



1666 K Street, N.W.
Washington, DC 20006
Telephone: (202) 207-9100
Facsimile: (202) 862-8430
www.pcaobus.org

**Inspection of
Philip H. Salchli Certified Public Accountant**

**Issued by the
Public Company Accounting Oversight Board**

October 26, 2006

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

**PORTIONS OF THE COMPLETE REPORT ARE OMITTED
FROM THIS DOCUMENT IN ORDER TO COMPLY WITH
SECTIONS 104(g)(2) AND 105(b)(5)(A)
OF THE SARBANES-OXLEY ACT OF 2002**

PCAOB RELEASE NO. 104-2006-177



Notes Concerning this Report

1. Portions of this report may describe deficiencies or potential deficiencies in the systems, policies, procedures, practices, or conduct of the firm that is the subject of this report. The express inclusion of certain deficiencies and potential deficiencies, however, should not be construed to support any negative inference that any other aspect of the firm's systems, policies, procedures, practices, or conduct is approved or condoned by the Board or judged by the Board to comply with laws, rules, and professional standards.
2. Any references in this report to violations or potential violations of law, rules, or professional standards should be understood in the supervisory context in which this report was prepared. Any such references are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability. Similarly, any description herein of a firm's cooperation in addressing issues constructively should not be construed, and is not construed by the Board, as an admission, for purposes of potential legal liability, of any violation.
3. Board inspections encompass, among other things, whether the firm has failed to identify departures from Generally Accepted Accounting Principles ("GAAP") in its audits of financial statements. This report's descriptions of any such auditing failures necessarily involve descriptions of the related GAAP departures. The Board, however, has no authority to prescribe the form or content of an issuer's financial statements. That authority, and the authority to make binding determinations concerning an issuer's compliance with GAAP, rests with the Securities and Exchange Commission ("SEC" or "Commission"). Any description, in this report, of perceived departures from GAAP should not be understood as an indication that the Commission has considered or made any determination regarding these GAAP issues unless otherwise expressly stated.



INSPECTION OF PHILIP H. SALCHLI CERTIFIED PUBLIC ACCOUNTANT

The Public Company Accounting Oversight Board ("PCAOB" or "the Board") has conducted an inspection of the registered public accounting firm Philip H. Salchli Certified Public Accountant ("the Firm"). The Board is issuing this report of that inspection in accordance with the requirements of the Sarbanes-Oxley Act of 2002 ("the Act").

The Board is making portions of the report publicly available. Specifically, the Board is releasing to the public Part I of the report and portions of Part IV of the report. Part IV of the report consists of the Firm's comments, if any, on a draft of the report.^{1/}

The Board has elsewhere described in detail its approach to making inspection-related information publicly available consistent with legal restrictions.^{2/} A substantial portion of the Board's criticisms of a firm (specifically criticisms of the firm's quality control system), and the Board's dialogue with the firm about those criticisms, occurs out of public view, unless the firm fails to make progress to the Board's satisfaction in addressing those criticisms. In addition, the Board generally does not disclose otherwise nonpublic information, learned through inspections, about the firm or its clients. Accordingly, information in those categories generally does not appear in the publicly available portion of an inspection report.

^{1/} The Board does not make public any of a firm's comments that address a nonpublic portion of the report. In addition, pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report at all. The Board notes that it routinely grants confidential treatment, if requested, for any of a firm's comments that identify factually inaccurate statements in the draft that the Board corrects in the final report.

^{2/} See Statement Concerning the Issuance of Inspection Reports, PCAOB Release No. 104-2004-001 (August 26, 2004).

PART I

INSPECTION PROCEDURES AND CERTAIN OBSERVATIONS

Members of the Board's inspection staff ("the inspection team") conducted fieldwork for the inspection from October 26, 2005 to October 31, 2005. The fieldwork included procedures tailored to the nature of the Firm, certain aspects of which the inspection team understood at the outset of the inspection to be as follows:

Number of offices	1 (Houston, Texas)
Ownership structure	Sole proprietorship
Number of partners	1
Number of professional staff ^{3/}	None
Number of issuer audit clients ^{4/}	1

Board inspections are designed to identify and address weaknesses and deficiencies related to how a firm conducts audits. To achieve that goal, Board inspections include reviews of certain aspects of selected audits performed by the firm and reviews of other matters related to the firm's quality control system.

