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TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)

BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES

AS OF DECEMBER 31, 2003
AND FOR THE PERIOD
APRIL 22, 2003 (INCEPTION) TO DECEMBER 31, 2003

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
BASIC FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2003 AND FOR THE PERIOD
APRIL 22, 2003 (INCEPTION) TO DECEMBER 31, 2003
WITH SUPPLEMENTAL INFORMATION SCHEDULES

TABLE OF CONTENTS

	Page No.
Independent Auditors' Report	1
Required Supplemental Information	
Management's Discussion and Analysis	4
Basic Financial Statements	
Balance Sheet	11
Statement of Operations	12
Statement of Member's Equity	13
Statement of Cash Flows	14
Notes to Financial Statements	
Index	16
Notes	17
SUPPLEMENTAL INFORMATION	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	28
Schedule of Findings and Questioned Costs	30
Summary Schedule of Prior Year Findings	32
Management's Corrective Action Plan	33

JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
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INDEPENDENT AUDITORS' REPORT

July 9, 2004

To the Members of
TFN Louisiana Productions, LLC
1 Touchdown Plaza
Baton Rouge, Louisiana 70806

We have audited the accompanying basic financial statements of TFN Louisiana Productions, LLC (a development stage company) as of December 31, 2003, and for the period April 22, 2003 (date of inception) to December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of TFN Louisiana Productions, LLC's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of TFN Louisiana Productions, LLC (a development stage company) as of December 31, 2003, and the results of its operations and cash flows for the period April 22, 2003 (date of inception) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated July 9, 2004, on our consideration of TFN Louisiana Productions, LLC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplemental information listed in the table of contents under Supplemental Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

John D. Butler & Co.

John D. Butler & Company
A Professional Accounting Corporation

REQUIRED SUPPLEMENTAL INFORMATION

The purpose of this section is to offer management's discussion and analysis of TFN Louisiana Productions, LLC's (hereinafter referred to as the Company) financial performance during its initial period April 22, 2003 to December 31, 2003. It should be read in conjunction with the financial report taken as a whole.

History of the Company

In April of 1998, Mumble Bee Corporation acquired the assets of The Football Network, LLC and changed its corporate name to TFN – The Football Network, Inc. Its founder, Jantonio Turner, spent the next several years researching the feasibility of providing a cable network dedicated to football. The research conducted by the Frank Magid organization, in conjunction with TFN's media consultants indicated that a 24/7/365 network devoted to football was viable. TFN then began putting together a management team capable of developing such a network.

In May of 2003, the corporate headquarters was moved from Lynnfield, MA to Baton Rouge, LA after negotiating a cooperative endeavor agreement with the State of Louisiana, Louisiana Educational Television Authority, Bon Carre' Business Centre, LLC, Louisiana Department of Economic Development, Louisiana Economic Development Corporation and Louisiana Department of Revenue. This agreement spurred the creation of an investor company (TFN Louisiana Investments, LLC), currently owned 100% by TFN – The Football Network, Inc., and a producer company (TFN Louisiana Productions, LLC) owned 100% by TFN Louisiana Investments, LLC. The production company, represented in the attached financial statements, operates the cable television network.

Executive Overview of the Company

TFN – The Football Network, Inc. (hereinafter referred to as TFN), the managing agent for TFN Louisiana Productions, LLC, has endured nothing short of a roller coaster ride over the past eighteen months. TFN began 2003 operating with a staff of approximately seven part-time people out of a small office in Lynnfield, MA. By mid-year, it was on its way to launching a 24/7/365 cable television network and employing close to 100 people out of its headquarters in Baton Rouge, LA. In January of 2004, the company had run out of money and was in the process of paring back its operations considerably.

Having been in the financial marketplace for several years, management felt that TFN's fate had been sufficiently turned around and its future jump-started when in May of 2003, it entered into an historic partnership with the State of Louisiana. The agreement called for an investment of $5 million in cash, $6 million in equipment and another $10 million in office and studio build out. With the Louisiana deal in place, along with (a) an indication from Time Warner Cable that they would grant distribution to the network; (b) perceived competition from the launch of College Sports TV and the announced launch of the NFL Network; and (c) a promise to the State of Louisiana to provide new jobs to the Baton Rouge area, management geared up for a Fall 2003 launch of the network. That launch became effective on September 26, 2003, when TFN Louisiana Productions, LLC began its "soft launch" (broadcasting on weekends only) out of its temporary studio at the Louisiana Public Broadcasting headquarters in Baton Rouge.

The soft launch period was successful in many respects as the Company televised approximately 70 high school, college and Canadian Football League games on its own network and in regional syndication. In addition, the Company broadcast several hours per weekend of original programming (such as Echoes of Glory, Rivalries, Founded 2003, Fantasy Football 2003, Football 101 and studio shows such as TFN's Football America). These original programs were seen on TFN as well as in syndication including national broadcasts on Spike TV to over 80 million households. With content agreements in place with the likes of the College Football Hall of Fame, Harvard University, the Atlantic 10 Conference, Coastal Carolina University, the Southern Conference and Canadian Football League, as well as advertising from major companies such as Sports Illustrated, American Airlines, Volkswagen, USAir and Microsoft's X-Box, the "proof of concept" stage for TFN seemed to have been successfully passed.

