UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K /A

(Amendment No. 1)

Current Report

Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 15, 2013

GENIUS BRANDS INTERNATIONAL, INC.
(Name of registrant as specified in its charter)

Nevada	**000-54389**	**20-4118216**
(State or other jurisdiction of Incorporation or organization)	*(Commission File Number)*	*(I.R.S. Employer Identification Number)*

3111 Camino del Rio North, Suite 400, San Diego, CA	**92108**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (858) 450-2900

(Former name or former address, if changed since last report)

Copies to:
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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

The purpose of this Amendment No. 1 (the "Amendment") on Form 8-K/A to Genius Brands International, Inc.'s (the "Company") Current Report on Form 8-K filed with the Securities and Exchange Commission on November 20, 2013 (the "Form 8-K") is to include Exhibits 99.1, 99.2 and 99.3.

No other changes have been made to the Form 8-K. This Amendment speaks as of the original filing date of the Form 8-K, does not reflect events that may have occurred subsequent to the original filing date and does not modify or update in any way disclosures made in the Form 8-K, except as otherwise set forth above.

Item 1.01 Entry into a Material Definitive Agreement.

The information set forth in Item 2.01 is incorporated by reference herein.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The Merger

On November 15, 2013, Genius Brands International, Inc., a Nevada corporation ("we" or the "Company") entered into an Agreement and Plan of Reorganization (the "Merger Agreement") with A Squared Entertainment LLC, a Delaware limited liability company ("A Squared"), A Squared Holdings LLC, a California limited liability company and sole member of A Squared (the "Parent Member") and A2E Acquisition LLC, our newly formed, wholly-owned Delaware subsidiary ("Acquisition Sub"). Upon closing of the transactions contemplated under the Merger Agreement (the "Merger"), which occurred concurrently with entering into the Merger Agreement, our Acquisition Sub merged with and into A Squared, and A Squared, as the surviving entity, became a wholly-owned subsidiary of the Company. As a result of the Merger, the Company acquired the business and operations of A Squared. A Squared is a children's entertainment production company that produces original content for children and families that provide entertaining and educational media experiences. A Squared also creates comprehensive consumer product programs in the forms of toys, books and electronics. A Squared works with broadcasters, digital and online distributors and retailers worldwide as well as major toy companies, video game companies and top licensees in the kids and family arena.

Pursuant to the terms and conditions of the Merger:

- At the closing of the Merger, the membership interests of A Squared issued and outstanding immediately prior to the closing of the Merger were cancelled and the Parent Member received shares of our common stock. Accordingly, an aggregate of 297,218,237 shares of our common stock were issued to the Parent Member.

- Upon the closing of the Merger, Klaus Moeller resigned as the Company's Chief Executive Officer and Chairman and Larry Balaban resigned as the Company's Corporate Secretary, and simultaneously with the effectiveness of the Merger, Andrew Heyward was appointed as the Company's Chief Executive Officer, Amy Moynihan Heyward was appointed as the Company's President and Gregory Payne was appointed as the Company's Corporate Secretary. Mr. Moeller remains a director of the Company.

- Effective upon the Company's meeting its information obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Michael Meader, Larry Balaban Howard Balaban and Saul Hyatt will resign as directors of the Company and Andrew Heyward, Amy Moynihan Heyward, Lynne Segall, Jeffrey Weiss, Joseph "Gray" Davis, William McDonough and Bernard Cahill will be appointed as directors of the Company.

In connection with the Merger, the Parent Member, Andrew Heyward and Amy Moynihan Heyward each executed a lockup agreement pursuant to which they agreed to refrain from selling or transferring securities of the Company they own for a period of time beginning on the closing date of the Merger and ending 90 days after the effective date of the Company's registration statement filed pursuant to the Financing Registration Rights Agreement (as discussed below). Additionally, the Company and the Parent Member entered into a Registration Rights Agreement (the "Merger Registration Rights Agreement") pursuant to which the Company granted the Parent Member demand registration rights and piggy back registration rights at any time following (18) months from the date of the closing of the Merger.

At the closing of the Merger, the Company sold an aggregate of 29,642,857 shares of shares of its common stock, $0.001 par value per share (the "Common Stock") in a private placement (the "Private Placement") to certain investors (the "Investors") at a per share price of $0.035 for gross proceeds to the Company of $1,037,500. The shares of Common Stock issued in the Private Placement are subject to price protection and "most favored nations" protection for a period equal to the lesser of three (3) years from the closing of the Private Placement or until no Investor holds any Common Stock purchased in the Private Placement, in the event the Company issues securities at a per share price of less than $0.035 per share, subject to certain exceptions, or otherwise issues securities to new investors whereby the Investors reasonably believe that the terms and conditions appurtenant to such issuance or sale are more favorable to that which were received by the Investors. In connection with the Private Placement, the Company's pre-Merger officers and directors executed lockup agreements pursuant to which they agreed to refrain from selling or transferring the shares of securities of the Company for a period of beginning on the closing date of the Merger and ending 90 days after the effective date of the Company's registration statement filed pursuant to the Financing Registration Rights Agreement (as discussed below), subject to certain leak-out provisions.

In connection with the Private Placement, the Company and the Investors entered into a Registration Rights Agreement (the "Financing Registration Rights Agreement") pursuant to which the Company agreed to file a "resale" registration statement with the Securities and Exchange Commission (the "SEC") covering all shares of Common Stock sold in the Private Placement within 90 days of the closing of the Private Placement (the "Filing Date"). The Company has agreed to maintain the effectiveness of the registration statement from the effective date until all securities have been sold or are otherwise able to be sold pursuant to Rule 144. The Company has agreed to use its reasonable best efforts to have the registration statement declared effective within 125 days (the "Effectiveness Date") of the Filing Date.

The Company is obligated to pay to Investors a fee of 1% per month of the Investors' investment, payable in cash, for every thirty (30) day period up to a maximum of 6% upon the occurrence of certain events, including, (i) following the Filing Date that the registration statement has not been filed and (ii) following the Effectiveness Date that the registration statement has not been declared effective.

The foregoing description of the Merger and related transactions does not purport to be complete and is qualified in its entirety by reference to the complete text of the Merger Agreement and the Merger Registration Rights Agreement, which is filed as Exhibit 10.1 and 10.2, respectively hereto and which are incorporated herein by reference.

The foregoing description of the Private Placement and related transactions does not purport to be complete and is qualified in its entirety by reference to the complete text of the form of Securities Purchase Agreement and Financing Registration Rights Agreement filed as Exhibits 10.3 and 10.4, respectively hereto and which are incorporated herein by reference.

Following the closing of the Merger, we will continue to be a "smaller reporting company," as defined in Item 10(f)(1) of Regulation S-K, as promulgated by the SEC.

Changes to the Board of Directors and Executive Officers. On November 15, 2013, effective upon the closing of the Merger, Klaus Moeller resigned as the Company's Chief Executive Officer and Chairman and Larry Balaban resigned as the Company's Corporate Secretary, and simultaneously with the effectiveness of the Merger, Andrew Heyward was appointed as the Company's Chief Executive Officer, Amy Moynihan Heyward was appointed as the Company's President and Gregory Payne was appointed as the Company's Corporate Secretary. Mr. Moeller remains a director of the Company. Effective upon the Company's meeting its information obligations under the Exchange Act, Michael Meader, Larry Balaban Howard Balaban and Saul Hyatt will resign as directors of the Company and Andrew Heyward, Amy Moynihan Heyward, Lynne Segall, Jeffrey Weiss, Joseph "Gray" Davis, William McDonough and Bernard Cahill will be appointed as directors of the Company.

On November 15, 2013, the Company entered into an employment agreement with Andrew Heyward (the "Andrew Heyward Employment Agreement"), whereby Mr. Heyward agreed to serve as the Company's Chief Executive Officer for a period of five years, subject to renewal, in consideration for an annual salary of $200,000. Additionally, under the terms of the Andrew Heyward Employment Agreement, Mr. Heyward shall be eligible for an annual bonus if the Company meets certain criteria, as established by the Board of Directors. Mr. Heyward shall be entitled to reimbursement of reasonable expenses incurred in connection with his employment and the Company may take out and maintain during the term of his tenure, a life insurance policy in the amount of $1,000,000. During the term of his employment and under the terms of the Andrew Heyward Employment Agreement, Mr. Heyward shall be entitled to be designated as composer on all music contained in the programming produced by the Company and to receive composer's royalties from applicable performing rights societies.

On November 15, 2013, the Company entered into an employment agreement with Amy Moynihan Heyward (the "Amy Heyward Employment Agreement"), whereby Ms. Heyward agreed to serve as the Company's President for a period of five years, subject to renewal, in consideration for an annual salary of $180,000. Additionally, under the terms of the Amy Heyward Employment Agreement, Ms. Heyward shall be eligible for an annual bonus if the Company meets certain criteria, as established by the Board of Directors. Ms. Heyward shall be entitled to reimbursement of reasonable expenses incurred in connection with her employment and the Company may take out and maintain during the term of her tenure, a life insurance policy in the amount of $1,000,000. During the term of her employment and under the terms of the Amy Heyward Employment Agreement, Ms. Heyward shall be entitled to be designated as composer on all music contained in the programming produced by the Company and to receive composer's royalties from applicable performing rights societies.

