RENAISSANCE ENTERTAINMENT CORP
Form 10KSB
March 25, 2003

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FORM 10-KSB
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

ý **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

for the fiscal year ended December 31, 2002

OR

o **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 0-23782

RENAISSANCE ENTERTAINMENT CORPORATION

(Name of Registrant as Specified in its Charter)

Colorado (State or other jurisdiction of incorporation or organization)	**84-1094630** I.R.S. Employer Identification number
275 Century Circle, Suite 102, **Louisville, Colorado** (Address of principal executive offices)	**80027** (Zip Code)

Issuer's telephone number, including area code: (303) 664-0300

Securities registered under Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.03 par value

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

The issuer's revenues for the year ended December 31, 2002 were $12,013,543.

As of March 13, 2003, the aggregate market value of the Common Stock of the Registrant, held by non-affiliates of the Registrant, based upon the average of the closing bid and asked prices of the Common Stock as quoted on the NASD OTC Bulletin Board Market, was approximately $707,813. As of March 13, 2003, 2,144,889 shares of the Common Stock of the Registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

PART I

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, and is subject to the safe harbors created by those sections. These forward-looking statements are subject to significant risks and uncertainties, including those identified in the section of this Form 10-KSB entitled "Factors That May Affect Future Operating Results," which may cause actual results to differ materially from those discussed in such forward-looking statements. The forward-looking statements within this Form 10-KSB are identified by words such as "believes," "anticipates," "expects," "intends," "may," "will" and other similar expressions. However, these words are not the exclusive means of identifying such statements. In addition, any statements which refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances occurring subsequent to the filing of this Form 10-KSB with the Securities and Exchange Commission ("SEC"). Readers are urged to carefully review and consider the various disclosures made by the Company in this report and in the Company's other reports filed with the SEC that attempt to advise interested parties of the risks and factors that may affect the Company's business.

ITEM 1: BUSINESS

Overview

The Company presently owns and produces four Renaissance Faires: the Bristol Renaissance Faire in Kenosha, Wisconsin, serving the Chicago/Milwaukee metropolitan region; the Northern California Renaissance Pleasure Faire, serving the San Francisco Bay and Sacramento metropolitan areas; the Southern California Renaissance Pleasure Faire in Devore, California serving the greater Los Angeles metropolitan area; and the New York Renaissance Faire serving the New York City metropolitan area.

The Renaissance Faire is a re-creation of a Renaissance village, a fantasy experience transporting the visitor back into sixteenth century England. This fantasy experience is created through authentic craft shops, food vendors and continuous live entertainment throughout the day, both on the street and the stage, including actors, jugglers, jousters, magicians, dancers and musicians.

Web Site. The Company maintains a home page at www.recfair.com.

Existing Renaissance Faires and Sites

Bristol Renaissance Faire. The Bristol Renaissance Faire is held at the Kenosha, Wisconsin site leased by the Company. It has been in existence for 15 years. The Bristol Renaissance Faire is operated annually for nine weekends beginning the last weekend in June and ending the middle of August.

During November 1997, the Company sold this site and leased it back for a period of 20 years. See "Property." Improvements which have been constructed on the site, including the vendor booths, are permanent. Craft shops and vendor booths are built by the individual craft vendors at their cost. In many cases, vendors invest substantial sums of money in the construction of these shops. Historically, the Company has utilized the site for the Renaissance Faire, and the property has been vacant during the off-season.

On April 6, 2000, the Company entered into an Asset Purchase Agreement with Willows Fare, LLC which conveyed its interest in certain assets previously used by the Bristol Faire in its food operation. As part of this agreement, Willows Fare, LLC was granted a seven-year concession agreement with the Bristol Faire to operate as a food vendor. The purchase price of the assets was $300,000, half of which was paid upon execution of the agreement. The Company holds a 10% promissory note for the balance of $150,000. Payments of principal and interest begin August 1, 2000 based on a 7-year amortization with a balloon payment on October 31, 2003.

Northern California Renaissance Pleasure Faire. The Northern California Renaissance Pleasure Faire has been held in the San Francisco Bay area for the past 35 years. This Faire is held annually for six to eight weekends, typically beginning one week before the Labor Day weekend and running through the first or second weekend of October. In 2001, the Faire operated eight weekends beginning the last weekend of August and ending in mid-October. In 2002, the Faire operated six weekends beginning the middle of September and ending in mid-October. In 2003, it is anticipated that the Faire will operate seven weekends beginning the first weekend of September and ending the fourth weekend of October.

On May 3, 2002, the Company signed a long-term lease for the Northern California Faire. The new site for the Northern Faire is located at Casa de Fruta, near Gilroy, California. The lease is for 20 years, 5-years with a 15-year extension. Lease payments in the first year include $1.00 per patron with a $150,000 minimum and increasing each year thereafter.

Historically, all structures, including the gates, stages, booths, shops and arenas utilized in the Northern California Renaissance Pleasure Faires have been mobile. These props were loaded into the Company's semi-tractor/trailers and transported between the Northern and Southern California Renaissance Faires and, during the off-season, were stored at the Southern Renaissance Faire site. The booths and craft shops utilized and owned by the individual vendors were moved onto the site for the Faire and then removed by them. The Company believes that this long-term lease agreement will eventually allow these structures to remain in place year-round and provide the opportunity for additional income-generating events other than the Renaissance Faire.

Southern California Renaissance Pleasure Faire. The Southern California Renaissance Pleasure Faire has been held for the past 40 years in the Los Angeles metropolitan area. This Faire is held annually for seven or eight weekends beginning the first weekend of May and ending in mid-June. In 2001 the Faire ran eight weekends and in 2002 seven weekends beginning the first week of May. In 2001 and 2002, the Company sponsored a School Days event in conjunction with Events Group Corporation which was held on the Faire site in the month of May. In 2003, the Faire is scheduled to run seven weekends beginning the first weekend of May and a School Days event is scheduled in the month of May.

The Southern California Renaissance Pleasure Faire is held in Glen Helen Regional Park located near Devore, California. On June 27, 2000, the Company signed a twenty-year lease with San Bernardino County Parks and Recreation Department, securing a long-term home for the Southern California Renaissance Faire. This is a ten-year lease with two five-year options to extend. Rent on this property is based on a percentage of gross revenues, which ranges during the first ten-years of the lease, from four to seven percent with a guaranteed minimum rental payment. Guaranteed minimum rent under the lease increases $25,000 per year for the first ten years of this lease with 2003 rent set at $274,500.

In the past, the Southern Renaissance Pleasure Faire site was only occupied during the operating season and was vacated following completion of the Faire. Accordingly, all structures were mobile and transported to the Northern Renaissance Faire site for storage during the off-season. With the long-term lease, the Company is now able to make permanent improvements to the site and reduce its annual set-up cost for the Faire.

New York Renaissance Faire. The Company acquired Creative Faires, Ltd., the owner and operator of the New York Renaissance Faire in February of 1996. The New York Renaissance Faire opened in July 1978 and re-creates a 16th century English Country Faire on 65 leased acres in Sterling Forest, Tuxedo, New York. Creative Faires, Ltd. also produced Sterling Forest's Forest of Fear.

Historically, the Faire has been held annually for eight weekends beginning the first weekend of August and ending the third weekend of September. The Forest of Fear is held each year beginning the first weekend of October and ending on Halloween. In 2001 and 2002 the Company operated two School Day events. The Company has one School Days event scheduled at this site in May of 2003. In 2003, the Company anticipates operating the Faire seven weekends beginning the first weekend of August and the Forest of Fear five weekends in October.