With an increasingly strong programming base being built, TFN was able to enter into distribution agreements with the National Cable Television Cooperative, Cox Communications, and, in January of 2004, Time Warner Cable. These three agreements gave TFN, and thereby the Company, access to over 32 million households for potential distribution of its cable network on both the analog and digital spectrum.

Despite all of the positive momentum and documented results, two things became clear quickly. The first is that in the rush to launch the network, sufficient financial policies, personnel and checks and balances were not in place. Second, additional funding for the Company did not materialize as forecast. The result of these two factors was to force management to shut down the network's soft launch on approximately December 15, 2003, to allow the TFN and the Company to find a different approach to a financial marketplace that was not friendly to pre-revenue companies.

Since the Company took its cable network off the air, management has sought new funding sources to enable it to again undertake the effort to implement its plan of becoming a multi-media company focused on the sport of football at every level. In this connection, the marketplace continues to exhibit a desire for the Company's content and the football marketplace remains vibrant. TFN's distribution agreements remain in tact, football content continues to be readily available to the Company (in fact, a pending Justice Department investigation into monopolistic practices by ESPN could pave the way for many additional college games becoming available), football related advertising continues to lead all sports advertising spending, football ratings remain strong and ancillary football related activities such as fantasy football and the sale of football video games continues to thrive.

Currently, TFN is in discussions with various potential funding sources, each of who would inject substantial funds into the Company. Included in these discussions is a recently announced $30 million equity deal with Cornell Capital that requires the Company to register with the SEC. Until this funding process is finished, the Company's activity will continue on a reduced basis (TFN has produced only four hours of original programming thus far in 2004), employee count has been reduced to approximately eight people and vendors to whom we are in arrears are being managed.

Management expects to have a plan for future growth in place by the fourth quarter of 2004.

Basic Financial Statements

The basic financial statements include the following:

Balance Sheet. This statement presents information on all of the Company's assets and liabilities with the difference between the two reported in member's equity. Over time, increases or decreases in equity may serve as a useful indicator of whether the financial position of the Company is improving or not.

Statement of Operations. This statement presents information showing how the Company's equity changed during the period since inception through December 31, 2003. All changes in equity are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Statement of Member's Equity. The change in member's equity for the period represented is presented in this statement.

Statement of Cash Flows. The change in cash as a result of current period operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required.

The basic financial statements can be found on pages 11-14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The index of the notes is found on page 16 with the actual notes beginning immediately afterwards.

Financial Data

Member's equity is an indicator of the Company's financial position from year to year. A summary of member's equity follows.

SUMMARY OF MEMBER'S EQUITY

Assets	
Current assets	$ 143,723.05
Property and equipment, net	814,905.32
Other assets	3,836,036.00
Total Assets	4,794,664.37

Liabilities	
Current liabilities	$ 3,988,422.34
Member's Equity	
Member's capital	6,021,515.57
Deficit accumulated during development stage	(5,215,273.54)
Total Member's Equity	806,242.03
Total Liabilities and Member's Equity	4,794,664.37

A summary of changes in member's equity is as follows:

SUMMARY OF CHANGES IN MEMBER'S EQUITY

Operating Revenues	$ 127,277.84
Operating Expenses	(5,322,034.00)
Operating Loss	(5,194,756.16)
Other Income (Expenses)	(20,517.38)
Net Loss	(5,215,273.54)

Cash flow activity of the Company is as follows:

STATEMENT OF CASH FLOWS

Cash and cash equivalents provided by (used for):	
Operating activities	$ (3,087,865.53)
Investing activities	(2,916,036.48)
Financing activities	6,021,515.57
Net Increase in Cash and Cash Equivalents	17,613.56
Cash and cash equivalents, beginning of year	.00
Cash and cash equivalents, end of year	17,613.56

Property, Equipment and Debt Administration

Property and Equipment: The Company's investment in property and equipment, net of accumulated depreciation, at December 31, 2003, was $814,905.32. Additions in the current year include a vehicle, office furniture and equipment, leasehold improvements to office/studio space at Louisiana Public Broadcasting and Bon Carre' Business Centre and production equipment and sets. Additionally, the Company had full use and access to production equipment and studios located at Louisiana Public Broadcasting during the year.

Property and equipment at year-end are summarized as follows:

PROPERTY AND EQUIPMENT
Net of Accumulated Depreciation

Depreciable Assets	
Office furniture and equipment	$ 241,988.98
Production equipment and sets	506,924.61
Vehicles	5,642.72
Leasehold improvements	60,349.01
Net	814,905.32

Debt Administration: The Company did not have any long-term debt at December 31, 2003.

Filmed Television Programs

Filmed television programs include programs in various stages of completion produced by the Company. The cost of production that is expected to be recovered through future revenues for periods up to ten years are capitalized. Recovery is contingent upon the Company acquiring the necessary funds to operate as a cable network and satellite company.

