

PRINCETON AMERICAN CORP
Form 10QSB
October 15, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C., 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended: August 31, 2003
Commission File No. 0-5141

PRINCETON AMERICAN CORPORATION

(Name of small business issuer in its charter)

Nevada
(state or other jurisdiction of
incorporation or organization)

22-1848644
(I.R.S. Employer Identification Number)

2222 East Camelback Road, Suite 105 Phoenix, AZ
(Address of principal office)

85016
(Zip code)

Issuer's telephone number, including area code: **(602) 522-2444**

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.

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Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 31, 2003
Common Stock, par value \$.001 per share	8,517,371

Transitional Small Business Disclosure Format (Check One):

Yes No

PRINCETON AMERICAN CORPORATION

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June 30, 2003

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See accompanying notes to financial statements

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PRINCETON AMERICAN CORPORATION
Notes to Condensed Financial Statements
August 31, 2003 and 2002

Basis of Presentation

The accompanying financial statements have been prepared by the Company, without audit, and reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial reporting and Securities and Exchange Commission regulations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the financial statements reflect all adjustments (of a normal and recurring nature) which are necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The results of operations for the three months ended August 31, 2003 are not necessarily indicative of the results to be expected for the entire fiscal year.

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10K-SB for the fiscal year ended May 31, 2003.

Equity

The transfer agent for the Company has issued new share certificates for the allowed interest of 8,517,371 shares as of May 31, 2003. Management believes that it has complied with all court orders and that these shares reflect all adjustments authorized by the court. However, the Company has been challenged on several occasions over the past few years and there can be no assurance that the Company will not be challenged by others seeking additional stock ownership in the Company. The earnings per share calculation has been made based on the number of shares outstanding of 8,517,371.

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this report discuss future expectations, contain projections of results of operations or financial condition or state other "forward-looking" information. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. Important factors that may cause actual results to differ from forward-looking statements and projections include, for example:

- a downturn in the Phoenix, Arizona real estate market, particularly one which would adversely affect commercial lease rates;
- an adverse result in potential litigation referred to in this report;
- any change in tax laws which would change the Company's ability to utilize its tax loss carry-forward or the inability under existing tax laws for the full utilization of such tax loss carry-forward;
- certain operations of the Company, including the formation of alliances with other entities, will temporarily remain under the jurisdiction of and be subject to the confirmation and approval of the U.S. Bankruptcy Court. Disagreements between the Bankruptcy Court and the Company regarding business decisions could adversely affect the Company;
- the inability of the Company to secure renewals of existing leases at commercially reasonable rates or to promptly replace tenants following the expiration of existing leases;
- the effect of changing economic conditions; and
- other risks which may be described in our future filings with the Securities and Exchange Commission. The Company does not promise to update forward-looking information to reflect actual results or changes in assumptions or other factors that could affect those statements.

RESULTS OF OPERATIONS:

The delayed filing of the 10KSB annual report for FYE 5/31/03 was comprehensive and reported in detail the recent operations and events of the Company.

A special Board of Directors meeting was called by Mr. William C. Taylor, Chairman, on July 25, 2003. The Board reviewed the finance, operations and accounting status of the company. The Board reviewed the unsuccessful efforts of Mr. Roderick McKinnon to develop any merger, sales or joint-venture prospect over the past year that was acceptable to the Company.

The Board reviewed the lack of merger, sales or joint-venture accomplishments of Mr. Ken Labbe of Cove Realty and terminated the consultant agreement, effective July 28, 2003 that was acceptable to the Company.

Mr. Roderick McKinnon resigned as Director and Officer of the Company effective July 25, 2003. The Board elected Mr. William Taylor as President, Chief Executive Officer and Treasurer and Mr. Scott Bird as Secretary and Chief Financial Officer effective July 25, 2003. Mr. Bird remains a Vice-President.

The Board retained Mr. James C. Sell, CPA, CFE to provide accounting services and a detailed review to strengthen the Company financial controls and procedures.

The \$14,000 increase in the quarterly building operating costs was due to the cost of replacing one compressor of the air-conditioning unit at the 2222 E. Camelback Road building.

The decrease in professional fees was due to the resolution, in prior periods, of the majority of the bankruptcy claims. The reduced claims resolution reduced the legal fee expenditures required in this quarter.

The increase in consulting fees was due to the increase in consulting work required by Scott E. Bird, CFO and James Sell, CPA, CFE to address all accounting and reporting issues that require timely resolution. These extraordinary costs were partly offset by the resignation of Mr. Roderick W. McKinnon and the termination of the Cove Realty services. The consulting costs will normalize as the back issues are resolved in the 2nd and 3rd quarters.

In 2002 the outsourced janitorial services were replaced by direct employees of the Company resulting in lowered vendor costs but increased payroll and payroll taxes.

Mr. Bird, CFO and Mr. Sells, CPA addressed and negotiated payment plans to bring the delinquent payroll taxes and US Trustee reports and fees current. The agencies involved have indicated waiver of any penalties.

The Board instructed Mr. Taylor, President, to instruct Lewis & Roca, the Company bankruptcy attorneys, to file a motion with the Court to release Princeton American Corporation from bankruptcy in October, 2003.

Mr. William Taylor, President, initiated contacts and discussions with acquisition and merger specialists to determine the marketability and value of the Company. The specialists indicate

there is a market and value for a clean, post bankruptcy company that has an established SEC reporting history. The specialists are currently canvassing the market for interest and offers.

The commercial properties remain fully leased and scheduled rent increases and delinquent rent collections are being implemented.

THREE MONTHS ENDED AUGUST 31, 2003 TO THREE MONTHS ENDED AUGUST 31, 2002

Management will require additional capital of at least \$1,600,000 during the next twelve months to payoff or refinance the 4808 North 22nd Street office building, the mortgage on which is due in April 2004. The Company is currently negotiating with the Lender and other sources for more favorable financing of the 4808 North 22nd Street office building. The Company expects to renew the three year Alliance Lease in that building which also expires during the current fiscal year. In the event that this does not occur, the Company will attempt to release this space. There is no assurance that the Company will be successful in these endeavors.

ITEM 3. CONTROLS AND PROCEDURES

The Company has established disclosure controls and procedures, pursuant to which, all material information relating to the Company and disclosures contained within this Quarterly Report were jointly reviewed and discussed by Mr. Taylor, Mr. Bird and Mr. Sells, the retained CPA. This quarterly review of all financial transactions by Mr. Taylor and Mr. Bird, the only two senior signatory officers of the Company, with the oversight of Mr. Sells represents an efficient method of disclosure controls and procedures that ensures all material information of the Company is known and reviewed by them.

Part II. OTHER INFORMATION

Item 5. Other Information

Certification of Officers - See Exhibits

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit

<u>No.</u>	<u>Description and Method of Filings</u>
31.1	<u>Certificate of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002</u> (filed herewith)
31.2	<u>Certificate of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002</u> (filed herewith)
32.1	<u>Certificate of Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002</u> (filed herewith)
32.2	<u>Certificate of Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002</u> (filed herewith)

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRINCETON AMERICAN CORPORATION

By: /s/ William C. Taylor

 William C. Taylor
 Chairman, CEO and Director

Date: October 14, 2003

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
By: <u> /s/ William C. Taylor </u> William C. Taylor	Chairman, CEO and Director	October 14, 2003
By: <u> /s/ Scott E. Bird </u> Scott E. Bird	Secretary, CFO and Director	October 14, 2003