UNITED AMERICAN CORP
Form 10QSB
November 22, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

[X] QUARTLERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004

[ ] TRANSITION REPORT PURSUANT TO 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number 000-27621

UNITED AMERICAN CORPORATION
(Exact name of Small Business Issuer as specified in its charter)

FLORIDA 95-4720231
(State or other jurisdiction of incorporation) (IRS Employer Identification No.)

220 De La Coulee, Mount Saint Hilaire, Quebec, Canada J3H 5Z6
(Address of principal executive offices)

514-788-4890
(Issuer's telephone number)

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

Check whether the issuer (1) filed all reports required to be filed by Section13 or 15(d) of the Exchange Act during the 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 [X] No [ ]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:
40,658,242 shares of common stock as of September 30, 2004

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Our general unaudited financial statements included with the Form 10-QSB are as follows:

(a) Balance Sheets as of September 30, 2004 (unaudited);
(b) Statements of Operations three and nine months ended September 30, 2004, and September 30, 2003;
(c) Statement of Cash Flow - nine months ended September 30, 2004 and 2003 (unaudited);
(d) Notes to Unaudited Financial Statements.

The unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for this interim period are not necessarily indicative of the results that can be expected for the full year.

UNITED AMERICAN CORPORATION
(Development Stage Company)
BALANCE SHEET
Sept 30, 2004

ASSETS		
CURRENT ASSETS		
Cash		30,882
Receivable		22,661
		53,543
Telecom equipment net of accumulated depresiation		437,755
Total Current Assets	$	491,298
LIABILITES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$	20,771
Total Current Liabilities		20,771
STOCKHOLDERS EQUITY		
Common stock 50,000,000 shares authorized at $0.001 par value; 40,658,242 shares issued and outstanding		40,658
Capital in excess of par value		662,353
Deficit accumulated during the Development stage		(232,484)
Total Stockholders' Equity		470,527
	$	491,298

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

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UNITED AMERICAN CORPORATION
(Development Stage Company)
STATEMENT OF OPERATIONS
For the Three and Nine Months Ended September 30, 2004 and 2003
and the Period July17, 1992 (date of inception) to September 30, 2004

	3 Month ended Sept 30, 2004	3 Month ended Sept 30, 2003	9 Month ended Sept 30, 2004	9 Month ended Sept 30, 2003	Jul 17, 1992 to Sept 30, 2004
REVENUES	$ 221,728	$ -	$ 1,288,789	$ -	$ 1,288,789
EXPENSES					
Administrative	58,645	4,230	275,763	9,239	610,113
Operation	96,345	-	435,104	-	435,104
Depreciation & amortization	-	-	-	-	14,738
Consultants & salaries	25,448	-	45,683	-	1,056,160
	180,438	4,230	756,550	9,239	2,116,115
NET PROFIT (loss) before other income and expense	41,290	(4,230)	532,239	(9,239)	(827,326)
OTHER INCOME & EXPENSES					
Extinguishment of debt	-	-	-	-	625,964
Lost of assets	-	-	-	-	(31,122)
NET PROFIT (LOSS)	$ 41,290	$ (4,230)	$ 532,239	$ (9,239)	$ (232,484)
NET PROFIT (LOSS) PER COMMON SHARE					
Basic	$ 0.001	$ -	0.012	$ -	
AVERAGE OUTSTANDING SHARES					
Basic (stated in 1,000s)	40,658	13,703	40,658	13,703	

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

UNITED AMERICAN CORPORATION.
(Development Stage Company)
STATEMENT OF CASH FLOWS
For the Nine Months Ended Sept 30, 2004 and 2003 and the Period July17, 1992 (date of inception) to Sept 30, 2004

	Sept 30, 2004	Sept 30, 2003	July17, 1992 to 2004
June 30, 2003			
CASH FLOWS FROM OPERATIONG ACTIVITIES			
Net Profit (loss)	$ 532,239	$ (9,239)	$ (232,484)
Adjustments to reconcile net loss to net cash provided by operating activites			
Changes in accounts payables	(40,941)	9,239	646,735
Changes in accounts receivable	(22,661)		(22,661)
Contributions to capital-expenses	-	-	92,500
Extinguishment of debt	-	-	(625,964)
Capital stock issued as payment for expenses	-	-	467,519
Net increase (Decrease) in Cash Flows from operations	468,637	-	325,645
CASH FLOWS FROM INVESTING ACTIVITIES			
Telecom Equipment	(437,755)	-	(437,755)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	-	-	-
Proceeds from common stock subscriptions	-	-	142,992
Net change in Cash	(30,882)	-	30,882
Cash at Beginning of Period	-	-	-
Cash at end of Period	$ 30,882	$ -	$ 30,882

