

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF PENNSYLVANIA

In re KidsPeace Corporation

Case No. 13-14508 - Jointly Administered 13-14508
Reporting Period: 1/1/14-1/31/14

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

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: 1/1/14-1/31/14

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
CASH BEGINNING OF MONTH								
RECEIPTS								
CASH SALES								
ACCOUNTS RECEIVABLE	5,799,280				5,799,280		63,939,842	
LOANS AND ADVANCES								
SALE OF ASSETS								
OTHER (ATTACH LIST)								
TRANSFERS (FROM DIP ACCTS)								
TOTAL RECEIPTS	5,799,280				5,799,280		63,939,842	
DISBURSEMENTS								
NET PAYROLL	2,791,024				2,791,024		26,153,337	
PAYROLL TAXES	1,385,240				1,385,240		11,456,771	
SALES, USE, & OTHER TAXES								
INVENTORY PURCHASES								
SECURED/ RENTAL/ LEASES								
INSURANCE								
ADMINISTRATIVE								
SELLING								
OTHER (ATTACH LIST)								
Health/Medical/WorkersComp	533,212				533,212		6,576,477	
OWNER DRAW *								
TRANSFERS (TO DIP ACCTS)								
OTHER ACCOUNTS PAYABLE	1,769,608				1,769,608		16,932,140	
PROFESSIONAL FEES	243,193				243,193		2,322,796	
U.S. TRUSTEE QUARTERLY FEES								
COURT COSTS								
TOTAL DISBURSEMENTS	6,722,277				6,722,277		63,441,522	
NET CASH FLOW	(922,997)				(922,997)		498,320	
(RECEIPTS LESS DISBURSEMENTS)								
CASH - END OF MONTH								

* 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)		6,722,277
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS		\$
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)		\$
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES		6,722,277
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: 1/1/14-1/31/14

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
CASH BEGINNING OF MONTH	7,644,946				7,644,946		4,860,352	
RECEIPTS								
CASH SALES					0			
ACCOUNTS RECEIVABLE	7,491,266				7,491,266		82,594,796	
LOANS AND ADVANCES	-				0		948,595	
SALE OF ASSETS					0			
OTHER (ATTACH LIST)					0			
TRANSFERS (FROM DIP ACCTS)					0			
					0			
TOTAL RECEIPTS	7,491,266				7,491,266		83,543,392	
DISBURSEMENTS								
NET PAYROLL	3,605,327				3,605,327		33,783,780	
PAYROLL TAXES	1,789,395				1,789,395		14,799,375	
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	688,781				688,781		8,495,216	
OWNER DRAW *					0			
TRANSFERS (TO DIP ACCTS)					0			
OTHER ACCOUNTS PAYABLE	2,285,906				2,285,906		21,872,225	
PROFESSIONAL FEES	314,146				314,146		3,000,490	
U.S. TRUSTEE QUARTERLY FEES					0			
COURT COSTS	0				0		0	
TOTAL DISBURSEMENTS	8,683,555				8,683,555		81,951,087	
NET CASH FLOW	(1,192,289)				(1,192,289)		1,592,305	
(RECEIPTS LESS DISBURSEMENTS)					0			
					0			
CASH - END OF MONTH	6,452,657				6,452,657		6,452,657	

* 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)	8,683,555
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	\$
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	8,683,555

For Quarterly Fee Purposes

	Disbursements (based on allocation reviewed with US Trustee)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

In re KidsPeace Corporation
Debtor

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BANK RECONCILIATIONS
Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

	Operating		Payroll		Tax		Other	
	#		#		#		#	
BALANCE PER BOOKS		6,452,656.69						
BANK BALANCE		6,501,088.92						
(+) DEPOSITS IN TRANSIT								
(-) OUTSTANDING CHECKS		48,432.23	(see cash flow)					
OTHER (ATTACH EXPLANATION)								
ADJUSTED BANK BALANCE *		6,452,656.69						
* Adjusted bank balance must equal balance per books								
DEPOSITS IN TRANSIT	Date	Amount	Date	Amount	Date	Amount	Date	Amount
CHECKS OUTSTANDING	Ck. #	Amount	Ch. #	Amount	Ck. #	Amount	Ck. #	Amount
OTHER								

In re KidsPeace Corporation
Debtor

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SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month.

