

AMPLIFY RESOURCES, INC.

Audit of Financial Statements

June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 04 2012

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Independent Auditor's Report

To the Board of Directors
Amplify Resources, Inc.
Mandeville, Louisiana

We have audited the accompanying statement of financial position of Amplify Resources, Inc. (the Organization), a non-profit organization, as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 11 to the financial statements, the Organization has suffered recurring significant reductions in grant, program and donation revenues and has a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plan regarding these matters are also described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2012, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

March 27, 2012

AMPLIFY RESOURCES, INC.
Statement of Financial Position
June 30, 2011

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 6,191
Accounts Receivable	5,945
Temporarily Restricted Investments	<u>1,680</u>
Total Current Assets	<u>13,816</u>
Property and Equipment	
Land	26,128
Office Equipment	17,130
Computers	6,378
Furniture and Fixtures	<u>4,698</u>
Total at Cost	54,334
Less: Accumulated Depreciation	<u>(20,753)</u>
Total Property and Equipment, Net	<u>33,581</u>
Other Assets	
Permanently Restricted Investments	<u>3,000</u>
Total Assets	<u><u>\$ 50,397</u></u>
Liabilities and Net Assets (Deficit)	
Current Liabilities	
Accounts Payable	\$ 86,917
Payroll Liabilities	<u>4,579</u>
Total Current Liabilities	<u>91,496</u>
Net Assets (Deficit)	
Unrestricted	(45,779)
Temporarily Restricted	1,680
Permanently Restricted	<u>3,000</u>
Total Net Assets (Deficit)	<u>(41,099)</u>
Total Liabilities and Net Assets (Deficit)	<u><u>\$ 50,397</u></u>

The accompanying notes are an integral part of these financial statements

AMPLIFY RESOURCES, INC.
Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Grants and Contracts	\$ 201,126	\$ -	\$ -	\$ 201,126
Program Fees	112,030	-	-	112,030
Speaker Income	32,225	-	-	32,225
Donations	20,016	-	-	20,016
Other Income	2,695	-	-	2,695
Investment Income	-	214	-	214
Total Support and Revenue	368,092	214	-	368,306
Expenses				
Program Services				
Prevention Programs	383,362	-	-	383,362
Total Program Services	383,362	-	-	383,362
Supporting Services				
Management and General	46,001	-	-	46,001
Total Supporting Services	46,001	-	-	46,001
Total Expenses	429,363	-	-	429,363
Change in Net Assets	(61,271)	214	-	(61,057)
Net Assets, Beginning of Year As Previously Reported	(10,636)	1,466	3,000	(6,170)
Prior Period Adjustment				
Land Donation in a Prior Year	26,128	-	-	26,128
Net Assets, Beginning of Year As Restated	15,492	1,466	3,000	19,958
Net Assets (Deficit), End of Year	\$ (45,779)	\$ 1,680	\$ 3,000	\$ (41,099)

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

AMPLIFY RESOURCES, INC.
Statement of Cash Flows
For the Year Ended June 30, 2011

Cash Flows from Operating Activities	
Change in Net Assets	\$ (61,057)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation	3,637
Bad Debt	32
Increase in Fair Market Value of Investments	(214)
Increase in Accounts Receivable	(1,635)
Increase in Accounts Payable and Payroll Liabilities	<u>55,424</u>
Net Cash Used in Operating Activities	<u>(3,813)</u>
Net Decrease in Cash and Cash Equivalents	(3,813)
Cash and Cash Equivalents, Beginning of Year	<u>10,004</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,191</u>

The accompanying notes are an integral part of these financial statements

AMPLIFY RESOURCES, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Amplify Resources, Inc (the Organization) was incorporated September 29, 1986. The Organization serves communities in St. Tammany and Washington Parishes in Louisiana by providing leadership training, family life skills, education and prevention programs designed to reduce the illegal use of alcohol, tobacco and other drugs.

