URBAN TELEVISION NETWORK CORP
Form 10QSB
August 14, 2003

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, 2003

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.)

18505 Highway 377 South, Fort Worth, TX	76126
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number,(817) 512 - 3033

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: June 30, 2003, 21,729,636 shares of common stock, $.0001 par value.

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

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, 2003. The financial statements reflect all adjustments that 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, 2003, follow.

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Jack F. Burke, Jr.
Certified Public Accountant
P.O. Box 15728
Hattiesburg, Mississippi 39404

Independent Auditor's Letter

Urban Television Network Corporation
18505 S. Hwy 377
Cresson, Texas 76035

I have reviewed the accompanying balance sheet, statement of operations, statement of stockholders equity and statement of cash flows of Urban Television Network Corporation and consolidated subsidiaries as of June 30, 2003 and 2002, and for the nine-month period then ended. These financial statements are the responsibility of the company's management.

I conducted my review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 14 to the financial statements, the company has suffered losses from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Jack F. Burke, Jr.

Jack F. Burke, Jr.
August 13, 2003

PART I - FINANCIAL STATEMENTS

URBAN TELEVISION NETWORK CORPORATION
and Subsidiaries
Consolidated Balance Sheet

Assets	June 30, 2003 (Unaudited)	September 2002 (Audit
Currents assets		
Cash and cash equivalents	$ 54,069	$ -
Accounts receivable	19,066	5,
Prepaid expenses	18,043	-
Total current assets	91,178	5,
Furniture, fixtures and equipment,	45,324	6,
Other assets		
Network assets	428,566	512,
Goodwill	867,022	-

Organizational costs	360	-
Total other assets	1,295,948	512,
Total assets	$ 1,432,450	$ 524,
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 229,322	$ 58,
Bridge loan payable	306,200	-
Notes payable to stockholder	367,474	188,
Accrued interest expense	60,434	3,
Accrued payroll	181,250	-
Accrued payroll taxes payable	14,344	-
Total current Liabilities	1,159,024	251,
Deferred income tax	167,811	-
Stockholders' equity		
Preferred stock, $1 par value, 500,000 shares authorized, none issued	--	-
Common stock, $0.0001 par value, 200,000,000 shares authorized; 21,729,636 shares outstanding at June 30, 2003	2,173	-
Common stock, $0.01 par value, 50,000,000 shares authorized; 22,331,667 shares outstanding at September 30, 2002	--	223,
Additional paid-in capital	7,764,755	5,362,
Retained earnings (deficit)	(7,068,427)	(5,312,
	698,501	273,
Less: Treasury stock	(592,886)	-
Total stockholders' equity	105,615	273,
Total liabilities and stockholders' equity	$ 1,432,450	$ 524,

See notes to financial statements.
See accountants reew report

URBAN TELEVISION NETWORK CORPORATION
and Subsidiaries

Consolidated Statement of Operations
(UNAUDITED)

	Three months ended June 30, 2003	Three months ended June 30, 2002	Nine months ended June 30, 2003	Nine months ended June 30, 2002
Revenues	$ 123,400	$ 17,965	$ 217,288	$ 17,965
Expenses:				
Satellite and uplink services	71,336	37,500	262,908	37,500
Master Control expenses	87,711	8,100	197,711	8,100
Technology expenses	30,104	23,795	91,137	23,795
Stock based compensation	728,750	--	811,250	--
Administration	205,721	19,656	479,879	26,602
Bad debt expense	--	277,000	--	277,000
Depreciation and amortization	31,450	200	91,100	200
Total expenses	1,155,072	366,251	1,933,985	373,197
Income (loss) from operations	(1,031,672)	(348,286)	(1,716,697)	(355,232)
Other (income) expense				
Interest income (expense)	(17,272)	(10,000)	(38,855)	(10,000)
Gain on debt reductions	--	--	--	424,665
Net income (loss)	$ (1,048,944)	$ (358,286)	$ (1,755,552)	$ 59,433
Basic earnings (loss) per share	$ (0.05)	$ (0.42)	$ (.016)	$ 0.12
Weighted average number of basic shares outstanding	20,372,969	844,911	11,176,612	489,225
Diluted earnings (loss) per share	$ (0.05)	$ (0.42)	$ (0.15)	$ 0.12
Weighted average number of diluted shares outstanding	20,985,369	844,911	11,789,012	489,225