A summary of filmed television programs follows:

FILMED TELEVISION PROGRAMS

Completed shows	$ 351,997.00
Shows waiting to be produced	198,000.00
Raw footage	9,000.00
Features	318,000.00
Games	2,975,000.00
Amortization to date	(16,611.00)
Net	3,835,386.00

Request for Information

This financial report is designed to provide a general overview of the Company's finances, comply with finance-related laws and regulations and demonstrate the Company's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Jimmy Alford at 1 Touchdown Plaza, Baton Rouge, Louisiana 70806, 225-612-8021.

BASIC FINANCIAL STATEMENTS

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
BALANCE SHEET
DECEMBER 31, 2003

ASSETS		
Current Assets		
Cash and cash equivalents		$ 17,613.56
Accounts receivable		31,037.84
Due from TFN - The Football Network, Inc.		72,139.54
Prepaid expenses		22,932.11
	Total Current Assets	143,723.05
Property and Equipment		
Office furniture and equipment		264,906.57
Production equipment and sets		552,078.54
Vehicles		6,510.83
Leasehold improvements		65,879.95
Less: accumulated depreciation		(74,470.57)
	Net Property and Equipment	814,905.32
Other Assets		
Investment in filmed television programs, net of amortization		3,835,386.00
Deposits		650.00
	Total Other Assets	3,836,036.00
	TOTAL ASSETS	4,794,664.37
LIABILITIES		
Current Liabilities		
Bank overdraft		15,520.82
Accounts payable		3,146,250.26
Leases payable		514,499.90
Accrued salaries payable		312,151.36
	Total Current Liabilities	3,988,422.34
MEMBER'S EQUITY		
Member's capital		6,021,515.57
Deficit accumulated during development stage		(5,215,273.54)
	Total Member's Equity	806,242.03
	TOTAL LIABILITIES AND MEMBER'S EQUITY	4,794,664.37

The accompanying notes are an integral part of this financial statement.

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
STATEMENT OF OPERATIONS
PERIOD APRIL 22, 2003 (DATE OF INCEPTION) TO DECEMBER 31, 2003

		4/22/03 (Inception Date) to 12/31/03
OPERATING REVENUES		
Special events		$ 95,000.00
Other event fees		32,277.84
	Total Operating Revenues	127,277.84
OPERATING EXPENSES		
Advertising and promotions		126,241.38
Conferences and training		9,758.09
Consulting fees		69,261.25
Depreciation and amortization		91,081.57
Insurance		45,750.95
Office and supplies		196,939.45
Production costs/studio & equipment rental		856,671.15
Professional fees		345,681.20
Rent - office/equipment		222,444.31
Repairs and maintenance		12,324.02
Salaries and related benefits		2,637,915.54
Payroll taxes		152,432.78
Taxes and licenses		6,856.00
Telephone		56,987.25
Travel		410,849.29
Utilities and security		27,937.06
Other expenses		52,902.71
	Total Operating Expenses	5,322,034.00
	Loss from Operations	(5,194,756.16)
OTHER INCOME (EXPENSES)		
Interest expense		(543.63)
Loss on disposition of equipment		(19,973.75)
	Total Other Income (Expenses)	(20,517.38)
	NET LOSS	(5,215,273.54)

The accompanying notes are an integral part of this financial statement.

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
STATEMENT OF MEMBER'S EQUITY
PERIOD APRIL 22, 2003 (DATE OF INCEPTION) TO DECEMBER 31, 2003

	4/22/03 (Inception Date) to 12/31/03
Member's Equity, beginning of year	$ -
Net Loss	(5,215,273.54)
Contributions from members	6,021,515.57
Member's Equity, end of year	806,242.03

The accompanying notes are an integral part of this financial statement.

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
STATEMENT OF CASH FLOWS
PERIOD APRIL 22, 2003 (DATE OF INCEPTION) TO DECEMBER 31, 2003

	4/22/03 (Inception Date) to 12/31/03
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (5,215,273.54)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation and amortization	91,081.57
Loss on equipment disposition	19,973.75
(Increase) decrease in assets:	
Accounts receivable	(31,037.84)
Prepaid expenses	(22,932.11)
Deposits	(650.00)
Increase (decrease) in liabilities:	
Bank overdrafts	15,520.82
Accounts payable	1,228,800.56
Leases payable	514,499.90
Accrued salaries payable	312,151.36
Net Cash Used for Operating Activities	(3,087,865.53)
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(737,911.14)
Investment in filmed television programs	(2,178,125.34)
Net Cash Used for Investing Activities	(2,916,036.48)
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions from members	6,021,515.57
Net Cash Provided by Financing Activities	6,021,515.57
Net Increase in Cash and Cash Equivalents	17,613.56
Cash and Cash Equivalents, beginning of year	-
Cash and Cash Equivalents, end of year	17,613.56

Supplemental Disclosure of Cash Flow Information - See Note 6

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
INDEX TO NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

