

NEXT GENERATION MANAGEMENT CORP.
Form 10-K/A
June 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K/A

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 002-74785-B

NEXT GENERATION MANAGEMENT CORP.
(Exact name of registrant as specified in its charter)

NEXT GENERATION ENERGY CORP.
(Former name of registrant)

Nevada
(State or other jurisdiction of
incorporation or organization)

88-0169543
(I.R.S. Employer
Identification No.)

4270 John Marr Drive, Unit 1575, Annandale, VA 22003
(Address of principal executive offices) (Zip Code)

Company's telephone number, including area code: (703) 372-1282

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, \$0.01 par value
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Ac. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$489,856 based upon a market price of \$0.25 per share.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 33,853,237 shares as of April 13, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). None.

EXPLANATORY NOTE

This Amendment No. 1 to our Annual Report on Form 10-K/A (the Form 10-K/A) amends the Annual Report on Form 10-K for the year ended December 31, 2011, as originally filed with the Securities and Exchange Commission (the SEC) on April 18, 2012 (the "Original Form 10-K").

There are no changes to the disclosures in the Original Form 10-K, except that this Form 10-K/A (i) amends and restates, in their entirety, Item 8 Financial Statements and Supplementary Data and (ii) amends Item 15 Exhibits and Financial Statement Schedules to reflect that certain exhibits have been filed with the Original Form 10-K. This Form 10-K/A continues to speak as of the date of the Original Form 10-K, and we have not updated the disclosure herein to reflect any events that occurred at a later date.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) List the following documents filed as a part of the report:

(1) All financial statements: Audited financial statements of Next Generation Energy Corp. as of December 31, 2011 and 2010, and for the years ended December 31, 2011 and 2010, including a balance sheet, statement of operations, statement of cash flows, and statement of changes in stockholders' deficit

(2) Those financial statement schedules required to be filed by Item 8 of this form, and by paragraph (b) below: none.

(3) Those exhibits required by Item 601 of Regulation S-K (Section 229.601 of this chapter) and by paragraph (b) below. Identify in the list each management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 15(b) of this report.

Exhibit

Number Description of Exhibits

3.1 Articles of Incorporation, under the name Micro Tech Industries, Inc. (incorporated by reference to the Company's annual report on Form 10KSB filed on April 15, 1998)

3.2 Amendment to the Articles of Incorporation (incorporated by reference to the Company's quarterly report filed on Form 10 Q filed on May 15, 1997)

3.3 Certificate of Change filed May 5, 2010 (incorporated by reference to the Form 8-K filed May 7, 2010)

3.4 Amendment to the Articles of Incorporation filed July 23, 2010 (incorporated by reference to the Form 10-Q filed August 23, 2010)

3.5 Amended and Restated Bylaws (incorporated by reference to the Company's annual report on Form 10KSB filed on November 12, 1999)

3.6 Amendment to Bylaws (incorporated by reference to the Form 8-K filed May 7, 2010)

10.1 Convertible Debenture Purchase Agreement by and among Next Generation Media Corp., Forge, LLC and Knox Gas, LLC dated July 23, 2010 (incorporated by reference to the Form 10-Q filed August 23, 2010)

10.2 2010 Employee, Consultant and Advisor Stock Compensation Plan (incorporated by reference to the Form S-8 filed October 22, 2010)

10.3 Form on Stock Payment Agreement (incorporated by reference to the Form S-8 filed October 22, 2010)

10.4 2010 Stock Option Plan (incorporated by reference to the Form S-8 filed October 22, 2010)

10.5 Form of Stock Option Agreement (incorporated by reference to the Form S-8 filed October 22, 2010)

10.6

Promissory Note in the amount of \$250,000 payable to Barbara Reed (incorporated by reference to Form 8-K filed March 23, 2011)

10.7 Promissory Note in the amount of \$250,000 payable to Joel Sens (incorporated by reference to Form 8-K filed March 23, 2011)

10.8 Promissory Note dated March 25, 2010 payable by Seawright Holdings, Inc. to Next Generation Media Corporation in the principal amount of \$125,000 (incorporated by reference to Form 10-K filed May 16, 2010)

10.9 Transfer and Assignment dated March 23, 2011 by and among Barbara Reed, Joel Sens, Next Generation Energy Corp. and Knox Gas, LLC (incorporated by reference to Form 8-K filed March 23, 2011)

10.10 Memorandum of Oral Sublease between Next Generation Energy Corp. and Capitol Homes Remodeling, LLC (incorporated by reference to Form 10-K/A filed March 2, 2012)

10.11 Oil and Gas Lease dated June 3, 2010 by and among Billy Ray Smith, Stella Smith and Hammons Fork Ventures, LLC (100 acres) (incorporated by reference to Form 10-K/A filed March 2, 2012)

10.12 Oil and Gas Lease dated June 3, 2010 by and among Billy Ray Smith, Stella Smith and Hammons Fork Ventures, LLC (20.2acres) (incorporated by reference to Form 10-K/A filed March 2, 2012)

10.13 Oil and Gas Lease dated June 3, 2010 by and among Billy Ray Smith, Stella Smith, Stacey Smith, Heather Smith and Hammons Fork Ventures, LLC (700 acres) (incorporated by reference to Form 10-K/A filed March 2, 2012)

- 10.14 Oil and Gas Lease dated May 26, 2010 by and among William J. Patterson, Sr. and Sharron F. Patterson and Knox Gas, LLC (400 acres) (incorporated by reference to Form 10-K/A filed March 2, 2012)
- 10.15 2012 Employee, Consultant and Advisor Stock Compensation Plan (incorporated by reference to the Form S-8 filed March 22, 2012)
- 10.16 Form on Stock Payment Agreement (incorporated by reference to the Form S-8 filed March 22, 2012)
- 11** Statement re earnings per share
- 14 Code of Business Conduct and Ethics (incorporated by reference to Form 10-K filed May 16, 2010)
- 21 List of subsidiaries (Incorporated by reference to the Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission on April 18, 2012)
- 23* Consent of Turner Jones & Associates, pllc
- 31* Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer and Chief Financial Officer
- 32* Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

** Included within financial statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NEXT GENERATION MANAGEMENT
CORP.

Dated: June 30, 2014

/s/ Darryl Reed
Darryl Reed, Chief Executive Officer
(principal executive officer and principal
financial and
accounting officer)

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and on the dates indicated.

