

Edgar Filing: PRINCETON AMERICAN CORP - Form 10QSB

PRINCETON AMERICAN CORP  
Form 10QSB  
January 17, 2001

1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT FILED PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2000

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file No. 0-5141

Princeton American Corporation  
(Exact name of small business issuer as specified 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 85016  
(Address of Principal Executive Offices, including 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 periods  
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  [ ]

14,148,047 shares of Common Stock, par value \$.001 per share, were  
outstanding at November 30, 2000

Transitional Small Business Disclosure Format (Check One):  
Yes  [ ] No  [X]

2

PRINCETON AMERICAN CORPORATION

FORM 10-QSB

INDEX

Part I Financial Information

Item 1 - Financial statements (unaudited)

Edgar Filing: PRINCETON AMERICAN CORP - Form 10QSB

Balance Sheet - November 30, 2000

Statements of Operations and Comprehensive Loss - Three Months ended November 30, 2000 and 1999

Statements of Cash Flows - Three Months ended November 30, 2000 and 1999.

Notes to Financial Statements

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II Other Information - None

Signatures

3

PRINCETON AMERICAN CORPORATION  
Unaudited Condensed Balance Sheet  
November 30, 2000

ASSETS

Current assets:

Cash and cash equivalents	\$ 8,238
Investments in marketable securities	73,687
Prepaid expenses	62,171
	-----
Total current assets	144,096
	-----
Investment in commission contract	204,484
Property and equipment, net	1,219,432
	-----
	\$1,568,012
	=====

See accompanying notes to financial statements

-1-

4

PRINCETON AMERICAN CORPORATION  
Unaudited Condensed Balance Sheet  
November 30, 2000

LIABILITIES AND STOCKHOLDERS' DEFICIT

Edgar Filing: PRINCETON AMERICAN CORP - Form 10QSB

Current liabilities:	
Notes payable - current portion	\$ 29,364
Notes payable, officers	130,000
Accounts payable	207,307
Bankruptcy claims	679,289
Liabilities in dispute	619,603
Accrued interest	151,519
Accrued real estate taxes	246,206
Payroll and sales taxes payable	12,670
Advance rental income and tenant security deposits	40,531
	-----
Total current liabilities	2,116,489
Tenant security deposits - long term	26,512
Mortgage notes payable	1,758,600
	-----
	3,901,601
	-----
Stockholders' deficit:	
Common stock	15,000
approximately 15,000,000 shares issued and outstanding	
Additional paid-in-capital	2,460,350
Accumulated deficit	(4,400,170)
	-----
	(1,924,820)
Net unrealized loss on marketable securities	(408,769)
	-----
Total stockholders' deficit	(2,333,589)
	-----
Total liabilities and stockholders' deficit	1,568,012
	=====

See accompanying notes to financial statements

-2-

5

PRINCETON AMERICAN CORPORATION  
 Unaudited Condensed Statements of Operations and Comprehensive Loss  
 For the Three Months and Six Months Ended November 30, 2000 and 1999

	Three Months Ended November 30, 2000 ----	Three Months Ended November 30, 1999 ----
Revenues		
Rental income	\$ 182,975	188,878
Parking and other	2,765	(1,047)
	-----	-----
	185,740	187,831
	-----	-----

Edgar Filing: PRINCETON AMERICAN CORP - Form 10QSB

Costs and expenses		
Building operating costs	87,026	92,664
Professional fees	55,596	32,303
Payroll and payroll taxes	34,684	33,278
Ground lease	31,451	29,669
Depreciation	32,588	32,358
Consulting	5,650	21,150
Other	11,869	12,124
	-----	-----
Total costs and expenses	258,864	253,546
	-----	-----
Income (loss) from operations	(73,124)	(65,715)
	-----	-----
Other income (expense)		
Interest and dividend income	4,848	6,030
Interest expense	(56,214)	(59,824)
Other	(4,080)	131,981
	-----	-----
	(55,446)	78,187
	-----	-----
Net income (loss) before income tax	(128,570)	12,472
Income taxes	--	--
	-----	-----
Net income (loss)	\$ (128,570)	12,472
	=====	=====
Net income (loss) per common share, basic and diluted	\$ (0.01)	0.00
	=====	=====
Net income (loss)	\$ (128,570)	12,472
Net unrealized gain (loss) on marketable securities	(9,602)	(4,681)
	-----	-----
Comprehensive income (loss)	\$ (138,172)	7,791
	=====	=====

See accompanying notes to financial statements

-3-

6

PRINCETON AMERICAN CORPORATION  
 Unaudited Condensed Statements of Cash Flows  
 For the Six Months Ended November 30, 2000 and 1999

