URBAN TELEVISION NETWORK CORP
Form 10QSB
August 13, 2004

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ending June 30, 2004

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

For the transition period from _______ to ________

Commission file number 33-58972

URBAN TELEVISION NETWORK CORPORATION
(Name of Small Business Issuer in its Charter)

NEVADA	22-2800078
(State of Incorporation)	(IRS Employer Identification No.)

2707 South Cooper, Suite 119, Arlington, TX 76015
(Address of principal executive offices) (Zip Code)

Issuer's telephone number, (817) 303 - 7449

Check whether the issuer (1)filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 ___

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years.

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ___ No ___

Applicable only to corporate issuers

State the number of shares outstanding of each of the issuer's class of common equity, as of the latest practicable date:

62,603,509 shares of common stock, $0.0001 par value, as of August 5, 2004

Transitional Small Business Disclosure Format
(Check One) Yes ___ No X ___

PART I. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

URBAN TELEVISION NETWORK CORPORATION
FORM 10-QSB

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements. (Unaudited)

As prescribed by Item 310 of Regulation S-B, the independent auditor has reviewed these unaudited interim financial statements of the registrant for the nine months ended June 30, 2004. The financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. The unaudited financial statements of registrant for the nine months ended June 30, 2004, follow.

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PART I - FINANCIAL STATEMENTS

URBAN TELEVISION NETWORK CORPORATION

Consolidated Balance Sheet

	June 30, 2004 (Unaudited)	Septem 2 (Aud
Assets		
Currents assets		
Cash and cash equivalents	$ 12,017	$
Accounts receivable	6,746	
Deposits	5,000	

Total current assets	23,763	
Furniture, fixtures and equipment, net	149,289	
Other assets		
Prepaid management services	2,000,000	
Network assets, net	108,121	
Organizational costs	360	
Total other assets	$ 2,108,481	$
Total assets	$ 2,281,533	$

Liabilities and stockholders' equity

Current liabilities		
Accounts payable	$ 84,696	$
Due to stockholders	--	
Notes payable to stockholder	12,200	
Bridge loans payable	--	
Note payable	5,000	
Accrued compensation	115,000	
Deferred revenue	91,750	
Accrued interest payable	6,419	
Total current liabilities	315,065	
Stockholders' equity		
Preferred stock, $1 par value, 500,000 shares authorized, none issued	--	
Common stock, $0.0001 par value, 200,000,000 shares authorized; 61,428,509 and 23,711,736 outstanding at June 30, 2004 and September 30,2 003, respectively	6,143	
Additional paid-in capital	22,765,586	8,
Stock subscriptions receivable	(6,800,000)	
Retained earnings (deficit)	(14,005,261)	(8,
Total stockholders' equity	1,966,468	
Total liabilities and stockholders' equity	$ 2,281,533	$

See notes to financial statements.

URBAN TELEVISION NETWORK CORPORATION

Consolidated Statement of Operations

(UNAUDITED)

	Three months ended June 30, 2004	Three months ended June 30, 2003	Nine months ended June 30, 2004	Nine months ended June 30, 2003
Revenues	$ 71,842	$ 123,400	$ 129,009	$ 217,288
Expenses:				
Satellite and uplink services	80,174	71,366	266,194	372,938
Master control and production	57,923	50,655	273,579	87,711
Station operating costs	74,934	30,050	246,071	33,950
Technology expenses	147,260	87,662	203,108	220,196
Administration	4,484,054	883,889	5,018,787	1,128,090
Depreciation and amortization	22,937	31,450	58,697	91,100
Total expenses	4,867,282	1,155,072	6,066,436	1,933,985
Income (loss) from operations	(4,795,440)	(1,031,672)	(5,937,427)	(1,716,697)
Other (income) expense				
Interest income	--	--	333	--
Interest (expense)	--	(17,272)	(3,354)	(38,855)
Net loss	$ (4,795,440)	$ (1,048,944)	$ (5,940,448)	$ (1,755,552)
Earnings per share:				
Net income (loss)	$ (.09)	$ (0.05)	$ (0.13)	$ (0.16)
Weighted average number of common shares outstanding	55,352,099	20,372,969	44,007,166	11,176,612

See notes to financial statements.

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URBAN TELEVISION NETWORK CORPORATION

Consolidated Statement of Stockholders' Equity
(UNAUDITED)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Stock Subscription Receivable

Balance at September 30, 2001	311,636	$ 31	$ 5,444,567	$ 0
Recapitalization of private company	800,000	80	518,785	--
Stock issued to Hispanic Television Network	5,000	1	9,999	--
Net income for year ended September 30, 2002	--	--	--	--
Balance September 30, 2002	1,116,636	112	5,973,351	0
Recapitalization of private company	13,248,000	1,325	238,594	--
Stock issued for services	7,275,000	727	810,523	--
Stock issued for bridge loan conversions	1,957,300	196	978,454	--
Stock subscriptions	114,800	11	57,389	$ (57,400)
Net loss for year ended September 30, 2003	--	--	--	--
Balance, September 30, 2003	23,711,736	2,371	8,058,311	(57,400)
Stock issued for services	15,667,000	1,567	3,915,183	--
Stock subscription	14,000,000	1,400	6,998,600	(6,800,000)
Stock issued for management services	4,000,000	400	1,999,600	--
Stock subscriptions received	--	--	--	57,400
Stock issued for bridge loan Conversions	3,914,773	392	1,760,155	--
Stock issued for equipment	120,000	12	29,988	--
Stock issued to vendor	15,000	1	3,749	--
Net loss for nine months ended June 30, 2004	--	--	--	--
Balance, June 30, 2004	61,428,509	$ 6,143	$ 22,765,586	$ (6,800,000)

See notes to financial statements.