Dated: June 30, 2014

/s/ Darryl Reed
Darryl Reed, Chairman and Chief Executive
Officer

EXHIBIT A

Next Generation Management Corp.

and Subsidiary

Consolidated Financial Statements

For The Years Ended December 31, 2011 and 2010

With Audit Report of Independent

Registered Public Accounting Firm

TABLE OF CONTENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Financial Statements	
Consolidated Balance Sheet	F-3
Consolidated Statements of Operations	F-5
Consolidated Statements of Stockholders' Equity	F-6
Consolidated Statements of Cash Flows	F-7
Notes to Financial Statements	F-8

Turner, Leins & Gold, LLC
Certified Public Accountants
108 Center Street, North, 2nd Floor
Vienna, Virginia 22180-5712
(703) 242-6500
FAX (703) 242-1600

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Next Generation Management Corp.
P.O. Box 1575
Annandale, Virginia 22003

We have audited the accompanying restated consolidated balance sheet of Next Generation Management Corp. (formerly Next Generation Energy Corp.) and its subsidiary (a Nevada Incorporation) as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Next Generation Management Corp. and subsidiary as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the footnotes, conditions exist that raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Turner, Leins, & Gold LLC

Vienna, Virginia

April 1, 2012

Restated June 26, 2014

Next Generation Management Corp
Consolidated Balance Sheets-Restated
December 31, 2011 and 2010

ASSETS

	2011	2010
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,618	\$ -
Note receivable and advances-related party	203,315	16,000
Prepaid expenses	12,460	32,080
Total current assets	223,393	48,080
OIL & GAS PROPERTIES(FULL COST METHOD):		
Evaluated	71,000	-
Mineral rights	18,455	-
		-
Gross oil & natural gas properties	89,455	-
Less: accumulated depletion	-	-
Net oil & natural gas properties	89,455	-
OTHER ASSETS:		
Note receivable and advances – related party	-	195,795
Total other assets	-	195,795
TOTAL ASSETS	\$ 312,848	\$ 243,875

See accompanying notes and accountant's audit report

Next Generation Management Corp
Consolidated Balance Sheets-Restated
December 31, 2011 and 2010

LIABILITIES AND STOCKHOLDERS' EQUITY

	2011	2010
CURRENT LIABILITIES:		
Accounts payable	\$ 108,144	\$ 114,052
Accrued expenses	91,097	534,295
Cash overdraft	-	93
Net assets available for disposal	-	397,029
Obligation under capital leases, current portion		-
Accrued interest payable	9,876	5,063
Beneficial conversion liability	101,561	77,945
Note payable, net of debt discount of \$41,112 and \$22,055	196,888	122,055
Current portion of notes payable		-
Total current liabilities	507,566	1,250,532
LONG TERM LIABILITIES:		
Accrued interest payable-related party		30,772
Note payable – related party		600,000
Total long term liabilities	0	630,772
Total liabilities	507,566	1,881,304
STOCKHOLDERS' EQUITY:		
Common stock, \$0.01 par value, 50,000,000 shares authorized, 10,969,433 and 12,373 issued and outstanding	325,194	109,694
Preferred stock Series A, \$0.001 par value, 500,000 shares authorized, zero issued outstanding	-	-
Preferred stock Series B, \$0.001 par value, 500,000 shares authorized, zero issued outstanding	-	-
Stock subscription receivable	(62,135)	(60,000)
Additional paid in capital	11,863,261	9,735,444
Accumulated deficit	(12,321,038)	(11,422,567)
Total stockholders' equity	(194,718)	(1,637,429)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 312,848	\$ 243,875

See accompanying notes and accountant's audit report

Next Generation Management Corp
Consolidated Statements of Operations-Restated
For The Years Ended December 31, 2011 and 2010

	2011	2010
REVENUES:		
Rental income	\$-	\$-
Total revenues	-	-
OPERATING EXPENSES:		
General and administrative	681,989	670,662
Total operating expenses	681,989	670,662
Loss from operations	(681,989)	(670,662)
OTHER INCOME AND EXPENSES:		
Other income	6,000	32,000
Gain (Loss) on beneficial conversion	34,648	(27,945)
Interest expense, net	(25,351)	(63,841)
Loan fees	(85,880)	-
Amortization of debt discount	(74,833)	(22,055)
Loss on sale of mineral rights	(3,888)	-
Expiration of mineral rights	-	(600,000)
Total other income and expenses	(149,304)	(681,841)
Loss before discontinued operations	(831,293)	(1,352,503)
Loss from discontinued operations	(67,178)	(191,025)
Loss applicable to common shareholders	\$(898,471)	\$(1,543,528)
Basic loss per common share	\$ (.05)	\$ (0.71)
Weighted average common shares	17,332,447	2,147,223
Diluted loss per common share	N/A	N/A
Fully diluted common shares	24,324,709	2,532,692

See accompanying notes and accountant's audit report

Next Generation Management Corp
Consolidated Statements of Stockholders' Equity-Restated