See notes tofinancial statements.
See accountants review report

URBAN TELEVISION NETWORK CORPORATION
and Subsidiaries

Consolidated Statement of Stockholders' Equity
(UNAUDITED)

	Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	
Balance at September 30, 2000	6,207,236	$ 62,072	$ 4,879,134	$(5,361,824)	$
Net loss for year ended September 30, 2001	--	--	--	(82,774)	$
Balance at September 30, 2001	6,207,236	62,072	4,879,134	(5,444,598)	$
Contributed capital	--	--	85,428	--	
Stock issued for asset Acquisition	16,000,000	160,000	389,000	--	
Stock issued to Hispanic Television Network	100,000	1,000	9,000	--	
Stock issued for prior year agreements	24,431	244	--	--	
Net income for year September 30, 2002	--	--	--	131,723	
Balance September 30, 2002	22,331,667	223,316	5,362,562	(5,312,875)	
Adjust outstanding shares to reflect reverse stock split	(21,215,031)	(212,150)	212,150	--	
Adjustment to reflect the restated par value	--	(11,054)	11,054	--	
Issuance of shares for services	7,275,000	727	810,523	--	
Stock issued for majority interest in Urban Television of Texas	13,248,000	1,325	1,323,475	--	
Stock issued for conversion of Bridge Loans	90,000	9	44,991	--	
Net loss for nine months ended June 30, 2003	--	--	--	(1,755,552)	
Balance June 30, 2003	21,729,636	$ 2,173	$ 7,764,755	$(7,068,427)	$

See notes to financial statements.
See accountants review report

URBAN TELEVISION NETWORK CORPORATION
and Subsidiaries

Consolidated Statement of Cash Flows
(UNAUDITED)

	Three months ended June 30, 2003	2002	Nine mon 200
Operating Activities			
Net income (loss)	$(1,048,944)	$ (358,286)	$(1,755,
(1,755,552) 59,433			
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	31,450	200	91,
Allowance for doubtful accounts	--	277,000	-
Issuance of common stock for services	728,750	--	811,
Changes in operating assets and liabilities:			
Accounts receivable	(7,775)	(15,000)	(13,
Prepaid expenses	--	--	(18,
Accounts payable	(14,143)	2,150	167,
Accrued interest payable	16,372	10,000	38,
Accrued payroll payable	56,250	--	181,
Accrued payroll tax payable	4,781	--	14,
Bridge loan payable	132,200	--	351,
Advances from shareholders	(52,043)	109,691	203,
Notes payable	--	--	-
Net cash provided by operating activities	(153,012)	25,755	72,
Investing Activities			
Capital expenditures	9,088	(5,755)	(18,
Net cash (used in) investing activities	9,088	(5,755)	(18,
Financing Activities			
Contributed capital	--	--	-
Cancellation of shares	--	--	-
Net cash provided by financing activities	--	--	-

Increase (decrease) in cash	(144,014)	20,000	54,
Cash at beginning of period	198,083	--	-
Cash at end of period	$ 54,069	$ 20,000	$ 54,
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$ 900	$ --	$ -
Income taxes	$ --	$ --	$ -
Non-cash transactions:			
Gain on debtreductions	$ --	$ --	$ -
Cancellation of Shares	$ --	$ --	$ -

See notes to financial statements.
See accountants review report

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URBAN TELEVISION NETWORK CORPORATION
and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2003
(UNAUDITED)

1. BASIS OF PRESENTATION:

The unaudited financial statements have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. These financial statements and the notes hereto should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-KSB for the year ended September 30, 2002, which was filed December 31, 2002. In the opinion of the Company, the interim financial information provided herein reflects all adjustments (consisting of normal and recurring adjustments) necessary for fair presentation of the Company's consolidated financial position as of June 30, 2003 and the results of operations and cash flows for the three-months ended June 30, 2003 and 2002. The results for the three-months ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year.

ACCOUNTING POLICIES:

There have been no changes in accounting policies used by the Company during the nine months ended June 30, 2003.

