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Board of Directors
Hennepin Theatre Trust
Minneapolis, Minnesota

INDEPENDENT AUDITOR'S REPORT

We have audited the balance sheet of Hennepin Theatre Trust (a non-profit corporation) as of June 30, 2002, and the related statements of activities and changes in net assets, functional expenses and cash flows for the period then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hennepin Theatre Trust as of June 30, 2002, and the changes in its net assets and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

*Mahoney Ulbrich
Christiansen Russ P.A.*

Saint Paul, Minnesota
August 9, 2002

HENNEPIN THEATRE TRUST

BALANCE SHEET

June 30, 2002

ASSETS

| | |
|-------------------------------------|------------------|
| Cash | \$ 13,495 |
| Receivables: | |
| Historic State and Orpheum Theatres | 22,759 |
| Performance credits | 39,250 |
| Other | 13,232 |
| Prepaid expenses | <u>3,050</u> |
| Total assets | <u>\$ 91,786</u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|------------------|
| Liabilities: | |
| Accounts payable | \$ 21,390 |
| Accrued payroll expenses | 1,604 |
| Due to Historic Theatre Group | <u>22,995</u> |
| Total liabilities | <u>45,989</u> |
| Net assets: | |
| Unrestricted | (6,703) |
| Temporarily restricted | <u>52,500</u> |
| Total net assets | <u>45,797</u> |
| Total liabilities and net assets | <u>\$ 91,786</u> |

See Accompanying Notes to Financial Statements.

HENNEPIN THEATRE TRUST

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Period Ended June 30, 2002

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|------------------|
| Revenues: | | | |
| Ticket sales | \$ 4,743,881 | \$ - | \$ 4,743,881 |
| Other revenues: | | | |
| Membership revenue | 113,355 | - | 113,355 |
| Contributions | 36,250 | 62,500 | 98,750 |
| Contributions - in kind | 189,655 | - | 189,655 |
| Net assets released from restrictions | 10,000 | (10,000) | - |
| Total revenues | <u>5,093,141</u> | <u>52,500</u> | <u>5,145,641</u> |
| Expenses: | | | |
| Program services | 4,949,481 | - | 4,949,481 |
| Management and general | 121,304 | - | 121,304 |
| Fundraising | 29,059 | - | 29,059 |
| Total expenses | <u>5,099,844</u> | <u>-</u> | <u>5,099,844</u> |
| Change in net assets | (6,703) | 52,500 | 45,797 |
| Net assets - beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Net assets - end of year | <u>\$ (6,703)</u> | <u>\$ 52,500</u> | <u>\$ 45,797</u> |

See Accompanying Notes to Financial Statements.