	Common Stock Shares	Amount	Stock Sub. Rec.	Additional Paid In Capital	Accum. Deficit	Total	
Balance December 31,2009	12,373	\$ 124	\$-	\$ 7,503,354	\$ (9,879,038)	\$ (2,375,560)	
Shares issued as compensation	10,107,000	101,070	-	34,930	-	136,000	
Shares issued for services	850,000	8,500	(60,000)	156,500	-	105,000	
Issuance of stock options	-	-	-	99,165	-	99,165	
Gain on disposal of segment	-	-	-	1,941,495	-	1,941,495	
Fractional shares	60	-	-	-	(1)	(1)	
Net loss	-	-	-	-	(1,543,528)	(1,543,528)	
Balance December 31, 2010	10,969,433	\$ 109,694	\$(60,000)	\$ 9,735,444	\$ (11,422,567)	\$ (1,637,429)	
Shares issued for accrued expenses	10,000,000	100,000	-	5,000	500,000	-	600,000 5,000
Paid on stock subscriptions receivable							
Shares issued for option exercise	800,000	8,000	(47,135)	212,100	-	172,965	
Shares issued to consultants	600,000	6,000		166,000	-	172,000	
Stock options issued	-	-	-	126,590	-	126,590	
Gain on disposal of subsidiary	-	-	-	464,207	-	464,207	
Shares issued for loan extension	150,000	150		10500		12,000	
				60,420		60,420	

Cancellation of debts related parties

Debt discount on convertible debt				88,000		88,000
Charge-off os stock subscription receivable			40,000			40,000
Shares issued for payment of notes payable	10,000,000	100,000	-	500,000	-	600,000
Net loss	-	-	-	-	(898,471)	(898,471)
December 31, 2011	32,519,433	\$325,194	\$(62,135)	\$11,863,261	\$(12,321,038)	\$(194,718)

See accompanying notes and accountant's audit report

F-6

Next Generation Management Corp

Consolidated Statements of Cash Flows-Restated
For The Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$(898,471)	\$(1,431,462)
Adjustments to reconcile net income to net cash Provided by operating activities:		
Loss on gas & oil properties		600,000
Loss on disposal of assets	3,888	-
Derivative adjustment	(34,648)	27,945
Stock issued for services and expenses	172,000	105,000
Stock issued for compensation	0	136,000
Stock issued for loan fee	12,000	-
Stock issued for accrued wages	600,000	-
Loan fee for convertible debt	73,880	-
Cancellation of stock subscriptions	40,000	
Cancellation of indebtedness	60,420	-
Issuance of stock options	126,590	-
Depreciation and amortization	74,833	22,055
Decrease (increase) in assets		
Prepaid expenses and other current assets	20,070	(28,080)
Accrued interest receivable– related party	(7,520)	(5,795)
Net assets for disposal	-	(353,148)
Increase (decrease) in liabilities		
Accounts payable	(6,357)	297,682
Accrued expenses	(443,198)	534,295
Accrued interest payable	4,813	5,062
Accrued interest payable – related party	(30,772)	30,773
Cash overdraft	(93)	-
Beneficial conversion	51,561	-
 Net cash flows (used) by operating activities	 (181,004)	 (59,673)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in notes receivable – related party	-	(190,000)
Sale of mineral rights	7,926	-
Investment in oil & gas properties	(55,000)	(600,000)
Investment in royalty interest	(30,269)	-
 Net cash flows provided by investing activities	 (77,343)	 (790,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Note payable – related party		600,000
Convertible notes payable	88,000	150,000
Fractional shares	-	(1)
Payment on stock subscription	5,000	

Edgar Filing: NEXT GENERATION MANAGEMENT CORP. - Form 10-K/A

Exercise of stock options	172,965	99,165
Net cash flows provided by financing activities	265,965	849,164
NET (DECREASE) IN CASH	7,618	(509)
CASH, BEGINNING OF PERIOD	-	509
CASH, END OF PERIOD	\$7,618	\$0

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for interest	\$	\$151,782
--	----	-----------

SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:

Shares issued for accrued wages	600,000	
Shares issued for consulting fees	172,000	165,000
Shares issued as compensation		136,000
Shares issued for loan extension	12,000	
Loan fees for convertible debt	73,880	
Cancellation of indebtedness	60,420	
Issuance of stock options	126,590	
Shares issued for debt	600,000	

See accompanying notes and accountant's audit report

Next Generation Management Corp
Notes to Consolidated Financial Statements-Restated
For The Years Ended December 31, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business:

Next Generation Management Corp was incorporated in the State of Nevada in November 1980 as Micro Tech Industries, with an official name change to Next Generation Media Corporation in April 1997 and an official name change to Next Generation Energy Corp in July 2010, and an official name change to Next Generation Management Corp in June 2014. The Company is an independent oil and natural gas company engaged in the exploration, development, and production of predominantly natural gas properties located onshore in the United States.

Property, Plant and Equipment:

Property, plant and equipment are stated at cost. The company uses the straight line method in computing depreciation for financial statement purposes.

Expenditures for repairs and maintenance are charged to income, and renewals and replacements are capitalized. When assets are retired or otherwise disposed of, the cost of the assets and the related accumulated depreciation are removed from the accounts.

Estimated useful lives are as follows:

Furniture, Fixtures and Equipment	7-10 years
Leasehold Improvements	10 years
Vehicles	5 years
Computers & Software	5 years
Software Development	5 years
Buildings	40 years

Advertising Expense:

The Company expenses the cost of advertising and promotions as incurred. The Company incurred no advertising costs in the years ended December 31, 2011 and 2010.

Revenue Recognition:

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition (“ASC 605-10”). ASC 605-10 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management’s judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

F-8

ASC 605-10 incorporates Accounting Standards Codification subtopic 605-25, Multiple-Element Arrangements (“ASC 605-25”). ASC 605-25 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The effect of implementing ASC 605-25 on the Company’s financial position and results of operations was not significant.

Impairment of Long-Lived Assets:

The Company has adopted Accounting Standards Codification subtopic 360-10, Property, plant and equipment (“ASC 360-10”). The Statement requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell. Based on management’s review of its assets no impairment was recognized in 2011 or 2010.