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URBAN TELEVISION NETWORK CORPORATION

Consolidated Statement of Cash Flows

(UNAUDITED)

	Three months ended June 30, 2004	2003	Nine months e 2004
Operating Activities			
Net (loss)	$(4,795,440)	$(1,048,944)	$(5,940,448)

Adjustments to reconcile net income to net cash oprovided by Operating activities:			
Depreciation and amortization	22,937	31,450	58,697
Common stock issued for services	3,870,500	728,750	3,920,500
Changes in operating assets and liabilities:			
Accounts receivable	--	(7,775)	(2,505)
Prepaid expense	(5,000)	--	(5,000)
Accounts payable	(26,000)	(14,143)	(11,982)
Accrued interest expense	1,455	16,372	1,869
Accrued compensation	40,000	61,031	115,000
Deferred revenue	91,750	--	91,750
Net cash provided by operating activities	(799,798)	(233,259)	(1,772,119)
Investing Activities			
Capital expenditures	(15,000)	9,088	(118,704)
Net cash (used in) investing activities	(15,000)	9,088	(118,704)
Financing Activities			
Proceeds from bridge loans	628,219	132,200	1,782,432
Proceeds from notes payable	--	--	25,000
Payments on notes payable	(20,000)	(52,043)	(140,000)
Net cash provided by financing activities	608,219	80,157	1,667,432
Increase (decrease) in cash	(206,579)	(144,014)	(223,391)
Cash at beginning of period	218,596	198,083	235,408
Cash at end of period	$ 12,017	$ 54,069	$ 12,017
Supplemental disclosure of cash flow information:			
Cash paid during the period for:	$ --	$ --	$ --
Interest			
Income taxes	$ --	$ --	$ --
Non-cash transactions:			
Common stock issued for services	$ 3,870,500	$ --	$ 3,920,500

See notes to financial statements.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2004
(UNAUDITED)

1. BASIS OF PRESENTATION:

The accompanying unaudited consolidated financial statements have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles generally accepted in the United States of America have been omitted pursuant to such SEC rules and regulations; however, in the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the Company's financial position as of June 30, 2004 and its results of operations and cash flows for the interim periods presented. The accompanying consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10_KSB for the year ended September 30, 2003, which was filed January 14, 2004. The results of operations for the interim period are not necessarily indicative of the results for the full year.

ACCOUNTING POLICIES:

There have been no changes in accounting policies used by the Company during the quarter ended June 30, 2004.

2. Significant Accounting Policies

Description of Business

Urban Television Network Corporation (the "Company") formerly known as Waste Conversion Systems, Inc. was incorporated under the laws of the state of Nevada on October 21, 1986. The principal office of the corporation is 2707 South Cooper, Suite 119, Arlington, Texas 76015.

In January 2002, the Company underwent a change of control in connection with Urban Television Network Corporation, a Texas corporation, (Urban-Texas). The directors of the Company appointed Urban-Texas officers as new officers of the Company, and at the same time resigned their board positions and appointed the directors of Urban-Texas as the Company's new board of directors.

On May 1, 2002, the Company entered into an agreement with Urban-Texas to acquire the rights to the Urban-Texas affiliate network signal space which included the assignment of the Urban-Texas broadcast television station affiliates for 16,000,0000 shares of common stock, which became 800,000 after a 1 for 20 reverse stock split.

On February 7, 2003, the Company entered into a Stock Exchange Agreement with the majority shareholders of Urban-Texas. Among other things, the Agreement provided for the Company's purchase of approximately 90% of the issued and outstanding capital stock of Urban-Texas (13,248,000 of 14,759,000 shares) in exchange for the Company's issuance of 13,248,000 shares of its authorized but unissued common stock, $.0001 par value (the "Exchange Shares"), to the majority shareholders of Urban-Texas. In June of 2003, the remaining 10% of Urban-Texas common stock was contributed to the Company.

Urban-Texas is considered the accounting acquirer, and the accompanying financial statements include the operations of Urban-Texas from the earliest period presented. The Company operated from May 1, 2002 to February 7, 2003 as a 71% subsidiary of Urban-Texas, a predecessor entity to the existing business. The May 1, 2002 and February 7, 2003 transactions with the Company are presented as a recapitalization of Urban-Texas.

The Company is authorized to issue 200,000,000 shares of $.0001 par value stock and 500,000 shares of $1.00 par value preferred stock.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2004
(UNAUDITED)

2. Significant Accounting Policies - continued

The Company is engaged in the business of supplying programming to broadcast television stations and cable systems. The Company's programming format is specifically focusing on the African American and English speaking Hispanic demographic markets. Formerly the Company's business had been the marketing of thermal burner systems that utilize industrial and agricultural waste products as fuel to produce steam, which generates electricity, air-conditioning or heat.

Accounting Method

The Company records income and expenses on the accrual method.

Revenue Recognition

The Company's sources of revenues includes sale of short-form national and local spot advertising long-form program time slots. The Company's policy is to recognize the revenue associated with these sources of revenue at the time that it inserts the short-form advertising spots or airs the long-form program at the network or local level.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. All material intercompany accounts and transactions are eliminated. The Company owns 100% of Urban Television Network Corporation, a Texas corporation and 100% of Waste Conversion Systems of Virginia, Inc.

Non Goodwill Intangible Assets

Intangible assets other than goodwill consist of network assets acquired by purchase. They are being amortized over their expected lives of 5 years and are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. No impairment loss was recognized during the reporting periods. On January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, Goodwill and Intangible Assets. This provides that a recognized intangible shall be amortized over its useful life to the reporting entity unless that life is determined to be indefinite. The amount of an intangible asset to be amortized shall be the amount initially assigned to that asset less any residual value.

Income (Loss) Per Share

Income (loss) per common share is calculated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share". Basic Income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted net income (loss) per share is computed similar to basic net income (loss) per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Stock options and warrants are anti-dilutive, and accordingly, are not included in the calculation of income (loss) per share.

Comprehensive Income

Comprehensive income (loss) and net income (loss) are the same for the Company.

Cash

For purposes of the statement of cash flows, the Company considers unrestricted cash and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash.

2. Significant Accounting Policies - continued

Concentration of Credit Risk

The Company periodically maintains cash in excess of federally insured limits. The amount in excess at June 30, 2004 was $-0-.

Advertising Costs

The Company expenses non-direct advertising costs as incurred. The Company did not incur any direct response advertising costs for the nine months ended June 30, 2004 and 2003.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Standards

The FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." The Statement provides guidance for determining whether a transfer of financial assets should be accounted for as a sale or a secured borrowing, and whether a liability has been extinguished. The Statement is effective for recognition and reclassification of collateral and for disclosures ending after December 15, 2001. The Statement is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. The initial application of SFAS No. 140 will have no impact to the Company's results of operations and financial position.