SCHEDULE OF NON CASH OPERATION ACTIVITIES		
Contributions to capital-expenses 2000-2004	$	92,500
Stock issued as payment for expenses 1992-2004		467,519

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

UNITED AMERICAN CORPORATION
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
Septembre 30, 2004

1. ORGANIZATION

The Company was incorporated under the laws of the State of Florida on July 17, 1992 under the name American Financial Seminares, Inc with authorized common stock of 1,000 shares at $1.00 par value.

Since its inception the Company has made several name changes and an increase in the authorized common stock to 50,000,000 shares with a par value of $.001 and on February 5, 2004 the name was changed to United American Corporation.

The Company was organized for the purpose of marketing a software license known as Gnotella , however, in late 2001 this activity was abandoned and the Company has remained inactive after that date and is now in the process of entering the telecommunications business as outlined in note 7.

The Company is in the development stage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Methods

The Company recognizes income and expenses based on the accrual method of accounting.

Dividend Policy

The Company has not yet adopted a policy regarding payment of dividends.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws that will be in effect, when the differences are expected to reverse. An allowance against deferred tax assets is recorded, when it is more likely than not, that such tax benefits will not be realized.

On September 30, 2004, the Company had a net operating loss available for carryforward of approximately $232,484. The amount of carryforward that may be available to offset future profits has not been determined and therefore no provision for a tax benefit has been provided. The loss carryforward expires starting in 2007 through 2024.

UNITED AMERICAN CORPORATION
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basic and Diluted Net Income (Loss) Per Share

Basic net income (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise of any common share rights unless the exercise becomes antidilutive and then only the basic share amounts are shown in the report.

Financial and Concentrations Risk

The Company does not have any concentration or related financial credit risk.

Revenue Recognition

Revenue is recognized on the sale and delivery of a product or the completion of a service provided.

Advertising and Market Development

The company expenses advertising and market development costs as incurred.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing these financial statements.

Financial Instruments

The carrying amounts of financial instruments are considered by management to be their estimated fair values due to their short term maturities.

Recent Accounting Pronouncements

The Company does not expect that the adoption of other recent accounting pronouncements will have a material impact on its financial statements.

UNITED AMERICAN CORPORATION
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

3. CAPITAL STOCK

During 2002 the Company completed the registration and issuance of 4,035,192 common shares at $.10 for services, of which, 1,847,877 shares were issued to manager of the Company. (Note 4) During 2003 the Company issued 615,000 shares for services at $.10. During 2003 the Company issued 374,826 shares into an escrow account as security for the future payment of legal expense. The shares will not be shown as outstanding until they are released and used as payment on legal fees.

4. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Officer-directors have not acquired any of the common outstanding stock of the Company nor received any compensation, however, the contract of purchase agreement described in note 7 is between the Company and a corporation controlled by the Company president.

A manager of the Company, not an officer-director at the time, received 1,847,877 free trading common shares for services, which he sold, and he has also made contributions to capital during 2002 by the payment $91,000 of Company expenses.

5. CONTINGENT LIABILITIES - EXTINGUISHMENT OF DEBT

During 2003 the Company deleted $625,964 of its carried debt because it was determined that the statute of limitations had run, within the state or Canadian province in which the debt had been incurred. Any of the creditors could start legal actions against the Company for recovery by claiming exceptions in the laws of the jurisdiction that may apply. The cost of defending any potential action cannot be determined.

