UNITED AMERICAN CORP
Form 10QSB
May 24, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: March 31, 2005

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period __________ 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 or organization)	(IRS Employer Identification No.)

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

514-313-3432
(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 Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days [X] Yes [ ] No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 44,065,159 common shares as of March 31, 2005

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

Table of Contents

TABLE OF CONTENTS

__Table of Contents__

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited financial statements included in this Form 10-QSB are as follows:

(a) Balance Sheet as of March 31, 2005.
(b) Statements of Operations for the three month periods ended March 31, 2005 and 2004;
(c) Statement of Changes in Stockholders' Equity
(d) Statements of Cash Flow for the three month periods ended March 31, 2005 and 2004;
(e) Notes to Financial Statements.

These unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-QSB. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended March 31, 2005 are not necessarily indicative of the results that can be expected for the full year.

Table of Contents

UNITED AMERICAN CORPORATION
(Development Stage Company)
BALANCE SHEET
March 31, 2005 and December 31, 2004

	unaudited **Mar 31, 2005**		**Dec 31, 2004**	
ASSETS				
CURRENT ASSETS				
Cash	$	-	$	-
Accounts receivable - affiliate		78,642		44,389
Total Current Assets		78,642		44,389
INTERNET TELECOMMUNICATIONS EQUIPMENT -				
net of accumulated depreciation		830,419		874,125
	$	909,061	$	918,514
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$	18,020	$	18,020
Total Current Liabilities		18,020		18,020
CONTINGENT LIABILITIES - note 6		-		-
STOCKHOLDERS' EQUITY				
Common stock				
50,000,000 shares authorized at $0.001 par value;				
45,465,159 shares issued and outstanding		45,465		44,065
Capital in excess of par value		2,158,345		2,019,745
Deficit accumulated during development stage		(1,312,769)		(1,163,316)
Total Stockholders' Equity		891,041		900,494
	$	909,061	$	918,514

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

Table of Contents

UNITED AMERICAN CORPORATION
(Development Stage Company)
STATEMENT OF OPERATIONS - unaudited
For the Three Months Ended March 31, 2005 and 2004 and the Period July 17, 1992 (date of inception) to March 31, 2005

	Mar 31, 2005	Mar 31, 2004	Jul 17, 1992 to Mar 31, 2005
REVENUES - telecommunications	$ 216,253	$ 535,861	$ 1,514,778
EXPENSES			
Cost of operations	197,500	115,214	1,483,618
Administrative	124,500	140,808	1,880,327
Depreciation & amortization	43,706	-	58,444
	365,706	256,022	3,422,389
NET LOSS - before other income and expense	(149,453)	279,839	(1,907,611)
OTHER INCOME AND EXPENSES			
Extinguishment of debt - note 5	-	-	625,964
Loss of assets	-	-	(31,122)
NET INCOME (LOSS)	$ (149,453)	$ 279,839	$ (1,312,769)
NET LOSS PER COMMON SHARE			
Basic and diluted	$ -	$ .02	
AVERAGE OUTSTANDING SHARES			
Basic (stated in 1,000s)	44,119	14,318	

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

Table of Contents

UNITED AMERICAN CORPORATION
(Development Stage Company)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Period July 17, 1992 (Date of Inception)
to March 31, 2005

