Citi Performing Arts Center, Inc.SM

Consolidated Financial Statements
May 31, 2008

McGladrey & Pullen
Certified Public Accountants

Contents

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Citi Performing Arts Center, Inc. SM
Boston, MA

We have audited the accompanying consolidated statements of financial position of the Citi Performing Arts Center, Inc. SM (the "Center") as of May 31, 2008 and 2007, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Citi Performing Arts Center, Inc. SM as of May 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Burlington, MA
February 5, 2009

Citi Peforming Arts Center, Inc.SM

Consolidated Statements of Financial Position
May 31, 2008 and 2007

Assets	2008	2007
Cash and cash equivalents	$ 137,594	$ 297,021
Cash and cash equivalents held in escrow		
for advance ticket sales	584,063	1,872,087
Contributions receivable	957,274	924,160
Accounts receivable for advance ticket sales	14,181	67,430
Citibank sponsorship receivable	164,583	750,000
Other accounts receivable	112,666	165,460
Investments, at fair value	14,866,552	15,571,952
Investments in productions	2,061,116	2,108,228
Property and equipment, net	14,465,253	14,858,228
Other assets	172,745	849,338
Total Assets	$ 33,536,027	$ 37,463,904

Liabilities and Net Assets	2008	2007
Accounts payable and accrued expenses	$ 1,933,419	$ 2,359,524
Unearned income	57,881	72,887
Deferred revenue for advance ticket sales	598,244	1,939,517
Total Liabilities	2,589,544	4,371,928
Net assets		
Unrestricted		
Working capital and other reserves	349,276	2,005,058
Net investment in property and equipment	14,465,253	14,858,228
Total unrestricted net assets	14,814,529	16,863,286
Temporarily restricted	10,120,776	10,217,512
Permanently restricted	6,011,178	6,011,178
Total Net Assets	30,946,483	33,091,976
Total Liabilities and Net Assets	$ 33,536,027	$ 37,463,904

See Notes to Consolidated Financial Statements

Citi Peforming Arts Center, Inc.℠

Consolidated Statements of Activities and Changes in Net Assets
Years Ended May 31, 2008 and 2007

	2008	2007
Changes in unrestricted net assets		
Operating Revenues		
Box office receipts	$ 13,716,528	$ 15,977,863
Theatre operations	1,959,909	5,981,406
Not-for-profit discounts	(1,058,452)	(1,184,761)
Citibank sponsorship, net	1,262,015	1,168,148
Contributions and special events	1,138,877	1,520,369
Investment income designated for operations	512,000	694,000
Interest income	20,089	159,964
Net assets released from restrictions	1,281,793	914,915
Total revenues	18,832,759	25,231,904
Operating Expenses		
Third party presenters' share of box office receipts	9,511,616	15,727,664
Theatre operations	6,009,862	6,026,683
General and administrative	3,704,896	3,220,836
Fundraising costs	787,417	408,222
Public programming	444,143	886,399
Education programming	381,834	368,097
Total expenses	20,839,768	26,637,901
Decrease in unrestricted net assets from operations	(2,007,009)	(1,405,997)
Nonoperating		
Investment income and net realized/unrealized losses	(41,748)	(168,960)
Decrease in unrestricted net assets from nonoperating activities	(41,748)	(168,960)
Decrease in unrestricted net assets	(2,048,757)	(1,574,957)
Changes in temporarily restricted net assets		
Contributions and fundraising events		
Board restricted initiatives	175,000	-
Renovation revenues	400,000	-
Education revenues	103,028	192,088
Public program revenues	418,881	531,547
Suskind fund	16,648	-
Other pledge revenue	358,364	71,123
Investment income and net realized/unrealized gains (losses) on investments	(286,864)	1,423,779
Net assets released from restrictions	(1,281,793)	(914,915)
Increase (decrease) in temporarily restricted net assets	(96,736)	1,303,622
Decrease in Net Assets	(2,145,493)	(271,335)
Net Assets at beginning of year	33,091,976	33,363,311
Net Assets at end of year	$ 30,946,483	$ 33,091,976