Note No.	Description	Page No.
	Introduction	17
1	Summary of Significant Accounting Policies	17
2	Cash and Cash Equivalents	19
3	Property and Equipment	19
4	Investment in Filmed Television Programs	20
5	Accounts and Other Payables	20
6	Supplemental Disclosure of Cash Flow Information	20
7	Cooperative Endeavor Agreement	21
8	Leases	22
9	Tax Credit Agreement	24
10	Related Party Transactions	24
11	Litigation	25
12	Budget Comparisons	25
13	Operating Deficit and Going Concern	25
14	Subsequent Events	26

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

INTRODUCTION

TFN Louisiana Productions, LLC, a limited liability company, was organized on April 22, 2003 (hereinafter referred to as the Company), with its sole member being TFN Louisiana Investments, LLC. TFN Louisiana Investments, LLC in turn includes TFN – The Football Network, Inc. (hereinafter referred to as TFN) as its sole member at the present time. Both of these limited liability companies were organized in order to meet the goals and objectives of a Cooperative Endeavor Agreement between TFN – The Football Network, Inc. and the "Louisiana Parties" (State of Louisiana, Louisiana Educational Television Authority, Bon Carre' Business Centre, LLC, Louisiana Department of Economic Development, Louisiana Economic Development Corporation and Louisiana Department of Revenue).

Mumble Bee Corporation, incorporated under the laws of the State of Delaware on October 9, 1997, acquired the assets of The Football Network, LLC in April of 1998. At that time, it changed its corporate name to TFN – The Football Network, Inc. This company was dedicated to providing a 24/7/365 cable and satellite network devoted exclusively to football. Its activities in prior years were primarily developmental, and it had no significant revenues. In May of 2003, the company moved its headquarters from Lynnfield, MA to Baton Rouge, LA due to the Cooperative Endeavor Agreement that resulted in the organization of TFN Louisiana Productions, LLC.

TFN Louisiana Productions, LLC carries on the production of films for its own use and for distribution. A soft launch of the network was made in the latter part of September of 2003, with the Company operating out of a temporary studio within the headquarters of Louisiana Public Broadcasting. It went off of the air in December due to a lack of funding. This production company is being reported as a development stage company because it has not yet produced significant revenues, and it continues activities that are typical of such companies such as raising capital for on-going production.

The accompanying financial statements report the activity of TFN Louisiana Productions, LLC only. It does not include those of TFN – The Football Network, Inc. or TFN Louisiana Investments, LLC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary is presented to assist in understanding the accompanying financial statements of TFN Louisiana Productions, LLC. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. The following accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the accompanying financial statements.

Basis of Accounting: The Company uses the accrual method of accounting that recognizes revenues when earned and expenses when incurred. Revenues from the licensing of televised programs are recognized when the programs are completed, delivered and certain other conditions are met. Advertising revenue is recognized as commercials are aired.

Cash and Cash Equivalents: Cash and cash equivalents include amounts in demand deposits. For purposes of the statement of cash flows, the Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Inventories: Inventories of the Company include only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Accounts Receivable: Trade receivables are recorded at management's estimate of the amount that is expected to be collected. This is based in part on historical information. There is no allowance recorded in the accompanying financial statements as management expects 100% of its outstanding receivables to be collected.

Property, Equipment and Depreciation: The Company's assets are recorded at historical cost. Depreciation is recorded using the modified accelerated cost recovery system over the estimated useful lives of the assets of 5-10 years. Gains and losses from the sale or other disposition of fixed assets are included in net income. Maintenance and repairs are generally charged to operations except where the expense will significantly extend the live of the asset.

Investment in Filmed Television Programs and Amortization: The Company adopted Statement of Position 00-2, "Accounting by Producers or Distributors of Films", issued by the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants in June of 2000. SOP 00-2 provides revised accounting standards on revenue recognition, capitalization and amortization of film costs, accounting for exploitation costs, including advertising and marketing expenses, and presentation and disclosure of related information on financial statements.

The amount reported on the accompanying financial statements represents the costs of television films and programs that have been produced by the Company. These costs include acquisition rights and production costs that are expected to be recovered through future revenues. Amortization of film and television programs produced is calculated on the ratio of current revenue earned from the programs to expected gross future revenue for periods up to ten years. Costs of television programs and films are written down to the net recoverable amount if the investment is greater than the net recoverable amount. Net recoverable amount is defined as the total undiscounted future revenue expected to be earned from the film and television programs, net of future costs. Future revenues are estimated individually for each property.

The value placed on this investment in filmed television programs and the corresponding amortization is based on continued operations of the network. Currently, the Company does not anticipate having the funding and resources available to go back on the air until the Fall of 2005. Should the network fail to launch again, the value and amortization estimate reported on the accompanying financial statements would drop significantly as anticipated revenues would be materially less than originally projected.

Advertising and Promotions: The Company expenses advertising and promotion costs as they are incurred. Such expenses from inception to December 31, 2003, were $126,241.38.

Stock Options: TFN – The Football Network, Inc. has granted stock options to certain employees of TFN Louisiana Productions, LLC. As of December 15, 2003, some employees who were granted stock options were placed in furlough status. There have been 4,953,584 options set aside for this benefit, the details of which are stipulated in TFN's equity participation plan. No options were exercised during the year ending December 31, 2003. These stock options are not reported in the accompanying financial statements.

