00	76,013.00	0.00	228,039.00	19
20 05/31/2008	0.00	72,974.00	72,974.00	72,974.00	0.00	218,922.00	20
21 06/30/2008	0.00	77,791.00	77,791.00	77,791.00	0.00	233,373.00	21
22 07/31/2008	0.00	67,780.00	67,780.00	67,780.00	0.00	203,340.00	22
23 08/31/2008	0.00	80,288.00	80,288.00	80,288.00	0.00	240,864.00	23
24 09/30/2008	0.00	87,336.00	87,336.00	87,336.00	0.00	262,008.00	24
25 10/31/2008	0.00	87,662.00	87,662.00	87,662.00	0.00	262,986.00	25
26 11/30/2008	0.00	61,173.00	61,173.00	61,173.00	0.00	183,519.00	26
27 12/31/2008	0.00	104,346.00	104,346.00	104,346.00	0.00	313,038.00	27
28 01/31/2009	0.00	52,580.00	52,580.00	52,580.00	0.00	157,740.00	28
29 02/28/2009	0.00	80,493.00	80,493.00	80,493.00	0.00	241,479.00	29
30 03/31/2009	0.00	78,838.00	78,838.00	78,838.00	0.00	236,514.00	30
31 04/30/2009	0.00	82,239.00	82,239.00	82,239.00	0.00	246,717.00	31
32 05/31/2009	0.00	73,075.00	73,075.00	73,075.00	0.00	219,225.00	32
33 06/30/2009	0.00	97,355.00	97,355.00	97,355.00	0.00	292,065.00	33
34 07/31/2009	0.00	94,965.00	94,965.00	94,965.00	0.00	284,895.00	34
35 08/31/2009	0.00	66,543.00	66,543.00	66,543.00	0.00	199,629.00	35
36 09/30/2009	0.00	119,140.00	119,140.00	119,140.00	0.00	357,420.00	36
Total (36)	0.00	2,803,889.00	2,803,889.00	2,803,889.00	0.00	7,811,667.00	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Adjustments to M&M Sales--Adjustment to Deductions [DMG,2880,1043s]

AS-36-5
Sales Tax

Date	Sold To	Description	Amount	
1 10/31/06	medicare/Medicare Sales	Per Self Audit Schedules	72,142.00	1
2 11/30/06	medicare/Medicare Sales	Per Self Audit Schedules	66,739.00	2
3 12/31/06	medicare/Medicare Sales	Per Self Audit Schedules	42,190.00	3
4 01/31/07	medicare/Medicare Sales	Per Self Audit Schedules	43,662.00	4
5 02/28/07	medicare/Medicare Sales	Per Self Audit Schedules	51,565.00	5
6 03/31/07	medicare/Medicare Sales	Per Self Audit Schedules	72,758.00	6
7 04/30/07	medicare/Medicare Sales	Per Self Audit Schedules	57,481.00	7
8 05/31/07	medicare/Medicare Sales	Per Self Audit Schedules	85,920.00	8
9 06/30/07	medicare/Medicare Sales	Per Self Audit Schedules	54,282.00	9
10 07/31/07	medicare/Medicare Sales	Per Self Audit Schedules	36,162.00	10
11 08/31/07	medicare/Medicare Sales	Per Self Audit Schedules	60,773.00	11
12 09/30/07	Medicare/Medicare Sales	Per Self Audit Schedules	36,723.00	12
13 10/31/07	Medicare/Medicare Sales	Per Self Audit Schedules	96,410.00	13
14 11/30/07	Medicare/Medicare Sales	Per Self Audit Schedules	91,364.00	14
15 12/31/07	Medicare/Medicare Sales	Per Self Audit Schedules	77,436.00	15
16 01/31/08	Medicare/Medicare Sales	Per Self Audit Schedules	68,651.00	16
17 02/29/08	Medicare/Medicare Sales	Per Self Audit Schedules	69,832.00	17
18 03/31/08	Medicare/Medicare Sales	Per Self Audit Schedules	59,208.00	18
19 04/30/08	Medicare/Medicare Sales	Per Self Audit Schedules	76,013.00	19
20 05/31/08	Medicare/Medicare Sales	Per Self Audit Schedules	72,974.00	20
21 06/30/08	Medicare/Medicare Sales	Per Self Audit Schedules	77,791.00	21
22 07/31/08	Medicare/Medicare Sales	Per Self Audit Schedules	67,780.00	22
23 08/31/08	Medicare/Medicare Sales	Per Self Audit Schedules	80,288.00	23
24 09/30/08	Medicare/Medicare Sales	Per Self Audit Schedules	87,336.00	24
25 10/31/08	Medicare/Medicare Sales	Per Self Audit Schedules	87,662.00	25
26 11/30/08	Medicare/Medicare Sales	Per Self Audit Schedules	61,173.00	26
27 12/31/08	Medicare/Medicare Sales	Per Self Audit Schedules	104,346.00	27
28 01/31/09	Medicare/Medicare Sales	Per Self Audit Schedules	52,580.00	28
29 02/28/09	Medicare/Medicare Sales	Per Self Audit Schedules	80,493.00	29
30 03/31/09	Medicare/Medicare Sales	Per Self Audit Schedules	78,838.00	30
31 04/30/09	Medicare/Medicare Sales	Per Self Audit Schedules	82,239.00	31
32 05/31/09	Medicare/Medicare Sales	Per Self Audit Schedules	73,075.00	32
33 06/30/09	Medicare/Medicare Sales	Per Self Audit Schedules	97,355.00	33
34 07/31/09	Medicare/Medicare Sales	Per Self Audit Schedules	94,965.00	34
35 08/31/09	Medicare/Medicare Sales	Per Self Audit Schedules	66,543.00	35
36 09/30/09	Medicare/Medicare Sales	Per Self Audit Schedules	119,140.00	36
Total (36)			2,603,889.00	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Schedule Summary for Sales Non M&M

AS-36-SCHD

Sales Tax

Period		1043S Sumter Cnty CP	2880 Sumter	DMG Durable Medical Good	SALE6 Sales Tax	Total	
1	10/31/2006	0.00	29,928.00	0.00	29,928.00	89,784.00	1
2	11/30/2006	0.00	24,955.00	0.00	24,955.00	74,865.00	2
3	12/31/2006	0.00	25,239.00	0.00	25,239.00	75,717.00	3
4	01/31/2007	0.00	29,942.00	0.00	29,942.00	89,826.00	4
5	02/28/2007	0.00	34,775.00	0.00	34,775.00	104,325.00	5
6	03/31/2007	0.00	47,055.00	0.00	47,055.00	141,165.00	6
7	04/30/2007	0.00	30,357.00	0.00	30,357.00	91,071.00	7
8	05/31/2007	0.00	42,052.00	0.00	42,052.00	126,156.00	8
9	06/30/2007	0.00	54,197.00	0.00	54,197.00	162,591.00	9
10	07/31/2007	0.00	36,010.00	0.00	36,010.00	108,030.00	10
11	08/31/2007	0.00	45,942.00	0.00	45,942.00	137,826.00	11
12	09/30/2007	0.00	22,527.00	0.00	22,527.00	67,581.00	12
13	10/31/2007	0.00	59,958.00	0.00	59,958.00	179,874.00	13
14	11/30/2007	0.00	39,115.00	0.00	39,115.00	117,345.00	14
15	12/31/2007	0.00	34,967.00	0.00	34,967.00	104,901.00	15
16	01/31/2008	0.00	46,014.00	0.00	46,014.00	138,042.00	16
17	02/29/2008	0.00	52,567.00	0.00	52,567.00	157,701.00	17
18	03/31/2008	0.00	50,863.00	0.00	50,863.00	152,589.00	18
19	04/30/2008	0.00	57,457.00	0.00	57,457.00	172,371.00	19
20	05/31/2008	0.00	67,344.00	0.00	67,344.00	202,032.00	20
21	06/30/2008	0.00	62,778.00	0.00	62,778.00	188,334.00	21
22	07/31/2008	0.00	70,375.00	0.00	70,375.00	211,125.00	22
23	08/31/2008	0.00	95,733.00	0.00	95,733.00	287,199.00	23
24	09/30/2008	0.00	85,397.00	0.00	85,397.00	256,191.00	24
25	10/31/2008	0.00	76,393.00	0.00	76,393.00	229,179.00	25
26	11/30/2008	0.00	66,053.00	0.00	66,053.00	198,159.00	26
27	12/31/2008	0.00	70,340.00	0.00	70,340.00	211,020.00	27
28	01/31/2009	0.00	87,010.00	0.00	87,010.00	261,030.00	28
29	02/28/2009	0.00	49,774.00	0.00	49,774.00	149,322.00	29
30	03/31/2009	0.00	89,858.00	0.00	89,858.00	269,574.00	30
31	04/30/2009	0.00	83,464.00	0.00	83,464.00	250,392.00	31
32	05/31/2009	0.00	70,503.00	0.00	70,503.00	211,509.00	32
33	06/30/2009	0.00	94,028.00	0.00	94,028.00	282,084.00	33
34	07/31/2009	0.00	73,916.00	0.00	73,916.00	221,748.00	34
35	08/31/2009	0.00	73,592.00	0.00	73,592.00	220,776.00	35
36	09/30/2009	0.00	76,397.00	0.00	76,397.00	229,191.00	36
Total (36)		0.00	2,056,875.00	0.00	2,056,875.00	6,170,625.00	



SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Adjustments to Non M&M Sales--Adjustment to Deductions [sALE6,2880,1043s]

AS-36-5B
Sales Tax

	Date	Sold To	Description	Amount	
1	10/31/06	Non M&M Sales	Per Self Audit Schedules	29,928.00	1
2	11/30/06	Non M&M Sales	Per Self Audit Schedules	24,955.00	2
3	12/31/06	Non M&M Sales	Per Self Audit Schedules	25,239.00	3
4	01/31/07	Non M&M Sales	Per Self Audit Schedules	29,942.00	4
5	02/28/07	Non M&M Sales	Per Self Audit Schedules	34,775.00	5
6	03/31/07	Non M&M Sales	Per Self Audit Schedules	47,055.00	6
7	04/30/07	Non M&M Sales	Per Self Audit Schedules	30,357.00	7
8	05/31/07	Non M&M Sales	Per Self Audit Schedules	42,052.00	8
9	06/30/07	Non M&M Sales	Per Self Audit Schedules	54,197.00	9
10	07/31/07	Non M&M Sales	Per Self Audit Schedules	36,010.00	10
11	08/31/07	Non M&M Sales	Per Self Audit Schedules	45,942.00	11
12	09/30/07	Non M&M Sales	Per Self Audit Schedules	22,527.00	12
13	10/31/07	Non M&M Sales	Per Self Audit Schedules	59,958.00	13
14	11/30/07	Non M&M Sales	Per Self Audit Schedules	39,115.00	14
15	12/31/07	Non M&M Sales	Per Self Audit Schedules	34,967.00	15
16	01/31/08	Non M&M Sales	Per Self Audit Schedules	46,014.00	16
17	02/29/08	Non M&M Sales	Per Self Audit Schedules	52,567.00	17
18	03/31/08	Non M&M Sales	Per Self Audit Schedules	50,863.00	18
19	04/30/08	Non M&M Sales	Per Self Audit Schedules	57,457.00	19
20	05/31/08	Non M&M Sales	Per Self Audit Schedules	67,344.00	20
21	06/30/08	Non M&M Sales	Per Self Audit Schedules	62,778.00	21
22	07/31/08	Non M&M Sales	Per Self Audit Schedules	70,375.00	22
23	08/31/08	Non M&M Sales	Per Self Audit Schedules	95,733.00	23
24	09/30/08	Non M&M Sales	Per Self Audit Schedules	85,397.00	24
25	10/31/08	Non M&M Sales	Per Self Audit Schedules	76,393.00	25
26	11/30/08	Non M&M Sales	Per Self Audit Schedules	66,053.00	26
27	12/31/08	Non M&M Sales	Per Self Audit Schedules	70,340.00	27
28	01/31/09	Non M&M Sales	Per Self Audit Schedules	87,010.00	28
29	02/28/09	Non M&M Sales	Per Self Audit Schedules	49,774.00	29
30	03/31/09	Non M&M Sales	Per Self Audit Schedules	89,858.00	30
31	04/30/09	Non M&M Sales	Per Self Audit Schedules	83,464.00	31
32	05/31/09	Non M&M Sales	Per Self Audit Schedules	70,503.00	32
33	06/30/09	Non M&M Sales	Per Self Audit Schedules	94,028.00	33
34	07/31/09	Non M&M Sales	Per Self Audit Schedules	73,916.00	34
35	08/31/09	Non M&M Sales	Per Self Audit Schedules	73,592.00	35
36	09/30/09	Non M&M Sales	Per Self Audit Schedules	76,397.00	36
Total (36)				2,056,875.00	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