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

Financial Statement Presentation

The Organization follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

The Organization also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions are classified as unrestricted if the restriction was met in the same year the contribution was made

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Organization are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Cash, Cash Equivalents and Investments

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Investments are stated at fair market value in accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB ASC. Interest income is recognized when earned.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets.

Furniture and Equipment	5 - 7 Years
Computers and Office Equipment	3 - 5 Years

The Organization capitalizes substantially all assets whose useful lives extend beyond a one year period

AMPLIFY RESOURCES, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a tax-exempt, non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes in the accompanying financial statements.

The Organization follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC. All tax returns have been appropriately filed by the Organization. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization had no tax interest and penalties for the year ended June 30, 2011.

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2007 through 2009. Management evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Functional Expenses

Certain functional expenses have been allocated between program services and supporting services based on actual cost incurred for the related activities.

Note 2. Accounts Receivable

The detail of accounts receivable as of June 30, 2011, was as follows.

Parent Pledges	\$	3,800
Make a Difference Celebration Fundraiser		1,556
St Tammany Parish Sheriff's Office		<u>589</u>
Total	\$	<u>5,945</u>

Accounts receivable at June 30, 2011, are considered to be fully collectible and due within one year.

AMPLIFY RESOURCES, INC.

Notes to Financial Statements

Note 3. Investment Securities

In accordance with the *Not-for-Profit Entities* Topic of the FASB ASC, investments are stated at their fair value, which is determined in all cases by the published market prices

The composition of investment securities by category as of June 30, 2011, was as follows:

Mutual Funds	
Intermediate-Term Bond	<u>\$ 4,680</u>

Net appreciation in fair value of investments for the year ended June 30, 2011, was \$214.

Note 4. Fair Values Measurements

The Organization adopted the *Fair Value Measurements and Disclosures* Topic of the FASB ASC (ASC 820) for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the Organization. In addition, the fair value of liabilities should include consideration of non-performance risk including its own credit risk

In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are

- **Level 1** - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 includes listed equity and debt securities.
- **Level 2** - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include less liquid and restricted equity securities and over-the-counter derivatives

AMPLIFY RESOURCES, INC.

Notes to Financial Statements

Note 4. Fair Values Measurements (Continued)

- Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category include general and limited partnership interests in corporate private equity funds and funds of hedge funds.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the quoted net asset values of the shares at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used during the year ended June 30, 2011.

The valuation of the Organization's investments by the above fair value hierarchy at June 30, 2011, was as follows

	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds	4,680	-	-	4,680
Total	\$ 4,680	\$ -	\$ -	\$ 4,680

Note 5. Lease Obligations

The Organization occupies and operates its main office in Mandeville, Louisiana. On June 1, 2011, the Organization entered into a one-year lease agreement, which required monthly payments of \$795 plus common area maintenance charges of \$281. This lease will expire May 31, 2012. Rent expense included in the accompanying financial statements for this lease was \$10,823 for the year ended June 30, 2011.

AMPLIFY RESOURCES, INC.

Notes to Financial Statements

Note 5. Lease Obligations (Continued)

Estimated minimum future lease payments on the above lease are as follows for the year ended:

June 30, 2012	<u>\$ 13,851</u>
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Note 6. Concentration

The Organization receives the majority of its funding through federal, state and local grants and contracts with durations of one year or less.

Note 7. Restricted Assets

The Organization received a donation of \$3,000 in a previous year, which is held in an investment account. The principle of this balance is permanently restricted. The investment income earned, however, can be used for scholarships and is reflected as temporarily restricted.