The foregoing description of the Andrew Heyward Employment Agreement and the Amy Heyward Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Andrew Heyward Employment Agreement and the Amy Heyward Employment Agreement filed as Exhibits 10.5 and 10.6, respectively hereto and which are incorporated herein by reference.

Andrew Heyward, 64, co-founded DIC Animation City in 1983 and served as its Chief Executive Officer until its sale in 1993. Mr. Heyward purchased DIC Entertainment L.P. and DIC Productions L.P, corporate successors to the DIC Animation City business in 2000 and served as the Chairman and Chief Executive Officer of their acquiring company DIC Entertainment Corporation, until its sale in 2008. Mr. Heyward co-founded A Squared in 2009 and has served as its Co-President since inception. Mr. Heyward earned a Bachelor of Arts degree in Philosophy from UCLA and is a member of the Producers Guild of America, the National Academy of Television Arts and the Paley Center (formerly the Museum of Television and Radio). Mr. Heyward gave the Commencement address in 2011 for the UCLA College of Humanities, and was awarded the 2002 UCLA Alumni Association's Professional Achievement Award. He has received multiple Emmys and other awards for Children's Entertainment. He serves on the Board of Directors of the Cedars Sinai Medical Center.

Amy Moynihan Heyward, 46, is the founder and has been the President of A Squared since 2009. Prior the formation of A Squared, Ms. Heyward served as the Vice President of Marketing at the Los Angeles Times from 2006 to 2008 and from 2003 to 2006, Ms. Heyward served as the director of global marketing for McDonald's Corporation. From 2002 to 2003, Ms. Moynihan handled promotions and sponsorships for Hasbro, Inc. and from 1994 to 2000, Ms. Heyward worked in various marketing posts for Disney. Ms. Heyward received degrees in Marketing Communications and Journalism from Northeastern University and sits on the Boards of Directors of LA's Best and After School All-Stars.

Gregory Payne, 59, has been the Chief Operating Officer and General Counsel to A Squared Entertainment LLC since October 2011 and A Squared Holdings LLC since March 2009. He was an attorney in private practice and the Chairman of Foothill Entertainment, Inc. from 2000 to present. Mr. Payne served as Senior Vice President Legal and Business Affairs to DIC Animation City, DIC Entertainment L.P. and DIC Productions L.P. variously during the period from 1986 to 1998 and was an attorney in private practice from 1978 until 1986. Mr. Payne is a director and 50% shareholder of Foothill Entertainment Inc. Mr. Payne received his Juris Doctorate from Stanford Law School.

Except that Andrew Heyward is the spouse of Amy Moynihan Heyward, none of the Company's executive officers or directors have any family relationship with any other executive officers or directors of the Company. There are no arrangements or understandings between either Andrew Heyward or Amy Moynihan Heyward and any other person pursuant to which such person was appointed as an officer or director of the Company, except as otherwise described herein. There have been no related party transactions in the past two years in which the Company or any of its subsidiaries was or is to be a party, in which either Andrew Heyward or Amy Heyward has, or will have, a direct or indirect material interest, except as described herein. Amy Heyward and Andrew Heyward are the founders and officers of A Squared. Additionally, Amy Moynihan Heyward and Andrew Heyward own 95% of the outstanding membership interests of the Parent Member.

Pre-Merger Officer and Directors

In connection with the Merger, the Company and Klaus Moeller entered into a termination agreement to terminate Mr. Moeller's employment agreement dated as of October 29, 2013 (the "Moeller Employment Termination Agreement"). Under the terms of the Moeller Employment Termination Agreement, Mr. Moeller agreed to cancel options to purchase an aggregate of up to 1,950,000 shares of the Common Stock.

The foregoing description of the Moeller Employment Termination Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Moeller Employment Termination Agreement filed as Exhibit 10.7 hereto and which is incorporated herein by reference.

In connection with the Merger, the Company and certain of our pre-merger directors agreed to cancel outstanding options to purchase up to an aggregate of 5,850,000 shares of Common Stock.

In connection with the Merger, the Company entered into Salary Conversion Agreements with each of Klaus Moeller, Jeanene Morgan, Larry Balaban, Howard Balaban and Michael Meader pursuant to which such individuals agreed to convert an aggregate of approximately $612,442.62 in accrued but unpaid salaries into an aggregate of 12,414,516 shares of Common Stock.

The foregoing description of the salary conversions does not purport to be complete and is qualified in its entirety by reference to the complete text of the salary conversion agreements with each of Mr. Moeller, Ms. Morgan, Mr. Larry Balaban, Mr. Howard Balaban and Mr. Meader, which are filed as Exhibits 10.8, 10.9, 10.10, 10.11 and 10.12, respectively hereto and which are incorporated herein by reference.

Consulting Agreements

In connection with the Merger, the Company entered into a marketing consultation agreement with Girlilla Marketing LLC ("Girlilla" and the agreement the "Girlilla Consulting Agreement") pursuant to which Girlilla agreed to provide certain strategic digital marketing services in consideration for 1,000,000 shares of Common Stock (the "Girlilla Shares"), which shall vest as follows: 200,000 shares upon execution of the Girlilla Consulting Agreement, 200,000 shares on January 15, 2014, 200,000 shares on March 15, 2014, 200,000 shares on June 15, 2014 and 200,000 shares on September 14, 2014.

Additionally, the Company entered into an engagement letter with ROAR LLC ("ROAR" and the engagement letter, the "ROAR Engagement Letter") pursuant to which ROAR agreed to provide the Company will services, including the development of a business development strategy, for a period of 18 months. In consideration for its services, the Company agreed to pay ROAR 6,749,175 shares of Common Stock (the "ROAR Shares") which shall vest as follows: 2,000,000 shares upon execution of the ROAR Engagement Letter, 2,000,000 shares on January 15, 2014, 1,374,588 shares on September 15, 2014 and 1,374,587 shares on March 15, 2015.

Bernard Cahill is the founder of ROAR and ROAR owns 65% of Girlilla. Mr. Cahill will be appointed a director of the Company upon the Company meeting its information requirements under the Exchange Act.

The foregoing description of the Girlilla Agreement and the ROAR Engagement Letter does not purport to be complete and is qualified in its entirety by reference to the complete text of the ROAR Engagement Letter and the Girlilla Agreement filed as Exhibits 10.13 and 10.14, respectively hereto and which are incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

Merger

The information set forth in Item 2.01 is incorporated by reference herein.

Private Placement

The information set forth in Item 2.01 is incorporated by reference herein.

Consulting Agreements

The information set forth in Item 2.01 is incorporated by reference herein.

Bridge Conversion

On November 15, 2013, the Company issued an aggregate of 44,861,260 shares of Common Stock to holders of its 12% convertible promissory notes, in the aggregate principal amount of $530,000, plus accrued but unpaid interest of $13,718.51 (the "Bridge Notes") in connection with the automatic conversion of the Bridge Notes upon consummation of the Merger, which qualified as an "Acquisition Transaction" under the terms of the Bridge Notes.

Salary Conversions

The information set forth in Item 2.01 is incorporated by reference herein.

Debt Conversions

On November 15, 2013, the Company issued an aggregate of 7,323,707shares of Common Stock to Klaus Moeller, Michael Meader, Larry Balaban and Howard Balaban in consideration for the cancellation of an aggregate of $256,329.76 in loans and accrued but unpaid interest thereon made to the Company by such individuals.

Debenture Conversion

On November 15, 2013, the Company issued an aggregate of 92,943,387 shares of Common Stock to holders of its 16% senior secured convertible debentures, in the aggregate principal amount of $1,088,333.32, plus accrued but unpaid interest in the aggregate amount of $38,140.54 (the "Debentures"), in connection with the automatic conversion of the Debentures upon consummation of the Merger, which qualified as an "Acquisition Transaction" under the terms of the Debentures, as amended.

The securities referenced above were issued to "accredited investors," as such term is defined in the Securities Act of 1933, as amended (the "Securities Act") and were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933 and corresponding provisions of state securities laws.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information set forth in Item 2.01 is incorporated by reference herein.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On November 15, 2013, the Company's Board of Directors approved an amendment to the Company's bylaws (the "Bylaw Amendment") in order to "opt-out" of Section 78.378 et seq. of the Nevada Revised Statutes.

The foregoing description of the Bylaw Amendment does not purport to be complete and is qualified in its entirety by reference to the complete text of the Bylaw Amendment filed as Exhibit 3.1 hereto and which is incorporated herein by reference.

On November 15, 2013, the Company's Board of Directors approved for submission to the Company's stockholders, an amendment to the Company's Articles of Incorporation, as amended, in order to classify the Company's Board of Directors into two classes, such that 25% of the Board shall be elected annually and 75% of the Board shall be elected every three years.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired. In accordance with Item 9.01(a), (i) audited financial statements for the fiscal years ended December 31, 2012 and 2011, and (ii) unaudited financial statements for the nine-month interim period ended September 30, 2013 will be filed within 71 days of the filing of this Current Report.