In June, 2001 the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, "Business Combinations" and No. 142 "Goodwill and Other Intangible Assets." These statements prohibit pooling-of -interest accounting for Transactions initiated after June 30, 2001, require the use of the purchase method of accounting for all combinations after June 30, 2001, and establish new standards for accounting for goodwill and other intangibles acquired in business combinations. The Company does not expect these pronouncements to have a material affect on its financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This Statement establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. SFAS No. 150 is effective at the beginning of the first interim period beginning after June 15, 2003; including all financial instruments created or modified after May 31, 2003. SFAS No. 150 currently has no impact on the Company.

Stock Options

The Company accounts for non-employee stock options under SFAS 123, whereby option costs are recorded at the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliable measurement, in accordance with EITF 96-18 "Accounting for Equity" instruments that are issued to other than employees for acquiring or in conjunction with selling goods or services.

The Company adopted in February 1993 an employee stock option plan. There are no options outstanding under this plan. This plan will be accounted for under FAS 123 as described above.

3. Accounts receivable

Accounts receivable consists of normal trade receivables. The Company assesses the collectibility of its accounts receivable regularly. Based on this assessment, an allowance for doubtful accounts is recorded. At June 30, 2004 and 2003 an allowance for doubtful accounts was not considered necessary.

4. Network Assets - Amortization

Network assets consist of intangibles other than Goodwill. These assets automatically renew every year unless either party terminates the agreement by such notification to the other party. A useful life of five (5) years is estimated for the assets. These agreements are not expected to be terminated by either party prior to its useful life period. Total amortization of these assets has been $87,507 and the amortization for the nine months ended June 30, 2004 and 2003 was $29,344 and $14,520, respectively.

Future amortization of the Network assets at June 30, 2004 will be $108,121 and on an annual basis be as follows:

Year ended September 30, 2004	$ 9,781
Year ended September 30, 2005	$39,125
Year ended September 30, 2006	$39,125
Year ended September 30, 2007	$20,090

5. Property, Plant and Equipment

The Company acquired equipment totaling $5,084 during the year ended September 30, 2003 and $148,704 during the nine months ended June 30, 2004, which included the issuance of 120,000 shares of the Company's common stock valued at $30,000. Equipment is recorded at cost and depreciation is calculated on a straight-line basis over three (3) to five (5) years. Total depreciation of the equipment has been $42,207 and depreciation for the nine months ended June 30, 2004 and 2003 was $29,353 and $10,383, respectively.

6 Related Party Transactions

In May 2002, the Company issued 16,000,000 (800,000 after the 1 for 20 Reverse) shares to Urban Television Network Corporation, a Texas corporation for asset purchase of network assets - See footnote 1.

The Company leased office space from one its shareholders and director for $2,000 per month. The lease expired on March 31, 2004. The total rental expense for the six months ended March 31, 2004 and 2003 was $12,000 and $6,000, respectively. Amounts payable were $-0- and $24,000, respectively.

In year 2003, the Company began using the services of a company owned by shareholders, one being a director of the Company, that provides the Company with the equipment and master control services to put the Company's programming on the satellite for the broadcast affiliates to receive and rebroadcast to their local markets. During the nine months ended June 30, 2004 and 2003, the total expense paid out was $260,067 and $87,711, respectively.

The Company uses the services of a company owned by shareholders to provide it with technology services including Internet and affiliate relations. During the nine months ended June 30, 2004 and 2003, the total expense paid out for these services was $203,108 and $220,196, respectively.

During the periods ended September 30, 2003 and 2002, the Company executed interest bearing notes with shareholders. The Company borrowed $298,127 and $263,165 from the shareholders and made repayments of $164,177 and $66,400 during the years ended September 30, 2003 and 2002, respectively. At September 30, 2003, $168,765 of the notes plus accrued interest of $29,750 were converted to a non-interest payable to the shareholder. In October

6. Related Party Transactions - continued

2003, a shareholder agreed to reduce the Company payable by $198,515 to apply towards the purchase of common stock by Wright Entertainment LLC.

The Company executed an interest bearing note with a shareholder of the Company during the period ended September 30, 2003 to pay operating expenses. During the period ended September 30, 2003 the amounts loaned totaled $132,200. The balance on this loan was $12,200 at June 30, 2004.

On October 30, 2003, the Company completed a stock subscription agreement with Wright Entertainment, LLC, a Nevada limited liability company, whose owner and managing director is Lonnie G. Wright, Chairman and Chief Executive Officer of the Company. Wright Entertainment, LLC entered into the stock subscription agreement for Fourteen Million (14,000,000) common shares for Seven Million ($7,000,000) Dollars or Fifty ($0.50) Cents per share. The stock sale was structured as an installment stock sale.The terms of the stock sale are as follows: $500,000 down, the $6,500,000 balance payable on a promissory note at $875,000 Dollars quarterly, including 6% interest on the declining balance. A portion ($200,000) of the $500,000 down payment was satisfied by one of the Company's lenders forgiving $198,515 of advances due the lender and $1,485 of accrued interest on a note payable to the lender. Subsequent to December 31, 2003, the subscription agreement has been amended to set the first four quarterly installments at $437,500, the first one being due and payable on April 30, 2004 and the next three being due and payable every three months thereafter with the remaining quarterly installments in the amount of $875,000 each payable every three months thereafter until the total subscription amount has been paid including accrued interest. On April 27, 2004, the Company's Board of Directors, with Lonnie G. Wright abstaining, accepted a contribution of master control and uplinking assets from Wright Entertainment, LLC in lieu of the April 30, 2004 and future payments due by Wright Entertainment, LLC on its stock purchase agreement, depending on the value of the assets as determined by an outside independent appraisal. All of the shares have been pledged as security for the promissory note and will be physically held by the Company. Additionally, the board of directors authorized the issuance of Four Million (4,000,000) common shares to Wright Entertainment for executive management services to be valued at $2,000,000. These shares will be held by the Company and accounted for as prepaid management services until the total subscription price has been paid by Wright Entertainment. When the shares have been earned by Wright Entertainment, the $2,000,000 will be amortized over four years.