Schedule Summary for Use

AS-36-SCHD

Sales Tax

Period		1043S Sumter Cnty CP	2880 Sumter	Durable Medical	DMG Good	SALE6 Sales Tax	Total	
1 10/31/2006	0.00	202.84	202.84		0.00	202.84	608.52	1
2 11/30/2006	0.00	0.00	0.00		0.00	0.00	0.00	2
3 12/31/2006	0.00	0.00	0.00		0.00	0.00	0.00	3
4 01/31/2007	0.00	0.00	0.00		0.00	0.00	0.00	4
5 02/28/2007	0.00	0.00	0.00		0.00	0.00	0.00	5
6 03/31/2007	0.00	0.00	0.00		0.00	0.00	0.00	6
7 04/30/2007	0.00	0.00	0.00		0.00	0.00	0.00	7
8 05/31/2007	0.00	0.00	0.00		0.00	0.00	0.00	8
9 06/30/2007	0.00	0.00	0.00		0.00	0.00	0.00	9
10 07/31/2007	0.00	0.00	0.00		0.00	0.00	0.00	10
11 08/31/2007	0.00	0.00	0.00		0.00	0.00	0.00	11
12 09/30/2007	0.00	235.90	235.90		0.00	235.90	707.70	12
13 10/31/2007	0.00	7,680.00	7,680.00		0.00	7,680.00	23,040.00	13
14 11/30/2007	0.00	1,785.93	1,785.93		0.00	1,785.93	5,357.79	14
15 12/31/2007	0.00	1,095.00	1,095.00		0.00	1,095.00	3,285.00	15
16 01/31/2008	0.00	1,500.00	1,500.00		0.00	1,500.00	4,500.00	16
17 02/29/2008	0.00	0.00	0.00		0.00	0.00	0.00	17
18 03/31/2008	0.00	1,005.00	1,005.00		0.00	1,005.00	3,015.00	18
19 04/30/2008	0.00	0.00	0.00		0.00	0.00	0.00	19
20 05/31/2008	0.00	0.00	0.00		0.00	0.00	0.00	20
21 06/30/2008	0.00	1,005.00	1,005.00		0.00	1,005.00	3,015.00	21
22 07/31/2008	0.00	0.00	0.00		0.00	0.00	0.00	22
23 08/31/2008	0.00	406.10	406.10		0.00	406.10	1,218.30	23
24 09/30/2008	0.00	1,306.80	1,306.80		0.00	1,306.80	3,920.40	24
25 10/31/2008	0.00	0.00	0.00		0.00	0.00	0.00	25
26 11/30/2008	0.00	0.00	0.00		0.00	0.00	0.00	26
27 12/31/2008	0.00	1,289.85	1,289.85		0.00	1,289.85	3,869.55	27
28 01/31/2009	0.00	0.00	0.00		0.00	0.00	0.00	28
29 02/28/2009	0.00	0.00	0.00		0.00	0.00	0.00	29
30 03/31/2009	0.00	1,005.00	1,005.00		0.00	1,005.00	3,015.00	30
31 04/30/2009	0.00	0.00	0.00		0.00	0.00	0.00	31
32 05/31/2009	0.00	2,958.93	2,958.93		0.00	2,958.93	8,876.79	32
33 06/30/2009	0.00	1,005.00	1,005.00		0.00	1,005.00	3,015.00	33
34 07/31/2009	0.00	0.00	0.00		0.00	0.00	0.00	34
35 08/31/2009	0.00	925.61	925.61		0.00	925.61	2,776.83	35
36 09/30/2009	0.00	30.00	30.00		0.00	30.00	90.00	36
Total (36)	0.00	23,436.96	23,436.96		0.00	23,436.96	70,310.88	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

Schedule of Adjustment to Use Tax [SALE6,2880,1043s]

AS-36-3

					Sales Tax	
					Amount	
1	07/07/08	1407731	reemed	ultra-mirage	403.60	1
2	07/01/08	90035466	reemed	ultra-mirage-credit memo	(2,655.00)	2
3	06/30/08	630088547	reemed	humidairo 3i, mask sys, mirage-quattro and micro-mas	26,029.76	3
4	06/20/08	1403040	reemed	tubing, clear gray ribbed	202.49	4
5	06/16/08	90034604	reemed	mirage-quattro	(3,010.00)	5
6	06/12/08	1480021	reemed	ultra-mirage, mirage-quattro, humidairo 3i	2,020.03	6
7	05/16/08	1460437	reemed	humidairo 3i	1,846.00	7
8	04/23/08	1443002	reemed	tubing, clear gray ribbed	275.00	8
9	04/22/08	1442216	reemed	mirage-swift-mask	2,421.07	9
10	03/25/08	1422609	reemed	humidairo 3i	2,893.09	10
11	03/25/08	1422104	reemed	mirage-quattro, tub assembly	12,001.66	11
12	03/06/08	1400217	reemed	mirage-quattro	140.45	12
13	02/21/08	1300004	reemed	mirage-liberty	140.46	13
14	01/22/08	1278902	reemed	mirage-swift-mask	1,084.60	14
15	07/30/08	291646	medical industries-america inc	nasal cannula system, ventlab	72.00	15
16		4	creative web plans	item-microsoft office professional	500.00	16
17	07/25/08	436444	bulldog tools, inc	adapters, jaw set, etc	62.23	17
18	06/20/08	ok#11268	brightree inc. business solutions	software maintenance agreement	6,080.00	18
19	08/12/00	5817	bluetowne, llc	downloads, updates of medact on 3 notebooks	250.00	19
20	08/12/00	5810	bluetowne, llc	agreement-dell poweredge server rental	250.00	20
21	07/23/09	6777	bluetowne, llc	materials services	200.00	21
22	07/07/09	6723	bluetowne, llc	agreement-dell poweredge server rental	250.00	22
23	06/15/09	6672	bluetowne, llc	cisco linksys wireless broadband router	335.00	23
24	06/01/00	5660	bluetowne, llc	agreement-dell poweredge server rental	250.00	24
25	05/01/00	5664	bluetowne, llc	agreement-dell poweredge server rental	250.00	25
26	05/04/00	4554	bb communications	medact updates	1,015.00	26
27	04/20/00	4536	bb communications	imo server rental	500.00	27
28	03/24/09	4606	bb communications	medact updates	400.00	28
29	10/01/06	5875601	atlas pen	luma gripper pens	202.84	29
30	08/29/08	44697	bulldog tools, inc	adapte for 30mm tube	406.10	30
31	09/16/08	121324	contexto	icd-9 code book	301.80	31
32	12/22/08	132286	contexto	hcpcs professional	284.85	32
33	10/23/07	11947	dynamic energy systems inc	med-act scanner	7,680.00	33
34	11/29/07	11972	dynamic energy systems inc	med-act maintenance & support	1,785.93	34
35	12/15/07	12330	dynamic energy systems inc	med-act maintenance & support	885.00	35
36	01/23/08	12470	dynamic energy systems inc	medact users	1,500.00	36
37	03/15/08	12876	dynamic energy systems inc	med-act maintenance & support	1,005.00	37
38	06/15/08	13399	dynamic energy systems inc	med-act maintenance & support	1,005.00	38
39	09/15/08	13906	dynamic energy systems inc	med-act maintenance & support	1,005.00	39
40	12/15/08	14399	dynamic energy systems inc	med-act maintenance & support	1,005.00	40
41	03/15/09	14884	dynamic energy systems inc	med-act maintenance & support	1,005.00	41
42	05/11/09		dynamic energy systems inc	med-act maintenance & support	2,958.93	42
43	08/15/09	15388	dynamic energy systems inc	med-act maintenance & support	1,005.00	43
44	08/21/09		dynamic energy systems inc	medact user license	695.00	44
45	08/21/09		dynamic energy systems inc	medact user license	120.00	45
46	09/15/09	15605	dynamic energy systems inc	medact user license	30.00	46
47	08/27/09	548761	MADA medical products, inc	madacide-fd 5 gallons	110.61	47
48	09/18/07	103636	the medical management institute	icd-9 code book	152.95	48
49	09/19/07	104191	the medical management institute	icd-9 code book	82.95	49
50	12/20/07	111271	the medical management institute	hcpcs professional	140.00	50
51	12/20/07	111662	the medical management institute	hcpcs professional	70.00	51
Total (23)					23,436.96	

Use

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SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

GAL Distribution Report

G/L Code		Tax Code	Local Name	Tax	Normal Interest	Interest Billed/Paid	GAL Portion	AS-54-D/R Sales Tax
1				0.00	0.00	0.00	0.00	1
2	34-2726	1043S	Sumter Cnty CP	8,444.34	138.01	138.01	0.00	2
3	34-2721	2880	Sumter	26,734.76	1,945.71	1,946.52	0.81	3
4	14-4725	DMG	Durable Medical Goods	141,023.08	12,009.62	12,009.62	0.00	4
5	14-4701	SALE6	Sales Tax	1,506.72	(2,194.79)	(964.60)	1,230.19	5
Total (5)				177,708.90	11,898.55	13,129.55	1,231.00	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

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Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
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SID: 2032204-000-1
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Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

GAL Reduction for ☐

AS-54-B/R
Sales Tax

	Period	Measure	Tax	Normal Interest	Interest Billed/Paid	GAL Portion	
1	10/31/2006	(207,876.00)	0.00	0.00	0.00	0.00	1
2	11/30/2006	(242,920.00)	0.00	0.00	0.00	0.00	2
3	12/31/2006	(162,980.00)	0.00	0.00	0.00	0.00	3
4	01/31/2007	(238,604.00)	0.00	0.00	0.00	0.00	4
5	02/28/2007	(223,080.00)	0.00	0.00	0.00	0.00	5
6	03/31/2007	(372,000.00)	0.00	0.00	0.00	0.00	6
7	04/30/2007	(211,264.00)	0.00	0.00	0.00	0.00	7
8	05/31/2007	(317,848.00)	0.00	0.00	0.00	0.00	8
9	06/30/2007	(266,796.00)	0.00	0.00	0.00	0.00	9
10	07/31/2007	(202,930.00)	0.00	0.00	0.00	0.00	10
11	08/31/2007	(91,740.00)	0.00	0.00	0.00	0.00	11
12	09/30/2007	(200,132.00)	0.00	0.00	0.00	0.00	12
13	10/31/2007	(367,260.00)	0.00	0.00	0.00	0.00	13
14	11/30/2007	(265,832.00)	0.00	0.00	0.00	0.00	14
15	12/31/2007	(188,946.00)	0.00	0.00	0.00	0.00	15
16	01/31/2008	(88,096.00)	0.00	0.00	0.00	0.00	16
17	02/29/2008	(109,176.00)	0.00	0.00	0.00	0.00	17
18	03/31/2008	(167,368.00)	0.00	0.00	0.00	0.00	18
19	04/30/2008	(320,316.00)	0.00	0.00	0.00	0.00	19
20	05/31/2008	(357,572.00)	0.00	0.00	0.00	0.00	20
21	06/30/2008	(300,008.00)	0.00	0.00	0.00	0.00	21
22	07/31/2008	(286,328.00)	0.00	0.00	0.00	0.00	22
23	08/31/2008	(303,408.00)	0.00	0.00	0.00	0.00	23
24	09/30/2008	(179,752.00)	0.00	0.00	0.00	0.00	24
25	10/31/2008	(232,744.00)	0.00	0.00	0.00	0.00	25
26	11/30/2008	(104,218.00)	0.00	0.00	0.00	0.00	26
27	12/31/2008	(129,376.00)	0.00	0.00	0.00	0.00	27
28	01/31/2009	(126,538.00)	0.00	0.00	0.00	0.00	28
29	02/28/2009	(125,272.00)	0.00	0.00	0.00	0.00	29
30	03/31/2009	(139,974.00)	0.00	0.00	0.00	0.00	30
31	04/30/2009	(209,948.00)	0.00	0.00	0.00	0.00	31
32	05/31/2009	(154,296.00)	0.00	0.00	0.00	0.00	32
33	06/30/2009	(254,576.00)	0.00	0.00	0.00	0.00	33
34	07/31/2009	(245,700.00)	0.00	0.00	0.00	0.00	34
35	08/31/2009	(224,764.00)	0.00	0.00	0.00	0.00	35
36	09/30/2009	(588,759.66)	0.00	0.00	0.00	0.00	36
Total (36)		(8,208,397.66)	0.00	0.00	0.00	0.00	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

GAL Reduction for Sumter Cnty LO 43 [43]

AS-54-B/R
Sales Tax

	Period	Measure	Tax	Normal Interest	Interest Billed/Paid	GAL Portion	
1	10/31/2006	50,303.84	503.04	107.26	107.26	0.00	1
2	11/30/2006	30,964.00	309.64	63.55	63.55	0.00	2
3	12/31/2006	26,684.00	266.84	52.46	52.46	0.00	3
4	01/31/2007	13,953.00	139.53	26.36	26.36	0.00	4
5	02/28/2007	30,570.00	305.70	55.56	55.56	0.00	5
6	03/31/2007	26,813.00	268.13	46.58	46.58	0.00	6
7	04/30/2007	35,022.00	350.22	58.06	58.06	0.00	7
8	05/31/2007	48,510.00	485.10	76.70	76.70	0.00	8
9	06/30/2007	41,780.00	417.80	62.87	62.87	0.00	9
10	07/31/2007	19,235.00	192.35	27.47	27.47	0.00	10
11	08/31/2007	83,780.00	837.80	113.12	113.12	0.00	11
12	09/30/2007	9,452.90	94.53	12.02	12.02	0.00	12
13	10/31/2007	72,233.00	722.33	86.64	86.64	0.00	13
14	11/30/2007	65,806.93	658.07	74.11	74.11	0.00	14
15	12/31/2007	78,071.00	780.71	82.19	82.19	0.00	15
16	01/31/2008	113,672.00	1,136.72	112.71	112.71	0.00	16
17	02/29/2008	117,995.00	1,179.95	109.81	109.81	0.00	17
18	03/31/2008	69,234.00	692.34	60.26	60.26	0.00	18
19	04/30/2008	53,391.00	533.91	43.72	43.72	0.00	19
20	05/31/2008	50,925.00	509.25	38.90	38.90	0.00	20
21	06/30/2008	66,572.00	665.72	47.62	47.62	0.00	21
22	07/31/2008	66,573.00	665.73	44.71	44.71	0.00	22
23	08/31/2008	100,575.10	1,005.75	62.73	62.73	0.00	23
24	09/30/2008	129,101.80	1,291.02	74.53	74.53	0.00	24
25	10/31/2008	105,869.00	1,058.69	55.44	55.44	0.00	25
26	11/30/2008	107,686.00	1,076.86	50.47	50.47	0.00	26
27	12/31/2008	151,717.85	1,517.18	64.43	64.43	0.00	27
28	01/31/2009	115,864.00	1,158.64	44.08	44.08	0.00	28
29	02/28/2009	98,949.00	989.49	33.70	33.70	0.00	29
30	03/31/2009	143,456.00	1,434.56	43.40	43.40	0.00	30
31	04/30/2009	126,343.00	1,263.43	33.95	33.95	0.00	31
32	05/31/2009	117,606.93	1,176.07	27.25	27.25	0.00	32
33	06/30/2009	128,744.00	1,287.44	25.79	25.79	0.00	33
34	07/31/2009	107,456.00	1,074.56	17.81	17.81	0.00	34
35	08/31/2009	84,869.61	848.70	11.05	11.05	0.00	35
36	09/30/2009	(16,303.83)	(163.04)	(1.60)	(0.79)	0.81	36
Total (36)		2,673,475.13	26,734.76	1,945.71	1,946.52	0.81	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

