

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF PENNSYLVANIA

In re KidsPeace Corporation

Case No. 13-14508 - Jointly Administered 13-14508  
Reporting Period: 4/1/14-4/30/14

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	x		
Schedule of Professional Fees Paid	MOR-1b	x		
Copies of bank statements		x	(KP Corp. operating account only, per discussion with UST)	
Cash disbursements journals		x	(provided directly to UST & professionals)	
Statement of Operations	MOR-2	x		
Balance Sheet	MOR-3	x		
Status of Postpetition Taxes	MOR-4	x		
Copies of IRS Form 6123 or payment receipt		NA		
Copies of tax returns filed during reporting period		NA		
Summary of Unpaid Postpetition Debts	MOR-4	x		
Listing of aged accounts payable	MOR-4	x		
Accounts Receivable Reconciliation and Aging	MOR-5	x		
Debtor Questionnaire	MOR-5	x		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual\*

Date

*GERARD M. GLEESON*  
GERARD M. GLEESON

*6/4/14*  
VP Finance/Corp. Controller

Printed Name of Authorized Individual

Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

In re KidsPeace Corporation  
Debtor

Case No. 13-14508 - Jointly Administered 13-14508  
Reporting Period: 4/1/14-4/30/14

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

BANK ACCOUNTS	CURRENT MONTH				CUMULATIVE FILING TO DATE			
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
<b>CASH BEGINNING OF MONTH</b>								
<b>RECEIPTS</b>								
CASH SALES								
ACCOUNTS RECEIVABLE	8,145,778				8,145,778		86,550,572	
LOANS AND ADVANCES								
SALE OF ASSETS								
OTHER (ATTACH LIST)								
TRANSFERS (FROM DIP ACCTS)								
<b>TOTAL RECEIPTS</b>	8,145,778				8,145,778		86,550,572	
<b>DISBURSEMENTS</b>								
NET PAYROLL	2,951,764				2,951,764		34,879,007	
PAYROLL TAXES	1,422,916				1,422,916		15,222,781	
SALES, USE, & OTHER TAXES								
INVENTORY PURCHASES								
SECURED/ RENTAL/ LEASES								
INSURANCE								
ADMINISTRATIVE								
SELLING								
OTHER (ATTACH LIST)								
Health/Medical/WorkersComp	885,271				885,271		8,804,114	
OWNER DRAW *								
TRANSFERS (TO DIP ACCTS)								
OTHER ACCOUNTS PAYABLE	1,881,925				1,881,925		23,209,323	
PROFESSIONAL FEES	295,650				295,650		3,295,570	
U.S. TRUSTEE QUARTERLY FEES								
COURT COSTS								
<b>TOTAL DISBURSEMENTS</b>	7,437,525				7,437,525		85,410,795	
<b>NET CASH FLOW</b>	708,253				708,253		1,139,777	
(RECEIPTS LESS DISBURSEMENTS)								
<b>CASH - END OF MONTH</b>								

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

**THE FOLLOWING SECTION MUST BE COMPLETED**

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)		
TOTAL DISBURSEMENTS (Consolidated)		7,437,525
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS		\$
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)		\$
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>		<b>7,437,525</b>
For Quarterly Fee Purposes July-September	KidsPeace Corporate KidsPeace NewEngland KidsPeace Georgia KidsPeace Mesabi KidsPeace Hospital KidsPeace National Centers KidsPeace National Centers North America KidsPeace Iron Range KidsPeace New York Total	Disbursements (based on allocation reviewed with US Trustee)

In re KidsPeace Corporation  
Aggregate Debtors

Case No. 13-14508 - Jointly Administered 13-14508  
Reporting Period: 4/1/14-4/30/14

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1) . Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
<b>CASH BEGINNING OF MONTH</b>	6,366,372				6,366,372		4,860,352	
<b>RECEIPTS</b>								
CASH SALES					0			
ACCOUNTS RECEIVABLE	10,522,373				10,522,373		111,802,385	
LOANS AND ADVANCES	-				0		948,595	
SALE OF ASSETS					0			
OTHER (ATTACH LIST)					0			
TRANSFERS (FROM DIP ACCTS)					0			
					0			
<b>TOTAL RECEIPTS</b>	10,522,373				10,522,373		112,750,981	
<b>DISBURSEMENTS</b>								
NET PAYROLL	3,812,964				3,812,964		45,055,233	
PAYROLL TAXES	1,838,063				1,838,063		19,664,148	
SALES, USE, & OTHER TAXES					0			
INVENTORY PURCHASES					0			
SECURED/ RENTAL/ LEASES					0			
INSURANCE					0			
ADMINISTRATIVE					0			
SELLING					0			
OTHER (ATTACH LIST)					0			
Health/Medical/WorkersComp	1,143,555				1,143,555		11,372,783	
OWNER DRAW *					0			
TRANSFERS (TO DIP ACCTS)					0			
OTHER ACCOUNTS PAYABLE	2,430,991				2,430,991		29,980,827	
PROFESSIONAL FEES	381,908				381,908		4,257,078	
U.S. TRUSTEE QUARTERLY FEES					0			
COURT COSTS	0				0		0	
<b>TOTAL DISBURSEMENTS</b>	9,607,482				9,607,482		110,330,069	
<b>NET CASH FLOW</b>	914,891				914,891		2,420,911	
(RECEIPTS LESS DISBURSEMENTS)					0			
					0			
<b>CASH - END OF MONTH</b>	7,281,263				7,281,263		7,281,263	

