

NEXT GENERATION MEDIA CORP  
Form 10-K  
April 15, 2010

---

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(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, 2009 OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 000-33039

NEXT GENERATION MEDIA CORPORATION  
(Exact name of Company as specified in its charter)

Nevada  
(State of incorporation)

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

7516 G Fullerton Road, Springfield, Virginia 22153  
(Address of principal executive offices) (Zip Code)

Company's telephone number: (703) 644-0200

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$0.001 Par Value

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 Act.

Yes  No

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the

Edgar Filing: NEXT GENERATION MEDIA CORP - Form 10-K

Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Company'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 o.

Indicate by checkmark 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	x

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

The aggregate market value of the voting stock held by non-affiliates of the Company as of April 14, 2010: Common Stock, par value \$0.001 per share -- \$47,055. As of April 14, 2010, the Company had 12,373,397 shares of common stock issued and outstanding, of which 9,373,397 were held by non-affiliates.

There are no documents incorporated by reference in this Form 10-K.

---

TABLE OF CONTENTS

	PAGE
PART I	
ITEM 1. Description of Business	3
ITEM 1A. Risk Factors	4
ITEM 1B. Unresolved Staff Comments	4
ITEM 2. Description of Properties	4
ITEM 3. Legal Proceedings	4
ITEM 4. Submission of Matters to a Vote of Security Holders	6
PART II	
ITEM 5. Market for Common Equity and Other Shareholder Matters	6
ITEM 6. Selected Financial Data	8
ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	8
ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk	11
ITEM 8. Financial Statements and Supplementary Data	16
ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	16
ITEM 9A(T). Controls and Procedures	16
ITEM 9B. Other Information	19
PART III	
ITEM 10. Directors, Executive Officers, and Corporate Governance	19
ITEM 11. Executive Compensation	20
ITEM 12. Security Ownership of Certain Beneficial Owners and Management	24
ITEM 13. Certain Relationships and Related Transactions And Director Independence	24
ITEM 14. Principal Accountant Fees and Services	25
PART IV	
	3

ITEM 15. Exhibits and Financial Statements	26
Signatures	26

---

PART I.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS:

Certain statements in this Form 10-K constitute forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include all statements that do not relate solely to the historical or current facts, and can be identified by the use of forward looking words such as "may", "believe", "will", "expect", "expected", "project", "anticipate", "anticipated", "estimates", "plans", "strategy", "target", "prospects" or "continue". These forward looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition and may cause our actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. This Form 10-K contains important information as to risk factors under Item 1A. In making these forward-looking statements, we claim the protection of the safe-harbor for forward-looking statements contained in the Private Securities Reform Act of 1995. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to have been correct. We do not assume any obligation to update these forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking statements.

ITEM 1. BUSINESS.

Introduction

Next Generation Media Corporation (the "Company") was incorporated on November 21, 1980, under the laws of the State of Nevada under the name Micro Tech Industries, Inc. On February 6, 1997, an unrelated third party purchased 85.72% of the outstanding stock of Micro Tech Industries, Inc. from its majority shareholder for \$50,000 in cash. Effective March 31, 1997, Micro Tech Industries, Inc. changed its name to Next Generation Media Corporation. Management believes that prior to February 6, 1997, the Company was a "shell" company for at least five years without assets and liabilities. Management is unaware of any operating history prior to February 6, 1997.

Reporting Period Principle Services

During the reporting period, the Company operated as a holding company with one wholly-owned operating subsidiary, United Marketing Solutions, Inc. ("United").

The Company acquired United on April 1, 1999. Originally founded in 1981 as United Coupon Corporation, United has operated within the cooperative direct mail industry for twenty years. United has diversified and expanded its product lines and markets to evolve from a coupon company to a full-service marketing provider specializing in two communication mediums: direct mail and direct marketing. United offers advertising and marketing products and services through a network of franchisees in more than twenty states, with the largest concentration being in the northeast United States. United provides full-service design, layout, printing, packaging and distribution of marketing products and promotional coupons sold by the franchise network to local market businesses, services providers and professionals as resources to help them generate "trial and repeat" customers.

## ITEM 1A. RISK FACTORS.

An investment in our common stock involves risks and uncertainties. While we attempt to identify and mitigate risks to our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. You should consider the following factors carefully in addition to the other information contained in this form 10-K before deciding to purchase our securities.

### Competition

The Company's current and future lines of business are highly competitive. First, the advertising business is highly competitive with many firms competing in various forms of media and possessing substantial resources. The direct mail industry is highly fragmented and includes a large number of small and independent cooperative direct mailers in addition to competition from companies for whom coupon advertising is not their primary line of business. In addition, several large firms, notably Val-Pak Direct Marketing Systems, Inc., Money Mailer and Advo, Inc., are direct competitors of United in its direct mail marketing business.

### Government Regulation

United is subject to state regulation as a franchiser, requiring United to file periodic state registration documents pertaining to the offering of area and regional franchise licenses. Management believes that United is in substantial compliance with the applicable state franchise laws.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments for this filer.

## ITEM 2. PROPERTIES.

The Company's principal offices are located at 7516G Fullerton Road, Springfield, VA 22153.

## ITEM 3. LEGAL PROCEEDINGS.

Other than as set forth below, the Company is not a party to any material pending legal proceedings and, to the best of its knowledge, no such action by or against the Company has been threatened. The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have material adverse effect on its financial position, results of operations or liquidity. As indicated in the cases below, the Company intends to aggressively pursue any franchisees that violate their franchise agreements. The Company is awaiting notice of service on additional suits filed against franchisees and Company anticipates additional suits will be filed in the future.

In the United States District Court, Southern District of Iowa, filed on February 2, 2009, COLORFX sued United Marketing Solutions, Inc. for breach of contract in that the Defendant has failed to pay to Plaintiff \$128,409.73. The case No. is 4:09-C-00039. United Marketing Solutions, Inc. intends to defend itself against COLORFX.

In the Iowa District Court for Polk County, filed on February 3, 2009, in Case No. CL 111876, Rees Associates, Inc. sued United Marketing Solutions, Inc. for breach of contract in failing to pay to the Plaintiff \$161,587.69. United Marketing Solutions, Inc. intends to defend itself against Rees Associates, Inc.

In the Circuit Court of Fairfax County, filed in April 2009, in Civil Action No: 2009-6401, United Marketing Solutions, Inc. sued Roger Homan for breach of contract, statutory business conspiracy and tortious interference. Judgment was rendered against Homan in the amount of Five Hundred and Fifty One Thousand Nine Hundred and Sixty-Six Dollars and Twenty-Three Cents, (\$551,966.23).

In the Circuit Court for Fairfax County, filed on July 15, 2009, in Case No. 2009-10209, General Electric Capital Corporation sued United Marketing Solutions, Inc. for breach of contract in failing to remit lease payments to the Plaintiff in the amount of \$192,980.01. United Marketing Solutions, Inc. intends to defend itself against General Electric Capital Corporation.

In the Circuit Court of Fairfax County, filed in November 2009, in Civil Action No: 2009-15875, United Marketing Solutions, Inc. sued Angie M. Fowler and Timothy P. Fowler for breach of contract and tortious interference. United Marketing is seeking compensatory damages of no less than \$500,000, plus punitive damages awarded by the Court plus prejudgment interest, attorney fees and such other and further relief as deemed appropriate.

In the Circuit Court of Fairfax County, filed in April 2009, in Civil Action No: 2009-6410, United Marketing Solutions, Inc. sued Sheila D. Callo and Fernando A. Callo for breach of contract in an amount of no less than Forty-Five Thousand Dollars (\$45,000) plus an amount of no less than Seventeen Thousand (\$17,000) for prejudgment interest.

In the Circuit Court of Fairfax County, in Civil Action No: GV09008667, United Marketing Solutions, Inc. sued Best Coupon Corporation and Esta Margolis for breach of contract. Judgment was rendered in the amount of Ten Thousand Four Hundred Ninety-Seven and Ninety-Three Cents (\$10,497.93).

In the Circuit Court of Fairfax County, United Marketing Solutions, Inc. sued Paul and Evaline Hatjstilianos for breach of contract and was awarded a judgment in the amount of Two Hundred and Seventy-One Thousand and Sixty-One Dollars and Twenty-Two Cents (\$271,061.22).