UNITED AMERICAN CORPORATION
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

6. ACQUISITION OF ALL OUTSTANDING STOCK OF UNITED AMERICAN CORP.

On July 18, 2003 the Company entered into a contract of purchase of all the outstanding stock of United American Corp.(a Delaware Corporation) from 3874958 Canada Inc. (a Canadian Corporation and an affiliate of the Company by common officers). The terms of the purchase provides for a stock for stock exchange in which the Company will issue 26,250,000 common shares of its common capital stock to 3874958 Canada Inc. in exchange for 100 shares of United American Corp. The 26,250,000 shares of the Company was issued into an escrow account on October 5, 2003 pending closing of the exchange and will represent 65% of the outstanding stock of the Company after closing. The closing is expected to be completed during November of 2004. The shares of the Company will not be shown as outstanding until the exchange is completed. United American Corp. is in the business as an international telephone carrier.

The financial statements of 3874958 Canada Inc. and United American Corp. were not available on the date of this report and therefore no pro-forma financial statements have been included.

Item 2. Management s Discussion and Analysis or Plan of Operation.

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding the Company's capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined below, and, from time to time, in other reports the Company files with the SEC. These factors may cause the Company's actual results to differ materially from any forward-looking statement. The Company disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Overview

We were incorporated on July 17, 1992, under the laws of the state of Florida. Our initial name was American Financial Seminars, Inc.

Since our inception, we sought out various business opportunities, none of which have been successful over a sustained period of time. We explored opportunities to acquire products or businesses that had the potential for profit.

On July 18, 2003, we entered into a share exchange agreement with 3874958 Canada Inc. whereby we agreed to transfer to 3874958 Canada Inc. 26,500,000 common shares of our common stock in exchange for the transfer of 100 shares of American United Corporation, a Delaware corporation. The 100 shares of American United Corporation represent all of the issued and outstanding shares of the company. The agreement was contingent on the parties due diligence and completion of several conditions prior to sale. On October 6, 2003, these conditions were satisfied and the sale was consummated.

Benoit Laliberté, our current CEO, CFO, and Director, is also the sole officer, director, and shareholder of American United Corporation. In addition, Mr. Laliberté is the sole officer, director, and shareholder of 3874958 Canada, Inc. As a result, Mr. Laliberté was the beneficial holder of the 100 shares of American United Corporation held by 3874958 Canada, Inc. and is now the beneficial holder of the 26,250,000 shares we issued to 3874958 Canada, Inc. in the transaction described above.

On February 3, 2004, a majority of the shareholders, by written consent, approved a change in the name of the Company to United American Corporation. In order to reflect the acquisition of American United Corporation shares, management considered it in the best interests of the Company to change their name.

Description of Business

Following the acquisition of American United Corporation, we have revised our business plan and implemented the business plan of American United Corporation. American United Corporation began its operations in 2002 as a holding company focused on the acquisition of network-centric technology and telecommunication companies. Given the rapid changes in the telecommunications marketplace, and the strong need for a competitive edge, they revised their business plan and set out on a new course in 2003 to provide Voice over Internet Protocol (VoIP) solutions.

VoIP means that the technology used to send data over the Internet is now being used to transmit voice as well. The technology is known as packet switching. Instead of establishing a dedicated connection between two devices (computers, telephones, etc.) and sending the message "in one piece," this technology divides the message into smaller fragments, called 'packets'. These packets are transmitted separately over a decentralized network and when they reach the final destination, they're reassembled into the original message.

VoIP allows a much higher volume of telecommunications traffic to flow at much higher speeds than traditional circuits do, and at a significantly lower cost. VoIP networks are significantly less capital intensive to construct and much less expensive to maintain and upgrade than legacy networks (traditional circuit-switched networks). Since VoIP networks are based on internet protocol, they can seamlessly and cost-effectively interface with the high-technology, productivity-enhancing services shaping today's business landscape. These networks can seamlessly interface with web-based services such as virtual portals, interactive voice response (IVR), and unified messaging packages, integrating data, fax, voice, and video into one communications platform that can interconnect with the existing telecommunications infrastructure.

Our business provides businesses and individuals with a mobile phone that utilizes VoIP.

Prior to the merger with us, American United Corporation acquired from Vectoria Inc., companies involved in the fields of Internet, networks and IP Telephony: 3874699 Canada Inc (doing business under Vectoria Corporation), Vectoria Telecom Inc., 9072-7009 Québec Inc. (Doing business under Prolan Communications), 3422411 Canada Inc. (formerly Smartnet.ca Inc.).