See Notes to Consolidated Financial Statements

Citi Peforming Arts Center, Inc.SM

Consolidated Statements of Cash Flows
Years Ended May 31, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities		
Decrease in net assets	$ (2,145,493)	$ (271,335)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation	947,758	924,158
Realized and unrealized losses (gains) on investments	100,206	(1,191,949)
Write down of carrying value of investments in production	134,406	188,913
Changes in assets and liabilities		
Cash and cash equivalents held in escrow for advance ticket sales	1,288,024	291,243
Contributions receivable	(33,114)	340,148
Accounts receivable for advance ticket sales	53,249	5,895
Citibank sponsorship receivable	585,417	(750,000)
Other accounts receivable	52,794	(51,872)
Other assets	676,593	(367,674)
Accounts payable and accrued expenses	(426,105)	384,686
Decrease in retention plan liability	-	(1,221,020)
Unearned income	(15,006)	18,869
Deferred income for advance ticket sales	(1,341,273)	(297,138)
Net cash used in operating activities	(122,544)	(1,997,076)
Cash Flows from Investing Activities		
Purchases of property and equipment	(554,783)	(220,154)
Purchases of investments	(30,335,707)	(4,446,017)
Sales and maturities of investments	30,940,901	6,190,786
Investments in productions	(103,312)	(118,330)
Return of capital on investments in productions	16,018	84,375
Net cash provided (used) by investing activities	(36,883)	1,490,660
Net decrease in cash and cash equivalents	(159,427)	(506,416)
Cash and cash equivalents, beginning of year	297,021	803,437
Cash and cash equivalents, end of year	$ 137,594	$ 297,021

See Notes to Consolidated Financial Statements

Note 1. Organization

Citi Performing Arts Center, Inc. SM (the "Center"), formerly the Wang Center for the Performing Arts, Inc., is a not-for-profit organization dedicated to presenting performing artists and cultural attractions from around the world to all citizens of New England. In addition, the Center strives to educate and inspire a greater appreciation for the performing arts as an integral component to the fabric of our society.

On December 1, 2006, the Center entered into a long-term partnership with Citibank, N.A. ("Citi"), to further promote the vision and programming of the Center in the City of Boston. The Center was renamed to reflect Citibank's funding commitment; additional benefits to Citi include hospitality and marketing opportunities within the Center's facilities and programs. Payment terms escalate 3% per year during the minimum ten (10) year term, with Citi having an option to renew for five (5) additional years. Citi does have earlier termination rights, after year four (4) of the agreement term, with significant penalties.

The Center, following a corporate reorganization in 1996, became the sole member of the Wang Theatre, Inc., Tremont Theatre, Inc., and Wang Center Productions, Inc. (now known as Citi Performing Art Center Productions, Inc.). The three subsidiaries manage the operating and presentation activities of the Wang and Shubert Theatres in Boston. The Center maintains overall responsibility for general and administrative, marketing and fundraising activities. In addition, the Center provides community outreach, public programming, and education programs.

On June 1, 2003, the Center and Commonwealth Shakespeare Company, Inc. (collectively as the "Members") entered into a Limited Liability Company Agreement for Commonwealth Shakespeare Company, LLC ("CSC") for the purpose of the furtherance of the charitable and educational purposes of the Members and including the production annually of Free Shakespeare on Boston Common. The Center has a 99% interest in CSC and is the controlling member.

On March 11, 2005, the Center formed Wang Center Productions, CCBB, LLC ("CCBB LLC"), a limited liability company, for the purpose of investing in a theatrical production. At May 31, 2005, the Center held a 100% interest in CCBB LLC. As of May 31, 2006, the Center had written off its investment in CCBB LLC in the amount of $500,000. The entity was dissolved during the year ended May 31, 2008.

The Center appoints all subsidiary trustees. The Center and its subsidiaries are collectively referred to herein as the "Center."

