UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF PENNSYLVANNIA

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.

Schedule of Cash Receipts and Disbursements	MOR-I	х	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	x	
Schedule of Professional Fees Paid	MOR-1b	х	
Copies of bank statements		х	(KP Corp. operating account only, per discussion with UST)
Cash disbursements journals		х	(provided directly to UST & professionals)
Statement of Operations	MOR-2	x	
Balance Sheet	MOR-3	x	
Status of Postpetition Taxes	MOR-4	×	`
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	х	
Listing of aged accounts payable	MOR-4	х	
Accounts Receivable Reconciliation and Aging	MOR-5	х	
Debtor Questionnaire	MOR-5	х	

are true and correct to the best of my knowledge and bel	ief.
<u> </u>	
Signature of Debtor	Date
Signature of Joint Debtor	Date
Addan	3-4-14
Signature of Authorized Individual*	Date ·
JAMES HOVAN	EVP/CF0
Printed Name of Authorized Individual	Title of Authorized Individual

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents

^{*}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,

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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	CUMULATIVE FILING TO D	O DATE		
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH								
							•	
RECEIPTS								
CASH SALES	F 700 000				5 700 000		00 000 040	
ACCOUNTS RECEIVABLE	5,799,280				5,799,280		63,939,842	
LOANS AND ADVANCES SALE OF ASSETS					-			
OTHER (ATTACH LIST)		1		-				
TRANSFERS (FROM DIP ACCTS)							- 	
TRANSPERS (FROM DIFACCIS)		1					-	
TOTAL RECEIPTS	5,799,280	 			5,799,280		63,939,842	
TOTAL RECEILTS	3,733,200				3,733,200		00,303,042	
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)								
		1					-	
Health/Medical/WorkersComp	533,212				533,212		6,576,477	
OWNER DRAW *								
		1						
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								
	0.700.077				0.700.077		00 444 500	
TOTAL DISBURSEMENTS	6,722,277				6,722,277		63,441,522	
	/				(
NET CASH FLOW	(922,997)				(922,997)		498,320	
(RECEIPTS LESS DISBURSEMENTS)								
		1			1			
CASH - END OF MONTH								

 $[\]ast$ COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)			
	6	,722,277	
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS			
BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$		
TING U.S. TRUSTEE QUARTERLY FEES	6	,722,277	
Disbursments (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			
Total			
	SSION ACCOUNTS BY OUTSIDE SOURCES (i.e. from escrow accounts) TING U.S. TRUSTEE QUARTERLY FEES Disbursments (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 Inon Range KidsPeace New York	SSION ACCOUNTS \$ 3Y OUTSIDE SOURCES (i.e. from escrow accounts) STING U.S. TRUSTEE QUARTERLY FEES Disbursments (based on allocation reviewed with US Trustee) KidsPeace RewEngland KidsPeace Resabi KidsPeace Hospital KidsPeace National Centers KidsPeace National Centers North America KidsPeace Iron Range KidsPeace New York	

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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. F	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL PROJECTI		
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 A	CCOUNTS	\$			
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)					
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES					
For Quarterly Fee Purposes	Disbursments (based on allocation reviewed with US Trustee)				

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In re KidsPeace Corporation
Debtor

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

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.

	Operati	nσ	Pa	yroll	Т	`ax	Other		
	#		#		#		#	T	
BALANCE PER BOOKS	6,452,656.69		"				,,	+	
B.I.B.II (CD I DA DO OIL)	5,102,000,009								
BANK BALANCE	6,501,088.92								
(+) DEPOSITS IN TRANSIT									
(-) OUTSTANDING CHECKS	48,432.23	(see cash flo	w)						
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	
		Timount			O.H. II	Timount	CAN II		
	+							<u> </u>	
	+								
								<u> </u>	
OTHER									
								<u> </u>	
		<u> </u>		ļ			<u> </u>		

In re KidsPeace Corporation
Debtor

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

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

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

		Amount		Che	eck	Amour	nt Paid			Filing-To-Date
Payee	Period Covered	Approved	Payor	Number	Date	Fees	Expenses	Fe	ees/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			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	- 1,002	7.1,7-1.7
Office Expense-Direct Family Costs	0	0
Pension & Profit-Sharing Plans	, ,	Ü
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	03,312	123,421
Taxes - Other		
Travel and Entertainment		
Utilities Utilities	24,589	190,462
Other (attach schedule)	87,232	670,990
Total Operating Expenses Before Depreciation	67,232	070,770
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	-1,510,595	-11,899,147
Other Income (attach schedule) Intercompany	-2,764,025	-26,431,922
Interest Expense	203,466	2,501,517
	205,400	
Other Expense (attach schedule)	1,043,963	13
Net Profit (Loss) Before Reorganization Items	1,043,963	12,031,243
REORGANIZATION ITEMS	142,000	4.527.000
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

^{*&}quot;Insider" is defined in 11 U.S.C. Section 101(31).