7. Notes Payable

Notes payable consist of:

	June 30, 2004	September 30, 2003
Notes payable to stockholders at 6% interest payable on September 30, 2004	$ 12,200	$ 132,200
Note payable to individual at 0% interest Payable on July 1, 2004	5,000	--
	$ 17,200	$ 132,200

8. Convertible Bridge Loan

Convertible bridge loans consist of:

	June 30, 2004	September 30, 2003
Convertible bridge loan payable to individuals at 6% interest payable on February 14, 2004	$ --	$ 37,000

The convertible bridge loans are convertible into the Company's common stock at the rate of two shares of common stock for each dollar of convertible bridge loan plus accrued interest through the date of conversion.

9. Income Tax

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". This standard requires, among other things, recognition of future tax consequences, measured by enacted tax rates attributable to taxable and deductible temporary differences between financial statement and income tax bases of assets and liabilities. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period in the deferred tax asset and liability.

Temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities did not give rise to significant portions of deferred taxes at June 30, 2004 and 2003.

The (provision) benefit for income tax consist of the following:

	June 30, 2004	June 30, 2003
Current	$ 0	$ 0
Deferred	0	0
	$ 0	$ 0

The Company's utilization of any tax loss carryforward available to it will be significantly limited under Internal Revenue Code Section 382, if not totally, by recent stock issuances and changes in control. The Company has established a 100% valuation allowance until such time as it is decided that any tax loss carryforwards might be available to it. The Company accounts for income taxes pursuant to the Statement of Financial Accounting Standards No.109. The Company has no current or Deferred income tax component.

10. Capital Stock

In May 2002, the Company issued 16,000,000 (800,000 after the 1 for 20 reverse) shares to Urban Television Network Corporation, a Texas corporation for asset purchase of network assets -See footnote 1.

In September 2002, the Company issued 100,000 (5,000 after the 1 for 20 reverse) shares to Hispanic Television Network, Inc. as part of the mutual settlement agreement between the two companies to cancel the Satellite Transponder Service Agreement and notes payable/receivable.

On November 21, 2002 the Company completed a 1:20 reverse stock split and amended its Articles of Incorporation to increase its authorized common shares to 200,000,000 and adjust its par value to $0.0001 per share.

In December 2002, the Company issued 300,000 shares of its common stock for consulting and legal services, which the Company valued at $82,500.

On February 7, 2003, the Company entered into an Exchange Agreement with the majority shareholders of Urban Television Network Corporation, a Texas corporation (Urban-Texas). The Company acquired 90% of the issued and outstanding capital stock of Urban-Texas in return for 13,248,000 shares of the Company's common stock - See footnote 1.

In May 2003, the Company issued 5,075,000 shares of its common stock for consulting Services, which the Company valued at $253,750.

In June 2003, the Company issued 1,900,000 of its common stock for employee compensation, consulting services and legal services, which the Company valued at $475,000 under the Plan.

10. Capital Stock - continued

During the period ended September 30, 2003, the Company issued 1,957,300 shares of its common stock to Bridge Loan Lenders who elected to convert $978,650 of bridge loans to common stock at the rate of 2 shares for each dollar of bridge loan converted.

On October 30, 2003, the Company completed a stock subscription agreement with Wright Entertainment, LLC, a Nevada limited liability company. The Company sold Fourteen Million (14,000,000) common shares for Seven Million ($7,000,000) Dollars or Fifty ($0.50) Cents per share. The stock sale was structured as an installment stock sale. The terms of the stock sale are as follows: $500,000 down, the $6,500,000 balance payable on a promissory note at $875,000 Dollars quarterly, including 6% interest on the declining balance. A portion ($200,000) of the $500,000 down payment was achieved by one of the Company's lenders forgiving $198,515 of advances due the lender and $1,485 of accrued on a note payable to the lender. Subsequent to December 31, 2003, the subscription agreement has been amended to set the first four quarterly installments at $437,500 each beginning April 30, 2004 and the remaining quarterly installments remaining at $875,000 each until the total subscription amounts has been paid including accrued interest. On April 27, 2004, the Company's Board of Directors, with Lonnie G. Wright abstaining, accepted a contribution of master control and uplinking assets from Wright Entertainment LLC in lieu of the April 30, 2004 and future payments due by Wright Entertainment, LLC on its stock purchase agreement, depending on the value of the assets as determined by an outside independent appraisal. All of the shares have been pledged as security for the promissory note and will be physically held by the Company. Additionally, the board of directors authorized the issuance of Four Million (4,000,000) common shares to Wright Entertainment for executive management services to be valued at $2,000,000. These shares will be held and accounted for as prepaid management services by the Company until the total subscription price has been paid by Wright Entertainment. When the shares have been forwarded to Wright Entertainment, the $2,000,000 will be amortized over four years.

In October 2003, the Company issued 100,000 shares of its common stock for services rendered, which the Company valued at $25,000.

In October 2003, the Company issued 120,000 shares of its common stock as part of the purchase of videoing and production equipment. The shares were valued at $30,000 in the purchase.

In April 2004, the Company issued 8,300,000 shares of its common stock to management, directors and advisory board members for management services, which the Company valued at $2,075,000.

In April 2004, the Company issued 7,167,000 shares of its common stock for legal services, strategic planning services, financial planning services and technology consulting services, which the Company valued at $1,791,750.

In April 2004, the Company issued 15,000 shares of its common stock in lieu Payments due on a television station lease agreement, which the Company valued at $3,750.

During the nine months ended June 30, 2004, the Company issued 3,914,773 shares of its common stock to Bridge Loan Lenders who elected to convert bridge loans to common stock at a conversion value of $1,760,547.

Non-Qualified Stock Grant and Option Plan

The Company is authorized to issue up to 2,000,000 shares of common stock under its 2003 Non-Qualified Stock Grant and Option Plan (the "Plan") through an S-8 registration. This Plan is intended to serve as an incentive to and to encourage stock ownership by certain directors, officers, employees of and certain persons rendering service to the Company, so that they may acquire or increase their proprietary interest in the success of the Company, and to encourage them to remain in the Company's service. During the period ended September 30, 2003, the Company had distributed 1,900,000 of the shares through grants. The remaining 100,000 shares were issued in October 2003 as a stock grant.

11. Preferred Stock

The Articles of Incorporation of the Company authorize issuance of a maximum of 500,000 shares of nonvoting preferred stock with a par value of $1.00 per share. The Articles of Incorporation grant the Board of Directors of the Company authority to determine the designations, preferences, and relative participating, optional or other special rights of any preferred stock issued.

No preferred shares had been issued as of June 30, 2004.