2. Significant Accounting Policies

Organization and Business

Waste Conversion Systems, Inc. was incorporated under the laws of the state of Nevada on October 21, 1986. On June 10, 2002 the company changed its name to Urban Television Network Corporation. The name change coincided the company's acquisition of assets from the Urban Television Network Corporation, a Texas corporation. Urban Television Network Corporation ("UTVN") and its subsidiaries, together, the "Company") are engaged in the business of supplying programming to 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.

Principles of Consolidation

The consolidated financial statements include the account of the company and those majority-owned subsidiaries in which the company has control. All significant intercompany accounts and transactions are eliminated in consolidation. The accounts and results of operations of controlled subsidiaries where ownership is greater than 50 percent, but less than 100 percent are included in the consolidated results and are offset by a related minority expense and liability recorded for the minority interest ownership. The Company owns 100% of Waste Conversion Systems of Virginia, Inc. which had no assets or liabilities at September 30, 2002 and June 30, 2003 and no revenues or expenses for the year ended September 30, 2002 and the nine months ended June 30, 2003. The Company owns 100% of Urban Television Network Corporation, a Texas corporation (See note 5).

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 period. 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 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.

(UNAUDITED)

2. Significant Accounting Policies (Continued)

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.

Advertising Costs

The Company expenses non-direct advertising costs as incurred. The Company did not incur any direct response advertising costs for the fiscal year ended September 30, 2002 and the nine months ended June 30, 2003.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 statements 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, 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.

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. Network Assets - Amortization

On May 1, 2002, the Company entered into an agreement with Urban Television Network Corporation, a Texas corporation, (UTVN-Texas) to acquire the rights to the UATV Network signal space which included the assignment of the UATV affiliates for 16,000,0000 shares of common stock with an estimated fair market value of $559,000. These assets purchased are referred to as network asset.

URBAN TELEVISION NETWORK CORPORATION
And Subsidiaries

Notes to Consolidated Financial Statements, Continued
June 30, 2003
(UNAUDITED)

3. Network Assets - Amortization - Continued

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 $102,484 and the amortization for the period ended September 30, 2002 was $46,584 and for the nine months ended June 30, 2003 was $83,850.

Future amortization of the Network assets at June 30, 2003 will be $428,564 and on an annual basis be as follows:

Year ended September 30, 2003	$ 27,952
Year ended September 30, 2004	$111,804
Year ended September 30, 2005	$111,804
Year ended September 30, 2006	$111,804
Year ended September 30, 2007	$ 65,200

4. Property, Plant and Equipment

The Company acquired equipment totaling $18,011. This was recorded at cost and depreciation on a straight-line basis over five (5) years. Depreciation for fiscal year and accumulated at September 30, 2002 was $783.00. Depreciation for the nine months ended June 30, 2003 was $7,250 and the accumulated at June 30, 2003 was $10,383.

5. Acquisition

On February 7, 2003, the Company entered into an Exchange Agreement with the majority shareholders of Urban Television Network Corporation, a Texas corporation (UTNC). The Company acquired 90% of the issued and outstanding capital stock of UTNC in Return for 13,248,000 shares of the Company's common stock valued at $1,324,800. The valuation of the common stock paid by the Company as consideration was established by the Company at $.10 per share based on the restricted nature of the stock, the low trading history of the stock at the time of the acquisition. The acquisition was made to complete the acquisition of the balance of the UTNC assets including proprietary broadcast technologies, intellectual property and goodwill. The acquisition was accounted for under the purchase method. The purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair market value. Any excess purchase price over the fair market value of the net assets acquired has been recorded as goodwill. In this transaction the allocation of the purchase price resulted in goodwill of $761,036. The estimated fair values of assets acquired and liabilities assumed are summarized in the following table.

Fair Value of Assets Acquired and Liabilities Assumed

Cash	$ 889
Equipment	28,452
Investment in stock of the Company	592,886
Receivable from the Company	258,458
Other assets	360
Goodwill	761,037
Accounts payable	(2,618)
Loans to stockholders	(233,774)
Accrued interest	(19,064)
Minority Interest	(61,826)
Total purchase price	$1,324,800

5. Acquisition - Continued

The following unaudited pro forma information consolidates the balance sheets of the Company and UTNC at the acquisition date of February 7, 3003. Deferred income tax of $182,685 was recorded to give effect to $537,311 of excess book over tax basis for the assets acquired by the Company.