(b) Pro Forma Financial Information. In accordance with Item 9.01(b), our pro forma financial statements will be filed within 71 days of the filing of this Current Report.

(d) Exhibits.

The following is filed as an Exhibit to this Current Report on Form 8-K.

Exhibit No.	**Description**
3.1	Amendment to Bylaws dated November 15, 2013*
10.1	Agreement and Plan of Reorganization between Genius Brands International, Inc., A Squared Entertainment LLC, A Squared Holdings LLC and A2E Acquisition LLC dated November 15, 2013*
10.2	Registration Rights Agreement dated November 15, 2013 between Genius Brands International, Inc. and A Squared Holdings LLC*
10.3	Form of Securities Purchase Agreement*
10.4	Form of Registration Rights Agreement between Genius Brands International, Inc. and the Investors signatory thereto*
10.5	Employment Agreement dated November 15, 2013 between Genius Brands International, Inc. and Andrew Heyward*
10.6	Employment Agreement dated November 15, 2013 between Genius Brands International, Inc. and Amy Moynihan Heyward*
10.7	Termination Agreement dated November 15, 2013 between Genius Brands International, Inc. and Klaus Moeller*
10.8	Salary Conversion Agreement dated November 14, 2013 between Genius Brands International, Inc. and Klaus Moeller*
10.9	Salary Conversion Agreement dated November 14, 2013 between Genius Brands International, Inc. and Jeanene Morgan*
10.10	Salary Conversion Agreement dated November 14, 2013 between Genius Brands International, Inc. and Larry Balaban*
10.11	Salary Conversion Agreement dated November 14, 2013 between Genius Brands International, Inc. and Howard Balaban*
10.12	Salary Conversion Agreement dated November 14, 2013 between Genius Brands International, Inc. and Michael Meader*
10.13	Engagement Letter dated November 15, 2013 between Genius Brands International, Inc. and ROAR LLC*
10.14	Consulting Agreement dated November 15, 2013 between Genius Brands International, Inc. and Girlilla Marketing LLC*
99.1	A Squared Holdings, LLC Consolidated Audited Financial Statements for the fiscal years ended December 31, 2012 and 2011
99.2	A Squared Entertainment, LLC Unaudited Financial Statements for the Nine Months ended September 30, 2013
99.3	Unaudited Pro Forma Condensed Combined Financial Information

*Incorporated by reference to the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 20, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GENIUS BRANDS INTERNATIONAL, INC.

Date: January 29, 2014

By: /s/ *Jeanene Morgan*
Name: Jeanene Morgan
Title: Chief Financial Officer

EXHIBIT 99.1

A Squared Holdings, LLC

Consolidated Financial Statements

For the Years Ending December 31, 2012

and December 31, 2011

A Squared Holdings, LLC

Index to the Consolidated Financial Statements

December 31, 2012 and December 31, 2011

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Report of Independent Registered Public Accounting Firm

To the Members
A Squared Holdings, LLC
Beverly Hills, California

We have audited the accompanying consolidated balance sheets of A Squared Holdings, LLC and its wholly owned subsidiary A Squared Entertainment, LLC as of December 31, 2012 and 2011, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of A Squared Holdings, LLC and its wholly owned subsidiary A Squared Entertainment, LLC as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ HJ Associates & Consultants, LLP
HJ Associates & Consultants, LLP
Salt Lake City, Utah
October 15, 2013

A Squared Holdings, LLC
Consolidated Balance Sheets
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash	$ 28,863	$ 215,297
Trade accounts receivable, net	111,702	222,828
Capitalized production costs	340,512	285,932
Other current assets	31,622	31,995
Total current assets	512,699	756,052
PROPERTY AND EQUIPMENT		
Furniture and equipment	12,385	7,890
Computer equipment	8,830	5,574
Leasehold improvements	99,778	5,530
Software	15,737	15,737
Accumulated depreciation	(24,947)	(7,338)
Total property and equipment	111,783	27,393
Total assets	$ 624,482	$ 783,445
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 412,838	$ 101,218
Accrued expenses	47,837	56,720
Customer deposits	–	375,000
Due to related parties	1,621,804	1,562,442
Loan payable- Citibank	–	1,400,000
Total current liabilities	2,082,479	3,495,380
MEMBERS' EQUITY (DEFICIT)		
Members' equity (deficit) - A Squared Holdings, LLC	(1,457,997)	(3,243,243)
Non-controlling interest	–	531,308
Total members' equity (deficit)	(1,457,997)	(2,711,935)
Total liabilities and members' equity (deficit)	$ 624,482	$ 783,445

See accompanying notes to the consolidated financial statements.

A Squared Holdings, LLC
Consolidated Statements of Operations and Changes in Members' Equity
Years Ended December 31, 2012 and 2011

	2012	2011
SALES AND REVENUE		
Distribution, TV and home entertainment income	$ 515,067	$ 1,430,577
Licensing income (net of licensing costs of $195,868and $306,476, respectively)	453,660	135,350
Total sales and revenue	968,727	1,565,927
COST OF PRODUCTION	1,088,648	2,009,382
Gross margin	(119,921)	(443,455)
GENERAL, SALES AND OPERATING EXPENSES		
Guaranteed payments	828,775	805,597
Professional fees	655,644	711,250
Operating expenses	471,119	635,511
Selling and marketing	729,852	313,157
Salaries and wages	149,969	143,989
Rents	115,555	92,137
Depreciation	17,609	4,445
Taxes and licenses	9,444	7,304
Total general, sales and operating expenses	2,977,967	2,713,390
Net loss from operations	(3,097,888)	(3,156,845)
OTHER INCOME (EXPENSES)		
Gain on extinguishment of debt	3,000,000	–
Interest income	–	223
Other income	375,000	400,000
Abandon project	–	(53,320)
Interest expense	(23,174)	(1,391)
Total other income (expenses)	3,351,826	345,512
Net Income	253,938	(2,811,333)
Less: Net loss attributable to the non-controlling interest	(531,308)	(468,693)
Net income (loss) attributable to A Squared Holdings, LLC	$ 785,246	$ (2,342,640)
MEMBERS' EQUITY (DEFICIT)		
Beginning balance	(2,711,935)	(900,603)
Capital contribution from non-controlling interest	–	1,000,001
Member investment	1,000,000	–
Net income (loss)	253,938	(2,811,333)
Members' equity (deficit), ending balance	$ (1,457,997)	$ (2,711,935)

See accompanying notes to the consolidated financial statements.

A Squared Holdings, LLC

Consolidated Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 253,938	$ (2,811,333)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation Expense	17,609	4,445
Gain on Extinguishment of Debt	(3,000,000)	–
Decrease (increase) in operating assets:		
Accounts Receivable	111,126	(183,939)
Capitalized Product Costs	(54,580)	278,929
Prepaids & Other Assets	373	(9,043)
Increase (decrease) in operating liabilities:		
Accounts Payable	311,620	41,411
Customer Deposit	(375,000)	375,000
Other Accrued Expenses	(8,883)	(972,611)
Net cash used in operating activities	(2,743,797)	(3,277,141)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(101,999)	(16,464)
Net cash used in investing activities	(101,999)	(16,464)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds for Sale of Non-controlling Interest	–	1,000,001
Proceeds from the Sale of Membership Interests	1,000,000	–
Proceeds from Notes Payable	1,600,000	1,400,000
Proceeds from Related Party Debt	1,336,681	2,975,540
Payments on Related Party Debt	(1,277,319)	(2,031,088)
Net cash provided by financing	2,659,362	3,344,453
Net Increase (Decrease) in Cash	(186,434)	50,848
Cash at Beginning of Year	215,297	164,449
Cash at the End of Year	$ 28,863	$ 215,297
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	$ 23,701	$ –
Cash Paid for Income Taxes	$ –	$ –

See accompanying notes to the consolidated financial statements.

A Squared Holdings, LLC
Notes to the Consolidated Financial Statements
For Years Ending December 31, 2012 and December 31, 2011

NOTE 1 - COMPANY BACKGROUND AND NATURE OF BUSINESS

Company Background: A Squared Holdings, LLC (the “Company”) is a limited liability company formed under the laws of the State of California on April 1, 2009, originally under the name of A Squared Entertainment, LLC. The company changed it’s name to A Squared Holdings, LLC on August 9, 2012.

On September 30, 2011, the Company entered into a Joint Venture Agreement with Tata Elxsi Limited, a public limited company organized under the laws of the Republic of India (“TEL”) pursuant to which the parties agreed to form a newly organized limited liability company, organized under the laws of the State of Delaware called A Squared Elxsi Entertainment LLC (“A2E2”). Under the Joint Venture Agreement and A2E2 Operating Agreement TEL received a 50.01% interest in A2E2 in exchange for $1 Million equity investment and certain financial and other obligations. The Company received a 49.99% interest in A2E2 in exchange for the contribution of all rights, titles and interests to the intellectual property of the Company at that time.