Note 2. Summary of Significant Accounting Policies

Basis of consolidated financial statement presentation: The accompanying consolidated financial statements are presented on the accrual basis of accounting and include the accounts and activities of the Center as well as Wang Theatre, Inc., Tremont Theatre, Inc., Citi Performing Arts Center Productions, Inc., and CSC. All intercompany activity has been eliminated.

Net assets and changes therein are classified as follows:

Unrestricted net assets: Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions or legal restrictions imposed under Massachusetts state law that may be fulfilled by actions of the Center and/or the passage of time.

Note 2. Summary of Significant Accounting Policies (continued)

Permanently restricted net assets: Net assets subject to perpetual donor-imposed restrictions. The terms of the endowment and the bylaws of the Center authorize the Finance Committee of the Board of Directors to use endowment income for the general purposes of the Center in accordance with the spending rate policy established. Accordingly, endowment income in excess of the Center's spending rate policy is recorded as temporarily restricted.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions, including time restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or the law.

Contributions, including unconditional promises to give, are recognized as revenues in the period in which the gift or pledge is made. Unconditional promises to give with due dates scheduled after the balance sheet date are shown as increases in temporarily restricted net assets and shown as "net assets released from restrictions" when the related purpose or time restrictions are met.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions scheduled to be received after one year are discounted at rates commensurate with the risks involved.

Dividends, interest and net gains on investments are reported as follows:

- as increases in temporarily restricted net assets if the terms of the gift or relevant state law impose restrictions on the current use of the income or net gains. The Center has relied on the Massachusetts Attorney General's interpretation that unappropriated endowment gains should generally be classified as temporarily restricted.

- as increases in unrestricted net assets in all other cases.

Operations: The consolidated statement of activities reports all changes in net assets, including changes in unrestricted net assets from operations. Operating revenues consist of those items attributable to the Center's theater activities. Investment income and unrealized appreciation on investments in the Walter Suskind Memorial Fund along with amounts earned in excess of those designated for operations under the spending rate policy and unrealized gains and losses related to unrestricted investments are reported as nonoperating revenue.

Cash and cash equivalents: Highly liquid investments with an initial maturity of three months or less when purchased are recognized as cash equivalents.

Investments in productions: Investments in productions are recorded at cost and amortized as performances occur or as recoupment payments are received. Investments in production are reviewed at least annually for impairment, or when the Center is informed of the cancellation or the early closing of a national tour or a Broadway run for a show investment. The carrying amount of an asset is adjusted whenever events or changes in forecasts indicate that the carrying amount of the asset may not be recoverable. Payments in excess of the asset are recognized as income in the period in which they are received.

Note 2. Summary of Significant Accounting Policies (continued)

Investments: Investments in debt and equity securities are recorded at fair value, based on published market prices, and realized and unrealized gains and losses are reflected in the statement of activities. The Center invests cash in excess of daily requirements in short-term investments.

Property and equipment: Property and equipment are recorded at cost or, if donated, at fair value as of the date of the gift. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful life of the asset or the remaining term of the lease, subject to renewal, whichever is shorter. The cost and related accumulated depreciation of assets replaced, retired or disposed of are eliminated from property and equipment accounts, and any gains or losses are reflected in income.

Theatre revenue recognition: Theatre revenue is recognized as the related performances occur. Box Office Receipts represent the value of all tickets sold. Theater Operations revenues are comprised of theater rental income and other fees, transaction commissions, and function sales, net of related expenses.

Citi Naming Rights Agreement: The Center is treating the Citi naming rights agreement as an executory contract, providing payments in exchange for marketing opportunities and hospitality privileges. Future quarterly payments will be recognized under a straight-line policy over each year of the contract term. Payment terms under the Citi naming rights agreement in the first year, commencing December 1, 2006, were conditional upon meeting certain implementation deadlines, relating to signage and other marketing commitments. At May 31, 2007, the requirements related to the third payment for the first year had been met and payment was received in June 2007. Operating revenue related to the naming rights agreement is presented net of commissions and fulfillment expenses.