On April 1, 2002, Faire Partners, Ltd., the Company's landlord for the Wisconsin site, purchased property in New York from Sterling Forest Corporation. The property has long been the home of the New York Renaissance Faire. In April, 2002, Faire Partners Ltd. leased the property to the Company on a twenty-year term with rent payments of $425,000 in years 1 through 5, $435,000 years 6 through 15 and $450,000 for lease years 16 through 20. The leased property includes a site for a Ski Center. The Company opened the Ski Center in December 2002 and anticipates a mid-March 2003 closing date. The lease allows Faire Partners to sell the property on which the ski area operates. Should Faire Partners sell the property, the lease provides that the Company's rent payments and the buyout provision would be decreased in an amount proportional to the selling price of the property.

Virginia Renaissance Faire. On January 28, 2000, the Company announced the closure of the Virginia Renaissance Faire located in Fredericksburg, Virginia. The Company completed the sale of the Virginia property in August, 2001, at a selling price of $1.3 million. The proceeds of the sale were used to retire the first and second mortgages on the property with excess funds set aside for use as working capital. The Company does not anticipate future expenditures as a result of the Virginia closure.

Vendors

Approximately 14% of the revenues realized from presenting the Company's Renaissance Faires are generated from the Company's relationships with vendors who sell food and crafts and offer games and rides. Typically, there is little turnover in vendors from one season to the next. The loss of any one or more vendors would not have a material adverse effect upon a particular Faire.

At the Bristol Renaissance Faire site there were approximately 180 vendors in 2001 and 2002. The vendors are required to construct their shops and booths at their own cost and then occupy the structures on a year-to-year basis for an annual fee of $1,100.

At the Southern California Faire there were approximately 142 vendors in 2001 and 143 vendors in 2002. At the Northern California Faire there were approximately 145 vendors in 2001 and 125 vendors in 2002. At both California Faires, craft shops and booths are owned by the vendors. In lieu of a flat fee to participate, vendors pay the Company a fee equal to 12%-20% of their gross revenues.

At the New York Faire site there were approximately 125 vendors in 2001 and 2002. The vendors and craftspersons pay an annual fee of approximately $250 and 10%-17% of their gross revenues.

The decision to charge a flat fee or a percentage of revenues is based on several factors, including the custom of a particular Faire and the extent to which vendors must invest in the construction of their booths. The advantage to the Company of the flat fee method is that it is easier to monitor and is more predictable. The advantage to the Company of the percentage method is that the Company may participate to a greater extent as Faire attendance increases. Vendors occupy their booths and shops pursuant to written lease agreements that have a term of one year, and require renewal by both the vendor and the Company. Under these agreements, each vendor agrees to indemnify and hold harmless the Company from any liability that may arise by virtue of the vendors' activities at a Faire. Nevertheless, the Company maintains general public liability insurance which also provides coverage for such risks.

Revenue Sources

A Renaissance Faire generates revenues from numerous sources, including gate admissions, beverage sales, parking fees, food sales, craft fees, game fees, camping fees, souvenir sales and sponsorship fees. The following table shows the Company's revenues during the 2001 and 2002 seasons from each of these activities.

	2001	**2002**
Gate Admissions	$ 5,851,363	$ 5,669,292
Beverage Revenue	2,724,875	2,857,052
Parking Revenue	736,379	373,783
Food Revenue	2,731	0
Vendor Fees	1,751,192	1,675,591
Souvenir Revenue	802,637	738,565
Sponsorship Fees	205,778	206,702
Camping Fees	200,969	198,143
Miscellaneous Fees	171,616	100,041
Ski Center Revenue	0	194,374
Total	$ 12,447,540	$ 12,013,543

Gate Admissions. Gate admissions are generally set from $14.50 to $18.50 for adults, $5.00 to $8.50 for children, and children under the age of five admitted free. Discounts range from $2.00 to $3.00 for seniors and, in some cases, students and military personnel. Off premises discount ticket sales are available at Cub Foods, Sentry Foods, Ralph's, Calabell Market and Shoprite. Discount coupons are available at retail outlets operated by Company sponsors, including Subway, White Castle, Wendy's, Blockbuster Video, Petland, P.C. Richard & Son, Border Bookstores and Circle K. The Company has a large group sale and advance sale program that provides discounted tickets. Admission provides the guest with all-day continuous entertainment on multiple stages. Major entertainment acts include full contact jousting, falconry, variety acts, sword duels, Shakespearean vignettes and authentic belly-dancing.

Beverage Income. The Company sells beer, wine and soft drinks at each Faire.

Parking Income. The California Faires charge $5 to 10.00 for preferred close-in parking. The Bristol and New York Faires have preferred parking for $3.00 and $5.00 respectively.

Food Revenue. The food concessions at all of the Company's Faires are run by independent vendors. On April 6, 2000, the Company entered into an agreement to sell its food concessions, at the Bristol Faire, to an independent food vendor. These vendors pay the Company a commission equal to approximately 15-19% of their gross revenues.

Vendor Fees. Each Faire has approximately 125 to 180 independent vendors who sell their goods to Faire patrons. Most of the craft items are handmade by the artists who often demonstrate the making of their wares at the Faire. The vendors in California pay the Company a fee of approximately 12-20% of their gross revenue. At the Bristol, Southern California and New York Faires, vendors are required to build their own booth or shop, and either pay a flat annual fee or a percentage of their gross income.

Souvenir Revenue. At each Faire, the Company sells souvenir t-shirts, sweatshirts, beer mugs, books and other high quality merchandise.

Sponsorship Fees. The Company solicits sponsorship arrangements. Major sponsors include Anheuser- Busch, Inc., Miller Brewing Company, Aquafina Water, Hard Core Cider, Red Hook Ale, Andis Systems, Pepsi Cola Company, Grand Pacific Resorts, Canandaigua Wines, Samuel Adams and Guinness Import Co. Some sponsors also participate in joint advertising campaigns.

Camping Fees. The Company allows employees and independent vendors limited camping at the Faire sites during the Faire season. The Company provides portable restroom facilities, showers and security for campers. The campers are charged and pay a fee for these services.

Marketing

The Company markets its Faires as entertainment events for the whole family, which also include shopping and food. Marketing is accomplished through local television and radio stations which, from time-to-time, and often in conjunction with other advertisers, conduct live broadcasts from the Faires. Supplementing this television and radio advertising, newspapers and billboards provide essential information to the general public regarding the cost of admission, location and times of operation. Artistic brochures and fliers are directed toward groups for advance sales campaigns.

The Company has also undertaken a "Sponsorship" campaign. Major sponsors have included Guinness Import Company, Miller Brewing Company, Aquafina Water, Anheuser-Busch, Inc., and Pepsi Cola Company. Agreements with some sponsors have included joint advertising, sponsorship fees, and product giveaways.

Since 1998, the Company has conducted matinee programs called School Days that are designed to provide an educational experience in combination with lively entertainment for school children. In 2001, the Company held three daily events at two of its Faire sites with 12,977 individuals attending. In 2002, the Company held three daily events at two Faire sites with 12,381 individuals in attendance. In 2003, the Company plans one daily event at each of its Southern California and New York Faire sites.

Seasonality and Weather

The Company generates its revenue primarily from the production of Renaissance Faires. Since they are exclusively outdoor events, each Faire is scheduled for the time of year most likely to minimize the risks and hazards of inclement weather. With four Faires in various U.S. locations, the Company has been able to extend the period of revenue generation from early May (the start of the Southern California Faire) through mid-October (the end of the Northern California Faire), with the Bristol Renaissance Faire being held during July and August, and the New York Faire during August and September. The spread of Faires over a six-month period, and the geographic spread across the West coast, East coast, and Midwest, helps to assure that inclement weather in one particular geographic area at any particular time does not adversely threaten the Company's entire source of revenue. However, it is normal, for adverse weather, or even the forecast of adverse weather, to harm the financial results during certain weekends of any particular Faire.

Prior to 2002, during the period from mid-October through April, the Company had no material income-generating activity and had to meet its working capital requirements from cash flow earned during the Faire season augmented by short-term debt. The Company operated the Sterling Forest Ski Center generating revenue during the December 2002 through March 2003 period. With the operation of the Sterling Forest Ski Center in New York, the potential for counter-seasonal revenue may help smooth the seasonality of the Company's revenue stream from the Renaissance Faires.