On June 22, 2012, TEL served notice that it elected to cease providing working capital funding to A2E2. The notice established a Forfeiture Date of June 23, 2012. Upon such forfeiture, the Company became the sole member of A2E2. On August 9, 2012, the Company changed the name of A2E2 to A Squared Entertainment, LLC (“A Squared”).

Nature of Business: The company, through its wholly owned subsidiary, creates, produces and distributes children’s animation in the US and worldwide. The company earns income through TV distribution, home entertainment, full-length features and licensing for the production of children’s products associated with its projects.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Company's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation: The consolidated financial statements include the accounts of A Squared Holdings, LLC and A Squared Entertainment, LLC. All intercompany balances and transactions have been eliminated in consolidation. TEL’s interest in A Squared for the period of September 20, 2011 through December 31, 2011 and from January 1, 2012 through June 23, 2012 has been presented as a non-controlling interest in the Consolidated Statements of Operations for the years ending December 31, 2011 and 2012, respectively.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalent: For purposes of reporting cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. As of December 31, 2012 and 2011 the Company had no cash equivalents.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition: The Company recognizes revenue in accordance with FASB Accounting Standards Codification ("ASC") Topic 926-605, Entertainment-Films - Revenue Recognition. Accordingly, the Company recognizes revenue when (i) persuasive evidence of a sale with customer exists, (ii) the film is complete and has been delivered or is available for delivery, (iii) the license period of the arrangement has begun and the customer can begin its exploitation, exhibition, or sale, (iv) the arrangement fee is fixed or determinable, and (v) collection of the arrangement fee is reasonably assured.

For its distribution, TV, and home entertainment income the Company generally enters in to flat fee arrangements to deliver multiple films or episodes. The Company allocates revenue to each film or episode based on their relative fair market values and recognizes revenue as each film or episode is complete and available for delivery.

For its licensing income the Company recognizes revenue as an agent in accordance with ASC 605-45, Revenue Recognition – Principal Agent. Accordingly, the Company's revenue is its gross billings to its customers less the amounts it pays to suppliers for their products and services. The Company's licensing revenues for 2012 and 2011 was $453,660 and $135,350, which represents gross billings of $649,528 and $441,826, less supplier costs of $195,868 and $306,476, respectively.

Capitalized Production Costs: The Company capitalizes production costs in accordance with ASC 926-20, Entertainment-Films – Other Assets – Film Costs. Accordingly, production costs are capitalized at actual cost and then charged against revenue quarterly as a cost of production based on the relative fair value of the film(s) or episode(s) delivered and recognized as revenue. The Company evaluates their capitalized production costs annually and limits recorded amounts by their ability to recover such costs through expected future sales.

Property and Equipment: Property and equipment is recorded at cost. Depreication is computed using the straight-line method over the estimated useful lives of the assets ranging from three and one-half years to seven years. Expenditures for maintenance and repairs, which do not extend the useful lives of the related assets, are expensed as incurred. Total depreciation expense for the years ended December 31, 2012 and 2011 was $17,609 and $4,445, respectively.

Income Taxes: As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for federal income taxes has been included in the financial statements. In the event of an examination of the Company's tax return, the tax liability of the members could be changed if the taxing authorities ultimately sustain an adjustment in the Company's income.

The State of California assess Limited Liability Companies a minimum tax of $800 per year on total income plus an escalating fee based on total income levels. The California tax is not based on profits or net income but is assessed each year based on total income fairly apportioned to California.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company did not have any interest or penalties assessed by income taxing authorities for the years ended December 31, 2012 and 2011. Management evaluates the Company’s income tax circumstances and filings under the most current relevant accounting rules and believes the Company has incurred no liability for uncertain beneficial tax positions (or any related penalties and interest) for periods open to normal jurisdictional examination (currently 2009-2012).

Net income for financial statement purposes may differ significantly from taxable income reportable to members as a result of differences between the tax basis and financial reporting basis of assets and liabilities.

Fair Value of Financial Instruments: The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable. The carrying values of these financial instruments approximate their fair value due to their short-term nature.

Impairment of Long-Lived Assets: Management reviews net carrying value of all property and equipment and other long-lived assets on a periodic basis or whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the sum of the undiscounted estimated future cash flows. In this circumstance, the Company would recognize an impairment loss equal to the difference between the carrying value and the fair value of the asset.

Concentration of credit risk: Financial instrument that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited with federally insured commercial banks. At times throughout the year, the Company maintains certain bank accounts in excess of FDIC insured limits.

The Company’s accounts receivables are primarily from larger customers. The Company makes judgments as to its ability to collect outstanding accounts receivable and provides an allowance if collection becomes doubtful. Accounts that are judged to be uncollectable are written off. As of December 31, 2012 and 2011 the Company has recorded no allowance for doubtful accounts.

Recent Accounting Pronouncements: The Company reviews all of the Financial Accounting Standard Board’s updates periodically to ensure the Company’s compliance of its accounting policies and disclosure requirements to the Codification Topics. The Company has determined there were no new accounting pronouncements issued during the year ended December 31, 2012 and 2011 that the Company believes are applicable or would have a material impact on the consolidated financial statements of the Company.

NOTE 3 - LIQUIDITY

Historically, the Company has incurred net losses. The Company had an accumulated deficit and a total members' deficit of $1,457,997 at December 31, 2012 and $2,711,935 at December 31, 2011. At December 31, 2012, the Company had currents assets of $512,699 including cash of $28,863, and current liabilities of $2,082,479, resulting in a working capital deficit of $1,569,780. At December 31, 2011 the Company had current assets of $756,052, including cash of $215,297, and current liabilities of $3,495,380, resulting in a working capital deficit of $2,739,328. For the year ended December 31, 2012, the Company reported net income of $785,246 and net cash used by operating activities of $2,743,797. For the year ended December 31, 2011, the Company reported a net loss of $2,342,640 and net cash used by operating activities of $3,277,141. Management believes that the increasing sales in licensing and foreign TV and cash provided by operations, together with funds available from short-term related party advances, will be sufficient to fund planned operations for the next twelve months. However, there can be no assurance that operations and operating cash flows will continue at the current levels or improve in the near future. If the company is unable to obtain profitable operations and positive operating cash flows sufficient to meet scheduled debt obligations, it may need to seek additional funding or be forced to scale back its development plans or to significantly reduce or terminate operations.

NOTE 4 - LOAN PAYABLE

In conjunction with the Joint Venture entered into on September 30, 2011 (see NOTE 1), TEL was obligated to provide $3 million of working capital in the first year of operation. To fulfill that obligation, TEL arranged for a $3 million unsecured and uncommitted line of credit with the Citibank Corporate bank, payable on demand, with the Company as borrower and TEL as guarantor. The line of credit provided for advances of $100,000 per month and each advance was considered a separate loan with a separately computed interest rate at the Eurodollar rate. The interest due on each advance was computed monthly and the company made one interest payment to the bank, which covered the total of all interest, due on each advance. During 2012 and 2011 the Company drew down $1.6 million and $1.4 million, respectively, on the line of credit. In conjunction with TEL's forfeiture of their membership interest in A Squared (see NOTE 1) TEL paid off the $3 million line of credit in their role as guarantor and the Company recorded a gain on extinguishment of debt for the $3 million in the 2012 Statement of Operations. The balance of the line of credit due to Citibank at December 31, 2012 and 2011 was $0 and $1,400,000, respectively.

NOTE 5 - RELATED PARTY TRANSACTIONS

From time to time the company has required short-term related party advances to fund its operations and provide working capital. The company has made partial repayments to the related parties when cash has become available. The balance due to related parties on December 31, 2012 and 2011 was $1,621,804 and $1,562,442, respectively.

NOTE 6 - MEMBERS' EQUITY (DEFICIT)

The Company entered into an Operating Agreement in conjunction with its formation in April of 2009. Under that Operating Agreement, the Company's initial members, Andy Heyward and Amy Moynihan-Heyward were each granted a 50% membership interest in the Company and the Company is to continue on a perpetual basis unless the Company is dissolved under the terms of the agreement. The purpose of the Company is to engage in any lawful activity for which a limited liability company may be organized under the *California Beverly-Killea Limited Liability Company Act.*

In March of 2010 the Company accepted Will McDonough as a new member of the Company in exchange for $160,000. As a result, Andy Heyward, Amy Moynihan-Heyward, and Will McDonough each held a 33.33% interest in the Company.

On March 7, 2012, Andy Heyward and Amy Moynihan-Heyward, jointly and severally, entered into a Limited Liability Company Interest Purchase Agreement with Will McDonough. Upon consummation of the Purchase, Heyward and Moynihan-Heyward jointly owned all of the membership interests in the Company.

In October and November 2012, the Company, pursuant to a Confidential Private Placement Memorandum dated September 1, 2012, sold five Class A Units of Membership Interests for $200,000 per unit to three accredited private investors. Such units were offered in a "private offering" which was not registered under the Securities Act of 1934 or under applicable securities laws. Heyward and Moynihan-Heyward hold the remaining membership interests of the Company.

