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**EXHIBIT F**  
**FINANCIAL STATEMENTS**

**HOMEWATCH INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003**

# HOMEWATCH INTERNATIONAL, INC.

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Board of Directors  
Homewatch International, Inc.

We have audited the accompanying balance sheets of Homewatch International, Inc. as of December 31, 2005, 2004 and 2003, and the related statements of income and retained earnings, and cash flows, for the years then ended. 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 audits 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 balance sheet. An audit 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 of the financial statements 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 Homewatch International, Inc. as of December 31, 2005, 2004 and 2003, and the results of its operations and its cash flows for the periods then ended, in conformity with accounting principles generally accepted in the United States of America.

February 2, 2006  
Aurora, Colorado

*J. A. Bush & Associates*

Member American Institute of Certified Public Accountants  
Member Colorado Society of Certified Public Accountants

**HOMEWATCH INTERNATIONAL, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2005, 2004 AND 2003**

ASSETS

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 17,531	\$ 19,597	\$ 2,373
Accounts receivable-trade	<u>153,579</u>	<u>123,919</u>	<u>116,671</u>
TOTAL CURRENT ASSETS	171,110	143,516	119,044
<b>FURNITURE AND EQUIPMENT, AT COST</b>			
Furniture	--	--	1,824
Equipment	56,559	48,668	49,208
Vehicles	<u>22,161</u>	<u>22,161</u>	<u>22,161</u>
	78,720	70,829	73,193
Less accumulated depreciation	<u>62,291</u>	<u>55,744</u>	<u>59,461</u>
	16,429	15,085	13,732
<b>OTHER ASSETS</b>			
Franchise development costs (net of amortization)	20,297	26,072	31,847
Goodwill (net of amortization)	27,610	31,857	36,105
Note receivable – stockholders	--	40,000	--
Deposits	<u>200</u>	<u>200</u>	<u>200</u>
	<u>48,107</u>	<u>98,129</u>	<u>68,152</u>
TOTAL ASSETS	<u>\$ 235,646</u>	<u>\$ 256,730</u>	<u>\$ 200,928</u>

## LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 18,770	\$ 38,222	\$ 13,485
Accrued expenses	35,037	38,041	25,956
Note payable - line of credit	<u>    --</u>	<u>19,820</u>	<u>8,697</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>53,807</b>	<b>96,083</b>	<b>48,138</b>
<b>STOCKHOLDERS' EQUITY</b>			
Common stock, \$.10 par value, authorized 1,000,000 shares, 2005, authorized 500,000, 2004 and 2003, 24,200 issued and outstanding	2,420	2,420	2,420
Paid in capital	147,480	147,480	147,480
Retained earnings	<u>31,939</u>	<u>10,747</u>	<u>2,890</u>
	<u>181,839</u>	<u>160,647</u>	<u>152,790</u>
 <b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	 <u>\$ 235,646</u>	 <u>\$ 256,730</u>	 <u>\$ 200,928</u>

The accompanying notes are an integral part of these financial statements.

**HOMEWATCH INTERNATIONAL, INC.**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>INCOME</b>			
Franchisee fees and sales	\$ 1,204,551	\$ 393,440	\$ 453,407
Royalties	725,527	443,432	302,366
Service income	<u>1,059,281</u>	<u>1,094,079</u>	<u>829,030</u>
<b>TOTAL INCOME</b>	<u>2,989,359</u>	<u>1,930,951</u>	<u>1,584,803</u>
 <b>EXPENSES</b>			
Salaries and other personnel costs	1,588,741	1,380,268	1,042,061
Consulting	536,668	107,648	147,150
Advertising and marketing	145,927	138,050	101,047
Office expense	122,742	49,571	41,148
Legal and professional fees	120,889	65,252	16,758
Telephone	47,019	27,973	24,405
Travel	40,318	27,007	15,115
Rent expense	33,183	21,741	22,185
Repairs and maintenance	29,165	10,410	12,057
Postage expense	25,132	14,822	10,990
Miscellaneous	22,262	8,923	5,099
Bad debts	24,107	6,001	4,226
Insurance	21,372	6,067	11,859
Reimbursed expenses	19,353	25,146	22,572
Amortization	10,023	10,023	10,023
Entertainment and meals	9,248	6,320	9,320
Depreciation	6,548	5,840	4,894
Taxes and licenses	3,815	3,439	7,466
Bank service charges	1,852	630	917
Automobile expense	<u>567</u>	<u>574</u>	<u>918</u>
<b>TOTAL EXPENSE</b>	<u>2,808,931</u>	<u>1,915,705</u>	<u>1,510,210</u>
<b>NET OPERATING INCOME</b>	180,428	15,246	74,593
<b>OTHER INCOME AND EXPENSE</b>			
Interest and other income	900	56	--
Interest expense	<u>(5,761)</u>	<u>(2,261)</u>	<u>(1,048)</u>
<b>NET INCOME</b>	175,567	13,041	73,545
<b>RETAINED EARNINGS - BEGINNING OF PERIOD</b>	10,747	2,890	429
<b>DISTRIBUTIONS TO STOCKHOLDERS</b>	<u>(154,375)</u>	<u>(5,184)</u>	<u>(71,084)</u>
<b>RETAINED EARNINGS - END OF PERIOD</b>	<u>\$ 31,939</u>	<u>\$ 10,747</u>	<u>\$ 2,890</u>