Payee	Period Covered	Amount Approved	Payor	Check		Amount Paid		Filing-To-Date	
				Number	Date	Fees	Expenses	Fees/Expenses	
US Trustee								\$ 75,900.00	
Rust Omni		3,471.61	KidsPeace Corp	Check	6-Jan	\$ 3,471.61		\$ 65,428.01	
Norris McLaughlin	November	\$ 51,064.89	KidsPeace Corp	Check	6-Jan	\$ 51,064.89		\$ 371,555.65	
EisnerAmper	November	\$ 46,443.20	KidsPeace Corp	Check	24-Jan	\$ 46,443.20		\$ 366,660.17	
Schiff Harden	November	\$ 56,408.12	KidsPeace Corp	Check	6-Jan	\$ 56,408.12		\$ 428,532.27	
Duff & Phelps	November	\$ 8,816.00	KidsPeace Corp	Check	6-Jan	\$ 8,816.00		\$ 76,968.00	
Lowenstein	November	\$ 46,268.47	KidsPeace Corp	Check	24-Jan	\$ 46,268.47		\$ 355,316.53	
FTI	November	\$ 36,019.92	KidsPeace Corp	Check	20-Dec	\$ 36,019.92		\$ 270,583.91	
Capstone	November		KidsPeace Corp	Check		\$ -		\$ 1,288.00	
Bryan Cave		\$ 130,188.19	KidsPeace Corp	Check				\$ 130,188.19	
Huebscher & Co	November	\$ 77,421.30	KidsPeace Corp	Check	1/2,1/31	\$ 77,421.30		\$ 148,770.16	

In re KidsPeace Corporation
Debtor

Case No. 13-14508 - Jointly Administered 13-14508
Reporting Period: January '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	January '14		Cumulative Filing to Date
Gross Revenues	\$		\$
Less: Returns and Allowances			
Net Revenue		139,171	3,509,183
COST OF GOODS SOLD			
Beginning Inventory			
Add: Purchases			
Add: Cost of Labor			
Add: Other Costs (attach schedule)			
Less: Ending Inventory			
Cost of Goods Sold			
Gross Profit			
OPERATING EXPENSES			
Advertising			
Auto and Truck Expense			
Bad Debts		0	0
Contributions-Non-Restructuring Professional Fees		63,940	1,048,320
Employee Benefits Programs		140,291	1,268,922
Insider Compensation*			
Insurance		84,809	774,179
Management Fees/Bonuses			
Office Expense-Direct Family Costs		0	0
Pension & Profit-Sharing Plans			
Repairs and Maintenance		10,109	505,988
Rent and Lease Expense		111,540	941,096
Salaries/Commissions/Fees		769,627	6,762,216
Supplies		44,854	416,538
Taxes - Payroll		83,312	723,427
Taxes - Real Estate			
Taxes - Other			
Travel and Entertainment			
Utilities		24,589	190,462
Other (attach schedule)		87,232	670,990
Total Operating Expenses Before Depreciation			
Depreciation/Depletion/Amortization		235,461	2,106,192
Net Profit (Loss) Before Other Income & Expenses		-1,516,593	-11,899,147
OTHER INCOME AND EXPENSES			
Other Income (attach schedule)-Intercompany		-2,764,025	-26,431,922
Interest Expense		203,466	2,501,517
Other Expense (attach schedule)		3	13
Net Profit (Loss) Before Reorganization Items		1,043,963	12,031,245
REORGANIZATION ITEMS			
Professional Fees		442,000	4,527,000
U. S. Trustee Quarterly Fees			
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)			
Gain (Loss) from Sale of Equipment		0	-6,299
Other Reorganization Expenses (attach schedule)			
Total Reorganization Expenses			
Income Taxes			
Net Profit (Loss)		601,963	7,510,544