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

**THE FOLLOWING SECTION MUST BE COMPLETED**

<b>DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)</b>	
<b>TOTAL DISBURSEMENTS (Consolidated)</b>	9,607,482
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	\$
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	9,607,482

For Quarterly Fee Purposes	Disbursements (based on allocation reviewed with US Trustee)
	KidsPeace Corporate
	KidsPeace NewEngland
	KidsPeace Georgia
	KidsPeace Mesabi
	KidsPeace Hospital
	KidsPeace National Centers
	KidsPeace National Centers North America
	KidsPeace Iron Range
	KidsPeace New York
	<b>Total</b>





In re KidsPeace Corporation  
Debtor

Case No. 13-14508 - Jointly Administered 13-14508  
Reporting Period: April '14

**STATEMENT OF OPERATIONS**  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	April '14		Cumulative Filing to Date
Gross Revenues	\$		\$
Less: Returns and Allowances			
Net Revenue		135,979	4,003,036
<b>COST OF GOODS SOLD</b>			
Beginning Inventory			
Add: Purchases			
Add: Cost of Labor			
Add: Other Costs (attach schedule)			
Less: Ending Inventory			
Cost of Goods Sold			
Gross Profit			
<b>OPERATING EXPENSES</b>			
Advertising			
Auto and Truck Expense			
Bad Debts		0	0
Contributions-Non-Restructuring Professional Fees		206,375	1,485,105
Employee Benefits Programs		157,456	1,713,403
Insider Compensation*			
Insurance		91,512	1,036,501
Management Fees/Bonuses			
Office Expense-Direct Family Costs		0	0
Pension & Profit-Sharing Plans			
Repairs and Maintenance		17,751	535,931
Rent and Lease Expense		84,294	1,224,375
Salaries/Commissions/Fees		755,222	8,966,922
Supplies		64,327	655,588
Taxes - Payroll		78,221	959,835
Taxes - Real Estate			
Taxes - Other			
Travel and Entertainment			
Utilities		22,133	266,280
Other (attach schedule)		52,666	951,115
Total Operating Expenses Before Depreciation			
Depreciation/Depletion/Amortization		237,266	2,816,341
Net Profit (Loss) Before Other Income & Expenses		-1,631,244	-16,608,360
<b>OTHER INCOME AND EXPENSES</b>			
Other Income (attach schedule)-Intercompany		-3,223,546	-35,360,811
Interest Expense		210,096	3,114,180
Other Expense (attach schedule)		-10	-8
Net Profit (Loss) Before Reorganization Items		1,382,216	15,638,279
<b>REORGANIZATION ITEMS</b>			
Professional Fees		785,000	6,253,000
U. S. Trustee Quarterly Fees			
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)			
Gain (Loss) from Sale of Equipment		-1,447	-8,752
Other Reorganization Expenses (attach schedule)			
Total Reorganization Expenses			
Income Taxes			
Net Profit (Loss)		598,663	9,394,031

\*"Insider" is defined in 11 U.S.C. Section 101(31).

In re KidsPeace Corporation

Debtor

Case No. 13-14508 - Jointly Administered 13-14508  
April '14

**BALANCE SHEET**

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH April '14	BOOK VALUE ON PETITION DATE May '13 (May 31st)
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents	8,765,208.27	6,584,441.82
Restricted Cash and Cash Equivalents (see continuation sheet)	8,743,322.40	6,085,616.11
Accounts Receivable (Net)	29,146.64	13,519.06
Notes Receivable		
Inventories	19,645.92	27,857.77
Prepaid Expenses	970,735.50	696,245.84
Professional Retainers		
Assets held for sale	182,549.67	178,624.64
Other Current Assets (due from affiliate)		
<b>TOTAL CURRENT ASSETS</b>	<b>18,710,608.40</b>	<b>13,586,305.24</b>
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements	75,189,863.86	73,508,232.84
Machinery and Equipment		
Furniture, Fixtures and Office Equipment	30,710,914.54	30,201,149.78
Leasehold Improvements		
Vehicles		
Less Accumulated Depreciation	-75,117,101.82	-72,750,774.23
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>30,783,676.58</b>	<b>30,958,608.39</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*		
Other Assets (due from affiliate, insurance receivable, bond issuanc costs)	125,290,161.83	115,465,930.86
<b>TOTAL OTHER ASSETS</b>	<b>125,290,161.83</b>	<b>115,465,930.86</b>
<b>TOTAL ASSETS</b>	<b>174,784,446.81</b>	<b>160,010,844.49</b>

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable	2,900,172.39	0.00
Taxes Payable (refer to FORM MOR-4)	225,181.05	0.00
Wages Payable	1,379,727.49	0.00
Notes Payable		
Rent / Leases - Building/Equipment		
Secured Debt / Adequate Protection Payments		
Professional Fees		
Amounts Due to Insiders*		
Other Postpetition Liabilities (attach schedule)		
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>4,505,080.93</b>	<b>0.00</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt	54,489,978.35	55,981,281.31
Priority Debt	0.00	763,642.29
Unsecured Debt	95,567,004.20	92,145,192.88
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>150,056,982.55</b>	<b>148,890,116.48</b>
<b>TOTAL LIABILITIES</b>	<b>154,562,063.48</b>	<b>148,890,116.48</b>
<b>OWNER EQUITY</b>		
Capital Stock		
Additional Paid-In Capital		
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition	20,222,383.33	11,120,728.01
Retained Earnings - Postpetition		
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
<b>NET OWNER EQUITY</b>	<b>20,222,383.33</b>	<b>11,120,728.01</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>174,784,446.81</b>	<b>160,010,844.49</b>

\*"Insider" is defined in 11 U.S.C. Section 101(31).