Comprehensive Income:

The Company adopted Accounting Standards Codification subtopic 220-10, Comprehensive Income (“ASC 220-10”) which establishes standards for the reporting and displaying of comprehensive income and its components. Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owners sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company does not have any items of comprehensive income in any of the periods presented.

Segment Information:

The Company adopted Accounting Standards Codification subtopic 280-10, Segment Reporting - Overall - Disclosure (“ASC 280-10”) which establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision making group, in making decisions on how to allocate resources and assess performance.

Stock Based Compensation:

Effective for the year beginning January 1, 2006, the Company has adopted Accounting Standards Codification subtopic 718-10, Compensation (“ASC 718-10”). The Company made no employee stock-based compensation grants before December 31, 2005 and therefore has no unrecognized stock compensation related liabilities or expense unvested or vested prior to 2006. Stock-based compensation expense recognized under ASC 718-10 for the years ended December 31, 2011 and 2010 was \$0 and \$136,000, respectively.

Liquidity:

As shown in the accompanying financial statements, the Company recorded a net (loss) of (\$898,471) and (\$1,543,528) during the year ended December 31, 2011 and 2010, respectively. The Company's total liabilities exceeded its total assets by \$194,718 as of December 31, 2011.

Concentration of Credit Risk:

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, cash equivalents and trade receivables. The Company places its cash and temporary cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit.

Use of Estimates:

The preparation of the financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the respective reporting periods. The Company bases its estimates and judgments on historical experience and on various other assumptions and information that are believed to be reasonable under the circumstances. Estimates and assumptions about future events and their effects cannot be perceived with certainty and, accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. Actual results may differ from the estimates and assumptions used in the preparation of the Company's condensed consolidated financial statements.

Gas and Oil Properties:

The Company will follow the full cost method of accounting for the exploration, development, and acquisition of gas and oil reserves. Under this method, all such costs (productive and nonproductive) including salaries, benefits, and other internal costs directly attributable to these activities are capitalized and amortized on an aggregate basis over the estimated lives of the properties using the units-of-production method. The Company excludes all costs of unevaluated properties from immediate amortization. The Company's unamortized costs of natural gas and oil properties are limited to the sum of the future net revenues attributable to proved natural gas and oil reserves discounted at 10 percent plus the lower of cost or market value of any unproved properties. If the Company's unamortized costs in natural gas and oil properties exceed this ceiling amount, a provision for additional depreciation, depletion and amortization is required. Decreases in market prices, as well as changes in production rates, levels of reserves, and the evaluation of costs excluded from amortization, could result in future ceiling test impairments.

Asset Retirement Obligations:

Accounting Standards Codification 410, Asset retirement and environmental obligations (“ASC 410”) was adopted by the Company. ASC 410 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made, and that the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. The Company has an option to purchase natural gas and oil properties which may require expenditures to plug and abandon the wells when reserves in the wells are depleted. These expenditures under ASC 410 will be recorded in the period the liability is incurred (at the time the wells are drilled or acquired).

Depletion:

Oil and gas producing property costs are amortized using the unit of production method. The Company did not record any amortization expense in the twelve months ended December 31, 2011.

Research and Development:

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development (“ASC 730-10”). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company did not incur expenditures on research and product development for the years ended December 31, 2011 and 2010.

Income Taxes:

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes (“ASC 740-10”) for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

Income tax returns for years subsequent to 2009 are subject to audit by the various tax authorities.

Risks and Uncertainties:

The Company at times may have cash deposits in excess of federally insured limits.

Earnings Per Common Share:

The Company calculates its earnings per share pursuant to Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS No. 128"). Under SFAS No. 128, basic earnings per share are computed by dividing reported earnings available to common stockholders by weighted average shares outstanding. Diluted earnings per share reflects the potential dilution assuming the issuance of common shares for all potential dilutive common shares outstanding during the period. The Company had 1,000,300 options issued and outstanding as of December 31, 2011 to purchase stock at a weighted average exercise price of \$0.60.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of the parent company, Next Generation Management Corp and its subsidiary Next Generation Royalties, LLC for the year ended December 31, 2011 and 2010. All inter-company balances and transactions have been eliminated in consolidation.

New Accounting Pronouncements:

The Company did not adopt any new accounting standards that had a material impact on the financial statements.

NOTE 2 – NOTES PAYABLE

Notes payable at December 31, 2011 and 2010 consists of the following:

	2011	2010
Note payable-Forge, LLC, bearing interest at 18.00% per annum, the loan is payable at maturity in July 2012 plus accrued interest. (2)	150,000	122,055
Note payable – Asher Enterprises, bearing interest at 8.00% per annum, all principle and accrued interest is payable at maturity in March 2012.(3)	35,000	-
Note payable – Asher Enterprises, bearing interest at 8.00% per annum, all principle and accrued interest is payable at maturity in May 2012.(3)	53,000	-
Note payable-Knox County, LLC, bearing interest at 6.00% per annum, all principle and accrued interest is payable at maturity in March 2015	-	600,000
Total notes payable	238,000	722,055
Less: current maturities	238,000	122,055
Long term portion	\$-	\$600,000

(1) Notes payable at December 31, 2011 have been restated to eliminate notes payable of Dynatech, LLC, a partially owned subsidiary that was sold in March 2011.