The accompanying notes are an integral part of these financial statements.

**HOMEWATCH INTERNATIONAL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:			
Net income	\$ 175,567	\$ 13,041	\$ 13,041
Adjustments to reconcile net loss to net cash Provided by operating activities:			
Amortization	10,023	10,023	10,023
Depreciation	6,548	5,840	4,894
(Increase) decrease in accounts receivable	(29,660)	(7,248)	(48,285)
Increase (decrease) in accounts payable	(19,452)	24,737	7,928
Increase (decrease) in accrued expenses	<u>(3,004)</u>	<u>12,085</u>	<u>(3,103)</u>
 Total Adjustments	 <u>(35,545)</u>	 <u>45,437</u>	 <u>(28,543)</u>
Net cash provided by operating activities	<u>140,022</u>	<u>58,478</u>	<u>45,002</u>
Cash flows used for investing activities:			
(Loans to) repayments from stockholders	40,000	(40,000)	--
Acquisition of property and equipment	<u>(7,893)</u>	<u>(7,193)</u>	<u>(11,432)</u>
Net cash provided by (used in) investing activities	<u>32,107</u>	<u>(47,193)</u>	<u>(11,432)</u>
Cash flows used by financing activities:			
Net borrowing (payments) on line of credit	(19,820)	11,123	(3,541)
Distributions to stockholders	<u>(154,375)</u>	<u>(5,184)</u>	<u>(71,084)</u>
Net cash provided by (used in) financing activities	<u>(174,195)</u>	<u>5,939</u>	<u>(74,625)</u>
NET INCREASE (DECREASE) IN CASH	(2,066)	17,224	(41,055)
CASH AT BEGINNING OF YEAR	<u>19,597</u>	<u>2,373</u>	<u>43,428</u>
CASH AT END OF YEAR	<u>\$ 17,531</u>	<u>\$ 19,597</u>	<u>\$ 2,373</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>			
Cash paid during the year for interest	<u>\$ 5,761</u>	<u>\$ 2,261</u>	<u>\$ 2,474</u>

The accompanying notes are an integral part of these financial statements.



**HOMEWATCH INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005, 2004 AND 2003**

Note 1 - Summary of Significant Accounting Policies

Organization

Homewatch International, Inc. was incorporated on December 28, 1992. The Company franchises Homewatch outlets across the United States and internationally. These outlets offer companion care and personal care services. Franchises are for a period of ten to fifteen years and are renewable. The Company provides a training program for franchisees.

All assets were acquired from an affiliate, Homewatch Corporation, by the Company's sole stockholder. The assets were contributed by the shareholder to the Company. All rights, titles, and obligations have been transferred to the Company.

On July 11, 1997, the Company acquired all of the assets and assumed all of the liabilities of the affiliate, Homewatch Corporation. Homewatch Corporation offered house sitting, pet sitting, companion care and maintenance services to the general public in the Denver, Colorado metropolitan area. The results of these operations are reflected on the books of the Company, subsequent to the date of acquisition.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and Cash Equivalents

For purposes of preparing the statement of cash flows, unrestricted currency, demand deposits, certificates of deposit and money market accounts are considered cash, and unrestricted investments with an original maturity of three months or less are considered cash equivalents.

Accounts Receivable

Management believes that all accounts receivable as of December 31, 2005 were fully collectible; therefore, no allowance for doubtful accounts was recorded.