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

Tax status: The Center and its subsidiaries are not-for-profit organizations as described under Internal Revenue Code (IRC) Section 501(c)(3) and are generally exempt from income taxes under IRC Section 501(a) and are exempt from private foundation status under IRC Sections 509(a)(1) and 509(a)(3), respectively. The Center and its subsidiaries are also generally exempt from Massachusetts state income taxes.

In July 2006, the FASB issued FASB interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (“FIN 48”). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for the Center’s fiscal year 2010 financial statements. The Center is currently in the process of evaluating the impact the adoption of FIN 48 might have on its financial statements.

Advertising: Advertising costs are incurred to promote performances which the Center is presenting. These costs are expensed in the same period the related production occurs. The Center incurred advertising costs in the amount of $1,008,721 and $274,913 for the years ended May 31, 2008 and 2007, respectively.

Note 2. Summary of Significant Accounting Policies (continued)

Concentrations of credit risk: Financial instruments which potentially subject the Center to concentrations of credit risk consist principally of temporary cash investments. The Center places its temporary cash investments with a financial institution, which invests primarily in securities backed by the United States Government.

Recent accounting pronouncements: In August 2008, the FASB issued Staff Position ("FSP") No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. This FSP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This FSP also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. This position is effective for financial statements issued for fiscal years ending after December 15, 2008. The Center is in the process of evaluating the impact the adoption of FSP No. 117-1 might have on its financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*, which establishes a framework for measuring fair value and expands disclosures about the use of fair value measurements and liabilities in interim and annual reporting periods subsequent to initial recognition. Prior to the issuance of SFAS No.157, which emphasizes that fair value is a market-based measurement and not an entity-specific measurement, there were different definitions of fair value and limited definitions for applying those definitions in generally accepted accounting principles. SFAS No. 157 is effective for the Center's 2009 financial statements .The Center does not believe the adoption of SFAS No. 157 will have a material impact on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of SFAS No. 115*, which expands the standards under SFAS No. 157, Fair Value Measurements to provide entities the one-time election to measure financial instruments and certain other items at fair value. SFAS No. 159 is effective for the Center's 2009 financial statements. The Center does not believe the adoption of SFAS No. 159 will have a material impact on our financial position and results of operations.

Reclassifications: Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 presentation.

Note 3. Investments

Investments at May 31, 2008 and 2007 are as follows:

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Short term investments	$ 53,154	$ 53,154	$ 126,045	$ 126,045
Mutual funds	15,789,192	14,806,398	8,701,101	9,940,569
Debt securities				
US government & agency	-	-	1,616,148	1,604,240
Corporate bonds	-	-	149,122	140,853
Marketable equity securities	7,000	7,000	3,161,104	3,760,245
	$15,849,346	$14,866,552	$13,753,520	$15,571,952

The Center closed two of its investment accounts during the year and consolidated them with a new financial institution. The transaction reflected a combination of liquidating investments held at the time and transferring others. The Center re-invested these funds into mutual funds with the new financial institution.

Investment activity for the years ended May 31, 2008 and 2007 is summarized as follows:

	2008	2007
Interest and dividends	$ 397,404	$ 789,284
Net realized gain (loss)	1,991,377	183,145
Net unrealized gain (loss)	(2,091,583)	1,008,804
Management fees	(95,042)	(32,414)
Total return on investments	202,156	1,948,819
Investment return designated for current operations	(512,000)	(694,000)
Investment return in excess of amounts designated for current operations	$ (309,844)	$ 254,819

The Center's spending rate policy is 5% of the average investment balance of the prior twelve quarters, excluding the Walter Suskind Memorial Fund. Such amount is recorded as operating revenue.

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Center’s investments have incurred a significant decline in fair value since May 31, 2008. The value of the Center's investment portfolio declined to $9,505,335 as of January 31, 2009, the latest date for which information is available, after giving effect to net withdrawals of approximately $766,000.