Income Taxes: Because the Company is a limited liability company with a single member, it is considered a disregarded entity for income tax purposes. Its transactions are reported to TFN Louisiana Investments, LLC, its sole member, and no provision has been made in the accompanying statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at December 31, 2003:

	Book Balance	Bank Balance
Demand deposits	$ 17,613.56	$ 32,014.17

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2003:

Office furniture	$ 59,281.80
Office equipment	189,878.03
Computer software	15,746.74
Total Office Furniture and Equipment	264,906.57
Production equipment and sets	552,078.54
Vehicles	6,510.83
Leasehold improvements	65,879.95
Total	889,375.89
Accumulated depreciation	(74,470.57)
Net	814,905.32

A loss of $19,973.75 was recognized upon the disposition of assets purchased to furnish an office located in Florida. The office was closed in December of 2003, and management has assumed that these assets were seized either by the landlord for rent due or by creditors for the balances owed on the furniture.

NOTE 4 – INVESTMENT IN FILMED TELEVISION PROGRAMS

The cost associated with the production of filmed television programs includes the following:

Completed shows	$ 351,997.00
Shows waiting to be produced	198,000.00
Raw footage	9,000.00
Features	318,000.00
Games	2,975,000.00
Accumulated amortization	(16,611.00)
Net	3,835,386.00

This value is based on future anticipated revenues, the value of which will decrease materially should the Company fail to launch its network again.

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2003:

Class of Payables	
Bank overdrafts	$ 15,520.82
Accounts	3,146,250.26
Leases (studio/office space)	480,859.78
Leases (equipment)	33,640.12
Salaries	312,151.36
Total	3,988,422.34

NOTE 6 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

There was no interest income received during the year. Interest paid was $543.63. Non-cash investing activities were as follows:

Purchase of property and equipment on credit	$ 171,438.50
Investment in filmed television programs on credit	1,673,871.66
Total	1,845,310.16

NOTE 7 – COOPERATIVE ENDEAVOR AGREEMENT

Management decided to create a unique relationship between the Company and a site for the location of its headquarters in that site. Considerations included a state of the art studio, corporate headquarters and access to a football stadium to produce certain shows and events. With the state's existing movie and television production incentive and tax credits, attracting an organization like TFN made sense for the State of Louisiana. As an inducement for TFN to move to Louisiana, the state offered a comprehensive arrangement that is embodied in a cooperative endeavor agreement. This cooperative endeavor agreement is the result of an historic private/public partnership. Management entertained offers and discussions with no less than 10 cities in 5 states. When they were on the verge of making a deal with another state, the State of Louisiana through private investors, intermediaries and knowledge of the Governor's office, approached TFN about making Louisiana their home with the state's incentive package.

In May of 2003, the Cooperative Endeavor Agreement was executed by and among the State of Louisiana, Louisiana Educational Television Authority (LETA), Bon Carre' Business Center, LLC (BCBC), Louisiana Department of Economic Development (DED), Louisiana Economic Development Corporation (LEDC), Louisiana Department of Revenue (DOR) and TFN – The Football Network, Inc. pursuant to Louisiana R.S. 33:9029.2 that allows for such agreements to enhance or maintain the economic well-being of the State. This agreement set forth the representations and obligations of all the parties including the relocation and launch of a cable and satellite network that would benefit the State of Louisiana through the creation of jobs, enhancement of skilled workers through training and increased spending in the State.

The agreement included a build out of office/studio space with a value not less than $13 million by Bon Carre' Business Centre, LLC for which TFN and LETA would enter into a lease agreement with Bon Carre' Business Centre, LLC. This is further described in Note 8 that follows.

Additionally, LETA agreed to secure a loan or installment purchase agreement through the Louisiana Equipment Acquisition Fund (LEAF) for production equipment in an amount not to exceed $5 million (to be increased to $6 million subject to terms acceptable to LETA). LETA further agreed to provide this equipment to TFN for use by TFN as a television production facility pursuant to an equipment agreement. The lease, described in Note 8, includes a lease term, "...uninterrupted in perpetuity unless and until LETA terminates..." with a settlement amount to be paid to LETA by TFN based on the total purchases to date and LETA's contract rate. It was anticipated that this settlement amount would be paid in the first 36 months and the remaining lease would be satisfied by transfer of tax credits earned by the Company.

Pursuant to this agreement, the State of Louisiana guaranteed TFN's obligation to Bon Carre' Business Centre, LLC under its lease with the execution of a Limited Guaranty Agreement by the State of Louisiana to Bon Carre' Business Center, LLC. Also, in the event of TFN's default under the Lease or Equipment Agreement (Cooperative Endeavor Agreement and Right of Use), "...the Commissioner agrees that his office shall include sufficient funds in the Executive Budget for LETA to make any payment under the LEAF Investment Purchase Agreement". This guaranty is discussed in Note 8.