In the Circuit Court of Fairfax County Virginia, filed on August 1, 2008 (Case No. CL 2008-9914), United Marketing Solutions, Inc. sued Geoffrey and Francine Blair for breach of contract arising out of an alleged failure to pay the principal sum of \$11,041.82 due pursuant to the Franchise Agreement between the parties. The complaint also seeks a recovery of \$75,000 in punitive damages for alleged fraud in the inducement. The case was scheduled for trial in June 2009, however since Geoffrey Blair filed Chapter 7 Bankruptcy Petition (Case No. 08-12294-MWV), the case has been stayed. Francine Blair had previously filed a Chapter 7 Bankruptcy Petition and, although the present lawsuit has been stayed as to her as well, United intends to move the Fairfax court to vacate that stay and set a new trial date since the specific contractual obligation and the default alleged thereunder arose well after her bankruptcy case was concluded.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Other than as reported in Form 8-K there were no matters submitted to security holders.

PART II.

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market Information

The Company's Common Stock has been and is currently traded on the over-the-counter market and quotations are published on the OTC Bulletin Board under the symbol "NGMC" and began trading on June 11, 2001.

The following table sets forth the range of high and low bid prices of the Common Stock for each fiscal quarterly period. Prices reported represent prices between dealers, do not include retail markups, markdowns or commissions and do not represent actual transactions.

Per Share Common Stock Bid Prices by Quarter

For the Fiscal Year Ended on December 31, 2009

	High	Low
Quarter Ended December 31, 2009	0.005	0.028
Quarter Ended September 30, 2009	0.005	0.01
Quarter Ended June 30, 2009	0.005	0.005
Quarter Ended March 31, 2009	0.003	0.03

For the Fiscal Year Ended on December 31, 2008

	High	Low
Quarter Ended December 31, 2008	0.03	0.002
Quarter Ended September 30, 2008	0.03	0.021
Quarter Ended June 30, 2008	0.03	0.03
Quarter Ended March 31, 2008	0.09	0.035



The ability of individual stockholders to trade their shares in a particular state may be subject to various rules and regulations of that state. A number of states require that an issuer's securities be registered in their state or appropriately exempted from registration before the securities are permitted to trade in that state. Presently, the Company has no plans to register its securities in any particular state. Further, most likely the Company's shares will be subject to the provisions of Section 15(g) and Rule 15g-9 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), commonly referred to as the "penny stock" rule. Section 15(g) sets forth certain requirements for transactions in penny stocks and Rule 15g-9(d)(1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act.

The Commission generally defines penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be a penny stock unless that security is: registered and traded on a national securities exchange meeting specified criteria set by the Commission; authorized for quotation on The NASDAQ Stock Market; issued by a registered investment company; excluded from the definition on the basis of price (at least \$5.00 per share) or the issuer's net tangible assets (at least \$2 million); or exempted from the definition by the Commission. If the Company's shares are deemed to be a penny stock, trading in the shares will be subject to additional sales practice requirements of broker-dealers who sell penny stocks to persons other than established customers and accredited investors.

For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of such securities and must have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock market. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information for the penny stocks held in the account and information on the limited market in penny stocks. Consequently, these rules may restrict the ability of broker-dealers to trade and/or maintain a market in the Company's Common Stock and may affect the ability of stockholders to sell their shares.

#### Holders of Common Equity

As of December 31, 2009, the Company's transfer agent shows 572 shareholders of record of the Company's common stock.

#### Dividend Information

The Company has not declared or paid cash dividends on its Common Stock or made distributions in the past, and the Company does not anticipate that it will pay cash dividends or make cash distributions in the foreseeable future, other than non cash dividends described below. The Company currently intends to retain and invest future earnings, if any, to finance its operations.

#### Transfer Agent

The Company has designated OTR Transfer Agency as its transfer agent for the common stock.

#### ITEM 6. SELECTED FINANCIAL DATA.

Financial Data included in the attached audited financials.

#### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

When used in this Form 10-K and in our future filings with the Securities and Exchange Commission, the words or phrases will likely result, management expects, or we expect, will continue, is anticipated, estimated or similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of that speak only as of the date made. These statements are subject to risks and uncertainties, some of which are described below. Actual results may differ materially from historical earnings and those presently anticipated or projected. We have no obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect anticipated events or circumstances occurring after the date of such statements.

#### General Overview

The Company acquired United on April 1, 1999. Originally founded in 1981 as United Coupon Corporation, United has operated within the cooperative direct mail industry for twenty years. United has diversified and expanded its product lines and markets to evolve from a coupon company to a full-service marketing provider specializing in two communication mediums: direct mail and direct marketing. United offers advertising and marketing products and services through a network of franchisees in more 7 states, with the largest concentration being in the northeast United States. United provides full-service design, layout, printing, packaging and distribution of marketing products and promotional coupons sold by the franchise network to local market businesses, services providers and professionals as resources to help them generate "trial and repeat" customers.

#### Results of Operations

The Company's revenues are difficult to forecast and may vary significantly from quarter to quarter and year to year due to the attrition of franchisees. In addition, the Company's expense levels for each quarter are, to a significant extent, fixed in advance based upon the Company's expectation as to the net revenues to be generated during that quarter. The Company therefore is generally unable to adjust spending in a timely manner to compensate for any unexpected shortfall in net revenues. Further as a result of these factors any delay in product introductions, whether due to internal delays or delays caused by third party difficulties, or any significant shortfall in demand in relation to the Company's expectations, would have an almost immediate adverse impact on the Company's operating results and on its ability to maintain profitability in a quarter.

Comparison of the Year Ended December 31, 2009 with the Year Ended December 31, 2008

During the twelve months ended December 31, 2009 the Company experienced a decrease in total revenues with sales \$2,380,927 compared to \$5,156,086 for the same period in 2008. This decrease is a direct result of both the loss of advertisers due to the sluggish economy and franchisees leaving the system. The company has continued its commitment to offer incentives to the franchise network to grow their businesses and, in turn, increase company production levels. Despite providing incentives consistent with those of prior years, production and revenue expectations from the core product client base have fallen significantly short of expectations from beginning of year production forecasts as scheduled production has been reduced or cancelled in addition to various factors which have caused a number of franchisees to disband their operations. In many cases franchisees have wrongfully terminated their agreements and are now competing in the same markets. We have and will continue to aggressively pursue these individuals to recover some or all of our losses.

Total costs of goods sold for the twelve-month period ended December 31, 2009 were down from the same period in 2008, \$1,800,621 compared to \$4,083,042. Cost of goods as a percentage of sales decreased from 79.2% for the twelve-month period ended December 31, 2008 to 75.6 % for the twelve-month period ended December 31, 2009. Cost of goods will fluctuate from quarter to quarter and year to year based on production workflow and market conditions. The company realized a net gain in gross margin due to the successful implementation of parting with a third party printer.

The decrease in total operating expenses from \$1,968,752 for the twelve months ended December 31, 2008 to \$1,680,528 in 2009 is due, in part, to the rent income and expense being passed through subsidiaries and a reduction in administrative payroll expense. The company continues to place a strong emphasis on franchise and infrastructure development and the operations, training & support of its network. Funding for franchise development and network training & support resources was 5% of comparable revenue in 2009 versus 6.1% for the twelve months ended December 31, 2008.

Total assets decreased from \$5,114,164 at December 31, 2008 compared to \$3,857,711 at December 31, 2009 as result, in large part to the write-off of equipment and software. Total current liabilities increased from \$1,921,838 at December 31, 2008 to \$2,533,271 at December 31, 2009.

The Company incurred a net loss of \$1,867,886 for the twelve months ended December 31, 2009, compared to a loss of \$1,865,063 for the twelve months ended December 31, 2008. Subsidiary activity resulted in a net loss of \$1,931,205 for the twelve months ended December 31, 2009, compared to a loss of \$1,851,163 for the twelve months ended December 31, 2008.

While the Company has raised capital to meet its working capital and financing needs in the past, additional financing may be required in order to meet the Company's current and projected cash flow requirements. As previously mentioned, the Company has obtained financing in the forms of equity as well as commercial financing to provide the necessary working capital. The company currently has no other commitments for financing. There are no assurances the Company will be successful in acquiring additional financing.

The Company has issued shares of its common stock from time to time in the past to satisfy certain obligations, and expects in the future to also acquire certain services, satisfy indebtedness, and/or make acquisitions utilizing authorized shares of the capital stock of the Company.