	2000	1999
	----	----
Cash flows from operating activities:		
Net loss	\$ (156,450)	(52,351)

Edgar Filing: PRINCETON AMERICAN CORP - Form 10QSB

Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	65,176	64,946
Interest income on investment contract	(9,103)	(8,945)
Gain on sale of real estate	--	(8,481)
Decrease in receivables	--	443
Decrease (increase) in prepaid expenses	(42,004)	10,654
Increase in accounts payable and accrued expenses	69,169	91,259
Increase in accrued interest	29,356	22,456
Increase (decrease) in rent deposits	9,654	(47,520)
	-----	-----
Net cash provided by (used in) operating activities	(34,202)	72,461
	-----	-----
Cash flows from investing activities:		
Payments on notes receivable	18,149	962
Purchase of property and equipment	(873)	(27,020)
Payments on investment contract	7,375	7,125
	-----	-----
Net cash provided by investing activities	24,651	(18,933)
	-----	-----
Cash flows from financing activities:		
Refund of deposit	--	9,930
Proceeds from sale of real estate	--	20,981
Proceeds from (payments on) loan from officers	30,000	(20,000)
Payments on mortgage notes payable	(13,861)	(12,799)
	-----	-----
Net cash provided by (used in) financing activities	16,139	(1,888)
	-----	-----
Net increase in cash and cash equivalents	6,588	51,640
Cash and cash equivalents, beginning of year	1,650	5,820
	-----	-----
Cash and cash equivalents, end of period	\$ 8,238	57,460
	=====	=====
Supplementary Disclosure of Cash Flow Information		
Cash paid during the period for interest	\$ 81,619	86,938
	=====	=====
Cash paid during the period for income taxes	\$ --	50
	=====	=====

See accompanying notes to financial statements

-4-

7

PRINCETON AMERICAN CORPORATION  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
NOVEMBER 30, 2000 AND 1999

1. 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

## Edgar Filing: PRINCETON AMERICAN CORP - Form 10QSB

management, necessary for a fair statement of the results for the interim periods. The statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and Securities and Exchange Commission regulations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles 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 six months ended November 30, 2000 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, 2000.

### 2. CANCELLATION OF OUTSTANDING SHARES AND ISSUANCE OF NEW SHARES

On September 15, 2000, the Bankruptcy Court ordered Princeton American and its transfer agent, American Stock Transfer & Trust ("AST") to cancel all outstanding Princeton American share certificates and issue new share certificates reflecting the allowed interest of shareholders under the Plan of Reorganization for Princeton American and the Court's prior orders. The Court further ordered that Princeton American and AST are not subject to any claim based upon the cancellation of outstanding share certificates and the issuance of new certificates in accordance with the Court's orders. The final order became final and non-appealable on September 29, 2000.

Princeton American is in the process of implementing the Court's order, and new share certificates will be issued for the allowed interests as soon as reasonably practicable. In connection with the issuance of new certificates, Princeton American has also initiated a process to change its trading symbol. Effective as of October 9, 2000, the trading symbol, PELT, has been officially cancelled, and no further trades will be made under that symbol. After new certificates have been issued to a majority of those shareholders possessing an allowed interest, a new trading symbol will be issued to Princeton American.

-5-

8

### 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:

## Edgar Filing: PRINCETON AMERICAN CORP - Form 10QSB

- a downturn in the Phoenix, Arizona real estate market, particularly one which would adversely affect commercial lease rates;
- an adverse result in the Weiss or other litigation referred to in this report;
- any change in tax laws which would change the Company's ability to utilize its tax loss carryforward or the inability under existing tax laws for the full utilization of such tax loss carryforward;
- an inability of the Company to regain listed or trading status on the Over-the-Counter Bulletin Board, NASDAQ, the American Stock Exchange, or some other recognized market or exchange;
- certain operations of the Company, including the formation of alliances with other entities, will remain under the jurisdiction of and be subject to the confirmation and approval of the U.S. Bankruptcy Court. The decisions of the Bankruptcy Court, with respect to Company operations retained under its jurisdiction, could affect the business of 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 Securities and Exchange Commission. We do not promise to update forward-looking information to reflect actual results or changes in assumptions or other factors that could affect those statements.