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418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: XX-XXX3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

GAL Reduction for Sumter Cnty CP 43 [43CP]

AS-54-B/R
Sales Tax

Period	Measure	Tax	Normal Interest	Interest Billed/Paid	GAL Portion	
1 10/31/2006	102,272.84	0.00	0.00	0.00	0.00	1
2 11/30/2006	91,694.00	0.00	0.00	0.00	0.00	2
3 12/31/2006	67,429.00	0.00	0.00	0.00	0.00	3
4 01/31/2007	73,604.00	0.00	0.00	0.00	0.00	4
5 02/28/2007	86,340.00	0.00	0.00	0.00	0.00	5
6 03/31/2007	119,813.00	0.00	0.00	0.00	0.00	6
7 04/30/2007	87,838.00	0.00	0.00	0.00	0.00	7
8 05/31/2007	127,972.00	0.00	0.00	0.00	0.00	8
9 06/30/2007	108,479.00	0.00	0.00	0.00	0.00	9
10 07/31/2007	72,172.00	0.00	0.00	0.00	0.00	10
11 08/31/2007	106,715.00	0.00	0.00	0.00	0.00	11
12 09/30/2007	59,485.90	0.00	0.00	0.00	0.00	12
13 10/31/2007	164,048.00	0.00	0.00	0.00	0.00	13
14 11/30/2007	132,264.93	0.00	0.00	0.00	0.00	14
15 12/31/2007	113,498.00	0.00	0.00	0.00	0.00	15
16 01/31/2008	116,165.00	0.00	0.00	0.00	0.00	16
17 02/29/2008	122,399.00	0.00	0.00	0.00	0.00	17
18 03/31/2008	111,076.00	0.00	0.00	0.00	0.00	18
19 04/30/2008	133,470.00	0.00	0.00	0.00	0.00	19
20 05/31/2008	140,318.00	0.00	0.00	0.00	0.00	20
21 06/30/2008	141,574.00	0.00	0.00	0.00	0.00	21
22 07/31/2008	138,155.00	0.00	0.00	0.00	0.00	22
23 08/31/2008	176,427.10	0.00	0.00	0.00	0.00	23
24 09/30/2008	174,039.80	0.00	0.00	0.00	0.00	24
25 10/31/2008	164,055.00	0.00	0.00	0.00	0.00	25
26 11/30/2008	127,226.00	0.00	0.00	0.00	0.00	26
27 12/31/2008	175,975.85	0.00	0.00	0.00	0.00	27
28 01/31/2009	139,590.00	0.00	0.00	0.00	0.00	28
29 02/28/2009	130,267.00	0.00	0.00	0.00	0.00	29
30 03/31/2009	169,701.00	0.00	0.00	0.00	0.00	30
31 04/30/2009	165,703.00	0.00	0.00	0.00	0.00	31
32 05/31/2009	146,536.93	1,465.37	33.95	33.95	0.00	32
33 06/30/2009	192,388.00	1,923.88	38.54	38.54	0.00	33
34 07/31/2009	168,881.00	1,688.81	27.99	27.99	0.00	34
35 08/31/2009	141,060.61	1,410.61	18.36	18.36	0.00	35
36 09/30/2009	195,567.00	1,955.67	19.17	19.17	0.00	36
Total (36)	4,684,200.96	8,444.34	138.01	138.01	0.00	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

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418 Broad St., Sumter, SC 29150-4216
Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)

Auditor: Steve Pierce 4124

Auditor: Thomasina Wilson 4862

Interest & Penalty Date: 01/17/2010 County/Municipality Code: 2880

GAL Reduction for Durable Medical Goods [DMG]

AS-54-B/R

Sales Tax

Period	Measure	Tax	Normal Interest	Interest Billed/Paid	GAL Portion
1 10/31/2006	72,142.00	3,607.10	769.08	769.08	0.00
2 11/30/2006	66,739.00	3,336.95	684.94	684.94	0.00
3 12/31/2006	42,190.00	2,109.50	414.67	414.67	0.00
4 01/31/2007	43,662.00	2,183.10	412.59	412.59	0.00
5 02/28/2007	51,565.00	2,578.25	468.53	468.53	0.00
6 03/31/2007	72,758.00	3,637.90	631.97	631.97	0.00
7 04/30/2007	57,481.00	2,874.05	476.44	476.44	0.00
8 05/31/2007	85,920.00	4,296.00	679.33	679.33	0.00
9 06/30/2007	54,282.00	3,256.92	490.32	490.32	0.00
10 07/31/2007	36,162.00	1,988.91	283.92	283.92	0.00
11 08/31/2007	60,773.00	3,342.52	451.28	451.28	0.00
12 09/30/2007	36,723.00	2,019.77	256.68	256.68	0.00
13 10/31/2007	96,410.00	5,302.55	636.01	636.01	0.00
14 11/30/2007	91,364.00	5,025.02	565.86	565.86	0.00
15 12/31/2007	77,436.00	4,258.98	448.33	448.33	0.00
16 01/31/2008	68,651.00	3,775.81	374.37	374.37	0.00
17 02/29/2008	69,832.00	3,840.76	357.47	357.47	0.00
18 03/31/2008	59,208.00	3,256.44	283.42	283.42	0.00
19 04/30/2008	76,013.00	4,180.72	342.29	342.29	0.00
20 05/31/2008	72,974.00	4,013.57	306.58	306.58	0.00
21 06/30/2008	77,791.00	4,278.51	306.12	306.12	0.00
22 07/31/2008	67,780.00	3,727.90	250.38	250.38	0.00
23 08/31/2008	80,288.00	4,415.84	275.40	275.40	0.00
24 09/30/2008	87,336.00	4,803.48	277.33	277.33	0.00
25 10/31/2008	87,662.00	4,821.41	252.50	252.50	0.00
26 11/30/2008	61,173.00	3,364.52	157.70	157.70	0.00
27 12/31/2008	104,346.00	5,739.03	243.69	243.69	0.00
28 01/31/2009	52,580.00	2,891.90	110.03	110.03	0.00
29 02/28/2009	80,493.00	4,427.12	150.86	150.86	0.00
30 03/31/2009	78,838.00	4,336.09	131.19	131.19	0.00
31 04/30/2009	82,239.00	4,523.15	121.55	121.55	0.00
32 05/31/2009	73,075.00	4,019.13	93.10	93.10	0.00
33 06/30/2009	97,355.00	5,354.53	107.27	107.27	0.00
34 07/31/2009	94,965.00	5,223.08	86.56	86.56	0.00
35 08/31/2009	66,543.00	3,659.87	47.63	47.63	0.00
36 09/30/2009	119,140.00	6,552.70	64.23	64.23	0.00
Total (36)	2,603,889.00	141,023.08	12,009.62	12,009.62	0.00



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

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Reliable Medical Equipment of South Carolina
418 Broad St., Sumter, SC 29150-4216

SID: 2032204-000-1
FEIN/SSN: xx-xxx3277
File#: 043-16868-7
ACN: 04-21-3417

Period: 10/01/2006 thru 09/30/2009 (36 Mths)
Auditor: Steve Pierce 4124
Auditor: Thomasina Wilson 4862
Interest & Penalty Date: 01/17/2010

County/Municipality Code: 2880

GAL Reduction for Sales Tax [SALE6]

AS-54-B/R
Sales Tax

	Period	Measure	Tax	Normal Interest	Interest Billed/Paid	GAL Portion	
1	10/31/2006	(21,838.16)	(1,091.91)	(232.82)	(151.72)	81.10	1
2	11/30/2006	(35,775.00)	(1,788.75)	(367.17)	(238.52)	128.65	2
3	12/31/2006	(15,506.00)	(775.30)	(152.40)	(98.63)	53.77	3
4	01/31/2007	(29,709.00)	(1,485.45)	(280.74)	(181.00)	99.74	4
5	02/28/2007	(20,995.00)	(1,049.75)	(190.76)	(122.51)	68.25	5
6	03/31/2007	(45,945.00)	(2,297.25)	(399.09)	(255.04)	144.05	6
7	04/30/2007	(22,459.00)	(1,122.95)	(186.17)	(118.34)	67.83	7
8	05/31/2007	(37,410.00)	(1,870.50)	(295.79)	(186.95)	108.84	8
9	06/30/2007	(12,502.00)	(750.12)	(112.93)	(70.89)	42.04	9
10	07/31/2007	(12,518.00)	(751.08)	(107.24)	(66.81)	40.43	10
11	08/31/2007	23,007.00	1,380.42	186.39	186.39	0.00	11
12	09/30/2007	(27,270.10)	(1,636.21)	(207.93)	(127.19)	80.74	12
13	10/31/2007	(24,177.00)	(1,450.62)	(173.99)	(105.36)	68.63	13
14	11/30/2007	(25,557.07)	(1,533.42)	(172.68)	(103.27)	69.41	14
15	12/31/2007	(22,984.00)	(1,379.04)	(145.17)	(85.80)	59.37	15
16	01/31/2008	5,959.00	357.54	35.44	35.44	0.00	16
17	02/29/2008	2,383.00	142.98	13.30	13.30	0.00	17
18	03/31/2008	10,026.00	601.56	52.36	52.36	0.00	18
19	04/30/2008	(22,622.00)	(1,357.32)	(111.13)	(63.15)	47.98	19
20	05/31/2008	(22,049.00)	(1,322.94)	(101.06)	(56.86)	44.20	20
21	06/30/2008	(11,219.00)	(673.14)	(48.16)	(26.96)	21.20	21
22	07/31/2008	(1,207.00)	(72.42)	(4.87)	(2.71)	2.16	22
23	08/31/2008	20,287.10	1,217.23	75.92	75.92	0.00	23
24	09/30/2008	41,765.80	2,505.95	144.67	144.67	0.00	24
25	10/31/2008	18,207.00	1,092.42	57.22	57.22	0.00	25
26	11/30/2008	33,484.00	2,009.04	94.16	94.16	0.00	26
27	12/31/2008	31,199.85	1,871.99	79.49	79.49	0.00	27
28	01/31/2009	47,467.00	2,848.02	108.36	108.36	0.00	28
29	02/28/2009	18,456.00	1,107.36	37.72	37.72	0.00	29
30	03/31/2009	47,121.00	2,827.26	85.53	85.53	0.00	30
31	04/30/2009	17,850.00	1,071.00	28.78	28.78	0.00	31
32	05/31/2009	25,243.93	1,514.64	35.09	35.09	0.00	32
33	06/30/2009	31,389.00	1,883.34	37.73	37.73	0.00	33
34	07/31/2009	12,491.00	749.46	12.42	12.42	0.00	34
35	08/31/2009	18,326.61	1,099.60	14.31	14.31	0.00	35
36	09/30/2009	(6,082.00)	(364.92)	(3.58)	(1.78)	1.80	36
Total (36)		(13,161.04)	1,506.72	(2,194.79)	(964.60)	1,230.19	

INFORMATION GUIDE

Tax Appeal Procedures for State Tax Assessments and License Revocations (Other Than Property Tax)



**South Carolina
Department of Revenue**

CID-6 (Rev. 1/30/04) 9003

PURPOSE

This information guide explains the South Carolina Tax Appeals Procedure for proposed tax assessments and revocations.

I. Initial Process

A. When a division of the Department of Revenue (Department) determines you owe additional taxes, it will mail or deliver to you a proposed assessment.

B. The proposed tax assessment is the first written notice you receive that says you owe or requests that you pay additional taxes, interest, or penalties. The term "proposed assessment" does not include the auditor's work papers or draft audit reports. If you disagree with a proposed assessment, you are entitled to appeal the findings using the following procedures.

C. If you agree with the proposed assessment, the amount due should be paid on or before the due date of the proposed assessment to avoid additional interest and penalties, if applicable.

If you cannot pay, you may request to enter into an installment payment agreement. An installment payment agreement will allow you to pay over an agreed period of time. You may contact the district manager of the Taxpayer Service Center nearest you for additional information about installment agreements.

D. You may agree with portions of the proposed assessment and disagree with others. The portion of the assessment with which you agree may be paid to avoid additional interest and penalty, and the remainder can be appealed.

E. If you disagree with part or all of the proposed assessment, you may appeal by sending a written protest within 90 days from the date on the proposed assessment to the address on the proposed assessment. The written protest must contain:

1. your name, address, and telephone number;
2. the appropriate taxpayer identification number or numbers;
3. the tax period or date for which the tax was proposed;
4. the nature and kind of tax in dispute;
5. a statement of facts supporting your position; and
6. a statement outlining the reasons for the appeal, including any law or other authority upon which you rely.