- (2) Obligation to Forge, LLC for \$150,000, bearing interest at 18.00% per annum, the loan is payable at maturity in July 2012 plus accrued interest. The note is secured by certain oil and gas properties owned by Knox Gas, LLC, a subsidiary of the Company. The note is convertible to common stock at a conversion price equal to 75% of the average of the closing prices of the Common Stock for the 10 trading days immediately preceding a conversion date. The balance outstanding at December 31, 2011 was \$150,000 plus accrued interest of \$5,062.50. Our obligation to Forge, LLC contains an embedded beneficial conversion feature since the fair value of our common stock on the date of issuance was in excess of the effective conversion price. The embedded beneficial conversion feature was recorded by allocating a portion of the proceeds equal to the intrinsic value of the feature to "Additional paid-in-capital". The intrinsic value of the feature is calculated on the issuance date by multiplying the difference between the quoted market price of our common stock and the effective conversion price by the number of common shares into which the note may be converted. The resulting discount on the immediately convertible shares is recorded within "Additional paid-in capital" and is amortized over the period from the date of issuance of the to the stated maturity date. The amount of the discount was \$50,000, of which \$22,055 was amortized in 2010 and the balance will be amortized in 2011.
- (3) During 2011, the Company entered into two Convertible Promissory Notes. The Convertible Notes are unsecured and accrue interest 8% per annum payable upon maturity. The note holders have the option to convert any unpaid principal and accrued interest at any time to the Company's common stock at a rate of 55% of the average three trading days low out of the immediately preceding ten trading days.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

The Company is currently leasing office space on a month to month basis from Capitol Home Remodeling, LLC, a company partly owned by the Chief Executive Officer. Rent expense for each of the years ended December 31, 2011 and 2010 was \$15,600 .

The Company may become party to various legal matters encountered in the normal course of business. In the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the Company's financial position or the future results of operations.

NOTE 4 – INCOME TAXES

Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis.

Management has provided a valuation allowance for the total net deferred tax assets as of December 31, 2011 and 2010, as they believe that it is more likely than not that the entire amount of deferred tax assets will not be realized.

The company will file a consolidated return, with a tax liability of \$0 for the year 2011.

NOTE 5 – COMMON STOCK

The Company is authorized to issue 50,000,000 shares of common stock, par value \$0.001 per share. There were 32,519,433 shares issued and outstanding at December 31, 2011.

On May 18, 2010, the Company effected a 1 for 1,000 reverse split of its common stock. In lieu of issuing fractional shares resulting from the split, the Company paid cash equal to \$18.50 per share to each shareholder that would have received less than one share as a result of the reverse split, and rounded up all other fractional shares to the next whole number. The Company's principal purpose in effecting a large reverse split was to eliminate many small shareholders to reduce future administrative costs. As a result of the reverse split, the Company cancelled 32,202 pre-split shares and eliminated 586 shareholders, which left the Company with about 100 total shareholders. The purchase price for the fractional shares was equal to the last trading price of the common stock as the date the Company approved the reverse split, adjusted for the 1 for 1,000 reverse split.

On May 6, 2010, the Company's board of directors passed resolutions to amend its Articles of Incorporation to (1) change the Company's name to "Next Generation Energy Corp." and (2) increase the authorized shares of common stock back to 50,000,000 shares from the 50,000 shares that resulted from the reverse split described above. The amendments were effective July 23, 2010.

During 2010, the Company issued shares of common stock in the following transactions:

- On April 12, 2010, we issued 7,000 shares (post-split) of common stock to Darryl Reed for \$35,000, or \$0.005 per share, which was the market price on the date of issuance. Mr. Reed is our chairman and chief executive officer. Mr. Reed paid for the shares by crediting the purchase price against amounts owed him for compensation.
- On October 22, 2010, we issued 5,000,000 shares of common stock to Darryl Reed for \$50,000, or \$0.01 per share, which was the agreed value of the services because of the absence of a reliable market price for our common stock on the date of issuance. Mr. Reed is our chairman and chief executive officer. Mr. Reed paid for the shares by crediting the purchase price against amounts owed him for compensation.

- On October 22, 2010, we issued 4,900,000 shares of common stock to Joel Sens for \$49,000, or \$0.01 per share, which was the agreed value of the services because of the absence of a reliable market price for our common stock on the date of issuance. Mr. Sens is a director and officer. The shares issued to Mr. Sens were accounted for as compensation to Mr. Sens.
- October 22, 2010, we issued 750,000 shares of common stock to various consultants, which were valued at the market price or agreed value of the services because of the absence of a reliable market price for our common stock on the date of issuance.
- In 2010, we issued 300,000 shares of common stock upon the exercise of options with an exercise price of \$0.30 per share, and recorded the option consideration as a subscription receivable.

During 2011 the Company issued shares of common stock in the following transaction:

- 10,000,000 shares of common stock to Darryl Reed, our chief executive officer, in satisfaction of \$600,000 of accrued compensation;
- 500,000 shares to an employee for compensation valued at \$146,500;
 - 900,000 shares to consultants valued at \$240,000;
 - 10,000,000 shares to Seawright Holdings, Inc. in satisfaction of a note payable to Seawright in the original principal amount of \$600,000.

On May 18, 2010, the Company effected a 1 for 1,000 reverse split of its common stock. All share amounts for 2010 have been adjusted to give effect to the reverse split.

Options/Warrants

Transactions involving options issued in the years ended December 31, 2011 and 2010 are summarized below:

	Options/Warrants	Weighted average Exercise Price
Outstanding as of December 31, 2009	480	\$ 500.00
Issued	1,100,000	.30
Options exercised	300,000	.30
Cancelled/Expired	-	--
Outstanding as of December 31, 2010	800,480	\$ 500.00
Issued	800,000	0.30
Exercised	800,000	0.30
Cancelled/Expired	180	\$ 500.00
Outstanding as of December 31, 2011	800,300	\$ 0.60

Total stock-based compensation expense recognized by for the years ended December 31, 2011 and 2010 attributable to the issuance of options was \$16,404 and \$99,165, respectively. The weighted-average significant assumptions used to determine the fair those fair values, using a Black-Scholes option pricing model are as follows:

2011

Significant assumptions	
(weighted-average):	\$ 0.30
	0.72 %

Risk-free interest rate at grant
date

Expected stock price volatility 56.03 %

Expected dividend payout 0 %

Expected option life (in years) 4.2 years

F-15

2010

Significant assumptions			
(weighted-average):	\$	0.37	
Risk-free interest rate at grant date		0.07%	
Expected stock price volatility		1.928	%
Expected dividend payout		22.79	%
Expected option life (in years)		0	%
		4 years 10 months	

The weighted average remaining contractual life of the options and warrants issued by the Company as of December 31, 2011 is set forth below.