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

In re KidsPeace Corporation

Debtor

Case No. 13-14508 - Jointly Administered 13-14508
January '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	BOOK VALUE ON
	CURRENT REPORTING MONTH	PETITION DATE
	January '14	May '13 (May 31st)
CURRENT ASSETS		
Unrestricted Cash and Equivalents	7,105,142.69	6,584,441.82
Restricted Cash and Cash Equivalents (see continuation sheet)	6,014,451.15	6,085,616.11
Accounts Receivable (Net)	64,789.40	13,519.06
Notes Receivable		
Inventories	33,023.55	27,857.77
Prepaid Expenses	1,066,381.19	696,245.84
Professional Retainers		
Assets held for sale	182,549.67	178,624.64
Other Current Assets (due from affiliate)		
TOTAL CURRENT ASSETS	14,466,337.65	13,586,305.24
PROPERTY AND EQUIPMENT		
Real Property and Improvements	75,136,501.52	73,508,232.84
Machinery and Equipment		
Furniture, Fixtures and Office Equipment	30,645,706.01	30,201,149.78
Leasehold Improvements		
Vehicles		
Less Accumulated Depreciation	-74,496,803.98	-72,750,774.23
TOTAL PROPERTY & EQUIPMENT	31,285,403.55	30,958,608.39
OTHER ASSETS		
Loans to Insiders*		
Other Assets (due from affiliate, insurance receivable, bond issuanc costs)	123,437,873.13	115,465,930.86
TOTAL OTHER ASSETS	123,437,873.13	115,465,930.86
TOTAL ASSETS	169,189,614.33	160,010,844.49

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF	BOOK VALUE ON
	CURRENT REPORTING MONTH	PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	2,568,093.05	0.00
Taxes Payable (refer to FORM MOR-4)	259,664.20	0.00
Wages Payable	1,189,059.14	0.00
Notes Payable		
Rent / Leases - Building/Equipment		
Secured Debt / Adequate Protection Payments		
Professional Fees		
Amounts Due to Insiders*		
Other Postpetition Liabilities (attach schedule)		
TOTAL POSTPETITION LIABILITIES	4,016,816.39	0.00
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	54,523,524.81	55,981,281.31
Priority Debt	0.00	763,642.29
Unsecured Debt	92,594,027.85	92,145,192.88
TOTAL PRE-PETITION LIABILITIES	147,117,552.66	148,890,116.48
TOTAL LIABILITIES	151,134,369.05	148,890,116.48
OWNER EQUITY		
Capital Stock		
Additional Paid-In Capital		
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition	18,055,245.28	11,120,728.01
Retained Earnings - Postpetition		
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
NET OWNER EQUITY	18,055,245.28	11,120,728.01
TOTAL LIABILITIES AND OWNERS' EQUITY	169,189,614.33	160,010,844.49

*"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: 1/1/14-1/31/14

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.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal						
Withholding	4,636.10	129,071.44	133,707.54	Provided	Provided	0.00
FICA-Employee	2,318.05	73,751.84	76,069.89	Provided	Provided	0.00
FICA-Employer	45,547.79	80,792.01	75,141.32	Provided	Provided	51,198.48
Unemployment	N/A					
Income	N/A					
Other:						178,320.85
Total Federal Taxes	52,501.94	283,615.29	284,918.75			229,519.33
State and Local						
Withholding	Multiple State and Local W/H and Earned Income, OPT Taxes					30,144.87
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:						
Total State and Local	0.00	0.00	0.00			30,144.87
Total Taxes	52,501.94	283,615.29	284,918.75			259,664.20

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
Accounts Payable	2,296,970.42	127,095.50	46,059.53	23,225.45	74,742.15	2,568,093.05
Wages Payable	1,189,059.14					1,189,059.14
Taxes Payable	259,664.20					259,664.20
Rent/Leases-Building						0.00
Rent/Leases-Equipment						0.00
Secured Debt/Adequate Protection Payments						0.00
Professional Fees	1,348,812.05					1,348,812.05
Amounts Due to Insiders*						0.00
Other: Hurricane Sandy related						0.00
Other:	3,454,000.00					3,454,000.00
Total Postpetition Debts		127,095.50	46,059.53	23,225.45	74,742.15	8,819,628.44

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

January '14

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	70,381.42
+ Amounts billed during the period	74,781.54
- Amounts collected during the period	-20,773.35
Total Accounts Receivable at the end of the reporting period	124,389.61

Accounts Receivable Aging	Amount
0 - 30 days old	124,389.61
31 - 60 days old	
61 - 90 days old	
91+ days old	
Total Accounts Receivable	124,389.61
Amount considered uncollectible (Bad Debt)	0.00
Accounts Receivable (Net)	124,389.61

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
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 Bank Account Balances
- B Weekly Cash Flow
- C Monthly Financial Statement