You do not need to provide legal or other authority, as provided in item (6), if the total amount of the proposed assessment is less than \$2,500.00, unless you are a partnership, a "S" corporation, an exempt organization, or an employee plan and the proposed tax is imposed by Chapters 6, 11, or 13 of Title 12.

F. The Department may extend the time for filing a protest at any time before the period has expired.

II. Review By The Department of Revenue

A. If we are unable to resolve the dispute, we will transfer your file to the Appeals Section (Appeals).

B. Appeals may offer you an informal conference to better understand the facts and issues and give you an opportunity to present any additional information. Appeals will try to resolve or settle the matters in dispute.

You also may send Appeals additional information to consider. This information must be sent within the time prescribed by Appeals.

If you do not submit additional information, you will be limited to the facts and issues presented in your written protest. You will be deemed to agree with any facts and legal conclusions to which you do not object.

C. If Appeals cannot resolve your protest, it will transfer the file to the Department's Office of the General Counsel.

D. The General Counsel's Office will review your file. Based on that review, the General Counsel's Office will make a recommendation to the director of the Department. The recommendation will be either to withdraw or affirm the proposed assessment. The decision by the Director will be the Department's Final Agency Determination. The General Counsel's Office will mail you a written copy of the Determination.

III Contested Case Hearing Before The Administrative Law Judge Division

A. You can request a contested case hearing before the Administrative Law Judge Division if you disagree with the Department's Final Agency Determination.

B. The request for a contested case hearing must be made in writing within 30 days after the date of the Final Agency Determination.

C. The request must be sent by first class mail or delivered to the Department. The Department will transmit your request to the Administrative Law Judge Division.

D. The rules of the Administrative Law Judge Division will control from this point forward.

E. If you do not file a written request within 30 days, a final assessment will be sent to you for payment.

IV. License Revocation

A. The Department may deny or revoke any license issued by the Department for failure to pay taxes or certain regulatory violations.

B. Notice will be sent to you if a division of the Department proposes to deny or revoke your license.

C. You can appeal the denial or revocation by filing a written protest with the Department within 90 days of the notice. The written protest must contain:

1. your name, address, and telephone number;
2. the appropriate taxpayer identification number or numbers, if any;
3. the kind of license in dispute;
4. a statement of facts supporting your position;
5. a statement outlining the reasons for the appeal, including any law or other authority upon which you rely.

D. If your protest involves a failure to pay taxes, your written protest should be filed with the Department's District Manager who signed the denial or revocation. The District Manager will transfer the matter to the Department's Office of the General Counsel if it cannot be resolved. The matter will then be handled in the manner describe in Section II. D. of this Information Guide.

E. If your protest involves a regulatory violation of the alcoholic beverage laws, bingo laws, Video Gaming Machines Act, or other coin operated devices provisions, your written protest should be filed with the Department of Revenue's Regulatory Division.

F. You can request a contested case hearing before the Administrative Law Judge Division if you disagree with the Department's Final Agency Determination. The request must be made in writing within 30 days after the date of the Final Agency Determination. The request should be sent by first class mail or delivered to the Department. The Department will transmit your request to the Administrative Law Judge Division. The rules of the Administrative Law Judge Division will control from this point forward.

SCDOR**SC-870**

Rev. 08/03/01-TM

**WAIVER OF RESTRICTION ON ASSESSMENT
AND COLLECTION OF ADDITIONAL TAX OR
ACCEPTANCE OF OVERASSESSMENT**

Art Bradham CPA PC Reliable Medical Equipment of South Carolina 418 Broad St. Sumter, SC 29150-4216	File Number: 043-16868-7 Tax Type: Sales Tax Audit Control #: 04-21-3417
--	--

Audit periods: From 10/01/2006 To 09/30/2009

Increase (Decrease) in Tax, Interest and Penalties

Tax	Interest	Penalty	Total
177,708.90	13,129.55	32,372.59	223,211.04

Interest and Penalty computed through: 01/17/2010

This information was prepared by: Steve Pierce Telephone: 843-661-4850 Ext 121

**CONSENT TO ASSESSMENT AND COLLECTION OF ADDITIONAL
TAX OR ACCEPTANCE OF REFUND DETERMINATION**

I have read and understand the instructions on page two of this form. I consent to the assessment and collection of any additional tax and penalties or accept any decrease in tax and penalties shown above, plus any interest provided by law. I understand that by signing this waiver, I consent to the above determination(s) and must pay the additional amounts prior to contesting this matter any further.

Taxpayer's Signature: _____ Date: _____

Spouse's Signature: _____ Date: _____

Corporation name: _____

By: _____ Title: _____ Date: _____

WAIVER OF RESTRICTION ON ASSESSMENT
AND COLLECTION OF ADDITIONAL TAX OR
ACCEPTANCE OF OVERASSESSMENT

Art Bradham CPA PC

File Number: 043-16868-7

Reliable Medical Equipment of South Carolina

Tax Type: Sales Tax

418 Broad St.

Audit Control #: 04-21-3417

Sumter, SC 29150-4216

Audit periods: From 10/01/2006 To 09/30/2009

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Taxpayer's Signature: _____ Date: _____

Spouse's Signature: _____ Date: _____

Corporation name: _____

By: _____ Title: _____ Date: _____

SCDOR

SC-870
Reverse
Rev. 08/03/01-TM

Waiver of Restrictions on Assessment and Collection of Additional Tax or Acceptance of overassessment

General Information & Instructions

IMPORTANT: By signing this form, the taxpayer (1) agrees to pay the tax, interest, and penalties stated to be due; and (2) gives up the right to appeal this matter further. Interest and applicable penalties will continue to accrue until the balance due the Department is paid in full. Signing this form does not affect your right to file a claim for refund and it does not prevent the Department of Revenue from assessing additional tax found to be due at a later date.

NOTE: If you wish to give up your right to file a claim for refund and prevent the Department of Revenue from assessing additional amounts at a later date, a Form SC870AD should be executed in lieu of this SC870.

CLAIM FOR REFUND

Executing this document does not prevent you from seeking a refund of State taxes paid. The refund claim must be filed within three years from the date the returns was filed, or two years from the date of the payment of the tax, whichever is later. See SC Information Guide OGC-25 for more information about his claim for refund procedure.

EXECUTING THIS FORM

If this waiver relates to a joint individual income tax return, both husband and wife must sign the waiver.

If the SC870 is executed on behalf of a corporation, the waiver must include the corporation's name as well as the signature and title of the corporate officer executing this document

If this waiver is associated with an income tax examination of a partnership or "S" corporation, each partner or shareholder must execute a separate form.

If this waiver is signed by a person acting in a fiduciary capacity (for example, a personal administrator or trustee) Internal Revenue Service Form 56, Notice Concerning Fiduciary Relationship, must accompany this form unless previously provided.

An Attorney, CPA, or other agent may execute this form on behalf of a client provided such authority is granted in a power of attorney. The power of attorney must accompany this form unless previously provided.

GENERAL INFORMATION

We have an agreement with the Internal Revenue Service which provides for the exchange of tax information. If this change affects your income tax return(s), amended federal return(s) may need to be filed.

If you have any questions about this waiver, please contact the preparer.

C-245
(Rev. 10/10/07)
6177

Taxpayer Name (s): _____
(Please type or print)

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone: _____

Period (s) Covered: _____

☐ Corporate Income Tax ☐ Deed Recording Fee ☐ Employer Withholding Tax
☐ Individual Income Tax ☐ Liquor by the Drink Tax ☐ Motor Fuel Tax
☐ Partnership Income Tax ☐ Regulatory Violation ☐ Sales and Use Tax
☐ Other (Specify) _____

Identification Number (Social Security Number, License Number, File Number, etc.):

Please attach a copy of the Department of Revenue document or notice you received which led to the filing of this protest.

State all the reasons you disagree, including a statement of facts supporting your position and the law or other authority upon which you rely. (If the amount of proposed assessment is less than \$2,500 you need not provide your legal authority unless you are a partnership, "S" corporation, an exempt organization or an employee plan and the proposed tax is imposed by Chapters 6, 11, or 13 of Title 12.) The law or other authority supporting your position must be furnished on all regulatory violations. Add additional sheets if necessary.

[illegible]

61771028

Taxpayer's Signature _____ Date _____
 Spouse's Signature _____ Date _____
 Business Entity Name (if applicable) _____ Date _____
 By _____
 Signature of Owner/Partner/Officer/LLC Member _____ Title _____
 Print Name _____ Date _____

INSTRUCTIONS

The purpose of this form is to reduce to writing those facts and issues with which you disagree. If more space is needed, additional sheets may accompany this form. A protest may be filed by letter rather than using this form; however, all of the information required by this form must be included in the letter and you must comply with the requirements concerning signatures. If you file a joint income tax return, both you and your spouse must sign. If the protest is for a corporation, it must include the corporation's name followed by the signature and title of the corporate officer authorized to sign. If you have any questions concerning this matter, please call the telephone number on the notice or document with which you disagree. Please return document to the Department of Revenue address shown on the notice or document with which you disagree.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.

61772026

SCDOR

Audit Services

Murrell Smith, Member
Abacare Home Medical LLC
418 Broad Street
Sumter, SC 29150

File Number: 010-73066-7
Tax Type: Sales Tax
Audit Control #: 05/21/5446

Audit periods: From 01/01/2007 To 12/31/2009

Explanation of Audit Adjustments and Assessments

GENERAL SALES TAX

A sales tax, equal to five percent of the gross proceeds of sales, is imposed upon every person engaged or continuing within this State in the business of selling tangible personal property at retail.

SC Code Section 12-36-910

Beginning June 1, 2007, an additional sales, use, and casual excise tax equal to one percent is imposed on amounts taxable pursuant to this chapter, except that this additional one percent tax does not apply to amounts taxed pursuant to:

- _ Section 12-36-920(A) - accommodations for transients
- _ Section 12-36-2110 - items subject to a maximum sales and use tax
- _ Section 12-36-910(d)(1) - unprepared food which may be lawfully purchased with United States Department of Agriculture food coupons.

SC Code Section 12-36-1110

It is presumed that all gross proceeds are subject to the tax, until the contrary is established. The burden of proof that the sale of tangible personal property is not a sale at retail is on the seller.

SC Code Section 12-36-950

Schedule **AS-36-1** lists all adjustments to sales individually showing the purchaser, the product, and sales price.

DURABLE MEDICAL GOODS

Code Section 12-36-2120(74) provides an exemption for durable medical equipment and related supplies as defined under federal and state Medicaid and Medicare laws (effective July 1, 2007). In order for the purchase of the durable medical equipment and related supplies to be exempt, the following conditions must be met:

1. The purchase must be paid directly by funds of South Carolina or the United States under the Medicaid or Medicare programs.
2. State or federal law or regulation authorizing the payment must prohibit the payment of the sale or use tax.
3. The durable medical equipment and related supplies must be sold by a provider who holds a South Carolina retail sales license and whose principal place of business is located in South Carolina.

However, this exemption is being phased-in over several years. An uncodified provision of the legislation that enacted the exemption provides that the exemption will be phased in by reducing the rate of tax.

For sales made on or after July 1, 2007, the tax rate is 5.5%. Subsequent tax rate reductions are dependent on a forecast by the Board of Economic Advisors ("BEA") that the annual general fund growth for the next fiscal year (July 1 through June 30) equals at least 5%. This determination will be made each February 15th and if a 5% or more annual general fund growth is forecast, then the tax rate will be reduced further as follows:

4% for sales made on or after July 1st of next State fiscal year (July 1 through June 30) following the next February 15th forecast by the BEA meeting the 5% growth requirement,

3% for sales made on or after July 1st of next State fiscal year (July 1 through June 30) following the next February 15th forecast by the BEA meeting the 5% growth requirement,

2% for sales made on or after July 1st of next State fiscal year (July 1 through June 30) following the next February 15th forecast by the BEA meeting the 5% growth requirement, and

1% for sales made on or after July 1st of next State fiscal year (July 1 through June 30) following the next February 15th forecast by the BEA meeting the 5% growth requirement.

Sales on or after July 1st of the next State fiscal year following the next February 15th forecast by the BEA meeting the 5% growth requirement will be fully exempt without regard to subsequent BEA forecasts.

LOCAL SALES AND USE TAXES

Counties may levy sales and use tax upon referendum approval. Such taxes are to be administered and collected by the SC Department of Revenue in the manner that sales and use taxes are administered and collected pursuant to Chapter 36 of Title 12. For more detailed information refer to SC Information Letter 05-1 of January 6, 2005 and Chapter 10 of Title 4.

Since a sale is not completed until delivery is made, items shipped from a local option County into a non-local option County for first receipt by the customer are not subject to the local option tax and deliveries made into a local option County are subject to the local option tax of that county.

Purchases of building material for use under a construction contract are exempt from the local option tax if:

- <1> the written bid is submitted and
- <2> the construction contract is executed before the imposition date and
- <3> a verified copy of the contract is submitted within six months to the Department.

A special exemption certificate, ST-10-C, will be used to document this exemption.

In accordance with the Catawba Indian Claims Settlement Act, the sales and use tax imposed on sales in and deliveries into the Catawba Indian Reservation will be as follows: (effective 1-Jan-2004)

- _ Sales within the Reservation - 6% Tribal sales tax
- _ Deliveries into the Reservation -
- ___ Invoices larger than \$100 - 6% Tribal sales tax
- ___ invoices of \$100 and less - 5% State sales tax and no local option tax.

The General Ledger (G/L) Code assigned to the 'regular' local option tax is 34-2721. The Counties, Catawba Tribal Sales and Use, and Tourism Development Sales and Use with special local option tax and the appropriate G/L Code are indicated with an @1, @2, @3, @4, @5, and @6. Chapter 10 of SC Code Title 4.

