

NEXT GENERATION MANAGEMENT CORP.
Form 10-Q
November 19, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended September 30, 2014

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: **002-74785-B**

NEXT GENERATION MANAGEMENT CORP.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

88-0169543

(I.R.S. Employer Identification No.)

44715 Prentice Dr, Unit 973, Ashburn, VA

(Address of principal executive offices)

20146

(Zip Code)

703-372-1282

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock. As of November 17, 2014 there were 265,853,237 shares of common stock, \$0.001 par value issued and outstanding.

NEXT GENERATION MANAGEMENT CORP.

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****NEXT GENERATION MANAGEMENT CORP.****BALANCE SHEETS****SEPTEMBER 30, 2014 AND DECEMBER 31, 2013**

	(unaudited) September 30, 2014	(audited) Dec. 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 141,526	\$ 1,173
Prepaid rent	8,000	-
Other prepaid expenses	32	-
Total current assets	149,558	1,173
OIL AND GAS PROPERTIES (FULL COST METHOD):		
Mineral rights-Royalty interest	14,930	14,930
Evaluated-Leases	71,000	71,000
Gross oil and gas properties	85,930	85,930
OTHER ASSETS:		
Security deposit	24,000	-
TOTAL ASSETS	\$ 259,488	\$ 87,103
LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 470,201	\$ 150,724
Accrued wages	296,347	238,596
Due to related party	-	40,000
Advances-Actual Investments	125,000	-
Accrued interest payable	71,507	58,329
Beneficial conversion feature	31,415	44,386
Note Payable	30,000	60,000
Convertible notes payable, net of debt discount	85,000	133,000
Accounts payable & advances-related party	161,706	170,000

Total current liabilities	1,271,176	896,035
Total long term liabilities	-	-
Total liabilities	1,271,176	896,035

See notes to the consolidated financial statements

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NEXT GENERATION MANAGEMENT CORP.

BALANCE SHEETS - continued

SEPTEMBER 30, 2014 AND DECEMBER 31, 2013

(continued)

DEFICIENCY IN STOCKHOLDERS' EQUITY

Common stock, par value \$0.001 per share; 999,000,000 shares authorized, 257,996,094 and 125,996,094 shares issued and outstanding	257,996	125,996
Preferred stock Series A, \$0.001 par value, 500,000 shares authorized, zero issued and outstanding	-	-
Preferred stock Series B, \$0.001 par value, 500,000 Shares authorized, zero issued and outstanding	-	-
Additional paid in capital	19,489,197	17,978,597
Accumulated deficit	(20,758,881)	(18,913,525)
Total stockholders' (deficit)	(1,011,688)	(808,932)
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$266,828	 \$87,103

See notes to the consolidated financial statements

NEXT GENERATION MANAGEMENT CORP.**STATEMENTS OF OPERATIONS****FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013****(UNAUDITED)**

	Three months ended September 30,	
	2014	2013
REVENUES:		
Royalty income	\$490	\$390
Consulting fees	30,000	-
Total revenue	30,490	390
OPERATING EXPENSES:		
General & administrative	256,769	68,720
Total operating expenses	256,769	82,679
(LOSS) FROM OPERATIONS	(226,279)	(68,326)
OTHER INCOME AND EXPENSES:		
Bad debt expense	(262,341)	-
(Loss) on note conversion to stock	(333,600)	-
Rental income	42,000	-
Gain (loss) on beneficial conversion	10,298	516,834
Interest expense	(3,853)	(5,567)
Total other income and expenses	(547,496)	511,267
Net Income (loss) before income taxes	(773,775)	442,941
Provision for income taxes	-	-
NET INCOME (LOSS)	\$(773,775)	\$442,941
Net income/(loss) per common share-basic (Note A)	\$(0.003)	\$0.004
Net income/(loss) per common stock-assuming fully diluted (Note A)	(see Note A)	0.003
Weighted average number of common shares outstanding-basic	245,278,703	125,996,094
Weighted average number of common shares outstanding-fully diluted	(see Note A)	133,348,182

See notes to the consolidated financial statements.