12. Commitments and Contingencies

Satellite Transponder Lease

The Company entered into a Satellite space segment service agreement with Loral Skynet(now Intelsat, Inc.) on November 20, 2002 for 6 MHz of satellite bandwidth on Telstar 5 (now Intelsat 5) for a period of three year ending on November 21, 2005. For the nine months ended June 30, 2004 and 2003, the amounts expensed were $162,387 and $126,301, respectively.

Future lease payments due during the term of the lease ending on November 21, 2005 will equal $306,731 and be due as follows:

Year ended September 30, 2004	$ 54,129
Year ended September 30, 2005	$216,516
Year ended September 30, 2006	$ 36,086

Signal Uplink Lease

The Company entered into a Full Time Broadcast Agreement with Verestar, Inc. on November 21, 2002 for a full time redundant 6 MHz digital C-band uplink service for a period of three years ending on November 21, 2005. For the nine months ended June 30, 2004 and 2003, the amounts expensed for uplink services were $72,000 and $56,000, respectively.

Future lease payments due during the term of the lease ending on November 21, 2005 will equal $136,000 and be due as follows:

Year ended September 30, 2004	$24,000
Year ended September 30, 2005	$96,000
Year ended September 30, 2006	$16,000

Facilities Space Lease

The Company entered into a lease for office space on March 15, 2002 for a period of three years ending on March 31, 2005. For periods ended September 30, 2003 and 2002, the amount expensed for office space lease was $14,000 and $24,000. For the nine months ended June 30, 2004 and 2003, the amounts expensed for office space were $12,000 and $18,000, respectively. This lease was terminated by mutual agreement on March 31, 2004.

The Company entered into a lease for office space on March 8, 2004 for a period of one year ending on February 28, 2005. For the period beginning March 8, 2004 and ended June 30, 2004 the amount expensed for office space was $6,990.

Future lease payments due during the term of the lease ending on February 28, 2005 will equal $18,640.

Employment Agreements

Mr. Randy Moseley is employed pursuant to a five-year employment agreement that commenced on October 2, 2002. The agreement provides for a base annual salary equal to $200,000 and a possible annual cash bonus as determined by the Board of Directors and/or the Compensation Committee.

12. Commitments and Contingencies - continued

In October 2003, the employment agreement of Randy Moseley was amended to allow for the naming of a new President and Chief Executive Officer for the Company. Mr. Moseley accepted the officer position of Executive Vice President and Chief Financial Officer and agreed to defer the payment of salary for the period from October 2, 2002 to September 30, 2003 with this deferred year being added to the end of the original term to make the term of the contract end on September 30, 2008. During the nine months ended June 30, 2004, $115,000 of Mr. Moseley's compensation was accrued as a payable.

Mr. Stanley Woods is employed pursuant to a three-year employment Agreement that commenced on October 2, 2002. The agreement provides for a base annual salary equal to $50,000 and a possible annual cash bonus as determined by the Board of Directors and/or the Compensation Committee. Mr. Woods was issued 200,000 shares of common stock in 2003 in lieu of his annual salary for the period ended September 30, 2003.

Contingencies

The Company is involved in various legal actions arising in the normal course of business. Management is of the opinion that any judgment or settlement resulting from pending or threatened litigation would not have a material adverse effect on the financial position or results of operations of the Company.

13. Going Concern

The Company has suffered recurring losses from operations. In order for the Company to sustain operations and execute its television broadcast and programming business plan , capital will need to be raised to support operations as the company executes its business plan. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company may raise additional capital through the sale of its equity securities, or debt securities. Subsequent to year end the Company has raised additional capital of approximately $1,442,108 from $1,142,108 in bridge loans and $300,000 in cash from the Wright Entertainment LLC subscription agreement.

14. Subsequent Events

On July 10, 2004, the Company received a certificate from Nevada Minority Business Council, an affiliate of the National Minority Supplier Development Council, indicating that the Company qualifies as a Minority Owned and Managed Company, which has met the certification criteria established by the National Minority Supplier Development Council.

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

Background

Urban Television Network Corporation (the "Company") formerly known as Waste Conversion Systems, Inc. was incorporated under the laws of the state of Nevada On October 21, 1986. The principal office of the corporation is 2707 S. Cooper, Suite 119, Arlington, Texas 76015.

In January 2002, the Company underwent a change of control with the directors of the Company appointing the directors and officers of Urban Television Network Corporation, a Texas corporation, (Urban-Texas) as the new directors and officers of the Company, and at the same time resigning their board positions.

On May 1, 2002, the Company entered into an agreement with Urban-Texas to acquire the rights to the Urban-Texas affiliate network signal space which included the assignment of the Urban-Texas broadcast television station affiliates for 16,000,0000 shares of common stock, which became 800,000 shares after the 1 for 20 reverse split in November 2002.

On February 7, 2003, the Company entered into a Stock Exchange Agreement with the majority shareholders of Urban-Texas to acquire approximately 90% of the issued and outstanding capital stock of Urban-Texas (13,248,000 of 14,759,000 shares) in exchange for the Company's issuance of 13,248,000 shares of its authorized but unissued common stock, $.0001 par value (the "Exchange Shares"), to the majority shareholders of Urban-Texas. The remaining 10% was contributed to the Company in June of 2003.

Urban-Texas is considered the accounting acquirer, and the accompanying financial statements include the operations of Urban-Texas from the earliest period presented. The May 2002 and February 2003 transactions with the Company are presented as a recapitalization of Urban-Texas.

The consideration exchanged in Stock Exchange Agreement was negotiated between the Company and Urban-Texas in a transaction with management. The management of the Company and Urban-Texas, were the same individuals. The transaction did not represent an arms-length transaction.

The Company is engaged in the business of supplying programming to independent broadcast television stations and cable systems. Formerly the Company's business had been the marketing of thermal burner systems that utilize industrial and agricultural waste products as fuel to produce steam, which generates electricity, air-conditioning or heat.

The Company acquired a general market television network affiliate base from Hispanic Television Network, Inc. This television network was rebranded to focus on the minority markets, primarily the African American and Hispanic markets, across the United States. The network presently includes approximately 72 broadcast television station affiliates in various parts of the country.