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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 CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
CURRENT ASSETS	January '14	May '13 (May 31st)
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

LIADH WHEG AND OWNED FOUND	BOOK VALUE AT END OF	BOOK VALUE ON
LIABILITIES AND OWNER EQUITY LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)	CURRENT REPORTING MONTH	PETITION DATE
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

^{*&}quot;Insider" is defined in 11 U.S.C. Section 101(31).

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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 E	arned Income, O	PT 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										
	Current	0-30	31-60	61-90	Over 90	Total					
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:_ Hurricaine 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.

^{*&}quot;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		X
this reporting period? If yes, provide an explanation below.		
2. Have any funds been disbursed from any account other than a debtor in possession		X
account this reporting period? If yes, provide an explanation below.		
3. Have all postpetition tax returns been timely filed? If no, provide an explanation	X	
below.		
4. Are workers compensation, general liability and other necessary insurance	X	
coverages in effect? If no, provide an explanation below.		
5. Has any bank account been opened during the reporting period? If yes, provide		X
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.		

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Exhibits

A Bank Account Balances

B Weekly Cash Flow

C Monthly Financial Statement

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

				Oct 31, 2013	Nov 30, 2013	Dec 31, 2013	Jan 31, 2014	
<u>No</u> <u>Debtor</u>	<u>Bank</u>	Account Name	<u>Account</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Notes</u>
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, Ir	nc. 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	Α
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 Engla	and, Inc. Key Bank	Savings Account	xx-5643	0.12	0.00	0.00	0.00	В
15 KidsPeace National Centers of Georgia, Ir	nc. 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 Engla	and, Inc. Key Bank	Cert. Of Deposit	xx-6344	0.00	0.00	0.00	0.00	В
17 KidsPeace National Centers of New Engla	and, Inc. Key Bank	Checking	xx-2580	-3.00	0.00	0.00	0.00	В
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, Ir	nc. BB&T	Checking	xx-1522	0.00	0.00	0.00	0.00	С
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	Α
24 Kids Peace Corporate	Wells Fargo	Unemployment Comp (CD)	xx-7207	10,553.14	10,553.14	10,553.14	10,553.14	Α
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 opended Janruary 2014