In re KidsPeace Corporation  
Debtor

Case No. 13-14508 - Jointly Administered 13-14508  
Reporting Period: 4/1/14-4/30/14

**STATUS OF POSTPETITION TAXES**

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.  
Attach photocopies of any tax returns filed during the reporting period.

	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Date Paid</b>	<b>Check No. or EFT</b>	<b>Ending Tax Liability</b>
<b>Federal</b>						
Withholding	0.00	134,790.55	134,790.55	Provided	Provided	0.00
FICA-Employee	0.00	72,703.01	72,703.01	Provided	Provided	0.00
FICA-Employer	59,969.12	74,395.14	72,703.01	Provided	Provided	61,661.25
Unemployment	N/A					
Income	N/A					
Other: _____	125,247.40	-187.24				125,060.16
<b>Total Federal Taxes</b>	<b>185,216.52</b>	<b>281,701.46</b>	<b>280,196.57</b>			<b>186,721.41</b>
<b>State and Local</b>						
Withholding	Multiple State and Local W/H and Earned Income, OPT Taxes					38,459.64
Sales	N/A					
Excise	N/A					
Unemployment	Self-Pay for PA					
Real Property	0.00	0.00	0.00			0.00
Personal Property	0.00	0.00	0.00			0.00
Other: _____						
<b>Total State and Local</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			<b>38,459.64</b>
<b>Total Taxes</b>	<b>185,216.52</b>	<b>281,701.46</b>	<b>280,196.57</b>			<b>225,181.05</b>

**SUMMARY OF UNPAID POSTPETITION DEBTS**

Attach aged listing of accounts payable.

	<b>Number of Days Past Due</b>					<b>Total</b>
	<b>Current</b>	<b>0-30</b>	<b>31-60</b>	<b>61-90</b>	<b>Over 90</b>	
Accounts Payable	2,892,337.68	243.66	2,252.00	181.23	5,157.82	2,900,172.39
Wages Payable	1,379,727.49					1,379,727.49
Taxes Payable	225,181.05					225,181.05
Rent/Leases-Building						0.00
Rent/Leases-Equipment						0.00
Secured Debt/Adequate Protection Payments						0.00
Professional Fees	1,297,984.97					1,297,984.97
Amounts Due to Insiders*						0.00
Other: Hurricane Sandy related						0.00
Other: _____	3,468,000.00					3,468,000.00
<b>Total Postpetition Debts</b>	<b>9,263,231.19</b>	<b>243.66</b>	<b>2,252.00</b>	<b>181.23</b>	<b>5,157.82</b>	<b>9,271,065.90</b>

Explain how and when the Debtor intends to pay any past-due postpetition debts.

\*"Insider" is defined in 11 U.S.C. Section 101(31).

In re KidsPeace Corporation  
Debtor

April '14

**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

<b>Accounts Receivable Reconciliation</b>		<b>Amount</b>
Total Accounts Receivable at the beginning of the reporting period		26,002.42
+ Amounts billed during the period		45,113.52
- Amounts collected during the period		-41,969.30
Total Accounts Receivable at the end of the reporting period		29,146.64
<b>Accounts Receivable Aging</b>		<b>Amount</b>
0 - 30 days old		29,146.64
31 - 60 days old		
61 - 90 days old		
91+ days old		
Total Accounts Receivable		29,146.64
Amount considered uncollectible (Bad Debt)		0.00
Accounts Receivable (Net)		29,146.64

**DEBTOR QUESTIONNAIRE**

<b>Must be completed each month</b>	<b>Yes</b>	<b>No</b>
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X

## Exhibits

- A Weekly Cash Flow
- B Monthly Financial Statement
- C Bank Account Balances

KidsPeace  
13-Week CashFlow  
(Exhibit B)