NEXT GENERATION MANAGEMENT CORP.**STATEMENTS OF OPERATIONS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013****(UNAUDITED)**

	Nine months ended September 30,	
	2014	2013
REVENUES:		
Royalty income	\$2,220	\$715
Consulting fees	50,000	-
Total revenue	52,220	96
OPERATING EXPENSES:		
Administrative	1,189,428	185,016
Total operating expenses	1,189,428	(185,016)
(LOSS) FROM OPERATIONS	(1,137,208)	(184,301)
OTHER INCOME AND EXPENSES:		
Bad debt expense	(262,341)	-
Gain (loss) on note conversion to stock	(514,928)	(603,500)
Rental income	70,000	-
Gain (loss) on beneficial conversion	12,971	(461,792)
Interest expense	(13,850)	(19,948)
Loss on debt restructuring	-	-
Total other income and expenses	(708,148)	(1,085,240)
Net Income (loss) before income taxes	(1,845,356)	(1,269,541)
Provision for income taxes	-	-
NET (LOSS)	\$(1,845,356)	\$(1,269,541)
Net income/(loss) per common share-basic (Note A)	\$(0.008)	\$(0.01)
Net income/(loss) per common stock-assuming fully diluted (Note A)	(see Note A)	(see Note A)
Weighted average number of common shares outstanding-basic	221,395,361	119,368,674
Weighted average number of common shares outstanding-fully diluted	(see Note A)	(see Note A)

See notes to consolidated financial statements.

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NEXT GENERATION MANAGEMENT CORPORATION**STATEMENTS OF STOCKHOLDERS' EQUITY**

	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Accum. Deficit	Total
Balance December 31, 2013	125,996,094	\$125,996	\$17,978,597	\$(18,913,525)	\$(808,932)
Shares issued for debt-Actual Investments	10,000,000	10,000	132,000	-	142,000
Shares issued for debt-Related party	20,000,000	20,000	240,000	-	260,000
Shares issued for consulting fee	30,000,000	30,000	262,000	-	292,000
Shares issued for consulting-related party	20,000,000	20,000	320,000	-	340,000
Conversion of convertible notes	40,000,000	40,000	412,600	-	452,600
Shares issued for accrued wages	12,000,000	12,000	144,000	-	156,000
Net (loss)	-	-	-	(1,845,356)	(1,845,356)
Balance Sept. 30, 2014	257,996,094	257,996	19,489,197	(20,758,881)	(1,011,688)

See notes to the consolidated financial statements.

**NEXT GENERATION MANAGEMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013**

	(Unaudited) 2014	(Unaudited) 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$(1,845,356)	\$(1,712,482)
(Gain) loss on beneficial conversion	(12,971)	603,500
(Gain) loss on debt conversion	514,928	978,626
Shares issued for services	632,000	-
Bad debt expense	262,341	-
Adjustments to reconcile net income to net cash Provided by operating activities:		
(Increase) in assets		
Prepaid expenses	(8,032)	-
Rent receivable	(48,000)	-
Security deposit	(24,000)	-
Increase (decrease) in liabilities		
Accounts payable	319,476	(404)
Accounts payable related	211,706	-
Accrued interest	13,850	14,381
Accrued expenses	213,751	92,500
Net cash flows provided (used) by operating activities	229,693	(23,879)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advance to H2H	(207,000)	-
Net cash flows (used) by investing activities	(207,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes payable	-	30,000
Advances	125,000	-
Net cash flows provided by financing activities	125,000	30,000
NET INCREASE IN CASH	147,693	6,121
CASH, BEGINNING OF PERIOD	1,173	528
CASH, END OF PERIOD	\$ 148,866	\$6,649

See notes to the consolidated financial statements.

**NEXT GENERATION MANAGEMENT CORPORATION
STATEMENTS OF CASH FLOWS - continued
FOR THE SIX MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013**

	(Unaudited) 2014	(Unaudited) 2013
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:	\$ -	\$ -
Taxes	-	-
Interest	-	-
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Shares issued in payment of notes payable	142,000	-
Shares issued in payment of notes payable – related	260,000	-
Shares issued in conversion of convertible debt	452,600	17,000
Shares issued in payment of consulting fees	632,000	-
Shares issued in compensation	156,000	-

See notes to the consolidated financial statements.