	The Company	UTNC	Consolidation Entries	Consolidated Balance Sheet
Assets				
Current assets	$ 44,873	$ 889	--	$ 45,762
Equipment, net	10,260	28,452	--	38,712
Network assets, net	472,966	472,966		
Investment in subsidiary	--	592,886	$ (592,886)	--
Receivable from affiliate	--	258,458	(258,458)	--
Goodwill and other assets	--	360	943,722	944,082
Total Assets	$ 528,099	$ 881,045	$ 272,992	$ 1,501,522
Liabilities and Stockholders' Equity				
Accounts payable and other accruals	$ 284,741	$ 21,682	$ 306,423	
Advances from shareholders	373,701	233,774	$ (258,458)	349,017
Deferred income tax	--	--	182,685	182,685
Minority interest	--	--	61,826	61,826
Common stock	142	1,477	(1,477)	1,466
	--	--	1,324	--
Additional paid-in capital	5,668,236	1,396,307	(1,396,307)	6,991,712
	--	--	1,323,476	--
Accumulated deficit	(5,798,721)	(772,195)	772,195	(5,798,721)
Treasury stock	--	--	(592,886)	(592,886)
Total Liabilities and Stockholders' Equity	$ (528,099)	$ 881,045	$ 272,992	$ 1,501,522

The Company's consolidated results of operations have incorporated UTNC's activity from the effective date of the acquisition. The following unaudited pro forma information combines the consolidated results of operations of the Company with those of UTNC as if the acquisition had occurred on October 1, 2001.

	Nine months ended June 30 2003	Nine months ended June 30, 2002	Year ended September 30, 2002
Revenues	$ 217,288	$ 54,010	$ 143,742
Net income (loss)	$(1,762,882)	$(103,136)	$(185,427)
Income (loss) per share	$ (0.16)	$ (0.21)	$ (.013)

This pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the operating results that actually would have occurred had the UTNC acquisition been consummated on October 1, 2001. In addition, these results are not intended to be a projection of future results and do not reflect any synergies that might be achieved from combined operations.

6. Other Income

Gain on Debt Reductions

Since Waste Conversion Systems, Inc. ceased operations in 1996, it did not pay any of its obligations, related to previous operations. For those trade creditors and note holders that did not extend the statute of limitations on collection of their accounts through legal actions, the Company has been taking the write off of the payables into income as the statutory period for collection expires. The income was $424,665 ($0.014 per share) and $8,880 (less than $0.01 per share)for fiscal 2002 and 2001, respectively.

7. Related Party Transactions

In May 2002, the Company issued 16,000,000 shares to Urban Television Network Corporation for asset purchase of network assets. (See Note 3, Network Assets)

The Company leases office space from one its shareholders and director for $2,000 per month. The total rental expense for year ended September 30, 2002 was $12,000 and for the nine months ended June 30, 2003 was $12,000.

URBAN TELEVISION NETWORK CORPORATION
and Subsidiaries

Notes to Consolidated Financial Statements, Continued
June 30, 2002
(UNAUDITED)

8. Notes Payable

Notes payable consist of:

	June 30, 2003	September 30, 2002
Notes payable to stockholders at 10% interest payable on September 30, 2004	$ 367,474	$ 188,929

9. Convertible Bridge Loan

Convertible bridge loan consist of:

	June 30, 2003	September 30, 2002
Convertible bridge loan payable to individuals at 6% interest payable		

on February 14, 2004	$ 306,200	$ --

The convertible bridge loans are convertible at any time before the maturity date 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

10. Income Tax

The Company has, for income tax purposes, approximately $4,950,000 in net operating loss carryforwards at September 30, 2002, available to offset future years' taxable income and expiring in varying amounts through the year 2015. A deferred tax asset of approximately $2,032,000 has been offset by a 100% valuation allowance. The annual utilization of the loss carryforward will be limited under Internal Revenue Code Section 382 provisions due to the recent stock issuances. The Company accounts for income taxes pursuant to the Statement of Financial Accounting Standards No.109. The Company has a deferred income tax liability of $167,811 resulting from the acquisition described in note 5.