	04/06/14	04/13/14	04/20/14	04/27/14	1st Quarter '14					April					Cumulative Total	77% KPCorp	12% KPNewEngland	4% KPGeorgia	6% KPMesabi
					KidsPeace Consolidated Total	77% KPCorp	12% KPNewEngland	4% KPGeorgia	6% KPMesabi	April Total	77% KPCorp	12% KPNewEngland	4% KPGeorgia	6% KPMesabi					
<b>Weekly Cash Collections</b>																			
Patient Collections	2,059,714	2,227,301	3,044,076	3,225,324	10,556,415	8,172,131	1,283,452	463,324	637,508	10,556,415	8,172,131	1,283,452	463,324	637,508	108,572,770	84,050,401	13,200,306	4,765,293	6,556,770
Other Revenue	-	135	26,260	-	26,395	20,434	3,209	1,159	1,594	-	20,434	3,209	1,159	1,594	3,962,373	3,067,427	481,746	173,910	239,290
<b>Total Collections</b>	2,059,714	2,227,436	3,070,336	3,225,324	10,582,811	8,192,565	1,286,661	464,483	639,102	10,582,811	8,192,565	1,286,661	464,483	639,102	112,535,143	87,117,828	13,682,052	4,939,203	6,796,060
Revolver Fee	(11,097)	(18,991)	(175)	(175)	(40,438)	(46,787)	(7,548)	(2,653)	(3,650)	(11,097)	(18,991)	(175)	(175)	(3,650)	(732,758)	(567,237)	(89,089)	(32,161)	(44,232)
<b>Net Collections</b>	2,028,617	2,198,445	3,070,161	3,225,149	10,522,373	8,145,778	1,279,313	461,830	635,452	10,522,373	8,145,778	1,279,313	461,830	635,452	111,802,385	86,550,572	13,592,963	4,907,042	6,751,868
<b>Operational Disbursements</b>																			
Payroll	1,891,391	-	1,921,266	307	3,812,964	2,951,764	463,581	167,352	230,267	3,812,964	2,951,764	463,581	167,352	230,267	45,055,233	34,879,007	5,477,827	1,977,488	2,720,911
Fed/ICA/VA Emp./Other	87,870	764,721	23,920	961,634	1,838,063	1,422,916	223,472	80,873	111,002	1,838,063	1,422,916	223,472	80,873	111,002	19,664,148	15,222,781	2,390,772	863,066	1,187,529
Health & Dental	152,327	402,006	163,281	290,405	1,008,019	780,347	122,555	44,242	60,875	1,008,019	780,347	122,555	44,242	60,875	10,295,293	7,969,986	1,251,708	451,864	621,738
Workers Compensation	21,562	90,634	13,510	9,831	135,536	104,924	16,479	5,949	8,185	135,536	104,924	16,479	5,949	8,185	1,077,491	834,127	131,002	47,291	65,070
Accounts Payable	308,006	1,121,699	392,523	555,588	2,377,816	1,840,760	289,095	104,363	143,598	2,377,816	1,840,760	289,095	104,363	143,598	29,274,266	22,662,347	3,559,173	1,284,857	1,767,889
Other	1,378	3,886	47,881	30	53,175	41,165	6,465	2,334	3,211	53,175	41,165	6,465	2,334	3,211	706,561	546,976	85,904	31,011	42,670
<b>Total Operational Disbursements</b>	2,462,543	2,382,946	2,562,391	1,817,694	9,225,574	7,141,875	1,121,648	404,913	557,138	9,225,574	7,141,875	1,121,648	404,913	557,138	106,072,991	82,115,225	12,896,382	4,655,577	6,405,807
<b>CashFlow from Operations</b>	(433,926)	(184,501)	507,770	1,407,456	1,296,799	1,003,903	157,665	56,917	78,314	1,296,799	1,003,903	157,665	56,917	78,314	5,729,394	4,435,347	696,581	251,465	346,001
<b>Other Disbursements</b>																			
DIP Facility Fees & Expenses	-	-	-	-	0	0	0	0	0	0	0	0	0	0	309,672	239,729	37,650	13,592	18,701
Other	-	-	-	-	0	0	0	0	0	0	0	0	0	10,000	7,741	1,216	499	604	
Ombudsman & Counsel	45,025	-	-	-	45,025	34,856	5,474	1,976	2,719	45,025	34,856	5,474	1,976	2,719	463,818	359,059	56,393	20,357	28,010
Other	-	-	-	-	0	0	0	0	0	0	0	0	0	128,835	99,736	15,664	5,655	7,780	
Claims Agent	28,301	-	-	-	28,301	21,909	3,441	1,242	1,709	28,301	21,909	3,441	1,242	1,709	81,976	63,461	9,967	3,598	4,951
Utility Escrow (see reserve)	-	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debtor Professional Fees - Debtor	136,787	-	-	-	136,787	105,892	16,631	6,004	8,261	136,787	105,892	16,631	6,004	8,261	1,303,278	1,008,918	158,453	57,201	78,706
Bondholder Professional Fees - Creditor	77,343	-	-	-	77,343	59,874	9,403	3,395	4,671	77,343	59,874	9,403	3,395	4,671	951,083	736,270	115,633	41,743	57,436