#### New Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." Interpretation 46 changes the criteria by which one company includes another entity in its consolidated financial statements. Previously, the criteria were based on control through voting interest. Interpretation 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A company that consolidates a variable interest entity is called the primary beneficiary of that entity. The consolidation requirements of Interpretation 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company does not expect the adoption to have a material impact to the Company's financial position or results of operations.

In April 2003, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 149, AMENDMENT OF STATEMENT 133 ON DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. SFAS 149 amends SFAS No. 133 to provide clarification on the financial accounting and reporting of derivative instruments and hedging activities and requires that contracts with similar characteristics be accounted for on a comparable basis. The provisions of SFAS 149 are effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The adoption of SFAS 149 will not have a material impact on the Company's results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150, ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF BOTH LIABILITIES AND EQUITY. SFAS 150 establishes standards on the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The provisions of SFAS 150 are effective for financial instruments entered into or modified after May 31, 2003 and to all other instruments that exist as of the beginning of the first interim financial reporting period beginning after June 15, 2003. The adoption of SFAS 150 will not have a material impact on the Company's results of operations or financial position.

#### Number of Employees

As of December 31, 2009, the Company, through United, had approximately 3 employees. The Company does not have any collective bargaining agreements covering any of its employees, has not experienced any material labor disruption and is unaware of any efforts or plans to organize its employees. The Company considers relations with its employees to be good.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Forward Looking Statements.

The foregoing Managements Discussion and Analysis of Financial Condition and Results of Operations "forward looking statements" within the meaning of Rule 175 under the Securities Act of 1933, as amended, and Rule 3b-6 under the Securities Act of 1934, as amended, including statements regarding, among other items, the Company's business strategies, continued growth in the Company's markets, projections, and anticipated trends in the Company's business and the industry in which it operates. The words "believe," "expect," "anticipate," "intends," "forecast," "project," and similar expressions identify forward-looking statements. These forward-looking statements are based largely on the Company's expectations and are subject to a number of risks and uncertainties, including but not limited to, those risks associated with economic conditions generally and the economy in those areas where the Company has or expects to have assets and operations; competitive and other factors affecting the Company's operations, markets, products and services; those risks associated with the Company's ability to successfully negotiate with certain customers, risks relating to estimated contract costs, estimated losses on uncompleted contracts and estimates regarding the percentage of completion of contracts, associated costs arising out of the Company's activities and the matters discussed in this report; risks relating to changes in interest rates and in the availability, cost and terms of financing; risks related to the performance of financial markets; risks related to changes in domestic laws, regulations and taxes; risks related to changes in business strategy or development plans; risks associated with future profitability; and other factors discussed elsewhere in this report and in documents filed by the Company with the Securities and Exchange Commission. Many of these factors are beyond the Company's control. Actual results could differ materially from these forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this Form 10-KSB will, in fact, occur. The Company does not undertake any obligation to revise these forward-looking statements to reflect future events or circumstances and other factors discussed elsewhere in this report and the documents filed or to be filed by the Company with the Securities and Exchange Commission.

Inflation

In the opinion of management, inflation has not had a material effect on the operations of the Company.

Cautionary Factors that may Affect Future Results

We provide the following cautionary discussion of risks, uncertainties and possible inaccurate assumptions relevant to our business and our products. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed here could adversely affect us.

## Trends, Risks and Uncertainties

The Company has sought to identify what it believes to be the most significant risks to its business as discussed in "Risk Factors" above, but cannot predict whether or to what extent any of such risks may be realized nor can there be any assurances that the Company has identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to the Company's stock.

## Management of Growth

The Company does not expect to experience growth in the number of employees relative to its current levels of employment and the scope of its operations. Additionally, acquisitions could result in an increase in employee headcount and business activity. Such activities could result in increased responsibilities for management. The Company believes that its ability to attract, train, and retain qualified technical, sales, marketing, and management personnel, will be a critical factor to its future success. During strong business cycles, the Company may experience difficulty in filling its needs for qualified personnel.

The Company's future success will be highly dependent upon its ability to successfully manage the expansion of its operations. The Company's ability to manage and support its growth effectively will be substantially dependent on its ability to implement adequate financial and management controls, reporting systems, and other procedures and hire sufficient numbers of financial, accounting, administrative, and management personnel. The Company is in the process of establishing and upgrading its financial accounting and procedures. There can be no assurance that the Company will be able to identify, attract, and retain experienced accounting and financial personnel. The Company's future operating results will depend on the ability of its management and other key employees to implement and improve its systems for operations, financial control, and information management, and to recruit, train, and manage its employee base. There can be no assurance that the Company will be able to achieve or manage any such growth successfully or to implement and maintain adequate financial and management controls and procedures, and any inability to do so would have a material adverse effect on the Company's business, results of operations, and financial condition.

The Company's future success depends upon its ability to address potential market opportunities while managing its expenses to match its ability to finance its operations. This need to manage its expenses will place a significant strain on the Company's management and operational resources. If the Company is unable to manage its expenses effectively, the Company's business, results of operations, and financial condition may be materially adversely affected.

## Risks associated with acquisitions

Any acquisitions by the Company would involve risks commonly encountered in acquisitions of companies. These risks would include, among other things, the following: the Company could be exposed to unknown liabilities of the acquired companies; the Company could incur acquisition costs and expenses higher than it anticipated; fluctuations in the Company's quarterly and annual operating results could occur due to the costs and expenses of acquiring and integrating new businesses or technologies; the Company could experience difficulties and expenses in assimilating the operations and personnel of the acquired businesses; the Company's ongoing business could be disrupted and its management's time and attention diverted; the Company could be unable to integrate successfully.

## Liquidity and Working Capital Risks; Need for Additional Capital to Finance Growth and Capital Requirements

We have had limited working capital and we may rely upon notes (borrowed funds) to operate. We may seek to raise capital from public or private equity or debt sources to provide working capital to meet our general and administrative costs until net revenues make the business self-sustaining. We cannot guarantee that we will be able to raise any such capital on terms acceptable to us or at all. Such financing may be upon terms that are dilutive or potentially dilutive to our stockholders. If alternative sources of financing are required, but are insufficient or unavailable, we will be required to modify our growth and operating plans in accordance with the extent of available funding.

## Potential fluctuations in quarterly operating results

Our quarterly operating results may fluctuate significantly in the future as a result of a variety of factors, most of which are outside our control, including: the demand for our products; seasonal trends in purchasing, the amount and timing of capital expenditures and other costs relating to the development of our products; price competition or pricing changes in the industry; technical difficulties or system downtime; general economic conditions, and economic conditions specific to the healthcare industry. Our quarterly results may also be significantly impacted by the impact of the accounting treatment of acquisitions, financing transactions or other matters. Particularly at our early stage of development, such accounting treatment can have a material impact on the results for any quarter. Due to the foregoing factors, among others, it is likely that our operating results will fall below our expectations or those of investors in some future quarter.

## Dependence Upon Management

Our future performance and success are dependant upon the efforts and abilities of our Management. To a significant degree, we are dependent upon the continued services of our management team. If we lost the services of of our management or other key employees before we could get a qualified replacement, that loss could materially adversely affect our business.

## Lack of Independent Directors

We cannot guarantee that our Board of Directors will have a majority of independent directors in the future. In the absence of a majority of independent directors, our executive officers, who are also principal stockholders and directors, could establish policies and enter into transactions without independent review and approval thereof. This could present the potential for a conflict of interest between the Company and its stockholders generally and the controlling officers, stockholders or directors.

## Limitation of Liability and Indemnification of Officers and Directors

Our officers and directors are required to exercise good faith and high integrity in our Management affairs. Our Articles of Incorporation provide, however, that our officers and directors shall have no liability to our shareholders for losses sustained or liabilities incurred which arise from any transaction in their respective managerial capacities unless they violated their duty of loyalty, did not act in good faith, engaged in intentional misconduct or knowingly violated the law, approved an improper dividend or stock repurchase, or derived an improper benefit from the transaction. Our Articles and By-Laws also provide for the indemnification by us of the officers and directors against any losses or liabilities they may incur as a result of the manner in which they operate our business or conduct the internal affairs, provided that in connection with these activities they act in good faith and in a manner that they reasonably believe to be in, or not opposed to, the best interests of the Company, and their conduct does not constitute gross negligence, misconduct or breach of fiduciary obligations. To further implement the permitted indemnification, we have entered into Indemnity Agreements with our officers and directors.