Bon Carre' Business Centre, LLC and the Louisiana Economic Development Corporation agreed to provide equity contributions to TFN – The Football Network, Inc. for production purposes in the amount of $5 million. Bon Carre' provided $3.75 million while the LEDC, through the Louisiana Department of Economic Development's Louisiana Venture Capital Fund, provided $1.25 million. In exchange, TFN provided 2,000,000 shares of common stock and 1,000,000 warrants in TFN to Bon Carre', LEDC, Research Park Corporation and the Foundation for Excellence in Louisiana Public Broadcasting. The stock purchases were made according to the Common Stock Purchase Agreement dated April 24, 2003, among the parties listed above in four tranches as certain goals were met by TFN, the first tranche being $150,000, the second $1,850,000, the third $2,000,000 and the fourth being $1,000,000.

The intent of this funding was to provide equity capital for the launch of a cable and satellite network that would benefit the State of Louisiana. Production services were to be provided by the Company and, for that reason, the proceeds of the stock purchases were remitted to the Company by TFN through TFN Louisiana Investments, LLC and are reported in the accompanying financial statements as member's capital.

By certification of the Company as a motion picture company, the Company is able to earn motion picture investor tax credits. It also earns employment tax credits through the employment of Louisiana citizens that was originally estimated at 300 persons. A Tax Credit Agreement was executed, later described in Note 9, that allows for the transfer of these tax credits to BCBC, LETA, LEDC and Research Park Corporation (RPC).

This agreement confirmed the location of TFN's primary national production facilities and headquarters in Louisiana. While the network was on the air, it did provide economic benefits to the State through employment opportunities in the television production industry.

NOTE 8 – LEASES

Operating Leases. The Company conducts its operations from facilities and with equipment under leases executed by TFN – The Football Network, Inc. The Company has no legal obligations under any operating leases. There were four leases during the period for which the Company made payments on behalf of TFN – studio and production space at Louisiana Public Broadcasting, equipment at Louisiana Public Broadcasting and office space in Baton Rouge, LA (Bon Carre' Business Centre) and Lynnfield, MA. Use of the studio and production space at LPB was an arrangement created to allow the Company to start its broadcasts while its permanent site was being constructed by BCBC.

On May 15, 2003, a letter agreement between TFN and LETA was executed allowing for access and use of facilities that began on August 1, 2003, and was to expire on March 31, 2004. Should the facilities under construction by Bon Carre Business Centre, LLC not be completed by March 31, 2004, the lease would continue on a month-to-month basis but in no event extend beyond June 30, 2004. Consideration to be given each month was $73,500 for Studio B and related control room, $65,000 for the master control server and $1.42 per square foot for office space or $139,721.20 per month. The lease, and its subsequent amendment on September 22, 2003, included fees to be paid by TFN for editing and other services provided by Louisiana Public Broadcasting (LPB). On January 15, 2004, a termination letter was forwarded to TFN by LETA notifying management of the termination of this lease based on non-payment of lease fees. Payments on this lease were made in 2003, by the Company in the amount of $120,759.03 leaving a balance due of $468,884.80 at December 31, 2003.

In May of 2003, a Cooperative Endeavor Agreement and Right of Use was executed between TFN – The Football Network, Inc. and the Louisiana Educational Television Authority, an instrumentality of the State of Louisiana, allowing, "...TFN full access to and the exclusive right to fully use the related Equipment at the Site and elsewhere...". The equipment referred to in this agreement includes studio space, digital production and post production equipment that was purchased through the Louisiana Equipment Acquisition Fund for the Louisiana Educational Television Authority (LETA) in the amount of $2,072,840.67 (of the up to $6,000,000 contracted for). As part of the incentive package for TFN to headquarter its production operations in Louisiana, the "Louisiana Parties" agreed to provide the network use of not less than $5 million of digital production and post-production equipment and not more than $1 million of high definition production and post-production equipment. LETA would retain ownership of the equipment and lease it to TFN under terms and conditions negotiated in the Cooperative Endeavor Agreement and Right of Use. Because TFN nor the Company have ownership rights to these assets, they are not recorded on the accompanying financial statements. No payments have been made on this lease by the Company or TFN. The obligation to LETA by TFN at December 31, 2003, is estimated at $33,640.12, an amount recorded in the accompanying financial statements under leases payable.

A lease was executed on May 15, 2003, between Bon Carre' Business Centre, LLC (Lessor) and Louisiana Educational Television Authority (LETA) and TFN – The Football Network, Inc. (Lessees) for 45,000 to 55,000 square feet of space to be build out at a total value of not less than $13 million. This lease is for a period of 15 years with two 5-year options to extend beginning upon occupancy of the entire leased premises. The annual rental commitment is $825,000 for years 1-5, $935,000 for years 6-10 and $1,100,000 for years 11-15. Should the options be exercised, annual rental payments would be $1,210,000 in the first 5-year option and $1,265,000 in the second. The lease specifies that, "The Leased Premises shall be continuously used and occupied by TFN as its national headquarters and primary national studio and production facility during the Lease Term and only for the purpose of office space, studio support, studio, production and related storage." Until construction is complete, the Lessor will lease temporary office space to TFN of approximately 10,000 square feet at the Bon Carre' Business Centre for $10 per square foot plus common area expenses. Construction is currently on-going and, as a result, only payments for the temporary office space have been made. The Company made payments to Bon Carre' Business Centre, LLC totaling $22,809.13 during the year that were expensed. There is a balance of $11,974.98 on the temporary space at December 31, 2003, reported under leases payable. Management was notified by BCBC that TFN is in default of this lease. However, both parties are currently in discussions to place TFN in good standing and restore the lease as originally executed.