We are targeting the minority markets, primarily the African American and Hispanic Markets, because we believe that they present vast marketing opportunities and that are currently under-served by our competition. The African American market, composes approximately 13% of the U.S. population with a spending power in excess of $500 billion. The Hispanic population is also approximately 13% of the U.S. total with a spending power also in the $500+ billion range. With few competitors in broadcast television that are exclusively devoted to programming to the minority markets, we feel that there are attractive opportunities to provide a quality broadcasting service to the African American and Hispanic (especially bi-lingual and English speaking Hispanic programming) populations that together make up in excess of 25% of the U.S. population.

On July 10, 2004, the Company received a certificate from Nevada Minority Business Council, an affiliate of the National Minority Supplier Development Council, indicating that the Company qualifies as a Minority Owned and Managed Company, which has met the certification criteria established by the National Minority Supplier Development Council.

Our financial results depend on a number of factors, including the strength of the national economy and the local economies served by our affiliate stations, total advertising dollars dedicated to the markets served by our affiliate stations, advertising dollars dedicated to the African American and Hispanic consumers in the markets served by our affiliate stations, our affiliate stations' audience ratings, our ability to provide interesting minority focused

programming, local market competition from other television stations and other media, and government regulations and policies, such as the multiple ownership rules, the ability of Class A affiliate stations to be considered must carry for cable systems to increase their distribution and the deadlines for television stations converting to digital signals.

Management is implementing a revenue generation plan that includes local advertising sales, for company operated stations, securing network advertising at the best available rate, uplinking other parties signals to the satellite, plus implementing a Technology plan to assist its affiliates with sale of their local advertising time. Management intends to increase rates as affiliate stations are added to the network. The implementation of this comprehensive plan is expected to have a positive affect upon sales revenues. In addition, the

Company has added a focus to secure carriage agreements with cable and digital distribution companies.

OPERATIONS. The Company had revenues of $71,842 and $123,400 for the three months ended June 30, 2004 and 2003, respectively and $129,009 and $217,288 for nine months ended June 30, 2004 and 2003, respectively. Currently most of our network advertising has been sold to direct response and per inquiry advertisers. The decrease in the nine month period and quarter ending June 30, 2004 compared to 2003 is due to the Company continuing to be in the development stages and relying on per inquiry advertising and periodic paid programming rather than having an established advertising client base. Going forward, we plan to deploy a network advertising team consisting of account executives that will solicit advertising directly from national advertisers as well as soliciting advertising from national advertising agencies. Locally managed stations will also have account executives that will solicit local and national advertising directly from advertisers and from advertising agencies in the local markets.

The operations are still in the development stages and the Company is dependent upon working capital derived from management, significant shareholders and private investors to provide sufficient working capital. There is no assurance, however, that the Company will be able to generate the necessary working capital needs from these sources.

OPERATING RESULTS. For the three months ended June 30, 2004 and 2003 the Company had operating cost of $360,291 and $239,733, respectively. For the nine months ended June 30, 2004 and 2003, the Company had operating cost of $988,952 and $714,795, respectively. The major components of cost of operations for the three months and nine months periods ended June 30, 2004 and 2003 were as follows:

	Three months ended		Nine months ended	
	2004	2003	2004	2003
Satellite and uplink services	$ 80,174	$ 71,366	$266,194	$372,938
Master control and production	57,923	50,655	273,579	87,711
Operations of stations	74,934	30,050	246,071	33,950
Technology expenses	147,260	87,662	203,108	220,196
Total	$360,291	$239,733	$988,952	$714,795

In November of 2002, the Company terminated an arrangement with a company in Florida that provided satellite space, uplinking of the satellite signal to the satellite, master control, and tape editing/formatting. At that time the Company secured its own satellite space on Intel5 from Intelsat (formerly Loral Skynet) and uplinking services from Verestar, Inc. in Dallas, Texas and is working with a group of the Company's shareholders who are providing digital compression equipment, tape editing and master control tape playback 24 hours per day, 7 days per week. The Company expects this new arrangement to save it approximately $10,000 per month and give it more flexibility in taking live feeds and changing programming and advertising insertions.

The costs of operations for stations increased by $44,884 in three months ended June 30, 2004 as compared to 2003 primarily due to increase cost of $61,884 in operating a television station in Dallas, Texas the Company did not have until June of 2003.

The costs of operations for stations increased by $212,121 in the nine months ended June 30, 2004 as compared to 2003 primarily due to increased cost of $191,592 in operating a station in Dallas, Texas that the Company did not have until June 2003 and a $20,529 increase in the cost of a station in Oklahoma City.

The technology expenses increased by $59,598 for the three months ended June 30, 2004 as compared to 2003 due primarily to a $125,000 charge for common stock issued for services rendered and a decrease of $65,402 in cost of system software development.

The technology expenses decreased by $17,088 for the nine months ended June 30, 2004 as compared to 2003 due primarily to a decrease in a $47,500 decrease in charges for commons stock issued for services.

Administration expenses of $4,462,553 for the three months ended June 30, 2004 increased by $3,600,165 or 407% over the administrative expenses of $883,889 for the three months ended June 30, 2003.

Administration expenses of $5,018,787 for the nine months ended June 30, 2004 increased by $3,890,697 or 345% over the administrative expenses of $1,128,090 for the nine months ended June 30, 2003.

Following is a comparative of the major expense categories for the three months ended June 30, 2004 and 2003 and the nine months ended June 30, 2004 and 2003.

	Three months ended		Nine months ended	
	2004	2003	2004	2003
Administration cost	$ 66,500	$ 61,031	$ 191,500	$ 195,594
Stock based compensation	3,666,750	678,750	3,716,750	706,250
Consulting	578,279	27,303	638,168	28,561
Travel, conventions	33,154	7,599	115,694	13,570
Legal fees	10,150	5,000	54,650	5,000
Commissions	21,400	18,000	27,194	20,000
Accounting fees	357	3,000	12,658	14,500
Public relations costs	--	--	10,230	--
Transfer Agent, permit fees	6,847	8,605	24,696	11,415
Rent expenses	40,239	12,000	64,115	18,000
Internet costs	4,016	9,000	17,067	12,000
Supplies - digital operations	16,963	--	44,772	--
Supplies	1,737	33,209	28,204	42,288
Telephone	6,958	9,924	20,533	27,391
Postage and shipping	2,174	1,381	6,845	8,837
Marketing,printing,promotions	1,700	--	12,782	--
Other	26,830	9,087	32,929	24,684
TOTAL	$4,484,054	$ 883,889	$5,018,787	$1,128,090

The increase in stock based compensation is due primarily to the Company's adding additional management and directors as the result of the acquisition of a majority interest in the Company's common stock by Wright Entertainment, LLC

The increase in consulting fees is due the Company incurring limited consulting expenses during the nine months ended June 30, 2003. In 2004 the company has brought in additional financial and strategic consultants to assist the Company in its continued growth.