#### Continued Control by Current Officers and Directors

As of April 14, 2010, the present officers and directors own approximately 25% of the outstanding shares of Common Stock, and therefore are in a position to elect all of our Directors and otherwise control the Company, including, without limitation, authorizing the sale of equity or debt securities of the Company, the appointment of officers, and the determination of officers' salaries. Shareholders have no cumulative voting rights. (See Security Ownership of Certain Beneficial Owners and Management) Audit's Opinion Expresses Doubt About The Company's Ability To Continue As a "Going Concern".

#### Delays in the Introduction of Our Products or Services

The Company may be subject to regulation by numerous governmental authorities. Failure to obtain regulatory approvals or delays in obtaining regulatory approvals by the Company, its collaborators or licensees would adversely affect the marketing of products or services developed by the Company, as well as hinder the Company's ability to generate product revenues. Further, there can be no assurance that the Company, its collaborators or licensees will be able to obtain the necessary regulatory approvals. Although the Company does not anticipate problems satisfying any of the regulations involved, the Company cannot foresee the possibility of new regulations that could adversely affect the business of the Company.

#### Government Regulation and Legal Uncertainties

The Company is not currently subject to many direct government regulations, other than the securities laws, the regulations thereunder applicable to all publicly owned companies, and the laws and regulations applicable to businesses generally. It is possible that certain laws and regulations may be adopted at the local, state, national and international level that could effect the Company's operations. Changes to such laws could create uncertainty in the marketplace which could reduce demand for the Company's products or increase the cost of doing business as a result of costs of litigation or a variety of other such costs, or could in some other manner have a material adverse effect on the Company's business, financial condition, results of operations and prospects. If any such law or regulation is adopted it could limit the Company's ability to operate and could force the business operations to cease, which would have a significantly negative effect on the shareholder's investment. The integrated disclosure system for small business issuers adopted by the Securities and Exchange Commission in Release No. 34-30968 and effective as of August 13, 1992, substantially modified the information and financial requirements of a "Small Business Issuer," defined to be an issuer that has revenues of less than \$25,000,000; is a U.S. or Canadian issuer; is not an investment company; and if a majority-owned subsidiary, the parent is also a small business issuer; provided, however, an entity is not a small business issuer if it has a public float (the aggregate market value of the issuer's outstanding securities held by non-affiliates) of \$25,000,000 or more. The Company is deemed to be a "small business issuer." The Securities and Exchange Commission, state securities commissions and the North American Securities Administrators Association, Inc. ("NASAA") have expressed an interest in adopting policies that will streamline the registration process and make it easier for a small business issuer to have access to the public capital markets. The Company can make no assurances that any of these agencies will adopt any such policies. Also, an agency could adopt such policy that may have a detrimental effect to the Company's operations and it could have a significantly negative effect on the value of the Company's equity.

### Limited Market Due To Penny Stock

The Company's stock differs from many stocks, in that it is a "penny stock." The Securities and Exchange Commission has adopted a number of rules to regulate "penny stocks." These rules include, but are not limited to, Rules 3a51-1, 15g-1, 15g-2, 15g-3, 15g-4, 15g-5, 15g-6 and 15g-7 under the Securities and Exchange Act of 1934, as amended. Because our securities probably constitute "penny stock" within the meaning of the rules, the rules would apply to us and our securities. The rules may further affect the ability of owners of our stock to sell their securities in any market that may develop for them. There may be a limited market for penny stocks, due to the regulatory burdens on broker-dealers. The market among dealers may not be active. Investors in penny stock often are unable to sell stock back to the dealer that sold them the stock. The mark-ups or commissions charged by the broker-dealers may be greater than any profit a seller may make. Because of large dealer spreads, investors may be unable to sell the stock immediately back to the dealer at the same price the dealer sold the stock to the investor. In some cases, the stock may fall quickly in value. Investors may be unable to reap any profit from any sale of the stock, if they can sell it at all. Stockholders should be aware that, according to the Securities and Exchange Commission Release No. 34- 29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. These patterns include:- - Control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; -Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; - "Boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons; - Excessive and undisclosed bid-ask differentials and markups by selling broker- dealers; and - The wholesale dumping of the same securities by promoters and broker- dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses. Furthermore, the "penny stock" designation may adversely affect the development of any public market for the Company's shares of common stock or, if such a market develops, its continuation. Broker-dealers are required to personally determine whether an investment in "penny stock" is suitable for customers. Penny stocks are securities (i) with a price of less than five dollars per share; (ii) that are not traded on a "recognized" national exchange; (iii) whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ-listed stocks must still meet requirement (i) above); or (iv) of an issuer with net tangible assets less than \$2,000,000 (if the issuer has been in continuous operation for at least three years) or \$5,000,000 (if in continuous operation for less than three years), or with average annual revenues of less than \$6,000,000 for the last three years. Section 15(g) of the Exchange Act, and Rule 15g-2 of the Commission require broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor's account. Potential investors in the Company's common stock are urged to obtain and read such disclosure carefully before purchasing any shares that are deemed to be "penny stock." Rule 15g-9 of the Commission requires broker- dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult for the Company's stockholders to resell their shares to third parties or to otherwise dispose of them.

ITEM 8. FINANCIAL STATEMENTS.

Financial statements as of and for the year ended December 31, 2009, and for the year ended December 31, 2008 are presented in a separate section of this report following Part IV.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

There were no disagreements with auditors for the period ended December 31, 2009.

ITEM 9A(T). CONTROLS AND PROCEDURES.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers, or persons performing similar functions, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
  - provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

Because of their inherent limitations, any system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including the chief executive officer and chief financial officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2008 based on the framework defined in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's assessment of the control environment included all significant locations and subsidiaries.

#### Material Weaknesses

Based on our evaluation under COSO, management concluded that our internal control over financial reporting was not effective as of December 31, 2008, due to control deficiencies in three areas that we believe should be considered material weaknesses. A material weakness is defined within the Public Company Accounting Oversight Board's Auditing Standard No. 5 as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

1. The company did not sufficiently segregate duties over incompatible functions at the corporate headquarters.

The company's inability to sufficiently segregate duties is due to a staff vacancy at the corporate headquarters, which management expects to fill during the current year. Further, management has increased the frequency of independent reconciliations of significant accounts, which will mitigate the lack of segregation of duties until the accounting department at the corporate headquarters is fully staffed

2. In conjunction with the lack of segregation of duties, the company did not institute specific anti-fraud controls.

While management found no evidence of fraudulent activity, the chief accounting officer has access to both accounting records and corporate assets, principally the operating bank account. Management believes this exposure to fraudulent activity is not material either to the operations of the company or to the financial reporting; however, management has instituted Key Controls specifically designed to prevent and detect—on a timely basis—any potential loss due to fraudulent activity.

In addition, management is in the process of instituting whistle-blower policies and procedures, see material weakness 3, following. This policy and procedure will further strengthen the anti-fraud controls at the corporate headquarters.

3. The company did not institute, as of December 31, 2009, a whistle-blower policy and procedure as required by Section 301 of the Sarbanes-Oxley Act.

Management has drafted a whistle-blower policy, and will communicate the policy as soon as it is approved by the Board of Directors. In addition, management is compiling specific procedures for the Chairman of the Audit Committee to independently investigate and resolve any issues or concerns raised.

#### Limitations on Effectiveness of Controls and Procedures

Our management, including our chief executive officer and chief financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

#### ITEM 9B. OTHER INFORMATION

Other than set forth herein, there is no other information required to be disclosed.

On April 13, 2010, Leon Zajdel, Melissa Held and Fernando Mathov resigned as Directors. They did not have any issues or disagreements with the Company. On April 13, 2010, Olin Greene resigned as an Officer of the Company. He did not have any issues or disagreements with the Company.

#### PART III.

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Officers and Directors.

The names and respective positions of the directors, executive officers, and key employees of the Company are set forth below; there are no other promoters or control persons of the Company. The directors named below will serve until the next annual meeting of the Company's stockholders or until their successors are duly elected and have qualified. Directors are elected for a one-year term at the annual stockholders' meeting. Officers will hold their positions at the will of the board of directors, absent any employment agreement. There are no arrangements, agreements or understandings between non-management shareholders and management under which non-management shareholders may directly or indirectly participate in or influence the management of the Company's affairs. The directors and executive officers of the Company are not a party to any material pending legal proceedings.