The State of Louisiana, through the Division of Administration, entered into a Limited Guaranty Agreement with Bon Carre' Business Center, LLC under the authority of Louisiana R.S. 9029.2 and Section 14(C) of Article VII of the Louisiana Construction of 1974 as amended. This guaranty provided for payments to BCBC in the event that TFN, "...should fail: (i) to make timely payments of the rent required to be paid under the provisions of Section 2.01 of the Lease ("Section 2.01 Rent"), or (ii) to make timely reimbursement to the Lessor for the direct costs of electrical energy consumed in the studio portion of the Premises under the Lease ("Electrical Energy Charge"), (the occurrence of (i) or (ii) being a "Tenant Default") and the Tenant Default continues for at least two consecutive months after the Lessor has given Co-Tenant written notice of non-payment, Bon Carre shall give written notice to the State of the Tenant Default." Payments to be made are decreased by the tax credits that are earned by the Company and subsequently transferred to BCBC and by any rent paid by LETA or any other third persons. BCBC provided written notice of Tenant Default to the Commissioner of the Division of Administration, on January 12, 2004. Any obligations that may exist by the State to BCBC are currently being researched by the Commissioner's office.

TFN has a three-year lease with Lynnfield Office Park for its corporate headquarters that expires on August 31, 2005. The Company paid $8,470.26 ($7,804.04 in rent and $666.22 in utilities) to Lynnfield Office Park on this lease during 2003.

Capital Leases. The Company has no capital leases.

NOTE 9 – TAX CREDIT AGREEMENT

As part of the inducement by the State of Louisiana for TFN to locate its corporate headquarters and production operations in Louisiana as discussed in Note 7, a Tax Credit Agreement dated May 15, 2003, was executed between TFN – The Football Network, Inc., Bon Carre' Business Centre, LLC (BCBC), Louisiana Educational Television Authority (LETA), Louisiana Economic Development Corporation (LEDC) and Research Park Corporation (RPC) to allow for the assignment of certain tax credits to BCBC, LETA, LEDC and RPC.

Having the designation of a motion picture production company within the meaning of La. R.S. 47:1123(5) and La. R.S. 47:6007(4), investments in the Company earn motion picture investor tax credits at 20%. Through its contributions to the Company, TFN Louisiana Investments, LLC earned $659,664.84 in such credits that were subsequently transferred to Bon Carre' Business Centre, LLC pursuant to this Tax Credit Agreement.

The Company also earned employment tax credits of 15% of salaries paid to Louisiana residents for the creation of jobs in the amount of $167,717.40. These were transferred to TFN Louisiana Investments, LLC and subsequently to Bon Carre' Business Center, LLC pursuant to this Tax Credit Agreement.

These credits represent those earned and certified by the State as of October 31, 2003. By investing an additional $1,621,750 in the Company during November and December, motion picture investor tax credits certified in the amount of $243,562.50 are anticipated. Additionally, the certification of $67,016.09 in employment tax credits is anticipated. These tax credits will be subsequently transferred to the benefit of BCBC leaving no unused tax credits at year-end.

It is anticipated, provided that the Company resumes on-air status, that the parties of this Tax Credit Agreement will benefit from $1,250,000 in quality jobs tax credits and just over $12,000,000 in motion picture investor and employment tax credits that will be earned by the Company and through investment in the Company.

NOTE 10 – RELATED PARTY TRANSACTIONS

There was $96,653.07 in revenues of the Company that were deposited by TFN – The Football Network, Inc. that is due to the Company. TFN – The Football Network, Inc. paid $24,513.53 in health insurance premiums on behalf of the Company leaving a balance due from TFN of $72,139.54. TFN is the Company's managing agent under its Operating Agreement.

The Company occupies space and utilized production equipment under leases executed by or the responsibility of TFN – The Football Network, Inc. Payments made under these leases for the period ended December 31, 2003, were $152,038.42.

The Company earned $167,717.40 in employment tax credits that were certified by the Louisiana Department of Revenue. These credits were transferred to the Company's sole member, TFN Louisiana Investments, LLC and then subsequently to Bon Carre' Business Centre, LLC.

NOTE 11 – LITIGATION

A lawsuit was filed against the Company on an open account less than $20,000 of which the total is in dispute. A dismissal of the suit is pending.

Litigation was threatened on seven open accounts that in the aggregate total $90,818.27. In all cases, the Company has negotiated either (1) additional time to pay or (2) some payment arrangements. The financial position of the Company will not materially change as these liabilities are already recorded on the balance sheet.

NOTE 12 – BUDGET COMPARISONS

The Company is not required to adopt a legal budget. As a result, the budget comparison schedule has been omitted as required supplemental information.