@1 Capital Projects Local Option, G/L 34-2726

@2 School District Local Option, G/L 34-2730, Food which may be purchased with food stamps are exempt. The exemption applies to everyone who purchases these types of qualified items. Effective July 1, 2005, this exemption does not apply to the Clarendon School District Local Option tax.

@3 Transportation Local Option, G/L 34-2728

@4 Property Offset, G/L code will be assigned when the tax is imposed by a county.

@5 Catawba Tribal Sales Tax, G/L 34-3766

@6 TOURISM DEVELOPMENT TAX, G/L 34-2740

The effective dates for the local option taxes are listed below: (Counties in **BOLD** impose multiple local option taxes.)

1-Jul-91: **Charleston**, Colleton, **Jasper**, **Hampton**, McCormick and Marion.

1-May-92: Abbeville, **Allendale**, Bamberg, Edgefield, **Lancaster**, Marlboro and Saluda.

1-May-94: Chester and **Florence**.

1-May-95: Pickens.

1-May-96: **Dillon**, Lee and Sumter.

1-Jul-96: **Cherokee @2**

1-May-97: **Berkeley**, **Chesterfield**, **Clarendon**, **Darlington**, Kershaw and Williamsburg.

1-May-98: York @1.

1-May-99: Barnwell, Chester @1 (repealed 05/01/2000), **Jasper @1** (Capital Projects replaced with School District on 12/01/2002), Laurens, Newberry @1, Orangeburg @1.

1-Jun-99: Beaufort @3 (repealed 12/01/2000)

30-Apr-2000: Chester @1 - Last day for 1% Capital Projects Local Option. Note, the 1% local option is still in effect.

1-Sep-2000: **Chesterfield @2**

30-Nov-2000: Beaufort @3 - Last day for 1% Transportation Local Option.

1-May-2001: Aiken @1, **Allendale @1**

30-Nov-2002: **Jasper @1** - Last day for 1% Capital Projects Local Option. Audit adjustments for audits completed after 30-Nov-2002 for this tax for Jasper County will be reflected in the Jasper School District tax.

1-Dec-2002: **Jasper @2** - First day for 1% School District Local Option

1-May-2003: **Dillon @2 <1>** - First day for 1% Capital Project, **Hampton @1**

1-Jan-2004: Catawba Tribal Sales Tax @5 6% tax rate

1-Feb-2004 **Darlington** County School District @2

1-Jun-2004 **Clarendon** County School District @2

1-Mar-2005 Lexington County School District @2

1-May-2005 Calhoun, **Charleston @3 0.5% rate**, **Dorchester @3**, and Richland

1-May-2006 Fairfield

1-Oct-2006 **Lee @2**

31-Dec-2006 **Allendale @1** - Last day for 1% Capital Projects Local Option.

1-May-2007 Beaufort @3, **Florence @1**, Greenwood @1, **Horry @1**

1-June-2007: Catawba Tribal Sales Tax @5 7% tax rate

30-Sept-2008: **Dillon @1** - Last day for 1% Capital Projects Local Option. Audit adjustments for audits completed after 30-Sept-2008 for this tax for Dillon County will be reflected in the Dillon County School District tax.

1-Oct-2008: **Dillon @2** - First day for 1% School District Local Option

1-Mar-2009 **Horry @2**

1-May-2009 **Allendale @1**, **Berkeley @3**, **Cherokee**, **Chester @1**, **Lancaster @1**, **Sumter @1**

1-May-2009: Catawba Tribal Sales Tax @5 8% tax rate

1-August-2009 Myrtle Beach @6

31-Dec-09 **Hampton @1** - Last day for 1% Capital Projects Local Option.

Notes

<1> Dillon CP tax ended 09/30/2008. Dillon SD tax started 10/01/2008

INTEREST

Interest on taxes owed and refunds due is computed using the Internal Revenue Service interest rates <*> for underpayment compounded daily. Generally, interest is not paid during the first seventy-five days after filing a request for refund. SC Code Section 12-54-25

* Note reduction of interest rate on refunds. Section 72, Proviso 72.17 and Section 89, Proviso 89.142 of 2010 House Bill 4657, Part 1B direct the Department to reduce the rate of interest paid on eligible refunds by a total of three percentage points from the above listed rates for refunds paid from July 1, 2010 through June 30, 2011.

SCDOR
Audit Services
300 Outlet Pointe Blvd
Columbia, SC 29210

January 27, 2011

Abacare Home Medical LLC
Abacare Home Medical LLC
418 Broad Street
Sumter, SC 29150

Type Tax: Sales Tax
Period: 01/01/2007 to 12/31/2009
File #: 010-73066-7
Audit #: 05/21/5446
Response Date: April 27, 2011
Interest Date: February 26, 2011

Dear Mr. Smith:

The Department's audit of the above referenced tax return(s) has been completed. Enclosed is the audit report which explains our **Proposed Assessment**.

If you agree with the changes detailed in the enclosed report, the balance on Form AS-54 should be remitted to this office within 30 days from the date of this letter. Otherwise, additional interest, and penalties, if applicable, will accrue. Please include a copy of the AS-54 Distribution, or, Processing Report with your check to insure proper processing.

If you agree with the Department's adjustments, but are unable to make full payment at this time, please complete the enclosed Waiver of Restriction on Assessment (SC 870) and return it to this office as soon as possible. Upon receipt of this document, a final assessment will be issued.

If you disagree with any of the adjustments of tax, interest, or penalties that have been proposed by the Department, a written protest must be submitted to this office by the response date. Enclosed is an information guide (CID-6) which explains the information that must be included in your protest. The protest may be submitted on the enclosed form or by letter.

If you do not respond to this letter by the response date, you will have waived your right to appeal the proposed assessment and the Department will issue the final assessment and begin collection action.

Should you have any questions, please do not hesitate to contact this office.

Sincerely,
Columbia District

Susie Shytle, Supervisor
Email sshytle@sctax.org, 803-898-5942, FAX 803-737-5938
300 Outlet Pointe Blvd., PO Box 125
Columbia, SC 29214

SCDOR
Audit Services

AS-47
Rev. 08/01/03-TM

Murrell Smith, Member
Abacare Home Medical LLC
418 Broad Street
Sumter, SC 29150

File Number: 010-73066-7
Tax Type: Sales Tax
Audit Control #: 05/21/5446

Audit periods: From 01/01/2007 To 12/31/2009

Audit Information Report

1. Describe the taxpayers source of revenue: principle business activities (retailer, contractor, manufacturer, wholesaler, government, dual business, or other) including major product lines, business location(s) and major customers.

Abacare Home Medical is a durable medical equipment retailer located in Mount Pleasant, SC. The taxpayer is an LLC located in Sumter, SC. There were two ownership groups during the audit period. One ownership held the LLC until October 2008. The current owners have been responsible for the operations since November 2008.

2. Describe the taxpayers system of records and the manner in which the tax return is prepared. Each 'ownership group' prepared their own returns and would not allow the other to prepare or view the records. Art Bradham, CPA, of Sumter, SC, prepared the returns for the current owners. He reviewed the Excel spreadsheet used to determine which sales were taxable and found it to be accurate. Martha Jo Johnson, the office manager, actually filled out the amended returns for the period. David Selander, CPA, of Charleston, SC, prepared the amended returns for the prior ownership.

3. Does this taxpayer fall within the guidelines established for an electronic audit? No
If yes, was an electronic audit performed?

4. Discuss verification of gross proceeds such as sales, leases, rentals, or accommodations. Another durable medical equipment business that the current ownership owns was audited in September 2009. The taxpayers were allowed to self-assess and auditors reviewed the findings and found the returns to be accurate. In this case, the two ownerships self-assessed for the audit period and the returns were taken at face value. The only question raised was to whether they taxed hospice sales and Martha Jo verified that they did.

5. Discuss verification of withdrawals for use.
N/A

6. Discuss verification of use tax.
N/A

7. Discuss verification of deductions.
N/A

8. Discuss errors in calculations found.
The numbers on the worksheet (page 2) and on the front of the ST-3 did not match for September 2009 through December 2009. Martha Jo made an error in placing a formula in the Excel file for these periods and after she corrected it she forgot to correct the numbers on the worksheet.

9. Reasons for application of penalties or why certain penalties were not assessed.
o penalties were assessed because the company came forward and were allowed to self-assess.

10. Does the appropriate income tax figures agree with the sales and use tax return? If not, discuss resolution of the discrepancy.
N/A

11. If applicable, discuss verification of local and special local option taxes.

The Mount Pleasant local option and the Charleston county transportation taxes were applied to all sales.

12. Other comments. If audit is more or less than 36 months, why? If taxpayer is required to file other SC tax returns, are they current?

The audit period is 36 months and all other returns are current.



SOUTH CAROLINA DEPARTMENT OF REVENUE
Audit Services

FINAL

Abacare Home Medical LLC
418 Broad Street, Sumter, SC 29150
Abacare Home Medical LLC
2353 N Highway 17, Mount Pleasant, SC 29466

SID: 1932364-000-0
FEIN/SSN: xx-xxx0962
File#: 010-73066-7
ACN: 05/21/5446

Period: 01/01/2007 thru 12/31/2009 (36 Mths)
Auditor: Christopher Bucklew 1245
Auditor: Gregory Pierdon 5240
Interest & Penalty Date: 02/26/2011 County/Municipality Code: 9999

Billing Summary

AS-54-GT
Sales Tax

Audit: Sales Tax

Adjustment Schedules: Taxes Paid, Sales

Tax Type	Tax	Interest	Penalty	Total
1 Charleston Cnty LO 10	20,169.11	2,433.92	0.00	22,603.03
2 Charleston Cnty T 10	10,084.57	1,217.02	0.00	11,301.59
3 Durable Medical Goods	49,225.83	5,805.95	0.00	55,031.78
4 Sales Tax	62,836.90	8,204.48	0.00	71,041.38
Total (4)	142,316.41	17,661.37	0.00	159,977.78

Abacare Home Medical LLC
418 Broad Street, Sumter, SC 29150
Abacare Home Medical LLC
2353 N Highway 17, Mount Pleasant, SC 29466

SID: 1932364-000-0
FEIN/SSN: xx-xxx0962
File#: 010-73066-7
ACN: 05/21/5446

Period: 01/01/2007 thru 12/31/2009 (36 Mths)

Auditor: Christopher Buckliw 1245

Auditor: Gregory Pierdon 5240

Interest & Penalty Date: 02/26/2011 County/Municipality Code: 9999

Billing Report for Charleston Cnty LO 10 [10]

AS-54
Sales Tax

Audit: Sales Tax

Adjustment Schedules: Taxes Paid, Sales

	Period	Measure	Tax Due	Interest	Penalty	Total	
1	01/31/2007	36,842.40	368.42	89.51	0.00	457.93	1
2	02/28/2007	37,215.40	372.15	87.59	0.00	459.74	2
3	03/31/2007	15,580.84	155.81	35.36	0.00	191.17	3
4	04/30/2007	16,146.26	161.46	35.31	0.00	196.77	4
5	05/31/2007	7,486.22	74.86	15.76	0.00	90.62	5
6	06/30/2007	32,159.95	321.60	65.20	0.00	386.80	6
7	07/31/2007	10,117.07	101.17	19.68	0.00	120.85	7
8	08/31/2007	30,990.61	309.91	57.81	0.00	367.72	8
9	09/30/2007	57,289.79	572.90	102.12	0.00	675.02	9
10	10/31/2007	32,401.44	324.01	55.33	0.00	379.34	10
11	11/30/2007	16,628.61	166.29	27.13	0.00	193.42	11
12	12/31/2007	84,008.56	840.09	130.58	0.00	970.67	12
13	01/31/2008	63,414.30	634.14	94.51	0.00	728.65	13
14	02/29/2008	137,409.57	1,374.10	196.06	0.00	1,570.16	14
15	03/31/2008	72,164.93	721.65	98.39	0.00	820.04	15
16	04/30/2008	96,175.96	961.76	125.96	0.00	1,087.72	16
17	05/31/2008	128,805.70	1,288.06	161.31	0.00	1,449.37	17
18	06/30/2008	86,731.68	867.32	104.23	0.00	971.55	18
19	07/31/2008	169,038.69	1,690.39	195.40	0.00	1,885.79	19
20	08/31/2008	13,363.41	133.63	14.76	0.00	148.39	20
21	09/30/2008	62,278.26	622.78	65.85	0.00	688.63	21
22	10/31/2008	11,230.65	112.31	11.24	0.00	123.55	22
23	11/30/2008	87,905.25	879.05	82.95	0.00	962.00	23
24	12/31/2008	67,649.93	676.50	60.74	0.00	737.24	24
25	01/31/2009	90,881.12	908.81	77.39	0.00	986.20	25
26	02/28/2009	79,539.42	795.39	64.42	0.00	859.81	26
27	03/31/2009	86,157.79	861.58	66.36	0.00	927.94	27
28	04/30/2009	70,481.43	704.81	51.78	0.00	756.59	28
29	05/31/2009	97,487.71	974.88	67.86	0.00	1,042.74	29
30	06/30/2009	94,097.16	940.97	62.41	0.00	1,003.38	30
31	07/31/2009	112,477.93	1,124.78	70.53	0.00	1,195.31	31
32	08/31/2009	91,804.14	918.04	54.15	0.00	972.19	32
33	09/30/2009	(41,191.59)	(411.92)	(8.52)	0.00	(420.44)	33
34	10/31/2009	(37,159.94)	(371.60)	(7.04)	0.00	(378.64)	34
35	11/30/2009	(7,630.51)	(76.31)	(1.31)	0.00	(77.62)	35
36	12/31/2009	6,932.04	69.32	3.11	0.00	72.43	36
Total (36)		2,016,912.18	20,169.11	2,433.92	0.00	22,603.03	