	Common Stock		Capital in Excess of	Accumulated
	Shares	**Amount**	**Par Value**	**Deficit**
Balance July 17, 1992 (date of inception)	-	$ -	$ -	$ -
Issuance of common stock for services	1,000,000	1,000	1,500	-
at $0.001				
Net operating loss for the period ended				
December 31, 1992	-	-	-	(2,500)
Issuance of common stock for cash				
at $.05 - net of issuance costs	2,500,000	2,500	116,825	-
Contribution to capital - expenses	-	-	1,500	-
Net operating loss for the year ended				
December 31, 1998	-	-	-	(120,450)
Issuance of common stock for cash				
at $0.005 - net of issuance costs	5,000,000	5,000	18,667	
Net operating loss for the year ended				
December 31, 1999	-	-	-	(32,490)
Net operating loss for the year ended				
December 31, 2000	-	-	-	(123,601)
Issuance of common stock for				
software rights	1,168,224	1,168	(1,168)	-
Net operating loss for the year ended				
December 31, 2001	-	-	-	(461,660)
Issuance of common stock for services				
at $.10 - June 21, 2002	4,035,192	4,035	399,484	-
Contribution to capital - expenses	-	-	91,000	-
Net operating loss for the year ended				
December 31, 2002	-	-	-	(567,322)
Issuance of common stock for services				
at $.10 - Sept to Dec 2003	615,000	615	60,885	-
Net operating income for the year ended				
December 31, 2003	-	-	-	543,300
Issuance of common stock for cash at $.10	436,743	437	43,237	-
Issuance of common stock for services				
at $.15 - Aug-Nov 2004	2,740,000	2,740	408,260	-

Issuance of common stock for services at $.10	320,000		320		31,680	-
Issuance of common stock for equipment at $.0333 - December 2004	26,250,000		26,250		847,875	-
Net operating loss for the year ended December 31, 2004	-		-		-	(398,593)
Issuance of common stock for cash at $.10	200,000		200		19,800	-
Issuance of common stock for services at $.10	1,200,000		1,200		118,800	-
Net operating loss for the three months ended March 31, 2005	-		-		-	(149,453)
Balance March 31, 2005	45,465,159	$	45,465	$	2,158,345	$ (1,312,769)

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

F - 3

Table of Contents

UNITED AMERICAN CORPORATION
(Development Stage Company)
STATEMENT OF CASH FLOWS - unaudited
For the Three Months Ended March 31, 2005 and 2004 and the Period July 17, 1992 (date of inception) to March 31, 2005

	Mar 31, 2005	Mar 31, 2004	Jul 17, 1992 to Mar 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ (149,453)	$ 279,839	$ (1,312,769)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Changes in accounts receivable	34,253)	-	(78,642)
Changes in accounts payables	-	-	643,984
Contributions to capital - expenses	-	-	92,500
Capital stock issued as payment for expenses and services	120,000	1,030,519	
Extinguishment of debt	-	-	(625,964)
Depreciation and amortization	43,706	-	43,706
Equipment abandoned	-	-	-
Net Change in Cash Flows from Operations	(20,000)	279,839	(206,666)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of telecom equipment - lost 3rd quarter 2004	-	(225,279)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of common stock	20,000	-	206,666
Net Change in Cash	-	54,560	-
Cash at Beginning of Period	-	-	-
Cash at End of Period	$ -	$ 54,560	$ -
SCHEDULE OF NONCASH OPERATING ACTIVITIES			
Contributions to capital - expenses - 2000-2002			$ 92,500
Issuance of 10,030,192 common shares as payment for expenses - 1992-2005			1,030,519

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

F - 4

Table of Contents

UNITED AMERICAN CORPORATION
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

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 increased the authorized common stock to 50,000,000 shares with a par value of $.001. On February 5, 2004 the name was changed to "United American Corporation."

The Company was first organized for the purpose of marketing a software license known as "Gnotella", however, in late 2001 this activity was abandoned.

During 2004 the Company entered the telecommunications business by the creation of United American Telecom, a division focused on terminating call traffic in the Caribbean, and by the creation of Teliphone, a division focused on providing Voice-over-Internet-Protocol (VoIP) calling services to residential and business customers.

The Company is considered to be in the developmental 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 March 31, 2005, the Company had a net operating loss available for carryforward of approximately $1,312,769. The income tax benefit of approximately $400,000 from the loss carry forward has been fully offset by a valuation reserve because the use of the future tax benefit is doubtful since the Company has not been able to project a reliable net operating profit for future years.

The loss carryforward expires starting in 2007 through 2025.