-6-

9

### RESULTS OF OPERATIONS:

Since the filing of the 10QSB for the first quarter ended August 31, 2000, Management has focused on:

- Continuing settlement negotiations with Harry and Irene Weiss with respect to their claim which is currently the subject of several appeals by both parties in the Federal District Court of Arizona and the 9th Circuit Court of Appeals. On December 11, 2000, pursuant to stipulated agreement of the parties, Federal District Judge Paul G. Rosenblatt remanded the Weiss issues before his court for a settlement mediation before Bankruptcy Court Judge Charles G. Case II. The mediation proceedings are set before Judge Case on January 19, 2001. There is no assurance that the mediation process will be successful.
- Leasing of suite 200 at 4908 North 22nd Street, Phoenix, Arizona. A lease of the second floor (10,000 square feet) of this office building was entered into with Alliance Investors, LLC, a residential development company on December 5, 2000. Alliance has 420 employees (with 44 in the Phoenix office) and over a billion dollars of real estate under management. The lease is for five years at an average annual rate of \$20.44 per square foot for a total of \$ 1,046,960 in revenues to Princeton over the term of the lease. Occupancy is

## Edgar Filing: PRINCETON AMERICAN CORP - Form 10QSB

scheduled for February 1, 2001. When this tenant completes its move in, the building will be fully leased with projected revenues of \$390,312 annually. Alliance will continue to occupy suites 210 and 250 at the Camelback address formerly leased to BRE (Alliance's predecessor) until it moves into its new quarters at 4808 North 22nd Street. Princeton is required under the terms of the lease to provide \$70,000 of tenant improvements in the form of reduced rent over a period of ten months commencing May 1, 2001.

- Leasing of vacant spaces at 2222 East Camelback Road, Phoenix, Arizona. With the pending move of Alliance Investors, LLC to the 4808 North 22nd Street facility, Princeton has been marketing suites 200, 210 and 250. The Company has presented a draft for the lease of suites 200 and 210 to United Title Company. Upon execution of the lease, United Title will occupy these spaces effective February 1, 2001. The lease is for five years at an average annual rate of \$ 23.00 per square foot for a total of \$ 607,430 in revenues to the Company over the term of the lease. Princeton is required under the terms of the lease to provide approximately \$12,000 in tenant improvements in the form of reduced rent during a portion of the first year of the lease.

Suite 250 has been offered to Nationwide Vision Centers. Negotiations are ongoing at this time and are based upon terms similar to the United Title lease. It is expected that a lease with this clinic will be concluded in time for the tenant to occupy this space during the second or third month of this calendar year.

- Implementing the adjustments of outstanding shares and shareholders. On September 15, 2000, The Bankruptcy Court entered its Order: (1) Approving Cancellation Of Outstanding

-7-

10

Share Certificates and Issuance Of New Certificates, and (2) Barring Claims. A copy of the Order is contained in the Form 8-K set forth in Item 6 hereof.

Pursuant to the Order, American Stock Transfer & Trust has been directed to cancel all outstanding shares of the Company. As of October 9, 2000, Princeton's trading symbol "PELT" has been officially cancelled and no further trades will be made under that symbol. On October 10, 2000, notice was mailed to those shareholders possessing an allowed interest, requesting that the cancelled share certificates be returned to the Company to be replaced by new certificates as authorized by the Order. Once this process is completed, Princeton will have approximately 15,000,000 shares issued and outstanding. The Company has applied to the NASD for registration of the Company's shares for trading on the Over the Counter Bulletin Board Market (OTCBB). It is anticipated that a new trading symbol will be issued by the NASD if Princeton's application is approved.

THREE MONTHS ENDED NOVEMBER, 2000 COMPARED TO THREE MONTHS ENDED NOVEMBER 30, 1999

We believe that our cash position of \$ 8,238 as of November 30, 2000, coupled with the increased revenues resulting from the lease-up of 4808 North 22nd Street, and the leasing to United Title and Nationwide Vision Centers of the spaces at 2222 East Camelback Road (to be vacated by Alliance Investors, LLC) will be sufficient to continue operations for the next twelve months under bankruptcy court supervision.



Edgar Filing: PRINCETON AMERICAN CORP - Form 10QSB

The company is required to pay all unsecured and administrative claims (aggregating \$679,289, but not including the Weiss claim) in order to emerge from bankruptcy proceedings. In order to raise the capital necessary to accomplish this, we plan to either: (1) Sell 4808 North 22nd Street or (2) refinance both office buildings. Either of these alternatives (or a combination thereof) should produce sufficient funds to discharge these obligations. Efforts are ongoing to sell the 4808 building. We have had a tentative commitment from a lender to refinance both buildings, pending resolution of outstanding bankruptcy issues.

PART II Other Information - None

-8-

11

SIGNATURES

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

Date: January 16, 2001

PRINCETON AMERICAN CORPORATION

/s/ William C. Taylor

-----  
William C. Taylor  
President

/s/ Roderick W. McKinnon

-----  
Roderick W. McKinnon  
Corporate Secretary

-9-