NEXT GENERATION MANAGEMENT CORP.

NOTES TO FINANCIAL STATEMENTS

September 30, 2014 (unaudited)

NOTE A - SUMMARY OF ACCOUNTING POLICIES

General

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Accordingly, the results from operations for the three and nine month periods ended September 30, 2014 are not necessarily indicative of the results that may be expected for the year ended December 31, 2013. The unaudited consolidated financial statements should be read in conjunction with the consolidated December 31, 2013 financial statements and footnotes thereto included in the Company's SEC Form 10-K.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Business and Basis of Presentation

The Company was incorporated in the State of Nevada in November 1980 as Micro Tech Industries, with an official name changes to Next Generation Media Corporation in April 1997, to Next Generation Energy Corporation in July 2010 and Next Generation Management Corp. on June 19, 2014. The Company has historically been an independent oil and natural gas company engaged in the exploration, development, and production of predominantly natural gas properties located onshore in the United States. In March 2011, the Company acquired 1,220 acres of mineral leases in Knox County, Kentucky, containing 10 shut-in wells, and is in the process of investigating other acquisitions of oil and gas properties in the same area. We continue to specialize in oil and natural gas assets, however, our Board of

Directors recently approved a plan to redirect resources and to focus our core business on the medical marijuana industry. The Company would focus on providing turnkey facilities including management, accounting and security services. In addition, the Company's wholly owned subsidiary, NextGen Cannabis Consulting LLC, entered into a lease for a new medical marijuana dispensary in Hollywood, California.

Use of Estimates

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

Condensed consolidated interim period results are not necessarily indicative of results of operations or cash flows for the full year and accordingly, certain information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States has been condensed or omitted. The Company has evaluated events or transactions through the date of issuance of these condensed consolidated financial statements

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

Cash Equivalents

For the purpose of the accompanying financial statements, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

Property and Equipment other than Oil and Natural Gas Properties

Property and equipment are stated at cost. The cost of normal maintenance and repairs is charged to operating expense as incurred. Material expenditures, which increase the life of an asset, are capitalized and depreciated over the estimated remaining useful life of the asset. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives as follows:

Furniture and fixtures	5 years
Office equipment	3 to 5 years
Manufacturing equipment	3 to 10 years
Buildings	40 years

Gas and Oil Properties

At March 31, 2011, the Company had completed the acquisition of 1,220 acres of mineral leases containing 10 shut-in well sin Knox County, Kentucky. The Company is currently negotiating with an operator to convert the leases into a royalty agreement.

Asset Retirement Obligations

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

Depletion

Oil and gas producing property costs are amortized using the unit of production method. The Company did not record any amortization expense in the three and nine month periods ended September 30, 2014 and 2013.

Research and Development

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development (“ASC 730-10”). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company did not incur expenditures on research and product development for the three and nine month periods ended September 30, 2014 and 2013.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

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. During the three and nine month periods ended September 30, 2014 and 2013, the Company did not recognize any impairment.

Income Taxes

The Company has adopted Accounting Standards Codification 740 Income Taxes (ASC 740) which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes are insignificant.

Advertising

The Company follows the policy of charging the costs of advertising to expenses as incurred. The Company charged to operations no advertising costs for the three and nine month periods ended September 30, 2014 and 2013, respectively.

Comprehensive Income

Accounting Standards Codification 220 Comprehensive Income (ASC 220) establishes standards for reporting and displaying of comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Among other disclosures, ASC 220 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The Company does not have any items of comprehensive income in any of the periods presented.

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 three and nine month periods ended September 30, 2014 and 2013 was nil.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - continued

Net income (loss) per share

The weighted average shares outstanding used in the basic net income per share computations for the three and nine month periods ended September 30, 2014 was 245,278,703 and 221,395,361, respectively. The diluted shares outstanding for the three and nine month periods ended September 30, 2014 was 364,730,844 and 308,247,566. In determining the number of shares used in computing diluted loss per share for the three and nine month periods ended September 30, 2014 and 2013, common stock equivalents derived from shares issuable from the exercise of stock options are not considered in the calculation of the weighted average number of common shares outstanding because they would be antidilutive, thereby decreasing the net loss per share.