Date of Issuance	Number of Options/Warrants	Exercise Price	Contractual Life	Weighted Average Remaining Contractual Life (Years)
January 29, 2002	300	500.00	10 years	0.1
October 22, 2010	800,000	0.30	5 years	4.0
	800,300			5.2

Stock and Option Plans

On October 22, 2010, the Company filed a registration statement on Form S-8 to register up to 2,000,000 shares of common stock for issuance for services rendered or to be rendered the Company under the Company's 2010 Stock Option Plan (the "Option Plan"). During 2010, the Company issued 1,100,000 options under the Option Plan.

On October 22, 2010, the Company filed a registration statement on Form S-8 to register up to 1,500,000 shares of common stock for issuance for services rendered or to be rendered under the Company's 2010 Employee, Consultant and Advisor Stock Compensation Plan. During 2010, the Company issued 1,250,000 shares of common stock under the Plan, of which 500,000 were issued to officers and directors of the Company.

NOTE 6 – RECLASSIFICATIONS

Certain amounts on the 2010 financial statements have been reclassified to conform to the 2011 presentation.

F-16

NOTE 7 - OIL AND NATURAL GAS PROPERTIES

The Company uses the full cost method of accounting for its investment in oil and natural gas properties. Under this method of accounting, all costs of acquisition, exploration and development of oil and natural gas reserves (including such costs as leasehold acquisition costs, geological expenditures, dry hole costs, tangible and intangible development costs and direct internal costs) are capitalized as the cost of oil and natural gas properties when incurred. To the extent capitalized costs of evaluated oil and natural gas properties, net of accumulated depletion exceed the discounted future net revenues of proved oil and natural gas reserves net of deferred taxes, such excess capitalized costs are charged to expense. Beginning December 31, 2009, full cost companies use the unweighted arithmetic average first day of the month price for oil and natural gas for the 12-month period preceding the calculation date to calculate the future net revenues of proved reserves.

The Company assesses all items classified as unevaluated property on a quarterly basis for possible impairment or reduction in value. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

NOTE 8 – ACQUISITION OF ASSETS

On March 22, 2011, the Company purchased all of the membership interests of Knox Gas, LLC for \$500,000. The purchase price is payable pursuant to two promissory notes in the amount of \$250,000 each that are payable to Joel Sens and Barbara Reed. Mr. Sens is an officer and director of the Company. Mrs. Reed is the spouse of Darryl Reed, who is an officer and director of the Company.

Knox Gas, LLC owns a lease of 100 acres, which contains five drilled wells; a lease of 20.2 acres, which contains two drilled wells; a lease of 700 acres which contains no wells, and a lease of 400 acres, which contains three drilled wells. The properties have been appraised, as an operator, at \$624,360 by an independent valuation firm. However, the intended use of the property is to convert the leases into royalty interest. Prior to the Company's acquisition of Knox Gas, LLC, Knox Gas, LLC had agreed to guarantee a loan obtained by the Company in July 2011 in the amount of \$150,000, and pledged its interest in the wells to secure the guarantee. See Note 1 – Notes Payable.

Subsequently, it was determined that the carrying value of the assets underlying the membership interest purchased were overstated. See Note 15 - Restatement

During the year ended December 31, 2011, the Company purchased four royalty interests in existing oil or gas wells on three different properties for aggregate consideration of \$30,269. The Company sold one of the interests in the fourth quarter for \$7,925 and recognized a loss of \$3,889

NOTE 9 – DISPOSAL OF ASSETS

On March 22, 2011, the Company conveyed its 35% interest in Dynatech, LLC to Darryl Reed, the Company's chief executive officer, for \$10. At the time of the conveyance, Dynatech's only asset was an office building in Virginia. The office building's principal tenant was United Marketing Solutions, Inc., which went out of business in early 2010, and its other tenants had vacated the premises as well. As a result of the loss of tenants, Dynatech was unable to pay the mortgages on the property. As of the Company's December 31, 2010 financial statements, the building had a book value of \$3,395,247 and was subject to indebtedness of \$3,700,000, plus accrued interest, plus cross collateralization of \$500,000.

NOTE 10- CONVERTIBLE PROMISSORY NOTES PAYABLE

The Company entered into a Convertible Promissory Note in July 2010. The Convertible Note accrues interest at 18% per annum which is payable and due quarterly. The note holders have the option to convert any unpaid note principal and accrued interest to the Company's common stock at a rate of 75% of the average closing price of the last ten days of trading any time after the issuance date of the note.

During 2011, the Company entered into two Convertible Promissory Notes. The Convertible Notes accrue interest 8% per annum payable upon maturity. The note holders have the option to convert any unpaid principal and accrued interest at any time to the Company's common stock at a rate of 55% of the average three trading days low out of the immediately preceding ten trading days.

In accordance with Emerging Issues Task Force Issue 98-5, Accounting For Convertible Securities With a Beneficial Conversion Feature or Contingently Adjustable Conversion Ratios (EITF 98-5), the Company allocated, on a relative fair value basis, the net proceeds amongst the common stock, convertible notes and warrants issued to the investors. During the year ended December 31, 2011 the Company recognized \$34,648 as a loss in the beneficial conversion feature.

Insert info on Asher notes

NOTE 11 – SEGMENT INFORMATION

The Company had one reportable segment for the years ended December 31, 2011 and 2010, and accordingly is not required to present financial information by segment.