Committee Professional Fees - Creditor	94,452	-	-	-	94,452	73,119	11,484	4,146	5,704	94,452	73,119	11,484	4,146	5,704	1,008,417	780,655	122,604	44,260	60,899
<b>Total Other Disbursements</b>	381,908	-	-	-	381,908	296,650	46,432	16,762	23,064	381,908	296,650	46,432	16,762	23,064	4,257,078	3,286,570	517,577	186,844	257,087
<b>Net Cash Flow</b>	(815,834)	(184,501)	507,770	1,407,456	914,891	708,253	111,233	40,155	55,251	914,891	708,253	111,233	40,155	55,251	1,472,316	1,139,777	179,005	64,620	88,914
<b>Total Disbursements</b>					9,607,462	7,437,525	1,168,080	421,675	580,201	9,607,462	7,437,525	1,168,080	421,675	580,201	110,330,069	85,410,795	13,413,959	4,842,421	6,662,894
Beginning Loan Balance	2,000,000	2,000,000	2,000,000	2,000,000	1,051,405	1,051,405	1,051,405	1,051,405	1,051,405	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Net Collections	(2,028,617)	(2,198,310)	(3,043,901)	(3,225,149)	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418	-28,103,418
Advance Request	2,028,617	2,198,310	3,043,901	3,225,149	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418	28,103,418
Ending Loan Balance	2,000,000	2,000,000	2,000,000	2,000,000	1,051,405	1,051,405	1,051,405	1,051,405	1,051,405	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Adjusted Borrowing Base	10,135,577	10,246,114	9,664,399	8,987,827	8,457,369	8,457,369	8,457,369	8,457,369	8,457,369	10,135,577	10,246,114	9,664,399	8,987,827	8,457,369	10,135,577	10,246,114	9,664,399	8,987,827	8,457,369
Beginning Loan Balance	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	-2,000,000	-2,000,000	-2,000,000	-2,000,000	-2,000,000	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Net Collections	2,028,617	2,198,310	3,043,901	3,225,149	3,466,221	3,466,221	3,466,221	3,466,221	3,466,221	2,028,617	2,198,310	3,043,901	3,225,149	3,466,221	2,028,617	2,198,310	3,043,901	3,225,149	3,466,221
Advance Request	(2,028,617)	(2,198,310)	(3,043,901)	(3,225,149)	-3,466,221	-3,466,221	-3,466,221	-3,466,221	-3,466,221	(2,028,617)	(2,198,310)	(3,043,901)	(3,225,149)	-3,466,221	(2,028,617)	(2,198,310)	(3,043,901)	(3,225,149)	-3,466,221
Ending Availability	8,135,577	8,246,114	7,664,399	6,987,827	6,457,369	6,457,369	6,457,369	6,457,369	6,457,369	8,135,577	8,246,114	7,664,399	6,987,827	6,457,369	8,135,577	8,246,114	7,664,399	6,987,827	6,457,369
Operating Account																			
Beginning Book Cash	6,366,372	5,550,538	5,366,037	5,873,807	6,676,345	6,676,345	6,676,345	6,676,345	6,676,345	6,366,372	5,550,538	5,366,037	5,873,807	6,676,345	6,366,372	5,550,538	5,366,037	5,873,807	6,676,345
Disbursements	(2,844,451)	(2,382,946)	(2,562,391)	(1,817,694)	-28,235,266	-28,235,266	-28,235,266	-28,235,266	-28,235,266	(2,844,451)	(2,382,946)	(2,562,391)	(1,817,694)	-28,235,266	(2,844,451)	(2,382,946)	(2,562,391)	(1,817,694)	-28,235,266
Paydowns to Revolver	-	-	-	-	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0
Advances from Revolver	2,028,617	2,198,310	3,043,901	3,225,149	28,398,355	28,398,355	28,398,355	28,398,355	28,398,355	2,028,617	2,198,310	3,043,901	3,225,149	28,398,355	2,028,617	2,198,310	3,043,901	3,225,149	28,398,355
Other Deposits	-	135	26,260	-	175,576	175,576	175,576	175,576	175,576	-	135	26,260	-	175,576	-	135	26,260	-	175,576
Ending Book Cash	5,550,538	5,366,037	5,873,807	7,281,263	8,013,010	8,013,010	8,013,010	8,013,010	8,013,010	5,550,538	5,366,037	5,873,807	7,281,263	8,013,010	5,550,538	5,366,037	5,873,807	7,281,263	8,013,010
Ending Bank Cash	5,891,748	5,706,690	6,315,773	7,708,910	8,101,908	8,101,908	8,101,908	8,101,908	8,101,908	5,891,748	5,706,690	6,315,773	7,708,910	8,101,908	5,891,748	5,706,690	6,315,773	7,708,910	8,101,908
Floor	331,210	340,633	441,965	427,647	48,899	48,899	48,899	48,899	48,899	331,210	340,633	441,965	427,647	48,899	331,210	340,633	441,965	427,647	48,899

