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Board of Trustees  
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, 2003, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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. The prior period summarized comparative information has been derived from the Trust's 2002 financial statements and, in our report dated August 9, 2002, we expressed an unqualified opinion on those financial statements.

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, 2003, and the changes in its net assets and its cash flows for the year 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 8, 2003

HENNEPIN THEATRE TRUST

BALANCE SHEET

June 30, 2003  
(With Comparative Totals for 2002)

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash	\$ 13,740	\$ 13,495
Receivables:		
Memberships	22,136	22,759
Performance credits	75,250	39,250
Other	1,045	13,232
Prepaid expenses	<u>40,165</u>	<u>3,050</u>
 Total assets	 <u>\$ 152,336</u>	 <u>\$ 91,786</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 133,024	\$ 21,390
Accrued payroll expenses	5,457	1,604
Due to Historic Theatre Group	<u>449,167</u>	<u>22,995</u>
Total liabilities	<u>587,648</u>	<u>45,989</u>
Net assets:		
Unrestricted	(450,312)	(6,703)
Temporarily restricted	<u>15,000</u>	<u>52,500</u>
Total net assets	<u>(435,312)</u>	<u>45,797</u>
 Total liabilities and net assets	 <u>\$ 152,336</u>	 <u>\$ 91,786</u>

See Accompanying Notes to Financial Statements.

HENNEPIN THEATRE TRUST

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2003  
(With Comparative Totals for 2002)

	2003			2002 (11 months)
	Unrestricted	Temporarily restricted	Total	
Revenues and support:				
Ticket sales	\$ 10,301,656	\$ -	\$ 10,301,656	\$ 4,743,881
Other revenues:				
Memberships	177,926	-	177,926	113,355
Contributions	151,298	15,000	166,298	98,750
Contributions - in kind	651,997	-	651,997	189,655
Interest income	7,736	-	7,736	-
Net assets released from restrictions	52,500	(52,500)	-	-
Total revenues, support and reclassifications	<u>11,343,113</u>	<u>(37,500)</u>	<u>11,305,613</u>	<u>5,145,641</u>
Expenses:				
Program services	11,486,493	-	11,486,493	4,949,481
Management and general	242,780	-	242,780	121,304
Fundraising	57,449	-	57,449	29,059
Total expenses	<u>11,786,722</u>	<u>-</u>	<u>11,786,722</u>	<u>5,099,844</u>
Change in net assets	(443,609)	(37,500)	(481,109)	45,797
Net assets - beginning of period	<u>(6,703)</u>	<u>52,500</u>	<u>45,797</u>	<u>-</u>
Net assets - end of period	<u>\$ (450,312)</u>	<u>\$ 15,000</u>	<u>\$ (435,312)</u>	<u>\$ 45,797</u>

See Accompanying Notes to Financial Statements.