Each Faire is scheduled for a finite period that is determined substantially in advance in order to facilitate advertising and other promotional efforts. Since attendance at each Faire depends on the weather, poor weather conditions can result in substantial declines in attendance and loss of revenues. All of the Renaissance Faires' are open "rain or shine". The Company is also vulnerable to severe climatic events that are similarly beyond it's control but nevertheless could have a direct and material impact upon the Company's relative success or failure.

Competition

As a promoter and operator of family entertainment events, the Company faces significant competition from other more traditional entertainment alternatives, including amusement parks, theme parks, local and county fairs, and specialty festivals. At each of the markets in which the Company competes, there are many entertainment events which compete for the consumers' entertainment dollars. Many of these entertainment events have attendance and revenues substantially greater than the Company's Faires in such markets. The Company competes on the basis of entertainment value and uniqueness of the Renaissance event. The Company emphasizes its Faires as an activity that appeals to the whole family.

While there are more than 100 annual entertainment events produced in the country with a Renaissance theme, there are approximately 20 major Renaissance Faire productions operated in major metropolitan areas throughout the country. As families typically do not travel to distant metropolitan areas in order to attend a Renaissance Faire, the Company does not experience direct competition with those other major productions. More significant competition comes from other entertainment alternatives and smaller faire events in each location.

Further, by the very nature of Renaissance Faires and the lack of protection afforded by trademark, service mark and unfair competition laws, there exist few barriers to entry into the industry, and there can be no assurance that other companies with substantially greater resources will not develop competing Faires in the metropolitan areas where the Company has established productions.

Intellectual Property

Because of the number of existing Faire productions with Renaissance themes, the Company does not rely upon trademark or service mark protection for the name "Renaissance Faire" in connection with its business. However, the Company did obtain in connection with its acquisition of Living History Center assets, an assignment of a California registration of the mark "Renaissance Pleasure Faire" which applies only to the state of California. Further, it is possible that the Company could apply for and obtain trademark or service mark registrations on a state level for its other individual Faires, such as "Bristol Renaissance Faire" and other name-specific marks associated with the "Renaissance Faire" description as those names are acquired or developed. While the Company may be able to protect a site-specific name for its productions, the Company does not consider this protection a significant deterrent to the entry of competitors into existing markets, given the limited barriers to such entry.

Public Liability and Insurance

As a producer of public entertainment events, the Company has exposure for claims of personal injury and property damages suffered by visitors to the Company's Renaissance Faires and Ski Center. The Company maintains comprehensive public liability insurance in the amount of $5,000,000 per occurrence for its Renaissance Faires and $4,000,000 per occurrence for its Ski Center, which it considers to be adequate against this exposure. Independent vendors operating food concessions, games and rides are required to obtain liability insurance protection, and to provide the Company with proof of such coverage.

In 2002, a personal injury complaint was filed against the Company with the Supreme Court in Orange County New York. The case contains a demand for $35,000,000 and is in excess of policy limits that total $5,000,000. No provision has been made in the financial statements as of December 31,2002 since initial review of the claim by the Company's insurance provider indicates their belief that the ultimate loss in this matter will not exceed insurance policy limits. A contingency exists with respect to this matter, the ultimate resolution of which cannot presently be determined. Other than the claim described above, the Company has experienced minimum claims that have been resolved quickly without litigation.

Government Regulation

Since food and alcoholic beverages are sold at the various Faire sites, the Company, its vendors and/or subsidiaries must comply with all applicable rules, regulations and/or ordinances pertaining to the handling and sale of such items. Any material violation of these regulations would subject the Company, its vendors and/or its subsidiaries to the possibility of having necessary food service permits and liquor licenses revoked. Material violations may also result in penalties and fines being assessed against the Company. The Company must also comply with all state and federal labor laws and regulations, including all minimum wage and overtime provisions.

The Company believes that it is in compliance with all such laws, and does not anticipate that any existing law will have a material adverse impact upon the proposed business and operations of the Company. Although future compliance cannot be assured in the event of future changes in such laws or the addition of regulations governing the proposed business and operations of the Company, the Company will, at all times, endeavor to take all feasible and required actions necessary to maintain compliance with such laws.

Employees

Each Faire has its own full-time staff as well as seasonal and temporary employees who are engaged during the Faire presentation. On February 28, 2003, the Company had a total of 36 full-time employees; including 8 full-time employees working in its Colorado headquarters; 8 at the Bristol Faire; 11 at the California Faires and 9 at the New York Faire/Sterling Forest Ski Center.

During Faire presentations, there are over 100 street actors interacting with Faire patrons at any given time, with over 1,000 seasonal employees and volunteers. The Company trains its professional street actors, who perform under contract with the Company for a fixed fee. In addition, the Company invites numerous apprentice actors and actresses to its training programs to perform during the Faire on a volunteer basis.

Only after an actor or actress has gained a particular proficiency are they invited to become a fully-paid contract actor for the Company.

ITEM 2: PROPERTY

The Company's corporate headquarters are located at 275 Century Circle, Suite 102, Louisville, Colorado. This property measures 2,789 square feet and is currently leased at $3,080 per month base rent, with an increase of three percent per year. This lease was renewed in January 2003 and is for a term of five years expiring in 2008. The Company considers these offices to be suitable for its current needs.

Bristol Renaissance Faire. The Company leases approximately 160 acres in Kenosha County, Wisconsin, which is home to the Bristol Renaissance Faire. The lease is for a period of 20 years with lease payments of $400,000 per year during each of the first two years beginning in November 1997 and increasing to $543,333 per year in years 13 through 20. In 2003, the lease payments for the year will be $440,000. The Company has the right to acquire the property during the term of the lease. In January, 2002 the Company's Board of Directors approved a resolution to amend the Bristol lease to provide that the repurchase price for the leased property shall be the greater of the fair market value for the property or $4,522,443. Under the original lease the repurchase option was at an aggregate price of $4,433,333 during the first three years, increasing to $4,900,000 during years 13 through 20. The Company has made a security deposit of $666,667, $333,333 of which was released in 2001 and the balance was to be released in 2005. The proposed Sterling Forest lease for the New York Faire site would hold the remaining $333,333 as a security deposit for both leases and extend the release date to April 1, 2008.

Southern California Renaissance Pleasure Faire. The Southern California Faire site is leased from the San Bernardino County Parks and Recreation Department. This is a ten-year lease with two five-year options to extend. Rent on this property is based on a percentage of gross revenues, which ranges during the first ten-years of the lease, from four to seven percent with a guaranteed minimum rental payment. Guaranteed minimum rent under the lease increases $25,000 per year for the first ten years of this lease with 2003 rent fixed at $274,500.

Northern California Renaissance Pleasure Faire.. On May 3, 2002, the Company signed a long-term lease for the Northern California Faire. The new site for the Northern Faire is located at Casa de Fruta, near Gilroy, California. The Company leases the site with terms expiring through the year 2022 with rights to terminate the lease agreement at the end of the first, third, fifth, tenth and fifteenth lease years. The landlord has the right to terminate the lease agreement at the end of the tenth lease year only. Annual lease payments on the Northern California Faire site are the sum of $75,000 plus $1.00 per patron or a minimum of $150,000 per year with a 4% annual increase. The Company has elected not to make certain improvements to related property required under the lease and is in discussions regarding amendments to the lease terms.

New York Renaissance Faire. The New York Faire is operated on 65 acres of leased land in Tuxedo, New York. On April 1, 2002, Faire Partners, Ltd., the Company's landlord for the Wisconsin site, purchased property in New York from Sterling Forest Corporation. The property has long been the home of the New York Renaissance Faire. In April, 2002, Faire Partners Ltd. leased the property to the Company on a twenty-year term with rent payments of $425,000 in years 1 through 5, $435,000 years 6 through 15 and $450,000 for lease years 16 through 20. The leased property includes a site for a Ski Center. The lease allows Faire Partners to sell the property on which the Ski Center operates as well as other parcels of property not utilized in the Company's ongoing operations. Should Faire Partners sell any portion of the property, the lease provides that the Company's rent payments and the buyout provision would be decreased in an amount proportional to the selling price of the property.