Note 8. Fixed Assets

All assets acquired with Florida Parishes Human Services Authority funds are owned by the Organization while used in the program for which they were purchased. The Florida Parishes Human Services Authority, however, has a reversionary interest in these assets. Should these contracts not be renewed, title to any assets purchased with those funds will transfer to the appropriate agency. Depreciation expense for the year ended June 30, 2011, was \$3,637

Note 9. Pension Plan

The Organization offers a defined contribution pension plan covering all employees with annual compensation of \$5,000 or more. All eligible employees have the option to contribute up to the maximum amount as permitted by the Internal Revenue Service. The Organization matches up to 3% of all covered employees' salaries annually. Pension expense amounted to \$1,955 for the year ended June 30, 2011, which is allocated between program and supporting services in the accompanying financial statements

AMPLIFY RESOURCES, INC.

Notes to Financial Statements

Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 27, 2012, and determined that the following events occurred that require disclosure.

On October 20, 2011, the Organization entered into a loan agreement with a financial institution. The loan was opened with a balance of \$23,787 and carries a 5.75% interest rate. The loan matures on October 20, 2012. The loan is collateralized by real estate in St. Tammany Parish owned by the Organization.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 11. Deficit in Net Assets

As indicated in the financial statements, the Organization had a deficit in net assets of \$41,099 as of June 30, 2011. This deficit is attributable to losses the Organization incurred in 2011 of \$61,057, in 2010 of \$23,043, and in 2009 of \$123,666. These losses were partially due to the Organization paying for a facility out of pocket for their annual summer camp that had been donated to them in previous years. Additional factors include continued reductions in grant, program and donation revenues related to budget cuts and current economic conditions.

The Organization has taken several steps towards decreasing expenses and increasing their revenues. These efforts include reducing personnel cost, reducing rent by relocating, increasing summer camp fees, applying for new grant contracts, and increasing fundraising efforts. However, despite all efforts, the Organization has incurred net losses for all of the past three years. Management will continue to monitor their financial position throughout the upcoming year and will work towards mitigating the current year deficit in net assets in subsequent years.

Note 12. Prior Period Adjustment

The Organization previously excluded a parcel of land that was donated to the Organization on February 21, 1991 from the financial statements. Effective July 1, 2010, the Organization reported the land at the estimated fair value at the date of donation.

The retained earnings for the year ended June 30, 2010, have been restated to correct the error and reflect the correct property and equipment balance.

SUPPLEMENTARY INFORMATION

AMPLIFY RESOURCES, INC.
Schedule of Functional Expenses
For the Year Ended June 30, 2011

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Prevention</u>	<u>Management</u>	
	<u>Programs</u>	<u>and General</u>	<u>Total</u>
Salaries and Benefits	\$ 123,367	\$ 30,516	\$ 153,883
Facilitator	87,767	-	87,767
Lodging	77,398	-	77,398
Supplies	44,949	3,106	48,055
Travel	14,784	404	15,188
Rent	9,200	1,623	10,823
Utilities and Telephone	6,188	1,091	7,279
Professional Services	-	7,200	7,200
Other	4,594	-	4,594
Insurance	3,870	682	4,552
Youth Activities	4,171	-	4,171
Depreciation	3,637	-	3,637
Printing	2,095	356	2,451
Training	1,083	-	1,083
Dues and Subscriptions	24	633	657
Postage	203	390	593
Bad Debt Expense	32	-	32
Total	\$ 383,362	\$ 46,001	\$ 429,363

AMPLIFY RESOURCES, INC.
Schedule of Grants and Contracts
For the Year Ended June 30, 2011

	Grant or Contract #	Amount
State of Louisiana		
Florida Parishes Human Services Authority		
Life Skills	692899	\$ 189,300
Tangipahoa Alcohol & Drug Abuse Council - SYNAR		2,260
St. Tammany Parish School Board		
Second Chance		<u>9,566</u>
Total		<u><u>\$ 201,126</u></u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Amplify Resources, Inc.
Mandeville, Louisiana

We have audited the financial statements of Amplify Resources, Inc. (the Organization), a non-profit organization, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Amplify Resources, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amplify Resources, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Amplify Resources, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2011 - 1 and 2011 - 2 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2011 - 3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amplify Resources, Inc's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, identified as item 2011 - 4.