11. Capital Stock

In May 2002, the Company issued 16,000,000 shares to Urban Television Network Corporation for asset purchase of network assets. (See Note 3 Network Assets)

In September 2002, the Company issued 100,000 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 (UTNC). The Company acquired 90% of the issued and outstanding capital stock of UTNC in return for 13,248,000 shares of the Company's common stock, which the Company valued at $1,324,800. (See Note 5 - Acquisitions)

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.

In June 2003, the Company issued 90,000 shares of its common stock to Bridge Loan Lenders who elected to convert $45,00 of bridge loans to common stock at the rate of 2 shares for each dollar of bridge loan converted.

URBAN TELEVISION NETWORK CORPORATION
and Subsidiaries

Notes to Consolidated Financial Statements, Continued
June 30, 2002
(UNAUDITED)

12. 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, 2003.

13. Commitments

Satellite Transponder Lease

The Company entered into a Satellite space segment service agreement with Loral Skynet on November 20, 2002 for 6 MHz of satellite bandwidth on Telstar 5 for a period of three year ending on November 21, 2005. For the nine months ended June 30, 2003, the amount expensed was $126,301.

Future lease payments due during the term of the lease ending on November 21, 2005 will equal $523,247 and be due as follows:

Year ended September 30, 2003	$ 54,129
Year ended September 30, 2004	$216,516
Year ended September 30, 2005	$216,516
Year ended September 30, 2006	$ 36,086

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, 2003 the amount expensed was $56,000.

Future lease payments due during the term of the lease ending on November 21, 2005 will equal $232,000 and be due as follows:

Year ended September 30, 2003	$24,000
Year ended September 30, 2004	$96,000
Year ended September 30, 2005	$96,000
Year ended September 30, 2006	$16,000

14. 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.

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

On May 1, 2002, the Company entered into an agreement with Urban Television Network Corporation, a Texas corporation, (UTVN_- Texas) to acquire the rights to the UATV Network signal space which included the assignment of the UATV affiliates. The Company operates a family-oriented television network providing primarily urban programming 24 hours a day, seven days a week to approximately 70 affiliate broadcast television stations throughout the United States.

Management is implementing a revenue generation plan that includes local advertising sales, for company operated stations, securing network advertising at the best available rate, 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 significant positive affect upon sales revenues. In addition, the Company has added a focus to secure carriage agreements with cable and digital distribution companies.

Future operating results depend upon a number of factors, including but not limited to the strength of the national economy, the local economies where the Company's stations and affiliates are located, the amount of advertising spent - especially the amount of advertising spent for television, and the amount of advertising directed toward the Urban market. The Company's ability to attract the available advertising is dependent upon, among other things, its stations' audience ratings, its ability to provide interesting programming, local market competition from other television stations and other advertising media, and its ability to attract and retain television stations to carry its broadcast.

OPERATIONS. The Company had revenues of $17,965 for the three and nine months ended June 30, 2002. For the three and nine months ended June 30, 2003 the Company had revenues of $123,400 and $217,288, respectively. The years 2002 and 2003 revenues are related to the UATV Television Network being acquired by the Company in May of 2002. The operations are still in the growth 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 and nine months ended June 30, 2002 the company had operating cost of $366,251 and $373,197, respectively. The majority of these costs are attributable to the company's acquisiton of the television network assets in the quarter ended June 30, 2002. The major components of cost of operations for the three months ended June 30, 2002 were $37,500 for satellite space and uplinking, $23,795 for technology expense, $19,656 for administrative expenses and $277,000 recognition of an impairment loss on assets. For the three months and nine months ended June 30, 2003, the Company had operating costs of $1,155,072 and $1,933,985, respectively. Major components of cost of operations the three and nine months ended June 30, 2003 include $71,336 and $262,908 for satellite and uplink expenses, $87,711 and $197,711 for production and master control expenses, $30,104 and $91,137 for technology expenses, $205,721 and $479,879 for administration expenses which includes the Company's independent auditors, legal fees and business consulting services and

$728,750 and $811,250 for stock based compensation.

The Company had operating losses for the three and nine months ended June 30, 2003 of $1,048,944 and $1,755,552, respectively. These losses relate to the continued growth of the UATV Television Network acquired by the Company in May of 2002. The Company had no operations during the first six months of the current fiscal year. During the three months ended June 30, 2002, the Company had a net loss of $358,286 which was attributable to the growth stage of the UATV Television Network acquired in May of 2002. For the nine months ended June 30, 2002 the Company had $427,365 of income derived from $424,665 in gains resulting from the reduction of liabilities and $2,700 of income derived from the cancellation of shares previously issued for consulting services that were never performed. These two income items when added to the loss from operations gave the Company a net income of $59,433 for the nine months ended June 30, 2002.

