



UNITED, INC.

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FOR IMMEDIATE RELEASE

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Rainbows United, Inc. begins plans for reorganization Emprise Bank provides \$1.5 million loan to help nonprofit

Wichita, Kan. July 31, 2009 –Rainbows United, Inc. has made initial plans for reorganizing following Thursday’s filing for Chapter 11 bankruptcy. Fundamental elements of the plan include selling two of its facilities, employee reductions and securing a loan for up to \$1.5 million from Emprise Bank.

“We regret the difficult decisions we’ve had to make, particularly when they affect services to children and our employees,” said Steve Cox, Chairman of the Board for Rainbows. “However, we believe we have a plan where we have minimized cuts to services and have leveraged community support from unbelievable partners such as Emprise Bank.”

Emprise, which is listed as one of Rainbows’ major creditors in the bankruptcy along with three other financial institutions, has extended a \$1.5 million loan to the organization to provide adequate cash flow during the reorganization process. Emprise is owed \$2.3 million for financing Rainbows’ newest facility, Kids’ Point at K-96 and Oliver.

“We believe in the mission of Rainbows, which is to serve children with disabilities in our community, and we believe in the leadership of the Board of Directors and the staff,” said Mike Michaelis, Chairman, Emprise Bank. “As a community, we need to do all we can to work together to ensure the quality services provided by this organization remain intact.”

In their efforts to reorganize, Rainbows announced on Friday that it was:

- Laying off approximately 70 employees;
- Selling assets, including two buildings: the Ritchie Family Center at 251 S. Whittier, and Family Enrichment Center location at 340 S. Broadway;
- Consolidating services at its remaining two locations – Kids’ Cove at 2258 N. Lakeway Circle, and Kids’ Point at 3223 N. Oliver;
- Shifting the structure of center-based services to focus primarily on children with special needs and children at-risk ages 3-5; and
- Downsizing child care options for typically-developing children.

Rainbows United remains committed to services focused on the agency’s core mission, including supports for children with special needs and their families.

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Earlier this week, the Board of Directors decided to file for Chapter 11 bankruptcy after financial irregularities were discovered in financial reports. Although the filing indicates Rainbows' assets appear to exceed the total indebtedness, lack of cash resources and adequate cash flow necessitates the filing of the case. According to the bankruptcy filing Rainbows has estimated assets of \$14 million, and liabilities of \$5.6 million.

More plans are expected to be announced in the coming weeks, including how to pay the withholding taxes, loans and nearly \$800,000 owed to partners and other vendors in the community.

"We realize the information in this filing is heartbreaking for everyone, especially for parents, donors, our employees and for our community partners," said Steve Cox, Chairman of the Board. "We want to assure everyone that we are doing everything we can to work through this situation so that we can remain a viable organization that helps children and is a valuable partner in our community."

Cox indicated the Board and outside consultants were still trying to determine the exact cause of the financial discrepancies. It may take a few weeks or even months to fully understand, he said. But the Board is moving quickly to provide information to the bankruptcy court and to partners.

"We are working with our funding partners to focus intently on the children," Cox said. "Everyone is most focused on preserving core services to the children and families."

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