Abacare Home Medical LLC
418 Broad Street, Sumter, SC 29150
Abacare Home Medical LLC
2353 N Highway 17, Mount Pleasant, SC 29466

SID: 1932364-000-0
FEIN/SSN: xx-xxx0962
File#: 010-73066-7
ACN: 05/21/5446

Period: 01/01/2007 thru 12/31/2009 (36 Mths)
Auditor: Christopher Bucklew 1245
Auditor: Gregory Pierdon 5240
Interest & Penalty Date: 02/26/2011 County/Municipality Code: 9999

Billing Report for Charleston Cnty T 10 [10T]

AS-54
Sales Tax

Audit: Sales Tax

Adjustment Schedules: Taxes Paid, Sales

	Period	Measure	Tax Due	Interest	Penalty	Total	
1	01/31/2007	36,842.40	184.21	44.76	0.00	228.97	1
2	02/28/2007	37,215.40	186.08	43.80	0.00	229.88	2
3	03/31/2007	15,580.84	77.90	17.68	0.00	95.58	3
4	04/30/2007	16,146.26	80.73	17.65	0.00	98.38	4
5	05/31/2007	7,486.22	37.43	7.88	0.00	45.31	5
6	06/30/2007	32,159.95	160.80	32.62	0.00	193.42	6
7	07/31/2007	10,117.07	50.59	9.85	0.00	60.44	7
8	08/31/2007	30,990.61	154.95	28.89	0.00	183.84	8
9	09/30/2007	57,289.79	286.45	51.04	0.00	337.49	9
10	10/31/2007	32,401.44	162.01	27.67	0.00	189.68	10
11	11/30/2007	16,628.61	83.14	13.55	0.00	96.69	11
12	12/31/2007	84,008.56	420.04	65.29	0.00	485.33	12
13	01/31/2008	63,414.30	317.07	47.25	0.00	364.32	13
14	02/29/2008	137,409.57	687.05	98.04	0.00	785.09	14
15	03/31/2008	72,164.93	360.82	49.21	0.00	410.03	15
16	04/30/2008	96,175.96	480.88	62.99	0.00	543.87	16
17	05/31/2008	128,805.70	644.03	80.66	0.00	724.69	17
18	06/30/2008	86,731.68	433.66	52.10	0.00	485.76	18
19	07/31/2008	169,038.69	845.19	97.68	0.00	942.87	19
20	08/31/2008	13,363.41	66.82	7.38	0.00	74.20	20
21	09/30/2008	62,278.26	311.39	32.93	0.00	344.32	21
22	10/31/2008	11,230.65	56.15	5.62	0.00	61.77	22
23	11/30/2008	87,905.25	439.53	41.50	0.00	481.03	23
24	12/31/2008	67,649.93	338.25	30.37	0.00	368.62	24
25	01/31/2009	90,881.12	454.41	38.71	0.00	493.12	25
26	02/28/2009	79,539.42	397.70	32.22	0.00	429.92	26
27	03/31/2009	86,157.79	430.79	33.16	0.00	463.95	27
28	04/30/2009	70,481.43	352.41	25.90	0.00	378.31	28
29	05/31/2009	97,487.71	487.44	33.93	0.00	521.37	29
30	06/30/2009	94,097.16	470.49	31.21	0.00	501.70	30
31	07/31/2009	112,477.93	562.39	35.27	0.00	597.66	31
32	08/31/2009	91,804.14	459.02	27.09	0.00	486.11	32
33	09/30/2009	(41,191.59)	(205.96)	(4.26)	0.00	(210.22)	33
34	10/31/2009	(37,159.94)	(185.80)	(3.53)	0.00	(189.33)	34
35	11/30/2009	(7,630.51)	(38.15)	(0.66)	0.00	(38.81)	35
36	12/31/2009	6,932.04	34.66	1.57	0.00	36.23	36
Total (36)		2,016,912.18	10,084.57	1,217.02	0.00	11,301.59	



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Abacare Home Medical LLC
418 Broad Street, Sumter, SC 29150
Abacare Home Medical LLC
2353 N Highway 17, Mount Pleasant, SC 29466

SID: 1932364-000-0
FEIN/SSN: xx-xxx0962
File#: 010-73066-7
ACN: 05/21/5446

Period: 01/01/2007 thru 12/31/2009 (36 Mths)
Auditor: Christopher Bucklew 1245
Auditor: Gregory Pierdon 5240

Interest & Penalty Date: 02/26/2011 County/Municipality Code: 9999

Billing Report for Durable Medical Goods [DMG]

AS-54
Sales Tax

Audit: Sales Tax

Adjustment Schedules: Taxes Paid, Sales

Period	Measure	Tax Due	Interest	Penalty	Total
01/31/2007	0.00	0.00	0.00	0.00	0.00
02/28/2007	0.00	0.00	0.00	0.00	0.00
03/31/2007	0.00	0.00	0.00	0.00	0.00
04/30/2007	0.00	0.00	0.00	0.00	0.00
05/31/2007	0.00	0.00	0.00	0.00	0.00
06/30/2007	0.00	0.00	0.00	0.00	0.00
07/31/2007	27,769.16	1,527.30	297.24	0.00	1,824.54
08/31/2007	21,470.81	1,180.89	220.26	0.00	1,401.15
09/30/2007	39,052.35	2,147.88	382.83	0.00	2,530.71
10/31/2007	18,166.42	999.15	170.61	0.00	1,169.76
11/30/2007	5,063.19	278.48	45.44	0.00	323.92
12/31/2007	44,065.69	2,423.61	376.68	0.00	2,800.29
01/31/2008	32,395.13	1,781.73	265.53	0.00	2,047.26
02/29/2008	23,203.67	1,276.20	182.09	0.00	1,458.29
03/31/2008	28,787.07	1,583.29	215.90	0.00	1,799.19
04/30/2008	51,869.37	2,852.82	373.62	0.00	3,226.44
05/31/2008	57,201.13	3,146.06	394.01	0.00	3,540.07
06/30/2008	44,174.04	2,429.57	291.99	0.00	2,721.56
07/31/2008	70,802.70	3,894.15	450.14	0.00	4,344.29
08/31/2008	39,719.24	2,184.56	241.57	0.00	2,426.13
09/30/2008	28,946.54	1,592.06	168.33	0.00	1,760.39
10/31/2008	59,908.84	3,294.99	329.93	0.00	3,624.92
11/30/2008	49,513.19	2,723.23	257.00	0.00	2,980.23
12/31/2008	53,388.87	2,936.39	263.60	0.00	3,199.99
01/31/2009	44,247.85	2,433.63	207.23	0.00	2,640.86
02/28/2009	34,292.03	1,886.06	152.76	0.00	2,038.82
03/31/2009	28,183.12	1,550.07	119.37	0.00	1,669.44
04/30/2009	19,432.83	1,068.81	78.53	0.00	1,147.34
05/31/2009	24,097.82	1,325.38	92.25	0.00	1,417.63
06/30/2009	44,265.58	2,434.61	161.47	0.00	2,596.08
07/31/2009	17,967.40	988.21	61.97	0.00	1,050.18
08/31/2009	9,430.03	518.65	30.60	0.00	549.25
09/30/2009	(19,494.52)	(1,072.20)	(22.17)	0.00	(1,094.37)
10/31/2009	(1,510.93)	(83.10)	(1.57)	0.00	(84.67)
11/30/2009	(791.43)	(43.53)	(0.75)	0.00	(44.28)
12/31/2009	(602.21)	(33.12)	(0.51)	0.00	(33.63)
Total (36)	895,014.98	49,225.83	5,805.95	0.00	55,031.78

Abacare Home Medical LLC
418 Broad Street, Sumter, SC 29150
Abacare Home Medical LLC
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SID: 1932364-000-0
FEIN/SSN: xx-xxx0962
File#: 010-73066-7
ACN: 05/21/5446

Period: 01/01/2007 thru 12/31/2009 (36 Mths)
Auditor: Christopher Bucklew 1245
Auditor: Gregory Pierdon 5240
Interest & Penalty Date: 02/26/2011 County/Municipality Code: 9999

Billing Report for Sales Tax [SALE6]

AS-54
Sales Tax

Audit: Sales Tax

Adjustment Schedules: Taxes Paid, Sales

	Period	Measure	Tax Due	Interest	Penalty	Total	
1	01/31/2007	36,842.40	1,842.12	447.55	0.00	2,289.67	1
2	02/28/2007	37,215.40	1,860.77	437.91	0.00	2,298.68	2
3	03/31/2007	15,580.84	779.04	176.84	0.00	955.88	3
4	04/30/2007	16,146.26	807.31	176.58	0.00	983.89	4
5	05/31/2007	7,486.22	374.31	78.87	0.00	453.18	5
6	06/30/2007	32,159.95	1,929.60	391.24	0.00	2,320.84	6
7	07/31/2007	(17,652.09)	(1,059.13)	(112.33)	0.00	(1,171.46)	7
8	08/31/2007	9,519.80	571.19	106.53	0.00	677.72	8
9	09/30/2007	18,237.44	1,094.25	195.02	0.00	1,289.27	9
10	10/31/2007	14,235.02	854.10	145.86	0.00	999.96	10
11	11/30/2007	11,565.42	693.93	113.17	0.00	807.10	11
12	12/31/2007	39,942.87	2,396.57	372.48	0.00	2,769.05	12
13	01/31/2008	31,019.17	1,861.15	277.38	0.00	2,138.53	13
14	02/29/2008	114,205.90	6,852.35	977.69	0.00	7,830.04	14
15	03/31/2008	43,377.86	2,602.67	354.91	0.00	2,957.58	15
16	04/30/2008	44,306.59	2,658.40	348.19	0.00	3,006.59	16
17	05/31/2008	71,604.57	4,296.27	538.07	0.00	4,834.34	17
18	06/30/2008	42,557.64	2,553.46	306.88	0.00	2,860.34	18
19	07/31/2008	98,235.99	5,894.16	681.33	0.00	6,575.49	19
20	08/31/2008	(26,355.83)	(1,581.35)	(80.58)	0.00	(1,661.93)	20
21	09/30/2008	33,331.72	1,999.90	211.45	0.00	2,211.35	21
22	10/31/2008	(48,678.19)	(2,920.69)	(129.75)	0.00	(3,050.44)	22
23	11/30/2008	35,161.06	2,109.66	199.09	0.00	2,308.75	23
24	12/31/2008	8,521.06	511.26	45.89	0.00	557.15	24
25	01/31/2009	43,783.27	2,627.00	223.70	0.00	2,850.70	25
26	02/28/2009	44,581.39	2,674.88	216.65	0.00	2,891.53	26
27	03/31/2009	57,085.67	3,425.14	263.76	0.00	3,688.90	27
28	04/30/2009	49,775.88	2,986.55	219.44	0.00	3,205.99	28
29	05/31/2009	72,806.48	4,368.39	304.03	0.00	4,672.42	29
30	06/30/2009	46,990.71	2,819.44	186.98	0.00	3,006.42	30
31	07/31/2009	92,520.59	5,551.24	348.10	0.00	5,899.34	31
32	08/31/2009	80,020.15	4,801.21	283.22	0.00	5,084.43	32
33	09/30/2009	(36,434.07)	(2,186.04)	(45.19)	0.00	(2,231.23)	33
34	10/31/2009	(43,126.13)	(2,587.57)	(49.02)	0.00	(2,636.59)	34
35	11/30/2009	(12,384.08)	(743.04)	(12.79)	0.00	(755.83)	35
36	12/31/2009	1,973.25	118.40	5.33	0.00	123.73	36
Total (36)		1,066,160.18	62,836.90	8,204.48	0.00	71,041.38	

Abacare Home Medical LLC
418 Broad Street, Sumter, SC 29150
Abacare Home Medical LLC
2353 N Highway 17, Mount Pleasant, SC 29466

SID: 1932364-000-0
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File#: 010-73066-7
ACN: 05/21/5446

Period: 01/01/2007 thru 12/31/2009 (36 Mths)
Auditor: Christopher Bucklew 1245
Auditor: Gregory Pierdon 5240
Interest & Penalty Date: 02/26/2011

County/Municipality Code: 9999

Credit for Taxes Paid

AS-36-1
Sales Tax

The tax rate includes the DME (5.5%) or Sales (6%) tax rate, plus the local option (1.5%).