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 $0.05 for the three months ended June 30, 2003 compared to a basic and diluted net loss of $0.42 for the three months ended June 30, 2002. For the nine months ended June 30, 2003, the Company had a net basic and diluted loss of $0.16 and $0.15, respectively, per share compared to net basic and diluted income of $0.12 per share for the nine months ended June 30, 2002. The 2002 weighted average of outstanding common shares has been adjusted for the 1:20 reverse stock split in November of 2002.

LIQUIDITY AND CAPITAL RESOURCES

Waste Conversion Systems, Inc., now known as Urban Television Network Corporation, ceased operations in August 1996 and had no operations until May of 2002 when the Company acquired the UATV Television Network.

During the nine months ended June 30, 2002, the Company settled lawsuits, judgments and liabilities totaling $428,609 for $21,000 and 224,420 shares of its common stock.

As of June 30, 2003, the Company's assets were $1,432,450 which exceeded outstanding liabilities by $105,615.

Financing activities for the nine months ended June 30, 2003 include a combination of issuance of common stock in lieu of cash payments, issuance of private debt, loans from management and significant shareholders, and cash generated from operations. These funds were used to fund the operations of the Company.

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Financing activities for the nine months ended June 30, 2003 include:

1) Issuance of common stock in lieu of cash payments totaling $811,250 for legal and professional services, employee compensation and consulting services.

2) Loans of $133,700 from management and significant shareholders that bear interest at the rate of ten percent (10%) per annum and mature on September 30, 2004.

3) The Company entered into a $1,500,000 convertible bridge loan agreement with interest at the rate of six percent (6%) per annum with a consortium of private investors. At June 30, 2003, a total of $351,200 had been advanced on this loan agreement. The terms of this financing allows the investors to advance the $1,500,000 over a twelve month period with $250,000 being advance on 60 day intervals. The investors have the option to convert their loans before the maturity date of February 14, 2004 into common stock of the Company at the rate of two shares of common stock for every dollar invested. As of June 30, 2003, bridge loan holders of $45,000 had elected to convert their bridge loan to 90,000 shares of common stock.

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 12, 2003, Jacob R. Miles III was appointed as Executive Vice President of Network Operations for the Company's UATV Network that provides programming to independent broadcast television stations across the country. Mr. Miles is also currently President of Grapevine Entertainment Services and Production, Inc., which position he has held since 2002. Prior to 2002, Mr. Miles served as President and CEO of Urban Cool Network, Inc., an Internet Portal targeted at the Urban Community from 1997 to 2002. Mr. Miles also serves as President of the Dallas-Fort Worth chapter of the National Association of Minorities in Cable.

On June 17,2003 Justin A. Nemec was appointed to fill a vacancy on the Company's Board of Directors. Mr. Nemec has served as President of Preferred Real Services, Inc. since 2000. Previously, Mr. Nemec served as an officer of the Bright Banc Savings Association in Dallas, Texas from 1997 to 2000.

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.

(a) Evaluation of Disclosure Controls and Procedures.

Within the 90 days prior to the date of this Quarterly Report for the quarter ended June 30, 2003, we carried out an evaluation, under the supervision and with the participation of our management, including the Company's Chairman and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-4 of the Securities Exchange Act of 1934 (the "Exchange Act"), which disclosure controls and procedures are designed to insure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods specified by the SEC's rules and forms. Based upon the evaluation, the Chairman and the Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodical SEC filings.

(b) Changes in Internal Control.

Subsequent to the date of such evaluation as described in subparagraph (a) above, there were no significant changes in our internal controls or other factors that could significantly affect these controls, including any corrective action with regard to significant deficiencies and material weaknesses.

CODE OF ETHICAL CONDUCT

On May 14, 2003, our board of directors adopted our code of ethical conduct that applies to all of our employees and directors, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions.

We believe the adoption of our Code of Ethical Conduct is consistent with the requirements of the Sarbanes-Oxley Act of 2002.