No	Debtor	Bank	Account Name	Account	Oct 31, 2013	Nov 30, 2013	Dec 31, 2013	Jan 31, 2014	Notes
					Balance	Balance	Balance	Balance	
1	Kids Peace Corporate	M&T Bank	Operating Account	xx-4216	8,690,047.47	7,631,341.87	8,255,139.53	6,501,088.92	Operating
2	Kids Peace Corporate	UMB	98 D/S Reserve Fund	xx-784.2	3,441,802.43	3,441,831.57	3,441,859.77	3,441,888.91	Restricted
3	Kids Peace Corporate	Citizens Bank	Commercial Checking	xx-009-1	48,276.62	252,509.85	27,102.02	104,515.10	Lockbox
4	Kids Peace Corporate	M&T Bank	Business Money Market (Restricted)	xx-8477	1,816,475.74	1,816,692.24	1,816,677.78	2,016,913.34	Restricted
5	Kids Peace Corporate	Citizens Bank	Commercial Checking	xx-968-1	10,274.62	35,562.91	25,120.50	126,744.93	Lockbox
6	Kids Peace Corporate	M&T Bank	Children's Fund	xx-0272	663,879.27	858,769.23	282,899.14	349,026.28	
7	Kids Peace Corporate	UMB	99 D/S Reserve fund	xx-784.4	214,077.72	214,079.58	214,081.38	214,083.24	Restricted
8	Kids Peace National Centers of Georgia	Wilmington Trust	A & B DSF	xx-3917	115,029.56	115,029.56	115,030.39	115,031.31	Restricted
9	Kids Peace National Centers of Georgia	Wilmington Trust	A & B DSRF	xx-3918	118,352.76	118,352.76	118,354.59	118,355.54	Restricted
10	Kids Peace Corporate	Merrill Lynch	portfolio holdings	xx-4C36	0.00	0.00	0.00	0.00	D
11	KidsPeace National Centers of Georgia, Inc.	T D Bank/Commerce	Checking	xx-0663	681,766.46	681,995.74	480,111.07	480,339.25	
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	106,872.24	0.00	0.00	0.00	
14	KidsPeace National Centers of New England, Inc.	Key Bank	Savings Account	xx-5643	0.12	0.00	0.00	0.00	B
15	KidsPeace National Centers of Georgia, Inc.	T D Bank/Commerce	Children's Fund	xx-0697	6,734.82	6,735.39	6,735.94	6,736.51	
16	KidsPeace National Centers of New England, Inc.	Key Bank	Cert. Of Deposit	xx-6344	0.00	0.00	0.00	0.00	B
17	KidsPeace National Centers of New England, Inc.	Key Bank	Checking	xx-2580	-3.00	0.00	0.00	0.00	B
18	Mesabi Academy	First National Bank of Buhl	Checking	xx-5207	12,664.94	200.00	200.00	200.00	
19	KidsPeace National Centers of Georgia, Inc.	BB&T	Checking	xx-1522	0.00	0.00	0.00	0.00	C
20	Mesabi Academy	First National Bank of Buhl	Youth Savings Acct	xx-0149	544.27	235.00	210.00	210.00	
21	Kids Peace Corporate	M&T Bank	Payroll Account	xx-4224	0.00	0.00	0.00	0.00	
22	Kids Peace Mesabi	M&T Bank	Payroll Account	xx-4321	0.00	0.00	0.00	0.00	
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	0.00	0.00	0.00	130,000.00	E
					\$ 15,963,785.12	15,210,324.78	14,820,511.19	13,642,122.41	

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

(Exhibit C)