Darryl Reed, President/CEO/CFO/Director

Mr. Darryl Reed is the current President of the Company. His background includes seven years in the financial services industry. Mr. Reed formerly was with New York Life Insurance Company, a major insurance company, and certain of its subsidiaries since October 1995. Such subsidiaries included #1A Eagle Strategies Corp., a registered investment adviser, where Mr. Reed worked from April 1997 until May 2000. Mr. Reed held several licenses in the financial services industry, including Series 7, 63 and 65. He has a BS in Finance from the University of Florida and an MS from the American College, Philadelphia, PA.

(b) Compliance with Section 16(a) of the Exchange Act.

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, certain officers and persons holding 10% or more of the Company's common stock to file reports regarding their ownership and regarding their acquisitions and dispositions of the Company's common stock with the Securities and Exchange Commission. Such persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of the fiscal year ended December 31, 2007 and subsequently, the Company is unaware that any required reports were not timely filed.

#### ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth certain information relating to the compensation paid by the Company during the last three fiscal years to the Company's President. No other executive officer of the Company received total salary and bonus in excess of \$100,000 during the fiscal year ended December 31, 2009 and prior.

##### Summary Compensation Table

Name and principal position (a)	Year (b)	Annual compensation			Long-term compensation			All other compensation(\$)(i)
		Salary (\$) (c)	Bonus (\$) (d)	Other annual compensation(\$) (e)	Awards Restricted stock award(s) (\$) (f)	Securities under-lying options/ SAR (#)(g)	Payouts LTIP payouts (\$) (h)	
President	2009	114,833	0	0	\$ 0	0 0	0	
	2008	102,000	0	0	\$ 0	0 0	0	
	2007	197,210	0	0	\$10,000	1,000,000 0	0	

##### Executive Compensation Philosophy

The Company's board of directors is committed to establishing and maintaining executive compensation practices designed to support the development of the company's capabilities and business objectives, enhance our profitability and enhance long-term shareholder value.

##### Compensation Committee - Membership

It is planned that the committee be comprised of three independent members of the Board. Director independence is, at a minimum, consistent with applicable rules for NASDAQ-traded issuers, Rule 16b-3 of the Exchange Act, and Section 162(m) of the Internal Revenue Code.

Process and procedures for considering and determining executive and director compensation.

Among other things, the committee has the authority and responsibility under its charter to:

- Approve our compensation philosophy.
- Formulate, evaluate, and approve compensation for our officers, as defined in Section 16 of the Securities and Exchange Act of 1934 and rules and regulations promulgated therein.
- Formulate, approve, and administer cash incentives and deferred compensation plans for executives. Cash incentive plans are based on specific performance objectives defined in advance of approving and administering the plan.
- Oversee and approve all compensation programs involving the issuance of our stock and other equity securities.
- Review executive supplementary benefits, as well as our retirement, benefit, and special compensation programs involving significant cost to us, as necessary and appropriate.
- Review compensation for terminated executives.
- Oversee funding for all executive compensation programs.
- Review compensation practices and trends of other companies to assess the adequacy of our executive compensation programs and policies.
- Secure the services of external compensation consultants or other experts, as necessary and appropriate. These services, as required, will be paid from funds provided by the company. This system is designed to ensure the independence of such external advisors.
- Approve employment contracts, severance agreements, change in control provisions, and other compensatory arrangements with our executives.

#### Role of Chief Executive Officer in Recommending Executive Compensation.

The committee makes all compensation decisions related to our named executive officers. However, our Chief Executive Officer regularly provides information and recommendations to the committee on the performance of the executive officers, appropriate levels and components of compensation, including equity grants as well as other information as the committee may request.

#### Compensation Goals

Our compensation policies are intended to achieve the following objectives:

- reward executives and employees for their contributions to our growth and profitability, recognize individual initiative, leadership, achievement, and other valuable contributions to our company;
- to link a portion of the compensation of officers and employees with the achievement of our achievement of our overall performance goals, to ensure alignment with the our strategic direction and values, and to ensure that individual performance is directed towards the achievement of our collective goals;
- to enhance alignment of individual performance and contribution with long-term stockholder value and business objectives by providing equity awards;
- to motivate and provide incentives to our named executive officers and employees to continually contribute superior job performance throughout the year; and
- to obtain and retain the services of skilled employees and executives so that they will continue to contribute to and be a part of our long-term success.



Compensation programs and policies are reviewed and approved annually but could be adjusted more frequently if determined by the committee. Included in this process is establishing the goals and objectives by which employee and executive compensation is determined. Executive officers' performance is evaluated in light of these performance goals and objectives. The committee consults the Chief Executive Officer on the performance of other company executives.

#### Compensation Surveys and Compensation Consultants

In determining compensation levels, we review compensation levels of companies that we deem to be similar to our company regardless of their location, competitive factors to enable us to attract executives from other companies, and compensation levels that we deem appropriate to retain and motivate our executives. From time to time, we retain the services of independent compensation consultants to review a wide variety of factors relevant to executive compensation, trends in executive compensation, and the identification of relevant peer companies. The committee makes all determinations regarding the engagement, fees, and services of our compensation consultants, and our compensation consultants report directly to our committee.

#### Elements of Compensation

Compensation for our executives is generally comprised of:

- base salary which is targeted at a competitive level and used to reward superior individual job performance of each named executive officer and to encourage continued superior job performance;
- Cash bonuses which are tied to specific, quantifiable and objective performance measures based on a combination of corporate and individual goals, and discretionary bonuses;
- equity compensation which is based on corporate and individual performance, and discretionary equity awards.
- severance and change of control agreements; and
- Other benefits plan and programs.

The principles which serve as the basis for executive compensation practices apply to the compensation structures for all employees. Namely, corporate and individual performance are the key factors which determine incentive compensation.

The committee considers each component of executive compensation in light of total compensation. In considering adjustments to the total compensation of each named executive officer, the committee also considers the value of previous compensation, including outstanding equity grants and equity ownership.

Compensation paid to executive officers must be approved by our board of directors or by the committee. The committee conducts several meetings in person or telephonically to review and consider our compensation program and policies, as well as specific elements of executive compensation.

## Compensation Considerations

In setting compensation levels for a particular executive, the committee takes into consideration:

- the proposed compensation package as a whole
- each element of compensation individually
- the executive's past and expected future contributions to our business
- our overall company performance;
- our financial conditions and prospects;
- the need to retain key employees; and
- general economic conditions.

In order to enable the company to hire and retain talented executives, the committee may determine that it is in the best interests of the company to negotiate packages that may deviate from the company's standard practices in setting the compensation for certain of its executive officers when such deviation is required by competitive or other market forces.

## Base Salary

Base salaries for the named executive officers and other executives are determined based on market data analysis of comparable positions in the identified compensation peer group. A competitive base salary is provided to each executive officer to recognize the skills and experience each individual brings to the company and the performance contributions they make. When determining the base salary for an executive, we reference a target of the base salaries of similar positions in the identified compensation peer group. Other factors are also taken into account such as internal comparisons, individual skills and experience, length of time with the company, performance contributions and competitiveness of the marketplace. Salaries are reviewed on an annual basis, taking into account the factors described above, and are made in connection with annual performance reviews. The amounts of such adjustments are calculated using merit increase guidelines based on the employee's position within the relevant compensation range and the results of his or her performance review. The recommended percentage increases are established annually and reflect the committee's assessment of appropriate salary adjustments based on competitive surveys and general economic conditions.

## Cash Bonus

Our practice is to periodically consider awarding cash bonuses based upon, among other things, accomplishment of key objectives and overall performance. In addition, from time-to-time the committee may approve payment of bonuses to executives or key contributors for special accomplishment or other reasons. These goals may include progress made in technical programs and technology and product development, improved utilization of company resources and progress in relationships with key customers and strategic alliances and financing activities and the financial results of the company. Generally, the company does not disclose specific targets relating to these goals, because doing so may disclose confidential business information.

## Insurance Plans

The Company makes available to all full-time employees medical and dental plan benefits. Employees are eligible to participate in company insurance plans when they complete 90 days of service with the Company.

