Edkey, Inc.

Financial Performance

June 30, 2013

Net Income

The June 30 2013 Financial Statements reflects a net loss of $836,285 this is a result of the expansion in the number of schools and the amount of amortization and depreciation that the company has incurred. Total Amortization and Depreciation was $1,841,109 for the Fiscal Year Ended June 30, 2013. When added to the net loss this reflects a positive change in net assets of $1,004,824.

Fixed Charge Coverage Ratio

The Company's fixed charge coverage ratio is .38 when calculated in the manner in which the financial framework requires. However with in the current portion of long term debt there is a one-time charge of $8,000,000 on the June 30, 2013 balance sheet. This charge is related to the prepayment of a bond obligation listed as the 2010 series bond. On June 30, 2013 the company had in its bond reserve $8,000,000 with which to pay this obligations. This current portion of a normally long term debt was the result of a refunding of the 2010 Series bonds from funds borrowed in the 2013 Series Bonds. This item would not be normally included in a fixed charge coverage ratio as it is not an ongoing charge.

The following reflects the ratio as calculated and as revised reflection the one time nature of this current portion of a long term debt:

	Per Audit	Revised
Change in Net Assets	(836,285)	(836,285)
Depreciation	1,705,050	1,705,050
Amortization	136,059	136,059
Interest Expense	2,969,826	2,969,826
Lease Expense	527,179	527,179
	4,501,829	4,501,829

Current Portion Of Long term Debt	8,493,870	493,870
Interest Expense	2,969,828	2,969,828
Lease Expense	527,179	527,179
	11,990,877	3,990,877
Fixed Charge Coverage Ratio	0.38	1.13