Liquidity

As shown in the accompanying financial statements, the Company had a loss from operations of (\$226,279) and (\$1,137,208) during the three and nine month periods ended September 30, 2014. The Company's total liabilities exceeded its total assets by \$1,011,688 as of September 30, 2014.

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. The Company periodically reviews its trade receivables in determining its allowance for doubtful accounts.

Fair Values

Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The carrying amount reported in the consolidated condensed balance sheets for accounts receivables, accounts payable and accrued expenses and put liability approximates fair value because of the immediate or short-term maturity of these financial instruments. The carrying amount reported in the

accompanying condensed consolidated balance sheets for line of credit approximates fair value because the actual interest rates do not significantly differ from current rates offered for instruments with similar characteristics.

We use fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Cash, short term investment, warrants and reset derivatives are recorded at fair value on a recurring basis. In accordance with Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures (“ASC 820”), we group our assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Reclassifications

Certain reclassifications have been made in prior year's financial statements to conform to classifications used in the current year.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the parent company, Next Generation Management Corp. and its subsidiaries Next Generation Royalties, LLC and Next Generation Cannabis Consulting, LLC. All inter-company balances and transactions have been eliminated in consolidation.

NOTE B - NOTES PAYABLE

Notes payable at September 30, 2014 and December 31, 2013 consists of the following:

	Sept. 30, 2014	December 31, 2013
Note payable-Forge, LLC, bearing interest at 18.00% per annum, the loan is payable at maturity in July 2012 plus accrued interest. (1)	74,000	80,000
Note payable – Actual Investments, LLC, bearing interest at 6% per annum, all principal and accrued interest is payable at maturity in October 2013. (2)	30,000	30,000
Note payable – Actual Investments, LLC, bearing interest at 6% per annum, all principal and accrued interest is payable at maturity in March 2014. (3)	-	30,000
Note payable – Actual Investments, LLC, bearing interest at 8% per annum, all principal and accrued interest is payable at maturity in September 2013. (4)	11,000	53,000
Total notes payable	115,000	193,000
Less: current maturities	115,000	193,000
Long term portion	\$-	\$-

Obligation to Forge, LLC for \$150,000, bearing interest at 18.00% per annum, the loan is payable at maturity in July 2012 plus accrued interest. The note is secured by certain oil and gas properties owned by Knox Gas, LLC, a subsidiary of the Company. The note is convertible to common stock at a conversion price equal to 75% of the average of the closing prices of the Common Stock for the 10 trading days immediately preceding a conversion date. The balance outstanding at March 31, 2013 was \$150,000 plus accrued interest of \$40,563. Our obligation to Forge, LLC contains an embedded beneficial conversion feature since the fair value of our common stock on the date of issuance was in excess of the effective conversion price. The embedded beneficial conversion feature was (1) recorded by allocating a portion of the proceeds equal to the intrinsic value of the feature to “Additional paid-in-capital”. The intrinsic value of the feature is calculated on the issuance date by multiplying the difference between the quoted market price of our common stock and the effective conversion price by the number of common shares into which the note may be converted. The resulting discount on the immediately convertible shares is recorded within “Additional paid-in capital” and is amortized over the period from the date of issuance of the to the stated maturity date. The amount of the discount was \$50,000, of which \$22,055 was amortized in 2010 and the balance in 2011. On May 24th, 2013, \$70,000 of the note was sold and assigned to Actual Investments, LLC.

(2) The company entered into a promissory note with Actual Investment, LLC on November 27, 2012. The note is unsecured and accrues interest 6% per annum payable on maturity October 26, 2013.

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- (3) The Company entered into a promissory note with Actual Investment, LLC on March 13, 2013. The note is unsecured and accrues interest 6% per annum payable on maturity March 12, 2014.