Subsidiaries

We have five wholly owned subsidiaries: Prolan Communications, Inc., American Financial Services, Inc., United American Telecom, Inc., Vectoria Telecom, Inc., and TeliPhone Inc.

Products and Services

We are currently offering a mobile phone that is connected to a Wi-Fi router, which is interconnected to a hi-speed Internet modem, cable or ADSL. The mobile phone connects to the Internet using a high-speed Internet connection.

Plan of Operation

We are implementing a business model that converges computing and telecommunications in one single application, which offers another option to a conventional telephone line. Our objectives over the next twelve months are to:

- Focus corporate attention toward customer service and satisfaction
- Increase our market share
- Expand our geographic coverage

Our plan is based on emphasizing quality and strategically aligning ourselves with world-class technology leaders. We intend to achieve our objectives by deploying a voice over IP network that leverages the expertise and technological infrastructure of strategic players. Specifically, we intend to extend our network by installing IP Telephony gateways initially in Central and South America and eventually in other areas of the world where it will be profitable to do so. We also will seek to broaden our distribution channels by entering into distribution agreements with private label strategic players. We believe that growth through strategic acquisitions of complementary technologies, products and distribution channels offers the potential for significant competitive advantage.

The discussion that follows only includes the financial results for the reporting period ended September 30, 2004. Given the change in our business plan and acquisition of American United Corporation, a Delaware corporation, in the past year, management believes that it would not be of any value to compare the financial results of the three-month ended September 30, 2004 to the three-month period ended September 30, 2003.

Assets

As of September 30, 2004, we had total assets in the amount of $491,298, compared to total assets in the amount of $0 as of December 31, 2003. The increase in our total assets is primarily attributable to the acquisition of American United Corporation. As of September 30, 2004 we had cash in the amount of $30,882, compared to $0 cash as of December 31, 2003.

Our largest asset is telecom equipment in the amount of $437,755.

Liabilities and Stockholders Equity

Our total liabilities as of September 30, 2004 were $20,771, compared to total liabilities in the amount of $61,712 as of December 31, 2003. Our liabilities consist of Accounts Payable in the amount of $20,771.

Our stockholders equity was $470,527 as of September 30, 2004.

Results of Operations

Our revenue for the three month period ended September 30, 2004 was $221,728. Our revenue was generated by sales of retail domestic and international voice and data products and services using VoIP.

Our total expenses for the three months ended September 30, 2004 were $180,438. Our expenses for the three months ended June 30, 2004 consisted of administrative expenses of $58,645, operation expenses of $96,345, and consulting and salary expense of $25,448.

Our net profit for the three months ended September 30, 2004 was $41,290.

Liquidity and Capital Resources

As of September 30, 2004, we maintained $30,882 in cash. Our management believes that we need additional capital to successfully implement our business plan. The success of our business plan for the next 12 months is contingent upon us obtaining additional financing. If we are unable to obtain additional financing, our business plan will be significantly impaired. We do not have any formal commitments or arrangements for the sales of stock or the advancement or loan of funds. Without the necessary cash flow, we will not be able to pursue our plan of operations until such time as the necessary funds are raised.

On September 30, 2004, we had a working capital of $470,527.

Going Concern

Our independent auditors have stated in their Auditor s Report included in the Form 10-KSB that the Company does not have the necessary working capital to service its debt and for its planned activities. These factors, among others, raise substantial doubt about our ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from this uncertainty.

Revenue Recognition

Revenues will be recognized on the sale and delivery of a product or the completion of a service provided.

Item 3. Controls and Procedures.

The Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2004. This evaluation was carried out under the supervision and with the participation of the Company's management, including Mr. Benoit Laliberté, the Company's Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not aware of any pending litigation against the Company, its officers, directors, controlling shareholders or affiliates that we believe are of a material nature or that could negatively affect the net worth of the Company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not complete any sales of our securities in the quarter ended September 30, 2004.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted for a vote to our security holders during the reporting period.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.	Certification of 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

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED AMERICAN CORPORATION

Date: November 19, 2004

/s/ Benoit Laliberte

Benoit Laliberté
Chief Executive Office, Chief Financial
Officer, and Director