### Other Benefit Plans

401(k) Plan. The Company makes available a 401(k) Savings Plan (the "401(k) Plan"), a federally-qualified, tax-deferred plan administered by a third party. The 401(k) Plan provides participants with savings or retirement benefits based on employee deferrals of compensation, as well as any matching and other discretionary contributions made by the Company. Employees are eligible to participate in the 401(k) Plan when they complete one month of service with the Company and have attained the age of 18. The employee can defer up to 15% of the compensation amount earned within a calendar year, not to exceed the ceiling set forth annually by the Internal Revenue Service. The Company matches the employee's contribution to the 401(k) Plan dollar-for-dollar up to 3% of the employee's annual salary. Participants become vested in any employer contributions to the 401(k) Plan after two years of service at a rate of 20% for each completed year of service. A participant is always 100% vested in his or her salary reduction contributions to the 401(k) Plan.

### Stock Option Plan.

The Company has also filed a Stock Option Plan for Employees on Form S-8 in December 2001. The Company had not issued any Stock Options pursuant to the Plan included therein to any employees as of December 31, 2008.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth information regarding the beneficial ownership of shares of the Company's common stock as of April 14, 2010 (issued and outstanding) by (i) all stockholders known to the Company to be beneficial owners of more than ten percent of the outstanding common stock; and (ii) all directors and executive officers of the Company as a group:

Title of Class	Name and Address of Beneficial Owner(1)	Amount of Beneficial Ownership	Percent of Class
Common Stock	Darryl Reed	3,008,945	24.3%
	Total	3,008,945	24.3%

(1) The address for all persons listed is 7516 G Fullerton Road, Springfield, VA, 22153. Each person has sole voting power and sole right to dispose as to all of the shares shown as beneficially owned by them except as footnoted.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

During the past two years, and not as otherwise disclosed of in any other filing, there have not been any transactions that have occurred between the Company and its officers, directors, and five percent or greater shareholders, unless listed below.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth fees billed to us by our auditors during the years ended December 31, 2009 and 2008 for: (i) services rendered for the audit of our annual financial statements and the review of our quarterly financial statements, (ii) services by our auditor that are reasonably related to the performance of the audit or review of our financial statements and that are not reported as Audit Fees, (iii) services rendered in connection with tax compliance, tax advice and tax planning, and (iv) all other fees for services rendered.

		December 31, 2009	December 31, 2008
(i)	Audit Fees	\$ 41,540	\$ 45,000
	Audit Related		
(ii)	Fees	\$ 0	\$ 0
(iii)	Tax Fees	\$ 0	\$ 0
(iv)	All Other Fees	\$ 0	\$ 0
	Total fees	\$ 41,540	\$ 45,000

**AUDIT FEES.** The Audit Fees consist of fees billed for professional services rendered for the audit of the Company's consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by our auditors in connection with statutory and regulatory filings or engagements.

**AUDIT-RELATED FEES.** Audit Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees." There were no Audit-Related services provided in fiscal 2009 or 2008.

**TAX FEES.** Tax Fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. There were no charges for tax services provided in fiscal 2009 or 2008.

**ALL OTHER FEES.** All Other Fees consist of fees for products and services other than the services reported above. There were no management consulting services provided in fiscal 2009 or 2008.

**POLICY ON AUDIT COMMITTEE PRE-APPROVAL OF AUDIT AND PERMISSIBLE NON-AUDIT SERVICES OF INDEPENDENT AUDITORS**

The Company currently does not have a designated Audit Committee, and accordingly, the Company's Board of Directors' policy is to pre-approve all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Board of Directors may also pre-approve particular services on a case-by-case basis.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibits.

Exhibits included or incorporated by reference in this document are set forth in the Exhibit Index.

Index to Financial Statements and Schedules.	Page
Audit Report of Independent Certified Public Accountants	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Income	F-5
Consolidated Statements of Stockholders' Equity	F-6
Consolidated Statements of Cash Flows	F-7
Notes to Financial Statements	F-9
Reports on Form 8-K.	F-17

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the date indicated:

Signature	Title	Date
/s/ Darryl Reed Darryl Reed	CEO/CFO/Secretary/Director	April 14, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FINANCIAL STATEMENTS AND SCHEDULES

DECEMBER 31, 2009 AND 2008

FORMING A PART OF ANNUAL REPORT  
PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934  
NEXT GENERATION MEDIA CORPORATION

---

Next Generation Media Corporation  
and Subsidiaries

Consolidated Financial Statements

For The Years Ended December 31, 2009 and 2008

With Audit Report of Independent

Registered Public Accounting Firm

TURNER, JONES AND ASSOCIATES, P.L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

---

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-9

---



Turner, Jones & Associates, P.L.L.C.  
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 Media Corporation  
7516G Fullerton Road  
Springfield, VA 22153

We have audited the accompanying consolidated balance sheet of Next Generation Media Corporation and its subsidiaries (a Nevada Incorporation) as of December 31, 2009, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2009. 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 Media Corporation and subsidiaries as of December 31, 2009, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2009, 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, Jones & Associates, PLLC  
Vienna, Virginia  
April 2, 2010

Next Generation Media Corporation  
 Consolidated Balance Sheet  
 As of December 31, 2009

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$281,152
Accounts receivable, net of uncollectible accounts of \$433,674	12,252
Prepaid expenses and other current assets	87,495
Total current assets	380,899

PROPERTY, PLANT AND EQUIPMENT:

Land	565,270
Building	3,108,989
Equipment	4,086
Total property, plant and equipment	3,678,345
Less: accumulated depreciation	(201,533 )
Net property, plant and equipment	3,476,812

TOTAL ASSETS	\$3,857,711
--------------	-------------

See accompanying notes and accountant's audit report

Next Generation Media Corporation  
 Consolidated Balance Sheet  
 As of December 31, 2009

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Obligation under capital leases, current portion	\$214,027
Security deposit	24,000
Line of credit	650,000
Accounts payable	1,106,128
Accrued expenses	539,116
Total current liabilities	2,533,271

LONG TERM LIABILITIES:

Notes payable	3,700,000
Total long term liabilities	3,700,000

Total liabilities	6,233,271
-------------------	-----------

STOCKHOLDERS' EQUITY:

Common stock, \$.01 par value, 50,000,000 shares authorized, 12,373,397 issued and outstanding	123,734
Additional paid in capital	7,379,744
Accumulated deficit	(9,879,038)
Total stockholders' equity	(2,375,560)

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,857,711
--	-------------

See accompanying notes and accountant's audit report

Next Generation Media Corporation  
Consolidated Statements of Operations  
For The Years Ended December 31, 2009 and 2008

	2009	2008
REVENUES:		
Coupon and postage sales, net of discounts	\$2,308,927	\$5,091,586
Rental income	72,000	-
Franchise fees	-	64,500
Total revenues	2,380,927	5,156,086
COST OF GOODS SOLD	1,800,621	4,083,242
GROSS MARGIN	580,306	1,072,844
OPERATING EXPENSES:		
General and administrative	954,078	1,564,655
Bad debt expense	451,900	96,418
Impairment of assets	157,700	-
Impairment of Goodwill	-	951,133
Depreciation and amortization	274,550	307,679
Total operating expense:	1,838,228	2,919,885
Loss from operations	(1,257,922 )	(1,847,041 )
OTHER INCOME AND EXPENSES:		
Other income	18,821	12,930
Interest expense, net	(297,193 )	(298,680 )
Disposal of assets	(89,085 )	-
Gain/(loss) on sale of equipment	(242,507 )	267,728
Total other expenses	(609,964 )	(18,022 )
Loss before provision for income tax	(1,867,886 )	(1,865,063 )
Provision for income tax	-	-
Net loss before minority interest	\$(1,867,886 )	\$(1,865,063 )
Minority interest	\$(63,319 )	\$13,900
Loss applicable to common shareholders	\$(1,931,205 )	\$(1,851,163 )
Basic loss per common share	\$(0.16 )	\$(0.15 )
Weighted average common shares outstanding	12,373,397	12,373,397
Diluted loss per common share	N/A	N/A
Fully diluted common shares outstanding	12,853,397	12,982,796

See accompanying notes and accountant's audit report

F-5

---

Next Generation Media Corporation  
Consolidated Statements of Stockholders' Equity