(Exhibit C)

KIDSPACE CORPORATION & AFFILIATES

KIDSPACE CORPORATION

	Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14
<b>REVENUE</b>							
MEDICAID	-	-	-	-	-	-	-
IN-STATE PUBLIC	-	-	-	-	-	-	-
OUT OF STATE PUBLIC	-	-	-	-	-	-	-
COMMERCIAL/SELF PAY	-	-	-	-	-	-	-
REVENUE WRITE-OFFS	-	-	-	-	-	-	-
STATE FOOD REVENUE	-	-	-	-	-	-	-
NET PATIENT REVENUE	-	-	-	-	-	-	-
INTEREST INCOME	-	-	-	-	-	-	-
CONTRIBUTIONS	22,610	40,910	11,662	42,218	56,532	12,580	32,082
GIFTS IN KIND	16,026	10,893	24,472	23,798	92,876	10,858	15,312
GRANTS	38,931	118,043	14,000	21,715	21,461	26,755	18,354
OTHER REVENUE	210,029	28,211	2,250,299	51,440	55,478	81,334	70,231
<b>TOTAL REVENUE</b>	<b>287,596</b>	<b>198,057</b>	<b>2,300,433</b>	<b>139,171</b>	<b>226,347</b>	<b>131,527</b>	<b>135,979</b>
<b>EXPENSES</b>							
SALARIES	701,368	750,685	781,174	769,627	682,826	766,658	755,222
EMPLOYEE HEALTH	108,589	89,580	159,149	108,512	99,419	105,769	105,190
OTHER BENEFITS	(11,863)	42,677	34,623	25,554	43,207	26,033	42,615
PAYROLL TAXES	67,976	67,483	79,463	83,312	74,702	83,485	78,221
SUPPLIES	53,086	41,296	58,536	44,749	133,040	40,444	60,393
PROFESSIONAL SERVICES	423,945	408,751	591,391	505,940	370,279	801,131	991,375
TELEPHONE	5,192	7,382	5,882	6,634	8,132	8,340	9,859
EQUIP RENTAL/MAINT	112,548	88,654	98,785	111,284	85,774	112,699	84,038
LEASE OF PROPERTY	244	244	244	256	256	256	256
UTILITIES	11,105	12,065	21,753	17,955	18,734	18,479	12,274
INSURANCE	85,467	87,305	84,802	84,809	84,932	85,878	91,512
TRANSPORTATION	46,052	28,557	38,211	34,266	33,285	31,500	37,693
MEDICAL	5,141	8,132	10,271	6,225	4,125	8,472	9,651
FOOD	198	47	887	105	969	270	3,934
CLIENT INCIDENTALS	264	209	345	262	281	433	344
REPAIRS & MAINTENANCE	8,517	18,412	416,611	10,109	8,469	3,723	17,751
STAFF DEV/RECRUIT	4,645	8,761	7,661	4,221	8,670	10,337	13,819
DIRECT FAMILY COSTS	-	-	-	-	-	-	-
BAD DEBT EXPENSE	-	-	-	-	-	-	-
OTHER EXPENSE	24,279	53,016	66,969	48,483	71,950	71,003	810
<b>TOTAL DIRECT EXPENSES</b>	<b>1,646,753</b>	<b>1,713,256</b>	<b>2,456,757</b>	<b>1,862,303</b>	<b>1,729,050</b>	<b>2,174,910</b>	<b>2,314,957</b>
EBITDA	(1,359,157)	(1,515,199)	(156,324)	(1,723,132)	(1,502,703)	(2,043,383)	(2,178,978)
ADJUSTMENT	-	-	6	3	(5)	(6)	(10)
DEPRECIATION/AMORT	223,761	224,882	253,652	235,461	236,141	236,742	237,266
DISPOSAL OF ASSETS	-	-	(627)	-	-	(1,006)	(1,447)
INTEREST	285,910	285,197	283,299	203,466	191,108	211,459	210,096
RESTRUCTURING EXPENSES	-	-	-	-	-	-	-
EXTRAORDINARY ITEMS	-	-	-	-	-	-	-
MANAGEMENT FEES	(1,646,752)	(1,713,255)	(2,456,760)	(1,862,307)	(1,729,045)	(2,176,047)	(2,313,820)
BUILDING & EQUIP RENT	(437,555)	(510,077)	(536,952)	(438,921)	(427,255)	(448,202)	(447,357)
INTERCO INTEREST	(457,462)	(457,464)	(512,807)	(462,797)	(462,395)	(462,399)	(462,369)
<b>TOTAL OTHER EXPENSES</b>	<b>(2,032,098)</b>	<b>(2,170,717)</b>	<b>(2,970,189)</b>	<b>(2,325,095)</b>	<b>(2,191,451)</b>	<b>(2,639,459)</b>	<b>(2,777,641)</b>
EXCESS REV/(EXP)	672,941	655,518	2,813,865	601,963	688,748	596,076	598,663
FTE (Residential/Other)	165	223	225		226	227	230
FTE (Foster Care)							
AVG HOURLY PAY RATE	23.95	19.61	19.62		18.92	19.03	19.12
AVERAGE DAILY CENSUS (Residential/Other)							
AVERAGE DAILY CENSUS (Foster Care)							
STAFF/CLIENT RATIO	#DIV/0!	#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!
PATIENT REV/CLIENT DAY (combined Residential/F	#DIV/0!	#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!
CONTRIBUTION/CLIENT DAY (combined Residentia	#DIV/0!	#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!