NOTE 7 - OTHER INCOME

The Company had an agreement with AOL pursuant to which AOL paid for the production of up to four 26-episode series of 3 minute programs in which AOL had the exclusive on-line exhibition rights. The Company produced Gisele and the Green Team, Secret Millionaries Club, and Martha & Friends webisodes pursuant to this agreement. As of December 31, 2011 AOL had paid a deposit of $375,000 for additional episodes, however, in July 2012, the parties mutually decided to terminate their agreement. As a result of the termination agreement, the Company retained all monies previously paid by AOL, all rights in the programming, and AOL waived its right to recoupment. Accordingly, the Company recorded $375,000 in Other Income for the year ended December 31, 2012.

During August of 2011 the Company entered into a Termination and Settlement Agreement with Fitness Publications, Inc. to end a license agreement for exclusive rights to develop, produce, and exploit productions, programs, and other properties using the trademark "The Governator." In conjunction with this Termination and Settlement Agreement, the Company received a termination fee of $400,000 which was recognized in Other Income for the year ended December 31, 2011.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Company is involved, from time to time, in various legal proceedings arising in the normal course of business. While the ultimate results of these proceedings cannot be predicted with certainty, management believes that such proceedings will not have a material effect on the Company's financial position.

In the normal course of the its business, the Company enters into agreements which call for the payment of royalties or "profit" participations for the use of third party intellectual property. For properties such as *Gisele & The Green Team*, *Martha & Friends* and *Stan Lee and the Mighty 7*, the company is obligated to share net profits with the underlying rights holders on a certain basis, defined in the respective agreements.

In addition, the Company has also entered into an agreement with XingXing Digital Corporation, an animation company based in China pursuant to which in exchange for the investment of 100% of the costs of the animation, XingXing is entitled to receive a specified percentage of the net proceeds received by the Company from the exploitation of those series on which which XingXing has provided animation services. The series covered by this arrangement are *Secret Millionaires Club* and *Gisele & the Green Team*. The Company has also entered into a similar arrangement with another production vendor, BangZoom Entertainment, which calls for a payment of $120,000 from the net profits received by the Company from the exploitation of the series *Secret Millionaires Club*. The payment is in respect of the deferral of certain costs and fees for audio/video post-production work performed by such vendor in connection with that series.

The Company leases approximately 2,807 square feet of office space at 9401 Wilshire Boulevard, Beverly Hills, California pursuant to a standard office lease dated February 3, 2012. The lease has a term of 3 years, from May 1, 2012 through April 30, 2015. The monthly rent is $10,807 which is to be adjusted upward 3% each year on the anniversary of the lease. Total rent expense for the years ended December 31, 2012 and 2011 was $115,555 and $92,137, respectively.

The following is a schedule of future minimum lease payments required by the non-cancelable operating lease agreement:

Year	Amount
2013	$ 132,277
2014	136,245
2015	45,860
	$ 314,382

NOTE 9 - SUBSEQUENT EVENTS

The Company entered into a Master License Agreement dated as of April 30, 2013 with Pascualina Productions, S.A. of Chile, for the exploitation in all media and licensing categories of certain copyrights and trademarks owned by such company in the property known as *Pascualina*. Pursuant to such Agreement, the Company is the exclusive agent for the property worldwide excluding Chile and certain other Latin America countries where the owner has existing licenses. The agreement calls for the Company to share Net Revenues from the exploitation of the property on a 51% ASE-49% Owner basis. The Company paid the Owners an advance of $100,000 which is recoupable from the Owners share of Net Revenues.

Subsequent to December 31, 2012 the Company has received net proceeds from related parties of $1,442,274.

The Company has evaluated subsequent events pursuant to ASC 855 and has determined there are no additional events to disclose as of October 15, 2013, the date the financial statements were issued.

EXHIBIT 99.2

A Squared Entertainment, LLC

Financial Statements (unaudited)

For the Nine Months Ending September 30, 2013 and 2012

A Squared Entertainment, LLC

Index to the Financial Statements

September 30, 2013 and 2012

A Squared Entertainment, LLC.
Balance Sheets
As of September 30, 2013 and December 31, 2012 (unaudited)

ASSETS	9/30/2013	12/31/2012
Current Assets:		
Cash	$ 1,999	$ 21,302
Accounts Receivable, net	61,949	111,702
Prepaid and Other Assets	12,750	31,622
Total Current Assets	76,698	164,626
Property and Equipment, net	78,932	111,783
Capitalized Product Development in Process	413,360	340,512
Total Assets	**$ 568,990**	**$ 616,921**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts Payable	$ 194,010	$ 412,838
Accrued Expenses	480,336	27,836
Due to Related Parties	1,569,320	169,240
Total Current Liabilities	2,243,666	609,914
Total Liabilities	2,243,666	609,914
Stockholders' Equity (Deficit)		
Members equity (Deficit) - A Squared Holdings, LLC	(1,674,676)	7,007
Total A Squared Entertainment, LLC Member's Equity (Deficit)	(1,674,676)	7,007
Total Equity	(1,674,676)	7,007
Total Liabilities & Stockholders' Equity (Deficit)	**$ 568,990**	**$ 616,921**

A Squared Entertainment, LLC.
Statements of Operations and Changes in Member's Equity
Nine Months Ended September 30, 2013 and 2012

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
SALES AND REVENUE		
Distribution, TV and home entertainment income	$ 57,607	$ –
Licensing income (net of licensing costs of $87,700 and $200,255, respectively)	94,554	657,593
Total sales and revenue	152,161	657,593
COST OF PRODUCTION	721,933	1,113,344
Gross margin	(569,772)	(455,751)
GENERAL, SALES AND OPERATING EXPENSES		
Guaranteed payments	–	675,173
Professional fees	494,229	403,946
Operating expenses	310,716	270,021
Selling and marketing	24,589	381,840
Salaries and wages	137,255	116,369
Rents	110,015	66,105
Depreciation	35,011	3,502
Taxes and licenses	7,595	4,350
Total general, sales and operating expenses	1,119,410	1,921,306
Net loss from operations	(1,689,182)	(2,377,057)
OTHER INCOME (EXPENSES)		
Gain on extinguishment of debt	–	–
Interest income	–	–
Other income	7,572	7,572
Abandon project	–	–
Interest expense	(72)	(23,037)
Total other income (expenses)	7,500	(15,465)
Net Income	(1,681,682)	(2,392,522)
Less: Net loss attributable to the non-controlling interest	–	–
Net income (loss) attributable to A Squared Holdings, LLC	$ (1,681,682)	$ (2,392,522)
MEMBERS' EQUITY (DEFICIT)		
Beginning balance	(1,457,997)	(2,711,935)
Capital contribution from non-controlling interest	–	–
Member investment	–	–
Net income (loss)	(1,681,682)	(2,392,522)
Members' equity (deficit), ending balance	$ (3,139,679)	$ (5,104,457)

A Squared Entertainment, LLC
Notes to the Financial Statements
For Nine Months Ending September 30, 2013 and 2012

NOTE 1 - COMPANY BACKGROUND AND NATURE OF BUSINESS

Company Background: A Squared Entertainment, LLC (the "Company") is a limited liability company formed under the laws of the State of Delaware on September 30, 2011 as a Joint Venture Agreement between A Squared Holdings, LLC. ('A2H), a limited liability company formed under the laws of the State of California, and Tata Elxsi Limited, a public limited company organized under the laws of the Republic of India ("TEL"). Under the Joint Venture Agreement and Operating Agreement, TEL received a 50.01% interest in the Company in exchange for $1 Million equity investment and certain financial and other obligations. The Company received a 49.99% interest in the Company in exchange for the contribution of all rights, titles and interests to the intellectual property of A2H at that time.

On June 22, 2012, TEL served notice that it elected to cease providing working capital funding to the Company. The notice established a Forfeiture Date of June 23, 2012. Upon such forfeiture, A2H became the sole member of the Company. On August 9, 2012, A2H changed the name of the Company to A Squared Entertainment, LLC.

Nature of Business: The Company creates, produces and distributes children's animation in the US and worldwide. The company earns income through TV distribution, home entertainment, full-length features and licensing for the production of children's products associated with its projects.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Company's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalent: For purposes of reporting cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. As of September 30, 2013 and 2012 the Company had no cash equivalents.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition: The Company recognizes revenue in accordance with FASB Accounting Standards Codification ("ASC") Topic 926-605, Entertainment-Films - Revenue Recognition. Accordingly, the Company recognizes revenue when (i) persuasive evidence of a sale with customer exists, (ii) the film is complete and has been delivered or is available for delivery, (iii) the license period of the arrangement has begun and the customer can begin its exploitation, exhibition, or sale, (iv) the arrangement fee is fixed or determinable, and (v) collection of the arrangement fee is reasonably assured.

For its distribution, TV, and home entertainment income the Company generally enters in to flat fee arrangements to deliver multiple films or episodes. The Company allocates revenue to each film or episode based on their relative fair market values and recognizes revenue as each film or episode is complete and available for delivery.