- (4) On May 24, 2013 Actual Investments, LLC entered into a contemporaneous Agreement with Forge, LLC and the company. Actual Investments, LLC purchased \$70,000 of the outstanding obligation to Forge, LLC as describe in subscript (1) and the note is subject to new terms agreed upon between the company and Actual Investments, LLC. Actual Investments, LLC has the option to purchase the remainder of the Forge, LLC debt. The obligation between the company and Actual Investments, LLC bears interest at 8% per annum and was payable at maturity in September 2013 plus accrued interest.

NOTE C – OPTIONS

Non-Employee Stock Options

The weighted average remaining contractual life of the options and warrants issued by the Company as of September 30, 2014 is set forth below:

Date of Issuance	Number of Options/Warrants	Exercise Price	Contractual Life	Weighted Average Remaining Contractual Life (Years)
October 22, 2010	800,000	0.30	5 years	1.06

Transactions involving stock options issued are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2013	800,000	\$ 0.30
Granted	-	-
Exercised	-	-
Canceled or expired	-	\$ -
Outstanding at September 30, 2014	800,000	\$ 0.30

NOTE D - INCOME TAXES

The Company has adopted Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns.

Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes are insignificant. Management has provided a valuation allowance for the total net deferred tax assets as of September 30, 2014, as they believe it is more likely than not that the entire amount of deferred assets will not be realized. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history of the Company; it is more likely than not that the benefits will not be realized in the near future.

NOTE E – COMMON STOCK

At September 30, 2014, the Company's authorized capital stock was 999,000,000 shares of common stock, par value \$0.001 per share, and 1,000,000 shares of preferred stock, par value \$0.001 per share. On that date, the Company had outstanding 257,996,094 shares of common stock, and no shares of preferred stock.

NOTE F - CONVERTIBLE PROMISSORY NOTES PAYABLE

The Company entered into a Convertible Promissory Note on July 23, 2010 with Forge, LLC. The Convertible Promissory Note accrues interest at 18% per annum which is payable and due quarterly, and matured on July 23, 2012. The note holders have the option to convert any unpaid note principal and accrued interest to the Company's common stock at a rate of 75% of the average closing price of the last ten days of trading any time after the issuance date of the note.

On May 24, 2013 Actual Investments, LLC entered into a contemporaneous Agreement with Forge, LLC and the Company. Actual Investments, LLC purchased \$70,000 of the outstanding obligation to Forge, LLC and the note is subject to new terms agreed upon between the Company and Actual Investments, LLC. Actual Investments, LLC has the option to purchase the remainder of the Forge, LLC debt. Modifications included adjusting the interest rate and conversion price to 8% per annum and \$.0014 per share, respectively. The restructuring resulting in the Company recognizing a loss on the restricting of \$4,420,171 or (\$.04) per common stock.

In May 2013, the note holder converted \$17,000 of the note into 12,142,857 shares of common stock. In February 2014, another \$6,000 was converted into 10,000,000 shares of common stock. In July of 2014, another \$14,000 was converted into 10,000,000 shares of common stock. In September 2014, another \$16,800 was converted into 12,000,000 shares of common stock.

In accordance ASC 470-20, the company allocated, on a relative fair value basis, the net proceeds amongst the common stock, convertible notes and warrants issuable to the investors. During the nine months ended September 30, 2014 and 2013 the Company recognized a gain of \$12,971 and a loss of \$461,792 in the beneficial conversion feature, respectively.

NOTE G – 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 three and nine month periods ended September 30, 2014, the Company incurred an operating loss of (\$226,279) and (\$1,137,208). The loss was primarily due to loss on the conversion of a portion of convertible notes payable to common stock and the issuance of shares of common stock for services. The Company has a deficiency in stockholder's equity of (\$1,011,688) and (\$808,932) at September 30, 2014 and December 31, 2013, respectively. These factors among others may indicate that the Company will be unable to continue as a going concern.

NOTE H – RELATED PARTY TRANSACTIONS

In February of 2014, the Company issued 20,000,000 shares of common stock valued at \$260,000 to the spouse of the President of the Company to repay an advance of \$46,000 and consulting fees of \$214,000.

On February 3, 2014, the Company issued 20,000,000 shares of common stock valued at \$340,000 to the Company President's brother for consulting services.