Table of Contents

UNITED AMERICAN CORPORATION
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS (Continued)
March 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Internet Telecommunications Equipment

During 2004 the company acquired the telecommunications equipment, outlined in note 3, valued at $874,125, by the issuance of common capital stock. The equipment was put into service in January 2005 and is being depreciated over five years, its estimated economic life, using the straight line method.

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

Advertising and Market Development

The company will expense 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.

Table of Contents

UNITED AMERICAN CORPORATION
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS (Continued)
March 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

3. ACQUISITION OF INTERNET TELECOMMUNICATIONS EQUIPMENT

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 provided for a stock for stock exchange in which the Company would issue 26,500,000 common shares of its common capital stock to 3874958 Canada Inc. in exchange for all shares of United American Corp. The 26,500,000 shares of the Company were issued into an escrow account on October 5, 2003 pending closing of the exchange.

On December 3, 2004 the share agreement was replaced by a purchase agreement for the purchase of the Internet Telecommunications Equipment, including all of the computer, software, and technology owned by 3894517 Canada Inc., by the release of the 26,500,000 common shares in escrow to 3874958 Canada Inc. .

4. CAPITAL STOCK

During 2003 the Company issued 374,826 shares into an escrow account as security for the future payment of legal expense. During 2004 320,000 of the shares were released for payment of legal fees leaving 54,826 shares in escrow. The remaining shares are not shown as outstanding until they are released and used as payment on legal fees.

During the first quarter 2005 the Company issued 1,200,000 restricted common shares for services and 200,000 restricted common shares for cash of $20,000.

Table of Contents

UNITED AMERICAN CORPORATION
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS (Continued)
March 31, 2005

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Officer-directors have not acquired any of the common outstanding stock of the Company nor received any compensation, however, an affiliate, controlled by an officer of the Company, has acquired the 26,250,000 shares outlined in note 3.

6. 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 or any amount that may be recovered by a creditor cannot be determined.

Table of Contents

Item 2. Management's Discussion and Analysis

Forward-Looking Statements

Historical results and trends should not be taken as indicative of future operations. Management's statements contained in this report that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934 (the "Exchange Act"), as amended. Actual results may differ materially from those included in the forward-looking statements. The Company intends such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project," "prospects," or similar expressions. The Compa ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on the operations and future prospects of the Company on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included herein and in the Company's other filings with the SEC.

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

Table of Contents

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.).

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.

Assets

As of March 31, 2005, we had total assets in the amount of $909,061. Our largest asset is telecom equipment in the amount of $830,419.

Liabilities and Stockholders’ Equity

Our total liabilities as of March 31, 2005 were $18,020. Our liabilities consist of Accounts Payable in the

Table of Contents

amount of $18,020.

Our stockholders' equity was $891,041 as of March 31, 2005.

Results of Operations

Our revenue for the three month period ended March 31, 2005 was $216,253, compared to revenue of $535,861 in the same three month period in prior year. 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 March 31, 2005 were $365,706, compared to expenses of $256,022 as of March 31, 2004. Our expenses for the three months ended March 31, 2005 consisted of administrative expenses of $124,500, cost of operations in the amount of $197,500, and depreciation and amortization expenses in the amount of $43,706.

Our net loss for the three months ended March 31, 2005 was $149,453.

Liquidity and Capital Resources

As of March 31, 2005, we maintained $0 cash. 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 March 31, 2005, we had a working capital of $60,622.

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

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2005. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Mr. Benoit Laliberté. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2005, our disclosure controls and procedures are effective. There have been no significant changes in our internal controls over financial reporting during the quarter ended March 31, 2005 that have materially affected or are reasonably likely to materially affect such controls.

6

Table of Contents

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

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will 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.

Table of Contents

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

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

None.

Item 3. Defaults upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	**Description of Exhibit**
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	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

Table of Contents

SIGNATURES

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

United American Corporation

Date: May 23, 2005

By: /s/ Benoit Laliberté

Benoit Laliberté

Title: **Chief Executive Officer, Chief Financial Officer, and Director**

Table of Contents