For its licensing income the Company recognizes revenue as an agent in accordance with ASC 605-45, Revenue Recognition – Principal Agent. Accordingly, the Company's revenue is its gross billings to its customers less the amounts it pays to suppliers for their products and services. The Company's licensing revenues for the nine months ended September 30, 2013 and 2012 was $94,554 and $657,593, which represents gross billings of $182,254 and $857,848, less supplier costs of $87,700 and $200,255, respectively.

Capitalized Production Costs: The Company capitalizes production costs for episodic series produced in accordance with ASC 926-20, Entertainment-Films – Other Assets – Film Costs. Accordingly, production costs are capitalized at actual cost and then charged against revenue based on the initial market revenue evidenced by a firm commitment over the period of commitment. The Company expenses all capitalized costs that exceed the initial market firm commitment revenue in the period of delivery of the episodes.

The Company capitalizes production costs for films produced in accordance with ASC 926-20, Entertainment-Films – Other Assets – Film Costs. Accordingly, production costs are capitalized at actual cost and then charged against revenue quarterly as a cost of production based on the relative fair value of the film(s) delivered and recognized as revenue. The Company evaluates their capitalized production costs annually and limits recorded amounts by their ability to recover such costs through expected future sales.

Property and Equipment: Property and equipment is recorded at cost. Deprecation is computed using the straight-line method over the estimated useful lives of the assets ranging from three and one-half years to seven years. Expenditures for maintenance and repairs, which do not extend the useful lives of the related assets, are expensed as incurred. Total depreciation expense for the nine months ended September 30, 2013 and 2012 was $35,011 and $3,502, respectively.

Income Taxes: As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for federal income taxes has been included in the financial statements. In the event of an examination of the Company's tax return, the tax liability of the members could be changed if the taxing authorities ultimately sustain an adjustment in the Company's income.

The State of California assess Limited Liability Companies a minimum tax of $800 per year on total income plus an escalating fee based on total income levels. The California tax is not based on profits or net income but is assessed each year based on total income fairly apportioned to California.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company did not have any interest or penalties assessed by income taxing authorities for the nine months ended September 30, 2013 and 2012. Management evaluates the Company's income tax circumstances and filings under the most current relevant accounting rules and believes the Company has incurred no liability for uncertain beneficial tax positions (or any related penalties and interest) for periods open to normal jurisdictional examination (currently 2009-2012).

Net income for financial statement purposes may differ significantly from taxable income reportable to members as a result of differences between the tax basis and financial reporting basis of assets and liabilities.

Fair Value of Financial Instruments: The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable. The carrying values of these financial instruments approximate their fair value due to their short-term nature.

Impairment of Long-Lived Assets: Management reviews net carrying value of all property and equipment and other long-lived assets on a periodic basis or whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the sum of the undiscounted estimated future cash flows. In this circumstance, the Company would recognize an impairment loss equal to the difference between the carrying value and the fair value of the asset.

Concentration of credit risk: Financial instrument that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited with federally insured commercial banks. At times throughout the year, the Company maintains certain bank accounts in excess of FDIC insured limits.

The Company's accounts receivables are primarily from larger customers. The Company makes judgments as to its ability to collect outstanding accounts receivable and provides an allowance if collection becomes doubtful. Accounts that are judged to be uncollectable are written off. As of September 30, 2013 and 2012 the Company has recorded no allowance for doubtful accounts.

Recent Accounting Pronouncements: The Company reviews all of the Financial Accounting Standard Board's updates periodically to ensure the Company's compliance of its accounting policies and disclosure requirements to the Codification Topics. The Company has determined there were no new accounting pronouncements issued during the year ended September 30, 2013 and 2012 that the Company believes are applicable or would have a material impact on the consolidated financial statements of the Company.

NOTE 3 - LIQUIDITY

Historically, the Company has incurred net losses. The Company had an accumulated deficit and a total members' deficit of $1,674,676 at September 30, 2013 and a total member's equity of $7,007 at December 31, 2012. At September 30, 2013, the Company had current assets of $76,698, including cash of $1,999, and current liabilities of $2,243,666, resulting in a working capital deficit of $2,166,968. At December 31, 2012, the Company had current assets of $164,626 including cash of $21,302, and current liabilities of $609,914, resulting in a working capital deficit of $445,288. For the nine months ended September 30, 2013 and 2012, the Company reported net loss of $1,681,682 and $2,392,522, respectively.

Management believes that the future revenue potential from episodes produced by the Company during the last several years, whose entire costs of production have been recorded as expense in accordance with ASC 926-20, increased revenue from licensing and foreign TV, along with cash provided by operations, together with funds available from short-term related party advances, will be sufficient to fund planned operations for the next twelve months. However, there can be no assurance that operations and operating cash flows will continue at the current levels or improve in the near future. If the company is unable to obtain profitable operations and positive operating cash flows sufficient to meet scheduled debt obligations, it may need to seek additional funding or be forced to scale back its development plans or to significantly reduce or terminate operations.

NOTE 4 - LOAN PAYABLE

In conjunction with the Joint Venture entered into on September 30, 2011 (see NOTE 1), TEL was obligated to provide $3 million of working capital in the first year of operation. To fulfill that obligation, TEL arranged for a $3 million unsecured and uncommitted line of credit with the Citibank Corporate bank, payable on demand, with the Company as borrower and TEL as guarantor. The line of credit provided for advances of $100,000 per month and each advance was considered a separate loan with a separately computed interest rate at the Eurodollar rate. The interest due on each advance was computed monthly and the company made one interest payment to the bank, which covered the total of all interest, due on each advance. During 2012 and 2011 the Company drew down $1.6 million and $1.4 million, respectively, on the line of credit. In conjunction with TEL's forfeiture of their membership interest in A Squared (see NOTE 1) TEL paid off the $3 million line of credit in their role as guarantor and the Company recorded a gain on extinguishment of debt for the $3 million in the 2012 Statement of Operations. The balance of the line of credit due to Citibank at each of September 30, 2013 and 2012 was $0.

NOTE 5 - RELATED PARTY TRANSACTIONS

From time to time the company has required short-term related party advances to fund its operations and provide working capital. The company has made partial repayments to the related parties when cash has become available. The balance due to related parties on September 30, 2013 and December 31, 2012 was $1,569,320 and $169,240, respectively.

The balance at September 30, 2013 includes $925,000 recorded as a liability to a previous member. The Company disputes this liability with the previous member and believes it has sufficient basis for such dispute and that the amount is not collectible.

NOTE 6 - MEMBERS' EQUITY (DEFICIT)

The Company was formed as a Joint Venture Agreement between A Squared Holdings, LLC. ('A2H), a limited liability company formed under the laws of the State of California, and Tata Elxsi Limited, a public limited company organized under the laws of the Republic of India ("TEL"). Under the Joint Venture Agreement and Operating Agreement, TEL received a 50.01% interest in the Company in exchange for $1 Million equity investment and certain financial and other obligations and A Squared Holdings, LLC. received a 49.99% interest in the Company in exchange for the contribution of all rights, titles and interests to the intellectual property of A2H at that time.

On June 22, 2012, TEL served notice that it elected to cease providing working capital funding to the Company. The notice established a Forfeiture Date of June 23, 2012. Upon such forfeiture, A2H became the sole member of the Company.

NOTE 7 - OTHER INCOME

The Company had an agreement with AOL pursuant to which AOL paid for the production of up to four 26-episode series of 3 minute programs in which AOL had the exclusive on-line exhibition rights. The Company produced Gisele and the Green Team, Secret Millionaries Club, and Martha & Friends webisodes pursuant to this agreement. As of December 31, 2011 AOL had paid a deposit of $375,000 for additional episodes, however, in July 2012, the parties mutually decided to terminate their agreement. As a result of the termination agreement, the Company retained all monies previously paid by AOL, all rights in the programming, and AOL waived its right to recoupment. Accordingly, the Company recorded $375,000 in Other Income for the year ended December 31, 2012.

During August of 2011 the Company entered into a Termination and Settlement Agreement with Fitness Publications, Inc. to end a license agreement for exclusive rights to develop, produce, and exploit productions, programs, and other properties using the trademark "The Governator." In conjunction with this Termination and Settlement Agreement, the Company received a termination fee of $400,000 which was recognized in Other Income for the year ended December 31, 2011.

The Company has entered into an agreement with XingXing Digital Corporation, an animation company based in China pursuant to which, in exchange for the investment of 100% of the costs of animation, XingXing has distribution rights for *Secret Millionaires Club, Martha Steward and Friends* and *Gisele & the Green Team* within the territory of the People's Republic of China. The Company will receive 50% of revenue derived from the exploitation of these rights after recoupment of certain costs incurred by XingXing. (See NOTE 8).