NOTE 12 – PREFERRED STOCK

We may issue shares of preferred stock in one or more classes or series within a class as may be determined by our board of directors, who may establish the number of shares to be included in each class or series, may fix the designation, powers, preferences and rights of the shares of each such class or series and any qualifications, limitations or restrictions thereof. Any preferred stock so issued by the board of directors may rank senior to the common stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up of us, or both. Moreover, under certain circumstances, the issuance of preferred stock or the existence of the un-issued preferred stock might tend to discourage or render more difficult a merger or other change in control. We have designated two series of preferred stock, one for 500,000 shares that is referred to as "Callable Cumulative Convertible Preferred Stock (Series A Preferred Stock)" and the other for 500,000 shares that is referred to as "Redeemable Cumulative Convertible Preferred Stock (Series B Preferred Stock)." There are no shares outstanding of either series.

NOTE 13 – RELATED PARTY TRANSACTIONS

The Company has a short term obligation to Capital Home Remodeling, LLC for \$22,150. Capital Home Remodeling, LLC is partially owned by Darryl Reed, our chief executive officer. The Company leases its office space from Capital Home Remodeling, LLC.

In the first quarter of 2010, the Company terminated operations at its United Marketing Solutions, Inc. (“United”) subsidiary as a result of continued operating losses, and litigation with its franchisees and vendors, as disclosed in its Form 10-K for the year ended December 31, 2009. On May 4, 2010, the Company conveyed its interest in United to Direct Mail Group, LLC for \$10. At the time of the conveyance, United had no active business and had lawsuits, judgments and other liabilities in excess of its assets. Direct Mail Group, LLC is owned by Darryl Reed, our chief executive officer.

On May 4, 2010, United conveyed to the Company its 35% interest in Dynatech, LLC, which owns a commercial property located at 7644 Dynatech Court, Springfield, Virginia 22153 (the “Property”). The Property was subject to a first mortgage of \$3,700,000 and was recently appraised at \$5,000,000. United had previously borrowed \$500,000 from Virginia Commerce Bank, and Dynatech, LLC had allowed United to secure the loan with a second mortgage against the Property. As a result of the loan United no longer had any equity in Dynatech, LLC. In the transaction, the Company paid United \$10.

On April 12, 2010, we issued 7,000 shares (post-split) of common stock to Darryl Reed for \$35,000, or \$0.005 per share, which was the market price on the date of issuance. Mr. Reed is our chairman and chief executive officer. Mr. Reed paid for the shares by crediting the purchase price against amounts owed him for compensation.

On March 25, 2010, we loaned \$125,000 to Seawright Holdings, Inc. (“Seawright”) pursuant to a promissory note that bears interest at 6% per annum, and is payable in full 24 months after the date of the note. The loan proceeds were used by Knox County Minerals, LLC (“Knox Minerals”), a subsidiary of Seawright, to pay the down payment on an option to purchase the oil and gas mineral rights under 6,615 acres of land in Knox County, Kentucky for \$1,575,000. On April 16, 2010, Knox Minerals assigned its rights under the option agreement to the Company. A portion of the consideration for the assignment was a promissory note payable by the Company to Knox Minerals in the amount of \$600,000 payable with interest at the rate of 6% per annum five years after the date of the note. The parties agreed that the promissory note would be secured by the oil and gas properties in the event we completed the purchase of the properties, which we did not do. Joel Sens is the principal shareholder and sole director and officer of Seawright. At the time both notes were issued, Mr. Sens was not an officer, director or shareholder of the Company. After April 16, 2010, Mr. Sens became an officer and director of the Company, and as a result both notes are reflected as related party obligations on our financial statements.

As of December 31, 2011 and 2010, Seawright was also indebted to us for \$65,000 for non-interest-bearing advances.

On October 22, 2010, we issued 5,000,000 shares of common stock to Darryl Reed for \$50,000, or \$0.01 per share, which was the par value of the stock. Mr. Reed is our chairman and chief executive officer. Mr. Reed paid for the shares by crediting the purchase price against amounts owed him for compensation.

On October 22, 2010, we issued 4,900,000 shares of common stock to Joel Sens for \$49,000, or \$0.01 per share, which was the par value of the stock. Mr. Sens is a director and officer. The shares issued to Mr. Sens were accounted for as compensation to Mr. Sens.

On March 22, 2011, the Company purchased all of the membership interests of Knox Gas, LLC for \$500,000. The purchase price is payable pursuant to two promissory notes in the amount of \$250,000 each that are payable to Joel Sens and Barbara Reed. Mr. Sens is an officer and director of the Company. Ms. Reed is the spouse of Darryl Reed, who is an officer and director of the Company. Knox Gas, LLC owns a lease of 100 acres, which contains five drilled wells; a lease of 20.2 acres, which contains two drilled wells; a lease of 700 acres which contains no wells, and a lease of 400 acres, which contains three drilled wells. The properties have been appraised at \$624,360 by an independent valuation firm. As of December 31, 2012, the fair value was established at \$213,881, and an impairment loss of \$286,119 was entered. The note payable to related parties, Joel Sens and Barbara Reed, was forgiven for principal balance and accrued interest and fees on December 15, 2012. Subsequently, it was determined that the underlying assets cost was \$71,000 and was paid by the Company. As a result the Company has restated the financial statements to reflect the proper cost, removed the related notes payable, accrued interest and impairment. See Note 15 – Restatement.

On March 22, 2011, the Company conveyed its 35% interest in Dynatech, LLC to Darryl Reed, the Company's chief executive officer, for \$10. At the time of the conveyance, Dynatech's only asset was an office building in Virginia. The office building's principal tenant was United Marketing Solutions, Inc., which went out of business in early 2010, and its other tenants had vacated the premises as well. As a result of the loss of tenants, Dynatech was unable to pay the mortgages on the property. As of the Company's December 31, 2010 financial statements, the building had a book value of \$3,395,247 and was subject to indebtedness of \$3,700,000, plus accrued interest, plus cross collateralization of \$500,000.