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KidsPeace						Ducu	III C III	га	ye 12	01 14									
13-Week CashFlow				Г	1st Quarter '14														
(Exhibit B)					KidsPeace Consolidated	77%	12%	4%	6%	January	77%	12%	4%	6%	Cumulative	77%	12%	4%	6%
(=======)	01/12/14	01/19/14	01/26/14	02/02/14	Total	KPCorp	KPNewEngland	KPGeorgia	KPMesabi	Total	KPCorp	KPNewEngland	KPGeorgia	KPMesabi	Total	KPCorp	KPNewEngland	KPGeorgia	KPMesabi
Weekly Cash Collections																			
Patient Collections	1,295,894	1,403,887	2,384,785	1,647,753	6,732,319	5,211,750		295,484	406,568	6,732,319	5,211,750	818,517	295,484	406,568	79,747,215	61,735,418	9,695,687	3,500,130	4,815,979
Other Revenue	88,862	78,270	537,460	65,417	770,009	596,094	93,618	33,796	46,501	770,009	596,094	93,618	33,796	46,501	3,397,756	2,630,335	413,100	149,129	205,192
Total Collections	1,384,756	1,482,157	2,922,245	1,713,170	7,502,328	5,807,844	912,135	329,280	453,070	7,502,328	5,807,844	912,135	329,280	453,070	83,144,971	64,365,754	10,108,787	3,649,259	5,021,171
Revolver Fees	(175)	(10,572)	(140)	(175)	-11,062	-8,564	-1,345	-486	-668	-11,062	-8,564	-1,345	-486	-668	-550,174	-425,911	-66,890	-24,147	-33,225
Net Collections	1,384,581	1,471,585	2,922,105	1,712,995	7,491,266	5,799,280	910,790	328,794	452,402	7,491,266	5,799,280	910,790	328,794	452,402	82,594,796	63,939,842	10,041,897	3,625,111	4,987,946
Operational Disbursements																			
Payroll	1,735,197	117,917	1.749.449	2,763	3.605.327	2,791,024	438.337	158,239	217,728	3,605,327	2,791,024	438.337	158,239	217,728	33,783,780	26.153.337	4.107.441	1,482,781	2,040,221
Fed/FICA/PA Emp./Other	47,852	771,125	29,399	941,019	1,789,395	1,385,240		78,537	108,063	1,789,395	1,385,240	217,555	78,537	108,063	14,799,375	11,456,771	1,799,312	649,549	893,743
Health & Dental	224,162	345,630	7,971	4,967	582,730	451,114		25,576	35,191	582,730	451,114	70,849	25,576	35,191	7,770,381	6,015,354	944,725	341,044	469,258
Workers Compensation	10.083	95,968	.,		106.051	82.098		4,655	6,404	106.051	82,098	12.894	4,655	6,404	724,836	561.123	88.126	31,813	43,773
Accounts Payable	417.698	917,607	170,908	729,273	2,235,486	1,730,577	271,791	98,116	135,002	2.235.486	1,730,577	271,791	98,116	135,002	21,318,173	16,503,226	2,591,869	935,661	1.287.416
Other	3,199	47,221	,		50.420	39.032				50,420	39.032	6.130	2.213	3.045	554,052	428,913	67.362	24,318	33,460
Total Operational Disbursements	2,438,192	2,295,468	1,957,727	1,678,022	8,369,409	6,479,085		367,336	505,433	8,369,409	6,479,085	1,017,555	367,336	505,433	78,950,597	61,118,726	9,598,834	3,465,166	4,767,871
CashFlow from Operations	(1,053,611)	(823,883)	964,378	34,973	-878,143	-679,805	-106,765	-38,542	-53,032	-878,143	-679,805	-106,765	-38,542	-53,032	3,644,200	2,821,117	443,063	159,945	220,075
Other Disbursements																			
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	439	604
Ombudsman & Counsel				56.645	56.645	43.851	6.887	2.486	3.421	56.645	43.851	6.887	2.486	3,421	278.958	215,953	33,916	12,244	16.846
Other			45,025	30,043	45,025	34,856				45,025	34,856	5,474	1,976	2,719	128.835	99,736	15,664	5,655	7,780
Claims Agent	3.476		45,025		3,476	2,691				3,476	2,691	423	153	210	13.372	10,352	1,626	587	808
Utility Escrow (see reserve)	3,470				3,470	2,091		133	210	3,470	2,031	0	133	210	13,372	10,332	1,020	387	0
Debtor Professional Fees - Debtor	51,065		46,443		97.508	75,485	-	-	5.889	97.508	75,485	11,855	4.280	5,889	852.510	659.961	103.648	37.417	51,484
Bondholder Professional Fees - Creditor	65,224		40,443		65,224	50,493				65,224	50,493	7,930	2,863	3,939	723,751	560,284	87,994	31,766	43,708
Committee Professional Fees - Creditor	03,224		46 268		46 268	35,818		2,003	2,794	46.268	35,818	5 625	2,003	2,794	683 392	529.041	83.087	29,994	41,270
Total Other Disbursements	119,765	-	137,737	56,645	314,146	243,193				314,146	243,193	38,194	13,788	18,971	3,000,490	2,322,796	364,800	131,692	181,201
	// /TO OTT	(000 000)	******	(04.070)	1 100 000	000.007	******	-52 330	70.000			-144 959	-52 330	-72 003	0.10.700		70.000	00.050	38 874
Net Cash Flow Total Disbursments	(1,173,375)	(823,883)	826,641	(21,672)	-1,192,289 8,683,555	-922,997 6.722,277			-72,003 524,405	-1,192,289 8 683 555	-922,997 6.722,277		-52,330 381 124	-72,003 524 405	643,709 81 951 087	498,320 63.441.522	78,262 9,963,635	28,253 3,596,859	4.949.072
Beginning Loan Balance	2.000.000	2,000,000	2,000,000	2,000,000	1,051,405	0,722,277	1,000,749	301,124	324,403	0,003,300	0,722,277	1,000,749	301,124	324,403	01,951,007	03,441,322	9,963,633	3,390,839	4,949,072
Net Collections	(1,295,719)	(1,393,315)	(2,384,645)	(1,647,578)	-28.103.418														
Advance Request	1,295,719	1,393,315)	2,384,645	1.647,578	-26,103,416 28.103.418														
Ending Loan Balance	2,000,000	2,000,000	2,000,000	2,000,000	1,051,405														
		_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_,,,,,,,,,,	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,001,100														
Adjusted Borrowing Base	10.916.580	11.385.034	10,627,386	10.739.324	8.457.369														
Beginning Loan Balance	(2.000.000)	(2,000,000)	(2.000.000)	(2.000.000)	-2.000.000														
Net Collections	1,295,719	1,393,315	2,384,645	1,647,578	3,466,221														
Advance Request	(1,295,719)	(1,393,315)	(2,384,645)	(1,647,578)	-3,466,221														
Ending Availability	8,916,580	9,385,034	8,627,386	8,739,324	6,457,369														
Operating Account																			
Beginning Book Cash	7,644,946	6,471,571	5,647,688	6,474,328	6,676,345														
Disbursements Paydowns to Revolver	(2,557,956)	(2,295,468)	(2,095,464)	(1,734,667)	-28,235,266														
Advances from Revolver	1.295.719	1.393.315	2.384.645	1.647.578	29.396.355														