Note 4. Contributions Receivable

Contributions receivable at May 31, 2008 and 2007 are classified as follows:

	2008	2007
Due within one year	$ 826,580	$ 639,330
Due within two to five years	150,001	337,500
Less discount (4.875 – 6.27%)	(19,307)	(52,670)
	$ 957,274	$ 924,160

Note 5. Property and Equipment

The components of property and equipment at May 31, 2008 and 2007 are as follows:

	Estimated Useful Life	2008	2007
Leasehold improvements	5-40 years	$ 30,091,510	$ 29,577,115
Office furniture and equipment	5-10 years	462,732	576,722
Theatre and concession equipment	5-10 years	550,107	667,092
Computer equipment	5-10 years	851,491	709,457
Land		65,000	65,000
Construction in progress		241,862	113,810
		32,262,702	31,709,196
Less: Accumulated depreciation		(17,797,449)	(16,850,968)
Net Book Value		$ 14,465,253	$ 14,858,228

Depreciation charged to operations in the amount of $947,758 and $924,158 for the years ended May 31, 2008 and 2007, respectively, has been allocated based on the estimated percentage of square footage by each functional area.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets at May 31, 2008 and 2007 are as follows:

	2008	2007
Time Restrictions	$ 710,194	$ 625,080
Purpose Restrictions	3,874,826	4,004,072
Education department programs and The Walter Suskind Memorial Fund		
Cultural	400,000	-
Commonwealth Shakespeare Company LLC Productions (CSC)	434,738	460,000
Accumulated appreciation on permanently restricted net assets subject to Board appropriations	4,701,018	5,128,360
	$ 957,274	$ 924,160

The Walter Suskind Memorial Fund (the "Fund") was established to support the activities and outreach programs of the Center's *Education department.* Contributions received are classified as temporarily restricted, to either *Education department programs* or to the Fund based on donor-imposed restrictions. The Walter Suskind Memorial Fund Advisory Committee is authorized to expend the Fund's income and principal in support of *Education department programs*. Amounts released were $389,400 and $396,405 for the years ended May 31, 2008 and 2007, respectively.

Net assets released related to CSC's charitable and educational purposes and annual productions were $444,143 and $500,260 for the years ended May 31, 2008 and 2007, respectively.

Net assets released based upon the expiration of time restrictions were $273,250 and $18,250 for the years ended May 31, 2008 and 2007, respectively. In addition, other releases of restricted net assets totaled $175,000 for the year ended May 31, 2008.

Note 7. Commitments and Contingencies

The Center leases the Wang Theatre from the New England Medical Center Hospital under an agreement, which expires June 30, 2019. Effective July 1, 1996, the lease was assigned to the Wang Theatre, Inc., with the right to extend the term of the lease for an additional 40 years. Under the lease, the annual basic rent for the Wang Theatre is the greater of (a) $50,000 with certain defined cost-of-living adjustments commencing in fiscal 1987, or (b) in respect to each day, during the next preceding lease year during which there was only one performance: $200 if such performance was noncommercial and $275 if such performance was commercial, exclusive of other adjustments, or (c) an amount equal to 6% of the first $1,000,000 of gross rental revenues, as defined by the lease agreement, during the next preceding lease year. For revenues above $1,000,000, the percentage increases to 7%. In addition to paying for the basic rent, Wang Theatre, Inc. is obligated to pay all personal property and real estate taxes levied against the premises, as well as all other costs and expenses related to the premises, unless expressly excepted in the lease agreement as the parties intended the lease to be a "net" lease. Rent expense totaled $108,276 and $108,958 for the years ended May 31, 2008 and 2007, respectively.

Note 7. Commitments and Contingencies (continued)

The Shubert Theatre lease was executed on June 19, 1996 and expires on August 31, 2016, with the right to extend the term of the lease for two consecutive ten-year periods. The annual base rent is $52,000 per year plus $200 per performance. Consumer Price Index adjustments have been computed for lease years five and forward. In addition, Tremont Theatre, Inc. is obligated to pay all personal property and real estate taxes levied against the premises, as well as all other costs and expenses related to the premises (unless expressly excepted). Rent expense totaled $62,524 and $61,527 for the years ended May 31, 2008 and 2007, respectively.