Amplify Resources, Inc's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Amplify Resources, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

March 27, 2012

AMPLIFY RESOURCES, INC.
Schedule of Findings and Responses
For the Year Ended June 30, 2011

2011 - 1 Financial Statement Preparation

Issue: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Organization's annual financial statements. This condition is intentional by management based upon the Organization's lack of financial complexity, along with the cost prohibitive nature of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been fully implemented.

Criteria: Internal controls over financial reporting are necessary in order for management, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Effect: Under generally accepted auditing standards (GAAS), this condition represents a material weakness in internal control over financial reporting. GAAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Cause: Management, in the normal course of performing their assigned functions, cannot prevent or detect misstatements on a timely basis.

Recommendation: We recommend the Organization obtain the necessary understanding and ability to prepare the financial statements and related footnotes.

Management's Response. Management has determined that the most cost effective and prudent use of the Organization's funds is to engage the auditor to prepare the Organization's financial report. As such, we feel no action by the Organization is necessary at this time.

AMPLIFY RESOURCES, INC.
Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2011

2011 - 2 Segregation of Duties

- Issue:* The Executive Director performs incompatible duties of recording and making deposits, posting transactions to the general ledger, and reconciling bank accounts.
- Critera:* Segregation of duties ensures the safeguard of assets.
- Effect:* The inadequate segregation of duties described above results in weaker internal controls
- Cause:* Due to the cost/benefit of hiring additional personnel, the Organization has a difficult time in segregating duties to support effective internal controls over financial reporting.
- Recommendation:* Management should revisit some of the incompatible duties currently being performed to determine if there is any way of changing procedures to segregate duties as much as practical
- Management's Response:* Management will consider the cost/benefit of hiring additional staff to help segregate some duties and make changes as deemed appropriate.

AMPLIFY RESOURCES, INC.
Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2011

2011 - 3 Unrecorded Balance Sheet Transaction

Issue: For the year ended June 30, 2011, the auditors became aware of a parcel of land that was donated to the Organization more than 20 years ago.

Criteria: Nonconformity with accounting principles generally accepted in the United States of America

Effect: Balance sheet accounts have been understated since the act of donation. Revenue was understated during the year of donation. The amount was recorded as a prior period adjustment in the current year.

Cause: Management had not recorded the parcel of land during prior years due to oversight.

Recommendation: Management should ensure that all unrecorded balance sheet transactions are recorded.

Management's Response: Management will ensure that all unrecorded balance sheet transactions are recorded.

AMPLIFY RESOURCES, INC.
Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2011

2011 - 4 Timely Filing of Audit Report

- Issue:** For the year ended June 30, 2011, the audited financial statements were not submitted to the Louisiana Legislative Auditor until March 2012.
- Criteria:** Louisiana Revised Statute (LRS) 39:72.1 requires an audit or review report prepared by a licensed certified public accountant to accompany annual financial statements that should be filed with the Louisiana Legislative Auditor within six months of the close of the entity's fiscal year
- Effect:** Non-compliance with state law.
- Cause:** The Organization's accounting staff required additional time to close its books. The Organization had not remitted payment for prior year's audit fees
- Recommendation:** Management should ensure that books are closed timely in order to meet the deadline for submission to the Louisiana Legislative Auditor Management should remit payment for prior year's audit fees before work on a subsequent year's audit can commence.
- Management's Response:** Management will ensure that books are closed timely to meet the deadline as required by state law Management will ensure that prior year's audit fees are paid before work commence's on a subsequent year's audit.

AMPLIFY RESOURCES, INC.
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2010

2010 - 1 Financial Statement Preparation

Issue: Internal controls over financial reporting are necessary in order for management, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis

Status: This condition has not been resolved. See current year finding 2011 -1.

2010 - 2 Credit Card Usage

Issue: When credit card purchases are made, all supporting documentation should be retained. Each month when the credit card statement is received, all documentation relating to that month's purchases should be kept with the credit card statement.

Status: This condition has been resolved.