In the course of reviewing aspects of selected audits, an inspection may identify ways in which a particular audit is deficient, including failures by the firm to identify, or to address appropriately, respects in which an issuer's financial statements do not present fairly the financial position, results of operations, or cash flows of the issuer in

^{3/} "Professional staff" includes all personnel of the Firm, except partners or shareholders and administrative support personnel.

^{4/} The number of issuer audit clients shown here is based on the Firm's self-reporting and the inspection team's review of certain information for inspection planning purposes. It does not reflect any Board determination concerning which, or how many, of the Firm's audit clients are "issuers" as defined in the Act.

conformity with GAAP.^{5/} It is not the purpose of an inspection, however, to review all of a firm's audits or to identify every respect in which a reviewed audit is deficient. Accordingly, a Board inspection report should not be understood to provide any assurance that the firm's audits, or its issuer clients' financial statements, are free of any deficiencies not specifically described in an inspection report.

A. Review of Audit Engagement

The scope of the inspection procedures performed included a review of aspects of the performance of the Firm's audit of the financial statements of its issuer audit client. Those aspects were selected according to the Board's criteria, and the Firm was not allowed an opportunity to limit or influence the selection process.

The inspection team identified matters that it considered to be audit deficiencies.^{6/} The deficiencies identified included deficiencies of such significance that it appeared to the inspection team that the Firm did not obtain sufficient competent evidential matter to support its opinion on the issuer's financial statements. Those deficiencies included –

- (1) the failure to perform and document adequate procedures to test equity transactions;

^{5/} When it comes to the Board's attention that an issuer's financial statements appear not to present fairly, in a material respect, the financial position, results of operations or cash flows of the issuer in conformity with GAAP, the Board reports that information to the SEC, which has jurisdiction to determine proper accounting in issuers' financial statements.

^{6/} PCAOB standards require a firm to take appropriate actions to assess the importance of audit deficiencies identified after the date of the audit report to the firm's present ability to support its previously expressed opinions. See AU 390, *Consideration of Omitted Procedures After the Report Date*, and AU 561, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report* (both included among the PCAOB's interim auditing standards, pursuant to PCAOB Rule 3200T). Failure to comply with these PCAOB standards could be a basis for Board disciplinary sanctions.

(2) the failure to perform and document adequate procedures to test accounts receivable and related revenue recognition; and

(3) the failure to perform and document adequate procedures to test the issuer's accounting for and disclosure of a related party transaction.

B. Review of Quality Control System

In addition to evaluating the quality of the audit work performed on a specific audit, the inspection included review of certain of the Firm's practices, policies and procedures related to audit quality. This review addressed practices, policies and procedures concerning audit performance, training, compliance with independence standards, client acceptance and retention, and the establishment of policies and procedures. As described above, any defects in, or criticisms of, the Firm's quality control system are discussed in the nonpublic portion of this report and will remain nonpublic unless the Firm fails to address them to the Board's satisfaction within 12 months of the date of this report.

END OF PART I



PCAOB Release No. 104-2006-177
Inspection of Philip H. Salchli
Certified Public Accountant
October 26, 2006
Page 5

PARTS II AND III OF THIS REPORT ARE NONPUBLIC
AND ARE OMITTED FROM THIS PUBLIC DOCUMENT

PART IV

RESPONSE OF THE FIRM TO DRAFT INSPECTION REPORT

Pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the Board provided the Firm an opportunity to review and comment on a draft of this report. The Firm provided a written response.

Pursuant to section 104(f) of the Act and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report. The Board routinely grants confidential treatment, if requested, for any of a firm's comments that identify factually inaccurate statements in the draft that the Board corrects in the final report.

Pursuant to section 104(f) of the Act and PCAOB Rule 4007(b), the Firm's response, minus any portion granted confidential treatment, is attached hereto and made part of this final inspection report. In any version of this report that the Board makes publicly available, any portions of the Firm's response that address nonpublic portions of the report are omitted.