The Center occupies office space under a lease, which expires on June 30, 2019, at a minimum annual rental of $10,500, with certain defined cost-of-living adjustments. Rent expense for this lease was $37,008 and $36,913 for the years ended May 31, 2008 and 2007, respectively.

The Center entered into a sublease for office space effective April 1, 2000, which expires on March 31, 2010, at a minimum annual rental of $47,232. Rent expense for this lease was $52,111 and $52,280 for the years ended May 31, 2008 and 2007, respectively.

The Center entered into a lease for additional rehearsal and meeting space during the fiscal year 2005. The lease expires on May 31, 2019, with the right to extend the term, with a minimum annual rental of $12,500 per month in the initial year. Rent expense for this lease was $159,000, after escalations, for each of the years ended May 31, 2008 and 2007.

The Center currently has unionized employees whose union contracts have either expired or are due to expire in the near future.

The Center, through its subsidiary Citi Performing Arts Center Productions, Inc., is obligated to advance additional funding up to contractually obligated amounts for investments in productions. At May 31, 2008 and 2007, the Center had unfunded commitments of $100,000 and $200,000, respectively.

At May 31, 2008 and 2007, the Center had entered into certain presentation agreements with various production companies. These agreements are standard in the Center’s industry, and, for each presentation agreement, there is the potential for either an increase or decrease in net assets based on the results of the presentation.

Note 8. Advance Ticket Sales

Wang Theatre, Inc. and Tremont Theatre, Inc. (the "Theatres") had collected cash from the advance sales of tickets of $584,063 and $1,872,087 at May 31, 2008 and 2007, respectively. In addition, the Theatres were owed $14,181 and $67,430 as of May 31, 2008 and 2007, respectively, for advance ticket sales by outside ticket agents.

Note 9. Retirement Plan

The Center sponsors a retirement plan (“The Citi Performing Arts Retirement Plan” formerly "The Wang Center Retirement Plan") under Section 401(k) of the Internal Revenue Code. The plan provides a discretionary matching contribution and lump-sum discretionary contribution. The Center contributed $46,880 and $38,976 in accordance with the 3% matching provision declared for 2008 and 2007, respectively. The Center made no lump-sum contributions for each of the years ended May 31, 2008 and 2007. Any lump-sum discretionary contribution would be distributed using a formula based upon salary level. The plan contains a graduated vesting schedule with participants becoming 100% vested after five years of service.

Note 10. Retention Program

The Compensation Committee of the Board of Trustees established a retention program for a key employee of the Center effective June 1, 2001. The Compensation Committee designed the retention program to maintain continuity of this key position within the Center with guidance from compensation consultants.

The Center recognized expense of $16,726 under the retention program for the year ended May 31, 2007. In July 2006, the retention program obligation was fully paid to the program participant.

Note 11. Line of Credit

During the year ended May 31, 2008, the Center established a secured revolving line of credit with a financial institution that provides for maximum borrowings up to $2,000,000. The line of credit agreement is collateralized by a first security interest in all of the Center 's investments. As of May 31, 2008 there was no balance outstanding on this line. Any advances on the line are payable on January 31, 2010 with interest payable monthly at the Wall Street Journal Prime Rate less 1.5% (3.5% as of May 31, 2008) or at the Center's election at LIBOR plus 0.65% (3.1565% as of May 31, 2008). The line of credit agreement requires the Center to maintain certain financial covenants.

Note 12. Subsequent Event

In August 2008, the Center announced a new co-booking arrangement with Madison Square Garden Entertainment (MSGE), a worldwide entertainment company recognized for its signature combination of event production and entertainment marketing. The deal will bring additional broad-based performances to Boston’s 3600 seat Wang Theater starting as early as Fall 2008. The long-term agreement with MSGE is expected to expand the number and breadth of shows at the Wang Theater and will include many performances that might not otherwise have toured in Boston. As part of the agreement, MSGE will make a one-time $2 million sponsorship contribution to the Center which will be used to support projects and initiatives that have direct community impact and benefit.