1,295,719 88,862

6,471,571

7,077,193 605,622

Advances from Revolver Other Deposits Ending Book Cash

Ending Bank Cash Float

1,393,315 78,270

5,647,688

6,159,167 511,480

2,384,645 537,460

6,474,328

6,883,739 409,410

1,647,578 65,417

6,452,657

6,501,089 48,432

29,396,355 175,576

8,013,010 0 8,101,908 88,899

(Exhibit C)

KIDSPEACE CORPORATION & AFFILIATES KIDSPEACE CORPORATION	Actual	Actual	Actual	Actual	Projected	Projected
	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
REVENUE		30p =3	500 25		200 20	· · · · · ·
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	770.004	714 252	701 269	750 605	701 174	760 627
SALARIES	779,994	714,352	701,368 108,589	750,685	781,174	769,627
EMPLOYEE HEALTH	128,339	97,454	•	89,580	159,149	108,512
OTHER BENEFITS PAYROLL TAXES	10,650	30,013	(11,863)	42,677	34,623	25,554
SUPPLIES	82,612 25,890	73,042	67,976	67,483	79,463	83,312 44,749
		61,834	53,086	41,296	58,536	
PROFESSIONAL SERVICES TELEPHONE	664,034	79,976	423,945	408,751	591,391	505,940
	9,298	6,693	5,192	7,382	5,882	6,634
EQUIP RENTAL/MAINT LEASE OF PROPERTY	102,530 244	105,949 244	112,548 244	88,654 244	98,785 24 4	111,284 256
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	2,133	-	4,043	-	7,001	4,221
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!	

Case 13-14508-ref	Doc 962	Document	06/14 Ent Page 14		6/14 10:39:0	01 Desc Main
ASSETS	Aug-13	Sep-13				
CURRENT ASSETS	0.200.012	10 107 674	10 500 001	0 122 121	0.220.040	7 105 142
CASH-GENERAL CASH-RESTRICTED	9,309,912 2,447,496	10,107,674 2,489,862	10,568,691 2,573,569	8,122,121 2,661,804	8,339,840 2,085,920	7,105,143 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	3,033,013	3,033,030	3,033,000	3,033,311	3,033,341	3,033,372
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 CONSTRUCTION IN PROGRESS	64,406,756	64,406,756	64,406,756	64,416,236 227,174	65,920,655	65,957,063
OTHER DEPRECIABLE ASSETS	1,919,572	177,534	233,949	227,174	54,092	69,426
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	10.,007,020	102),701,037	100,070,017	10 1,207,000	107,302, .30	103/103/01:
LIABILITIES ACCOUNTS DAYABLE	9,449,660	6 240 191	6 254 707	6 000 404	6 266 225	7 172 720
ACCOUNTS PAYABLE A/P SUBJECT TO COMPROMISE	9,449,660	6,340,181	6,254,707	6,090,494	6,266,225	7,172,729
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 BONDS SUBJECT TO COMPROMISE	51,310,000	51,310,000	51,310,000	51,310,000	51,310,000	51,310,000
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