The increase in travel and conventions is related to the Company's travel related cost associated with the minority Las Vegas, Nevada group that purchased majority control of the Company and also to increased attendance at national television and cable conventions.

The increase in legal expense in 2004 is attributed primarily to legal expenses related to the Company's becoming majority owned by a minority group and related to a law suit involving a former employee and stockholder in which the Company was granted a permanent injunction and significant judgment.

The increase in public relations is due to an increase in expenses for public functions, announcements and support for minority groups.

The increase in transfer agent expenses is related primarily to the cost incurred in the bridge loan investors converting their bridge loans to common stock of the company.

The increase in rent expense is due the Company incurring additional space for sales offices and studio production facilities.

Internet cost increased during the nine months ended June 30, 2004 due the Company installing its own high speed Internet line at the corporate offices.

The increase in the supplies for digital operations is due to the Company's conversion from a tape to digital server based master control program retention and insertion operation. This will give the Company the ability to deliver a consistent television signal to its affiliates and save on tape and labor costs in the future.

The increase in marketing, printing and promotions increased in 2004 due the Company developing marketing brochures and sponsoring events to promote the network.

The Company had operating losses for the three months ended June 30, 2004 and 2003 of $4,795,440 and $1,031,672, respectively. The increase of $3,763,768 from 2004 to 2003 is due primarily to $3,600,165 increase in administrative expenses of which $2,988,000 was attributable to an increase in stock based compensation and $550,976 was attributable to an increase in consulting expenses.

The Company had operating losses for the nine months ended June 30, 2004 and 2003 of $5,937,427 and $1,716,697, respectively. The increase of $4,220,730 from 2004 to 2003 is due primarily to $3,890,697 increase in administrative expenses of which $3,010,500 was attributable to an increase in stock based compensation; and $609,607 was attributable to an increase in consulting expenses.

EARNINGS PER SHARE OF COMMON STOCK. Income (loss) per common share is calculated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share." Basic Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding. Diluted net income (loss) per share is computed similar to basic net income (loss) per share, except that the denominator is increased to include the number of additional common shares that would have outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Stock options and warrants are anti-dilutive, and accordingly, are not included in the calculation of income (loss) per share. The basic and diluted net loss per share of common stock was $0.09 and $0.04 for the three months June 30, 2004 and 2003, respectively. The basic and diluted net loss per share of common stock was $0.13 and $0.13 for the nine months June 30, 2004 and 2003, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We have financed our operations through a combination of loans from stockholders, proceeds from convertible promissory notes and to a much lesser extent revenues generated from operations. The Company has incurred cumulative losses of $14,005,261 from the inception of the Company through June 30, 2004.

Current assets at June 30, 2004 were $23,763 which were exceeded by current liabilities of $315,065 by $291,302. The Company's cash position at June 30, 2004 was $12,017, a decrease of $223,391 from the position at September 30, 2003. As discussed below, the Company's ability to continue its growth will require additional funds from various sources. If adequate funds are not available on acceptable terms, our business, results of operations and financial condition could be materially adversely affected. In a worse case scenario, we would have to scale back or cease operations, and we might not be able to remain a viable entity. Prepaid management services are the result of the issuance of Four Million (4,000,000) common shares to Wright Entertainment for executive management services to be valued at $2,000,000. These shares will be held by the Company and accounted for as prepaid management services until the total subscription price has been paid by Wright Entertainment. When the shares have been earned by Wright Entertainment, the $2,000,000 will be amortized over four years. Amounts due to stockholders decreased from $330,715 at September 30,2003 to $12,200 at June 30, 2004 as the result of $198,515 being contributed towards the stock subscription of Wright Entertainment, LLC and $120,000 being repaid. accrued compensation is the result of management deferring until the Company has funds available a portion of the amount for services rendered. Deferred income is the result of the Company receiving full payment for a year contract to air programming, which amount is being amortized on a monthly basis as the programming is aired.

Our growth will require additional funds that may come from a variety of sources, including shareholder loans, equity or debt issuances, bank borrowings and capital lease financings. We currently intend to use any funds raised through these sources to fund various aspects of our growth, including funding our working capital needs, performing digital upgrades, funding key programming acquisitions, performing station capital upgrades, securing cable connections, funding master control/network equipment upgrades, acquisition of new stations and making strategic investments.

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We had net losses $4,795,440 and $1,048,944 for the three months ended June 30, 2004 and 2003, respectively and $5,940,448 and $1,755,552 for the nine months ended June 30, 2004 and 2003, respectively. We expect these losses to continue as we incur operating expenses in the growth of the Company's television network and its affiliate base and convert them to an African-American format. We currently anticipate that our revenues as well as cash from financings and equity sales will be sufficient to satisfy operating expenses by the end of fiscal 2004, although we can offer no assurance in this regard. We may need to raise additional funds, however. If adequate funds are not available on acceptable terms, our business, results of operations and financial condition could be materially adversely affected. In a worse case scenario, we would have to scale back or cease operations, and we might not be able to remain a viable entity.

Financing activities for the three months ended June 30, 2004 include:

Bridge loan subscriptions of $628,219 for the second $1,500,000 Convertible Bridge loan agreement with interest at the rate of six percent (6%) per annum with a consortium of private investors, established in October 2003. The bridge loan lenders have the option to convert their loans before the maturity date of one year from the date of the bridge loan agreement into common stock of the Company at the rate of two shares of common stock for every dollar invested. During the three months ended June 30, 2004 bridge loan lenders of converted bridge loans for 2,256,545 shares of common stock valued at $931,433.

In addition common stock may also be issued for conversion or settlement of debt and/or payables for equity, future obligations which may be satisfied by the issuance of common shares, and other transactions and agreements which may in the future result in the issuance of additional common shares. The common shares that the Company may issue in the future could significantly increase the number of shares outstanding and could be extremely dilutive.