	Common Stock		Additional Paid In Capital	Accumulated Deficit	Total
	Shares	Amount			
December 31, 2007	\$ 12,373,397	\$ 123,734	\$ 7,379,744	\$ (6,167,783)	\$ 1,335,695
Net Loss	-	-	-	(1,851,163)	(1,851,163)
Minority Interest	-	-	-	7,794	7,794
Balance December 31, 2008	12,373,397	123,734	7,379,744	(8,011,152)	(507,674 )
Net Loss	-	-	-	(1,931,205)	(1,931,205)
Minority Interest	-	-	-	63,319	63,319
Balance December 31, 2009	\$ 12,373,397	\$ 123,734	\$ 7,379,744	\$ (9,879,038)	\$ (2,375,560)

See accompanying notes and accountant's audit report

Next Generation Media Corporation  
 Statements of Cash Flows  
 For The Years Ended December 31, 2009 and 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss)	\$ (1,931,205)	\$ (1,851,163)
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment of Goodwill	-	951,133
Minority interest	63,319	7,794
Disposal of equipment	89,085	-
Impairment of equipment	157,700	-
Depreciation and amortization	274,550	307,679
(Increase)/decrease in assets		
Receivables	294,043	(142,699 )
Inventories	-	79,489
Prepays and other current assets	7,614	(46,335 )
Increase/(decrease) in liabilities		
Accounts payable	396,677	417,898
Accrued expenses	294,262	142,693
Security deposit	24,000	-
Pension payable	(106,046 )	71,418
Sales tax payable	(3,522 )	1,008
Net cash flows (used) by operating activities	(439,523 )	(61,085 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of equipment	248,507	74,051
Net cash provided by investing activities	248,507	74,051

See accompanying notes and accountant's audit report

Next Generation Media Corporation  
 Statements of Cash Flows (continued)  
 For The Years Ended December 31, 2009 and 2008

	2009	2008
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing under line of credit	-	440,000
Repayment of notes payable and capital lease	6,062	(119,769 )
Net cash provided/(used) by financing activities	6,062	320,231
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(184,954 )</b>	<b>333,197</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>466,106</b>	<b>132,909</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 281,152</b>	<b>\$ 466,106</b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

**CASH PAID DURING THE YEAR FOR:**

Income taxes	\$ -	\$ -
Interest	\$ 299,439	\$ 298,680

See accompanying notes and accountant's audit report



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Business:

Next Generation Media Corporation was incorporated in the State of Nevada in November of 1980 as Micro Tech Industries, with an official name change to Next Generation Media Corporation in April of 1997. The Company, through its wholly owned subsidiary, United Marketing Solutions, Inc., provides direct marketing products, which involves the designing, printing, packaging, and mailing of public relations and marketing materials and coupons for retailers who provide services. Sales are conducted through a network of franchises that the Company supports on a wholesale basis. At December 31, 2009, the Company had no active area franchise license.

### Property and Equipment:

Property 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	39 years

Depreciation expense for the years ended December 31, 2009 and 2008 amounted to \$274,550 and \$307,679 respectively.

### Internal-Use Software Costs:

The Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software development costs occurs only after the preliminary-project stage is complete, management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. During 2009, capitalized software costs totaled \$0. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software. The Company has determined an impairment of the total value of the internal software costs was required, and has accordingly posted an impairment charge of \$246,785 for the period ending December 31, 2009.

### Intangibles:

The Company has recorded goodwill based on the difference between the cost and the fair value of certain purchased assets. The Company annually evaluates the goodwill for possible impairment. The Company performed an assessment of the fair value of its sole reporting unit as defined by ASC 820 and compared it to the carrying value of its reporting unit. The Company's market capitalization was less than the Company's book value indicating possible impairment under the test established by ASC 820. The Company determined the fair value of its assets on a class-by-class basis. The fair values of the Company's assets were based upon the expected cash flow from the Company's business, assuming a discount rate that reflects the degree of risk involved with this type of business. The Company has determined that an impairment of the goodwill in its sole reporting unit was required, and has accordingly posted an impairment charge of \$951,133 for the period ending December 31, 2008.

Advertising Expense:

The Company expenses the cost of advertising and promotions as incurred. Advertising costs charged to operations for the years ended December 31, 2009 and 2008 were \$6,934 and \$56,832 respectively.

F-9

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont.

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.

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.

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. ASC 220-10 requires other comprehensive income (loss) to include foreign currency translation adjustments and unrealized gains and losses on available for sale securities. 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, 2009 and 2008 was \$0 and \$0, respectively.

F-10

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont.

Liquidity:

As shown in the accompanying financial statements, the Company recorded a net (loss) of (\$1,931,205) and (\$1,851,163) during the years ended December 31, 2009 and 2008, respectively. The Company's total liabilities exceeded its total assets by \$2,105,104 as of December 31, 2009.

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.

New Accounting Pronouncements:

Effective July 1, 2009, the Company adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 105-10, Generally Accepted Accounting Principles – Overall (“ASC 105-10”). ASC 105-10 establishes the FASB Accounting Standards Codification (the “Codification”) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates (“ASUs”). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

Effective January 1, 2008, the Company adopted FASB ASC 820-10, Fair Value Measurements and Disclosures – Overall (“ASC 820-10”) with respect to its financial assets and liabilities. In February 2008, the FASB issued updated guidance related to fair value measurements, which is included in the Codification in ASC 820-10-55, Fair Value Measurements and Disclosures – Overall – Implementation Guidance and Illustrations. The updated guidance provided a one year deferral of the effective date of ASC 820-10 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, the Company adopted the provisions of ASC 820-10 for non-financial assets and non-financial liabilities effective January 1, 2009, and such adoption did not have a material impact on the Company’s consolidated results of operations or financial condition.

Effective April 1, 2009, the Company adopted FASB ASC 820-10-65, Fair Value Measurements and Disclosures – Overall – Transition and Open Effective Date Information (“ASC 820-10-65”). ASC 820-10-65 provides additional guidance for estimating fair value in accordance with ASC 820-10 when the volume and level of activity for an asset or liability have significantly decreased. ASC 820-10-65 also includes guidance on identifying circumstances that indicate a transaction is not orderly. The adoption of ASC 820-10-65 did not have an impact on the Company’s consolidated results of operations or financial condition.

Effective April 1, 2009, the Company adopted FASB ASC 825-10-65, Financial Instruments – Overall – Transition and Open Effective Date Information (“ASC 825-10-65”). ASC 825-10-65 amends ASC 825-10 to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements and also amends ASC 270-10 to require those disclosures in all interim financial statements. The adoption of ASC 825-10-65 did not have a material impact on the Company’s consolidated results of operations or financial condition.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont.

In May 2009, the FASB issued SFAS No. 165, “Subsequent Events”, which is included in ASC Topic 855, Subsequent Events. ASC Topic 855 established principles and requirements for evaluating and reporting subsequent events and distinguishes which subsequent events should be recognized in the financial statements versus which subsequent events should be disclosed in the financial statements. ASC Topic 855 also required disclosure of the date through which subsequent events are evaluated by management. ASC Topic 855 was effective for interim periods ending after June 15, 2009 and applies prospectively. Because ASC Topic 855 impacted the disclosure requirements, and not the accounting treatment for subsequent events, the adoption of ASC Topic 855 did not impact our results of operations or financial condition. See Note 14 for disclosures regarding our subsequent events.

Effective July 1, 2009, the Company adopted FASB ASU No. 2009-05, Fair Value Measurements and Disclosures (Topic 820) (“ASU 2009-05”). ASU 2009-05 provided amendments to ASC 820-10, Fair Value Measurements and Disclosures – Overall, for the fair value measurement of liabilities. ASU 2009-05 provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain techniques. ASU 2009-05 also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of a liability. ASU 2009-05 also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. Adoption of ASU 2009-05 did not have a material impact on the Company’s consolidated results of operations or financial condition.

In October 2009, the FASB issued ASU 2009-13, Multiple-Deliverable Revenue Arrangements, (amendments to FASB ASC Topic 605, Revenue Recognition) (“ASU 2009-13”) and ASU 2009-14, Certain Arrangements That Include Software Elements, (amendments to FASB ASC Topic 985, Software) (“ASU 2009-14”). ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenue to be allocated using the relative selling price method. ASU 2009-14 removes tangible products from the scope of software revenue guidance and provides guidance on determining whether software deliverables in an arrangement that includes a tangible product are covered by the scope of the software revenue guidance. ASU 2009-13 and ASU 2009-14 should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. The Company does not expect adoption of ASU 2009-13 or ASU 2009-14 to have a material impact on the Company’s consolidated results of operations or financial condition.