Virginia Renaissance Faire. On July 27, 1995, the Company acquired approximately 250 acres of land in Stafford County, Virginia, for a purchase price of $925,000. This property housed the Virginia Renaissance Faire. The construction of the Faire was financed, in part, with a $1.5 million mortgage, repayable over 15 years at an initial interest rate of 8.65% annually. In March, 1999, the company obtained a second mortgage on this property in the amount of $750,000. On January 28, 2000, the Company announced the closure of the Virginia Renaissance Faire. The Company completed the sale of the Virginia property in August, 2001, at a selling price of $1.3 million. The proceeds of the sale were used to retire the first and second mortgages on the property with excess funds set aside for use as working capital. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity").

ITEM 3: LEGAL PROCEEDINGS

In 2002, a complaint was filed against the Company with the Supreme Court in Orange County New York. The case contains a demand for $35,000,000 and is in excess of policy limits that total $5,000,000. The Company has been advised by the insurance provider that, based on its initial review of this claim, the loss in this matter will not exceed the insurance policy's limits. A liability has not been accrued at this time because the outcome of this claim lacks certainty. The Company will continue to monitor the progress of this complaint.

ITEM 4: SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None

ITEM 5: MARKET FOR THE COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

PRICE RANGE OF COMMON STOCK

Since December 21, 1998, the Company's Common Stock has been traded on the OTC Bulletin Board under the symbol FAIR. The following table reflects the high and low prices of the Company's Common Stock for each quarterly period of the two most recent calendar years and the subsequent interim quarter. The quotations represent prices between broker-dealers and do not include retail mark-ups and mark-downs or any commission to the broker-dealer and may not reflect prices in actual transactions.

Calendar Years Ended December 31	High	Low
2001		
First Quarter ended March 31	0.2813	0.1563
Second Quarter ended June 30	0.40	0.15
Third Quarter ended September 30	0.51	0.20
Fourth Quarter ended December 31	0.40	0.20
2002		
First Quarter ended March 31	0.35	0.22
Second Quarter ended June 30	0.29	0.16
Third Quarter ended September 30	0.39	0.25
Fourth Quarter ended December 31	0.50	0.33
2003		
Year-to-date as of March 14	0.42	0.33

As of March 12, 2003, there were approximately 151 shareholders of record.

DIVIDENDS

The Company has never paid cash dividends on its Common Stock, and does not anticipate the payment of such dividends in the foreseeable future.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following discussion should be read in conjunction with the Company's Consolidated Financial Statements, including the footnotes for the fiscal period ended December 31, 2002.

The Company presently owns and produces four Renaissance Faires: the Bristol Renaissance Faire in Kenosha, Wisconsin, serving the Chicago/Milwaukee metropolitan region; the Northern California Renaissance Pleasure Faire, serving the San Francisco Bay and Sacramento metropolitan areas; the Southern California Renaissance Pleasure Faire in Devore, California serving the greater Los Angeles metropolitan area; and the New York Renaissance Faire serving the New York City metropolitan area.

The Renaissance Faire is a re-creation of a Renaissance village, a fantasy experience transporting the visitor back into sixteenth century England. This fantasy experience is created through authentic craft shops, food vendors and continuous live entertainment throughout the day, both on the street and the stage, including actors, jugglers, jousters, magicians, dancers and musicians.

On April 1, 2002, Faire Partners, Ltd., the Company's landlord for the Wisconsin site, purchased property in New York from Sterling Forest Corporation. The property has long been the home of the New York Renaissance Faire. In April, 2002, Faire Partners Ltd. leased the property to the Company on a twenty-year term with rent payments of $425,000 in years 1 through 5, $435,000 years 6 through 15 and $450,000 for lease years 16 through 20. The leased property includes a site for a Ski Center that the Company opened to the public in December 2002. The lease allows Faire Partners to sell the property on which the ski area operates. Should Faire Partners sell the property, the lease provides that the Company's rent payments and the buyout provision would be decreased in an amount proportional to the selling price of the property. During calendar 2002, the Ski Center generated revenue and expense in the amount of $194,374 and $608,683 respectively.

On May 3, 2002, the Company signed a long-term lease for the Northern California Faire. The new site for the Northern Faire is located at Casa de Fruta, near Gilroy, California. The lease is for 20 years, 5-years with a 15-year extension. Lease payments in the first year include $1.00 per patron with a $150,000 minimum and increasing each year thereafter.

The Company had a working capital deficit of ($48,697) as of December 31, 2002. While the Company believes that it has adequate capital to fund anticipated operations for 2003, it believes it may need additional capital for future fiscal periods. See "*Liquidity and Capital Resources*."

Results of Operations

The Company operated its New York Faire eight weekends in 2001 and seven in 2002. The Northern California Faire operated eight weekends in 2001 as compared to six in 2002. The Wisconsin Faire operated nine weekends in both 2001 and 2002. The Southern California Faire operated eight weekends in 2001 and seven in 2002.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001.

Revenues decreased $433,997 or 4% from $12,447,540 in 2001 to $12,013,543 in 2002. Overall revenue and attendance at the Company's Renaissance Faires was up in 2001 with the exception of the New York and Northern California Faires. The Sterling Forest Ski Center operated two weeks in 2002, generating approximately $195,000 in revenue.

The Northern California Faire experienced a decrease in attendance of approximately 6% in 2002. Revenue was down approximately $490,000 as compared to the 2001 operating season. As previously discussed, a long-term lease was obtained and this Faire was relocated in 2002. It is believed that decreased attendance for this Faire is the result of its' multiple relocations since 1999. When a Faire is relocated, a temporary decline in attendance is anticipated. Because of multiple relocations of this event, a core audience base has not been established. With the relocation of this event in 2002, the Company anticipates attendance and revenue for this Faire to remain fairly flat over the upcoming three to five years.

The New York Faire experienced bad weather nine out of fifteen days that the event operated. Four of the nine days of bad weather were marked by torrential rain, the remaining five were days of oppressive heat. As a result attendance decreased 8% and revenue decreased approximately $150,000 in 2002 as compared to 2001.

Operating costs decreased $184,733 or 4% from $3,625,983 in 2001 to $3,441,250 in 2002. The Company did not operate the Sterling Forest Ski Center in 2001. Expense associated with operating the Ski Center in 2002 was $84,669. Operating expense associated with the Company's Renaissance Faires decreased $269,402 and is primarily the result of a decrease in the number of operating days in 2002 as compared to 2001.

Operating expenses (year-round operating costs and corporate overhead) increased $188,718 or 2%, from $8,498,487 in 2001 to $8,687,205 in 2002. Of the operating expenses, depreciation and amortization decreased $39,932 or 12%, from $362,699 in 2001 to $322,767 in 2002. Salaries increased 4%, from $3,393,204 in 2001 to $3,537,193 in 2002. Salary and wage expense for the Faires actually decreased $84,759, however salaries for the Ski Center were $228,748 for 2002 resulting in a $143,989 increase for the 2002 period as compared to the 2001 period. Advertising expense increased 6% from $1,494,174 to $1,590,999 or $96,825 of which $40,929 relates to operation of the Ski Center. Other operating expenses (all other general and administrative expenses of the Company) decreased 1% or $12,164, from $3,248,410 in 2001 to $3,236,246 in 2002. In 2002 Ski Center operating expenses were $254,399 and therefore expenses decreased $266,563 in this category of expenses for the Faires. This operating expense decrease is largely attributable to a decrease in the number of operating days of the New York, Northern California and Southern California Faires. In addition, in 2001 approximately $120,000 was spent negotiating a long-term site for the Northern California Faire whereas nothing was spent in 2002. As a result of the foregoing, net operating income (before interest charges and other income) decreased from a $323,070 net operating profit in 2001 to net operating loss of ($114,912) for the 2002 period.