Board Note – As its response to a draft inspection report, the Firm submitted "comment forms." Comment forms typically are prepared by the inspection team, and responded on in writing by the firm, as part of a dialogue between the inspection team and the firm in the course of the inspection process, before the preparation of any draft inspection report. If a firm submits such comment forms as its response to the draft inspection report, it is the Board's policy to redact the portions of the form that were prepared by the Board staff during the inspection process. The Firm was given notice of this policy before it submitted comment forms as its response to the draft report. Those forms are included here, redacted in accordance with the Board's policy.

FROM :PhilSaLeh1:CPA

FAX NO. :2814962446

Mar. 08 2006 01:00PM P2

**PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD
INSPECTION COMMENT FORM**

REDACTED

REDACTED

Firm's Response (mitigating factors, reasons the matter is not considered material, agreement/disagreement, etc.):

1. I reviewed the corporate resolution authorizing the issuance of 6,000,000 shares of common stock with a market value of \$.02 per share in exchange for \$120,000 of DVD's (inventory). I reviewed the journal entry and traced it to the general ledger. Existence of the DVD's was part of the inventory observation procedures. In my opinion, this transaction is not a business combination as defined by FAS 141 as the substance of the transaction was simply the acquisition of inventory in exchange for the issuance of shares of common stock. The issuance of the shares of stock was confirmed with the transfer agent as of December 31, 2004.

2. I reviewed the corporate resolutions authorizing the issuance of common stock to consultants for services rendered. Such services were for a variety of services including legal services, software technical support and marketing services. The majority of such agreements for services in exchange for stock were verbal in nature. I reviewed the journal entries and postings to the general ledger. In addition, the issuance of stock was confirmed with the transfer agent as of December 31, 2004.

3. I reviewed the corporate resolution authorizing the issuance of 12,600,000 shares of common stock to related parties at the amounts and conversion features as agreed upon by the parties. I reviewed the journal entries and traced them to the general ledger. The issuance of the shares of common stock was confirmed with the transfer agent as of December 31, 2004. The new management of Americana Publishing, Inc. will be advised of the discrepancy in the notes to financial statements for inclusion if future filings.

4. I reviewed the corporate resolution authorizing the issuance of 1,550,000 shares of common stock as option exercise in the amount of \$23,250. Per a telephone conversation with Mr. Don White, CFO the stock issuance schedule for the fourth quarter of 2004 stated the price per share as \$.03, it should have stated as \$.015 per share. Consideration was given to SFAS 123, "Accounting for Stock Based Compensation in regard to the fact that the transaction must be based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. In this case the transaction was based on the fair value of the consideration received.

In my opinion, I have performed adequate substantive audit procedures of material equity transactions to ensure the fair presentation of these transactions and the related accounts in accordance with accounting principles generally accepted in the United States of America and PCAOB Standards. I concur that documentation of procedures performed needs to be improved upon.

Firm's Remedial Action(s) (if applicable, consider the requirements of AU 390 and/or AU 561):

I will implement procedures to ensure complete documentation of procedures performed and consideration of pronouncements appropriate to the circumstances in all future engagements.

Firm Representative Responsible for the Firm's Response and/or Remedial Action(s):