**ASSETS**

<b>CURRENT ASSETS</b>							
CASH-GENERAL	10,568,691	8,122,121	8,339,840	7,105,143	6,224,960	7,529,881	8,765,208
CASH-RESTRICTED	2,573,569	2,661,804	2,085,920	2,358,479	2,004,265	4,845,787	5,089,760
CASH-BOND	3,655,880	3,655,911	3,655,941	3,655,972	3,656,003	3,653,531	3,653,562
INSURANCE RESERVE	-	-	-	-	-	-	-
PLEDGE RECEIVABLE	-	-	-	-	-	-	-
ACCOUNTS REC-CLIENT BILLING	-	-	-	-	-	-	-
ACCOUNTS REC-OTHER	74,740	70,381	124,390	64,789	57,914	26,002	29,147
ALLOWANCE FOR DOUBTFUL ACCTS	-	-	-	-	-	-	-
<b>NET ACCOUNTS RECEIVABLE</b>	<b>74,740</b>	<b>70,381</b>	<b>124,390</b>	<b>64,789</b>	<b>57,914</b>	<b>26,002</b>	<b>29,147</b>
PREPAID EXPENSES	1,107,575	1,028,985	1,157,643	1,066,381	980,963	1,001,682	970,736
ASSETS HELD FOR SALE (NET)	182,550	182,550	182,550	182,550	182,550	182,550	182,550
INVENTORY	35,726	39,577	36,652	33,024	29,920	19,323	19,646
DUE FROM AFFILIATE	113,940,918	117,140,919	119,089,276	122,202,114	124,945,849	124,576,878	124,345,269
<b>TOTAL CURRENT ASSETS</b>	<b>132,139,649</b>	<b>132,902,249</b>	<b>134,672,212</b>	<b>136,668,452</b>	<b>138,082,423</b>	<b>141,835,635</b>	<b>143,055,878</b>
<b>LONG TERM ASSETS</b>							
LAND	4,203,523	4,203,523	4,203,523	4,203,523	4,203,523	4,203,523	4,203,523
LAND IMPROVEMENTS	4,910,390	4,910,390	4,906,490	4,906,490	4,906,490	4,906,490	4,906,490
FURNITURE & FIXTURES	4,220,073	4,220,073	4,220,073	4,248,397	4,248,397	4,251,046	4,251,046
EQUIPMENT	26,138,213	26,211,631	26,358,805	26,397,309	26,412,958	26,465,312	26,459,868
BUILDINGS	64,406,756	64,416,236	65,920,655	65,957,063	65,957,063	65,963,117	65,963,117
CONSTRUCTION IN PROGRESS	233,949	227,174	54,092	69,426	76,106	118,528	116,734
OTHER DEPRECIABLE ASSETS	-	-	-	-	-	-	-
LESS:ACCUMULATED DEPRECIATION	(73,832,621)	(74,051,451)	(74,275,205)	(74,496,804)	(74,726,893)	(74,920,649)	(75,117,102)
<b>TOTAL PP&amp;E</b>	<b>30,280,283</b>	<b>30,137,576</b>	<b>31,388,434</b>	<b>31,285,404</b>	<b>31,077,643</b>	<b>30,987,367</b>	<b>30,783,677</b>
INSURANCE PROCEEDS RECEIVABLE	545,420	545,420	545,420	545,420	272,710	272,710	272,710
BOND ISSUANCE COSTS	708,495	702,443	696,391	690,339	684,287	678,235	672,183
<b>TOTAL LONG TERM ASSETS</b>	<b>31,534,198</b>	<b>31,385,439</b>	<b>32,630,244</b>	<b>32,521,162</b>	<b>32,034,639</b>	<b>31,938,312</b>	<b>31,728,569</b>
<b>TOTAL ASSETS</b>	<b>163,673,847</b>	<b>164,287,688</b>	<b>167,302,456</b>	<b>169,189,614</b>	<b>170,117,063</b>	<b>173,773,947</b>	<b>174,784,447</b>
<b>LIABILITIES &amp; FUND BALANCE</b>							
<b>LIABILITIES</b>							
ACCOUNTS PAYABLE	6,254,707	6,090,494	6,266,225	7,172,729	7,386,156	7,162,025	7,400,456
A/P SUBJECT TO COMPROMISE	-	-	-	-	-	-	-
ACCRUED ADJUSTMENTS	-	-	-	-	-	-	-
ACCRUED INVENTORY	12,479	3,050	109	109	234	2,183	2,897
ACCRUED VACATION	51,650	51,650	81,493	81,493	81,493	81,493	81,493
ACCRUED PAYROLL	1,466,713	1,357,529	1,115,643	1,367,230	1,369,262	1,509,592	1,523,415
ACCRUED PENSION	82,830,668	82,830,668	82,830,668	82,830,668	82,830,668	85,766,343	85,766,343
PENSION SUBJECT TO COMPROMISE	-	-	-	-	-	-	-
BOND INTEREST PAYABLE	3,054,132	3,310,753	3,567,374	3,742,374	3,765,452	3,912,948	4,087,948
DUE TO/DUE FROM	-	-	-	-	-	-	-
REVENUE BONDS PAYABLE	51,310,000	51,310,000	51,310,000	51,310,000	51,310,000	51,310,000	51,310,000
BONDS SUBJECT TO COMPROMISE	-	-	-	-	-	-	-
NOTES PAYABLE	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
CAPITAL LEASE	88,538	84,074	79,610	75,145	79,461	75,480	71,439
MORTGAGES PAYABLE	1,168,296	1,158,564	1,148,221	1,138,379	1,122,072	1,118,959	1,108,539
NEW LENDER REVOLVER	-	-	-	-	-	-	-
NEW LENDER TERM FACILITY	-	-	-	-	-	-	-
OTHER LIABILITIES	1,420,837	1,419,562	1,417,901	1,416,240	1,032,854	1,211,193	1,209,532
<b>TOTAL LIABILITIES</b>	<b>149,658,020</b>	<b>149,616,343</b>	<b>149,817,244</b>	<b>151,134,369</b>	<b>150,977,652</b>	<b>154,150,217</b>	<b>154,562,063</b>
FUND BAL-UNRESTRICTED	13,911,523	14,567,040	17,484,972	18,049,578	19,083,724	19,568,042	20,198,477
FUND BAL-TEMP RESTRICTED	104,304	104,304	240	5,668	55,688	55,688	23,906
<b>TOTAL FUND BALANCE</b>	<b>14,015,827</b>	<b>14,671,344</b>	<b>17,485,212</b>	<b>18,055,245</b>	<b>19,139,411</b>	<b>19,623,730</b>	<b>20,222,383</b>
<b>TOTAL LIAB &amp; FUND BALANCE</b>	<b>163,673,847</b>	<b>164,287,688</b>	<b>167,302,456</b>	<b>169,189,614</b>	<b>170,117,063</b>	<b>173,773,947</b>	<b>174,784,447</b>