The Company entered into a Master License Agreement dated as of April 30, 2013 with Pascualina Productions, S.A. of Chile, for the exploitation in all media and licensing categories of certain copyrights and trademarks owned by such company in the property known as *Pascualina*. Pursuant to such Agreement, the Company is the exclusive agent for the property worldwide excluding Chile and certain other Latin America countries where the owner has existing licenses. The agreement calls for the Company to share Net Revenues from the exploitation of the property on a 51% ASE-49% Owner basis. The Company paid the Owners an advance of $100,000 which is recoupable from the Owners share of Net Revenues.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Company is involved, from time to time, in various legal proceedings arising in the normal course of business. While the ultimate results of these proceedings cannot be predicted with certainty, management believes that such proceedings will not have a material effect on the Company's financial position.

In the normal course of the its business, the Company enters into agreements which call for the payment of royalties or "profit" participations for the use of third party intellectual property. For properties such as *Gisele & The Green Team*, *Martha & Friends* and *Stan Lee and the Mighty 7*, the company is obligated to share net profits with the underlying rights holders on a certain basis, defined in the respective agreements.

In addition, the Company has also entered into an agreement with XingXing Digital Corporation, an animation company based in China pursuant to which in exchange for the investment of 100% of the costs of the animation, XingXing is entitled to receive a specified percentage of the net proceeds received by the Company from the exploitation of those series on which XingXing has provided animation services. The series covered by this arrangement are *Secret Millionaires Club* and *Gisele & the Green Team*. (See NOTE 7). The Company has also entered into a similar arrangement with another production vendor, BangZoom Entertainment, which calls for a payment of $120,000 from the net profits received by the Company from the exploitation of the series *Secret Millionaires Club*. The payment is in respect of the deferral of certain costs and fees for audio/video post-production work performed by such vendor in connection with that series.

The Company leases approximately 2,807 square feet of office space at 9401 Wilshire Boulevard, Beverly Hills, California pursuant to a standard office lease dated February 3, 2012. The lease has a term of 3 years, from May 1, 2012 through April 30, 2015. The monthly rent is $10,807 which is to be adjusted upward 3% each year on the anniversary of the lease. Total rent expense for the nine months ended September 30, 2013 and 2012 was $110,015 and $66,105, respectively.

The following is a schedule of future minimum lease payments required by the non-cancelable operating lease agreement:

Year	Amount
2013	$ 22,162
2014	136,245
2015	45,860
	$ 204,267

NOTE 9 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events pursuant to ASC 855 and has determined there are the following additional events to disclose as of January 29, 2014, the date these financial statements were issued.

On November 15, 2013, the Company entered into an Agreement and Plan of Reorganization (“Merger”) with Genius Brands International, Inc. (“GNUS”), whereby the Company became a wholly owned subsidiary of GNUS and GNUS acquired 100% of the memberships of the Company from A Squared Holdings, LLC. in exchange for shares of common stock of GNUS. The terms of the agreement can be found on the Form 8-K filed with the SEC by GNUS on November 15, 2013.

On November 15, 2013, as a part of the Merger transaction, Andy Heyward agreed to reduce the amount owed to him included in Due to Related Parties to a total of $516,966.

EXHIBIT 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements give effect to the proposed business combination of Genius Brands International, Inc. ('GNUS') and A Squared Entertainment, LLC ('A2E') in the merger. In addition, the following unaudited pro forma condensed combined financial statements (a) assume that the exchange offer has occurred and that all membership units have been exchanged for 297,218,237 shares of common stock with a value of $0.035 per share, (b) give effect to conversion of all notes and accrued salaries to common stock of GNUS prior to, or concurrent with, the merger, and (c) assumes that GNUS has closed a $1.426 million private placement of common stock concurrent with the merger at a purchase price of $0.035 per share of GNUS common stock. The merger, the exchange and the financing are referred to collectively as the pro forma events.

Under the merger agreement, A2 Acquisition, LLC, a wholly owned subsidiary of GNUS, merged with and into A2E, with A2E surviving as a wholly owned subsidiary of GNUS. The shares of GNUS common stock issued to A2E members in connection with the merger represents 50% of the outstanding shares of GNUS common stock immediately following the consummation of the merger.

The unaudited pro forma condensed combined financial statements have been prepared for illustrative purposes only. The pro forma information is not necessarily indicative of what the combined company's condensed consolidated financial position or results of operations actually would have been had the pro forma events occurred as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The pro forma adjustments are based on the information available at the time of the preparation of this filing.

The unaudited pro forma condensed combined balance sheet gives effect to the pro forma events as if they had occurred on September 30, 2013 and December 31, 2012. The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2013 and the year ended December 31, 2012 are presented as if the pro forma events had occurred on the first day of the respective period. The historical financial statements have been adjusted in the pro forma financial statements to give effect to events that are (1) directly attributable to the pro forma events, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on the combined company. The unaudited pro forma condensed combined financial data should be read in conjunction with the historical consolidated financial statements and notes thereto of GNUS and A2E, as well as the other information contained or incorporated by reference.

Although GNUS and A2E have structured the transactions as a merger of equals, the merger will be treated as a business combination for accounting purposes, and GNUS is the deemed accounting acquirer and A2E is the deemed accounting acquiree based on a number of factors viewed at the time of the preparation of these statements. The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with FASB ASC Topic 805, Business Combinations. The pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial statements do not include any adjustments for the anticipated benefits from cost savings or synergies of GNUS and A2E operating as a combined company or for liabilities resulting from integration planning.

Pro Forma Combined and Consolidated Balance Sheets
As of December 31, 2012 (audited)

ASSETS	Genius Brands International, Inc.	A Squared Entertainment, LLC	Pro Forma Adjustments	Note #	Combined
Current Assets:					
Cash	$ 447,548	$ 28,863	$ 1,253,750	1E	$ 1,730,161
Accounts Receivable, net	1,084,233	111,702	–		1,195,935
Inventory	326,072	–	–		326,072
Prepaid and Other Assets	139,983	31,622	–		171,605
Total Current Assets	1,997,836	172,187	1,253,750		3,423,773
Property and Equipment, net	23,736	111,783	–		135,519
Capitalized Product Development in Process	246,617	340,512	–		587,129
Intangible Assets, net	356,070	–	–		356,070
Debenture Issuance Costs	191,762	–	(191,762)	1A	–
Total Assets	**$ 2,816,021**	**$ 624,482**	**$ 1,061,988**		**$ 4,502,491**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	$ 971,097	$ 412,838	$ –		$ 1,383,935
Accrued Expenses	496,662	47,837	–		544,499
Accrued Salaries and Wages	516,083	–	(505,655)	1C	10,428
Accrued Interest - Debentures	45,716	–	(45,716)	1A	–
Derivative Valuation	68,962	–	(68,962)	1A	–
Due to Related Parties - short term portion	–	1,621,804	(179,838)	1B	1,441,966
Total Current Liabilities	2,098,520	2,082,479	(800,171)		3,380,828
Long Term Liabilities:					
Notes Payable (Net of Discount of $485,147 and $0, respectively)	514,853	–	(514,853)	1A	–
Notes Payable and Accrued Interest – Related Parties	447,891	–	(447,891)	1C	–
Total Liabilities	3,061,264	2,082,479	(1,762,915)		3,380,828
Stockholders' Equity (Deficit)					
Common Stock, $0.001 par value	71,913	–	413,717	1A, 1C, 1D, IE	485,630
Members equity (Deficit) - A Squared Holdings, LLC	–	(1,457,997)	1,457,997	1D	–
Additional Paid in Capital	9,890,868	–	4,195,897	1A, 1C	14,086,765
Accumulated Deficit	(10,208,024)	–	(3,242,708)	1A, 1C, 1D, IE	(13,450,732)
Total Genius Brands International, Inc. Stockholders' Equity (Deficit)	(245,243)	(1,457,997)	2,824,903		1,121,663
Noncontrolling Interest	–	–	–		–
Total Equity	(245,243)	(1,457,997)	2,824,903		1,121,663
Total Liabilities & Stockholders' Equity (Deficit)	**$ 2,816,021**	**$ 624,482**	**$ 1,061,988**		**$ 4,502,491**

Adjustments to Unaudited Pro Forma Combined Balance Sheet

1A. Reflects purchase accounting adjustments to eliminate derivative valuation of debentures and conversion of debentures and notes, including accrued but unpaid interest, to common stock. It is a condition to closing that all debt be converted to equity on the closing date.

1B. The related party debt of the acquiree is reduced to reflect the sum of $516,966 to Andy Heyward for advances made prior to the closing date and $925,000 to a previous member. A2E disputes the basis for this liability to the previous member. It is not being pursued and A2E believes it is not collectible.

1C. Reflects conversion of all related party debt and accrued but unpaid salaries to previous officers of Genius Brands to equity as a condion of closing.

1D. Reflects exchange of equity of A Squared Holdings, LLC for 297,218,237 shares of common stock of Genius Brands.