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report
on the Supplementary Information

To the Board of Directors
Citi Performing Arts Center, Inc. SM
Boston, MA

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities. The consolidating information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Burlington, MA
February 5, 2009

Citi Peforming Arts Center, Inc.℠

Consolidating Financial Statements
As of and for the year ended May 31, 2008
Statement of Financial Position

	Citi Performing Arts Center℠, Inc.	Wang Theatre, Inc.	Tremont Theatre, Inc.	Citi Performing Arts Center℠ Productions, Inc.	CSC, LLC	Combined Totals	Eliminating Entries Dr	Eliminating Entries Cr	Consolidated Totals
Assets									
Cash and cash equivalents	$ 1,875	$ 80,779	$ 51,518	$ 4,701	$ (1,279)	$ 137,594	$ -	$ -	$ 137,594
Cash and cash equivalents held in escrow for advance ticket sales	-	581,769	2,294	-	-	584,063	-	-	584,063
Contributions receivable	957,274	-	-	-	-	957,274	-	-	957,274
Accounts receivable for advance ticket sales	-	14,181	-	-	-	14,181	-	-	14,181
Citibank sponsorship receivable	164,583	-	-	-	-	164,583	-	-	164,583
Other accounts receivable	4,286	95,023	13,357	-	-	112,666	-	-	112,666
Investments, at fair value	14,866,552	-	-	-	-	14,866,552	-	-	14,866,552
Other Assets	13,032,266	(1,779,471)	(4,626,965)	(6,259,123)	(193,962)	172,745	13,567,489	13,567,489	172,745
Investments in productions	(188,234)	-	-	2,059,811	-	1,871,577	189,539	-	2,061,116
Property and Equipment, net	615,100	10,316,579	3,533,574	-	-	14,465,253	-	-	14,465,253
Total Assets	$ 29,453,702	$ 9,308,860	$ (1,026,222)	$ (4,194,611)	$ (195,241)	$ 33,346,488	$ 13,757,028	$ 13,567,489	$ 33,536,027
Liabilities and Net Assets									
Accounts payable and accrued expenses	$ 523,352	$ 1,199,354	$ 206,788	$ 3,925	$ -	$ 1,933,419	$ -	$ -	$ 1,933,419
Unearned income	40,473	17,408	-	-	-	57,881	-	-	57,881
Deferred revenue for advance ticket sales	-	595,950	2,294	-	-	598,244	-	-	598,244
Total Liabilities	563,825	1,812,712	209,082	3,925	-	2,589,544	-	-	2,589,544
Net assets:									
Unrestricted:									
Working capital and other reserves	12,757,923	7,496,148	(1,235,304)	(4,198,536)	(195,241)	14,624,990	14,465,253	189,539	349,276
Net investment in property and equipment	-	-	-	-	-	-	-	14,465,253	14,465,253
Total unrestricted net assets	12,757,923	7,496,148	(1,235,304)	(4,198,536)	(195,241)	14,624,990	14,465,253	14,654,792	14,814,529
Temporarily restricted	10,120,776	-	-	-	-	10,120,776	-	-	10,120,776
Permanently restricted	6,011,178	-	-	-	-	6,011,178	-	-	6,011,178
Total Net Assets	28,889,877	7,496,148	(1,235,304)	(4,198,536)	(195,241)	30,756,944	14,465,253	14,654,792	30,946,483
Total Liabilities and Net Assets	$ 29,453,702	$ 9,308,860	$ (1,026,222)	$ (4,194,611)	$ (195,241)	$ 33,346,488	$ 14,465,253	$ 14,654,792	$ 33,536,027

Citi Peforming Arts Center, Inc.SM

Consolidating Financial Statements
As of and for the year ended May 31, 2008
Statement of Activities and Changes in Net Assets