Impact of Inflation

Management does not believe that general inflation has had or will have a material effect on operations.

Other Events

On May 18, 2004, the Board of Directors elected Clayton Wilkinson to fill the vacancy on the board created by the resignation of Anthony K. Campbell to pursue other interest. Mr. Wilkinson is presently President of R. J. Halden Holdings, Inc. In 1994, Mr. Wilkinson co-founded TEAMeffort Ministries, a youth missions organization in Tampa, Florida, and was Executive Director until 2004. Previously, Mr. Wilkinson was the Founder and President of Camp Eagle Christian Retreat Center in the Texas Hill Country. Prior to Camp Eagle, Mr. Wilkinson was the Pastor of Westchester Community Church in Grand Prairie, Texas. Mr. Wilkinson has also served as a Regional Event Volunteer Coordinator and speaker for Promise Keepers. Prior to going into full-time ministry Mr. Wilkinson was Vice-President - Real Estate for the First National Bank of Kerrville, Texas. Mr. Wilkinson holds a Master of Biblical Counseling degree from Colorado Christian University, a Bachelor of Commerce degree from Schreiner College and is a graduate of the National Commercial Lending School at the University of Oklahoma.

This Form 10-QSB contains statements that constitute "forward-looking statements." These forward-looking statements can be identified by the use of predictive, future-tense or forward-looking terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," "will," or similar terms. These statements appear in a number of places in this report and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things: (i) trends affecting the Company's financial condition or results of operations for its limited history; (ii) the Company's business and growth strategies; (iii) the

Internet and Internet commerce; and, (iv) the Company's financing plans. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward- looking statements as a result of various factors. Factors that could adversely affect actual results and performance include,

among others, the Company's limited operating history, dependence on key management, financing requirements, government regulation, technological change and competition. Consequently, all of the forward-looking statements made in this Form 10-QSB are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

Item 3. Controls and Procedures.

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15(e) under the Securities Exchange Act of 1934 as amended (the "Exchange Act")). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the fiscal quarter covered by this Quarterly Report on Form 10-QSB are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Management of the Company has also evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, any change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter covered by this Quarterly Report on Form 10QSB. There was no change in the Company's internal control over financial reporting during the Company's most recent completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. However, due to the limited number of Company employees engaged in the authorization, recording, processing and reporting of transactions, there is inherently a lack of segregation of duties. The Company periodically assesses the cost versus benefit of adding the resources that would remedy or mitigate this situation and currently, does not consider the benefits to outweigh the costs of adding additional staff in light of the limited number of transactions related to the Company's operations.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is a party to various legal actions and claims arising in the ordinary course of its business. In the Company's opinion, the Company has adequate legal defenses for each of the actions and claims, and believes that their ultimate disposition will not have a material adverse effect on the Company's consolidated financial position, results of operations and liquidity.

Item 2. Changes in Securities

Recent Sales of Unregistered Securities

During the quarter ending June 30, the Company offered and sold the following securities pursuant to securities transaction exemption from the registration requirements of the Securities Act of 1933, as amended.

In April 2004, the Company issued 8,300,000 shares of its common stock to ten persons for management services, which the company valued at $2,075,000.

In April 2004, the Company issued 7,167,000 shares of its common stock to seven persons for consulting services, which the Company valued at $1,791,750.

In April 2004, the Company issued 15,000 shares of its common stock in lieu Of payments due on a television station lease agreement, which the Company valued At $3,750.

On February 14, 2003, we entered into a $1,500,000 Loan Agreement between certain lenders and our Company. This Agreement was increased by $1,500,000 in October 2003. The Loan Agreement provides for the periodic advance of monies with interest payable at the rate of six (6%) percent per annum. During the quarter ended June 30, 2004, a total of $192,532 was advanced on the agreement. The lenders may convert their loans, including accrued interest, to our common stock at the rate of two (2) shares for each dollar loaned, at any time prior to maturity on the Bridge Loan agreement. During the quarter ended June 30, 2004, a total of $289,094 in bridge loans were converted to 578,188 shares of the Company's common stock.

These securities that have been and will be issued above were issued in a private transaction pursuant to Section 4(2) of the Securities Act of 1933, as amended, (the "Securities Act"). These convertible securities are considered restricted securities and may not be publicly resold unless registered for resale with appropriate governmental agencies or unless exempt from any applicable registration requirements.

Item 3. Defaults Upon Senior Securities.

None

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

No matter was submitted to a vote of security holders, through the solicitation of proxies or Otherwise, during the second quarter of the fiscal year covered by this report.

Item 5. Other Information

On May 18, 2004, the Board of Directors elected Clayton Wilkinson to fill the vacancy on the board created by the resignation of Anthony K. Campbell. Mr. Wilkinson is presently President of R. J. Halden Holdings, Inc. In 1994, Mr. Wilkinson co-founded TEAMeffort Ministries, a youth missions organization in Tampa, Florida, and was Executive Director until 2004. Previously, Mr. Wilkinson was the Founder and President of Camp Eagle Christian Retreat Center in the Texas Hill Country. Prior to Camp Eagle, Mr. Wilkinson was the Pastor of Westchester Community Church in Grand Prairie, Texas. Mr. Wilkinson has also served as a Regional Event Volunteer Coordinator and speaker for Promise Keepers. Prior to going into full-time ministry Mr. Wilkinson was Vice-President - Real Estate for the First National Bank of Kerrville, Texas. Mr. Wilkinson holds a Master of Biblical Counseling degree from Colorado Christian University, a Bachelor of Commerce degree from Schreiner College and is a graduate of the National Commercial Lending School at the University of Oklahoma.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit No.	Description and Method of Filing
10.01*	Amended Subscription Agreement with Wright Entertainment, LLC.
31.10	Certification by Chief Executive Officer, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.20	Certification by Chief Financial Officer, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.10	Certification by Chief Executive Officer, pursuant to 18 USC Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.20	Certification by Chief Financial Officer, pursuant to 18 USC Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed with previous filing

(b) Reports on Form 8-K.

None

SIGNATURES

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

Dated: August 13, 2004

Urban Television Network Corporation

By: /s/ Lonnie G. Wright	By: /s/ Randy Moseley
Lonnie G. Wright	Randy Moseley
Title: Chief Executive Officer	Title: Executive Vice President/CFO