1E. Reflects 39,828,652 shares of common stock issued for investment of $1,257,750 net cash

Pro Forma Combined and Consolidated Statements of Operations
For the Year Ended December 31, 2012 (audited)

	Genius Brands International, Inc.	A Squared Entertainment LLC	Pro Forma Adjustments	Note #	Combined
Revenues:					
Product Sales	$ 6,277,663	$ –	$ –		$ 6,277,663
Distribution, TV and Home Entertainment	–	515,067	–		515,067
Licensing & Royalties	292,536	453,660	–		746,196
Total Revenues	6,570,199	968,727	–		7,538,926
Cost of Sales (Excluding Depreciation)	4,836,321	1,088,648	–		5,924,969
Gross Profit	1,733,878	(119,921)	–		1,613,957
Operating Expenses:					
Product Development	32,792	–	–		32,792
Guaranteed Payments	–	828,775	–		828,775
Professional Services	181,172	655,644	339,810	3A	1,176,626
Rent Expense	38,982	115,555	–		154,537
Marketing & Sales	727,695	729,852	–		1,457,547
Depreciation & Amortization	149,823	17,609	–		167,432
Salaries and Related Expenses	1,689,064	149,969	–		1,839,033
Stock Compensation Expense	264,122	–	–		264,122
Other General & Administrative	612,513	480,563	–		1,093,076
Total Operating Expenses	3,696,163	2,977,967	339,810		7,013,940
Loss from Operations	(1,962,285)	(3,097,888)	(339,810)		(5,399,983)
Other Income (Expense):					
Other Income	388	375,000	–		375,388
Interest Expense	(332,055)	(23,174)	–		(355,229)
Interest Expense – Related Parties	(50,259)	–	50,259	3B	–
Gain (loss) on extinguishment of debt	76,280	3,000,000	–		3,076,280
Gain (loss) on derivative valuation	200,322	–	(200,322)	3B	–
Net Other Income (Expense)	(105,324)	3,351,826	(150,063)		3,096,439
Gain (Loss) before Income Tax Expense and Noncontrolling Interest	(2,067,609)	253,938	(489,873)		(2,303,544)
Income Tax Expense	–	–	–		–
Net Loss	(2,067,609)	253,938	(489,873)		(2,303,544)
Net Loss attributable to Noncontrolling Interest	–	531,308	–		531,308
Net Income (Loss) attributable to Genius Brands International, Inc. and A Squared Entertainment, LLC.	$ (2,067,609)	$ 785,246	$ (489,873)		$ (1,772,236)

Adjustments to Unaudited Pro Forma Combined Statement of Operations

3A. Reflects legal costs associated with the merger transaction

3B. Reflects purchase accounting adjustments to eliminate derivative valuation of debentures and conversion of debentures and notes, including accrued but unpaid interest, to common stock. It is a condition to closing that all debt be converted to equity on the closing date.

Pro Forma Combined and Consolidated Balance Sheets
As of September 30, 2013 (unaudited)

ASSETS	Genius Brands International, Inc.	A Squared Entertainment, LLC	Pro Forma Adjustments	Note #	Combined
Current Assets:					
Cash	$ 234,211	$ 1,999	$ 1,153,750	4E	$ 1,389,960
Accounts Receivable, net	249,297	61,949	–		311,246
Inventory	271,421	–	–		271,421
Prepaid and Other Assets	138,386	12,750	–		151,136
Total Current Assets	893,315	76,698	1,153,750		2,123,763
Property and Equipment, net	19,375	78,932	–		98,307
Capitalized Product Development in Process	397,749	413,360	–		811,109
Intangible Assets, net	247,011	–	–		247,011
Debenture Issuance Costs	–	–	–		–
Total Assets	**$ 1,557,450**	**$ 568,990**	**$ 1,153,750**		**$ 3,280,190**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current Liabilities:					
Accounts Payable	$ 834,387	$ 194,010	$ (50,100)	4F	$ 978,297
Accrued Expenses	199,633	480,336	–		679,969
Accrued Salaries and Wages	746,377	–	(724,932)	4C	21,445
Accrued Interest - Debentures	40,663	–	(40,663)	4A	–
Derivative Valuation	2,040,240	–	(2,040,240)	4A	–
Due to Related Parties - short term portion	–	1,569,320	(127,354)	4B	1,441,966
Notes Payable - short term portion (Net of Discount of $979,500)	638,834	–	(638,834)	4A	–
Total Current Liabilities	4,500,134	2,243,666	(3,622,123)		3,121,677
Long Term Liabilities:					
Notes Payable (Net of Discount of $0)	–	–	–		–
Notes Payable and Accrued Interest – Related Parties	469,389	–	(469,389)	4C	–
Total Liabilities	4,969,523	2,243,666	(4,091,512)		3,121,677
Stockholders' Equity (Deficit)					
Common Stock, $0.001 par value, 250,000,000 shares authorized; 71,912,617 shares issued and outstanding, respectively	87,512	–	515,457	4A, 4C, 4D, 4E, 4F	602,969
Members equity (Deficit) - A Squared Holdings, LLC	–	(1,674,676)	1,674,676	4D	–
Additional Paid in Capital	10,894,489	–	4,195,897	4A, 4C, 4F	15,090,386
Stock Subscription Payable	100,000	–	(100,000)	4E	–
Accumulated Deficit	(14,494,074)	–	(1,040,768)	4A, 4C, 4D, 4E	(15,534,842)
Total Genius Brands International, Inc. Stockholders' Equity (Deficit)	(3,412,073)	(1,674,676)	5,245,262		158,513
Noncontrolling Interest	–	–	–		–
Total Equity	(3,412,073)	(1,674,676)	5,245,262		158,513
Total Liabilities & Stockholders' Equity (Deficit)	**$ 1,557,450**	**$ 568,990**	**$ 1,153,750**		**$ 3,280,190**

Adjustments to Unaudited Pro Forma Combined Balance Sheet

4A. Reflects purchase accounting adjustments to eliminate derivative valuation of debentures and conversion of debentures and notes, including accrued but unpaid interest, to common stock. It is a condition to closing that all debt be converted to equity on the closing date.

4B. The related party debt of the acquiree is reduced to reflect the sum of $516,966 to Andy Heyward for advances made prior to the closing date and $925,000 to a previous member. A2E disputes the basis for this liability to the previous member. It is not being pursued and A2E believes it is not collectible.

4C. Reflects conversion of all related party debt and accrued but unpaid salaries to previous officers of Genius Brands to equity as a condition of closing.

4D. Reflects exchange of equity of A Squared Holdings, LLC for 297,218,237 shares of common stock of Genius Brands.

4E. Reflects 39,828,652 shares of common stock issued for investment of $1,257,750 net cash

4F. Records conversion of amounts due to vendors into shares of common stock.

Pro Forma Combined and Consolidated Statements of Operations
For the Nine Months Ended September 30, 2013 (unaudited)

	Genius Brands International, Inc.	A Squared Entertainment LLC	Pro Forma Adjustments	Note #	Combined
Revenues:					
Product Sales	$ 1,267,689	$ –	$ –		$ 1,267,689
Distribution, TV and Home Entertainment	–	57,607	–		57,607
Licensing & Royalties	301,884	94,554	–		396,438
Total Revenues	1,569,573	152,161	–		1,721,734
Cost of Sales (Excluding Depreciation)	1,188,339	721,933	–		1,910,272
Gross Profit	381,234	(569,772)	–		(188,538)
Operating Expenses:					
Product Development	29,899	–	–		29,899
Guaranteed Payments	–	494,229	–		494,229
Professional Services	167,448	–	339,810	2A	507,258
Rent Expense	8,201	110,015	–		118,216
Marketing & Sales	204,144	24,589	–		228,733
Depreciation & Amortization	116,246	35,011	–		151,257
Salaries and Related Expenses	1,164,436	137,255	–		1,301,691
Stock Compensation Expense	212,390	–	–		212,390
Other General & Administrative	265,807	318,311	–		584,118
Total Operating Expenses	2,168,571	1,119,410	339,810		3,627,791
Loss from Operations	(1,787,337)	(1,689,182)	(339,810)		(3,816,329)
Other Income (Expense):					
Other Income	42	7,572	–		7,614
Interest Expense	(900,348)	(72)	895,428	2B	(4,992)
Interest Expense – Related Parties	(21,497)	–	–		(21,497)
Gain (loss) on derivative valuation	(1,051,034)	–	1,051,034	2B	–
Gain (loss) on extinguishment of debt	(217,376)	–	–		(217,376)
Loss on exchange of warrants	(308,500)	–	–		(308,500)
Net Other Income (Expense)	(2,498,713)	7,500	1,946,462		(544,751)
Loss before Income Tax Expense and Noncontrolling Interest	(4,286,050)	(1,681,682)	1,606,652		(4,361,080)
Income Tax Expense	–	–	–		–
Net Loss	(4,286,050)	(1,681,682)	1,606,652		(4,361,080)
Net Loss attributable to Noncontrolling Interest	–	–	–		–
Net Loss attributable to Genius Brands International, Inc. and A Squared Entertainment, LLC.	$ (4,286,050)	$ (1,681,682)	$ 1,606,652		$ (4,361,080)

Adjustments to Unaudited Pro Forma Combined Statement of Operations

2A. Reflects legal costs associated with the merger transaction

2B. Reflects purchase accounting adjustments to eliminate derivative valuation of debentures and conversion of debentures and notes, including accrued but unpaid interest, to common stock. It is a condition to closing that all debt be converted to equity on the closing date.