**Kids Peace Corporate, et al  
Jointly Administered 13-14508  
Bank Account Balances**

No	Debtor	Bank	Account Name	Account	Jan 31, 2014 Balance	Feb 28 2014 Balance	Mar 31, 2014 Balance	30-Apr-14 Balance	Notes
1	Kids Peace Corporate	M&T Bank	Operating Account	xx-4216	6,501,088.92	6,312,646.92	6,855,155.75	6,522,142.75	Operating
2	Kids Peace Corporate	UMB	98 D/S Reserve Fund	xx-784.2	3,441,888.91	3,441,918.05	3,439,444.37	3,439,473.51	Restricted
3	Kids Peace Corporate	Citizens Bank	Commercial Checking	xx-009-1	104,515.10	38,681.62	212,718.69	154,564.35	Lockbox
4	Kids Peace Corporate	M&T Bank	Business Money Market (Restricted)	xx-8477	2,016,913.34	1,817,127.35	1,817,358.86	2,017,587.57	Restricted
5	Kids Peace Corporate	Citizens Bank	Commercial Checking	xx-968-1	126,744.93	10,000.00	18,331.15	10,000.00	Lockbox
6	Kids Peace Corporate	M&T Bank	Children's Fund	xx-0272	349,026.28	200,633.25	230,086.21	242,910.70	
7	Kids Peace Corporate	UMB	99 D/S Reserve fund	xx-784.4	214,083.24	214,085.10	214,086.78	214,088.64	Restricted
8	Kids Peace National Centers of Georgia	Wilmington Trust	A & B DSF	xx-3917	115,031.31	115,031.29	115,037.27	115,038.14	Restricted
9	Kids Peace National Centers of Georgia	Wilmington Trust	A & B DSRF	xx-3918	118,355.54	118,356.53	74,466.88	74,467.56	Restricted
10	Kids Peace Corporate	Merrill Lynch	portfolio holdings	xx-4C36	-	-	-	-	D
11	KidsPeace National Centers of Georgia, Inc.	T D Bank/Commerce	Checking	xx-0663	480,339.25	480,869.56	459,658.93	459,699.22	
12	Kids Peace Corporate	First National Bank of Palmerton	Certif. Of Deposit	xx-6260	16,435.82	16,435.82	16,435.82	16,435.82	A
13	Kids Peace Corporate	Wells Fargo	Children's Fund	xx-8896	-	-	-	-	
14	KidsPeace National Centers of New England, Inc.	Key Bank	Savings Account	xx-5643	-	621.53	970.96	113.54	
15	KidsPeace National Centers of Georgia, Inc.	T D Bank/Commerce	Children's Fund	xx-0697	6,736.51	6,737.08	6,737.08	6,738.17	
16	KidsPeace National Centers of New England, Inc.	Key Bank	Cert. Of Deposit	xx-6344	-	-	-	-	B
17	KidsPeace National Centers of New England, Inc.	Key Bank	Checking	xx-2580	-	(3.00)	(3.00)	(3.00)	
18	Mesabi Academy	First National Bank of Buhl	Checking	xx-5207	200.00	200.00	200.00	200.00	
19	KidsPeace National Centers of Georgia, Inc.	BB&T	Checking	xx-1522	-	-	-	-	C
20	Mesabi Academy	First National Bank of Buhl	Youth Savings Acct	xx-0149	210.00	210.00	210.00	210.00	
21	Kids Peace Corporate	M&T Bank	Payroll Account	xx-4224	-	-	-	-	
22	Kids Peace Mesabi	M&T Bank	Payroll Account	xx-4321	-	-	-	-	
23	Kids Peace Corporate	Wells Fargo	Unemployment Comp (CD)	xx-7132	10,000.12	10,000.12	10,000.12	10,000.12	A
24	Kids Peace Corporate	Wells Fargo	Unemployment Comp (CD)	xx-7207	10,553.14	10,553.14	10,553.14	10,553.14	A
25	Kids Peace Corporate	M&T Bank	Operating Account	xx-0960	130,000.00	40,263.32	4,580.22	4,552.57	E
					13,642,122.41	12,834,367.68	13,486,029.23	13,298,772.80	

**Note:**  
The balances listed above reflect bank statement account balances (unless other wise indicated) as of the date indicated.

- A- As per KidsPeace, no account statement available.
- B- Account closed 10/31/13, Finds wired to M&T xx-4216
- C- Account closed 10/31/13
- D- Account closed 10/24/13
- E- Account opened January 2014