On February 14, 2014, the Company issued 2,000,000 shares to the Company President valued at \$26,000 for accrued wages. In addition, 10,000,000 shares of common stock were issued to an employee for \$130,000 of accrued wages.

NOTE I- COMMITMENTS

In April 2014, the Company entered into a lease for space to operate a dispensary. The lease calls for monthly rent payments of \$8,000 and expires on April 30, 2016.

NOTE J - SUBSEQUENT EVENTS

Management has evaluated the Company's activity since the end of the period on June 30, 2014, and in their opinion has determined that the following material subsequent event occurred that would require disclosure in the financial statements. On October 21, 2014, Actual Investments LLC converted \$11,000 of its convertible promissory note in exchange for 7,857,143 shares of the Company's common stock valued at \$62,857.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Disclosure Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q includes forward looking statements ("Forward Looking Statements"). All statements other than statements of historical fact included in this report are Forward Looking Statements. In the normal course of its business, the Company, in an effort to help keep its shareholders and the public informed about the Company's operations, may from time-to-time issue certain statements, either in writing or orally, that contain or may contain Forward-Looking Statements. Although the Company believes that the expectations reflected in such Forward Looking Statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, past and possible future, of acquisitions and projected or anticipated benefits from acquisitions made by or to be made by the Company, or projections involving anticipated revenues, earnings, levels of capital expenditures or other aspects of operating results. All phases of the Company operations are subject to a number of uncertainties, risks and other influences, many of which are outside the control of the Company and any one of which, or a combination of which, could materially affect the results of the Company's proposed operations and whether Forward Looking Statements made by the Company ultimately prove to be accurate. Such important factors ("Important Factors") and other factors could cause actual results to differ materially from the Company's expectations are disclosed in this report. All prior and subsequent written and oral Forward Looking Statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Important Factors described below that could cause actual results to differ materially from the Company's expectations as set forth in any Forward Looking Statement made by or on behalf of the Company.

General Overview

During the quarter ended March 31, 2010, the Company decided to cease operations at its United Marketing Solutions, Inc. subsidiary because of continued operating losses and the termination of all franchise relationships. As a result of the termination of operations, the Company decided to dispose of United Marketing Solutions, Inc. Accordingly, in 2011 the results of United Marketing Solutions, Inc. are presented separately on the consolidated income statement as discontinued operations.

Since termination of operations at United Marketing Solutions, Inc., the Company has decided to acquire a portfolio of properties that contain valuable natural resources, such as natural gas, oil and coal. The Company's strategy is to acquire properties that are distressed, undervalued or underutilized at prices it believes are below fair market value. The Company will then provide long term leases to leading natural gas, oil field development firms and coal extractors (lessees) to efficiently extract the resources while Company focuses on growing its portfolio of

properties. In the quarter ended March 31, 2011, the Company acquired its first collection of oil and gas leases in Knox County, Kentucky.

We continue to specialize in oil and natural gas assets, however, our Board of Directors recently approved a plan to redirect resources and to focus our core business on the medical marijuana industry. The Company would focus on providing turnkey facilities including management, accounting and security services. In addition, the Company's wholly owned subsidiary, NextGen Cannabis Consulting LLC, entered into a lease for a new medical marijuana dispensary in Hollywood, California.

Results of Operations

During the three month periods ended September 30, 2014 and 2013, the Company's revenues were \$30,490 and \$390 respectively.

During the three months ending September 30, 2014, our operating expenses were \$256,279, as compared to \$82,679 for the three months ending September 30, 2013. As a result, the Company had operating losses of (\$226,279) and (\$68,326) in the three months ended September 30, 2014 and 2013, respectively

In the three months ended September 30, 2014 and 2013, the Company recorded other net income (expense) of (\$547,496) and \$511,267, respectively.

The Company realized a net loss for the three months ended September 30, 2014 of (\$773,775) as compared to a net income of \$442,941 in the three months ended September 30, 2013.

Liquidity and Sources of Capital

The Company's balance sheet as of September 30, 2014 reflects current assets of \$149,558, current liabilities of \$1,271,176 and a working capital deficit of (\$1,011,688).