	Citi Performing Arts CenterSM, Inc.	Wang Theatre, Inc.	Tremont Theatre, Inc.	Citi Performing Arts CenterSM Productions, Inc.	CSC, LLC	Combined Totals	Eliminating Entries Dr	Eliminating Entries Cr	Consolidated Totals
Changes in unrestricted net assets:									
Operating Revenues:									
Box office receipts	$ -	$ 11,794,432	$ 1,922,765	$ 4,206,033	$ -	$ 17,923,230	$ 4,206,702	$ -	$ 13,716,528
Theatre operations	403,515	4,323,102	1,332,722	-	-	6,059,339	4,099,430	-	1,959,909
Not-for-profit discounts	-	(553,815)	(504,637)	-	-	(1,058,452)	-	-	(1,058,452)
Citibank sponsorship, net	1,262,015	-	-	-	-	1,262,015	-	-	1,262,015
Contributions and special events	1,138,877	-	-	-	-	1,138,877	-	-	1,138,877
Investment income designated for operations	512,000	-	-	-	-	512,000	-	-	512,000
Interest income	-	15,817	4,266	6	-	20,089	-	-	20,089
Net assets released from restrictions	1,281,793	-				1,281,793	-	-	1,281,793
Total revenues	4,598,200	15,579,536	2,755,116	4,206,039	-	27,138,891	8,306,132	-	18,832,759
Operating expenses:									
Third party presenters' share of box office receipts	-	11,794,432	1,923,886	-	-	13,718,318	-	4,206,702	9,511,616
Theatre operations	1,157,443	2,198,759	882,631	5,870,459	-	10,109,292	-	4,099,430	6,009,862
General and administrative	1,324,236	2,041,204	266,971	71,167	1,318	3,704,896	-	-	3,704,896
Fundraising costs	790,465	653	(3,701)	-	-	787,417	-	-	787,417
Public programming	444,143	-	-	-	-	444,143	-	-	444,143
Education programming	389,400	-	(7,566)	-	-	381,834	-	-	381,834
Total expenses	4,105,687	16,035,048	3,062,221	5,941,626	1,318	29,145,900	-	8,306,132	20,839,768
Increase (decrease) in unrestricted net assets from operations	492,513	(455,512)	(307,105)	(1,735,587)	(1,318)	(2,007,009)	8,306,132	(8,306,132)	(2,007,009)
Nonoperating:									
Investment income and net realized/unrealized losses	(43,053)	-	-	-	-	(43,053)	-	1,305	(41,748)
Increase/(decrease) in unrestricted net assets from nonoperating activities	(43,053)	-	-	-	-	(43,053)	-	1,305	- (41,748)
Increase (decrease) in unrestricted net assets	449,460	(455,512)	(307,105)	(1,735,587)	(1,318)	(2,050,062)	8,306,132	(8,303,522)	(2,048,757)
Changes in temporarily restricted assets:									
Contributions and fundraising events:									
Board restricted initiatives	175,000	-	-	-	-	175,000	-	-	175,000
Renovation revenues	400,000	-	-	-	-	400,000	-	-	400,000
Education revenues	103,028	-	-	-	-	103,028	-	-	103,028
Public program revenues	418,881	-	-	-	-	418,881	-	-	418,881
Suskind fund	16,648	-	-	-	-	16,648	-	-	16,648
Other Pledge Revenue	358,364	-	-	-	-	358,364	-	-	358,364
Net assets released from restrictions	(1,281,793)	-	-	-	-	(1,281,793)	-	-	(1,281,793)
Investment income and net realized/unrealized gains (losses) on investments	(286,864)	-	-	-	-	(286,864)	-	-	(286,864)
Increase (decrease) in temporarily restricted net assets	(96,736)	-	-	-	-	(96,736)	-	-	(96,736)
Increase (decrease) in net assets	352,724	(455,512)	(307,105)	(1,735,587)	(1,318)	(2,146,798)	8,306,132	(8,306,132)	(2,145,493)
Net assets, beginning of year	28,537,153	7,951,660	(928,199)	(2,462,949)	(193,923)	32,903,742	-	188,234	33,091,976
Net assets, end of year	$ 28,889,877	$ 7,496,148	$ (1,235,304)	$ (4,198,536)	$ (195,241)	$ 30,756,944	$ 8,306,132	$ (8,117,898)	$ 30,946,483