**HOMEWATCH INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005, 2004 AND 2003**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Company receives revenue from franchise sales, training programs for franchisee's, and royalties and advertising fees paid by franchisees. Revenue from the sale of training programs and franchises are recognized in the year of the sale.

Through December 31, 2005, the franchise agreement required the franchisee to pay a 2% royalty on Medicaid receipts and from 0% to 5% of all other receipts based upon a time and gross revenue formula of their gross receipts from all service provided. Due to the nature of the franchise fees, the installment method of recognizing income for the fees is being used. This method reports income at the time the franchise fees are paid.

Effective January 1, 2006, franchisees will pay royalties based upon 2% of Medicaid receipts and 5% of all other receipts. The sliding scale formula used prior to January 1, 2006 has been eliminated.

Franchise Development Costs

Franchise development costs are costs incurred in setting up sales territories for franchisees. These costs consist of commissions, legal fees, marketing, public relations, printing and other related costs. These costs are amortized over the life of the franchise agreements of between ten and fifteen years.

Amortization expense for the years ended December 31, 2005, 2004 and 2003 was \$5,776, \$5,776 and \$5,776, respectively.

Goodwill

Goodwill represents the excess of the cost of companies acquired over the fair value of their net assets at dates of acquisition and is being amortized on the straight-line method over 15 years. Amortization expense charged to operations was \$4,248, \$4,248 and \$4,248 in 2005, 2004 and 2003, respectively.

Inventories - Repurchased Franchises

Inventories of repurchased franchises represent the costs paid to franchisees to reacquire their franchise. The Company has no inventory of repurchased franchises as of December 31, 2005.

**HOMEWATCH INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005, 2004 AND 2003**

Note 1 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

Furniture, equipment and vehicles are depreciated over their estimated useful lives of three to seven years using the straight line method.

Depreciation expense for the years ended December 31, 2005, 2004 and 2003 was \$6,548, \$5,840 and \$4,894, respectively.

Income Taxes

The Company has elected to be taxes as a Subchapter S Corporation. The income or loss of the Company will be reported on the individual shareholder's federal and state income tax returns. The Company will not have income tax liability.

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities are considered to be at fair value because of the short term maturity of those instruments.

Reclassification

Certain changes have been made to the presentation of the December 31, 2003 financial statements to conform to the current presentation.

Note 2 - Notes Payable and Long-Term Debt

The Company maintains a line of credit with its bank with a maximum borrowing limit of \$33,000. The agreement expires on April 21, 2006 and is secured by personal assets of the Company's stockholder. The borrowing at December 31, 2005, 2004 and 2003 was \$-0-, \$19,820 and \$8,697.

Note 3 - Lease

The Company conducts its operations from facilities leased from a third party on a month-to-month basis. Rent paid under the lease was \$29,938 in 2005, \$21,741 in 2004 and \$22,572 in 2003. There is no written lease agreement.

**HOMEWATCH INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005, 2004 AND 2003**

Note 4 - Capital Transactions

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid In</u>	<u>Earnings</u>
Balance, January 1, 2003	24,200	\$ 2,420	\$ 147,840	\$ 429
Net income for the year ended December 31, 2003	--	--	--	73,545
Distributions paid to stockholders	<u>--</u>	<u>--</u>	<u>--</u>	<u>(71,084)</u>
Balance, December 31, 2003	24,200	2,420	147,840	2,890
Net income for the year ended December 31, 2004	--	--	--	13,041
Distributions paid to stockholders	<u>--</u>	<u>--</u>	<u>--</u>	<u>(5,184)</u>
Balance, December 31, 2004	24,200	2,420	147,840	10,747
Net income for the year ended December 31, 2005	--	--	--	175,567
Distributions paid to stockholders	<u>--</u>	<u>--</u>	<u>--</u>	<u>(154,375)</u>
Balance, December 31, 2005	<u>24,200</u>	<u>\$ 2,420</u>	<u>\$147,480</u>	<u>\$ 31,939</u>

Note 5 - Subsequent Events

Corporate Reorganization

The Company has formed a subsidiary corporation named Homecare Services of Denver, Inc. Effective January 1, 2006, the Company has agreed to spin off its service operations in the Denver, Colorado area to the new subsidiary.

The stockholders will receive a special dividend of shares in the new corporation. Homecare Services of Denver, Inc. will operate as a separate corporation with similar ownership to the Company.