Use of Estimates:

The preparation of financial statements in accordance 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.

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.

F-12

---



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont.

Risks and Uncertainties:

The Company operates in an environment where intense competition exists from other companies. This competition, along with increases in the price of paper, can impact the pricing and profitability of the Company.

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

Accounts Receivable:

The Corporation grants credit to its customers, which includes the retail sector and their own franchisees. The Company establishes an allowance for doubtful accounts based upon a percentage of accounts receivable plus those balances the Company believes will be uncollectible. Allowance for uncollectible accounts as of December 31, 2009 was \$433,674.

Cash and Cash Equivalents:

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

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 480,500 options issued and outstanding as of December 31, 2009 to purchase stock at a weighted average exercise price of \$0.26.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of the parent company, Next Generation Media Corporation and its subsidiaries United Marketing Solutions, Inc. and Dynatech, LLC for the years ended December 31, 2009 and 2008. All inter-company balances and transactions have been eliminated in consolidation.

Revised Interpretation No. 46 ("FIN 46R"), Consolidation of Variable Interest Entities requires the primary beneficiary of a variable interest entity to consolidate that entity on its financial statements. The primary beneficiary of a variable interest entity is the party that absorbs a majority of the variable interest entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual, or other financial interests in the entity. Expected losses are the expected negative variability in the fair value of an entity's net assets, exclusive of its variable interests, and expected residual returns are the expected positive variability in the fair value of an entity's net assets, exclusive of its variable interests.

Minority Interest:

The minority interest represents the minority or non-controlling shareholders' or members' proportionate share of the equity of the Company's subsidiaries and are adjusted for the minority's shares of the profits and losses incurred by these subsidiaries. No value is recognized on the balance sheet as all minority interest holders lacked capital investment in the related subsidiaries. The Company owns 35% of Dynatech, LLC.

NOTE 2 – NOTES PAYABLE

Notes payable at December 31, 2009 consists of:

Obligation to Virginia Commerce Bank, bearing interest at 6.625% per annum, the loan is payable in three hundred monthly installments with a minimum payment consisting of the accrued interest amount for the first three years and

amortized thereafter, collateralized by the property located at 7644 Dynatech Court. Balance outstanding at December 31, 2009 was \$3,700,000.

F-13

---

The 5 year schedule of maturities is as follows:

2010	\$	24,496
2011		61,616
2012		65,824
2013		70,320
Thereafter		3,477,744
		\$ 3,700,000

#### NOTE 3 – LINE OF CREDIT

The Company has two lines of credit in the amounts of \$500,000 and \$150,000 secured by the Company's accounts receivable. The first line of credit for \$500,000 matures on March 31, 2010 calls for interest of 7.25% per annum. The balance outstanding at December 31, 2009 was \$500,000.

The second line of credit of \$150,000 matured on October 1, 2009 and calls for interest of 8.25% per annum. This line of credit is currently in default. The balance outstanding at December 31, 2009 was \$150,000.

#### NOTE 4 – COMMITMENTS AND CONTINGENCIES

Future minimum annual lease payments for as of December 31, 2009 are:

2010	\$	32,000
2011		0
2012		0
2013		0
Thereafter		0
Total	\$	32,000

Rent expense for the years ended December 31, 2009 and 2008 was \$12,000 and \$0, respectively.

The Company has entered into various employment contracts. The contracts provided for the award of present and/or future shares of common stock and/or options to purchase common stock at fair market value of the underlying options at date of grant or vesting. The contracts can be terminated without cause upon written notice within thirty to ninety days. The Company is 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 5 – 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, 2009 and 2008, as they believe that it is more likely than not that the entire amount of deferred tax assets will not be realized. The company filed a consolidated return, with a tax liability of \$0 for the year 2009. At December 31, 2009, the Company had net operating loss carry forwards for federal income tax purposes of approximately \$5,764,573 which are available to offset future taxable income, if any, on a scheduled basis through 2029.

F-14

---

## NOTE 6 – OBLIGATION UNDER CAPITAL LEASE

The Company acquired machinery under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the machinery have been capitalized. The leases are currently in default and in litigation.

## NOTE 7 – INTANGIBLE ASSETS

Intangible assets consist of the following items:

Goodwill	\$ 1,341,850
Less accumulated amortization (Pre January 1, 2002)	(390,717)
Less impairment	(951,133)
Intangible assets, net	\$ 0

## NOTE 8 - PUBLIC STOCK LISTING

Next Generation Media Corporation common stock began trading on the OTC Bulletin Board on June 11, 2001, under the symbol NGMC.

## NOTE 9 – SEGMENT INFORMATION

The Company has two reportable segments for the twelve-month periods ended December 31, 2009 and 2008.

United Marketing Solutions was acquired on April 1, 1999. The entity is a wholly owned subsidiary. United operates a direct mail marketing business and is the Company's primary line of business.

Dynatech, LLC. Dynatech, LLC began operations on June 22, 2007. The entity is a variable interest entity. Dynatech, LLC owns and operates a commercial building that was formerly the corporate headquarters.

The accounting policies of the reportable segments are the same as those set forth in the Summary of Accounting Policies. Summarized financial information concerning the Company's reporting segments for the periods ending December 31, 2009 and 2008 are presented below:

Year Ended December 31, 2009	United	Dynatech	Parent	Eliminations	Total
Revenue	2,239,871	405,693	180,000	(444,637)	2,380,927
Segment profit/(loss)	(1,860,020)	97,414	(75,280)	(93,319)	(1,931,205)
Total Assets	1,836,229	3,768,519	382,757	(2,129,794)	3,857,711
Year Ended December 31, 2008	United	Dynatech	Parent	Eliminations	Total
Revenue	5,121,946	307,021	142,500	(415,381)	5,156,086

Edgar Filing: NEXT GENERATION MEDIA CORP - Form 10-K

Segment profit/(loss)	(928,350)	(21,384)	(1,003,964)	102,535	(1,851,163)
Total Assets	2,290,758	3,691,290	394,773	(1,262,657)	5,114,164

F-15

---

NOTE 10 – RECLASSIFICATIONS

Certain amounts on the 2009 financial statements have been reclassified to conform with the 2008 presentation.

NOTE 11 – EMPLOYEE STOCK INCENTIVE PLAN

One December 26, 2001, the Company adopted the Employee Stock Incentive Plan authorizing 3,000,000 shares at a maximum offering price of \$0.10 per share for the purpose of providing employees equity-based compensation incentives. During 2009 and 2008, no shares were issued under the plan.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Company reports a commercial leasing property that is owned 65% by the Company President and 35% by the Company's wholly owned subsidiary United Marketing Solutions, Inc.

The Company has accrued compensation expense for the employment contract of the Company President. As of December 31, 2009, the accrued amount was \$447,242.

NOTE 13 – ACCRUED EXPENSES

Accrued expenses consists of the following items:

Accrued property taxes	\$ 13,690
Accrued wages	447,242
Accrued legal fees	37,500
Accrued consulting fees	4,000
Other miscellaneous accruals	36,684
	\$ 539,116

NOTE 14 – 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, 2009 and 2008, the Company has incurred operating losses of \$1,931,205 and \$1,851,163, respectively. In addition, the Company has a deficiency in stockholder's equity of \$9,879,038 and \$8,011,152 at December 31, 2009 and 2008, 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 15 – SUBSEQUENT EVENTS

There were no material subsequent events.

F-16

---



EXHIBIT INDEX

Exhibit No.	Description
3.1	Articles of Incorporation, under the name Micro Tech Industries, Inc. (incorporated by reference in the filing of the Company's annual report on Form 10KSB filed on April 15, 1998).
3.2	Amendment to the Articles of Incorporation (incorporated by reference in the Company's quarterly report filed on Form 10 Q filed on May 15, 1997).
3.3	Amended and Restated Bylaws (incorporated by reference in the filing of the Company's annual report on Form 10KSB filed on November 12, 1999).
16.1	Letter on change in certifying accountant (incorporated by reference in the filing of the Company's current report on Form 8-K filed on January 5, 2001).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Darryl Reed (filed herewith).
31.2	Rule 13a-14(a)/15d-14(a) Certification of Darryl Reed (filed herewith).
32.	Section 1350 Certification of Darryl Reed (filed herewith).
F-17	