Date	Description	Tax Rate	Credit for Net Taxable Sales
01/07	SALES TAX PAID	7.5%	(66,939.00)
02/07	SALES TAX PAID	7.5%	(55,556.00)
03/07	SALES TAX PAID	7.5%	(51,258.00)
04/07	SALES TAX PAID	7.5%	(70,562.00)
05/07	SALES TAX PAID	7.5%	(47,969.00)
06/07	SALES TAX PAID	7.5%	(41,248.00)
07/07	SALES TAX PAID	7.5%	(50,433.00)
08/07	SALES TAX PAID	7.5%	(41,332.00)
09/07	SALES TAX PAID	7.5%	(81,328.00)
10/07	SALES TAX PAID	7.5%	(39,960.00)
11/07	SALES TAX PAID	7.0%	(29,759.00)
11/07	SALES TAX PAID	7.5%	(20,830.00)
12/07	SALES TAX PAID	7.5%	(27,262.00)
01/08	SALES TAX PAID	7.0%	(23,794.00)
01/08	SALES TAX PAID	7.5%	(9,386.00)
02/08	SALES TAX PAID	7.0%	(11,205.00)
02/08	SALES TAX PAID	7.5%	(14,383.00)
03/08	SALES TAX PAID	7.0%	(21,715.00)
03/08	SALES TAX PAID	7.5%	(26,417.00)
04/08	SALES TAX PAID	7.0%	(14,449.00)
04/08	SALES TAX PAID	7.5%	(26,415.00)
05/08	SALES TAX PAID	7.0%	(9,576.00)
05/08	SALES TAX PAID	7.5%	(14,701.00)
06/08	SALES TAX PAID	7.0%	(10,089.00)
06/08	SALES TAX PAID	7.5%	(18,138.00)
07/08	SALES TAX PAID	7.0%	(5,574.00)
07/08	SALES TAX PAID	7.5%	(40,827.00)
08/08	SALES TAX PAID	7.5%	(119,269.28)
09/08	SALES TAX PAID	7.0%	(6,028.00)
09/08	SALES TAX PAID	7.5%	(10,808.00)
10/08	SALES TAX PAID	7.5%	(99,154.31)
11/08	SALES TAX PAID	7.5%	(20,993.76)
12/08	SALES TAX PAID	7.5%	(63,368.00)
01/09	SALES TAX PAID	7.5%	(23,982.37)
02/09	SALES TAX PAID	7.5%	(20,653.39)
03/09	SALES TAX PAID	7.5%	(19,162.70)
04/09	SALES TAX PAID	7.5%	(30,418.67)
05/09	SALES TAX PAID	7.5%	(33,838.20)
06/09	SALES TAX PAID	7.5%	(39,911.80)
07/09	SALES TAX PAID	7.5%	(22,054.17)
08/09	SALES TAX PAID	7.5%	(23,157.58)
09/09	SALES TAX PAID	7.0%	(256,399.57)
09/09	SALES TAX PAID	7.5%	(115,296.80)
10/09	SALES TAX PAID	7.0%	(155,974.72)
10/09	SALES TAX PAID	7.5%	(141,131.38)
11/09	SALES TAX PAID	7.0%	(66,206.30)

Taxes Paid

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01/27/2011 Page 6 of 9



SOUTH CAROLINA DEPARTMENT OF REVENUE

Audit Services

FINAL

Abacare Home Medical LLC
418 Broad Street, Sumter, SC 29150
Abacare Home Medical LLC
2353 N Highway 17, Mount Pleasant, SC 29466

SID: 1932364-000-0
FEIN/SSN: xx-xxx0962
File#: 010-73066-7
ACN: 05/21/5446

Period: 01/01/2007 thru 12/31/2009 (36 Mths)
Auditor: Christopher Buckliew 1245
Auditor: Gregory Pierdon 5240
Interest & Penalty Date: 02/26/2011 County/Municipality Code: 9999

Credit for Taxes Paid

**AS-36-1
Sales Tax**

Date	Description	Tax Rate	Credit for Net Taxable Sales
11/09	SALES TAX PAID	7.5%	(117,982.28)
12/09	SALES TAX PAID	7.0%	(89,637.06)
12/09	SALES TAX PAID	7.5%	(88,787.55)
Total (49)		361.0%	(2,435,320.89)

Taxes Paid

TaxMaster 4.4.0.807 - 09/15/2005

01/27/2011 Page 7 of 9

Abacare Home Medical LLC
418 Broad Street, Sumter, SC 29150
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2353 N Highway 17, Mount Pleasant, SC 29466

SID: 1932364-000-0
FEIN/SSN: xx-xxx0962
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Auditor: Christopher Bucklew 1245

Auditor: Gregory Pierdon 5240

Interest & Penalty Date: 02/26/2011

County/Municipality Code: 9999

Sales

AS-36-1
Sales Tax

The tax rate includes the DME (5.5%) or Sales (6%) tax rate, plus the local option (1.5%).

	Date	Description	Tax Rate	Gross Sales	Deductions	Net Taxable Sales
1	01/07	DME, ETC.	7.5%	103,781.40	0.00	103,781.40
2	02/07	DME, ETC.	7.5%	92,821.40	50.00	92,771.40
3	03/07	DME, ETC.	7.5%	67,156.28	317.44	66,838.84
4	04/07	DME, ETC.	7.5%	91,430.70	4,722.44	86,708.26
5	05/07	DME, ETC.	7.5%	67,275.35	11,820.13	55,455.22
6	06/07	DME, ETC.	7.5%	83,948.84	10,540.89	73,407.95
7	07/07	DME, ETC.	7.0%	31,412.69	3,643.53	27,769.16
8	07/07	DME, ETC.	7.5%	37,882.25	5,101.34	32,780.91
9	08/07	DME, ETC.	7.0%	24,477.84	3,007.03	21,470.81
10	08/07	DME, ETC.	7.5%	52,405.31	1,553.51	50,851.80
11	09/07	DME, ETC.	7.0%	44,691.73	5,639.38	39,052.35
12	09/07	DME, ETC.	7.5%	101,918.93	2,353.49	99,565.44
13	10/07	DME, ETC.	7.0%	21,840.44	3,674.02	18,166.42
14	10/07	DME, ETC.	7.5%	60,519.75	6,324.73	54,195.02
15	11/07	DME, ETC.	7.0%	43,265.05	8,442.86	34,822.19
16	11/07	DME, ETC.	7.5%	36,396.65	4,001.23	32,395.42
17	12/07	DME, ETC.	7.0%	51,354.75	7,289.06	44,065.69
18	12/07	DME, ETC.	7.5%	77,366.90	10,162.03	67,204.87
19	01/08	DME, ETC.	7.0%	66,566.03	10,376.90	56,189.13
20	01/08	DME, ETC.	7.5%	46,277.53	5,872.36	40,405.17
21	02/08	DME, ETC.	7.0%	42,504.97	8,096.30	34,408.67
22	02/08	DME, ETC.	7.5%	133,059.24	4,470.34	128,588.90
23	03/08	DME, ETC.	7.0%	57,683.09	7,181.02	50,502.07
24	03/08	DME, ETC.	7.5%	75,614.97	5,820.11	69,794.86
25	04/08	DME, ETC.	7.0%	76,744.46	10,426.09	66,318.37
26	04/08	DME, ETC.	7.5%	75,167.84	4,446.25	70,721.59
27	05/08	DME, ETC.	7.0%	78,735.90	11,958.77	66,777.13
28	05/08	DME, ETC.	7.5%	93,801.48	7,495.91	86,305.57
29	06/08	DME, ETC.	7.0%	61,226.08	6,963.04	54,263.04
30	06/08	DME, ETC.	7.5%	63,427.06	2,731.42	60,695.64
31	07/08	DME, ETC.	7.0%	84,417.50	8,040.80	76,376.70
32	07/08	DME, ETC.	7.5%	158,238.40	19,175.41	139,062.99
33	08/08	DME, ETC.	7.0%	45,440.04	5,720.80	39,719.24
34	08/08	DME, ETC.	7.5%	96,845.73	3,932.28	92,913.45
35	09/08	DME, ETC.	7.0%	39,935.68	4,961.14	34,974.54
36	09/08	DME, ETC.	7.5%	47,364.48	3,224.76	44,139.72
37	10/08	DME, ETC.	7.0%	69,084.25	9,175.41	59,908.84
38	10/08	DME, ETC.	7.5%	54,390.56	3,914.44	50,476.12
39	11/08	DME, ETC.	7.0%	55,513.77	6,000.58	49,513.19
40	11/08	DME, ETC.	7.5%	62,859.44	6,704.62	56,154.82
41	11/08	ENTERALS	1.5%	3,231.00	0.00	3,231.00
42	12/08	DME, ETC.	7.0%	58,523.79	5,134.92	53,388.87
43	12/08	DME, ETC.	7.5%	82,410.86	10,521.80	71,889.06
44	12/08	ENTERALS	1.5%	5,740.00	0.00	5,740.00
45	01/09	DME, ETC.	7.0%	46,988.69	2,740.84	44,247.85
46	01/09	DME, ETC.	7.5%	72,295.67	4,530.03	67,765.64

Sales

TaxMaster 4.4.0.807, 09/15/2005

01/27/2011 Page 8 of 9

Abacare Home Medical LLC
418 Broad Street, Sumter, SC 29150
Abacare Home Medical LLC
2353 N Highway 17, Mount Pleasant, SC 29466

SID: 1932364-000-0
FEIN/SSN: xx-xxx0962
File#: 010-73066-7
ACN: 05/21/5446

Period: 01/01/2007 thru 12/31/2009 (36 Mths)
Auditor: Christopher Bucklew 1245
Auditor: Gregory Pierdon 5240
Interest & Penalty Date: 02/26/2011 County/Municipality Code: 9999

Sales

AS-36-1
Sales Tax

	Date	Description	Tax Rate	Gross Sales	Deductions	Net Taxable Sales	
47	01/09	ENTERALS	1.5%	2,850.00	0.00	2,850.00	47
48	02/09	DME, ETC.	7.0%	36,025.43	1,733.40	34,292.03	48
49	02/09	DME, ETC.	7.5%	70,691.19	5,456.41	65,234.78	49
50	02/09	ENTERALS	1.5%	666.00	0.00	666.00	50
51	03/09	DME, ETC.	7.0%	29,931.62	1,748.50	28,183.12	51
52	03/09	DME, ETC.	7.5%	97,292.99	21,044.62	76,248.37	52
53	03/09	ENTERALS	1.5%	889.00	0.00	889.00	53
54	04/09	DME, ETC.	7.0%	20,643.44	1,210.61	19,432.83	54
55	04/09	DME, ETC.	7.5%	111,929.74	31,735.19	80,194.55	55
56	04/09	ENTERALS	1.5%	1,272.72	0.00	1,272.72	56
57	05/09	DME, ETC.	7.0%	26,503.50	2,405.68	24,097.82	57
58	05/09	DME, ETC.	7.5%	111,704.74	5,060.06	106,644.68	58
59	05/09	ENTERALS	1.5%	583.41	0.00	583.41	59
60	06/09	DME, ETC.	7.0%	47,115.62	2,850.04	44,265.58	60
61	06/09	DME, ETC.	7.5%	100,882.29	13,979.78	86,902.51	61
62	06/09	ENTERALS	1.5%	2,840.87	0.00	2,840.87	62
63	07/09	DME, ETC.	7.0%	18,674.21	706.81	17,967.40	63
64	07/09	DME, ETC.	7.5%	148,956.94	34,382.18	114,574.76	64
65	07/09	ENTERALS	1.5%	1,989.94	0.00	1,989.94	65
66	08/09	DME, ETC.	7.0%	9,718.68	288.65	9,430.03	66
67	08/09	DME, ETC.	7.5%	118,560.77	15,383.04	103,177.73	67
68	08/09	ENTERALS	1.5%	2,353.96	0.00	2,353.96	68
69	09/09	DME, ETC.	7.0%	253,467.01	16,561.96	236,905.05	69
70	09/09	DME, ETC.	7.5%	109,228.87	30,366.14	78,862.73	70
71	09/09	ENTERALS	1.5%	14,737.00	0.00	14,737.00	71
72	10/09	DME, ETC.	7.0%	163,040.10	8,576.31	154,463.79	72
73	10/09	DME, ETC.	7.5%	150,384.44	52,379.19	98,005.25	73
74	10/09	ENTERALS	1.5%	7,477.12	0.00	7,477.12	74
75	11/09	DME, ETC.	7.0%	69,331.96	3,917.09	65,414.87	75
76	11/09	DME, ETC.	7.5%	131,624.95	26,026.75	105,598.20	76
77	11/09	ENTERALS	1.5%	5,545.00	0.00	5,545.00	77
78	12/09	DME, ETC.	7.0%	94,262.97	5,228.12	89,034.85	78
79	12/09	DME, ETC.	7.5%	108,262.20	17,501.40	90,760.80	79
80	12/09	ENTERALS	1.5%	5,561.00	0.00	5,561.00	80
Total (80)			501.0%			4,452,233.07	

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

IN THE COURT OF COMMON PLEAS
IN THE NINTH JUDICIAL CIRCUIT

Assistive Technology Medical Equipment)
Services, LLC,)
Plaintiff,)

Civil Action No.: 2011-CP- 40-

vs.)

AFFIDAVIT OF
PHILLIP DECLEMENTE

Hood & Selander, CPAS, LLC, Donna C.)
Cash, as Personal Representative of the)
Estate of Dorothy A. Connelly, W.E.)
Applegate, III, as Personal Representative)
of the Estate of James B. Connelly,)
Defendants.)

I, Phillip DeClemente, being duly sworn under oath, declare that I am an adult person over the age of 18 years and that if called as a witness, I would competently testify to the following:

1. Unless otherwise noted, the statements in this affidavit are based upon my personal knowledge and experience.

2. I am competent to testify to the contents and details related in this affidavit.

3. A Stock Purchase and Assignment Agreement for the remaining shares of common stock of Abacare Home Medical, Inc., (the "Corporation") was executed November 7, 2008 by and between the Estate of Dorothy A. Connelly (the "Seller"), myself as Assignor, and Assistive Technology Medical Equipment Services, LLC (the "Purchaser").

4. At the time of sale, the Seller owned one hundred and four (104) shares of the Corporation's outstanding and issued shares of common stock, constituting 80% of the Corporation.

5. The purchase price for the Stock paid by the Purchaser at closing was Eight Hundred Nine Thousand, Five Hundred and No/100 (\$809,500.00) Dollars.

6. Prior to the purchase of the business by the Plaintiff, the above-captioned Defendants including Hood & Selander, CPA's, LLC provided incomplete information to Burkett Burkett & Burkett, Certified Public Accountants, P.A. necessary for Burkett Burkett & Burkett to complete its valuation of the company. The above-captioned Defendants failed to disclose a sales tax liability of approximately One Hundred Thousand and 00/100 (\$100,000.00) Dollars prior to the execution of the Stock Purchase Agreement November 7, 2008.

7. Upon information and belief, David E. Selander of Hood & Selander, CPA, LLC used net income as the primary means of valuing Abacare Home Medical, Inc., dismissing the sales tax liability as part of the valuation of the company drastically inflating the company's value.