On September 22, 2011, the Company issued 10,000,000 shares of common stock to Darryl Reed, our chief executive officer in payment of accrued compensation of \$600,000. The shares were valued at the market price on the date of approval by the board of directors. Mr. Reed waived \$11,795 of compensation as part of the settlement.

On September 22, 2011, the Company issued 10,000,000 shares of common stock to Seawright Holdings, Inc. in satisfaction of a note payable by the Company to Seawright in the original principal amount of \$600,000. Joel Sens, one of our officers and directors, is also an officer and director and significant shareholder of Seawright. The shares were valued at the market price on the date of approval by the board of directors. Seawright waived \$60,420 of interest as part of the settlement.

NOTE 14 – OPTIONS TO PURCHASE MINERAL RIGHTS

On April 16, 2010, the Company entered into an Assignment and Assumption Agreement with Knox County Minerals, LLC (“Knox County”), under which the Company acquired Knox County’s interest in a Real Estate Purchase Option (the “Purchase Option”) dated March 25, 2010 by and between Knox County and James R. Golden and John C. Slusher (the “Sellers”). Under the Purchase Option, the Company has the right to purchase the oil and gas mineral rights under 6,615 acres of land in Knox County, Kentucky for \$1,575,000, less \$100,000 paid by Knox County upon execution of the Purchase Option and less any amounts paid to extend the time to exercise the Purchase Option. The Purchase Option must be exercised within 120 days after March 25, 2010, provided that it may be extended for up to four thirty (30) day periods upon payment to the Sellers of \$25,000. Closing under the Purchase Option must occur twenty-five (25) days after the date Company gives the Sellers notice of its intent to exercise the Purchase Option. In addition, ad valorem property taxes will be prorated as of the date of closing. In consideration for the assignment of the Purchase Option, the Company agreed to pay Knox County (a) \$600,000 in the form of a promissory note secured by the property, (b) a 9% overriding royalty interest in all gross gas that is produced from the property, and (c) conveyance of a parcel containing 1,100 acres in the event the Purchase Option is exercised. The promissory note will be secured by the property acquired upon exercise of the Purchase Option, provides for interest at the rate of 6% per annum, and all principal and interest is payable in full sixty (60) months from the date of the note, or April 16, 2015.

On March 25, 2010, we loaned \$125,000 to Seawright Holdings, Inc. (“Seawright”) pursuant to a promissory note that bears interest at 6% per annum, and is payable in full 24 months after the date of the note. The loan proceeds were used by Knox County, a subsidiary of Seawright, to pay the down payment under the Purchase Option.

The Company paid \$25,000 to extend the deadline to close for thirty days, but did not close by the extended closing deadline, which has expired.

NOTE 15 – RESTATEMENT

The Company is restating its financial statements to properly account for the 2011 acquisition of Knox Gas LLC. The amendment is necessary to report the actual cost incurred by the Company in acquiring the assets that were conveyed to the company through the purchase of all membership interests. The original transaction was recorded as a purchase in exchange for two promissory notes of \$250,000 each issued to Joel Sens and Barbara Reed. The actual cost to acquire these leases was \$71,000. During the audit of the 2013 financial statements, it was determined that the Company had actually made and expensed the payments to acquire the assets held by Knox Gas LLC during 2010 and 2011. In addition, an operator is currently extracting gas from the properties and paying royalties directly to the land owners. Negotiations with the operator to pay a royalty to the Company failed during the first quarter of 2014. The Company intends to file suit to protect its rights to the income generated by the wells. As of the date of this amendment the Company has not taken legal action. The impact of the restatement on the financial statements was as follows:

	Originally Reported	Restated
2010:		
Related party advances	\$0	\$16,000
Accumulated deficit	\$(11,438,567)	\$(11,422,567)
Net loss	\$(1,559,528)	\$(1,543,528)
2011:		
Evaluated Oil & Gas Properties	\$500,000	\$71,000
Accrued interest payable-related party	\$25,808	\$0

Edgar Filing: NEXT GENERATION MANAGEMENT CORP. - Form 10-K/A

Note payable-related party	\$500,000	\$0
Accumulated deficit	\$(12,417,846)	\$(12,321,038)
Net loss	\$(979,279)	\$(898,471)
Loss per common share	\$(.06)	\$(.05)

F-21

NOTE 16 – GOING CONCERN MATTERS

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements for the year ended December 31, 2011 and 2010, the Company has incurred operating losses of \$681,989 and \$670,662, respectively. In addition, the Company has a deficiency in stockholder's equity of \$194,718 and \$1,637,429 at December 31, 2011 and 2010, respectively. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's existence is dependent upon management's ability to develop profitable operations. Management is devoting substantially all of its efforts to establishing its business and there can be no assurance that the Company's efforts will be successful. However, the planned principal operations have not fully commenced and no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

In order to improve the Company's liquidity, the Company is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance that the Company will be successful in its efforts to secure additional equity financing.

NOTE 17 – SUBSEQUENT EVENTS

For subsequent events through April 14, 2014 see the audited financial statement for the years ended December 31, 2013 and the quarter ended March 31, 2014. Management has evaluated the Company's activity since April 14, 2014 and in their opinion has determined that no additional material subsequent events occurred that would require disclosure in the financial statements other than as follows:

On April 25, 2014, the Company through its subsidiary signed a lease for a new medical marijuana dispensary in Hollywood California for \$8,000 per month. The lease has an effective date of May 1, 2014 and has a two year term with a 3% escalation clause in year two.

During May and June of 2014, the Company entered into a sublease agreement with Highway 2 Health, LLC, loaned it \$150,000 and executed a five year consulting agreement for \$6,000 per month.

During the period April 1, 2014 through June 26, 2014 the Company borrowed \$95,000 from a consultant of the Company and \$299,900 from other parties. In addition, Actual investments converted a portion of its loan to 8,000,000 shares of the Company's common stock.

F-23