Our Code of Ethical Conduct is designed to deter wrongdoing and to promote:

1. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

2. Full, fair, accurate, timely and understandable disclosure in reports and documents that we file or submit to the Securities & Exchange Commission and in other public communications made by us;

3. Compliance with applicable governmental laws, rules and regulations,

4. The prompt internal reporting to an appropriate person or persons identified in the code of violations of our Code of Ethical Conduct; and

5. Accountability for adherence to the Code.

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 second quarter of 2003, 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.

On May 12, 2003, we issued 300,000 shares to the law firm of Loper & Seymour for services valued at $15,000.

On May 12, 2003, we issued Clear Fork Communications, L.L.C. 400,000 shares for master control services in uplinking the Company's signal to the satellite. The services were valued at $20,000.

On May 12, 2003, we issued Patrick Halden 400,000 shares for business consulting services provided by Rick Halden, his father, pursuant to his instruction. The business consulting services were related to the termination of the Hispanic Television Network $1,500,000 promissory note and Satellite Transponder Service Agreement. The services were valued at $$20,000.

On May 12, 2003, we issued Timothy Halden 600,000 shares for business consulting services relating to the termination of the Hispanic Television Network $1,500,000 promissory note and Satellite Transponder Service Agreement. The services were valued at $30,000.

On May 12, 2003, we issued Travis Yingling 800,000 shares for business consulting services relating to the termination of the Hispanic Television Network $1,500,000 promissory note and Satellite Transponder Service Agreement. The services were valued at $40,000.

On May 12, 2003, we issued Clear Fork Investments, L.L.C. 1,500,000 shares for business consulting services relating to the termination of the Hispanic Television Network $1,500,000 promissory note and Satellite Transponder Service Agreement. The services were valued at $75,000. Clear Fork Investments, LLC is a company owned and controlled by Randy Moseley, the registrant's President and member of the board of directors.

On May 12, 2003, we issued Bob Bryant 500,000 shares for business consulting services valued at $25,000.

On May 12, 2003, we issued Jacob Miles 50,000 shares for business consulting services valued at $2,500.

On May 12, 2003, we issued Dale Smith and Tony Brown 25,000 shares each for programming services valued at $2,500.

On May 12, 2003, we issued Bryan Covey 50,000 shares for television engineering services valued at $2,500.

On May 12, 2003, we issued Brett Abram 300,000 shares for business consulting services valued at $15,000.

On May 12, 2003, we issued Ray Gebauer 100,000 shares for business consulting services valued at $ 5,000.

We believe shares issued above were issued in a private transactions pursuant to Section 4(2) of the Securities Act of 1933, as amended, (the "Securities Act"). These shares 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.

On February 14, 2003, we entered into a $1,500,000 Loan Agreement between certain lenders and our Company. 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, 2003, a total of $132,200 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 February 14, 2004.

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 third quarter of the fiscal year covered by this report.

Item 5. Other Information

On May 12, 2003, Jacob R. Miles III was appointed as Executive Vice President of Network Operations for the Company's UATV Network that provides programming to independent broadcast television stations across the country. Mr. Miles is also currently President of Grapevine Entertainment Services and Production, Inc., which position he has held since 2002. Prior to 2002, Mr. Miles served as President and CEO of Urban Cool Network, Inc., an Internet Portal targeted at the Urban Community from 1997 to 2002. Mr. Miles also serves as President of the Dallas-Fort Worth chapter of the National Association of Minorities in Cable.

On June 17,2003 Justin A. Nemec was appointed to fill a vacancy on the Company's Board of Directors. Mr. Nemec has served as President of Preferred Real Services, Inc. since 2000. Previously, Mr. Nemec served as an officer of the Bright Banc Savings Association in Dallas, Texas from 1997 to 2000.

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

(a) Exhibits

Exhibit No.	Description and Method of Filing
31.10	Certification by Chief Executive Officer, pursuant to 18 USC Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.20	Certification by Chief Financial Officer, pursuant to 18 USC Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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.

(b) Reports on Form 8-K.

"No reports were filed during the quarter covered by this report."

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, 2003

Urban Television Network Corporation

By: /s/ Randy Moseley	By: /s/ Stanley Woods
Randy Moseley	Stanley Woods

Title: President Title: Secretary