In 2001, because the Company did not have a lease for the Northern California Faire the unamortized goodwill ($367,446) associated with the Faire and the remaining book value of the fixed assets ($40,924) for this event were written-off. This largely explains the difference in other expense which decreased $441,438 from ($856,328) in 2001 to ($414,890) in 2001. In addition, the Company incurred expense in the amount of $39,982 in 2001 to finish closing the Virginia Faire and sell the property. Interest expense decreased $14,278 or 3% from ($539,028) in 2001 to ($524,750) in 2002. Interest income decreased $43,247 from $83,400 to $40,153 and is a result of the 2001 return of a $333,333 deposit held by Faire Partners that was previously yielding monthly interest payments to the Company.

Combining net operating income with other income/expense resulted in a $3,456 decrease in net loss before taxes, from ($533,258) net loss for the 2001 period to ($529,802) net loss for the 2002 period.

Net loss to common stockholders also decreased $3,456 from ($533,258) net loss for the 2001 period to ($529,802) net loss for the 2002 period. Finally, net loss per common share remained the same at ($0.25) for both years based on 2,144,889 weighted average shares outstanding during the 2001 and 2002 periods.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000.

Revenues decreased $15,276 or less than 1% from $12,462,816 in 2000 to $12,447,540 in 2001. Overall revenue and attendance at the Company's Renaissance Faires was up in 2001 with the exception of the Northern California Faire.

The Northern California Faire experienced a decrease in attendance of approximately 12% in 2001. Revenue was down approximately $250,000 as compared to the 2000 operating season. This decrease is thought to be partially explained by the terrorist attacks of September 11, 2001. As of that date, the Northern California Faire had operated three weekends, with five remaining. Reviewing the results of operations for the final five weekends of this event in 2001 as compared to 2000, attendance dropped 17%. It is also believed that the decreased attendance for this Faire is the result of its relocation in 1999. When this Faire was relocated, part of its original core audience was lost. With the potential relocation of this event in 2002, the Company anticipates attendance and revenue for this Faire to remain fairly flat over the upcoming three to five years.

Faire operating costs decreased $76,523 or 2% from $3,702,506 in 2000 to $3,625,983 in 2001. Operating expenses (year-round operating costs and corporate overhead) increased $778,905 or 10%, from $7,719,582 in 2000 to $8,498,487 in 2001.

Of the operating expenses, depreciation and amortization decreased $46,826 or 11%, from $409,525 in 2000 to $362,699 in 2001. This decrease is partly the result of writing down the New York asset base over several years due to the uncertainty of the site lease arrangements upon expiration of the lease in 2001. The final write-down of these assets was recorded in December 31, 2000. As a result, the New York Faire depreciation expense was $60,000 less in 2001 as compared to 2000.

Salaries increased 4%, from $3,261,800 in 2000 to $3,393,204 in 2001 reflecting a $131,404 increase for the 2001 period as compared to the 2000 period. Advertising expense showed an increase of $130,939 or 10%, from $1,363,235 in 2000 to $1,494,174 in 2001. Other operating expenses (all other general and administrative expenses of the Company) increased $563,388 or 21%, from $2,685,022 in 2000 to $3,248,410 in 2001. Of this operating expense increase, approximately $200,000 is attributable to the additional weekend of operation at both the Northern California and New York Faires. Operating an extra weekend results in higher wages paid to workers and requires more advertising and other operating dollars. In addition, in 2001 approximately $120,000 was spent negotiating a long-term site for the Northern California Faire. In addition, $53,000 was spent to disassemble the Northern California Faire site in Vacaville and place those items in storage. The remainder of the increase is the result of escalating costs in areas such as business and health insurance ($62,000), property taxes ($30,000), merchant fees ($10,000), payroll taxes ($40,000), utilities ($55,000) and rents, printing, express mail and travel ($120,000).

As a result of the foregoing, net operating income (before interest charges and other income) decreased 69% from a $1,040,728 net operating profit in 2000 to net operating profit of $323,070 for the 2001 period.

Other expense decreased $47,427 or 5% from ($903,755) in 2000 to ($856,328) in 2001. Interest expense decreased 13% from $617,803 in 2000 to $539,028 in 2001 as a result of the Company's decreased level of indebtedness. Because the Company does not have a lease for the Northern California Faire as of the date of this report, the unamortized goodwill ($367,446) associated with the Faire and the remaining book value of the fixed assets ($40,924) for this event were written-off. The Company incurred expenses in the amount of $467,272 in 2000 and $39,982 in 2001 to finish closing the Virginia Faire and selling the property.

Combining net operating income with other income/expense resulted in a $670,231 decrease in net income before taxes, from $136,973 net profit for the 2000 period to ($533,258) net loss for the 2001 period.

Net income to common stockholders also decreased $670,231 from $136,973 net profit for the 2000 period to ($533,258) net loss for the 2001 period. Finally, net income per common share decreased from $0.06 for the 2000 period to ($0.25) for the 2001 period, based on 2,144,889 weighted average shares outstanding during the 2000 and 2001 periods.

Liquidity and Capital Resources

The Company's working capital surplus decreased during 2002 from a surplus of $524,782 at December 31, 2001 to a deficit of ($48,697) at December 31, 2002. The Company's working capital requirements are greatest during the period from January 1 through April 30, when it is incurring start-up expenses for its first Faire of the Faire season, the Southern California Faire.

During the first four months of fiscal 2002, the Company raised capital in the amount of $100,000 through the issuance of 12% subordinated promissory notes. The funds were provided by Charles S. Leavell, Chairman of the Board of Directors ($50,000), and a party affiliated with the Chairman of the Board. The notes were issued in units, each unit consisting of two promissory notes of equal principal, identical in nature except that one note is convertible to common stock at a price of $0.30 per share. Interest is due and payable quarterly and the notes mature August 31, 2003.

During fiscal 2000, the Company raised capital in the amount of $575,000 through the issuance of 12% subordinated promissory notes. The funds were provided by Charles S. Leavell, Chairman of the Board of Directors ($250,000), J. Stanley Gilbert, President and Director ($225,000), and one other investor. The notes were issued in units, each unit consisting of two promissory notes of equal principal, identical in nature except that one note is convertible to common stock at a price of $0.30 per share. Interest was due and payable quarterly and the notes matured August 31, 2001. On the maturity date, the non-convertible portion of the notes were retired. The maturity date for the convertible portion of the notes was extended until August 31, 2003 under the same terms and conditions as the original.

Reviewing the change in financial position over the twelve months, current assets, largely comprised of cash and prepaid expenses, decreased from $1,489,308 at December 31, 2001 to $1,192,473 at December 31, 2002, a decrease of $296,835 or 25%. Of these amounts, cash and cash equivalents decreased from $834,257 at December 31, 2001 to $642,061 at December 31, 2002. Accounts receivable decreased from $116,369 at December 31, 2001 to $23,530 at December 31, 2002. Inventory increased from $155,367 at December 31, 2001 to $160,500 at December 31, 2002. Notes receivable, current portion in the amount of $90,862 is the result of the sale of the Company's food operation in Wisconsin. As part of the terms of this purchase, the Company agreed to carry a note in the amount of $150,000 for a period of three years with a balloon payment due and payable in 2003. Prepaid expenses (expenses incurred on behalf of the Faires) decreased from $365,499 at December 31, 2001 to $275,520 at December 31, 2002. These costs are expensed once the Faires are operating.