KIDSPACE CORPORATION & AFFILIATES

KIDSPACE CORPORATION	<i>Actual</i> Aug-13	<i>Actual</i> Sep-13	<i>Actual</i> Oct-13	<i>Actual</i> Nov-13	<i>Projected</i> Dec-13	<i>Projected</i> Jan-14
REVENUE						
MEDICAID	-	-	-	-	-	-
IN-STATE PUBLIC	-	-	-	-	-	-
OUT OF STATE PUBLIC	-	-	-	-	-	-
COMMERCIAL/SELF PAY	-	-	-	-	-	-
REVENUE WRITE-OFFS	-	-	-	-	-	-
STATE FOOD REVENUE	-	-	-	-	-	-
NET PATIENT REVENUE	-	-	-	-	-	-
INTEREST INCOME	-	-	-	-	-	-
CONTRIBUTIONS	31,870	14,358	22,610	40,910	11,662	42,218
GIFTS IN KIND	3,417	20,412	16,026	10,893	24,472	23,798
GRANTS	21,964	44,860	38,931	118,043	14,000	21,715
OTHER REVENUE	18,448	19,052	210,029	28,211	2,250,299	51,440
TOTAL REVENUE	75,699	98,682	287,596	198,057	2,300,433	139,171
EXPENSES						
SALARIES	779,994	714,352	701,368	750,685	781,174	769,627
EMPLOYEE HEALTH	128,339	97,454	108,589	89,580	159,149	108,512
OTHER BENEFITS	10,650	30,013	(11,863)	42,677	34,623	25,554
PAYROLL TAXES	82,612	73,042	67,976	67,483	79,463	83,312
SUPPLIES	25,890	61,834	53,086	41,296	58,536	44,749
PROFESSIONAL SERVICES	664,034	79,976	423,945	408,751	591,391	505,940
TELEPHONE	9,298	6,693	5,192	7,382	5,882	6,634
EQUIP RENTAL/MAINT	102,530	105,949	112,548	88,654	98,785	111,284
LEASE OF PROPERTY	244	244	244	244	244	256
UTILITIES	12,017	10,011	11,105	12,065	21,753	17,955
INSURANCE	86,440	86,036	85,467	87,305	84,802	84,809
TRANSPORTATION	34,947	54,285	46,052	28,557	38,211	34,266
MEDICAL	556	6,583	5,141	8,132	10,271	6,225
FOOD	870	768	198	47	887	105
CLIENT INCIDENTALS	228	317	264	209	345	262
REPAIRS & MAINTENANCE	12,885	10,640	8,517	18,412	416,611	10,109
STAFF DEV/RECRUIT	2,199	11,616	4,645	8,761	7,661	4,221
DIRECT FAMILY COSTS	-	-	-	-	-	-
BAD DEBT EXPENSE	-	-	-	-	-	-
OTHER EXPENSE	68,979	3,162	24,279	53,016	66,969	48,483
TOTAL DIRECT EXPENSES	2,022,712	1,352,975	1,646,753	1,713,256	2,456,757	1,862,303
EBITDA	(1,947,013)	(1,254,293)	(1,359,157)	(1,515,199)	(156,324)	(1,723,132)
ADJUSTMENT	(5)	4	-	-	6	3
DEPRECIATION/AMORT	222,113	222,259	223,761	224,882	253,652	235,461
DISPOSAL OF ASSETS	(1,118)	-	-	-	(627)	-
INTEREST	260,685	285,514	285,910	285,197	283,299	203,466
RESTRUCTURING EXPENSES	-	-	-	-	-	-
EXTRAORDINARY ITEMS	-	-	-	-	-	-
MANAGEMENT FEES	(2,022,263)	(1,053,422)	(1,646,752)	(1,713,255)	(2,456,760)	(1,862,307)
BUILDING & EQUIP RENT	(482,798)	(507,777)	(437,555)	(510,077)	(536,952)	(438,921)
INTERCO INTEREST	(453,281)	(491,799)	(457,462)	(457,464)	(512,807)	(462,797)
TOTAL OTHER EXPENSES	(2,476,667)	(1,545,221)	(2,032,098)	(2,170,717)	(2,970,189)	(2,325,095)
EXCESS REV/(EXP)	529,654	290,928	672,941	655,518	2,813,865	601,963
FTE (Residential/Other)	232	217	165	223	225	
FTE (Foster Care)						
AVG HOURLY PAY RATE	18.98	19.19	23.95	19.61	19.62	
AVERAGE DAILY CENSUS (Residential/Other)						
AVERAGE DAILY CENSUS (Foster Care)						
STAFF/CLIENT RATIO	#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!	
CONTRIBUTION/CLIENT DAY (combined Residentia	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