The Company will need to raise capital to meet its working capital and financing needs. Our ability to become profitable is dependent on the receipt of revenues from our oil and gas wells greater than our operational expenses. We acquired our first oil and gas properties in March 2011, which consist of ten shut-in wells which are not currently generating any revenues. Our wells are connected to a gas gathering system that we share with approximately 125 other wells that are owned by the creditors of the former operator of the field. We do not need any additional capital to resume operations at the shut-in wells; however, we are dependent on the owner of the other 125 wells in the field resuming operations, over which we have no control, before we can resume operations at our wells. In addition, our geologist estimates that more wells could be drilled on our leases, and we would need capital to drill the wells if we decide to drill them ourselves. In 2011, we also acquired royalty interests in four wells on three properties, which have produced minimal revenues for us to date.

We need to raise additional capital in order to make additional acquisitions of oil and gas properties and/or pursue our turnkey services in the cannabis industry. In addition, we need to raise additional capital to finance our ongoing legal, auditing and administrative costs until we generate sufficient revenues from our oil and gas properties to pay those expenses. While we expect to pay for certain of our ongoing administrative expenses through the deferral of salaries or the issuance of shares of common stock to satisfy the expense, there are some expenses that we cannot defer and cannot satisfy from the issuance of common stock. We estimate that we will need to raise approximately \$75,000 to pay expenses that we will incur over the next year which cannot be deferred or satisfied with common stock.

Going Concern

Our financial statements have been presented on the basis that we continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, we incurred loss from operations in the three months ended September 30, 2014, and only have revenues of \$52,220 for 2014. These factors create an uncertainty about our ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Estimates

Our significant accounting policies are described in Note A of Notes to Financial Statements. At this time, we are not required to make any material estimates and assumptions that affect the reported amounts and related disclosures of assets, liabilities, revenue, and expenses. However, as we begin actual oil and gas operations, we will be required to make estimates and assumptions typical of other companies in the oil and gas business.

For example, we will be required to make critical accounting estimates related to future oil and gas prices, obligations for environmental, reclamation, and closure matters, mineral reserves, and accounting for business combinations. The estimates will require us to rely upon assumptions that were highly uncertain at the time the accounting estimates are made, and changes in them are reasonably likely to occur from period to period. Changes in estimates used in these and other items could have a material impact on our financial statements in the future.

Our estimates will be based on our experience and our interpretation of economic, political, regulatory, and other factors that affect our business prospects. Actual results may differ significantly from our estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISK.

Because the Company is a smaller reporting company, it is not required to provide the information called for by this Item.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Darryl Reed, our chief executive officer and chief financial officer, is responsible for establishing and maintaining our disclosure controls and procedures. Disclosure controls and procedures means controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in those reports is accumulated and communicated to the our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of September 30, 2014. Based on that evaluation, our chief executive officer and chief financial officer concluded that, as of the evaluation date, such controls and procedures were not effective due to insufficient segregation of duties of incompatible functions and the lack of specific fraud controls.

Changes in internal controls

There were no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II.

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

Not Applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The Company issued 10,000,000 shares of common stock to Actual Investments in exchange for debt.

The Company issued 20,000,000 shares of common stock to a related party in exchange for debt.

The Company issued 30,000,000 shares of common stock to a consultant as consideration for consulting services.

The Company issued 20,000,000 shares of common stock to a related party as consideration for consulting services.

The Company issued 18,000,000 shares of common stock in connection with the conversion of convertible notes.

The Company issued 12,000,000 shares of common stock in exchange for the conversion of accrued wages.

The above securities were offered and sold to the parties in private placement transactions made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933 and/or Rule 506 promulgated thereunder. Each of the parties are accredited investors as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable

ITEM 5. OTHER INFORMATION.

Not Applicable.

ITEM 6. EXHIBITS.

31*Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer and Chief Financial Officer

32* Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

NEXT GENERATION MANAGEMENT CORP.

Date: November 18, 2014 By: */s/ Darryl Reed*

Darryl Reed, Chief Executive Officer

(principal executive officer and principal financial and accounting officer)