Current liabilities increased from $964,526 at December 31, 2001, to $1,241,170 at December 31, 2002, an increase of $276,644 or 22%. During the year, accounts payable and accrued expenses decreased $98,843 or 27%. Notes payable current portion increased $100,958 or 24% from $313,780 at December 31, 2001 to $414,738 at December 31, 2002 as a result of the 2002 loans previously mentioned. Unearned income, which consists of the sale of admission tickets to upcoming Faires, deposits received from craft vendors for future Faires and season passes for the Ski Center, increased from $181,177 at December 31, 2001 to $447,746 at December 31, 2002. This increase is due to deferral of Ski Center season pass revenue that will be released pro-rata during the ski season. Deferred revenue for the Renaissance Faires is recognized once the Faires are operating.

Total assets decreased from $4,767,849 at December 31, 2001 compared to $4,450,044 at December 31, 2002. Property, plant and equipment (net of depreciation) increased by $165,863 or 25% from $2,709,091 at December 31, 2001 to $2,874,954 at December 31, 2002. Other miscellaneous assets such as vendor deposits, decreased from $458,588 at December 31, 2001 to $382,617 at December 31, 2002.

Total liabilities increased from $5,183,654 at December 31, 2001 to $5,390,651 at December 31, 2002, an increase of $206,997 or 4%. Total liabilities at December 31, 2002 include $1,241,170 in current liabilities (discussed above), plus approximately $13,000 from the long-term portion of debt primarily resulting from operating leases for equipment and $3,969,582 lease obligation with respect to the sale/leaseback of the Bristol Faire site.

Stockholders' Deficit increased from a deficit of ($415,805) at December 31, 2001 to a deficit of ($940,607) at December 31, 2002, an increase of $524,802. This increase resulted principally from the 2002 net loss of ($529,802). As of December 31, 2001, the Company had outstanding 2,144,889 shares of common stock.

Although inflation can potentially have an effect on financial results, during 2001 and 2002, it caused no material effect on the Company's operations, since the change in prices charged by the Company and by the Company's vendors has not been significant.

Based on the Company's budgeted expenses and revenues for the fiscal year ending December 31, 2003, management believes it will have adequate capital to fund operations and anticipated capital expenditures for the year and repayment of indebtedness that becomes due and payable in 2003.

The lease with the County of San Bernardino requires the Company to complete certain capital projects. These projects include items such as the construction of a perimeter fence, planting trees, developing flower and water gardens, planting grass, installing infrastructure and constructing buildings for use at the Faire. The Company is in the process of obtaining bids on the projects planned for 2003 but estimates that the cost of these items should not exceed $100,000. The Company has no additional significant commitments for capital expenses during the fiscal year ending December 31, 2003. See "Factors That May Affect Future Operating Results-Need for Additional Capital" regarding the Company's financing requirements.

FACTORS THAT MAY AFFECT FUTURE OPERATING RESULTS

In addition to the other information contained in this report, prospective investors should carefully consider the following factors in evaluating the Company and its business.

Recent Losses. The Company has incurred operating losses in most fiscal periods since 1995. Although the Company was profitable in 2000, the net profit of $136,973 is not substantial. There is no assurance that the Company will remain profitable in any subsequent period.

Need for Additional Capital. The Company had a working capital deficit of ($48,697) as of December 31, 2002. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations."*Based on the Company's projected operations for 2003, the Company believes it will have adequate capital to fund operations for 2003, to fund required capital expenditures during the year and to repay short-term indebtedness. To the extent that operations do not provide the necessary working capital during 2003, the Company may need to obtain additional capital for 2003 and future fiscal periods. Additional capital may be sought through borrowings or from additional equity financing. Such additional equity financing may result in additional dilution to investors. In any case, there can be no assurance that any additional capital can be satisfactorily obtained if and when required.

Competition. The Company faces significant competition from numerous organizations throughout the country which offer Renaissance Faires and other entertainment events, including amusement parks, theme parks, local and county fairs and festivals, some of which possess significantly greater resources than the Company, and in many cases, greater expertise and industry contacts. The Company estimates that there are currently 20 major Renaissance Faires produced each year. In addition, the Company estimates that there are 100 minor Renaissance Faire events held throughout the United States each year, ranging in duration from one day to two weekends.

Lack of Trademark Protection. Because of the large number of existing Renaissance Faires, the Company is not able to rely upon trademark or service mark protection for the name "Renaissance Faire." As a result, there is no protection against others using the name "Renaissance Faire" for the production of entertainment events similar to those produced by the Company. The Company's own Faires could be negatively impacted by association with substandard productions.

Public Liability and Insurance. As a producer of a public entertainment event, the Company has exposure for claims of personal injury and property damage suffered by visitors to the Faires. To date, the Company has experienced only minimal claims, which it has been able to resolve without litigation. The Company maintains comprehensive liability insurance which it considers to be adequate against this risk; however, there can be no assurance that a catastrophic event or claim which could result in damage or liability in excess of this coverage will not occur.

Dependence Upon Vendors. A substantial portion of the Company's revenues generated at each Faire is derived from arrangements that the Company has with vendors who construct elaborate booths at the Faires and sell a variety of food, crafts and souvenirs. This arrangement consists of either a fixed rental paid by the vendors to the Company, or a percent of revenues. In either case, the success of a Faire is dependent upon the Company's ability to attract responsible vendors who sell high quality goods.

Seasonality. The Company's Renaissance Faires are located in traditionally seasonal areas that attract the greatest number of visitors during the warm weather months in the spring, summer, and early fall. With the addition of the Sterling Forest Ski Center operation in New York, the potential for counter-seasonal revenue may help smooth the seasonality of the Company's revenue stream from the Renaissance Faires. Unless the Company acquires or develops additional Faire sites or other events in areas that are counter-seasonal to the present sites located in temperate climates, the Company's revenues and income will be highly concentrated from April through October 31st of each year.

Dependence Upon Weather. Each Renaissance Faire operated by the Company is scheduled for a finite period, typically consecutive weekends during a seven to nine-week period, which are determined substantially in advance in order to facilitate advertising and other promotional efforts. The success of each Faire is directly dependent upon public attendance, which is directly affected by weather conditions. While each of the Company's Faires are open, rain or shine, poor weather, or even the forecast of poor weather, can result in substantial declines in attendance and, as a result, loss of revenues. Further, as the Renaissance Faires are outdoor events, they are vulnerable to severe weather conditions that can cause damage to the Faire's infrastructure and buildings, as well as injuries to patrons and employees. Risks associated with the weather are beyond anyone's control, but have a direct and material impact upon the relative success or failure of a given Faire.

Licensing and Other Governmental Regulation. For each Faire operated by the Company, it is necessary for the Company to apply for and obtain permits and other licenses from local governmental authorities controlling the conduct of the Faire, service of alcoholic beverages, service of food, health, sanitation, and other matters at the Faire sites. Each governmental jurisdiction has it's own regulatory requirements that can impose unforeseeable delays or impediments in preparing for a Faire production. While the Company has been able to obtain all necessary permits and licenses in the past, there can be no assurance that future changes in governmental regulation or the adoption of more stringent requirements may not have a material adverse impact upon the Company's future operations.

ITEM 7: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements are filed as part of this report:

1. Report of Independent Certified Public Accountants;
2. Consolidated Balance Sheets as of December 31, 2001 and 2002, (audited);
3. Consolidated Statements of Operations for the Fiscal Years Ended December 31, 2001 and December 31, 2002 (audited);
4. Consolidated Statements of Changes in Stockholders' Equity for the Fiscal Years from December 31, 2000 through December 31, 2002 (audited);
5. Consolidated Statements of Cash Flows for the Fiscal Years Ended December 31, 2001 and December 31, 2002 (audited); and
6. Notes to the Consolidated Financial Statements.

