

**ACCUDIAGNOSTICS FRANCHISE GROUP, LLC**

**FINANCIAL STATEMENTS**

**EXHIBIT F TO THE OFFERING CIRCULAR**

**ACCUDIAGNOSTICS FRANCHISE GROUP, LLC**  
**(A DEVELOPMENT STAGE COMPANY)**  
**UNAUDITED BALANCE SHEET**  
**MAY 31, 2005**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 61,503
Advance to member	<u>3,576</u>
Total current assets	65,079

**PROPERTY AND EQUIPMENT, net**

11,176

\$ 76,255

**LIABILITIES AND MEMBERS' DEFICIT**

**LIABILITIES**

Due to related party	\$ 125,000
Taxes Payable	2,320

**MEMBERS' DEFICIT**

(51,065)

\$ 76,255

**ACCUDIAGNOSTICS FRANCHISE GROUP, LLC**  
**(A DEVELOPMENT STAGE COMPANY)**  
**UNAUDITED STATEMENT OF OPERATIONS AND MEMBERS' DEFICIT**  
**FOR THE PERIOD FROM FEBRUARY 11, 2005**  
**(INCEPTION) TO MAY 31, 2005**

<b>REVENUE</b>		\$	-
<b>EXPENSES</b>			
Professional fees	\$ 2,955		
Dues and subscriptions	10,569		
Travel, meals and entertainment	6,293		
Professional development	2,990		
Licenses and permits	600		
Insurance	257		
Advertising	3,213		
Depreciation	472		
Organizational costs	8,292		
Office supplies	1,278		
Salaries and wages	13,000		
Rent	982		
Payroll taxes	382		
Miscellaneous	<u>782</u>		<u>52,065</u>
Net loss			<u>(52,065)</u>
<b>MEMBERS' DEFICIT</b>			
Beginning of period			-
Contribution			<u>1,000</u>
End of period			<u>\$ (51,065)</u>

**ACCUDIAGNOSTICS FRANCHISE GROUP, LLC  
(A DEVELOPMENT STAGE COMPANY)**

**REPORT ON FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM FEBRUARY 11, 2005  
(INCEPTION) TO MARCH 31, 2005**

**ACCUDIAGNOSTICS FRANCHISE GROUP, LLC**  
**(A DEVELOPMENT STAGE COMPANY)**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
*AccuDiagnostics Franchise Group, LLC*  
Greenville, South Carolina

We have audited the accompanying balance sheet of *AccuDiagnostics Franchise Group, LLC* (a development stage company) as of March 31, 2005 and the related statements of operations and members' deficit and cash flows for the period from February 11, 2005 (inception) to March 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of *AccuDiagnostics Franchise Group, LLC* and the results of its operations and its cash flows as of March 31, 2005 and for the period from February 11, 2005 (inception) to March 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

*Elliott Davis, LLC*

Greenville, South Carolina  
April 5, 2005

**ACCUDIAGNOSTICS FRANCHISE GROUP, LLC**  
**(A DEVELOPMENT STAGE COMPANY)**  
**BALANCE SHEET**  
**MARCH 31, 2005**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 74,500
Advance to member	<u>1,042</u>
Total current assets	75,542

**PROPERTY AND EQUIPMENT, net**

6,406

**\$ 81,948**

**LIABILITIES AND MEMBERS' DEFICIT**

**LIABILITIES**

Due to related	\$ 100,000
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**MEMBERS' DEFICIT**

(18,052)

**\$ 81,948**

The accompanying notes are an integral part of this financial statement.

**ACCUDIAGNOSTICS FRANCHISE GROUP, LLC**  
**(A DEVELOPMENT STAGE COMPANY)**  
**STATEMENT OF OPERATIONS AND MEMBERS' DEFICIT**  
**FOR THE PERIOD FROM FEBRUARY 11, 2005**  
**(INCEPTION) TO MARCH 31, 2005**

<b>REVENUE</b>		\$	-
<b>EXPENSES</b>			
Professional fees	\$ 1,830		
Dues and subscriptions	10,569		
Travel, meals and entertainment	4,621		
Professional development	650		
Licenses and permits	600		
Insurance	257		
Advertising	425		
Depreciation	<u>100</u>		<u>19,052</u>
Net loss			<u>(19,052)</u>
<b>MEMBERS' DEFICIT</b>			
Beginning of period			-
Contribution			<u>1,000</u>
End of period			<u>\$ (18,052)</u>

The accompanying notes are an integral part of this financial statement.



**ACCUDIAGNOSTICS FRANCHISE GROUP, LLC**  
**(A DEVELOPMENT STAGE COMPANY)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM FEBRUARY 11, 2005**  
**(INCEPTION) TO MARCH 31, 2005**

<b>OPERATING ACTIVITIES</b>	
Net loss	\$ (19,052)
Depreciation	<u>100</u>
Net cash used for operating activities	<u>(18,952)</u>
<b>INVESTING ACTIVITIES</b>	
Purchase of furniture, fixtures and equipment	<u>(6,506)</u>
<b>FINANCING ACTIVITIES</b>	
Proceeds from due to related party	100,000
Member contribution	1,000
Advance to member	<u>(1,042)</u>
Net cash provided by financing activities	<u>99,958</u>
Net increase in cash	74,500
<b>CASH, BEGINNING PERIOD</b>	<u>-</u>
<b>CASH, END OF PERIOD</b>	<u>\$ 74,500</u>

The accompanying notes are an integral part of this financial statement.

**ACCUDIAGNOSTICS FRANCHISE GROUP, LLC**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of development stage operations**

*AccuDiagnostics Franchise Group, LLC* (the “Company”), was organized in South Carolina on February 11, 2005. The Company was established to offer franchises to third parties for them to operate under the tradename, *AccuDiagnostics*. As of March 31, 2005, the Company is in the process of finalizing its Operating Agreement. The agreement will define, among other items, the details and classes of its members’ interests. Franchise operations are regulated by the Federal Trade Commission (FTC). Once registered, the company will provide franchisees with, among other things, uniform standards and procedures for efficient business operations, territorial rights, management training and a license to use specified trade names and trademarks.

The Company is required to submit to the FTC and franchisees a Uniform Franchise Offering Circular, which includes a variety of financial and non-financial data regarding the franchise operations. The Company is presently preparing its Offering Circular. Management anticipates submitting the Circular within sixty days.

**General**

The Company is in the development stage. This stage is characterized by significant expenditures for the development of the company’s infrastructure to market and manage franchises. Once the Company’s planned principal operations commence, its focus will be on the marketing and development of the franchises as well as providing management services to them.

**Revenue recognition**

Initial franchise fees are recorded as income on the date the franchise commences operations. Franchise royalty revenues are based on franchisees’ sales and are recognized as earned.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash**

The Company places its temporary cash investments with high quality financial institutions. At times such investments may be in excess of the FDIC insurance limits.

**Income taxes**

The Company is a limited liability partnership for federal and state income tax purposes. Accordingly, the Company’s income, deductions and credits are reported by its partners on their individual income tax returns and no provision for income taxes is recorded by the Company.

**NOTE 2 - RELATED PARTY TRANSACTIONS**

The Company was advanced \$100,000 from a relative of the general member. The money was advanced as a deposit toward a future membership interest in the Company. Management anticipates converting the advance into members’ equity upon finalization of the Company’s operating agreement and the relative joining the Company as a member.