ASSETS	Aug-13	Sep-13				
CURRENT ASSETS						
CASH-GENERAL	9,309,912	10,107,674	10,568,691	8,122,121	8,339,840	7,105,143
CASH-RESTRICTED	2,447,496	2,489,862	2,573,569	2,661,804	2,085,920	2,358,479
CASH-BOND	3,655,819	3,655,850	3,655,880	3,655,911	3,655,941	3,655,972
INSURANCE RESERVE	-	-	-	-	-	-
PLEDGE RECEIVABLE	-	-	-	-	-	-
ACCOUNTS REC-CLIENT BILLING	-	-	-	-	-	-
ACCOUNTS REC-OTHER	62,512	66,692	74,740	70,381	124,390	64,789
ALLOWANCE FOR DOUBTFUL ACCTS	-	-	-	-	-	-
NET ACCOUNTS RECEIVABLE	62,512	66,692	74,740	70,381	124,390	64,789
PREPAID EXPENSES	200,495	612,651	1,107,575	1,028,985	1,157,643	1,066,381
ASSETS HELD FOR SALE (NET)	182,550	182,550	182,550	182,550	182,550	182,550
INVENTORY	36,877	36,149	35,726	39,577	36,652	33,024
DUE FROM AFFILIATE	115,684,881	113,876,472	113,940,918	117,140,919	119,089,276	122,202,114
TOTAL CURRENT ASSETS	131,580,542	131,027,900	132,139,649	132,902,249	134,672,212	136,668,452
LONG TERM ASSETS						
LAND	4,203,523	4,203,523	4,203,523	4,203,523	4,203,523	4,203,523
LAND IMPROVEMENTS	4,898,525	4,910,390	4,910,390	4,910,390	4,906,490	4,906,490
FURNITURE & FIXTURES	4,138,997	4,218,385	4,220,073	4,220,073	4,220,073	4,248,397
EQUIPMENT	26,064,510	26,115,354	26,138,213	26,211,631	26,358,805	26,397,309
BUILDINGS	64,406,756	64,406,756	64,406,756	64,416,236	65,920,655	65,957,063
CONSTRUCTION IN PROGRESS	1,919,572	177,534	233,949	227,174	54,092	69,426
OTHER DEPRECIABLE ASSETS						
LESS:ACCUMULATED DEPRECIATION	(73,398,705)	(73,614,912)	(73,832,621)	(74,051,451)	(74,275,205)	(74,496,804)
TOTAL PP&E	32,233,178	30,417,031	30,280,283	30,137,576	31,388,434	31,285,404
INSURANCE PROCEEDS RECEIVABLE	272,710	545,420	545,420	545,420	545,420	545,420
BOND ISSUANCE COSTS	720,599	714,547	708,495	702,443	696,391	690,339
TOTAL LONG TERM ASSETS	33,226,486	31,676,997	31,534,198	31,385,439	32,630,244	32,521,162
TOTAL ASSETS	164,807,028	162,704,897	163,673,847	164,287,688	167,302,456	169,189,614
LIABILITIES & FUND BALANCE						
LIABILITIES						
ACCOUNTS PAYABLE	9,449,660	6,340,181	6,254,707	6,090,494	6,266,225	7,172,729
A/P SUBJECT TO COMPROMISE	-	-	-	-	-	-
ACCRUED ADJUSTMENTS	-	-	-	-	-	-
ACCRUED INVENTORY	18,496	13,032	12,479	3,050	109	109
ACCRUED VACATION	51,650	51,650	51,650	51,650	81,493	81,493
ACCRUED PAYROLL	671,507	1,326,100	1,466,713	1,357,529	1,115,643	1,367,230
ACCRUED PENSION	83,416,581	82,830,668	82,830,668	82,830,668	82,830,668	82,830,668
PENSION SUBJECT TO COMPROMISE						
BOND INTEREST PAYABLE	2,540,890	2,797,511	3,054,132	3,310,753	3,567,374	3,742,374
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
BONDS SUBJECT TO COMPROMISE						
NOTES PAYABLE	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
CAPITAL LEASE	97,467	93,003	88,538	84,074	79,610	75,145
MORTGAGES PAYABLE	1,187,162	1,177,756	1,168,296	1,158,564	1,148,221	1,138,379
NEW LENDER REVOLVER						
NEW LENDER TERM FACILITY						
OTHER LIABILITIES	1,011,663	1,422,113	1,420,837	1,419,562	1,417,901	1,416,240
TOTAL LIABILITIES	151,755,075	149,362,013	149,658,020	149,616,343	149,817,244	151,134,369
FUND BAL-UNRESTRICTED	12,947,649	13,238,580	13,911,523	14,567,040	17,484,972	18,049,578
FUND BAL-TEMP RESTRICTED	104,304	104,304	104,304	104,304	240	5,668
TOTAL FUND BALANCE	13,051,953	13,342,884	14,015,827	14,671,344	17,485,212	18,055,245
TOTAL LIAB & FUND BALANCE	164,807,028	162,704,897	163,673,847	164,287,688	167,302,456	169,189,614