8. The above-captioned Defendants were all aware of the above-mentioned tax liability prior to November 7, 2008 when the Stock Purchase and Assignment Agreement was executed.

9. Mr. Selander knew or should have known that the documents he prepared related to Abacare home Medical, Inc. and the information he provided, or failed to provide to Burkett Burkett & Burkett CPAs, LLC would ultimately be relied upon by the Purchaser and its CPA Art Bradham.

10. At the time of this transaction, it was my belief and understanding that the above-captioned Defendants had in fact communicated or intended to communicate to Burkett Burkett & Burkett CPAs, LLC, the Purchaser, and the Purchaser's CPA Art Bradham facts related to the sales tax liability.

11. The sales tax liability was not made part of the business's valuation by the above-captioned Defendants.

12. The purchase price agreed to by the Purchasers did not accurately reflect the sales tax liability.

13. Prior to the execution of the Stock Purchase and Assignment Agreement, I did not make Murrell Smith, Jeff Reed or Art Bradham aware of the sales tax liability. Upon information and belief, none of the above-captioned Defendants nor Kimberly Cuce made Murrell Smith, Jeff Reed or Art Bradham aware of the sales tax liability.

14. Upon information and belief, the purchase price was dramatically inflated as a result of this failure to disclose the tax liability, and the Plaintiff has been damaged as a result.

FURTHER AFFIANT SAYETH NOT.

Executed on October _____, 2011

Phillip DeClemente

SWORN to and subscribed before me

this _____ day of _____, 2011

My commission expires: _____



Phillip DeClemente <pdeclemente@gmail.com>

ATMES

Matthew J. Keller <matthew@masonlawfirm.com>
To: Phillip DeClemente <pdeclemente@gmail.com>

Fri, Nov 18, 2011 at 9:43 AM

You know you were listed as a defendant?

The attorney told me on the phone that they were thinking about adding you as a defendant, *if* you didn't cooperate and sign the affidavit. He lied because they filed the complaint on 10/31/2011 and you were already a defendant along with Cuce.

Matthew J. Keller, Esq.

THE MASON LAW FIRM, P.A.

465 West Coleman Boulevard, Suite 302

Mount Pleasant, SC 29464

Main Line: (843) 884-1444

Fax Number: (843) 884-3595

E-mail: matthew@masonlawfirm.com

Website: www.masonlawfirm.com

2 attachments

 **Case View.pdf**
287K

 **Complaint.PDF**
896K

2011-CP-10-8011

STATE OF SOUTH CAROLINA,
COUNTY OF CHARLESTON

ASSISTIVE TECHNOLOGY MEDICAL
EQUIPMENT SERVICES, LLC

Plaintiff,

vs.

HOOD & SELANDER, CPAS, LLC, DONNA
C. CASH, AS PERSONAL
REPRESENTATIVE OF THE ESTATE OF
DOROTHY A. CONNELLY, W.E.
APPLEGATE, III, AS PERSONAL
REPRESENTATIVE OF THE ESTATE OF
JAMES B. CONNELLY, KIMBERLY CUCE,
PHILLIP DECLEMENTE,

Defendants.

IN THE COURT OF COMMON PLEAS

FILE NO. 2011-CP-10-8011

RETURN RECEIPT FOR SERVICE OF CIVIL
ACTION COVERSHEET, SUMMONS AND
COMPLAINT ON W.E. APPELGATE, III

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

WE Applegate, III
40 Calhoun St. Suite 300
Charleston, SC 29401

2. Article Number
(Transfer from service label)

7010 0290 0001 1782 7191

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

[Signature]

☐ Agent

☐ Addressee

B. Received by (Printed Name)

S Garland

C. Date of Delivery

12/14

D. Is delivery address different from Item 1?

☐ Yes

If YES, enter delivery address below ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☒ Yes

By: *[Signature]*

James E. Smith, Jr.
E. Scott Winburn
Dylan W. Goff
1422 Laurel Street
Columbia, SC 29201
(803) 933-9800
(803) 933-9801

Dec-12, 2011

2011-CP-10-8011

STATE OF SOUTH CAROLINA,
COUNTY OF CHARLESTON

ASSISTIVE TECHNOLOGY MEDICAL
EQUIPMENT SERVICES, LLC

Plaintiff,

vs.

HOOD & SELANDER, CPAS, LLC, DONNA
C. CASH, AS PERSONAL
REPRESENTATIVE OF THE ESTATE OF
DOROTHY A. CONNELLY, W.E.
APPELATE, III, AS PERSONAL
REPRESENTATIVE OF THE ESTATE OF
JAMES B. CONNELLY, KIMBERLY CUCE,
PHILLIP DECLEMENTE,

Defendants.

IN THE COURT OF COMMON PLEAS

FILE NO. 2011-CP-10-8011

RETURN RECEIPT FOR SERVICE OF CIVIL
ACTION COVERSHEET, SUMMONS AND
COMPLAINT ON PHILLIP DECLEMENTE

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. - Print your name and address on the reverse so that we can return the card to you. - Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature <i>[Signature]</i> ☒ Agent ☐ Addressee B. Received by (Printed Name) <i>Duch</i> C. Date of Delivery <i>12-11</i> D. Is delivery address different from item 1? ☐ Yes ☐ No If YES, enter delivery address below.	
1. Article Addressed to <i>Phillip Declemente</i> <i>2353 N Highway 17</i> <i>Mt. Pleasant, SC 29466</i>		3. Service Type ☒ Certified Mail ☐ Express Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D.	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) ☒ Yes	
PS Form 3811, February 2004		Domestic Return Receipt	

7010 0290 0001 1782 7207

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

By: *E. Scott Winburn*

James E. Smith, Jr.
E. Scott Winburn
Dylan W. Goff
1422 Laurel Street
Columbia, SC 29201
(803) 933-9800
(803) 933-9801

Dec. 12, 2011

JAMES E. SMITH, JR., P.A.
ATTORNEYS AT LAW

JAMES E. SMITH, JR. *†
E. SCOTT WINBURN
DYLAN W. GOFF

1422 LAUREL STREET
COLUMBIA, SOUTH CAROLINA 29201

OF COUNSEL
NINA NELSON SMITH

*ALSO ADMITTED IN NC
†ALSO ADMITTED IN GA

SHANNON S. STUCKEY
(1969-2000)

TELEPHONE
(803) 933-9800
FACSIMILE
(803) 933-9801

EMAIL
FIRM@JAMESSMITHPA.COM
WEBPAGE
www.JamesSmithPA.com

December 12, 2011

VIA FIRST CLASS U.S. MAIL

The Honorable Julie J. Armstrong
100 Broad Street Suite 106
Charleston, SC 29401-2210

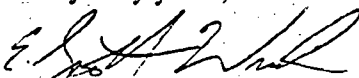
Re: Assistive Technology Medical Equipment Services vs. Hood & Selander,
CPAS, LLC, et al
Civil Action No. 2011-CP-10-8011
JESPA File No. 11-0049

Dear Ms. Armstrong:

I have enclosed one original and two copies of the Return Receipts for service on Phillip Declemente and W.E. Applegate. I would appreciate it if your office would please file the original and return the copies in the postage prepaid envelope. If you have any questions or need anything further, please do not hesitate to contact me.

With kind regards, I am,

Very truly yours,


E. Scott Winburn

ESW:da
Enclosures (as referenced)



Service Disabled Veteran-Owned Small Business

CAMERON L. MARSHALL, L.L.C.
ATTORNEY AT LAW

2011-CP-10-8011

May 14, 2012

FILED

MAY 14 2012

JULIE J. ARMSTRONG
CLERK, C.P. & G.S.

The Honorable Julie Armstrong
Clerk of Court for Charleston County
Charleston County Judicial Center
100 Broad Street, Suite 106
Charleston, SC 29401

Re: *Assistive Technology Medical Equipment Services, Inc. V. Hood & Selander,*
CPAS, LLC, et al.
Civil Action No.: 11-CP-10-8011

Dear Ms. Armstrong,

This letter is to inform you that I represent Phillip DeClemente, a defendant named in the above action. Please advise my office as to when Plaintiff's Motion for Default Judgment is to be heard in this matter so that I may appear and defend on my client's behalf.

With kindest regards, I am



Cameron L. Marshall, Esq.

CLM:jdh

cc: Mr. Phillip DeClemente
Ali Counsel of Record

CAMERON L. MARSHALL, L.L.C.
ATTORNEY AT LAW

June 8, 2012

Via United States Mail – Proof of Delivery Requested
Mr. G. Murrell Smith, Jr.
Mr. Jeffrey J. Reed
Assistive Technology Medical Equipment Services, LLC
126 North Main Street
Sumter, SC 29150

Re: Arrearages on Promissory Note dated June 30, 2009

Dear Gentlemen,

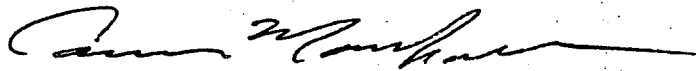
Please be advised that pursuant to Paragraph 7 of the Promissory Note between ATMES, LLC and Phillip L. DeClemente, executed on June 30, 2009, this is to inform you that you are behind in your payments to Mr. DeClemente. This is to request that payment of all arrearages to date, including principal and late fees in the amount of \$59,571.45, be made within thirty days, and that monthly payments of \$7,341.84 be resumed to Mr. DeClemente.

Please be aware that pursuant to Paragraphs 6(B) and 6(D) of the referenced Promissory Note, if the arrearage amount of \$59,571.45 is not paid, and the monthly payments of \$7,341.84 are not resumed within thirty days of this letter, ATMES, LLC will be required to pay the full amount outstanding on the Note, including all remaining principal, interest, late fees, and all attorney's fees and costs associated with enforcing this Promissory Note. Along with payment of the full amount of the Promissory Note, a \$30,000.00 compliance bonus will also be owed Mr. DeClemente pursuant to Paragraph 9 of the Bill of Sale.

Please remit to my office a check payable to my client for \$59,571.45 within thirty days of receipt of this letter to avoid further collection action.

Thank you for your attention to this matter.

Sincerely yours,



Cameron L. Marshall

CLM:jdh

cc: Mr. Phillip DeClemente

CAMERON L. MARSHALL, L.L.C.
ATTORNEY AT LAW

November 4, 2013

Via Facsimile – (843) 958-5020
and E-Mail – jnicholsonj@sccourts.org
The Honorable J.C. Nicholson, Jr.
100 Broad Street, Suite 106
Charleston, SC 29401

Re: *Assistive Technology Medical Equipment Services v. Hood & Selander, et al.*
Case No.: 2011-CP-10-8011

Dear Judge Nicholson,

The above-referenced matter was filed by Plaintiff on October 31, 2011. There have been three separate Scheduling Orders in this case, the most recent of which requires the following: Discovery to be completed on or before November 30, 2013; mediation to be conducted by December 15, 2013; the case is subject to being called for trial on or after January 6, 2014.

Mr. Smith has requested six continuances for the Motions Hearing in this matter regarding Defendant Phillip DeClemente's Motion for Enlargement of Time in Which to Answer, Defendant Phillip DeClemente's Motion for Default Judgment, Plaintiff's Motion for Damages Hearing, and the recently added Defendant Donna Cash's Motion to Amend Answer. His first request was made on January 7, 2013 for the hearing scheduled that day, citing legislative protection. His second was made on March 12, 2013 for the hearing scheduled the following day, citing legislative protection. His third was made on April 11, 2013 for the hearing scheduled the following day, citing legislative protection. His fourth was made on July 12, 2013 for the hearing scheduled for July 16, 2013, citing legislative protection. His fifth request, in the form of a formal Motion, was made on August 30, 2013 for the hearing scheduled for September 3, 2013, citing a caucus meeting on September 3 and court mandated mediation on September 4 for which he required the day prior to prepare. His sixth request, in the form of a formal Motion, was made on November 1, 2013 for the hearing scheduled for tomorrow, November 5, citing his plans to be out of the country in connection with his service to the South Carolina General Assembly.

Mr. Smith has informed me that he has associate attorneys in his law firm, and I ask that the hearings tomorrow go forward and one of those attorneys attend for Mr. Smith. My client is suffering tremendous financial hardship as a result of not being able to collect the money he is owed by Mr. Smith's client. If this case does not now move forward, then it will probably be

7 GAMECOCK AVE. • SUITE 707 • CHARLESTON, SOUTH CAROLINA 29407
PHONE (843) 795-2298 • TOLL FREE (800) 245-3712 • FAX (843) 795-5081 • MOBILE (843) 324-7200
EMAIL ATTORNEYMARSHALL@GMAIL.COM

after the next legislative session before any progress is made. That scenario would cause my client irreparable harm.

Respectfully yours,

Cameron L. Marshall (JC)

Cameron L. Marshall

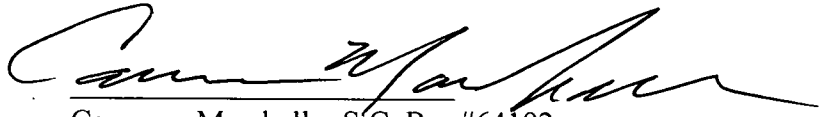
CLM:jc

cc (via e-mail only): Ms. Katherine Hendricks
James Myrick, Esquire
James Smith, Esquire
R. Davis Howser, Esquire
Ms. Laura Davis
Mr. Phillip DeClemente

CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

November 28, 2018
Charleston, South Carolina



Cameron Marshall – S.C. Bar #64192
7 Gamecock Avenue, Suite 707
Charleston, SC, 29407
Telephone: (843) 795- 2298
cameron@attorneymarshall.com
Attorney for Appellant

RECEIVED
DEC 03 2018
SC Court of Appeals