Firm Representative: Philip H. Salchli

Printed Name and Title



Signature

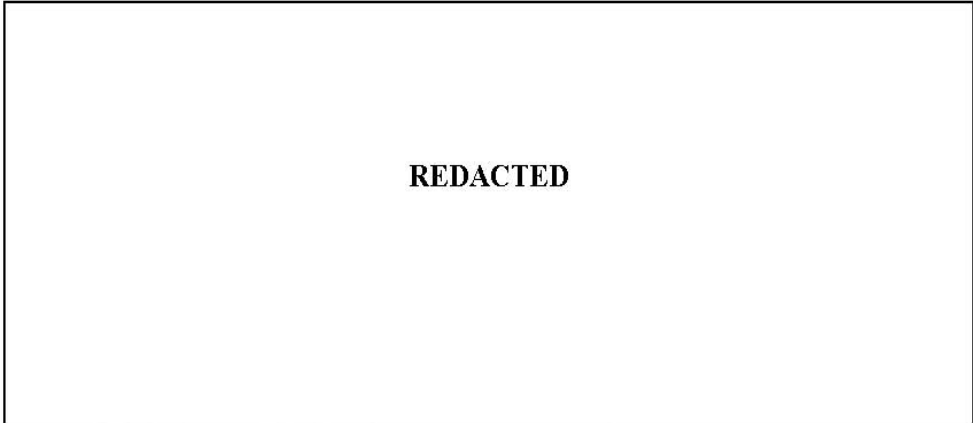
FROM :PhilSaLch11CPA

FAX NO. :2814962446

Mar. 08 2006 01:01PM P5

**PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD
INSPECTION COMMENT FORM**

REDACTED



REDACTED

Firm's Response (mitigating factors, reasons the matter is not considered material, agreement/disagreement, etc.):

In my judgment, attempts to obtain positive confirmations of approximately 81% of total accounts receivable as of December 31, 2004 was more than adequate. Also, in my judgment, reserving 100% of accounts receivable that could not be confirmed was a very conservative approach, given the fact that alternative procedures performed regarding subsequent cash collections revealed no such collections as of the last day of field work, April 14, 2005. The company did not maintain any control over the factored accounts receivable and the balance due to the factoring company was confirmed as of December 31, 2004.

I tested approximately 55% of sales by vouching to invoices, bills of lading, and recording in accounts receivable. As I mentioned on the phone, the fact that I did not include the words "bills of lading" under my tick mark should not invalidate the procedures utilized.

I did consider SFAS 140, "Accounting for Transfers and servicing of Financial Assets and Extinguishments of Liabilities" particularly related to the conditions met for the surrender of control over transferred assets and, distinguishing transfers of financial assets that are sales from transfers that are secured borrowings. I concur that documentation of such consideration needs to be improved upon.


Firm's Remedial Action(s) (if applicable, consider the requirements of AU 390 and/or AU 561):

I will implement procedures to ensure complete documentation of procedures performed and consideration of pronouncements appropriate to the circumstance in all future engagements.

Firm Representative Responsible for the Firm's Response and/or Remedial Action(s):

Firm Representative: Philip H. Salchli

Printed Name and Title


Signature

FROM :PhilSaLch11CPA

FAX NO. :2814962446

Mar. 08 2006 01:01PM P7

**PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD
INSPECTION COMMENT FORM**

REDACTED

REDACTED

Firm's Response (mitigating factors, reasons the matter is not considered material, agreement/disagreement, etc.):

I had personal knowledge that Jerome Ruther, Attorney at Law, had the authority to sign the note confirmation on behalf of Lowell S. Fixler. In comparing the signatures together with the handwritten dates, I did not note any major differences to indicate that they were not signed and dated by the same person.

Note 5 to the financial statements disclose that total notes payable were \$396,311 at December 31, 2004. A review of the notes did not indicate any warrants.

At December 31, 2004, there were four related parties, two officers and two board members. A review of the files for the year ended December 31, 2002 (the first year I performed an audit of Americana Publishing, Inc.), contained a listing of related parties. These were the same individual related parties at December 31, 2004.

In my opinion, I have given adequate consideration to the existence of, examination of, and nature of related party transactions at December 31, 2004, including disclosures of the nature of the relationships, a description of the transactions, the dollar amounts of transactions and, amounts due to related parties. I concur that the documentation of procedures performed related to related party transactions needs to improved upon.

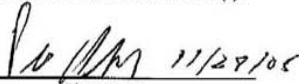
Firm's Remedial Action(s) (if applicable, consider the requirements of AU 390 and/or AU 561):

I will implement procedures to ensure complete documentation of procedures performed and consideration of pronouncements appropriate to the circumstances in all future engagements.

Firm Representative Responsible for the Firm's Response and/or Remedial Action(s):

Firm Representative: Philip H. Salchli

Printed Name and Title


Signature