NOTE 13 – OPERATING DEFICIT AND GOING CONCERN

The Company incurred a net loss of $5,215,273.54 during the period ended December 31, 2003. Its current liabilities as of that date exceeded its current assets by $3,844,699.29. Staff were terminated or furloughed in December of 2003, and operations were drastically curtailed leaving very little opportunities for future operating revenues. These things create an uncertainty as to the Company's ability to continue as a going concern. While the Company is aggressively pursuing equity capital, there can be no assurances that it will be successful. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

NOTE 14 – SUBSEQUENT EVENTS

On January 12, 2004, Bon Carre' Business Center, LLC notified the State of Louisiana through the Division of Administration that TFN was in default of the Lease dated May 15, 2003. However, TFN and BCBC are currently in discussions to place TFN in good standing under the terms of the lease.

On January 15, 2004, a termination letter was forwarded to TFN by LETA notifying management of the termination of the Equipment Lease based on non-payment of lease fees. This lease allowed the Company use of production equipment and studio space needed to produce filmed programs.

In July of 2004, the Company received a loan from its managing agent, TFN – The Football Network, Inc., in the amount of $65,000.

On August 3, 2004, the Company announced a standby equity distribution agreement with Cornell Capital in the amount of $30,000,000 that will allow TFN to raise additional capital. The deal requires registration of TFN with the Securities and Exchange Commission. The legal and auditing processes have begun, and registration is anticipated by the end of 2004.

In addition, with the closing of a recent offering by TFN, the Company will be able to continue basic operations during the SEC registration process.

SUPPLEMENTAL INFORMATION

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

July 9, 2004

To the Members of
TFN Louisiana Productions, LLC
1 Touchdown Plaza
Baton Rouge, Louisiana 70806

We have audited the financial statements of TFN Louisiana Productions, LLC (a development stage company) as of December 31, 2003, and for the period from April 22, 2003 (date of inception) to December 31, 2003, and have issued our report thereon dated July 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether TFN Louisiana Productions, LLC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and is described in the schedule of findings and questioned costs as 2003-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TFN Louisiana Productions, LLC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect TFN Louisiana Production, LLC's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2003-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management and Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.

Sincerely,

John D. Butler & Co.

John D. Butler & Company
A Professional Accounting Corporation

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PERIOD APRIL 22, 2003 (DATE OF INCEPTION) TO DECEMBER 31, 2003

We have audited the financial statements of TFN Louisiana Productions, LLC as of December 31, 2003, and for the period April 22, 2003 (date of inception) to December 31, 2003, and have issued our report thereon dated July 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2003, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	Material Weakness	□ Yes
	Reportable Condition	□ Yes
Compliance	Compliance Material to F/S	□ No

2. Federal Awards

N/A

Section II Financial Statement Findings

2003-01. <u>*Submission of Audit Report*</u>

The Company's audit report for the period ended December 31, 2003, was not timely filed with the Legislative Auditor of the State of Louisiana.

As required by La. R.S. 24:514 and as stipulated in the Cooperative Endeavor Agreement, a timely filed audit report is one delivered to the Legislative Auditor within six months of the close of the year.

We recommend that an independent CPA be engaged at least two months prior to the close of the year for any future audits required by the Legislative Auditor of the State of Louisiana.

Managements' Response Current management is now aware of this requirement and will take appropriate steps to ensure timely filed audits in the future.

2003-02. *Internal Control Structure*

The Company lacked an effective internal control structure. There were no policies and procedures in place that allowed for appropriate controls over expenditures and compliance requirements. This was evidenced by but not all-inclusive of (1) inappropriate or non-existent support documentation of expenditures; (2) lack of proper approval and/or evidence thereof for expenditures; (3) lack of appropriate journals and ledgers; (4) lack of timely reconciliation between journals and ledgers; (5) lack of timely reconciliation of bank statements; and (6) prior approval of and business purpose determination of travel.

An effective internal control structure is crucial to a Company's ability to properly safeguard its assets and manage its operations.

We recommend that policies and procedures of an internal control structure be developed and implemented immediately. We would also recommend adopting an annual budget to be reviewed for reasonableness on a basis at least quarterly that could be used by each department in determining excess spending.

Management's Response The Company is currently in the process of developing accounting policies and procedures to address internal control issues as well as an employee handbook that further reiterate controls to be followed by employees of and persons providing services to the Company. The delay in completing these policies and handbook is due in part to the uncertainty caused by the Company's financial situation. However, the Company plans to complete the process by the end of 2004 and prior to the resumption of normal activities.

Section III Federal Award Findings and Questioned Costs

N/A

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
PERIOD APRIL 22, 2003 (DATE OF INCEPTION) TO DECEMBER 31, 2003

Section I Internal Control and Compliance Material to the Financial Statements

N/A

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A

TFN LOUISIANA PRODUCTIONS, LLC
(A Development Stage Company)
MANAGEMENT'S CORRECTIVE ACTION PLAN
PERIOD APRIL 22, 2003 (DATE OF INCEPTION) TO DECEMBER 31, 2003

Section I Internal Control and Compliance Material to the Financial Statements

Please refer to Management's Response as presented in the schedule of findings and questioned costs on pages 30-31.

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A