ITEM 8: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART II

ITEM 9: DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Name, position with the Company, age of each Director or officer, and the period during which each Director has served are as follows:

Name	Age	Position	Director Since
Charles S. Leavell	61	Chairman of the Board of Directors, Chief Executive Officer and Chief Financial Officer	1993
Robert M. Geller	50	Director	1994
Thomas G. Brown	57	Director	1999
J. Stanley Gilbert	65	President and Chief Operating Officer, and a Director	1999
Sue Brophy	47	Controller, Chief Accounting Officer	

Charles S. Leavell, a graduate of Philips Academy Andover and Stanford University, founded Renaissance Entertainment Corporation in 1993. He has served as Chairman of the Board from the Company's inception and in 1996 he was elected Chief Executive Officer. Prior to Renaissance Entertainment Corporation, Mr. Leavell served as President and CEO of Leavell Management Group, a management company specializing in restoring partnerships and acquisitions to long-term health and profitability. It was through this company that Leavell purchased the Company's first Renaissance Faire in 1988. Mr. Leavell's former affiliations include his long tenure with Leavell Management Group, as well as Vice-Chair of Colorado Venture Capital Corporation, Board of Directors of CK Properties, Fountain Valley School and the Cleo Wallace Center and serving a term on the President's Council for Coors Scholarships for the University of Colorado.

Robert M. Geller has been a Director of the Company since April 1, 1994. He served as Chief Financial Officer of Online System Services, Inc., a provider of internet services, from March 1995 to October 1996. Mr. Geller has also served as the President of The Growth Strategies Group, a consulting firm specializing in executive/board services for emerging growth companies since August 1991.

Thomas G. Brown was elected a director of the Company on October 19, 1999. Mr. Brown has been President and Managing Director of Wyndham Capital Corporation, an investment banking and research firm since he founded it in 1996. Mr. Brown was also a co-founder of Ablum, Brown & Company, an investment banking firm specializing in leveraged buyout transactions. He served as its Managing Director from January 1988 until December 1995. Prior to his tenure with Ablum, Brown & Company, Mr. Brown served as principal of several investment management and investment banking firms including seven years as a principal of Deihl, Speyer & Brown, a regional investment banking firm. Mr. Brown is a Chartered Financial Analyst. He also serves as a director of Ashton Technology Group, Inc.

J. Stanley Gilbert became President and Chief Operating Officer in January, 1997. From 1988 to 1996, he was Vice President of the Company and General Manager of the Bristol Renaissance Faire. Mr. Gilbert was cofounder and President of Just in Jest, Inc., an art studio featuring Renaissance and fantasy handmade sculptures whose works have been displayed in galleries and museums. Prior to that Mr. Gilbert worked in senior management in the commercial banking field in both California and Colorado.

Sue Brophy has been Controller and Chief Accounting Officer of the Company since August, 1995. Ms. Brophy holds a Bachelor of Arts degree in Biology, a Master of Science degree in Accounting, and has been a licensed CPA since 1995.

Each Director is elected to serve for a term of one year and until the next Annual Meeting of Shareholders or until a successor is duly elected and qualified.

Section 16(a) Beneficial Ownership Reporting Compliance

On May 1, 1991, comprehensive new rules promulgated by the Securities and Exchange Commission relating to the reporting of securities transactions by directors and officers became effective. To the Company's knowledge, based solely on a review of the copies of reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2002, all required reports were filed on a timely basis.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth certain information for the Company's fiscal periods ended December 31, 2002 and December 31, 2001, regarding compensation earned by or awarded to the Company's chief executive officer and the other executive officers whose total annual salary and bonus exceeded $100,000 (the "Named Executive Officers").

TABLE I
SUMMARY COMPENSATION TABLE

					Long Term Compensation			
		Annual Compensation			Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award(s) ($)	SARs	LTIP Options/Pay outs ($)	All Other Compensation ($)
Charles S. Leavell,	2002	$ 160,000	-0-	-0-	-0-	-0-	-0-	-0-
Chairman and CEO	2001	$ 160,000	-0-	-0-	-0-	-0-	-0-	-0-
J. Stanley Gilbert, COO	2002	$ 120,000	-0-	-0-	-0-	-0-	-0-	-0-
and President	2001	$ 120,000	-0-	-0-	-0-	-0-	-0-	-0-

(1) All executive officers of the Company participate in the Company's group health insurance plan. However, no Named Executive Officer received perquisites and other personal benefits which, in the aggregate, exceeded the lesser of either $50,000 or 10% of the total of annual salary and bonus paid during the respective years.

(2) In 2001, a nonqualified deferred compensation plan was established for executive officers that, because of salary amounts, are considered highly compensated and unable to participate in the Company's 401(k) plan. As of December 31, 2002, Mr. Gilbert was the only executive officer participating in the Company's nonqualified deferred compensation plan.

Options Granted During Fiscal 2002

There were no options granted to Named Executive Officers during the fiscal year ended December 31, 2002.

Aggregated Option Exercises During Fiscal 2001 and Fiscal Year-End Option Values

The following table provides information related to the number and value of options held by the Named Executive Officers as of December 31, 2002. The Company does not have any outstanding stock appreciation rights.

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Unexercised Options/SARs at FY-end (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Option/SARs at FY-End ($)(1) Exercisable/ Unexercisable
Charles S. Leavell	-0-	$ -0-	166,000/50,000	0/0
J. Stanley Gilbert	-0-	$ -0-	140,000/100,000	0/0

(1) The value of unexercised options is determined by calculating the difference between the fair market value of the securities underlying the options at fiscal period end and the exercise price of the options.

Employment Agreements

Effective December 11, 1998 the Company entered into an Employment Agreement with Charles S. Leavell, CEO, and J. Stanley Gilbert, President and COO. The agreements become effective at such time as a change of control (as defined by the acquisition by any individual, entity or group of 30% of more of the then outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company) takes place. These agreements have a term of three years beginning with a change in control of the Company.

Director Compensation

During the fiscal year ended December 31, 2001, Directors, other than Mr. Geller, Mr. Schwartz, Mr. Gilbert and Mr. Leavell, received no cash compensation for their services as such, however they were reimbursed for their expenses associated with attendance at meetings or otherwise incurred in connection with the discharge of their duties as Directors of the Company. During the fiscal year ended December 31, 2002, Mr. Geller received $1,000, Mr. Schwartz, a former director of the Company, received $3,000 and Mr. Brown received $2,000 cash compensation associated with attendance at Board of Director meetings. During July 1997, the Board of Directors authorized the granting of options to outside directors representing the right to acquire up to 8,000 shares (retroactively adjusted for the February 1998 one-for-five reverse stock split) for each year that a director serves on the Board. These options were to be granted in lieu of cash compensation. In October 2000, the Board of Directors authorized a new plan for granting of options in consideration for serving on the Company's Board of Directors. Each member of the Board of Directors who is not an employee of the Company is granted a non-statutory stock option pursuant to the Company's Stock Option Plan, each such option to represent the right to acquire up to 60,000 shares of the Company's common stock, to have an exercise price equal to the fair market value of the Company's common stock at the close of business ($0.16) and to have the standard terms for non-statutory stock options granted pursuant to the Plan, provided that the options shall vest at the rate of 5,000 shares per quarter beginning 12/31/2000 for a three year period, so long as the Director continues to serve on the Company's Board of Directors and attends all meetings.

Directors who are also executive officers of the Company receive no additional compensation for their services as Directors.

Geller Agreement

As a Director, Mr. Geller receives compensation as outlined in the above section entitled Director Compensation. In addition, Mr. Geller provides consulting services to the company. For these services, Mr. Geller received cash compensation in the amount of $12,500 in 2001 and $13,000 in 2002.

Schwartz Compensation

Mr. Schwartz, a former director of the Company, provided consulting services to the Company for which he received $15,000 in 2001.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Messrs. Geller and Leavell. Mr. Leavell, who is Chief Executive Officer and a director of the Company, participates in all discussions and decisions regarding salaries, benefits and incentive compensation for all employees of the Company, except discussions and decisions relating to his own salary, benefits and incentive compensation.

ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock, as of March 14, 2003, by: (i) each of the directors of the Company, (ii) all officers and directors of the Company as a group, and (iii) holders of 5% or more of the Company's Common Stock. Each person has sole voting and investment power with respect to the shares shown, except as noted.

Name and Address of Beneficial Owner	Number of Shares	Percent of Class(1)
Charles S. Leavell 275 Century Circle, Suite 102 Louisville, Colorado 80027	1,209,573(2)	41.7%
Robert M. Geller 275 Century Circle, Suite 102 Louisville, Colorado 80027	149,333(3)	6.5%
Thomas G. Brown 275 Century Circle, Suite 102 Louisville, Colorado 80027	58,000(4)	2.6%
J. Stanley Gilbert 275 Century Circle, Suite 102 Louisville, Colorado 80027	731,787(5)	26.1%
All Directors & Officers as a Group (6 Persons)	2,173,693(6)	57.4%

(1) Shares not outstanding but deemed beneficially owned by virtue of the individual's right to acquire them as of March 14, 2003, or within 60 days of such date, are treated as outstanding when determining the percent of the class owned by such individual and when determining the percent owned by the group.

(2) Includes 176,000 shares of Common Stock held of record by Leavell Management Group, Inc., a controlled corporation of Mr. Leavell who would be deemed to exercise the voting and investment power with respect to the securities held by LMG. 26,667 shares of Common Stock held of record by LMG are subject to an option granted in favor of Mr. Leavell. Includes 277,574 shares of Common Stock held of record by Mr. Leavell. Includes non-qualified options to purchase 216,000

shares. Includes warrants to purchase 40,000 shares, 20,000 of which are held by Leavell Management Group, Inc. Includes conversion rights to 499,999 shares of Common Stock, 83,333 of which are held by Leavell Management Group, Inc. Mr. Leavell disclaims beneficial ownership of the securities held by LMG for purposes of Section 16 under the Exchange Act. This does not include warrants to purchase 40,000 shares owned by an estate to which Mr. Leavell is a beneficiary.

(3)

Includes non-qualified options to purchase 127,333 shares of Common Stock and warrants to purchase 22,000 shares.

(4)

Includes non-qualified options to purchase 53,000 shares of Common Stock and 5,000 shares of Common Stock held of record by his spouse. Mr. Brown disclaims beneficial ownership of the securities held by his spouse for purposes of Section 16 under the Exchange Act.

(5)

Includes 5,200 shares of Common Stock held of record and an option to purchase 15,000 shares of Common Stock held by his spouse. Mr. Gilbert disclaims beneficial ownership of the securities for purposes of Section 16 under the Exchange Act. Includes 66,987 shares of Common Stock held of record by Mr. Gilbert, non-qualified options to purchase 240,000 shares of Common Stock, warrants to purchase 29,600 shares and conversion rights to 375,000 shares.

(6)

Includes 530,761 shares held of record, 676,333 shares issuable upon exercise of stock options exercisable within 60 days of March 14, 2003, 91,600 shares issuable upon exercise of warrants and 874,999 conversion rights.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Promissory Notes 2000

In 1999, the Company authorized the issuance of up to $1,000,000 of 12% subordinated promissory notes due August 31, 2001 in units, each unit consisting of two promissory notes (A Notes and B Notes)of equal principal, identical in nature except that one note is convertible to common stock at a price of $0.30 per share (B Notes). During the first six months of fiscal 2000, the Company raised capital in the amount of $575,000 through the issuance of these notes. The funds were provided by Charles S. Leavell ($250,000), CEO and Chairman of the Board of Directors, J. Stanley Gilbert ($225,000), President and a Director, and one other investor. In August, 2001, the A Notes were retired and the maturity date on the B Notes was extended to August 31, 2002. In 2002 an additional extension was granted until August 31, 2003.

Promissory Notes 2002

During the first quarter of 2002, the Company authorized the issuance of 12% subordinated promissory notes due August 31, 2003 in units, each unit consisting of two promissory notes (A Notes and B Notes) of equal principal, identical in nature except that one note is convertible to common stock at a price of $0.30 per share (B Notes). During fiscal 2002, the Company raised capital in the amount of $100,000 through the issuance of these notes. The funds were provided by Charles S. Leavell ($50,000), CEO and Chairman of the Board of Directors and one other investor and related party.

Faire Partners, Ltd.

In November of 1997, the Company sold it's Wisconsin property in a sale-leaseback transaction to Faire Partners, Ltd. of El Paso, Texas. One of the owners of Faire Partners, Ltd. was related to the CEO and Chairman of the Board of Directors of the Company. This related party is now deceased and his ownership in Faire Partners, Ltd. is currently part of his estate. Because the Company's CEO and Chairman of the Board of Directors of the Company is a beneficiary of this estate, the estate may be deemed a related party. See "Item 2-Property" for the terms of this transaction. During fiscal 2001 and 2002 the Company paid Faire Partners, Ltd. $440,000 pursuant to this transaction.

On April 1, 2002, Faire Partners, Ltd. purchased property in New York from Sterling Forest Corporation. The property has long been the home of the New York Renaissance Faire. In April, 2002, Faire Partners Ltd. leased the property to the Company on a twenty-year term with rent payments of $425,000 in years 1 through 5, $435,000 years 6 through 15 and $450,000 for lease years 16 through 20. The leased property includes a site for a Ski Center. The Company anticipates opening a Ski Center for the 2002/2003 ski season. The lease allows Faire Partners to sell the property on which the ski area operates. Should Faire Partners sell the property, the lease provides that the Company's rent payments and the buyout provision would be decreased in an amount proportional to the selling price of the property.

The Company believes that the foregoing transactions were on terms as favorable to the Company as could have been obtained from non-affiliated parties.

PART IV

ITEM 13: EXHIBITS, FINANCIAL STATEMENTS AND REPORTS ON FORM 8-K

(a)

EXHIBITS

Exhibit No	Title
3.0(i)	Amended and Restated Articles of Incorporation, incorporated by reference from the Amendment No. 1 to Registrant's Registration Statement on Form 8-A filed with the Commission on April 12, 1994.
3.0(ii)	By-Laws, incorporated by reference from the Amendment No. 1 to Registrant's Registration Statement on Form 8-A filed with the Commission on April 12, 1994.
*3.1	Articles of Amendment to the Articles of Incorporation.
4.1	Specimen Certificate of Common Stock, incorporated by reference from the Amendment No. 1 to Registrant's Registration Statement on Form 8-A filed with the Commission on April 12, 1994.
*4.2	Renaissance Entertainment Corporation 1993 Stock Incentive Plan. (1)
*10.1	Specimen Vendor and Exhibitor Agreement for the Bristol Renaissance Faire.
*10.2	Specimen Vendor and Exhibitor Agreement for the Northern and Southern Renaissance Pleasure Faires.
*10.3	Specimen Bristol Renaissance Faire Concession Agreement.
*10.4	Specimen Bristol Renaissance Faire Games Concession Agreement.
10.9	Purchase Agreement dated November 12, 1997 between Faire Partners, LLC and Renaissance Entertainment Corporation, including Lease Agreement and Warrant to Purchase Common Stock as exhibits thereto, incorporated by reference from Registrant's Registration Statement on Form S-1 (No. 333-43503).
10.10	Lease dated January 21, 1998 by and between Attache Publishing Services, Inc. and the Company, incorporated by reference from the Registrants Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.
10.11	Employment Agreement dated December 11, 1998 with Charles S. Leavell, incorporated by reference from Registrant's Annual Report on Form 10-KSB for the year ended December 31, 1998.
10.12	Employment Agreement dated December 11, 1998 with J. Stanley Gilbert, incorporated by reference from Registrant's Annual Report on Form 10-KSB for the year ended December 31, 1998.
10.15	Warrant Agreement dated December 17, 1999, incorporated by reference from Registrant's Annual Report on Form 10-KSB for the year ended December 31, 1999.
10.17	Asset Purchase Agreement between Jim and Marta Selway and the Company dated April