

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

193

In re Hudson Healthcare Inc
Debtor

Case No. 11-33014(DHS)

Reporting Period 8/1 - 8/31/2011

MONTHLY OPERATING REPORT

File with Court and submit to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	
Bank Reconciliation (or copies of debtor's bank reconciliation's)	MOR-1 (CONT)	Yes	
Copies of bank statements		Yes	
Cash disbursements journals		Yes	
Statement of Operations	MOR-2		
Balance Sheet	MOR-3	Yes	
Status of Postpetition Taxes	MOR-4	Yes	
Copies of IRS Form 6123 or payment receipt		Yes	
Copies of tax returns filed during reporting period			
Summary of Unpaid Postpetition Debts	MOR-4		
Listing of aged accounts payable		Yes	
Accounts Receivable reconciliation and Aging	MOR-5		
Debtor Questionnaire	MOR-5		


I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature Authorized Individual*

Date 10/7/11

VINCENT RICCIULLI

Printed Name of Authorized Individual

CEO

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; is a partnership; a manager of member if debtor is a limited liability company.

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be ending cash from the prior month or if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM R-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on the page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	BANK ACCOUNTS						CURRENT MONTH		CUMULATIVE FILING TO DATE	
	Operating	Payroll	Foundation Bank	Foundation Capital One (Checking)	Foundation Capital One (Savings)	FATH (Commerce)	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH *	(599,758) #1		49,609	47,776	79,138	37,830	(385,405)		(385,405)	
RECEIPTS										
CASH SALES							-		-	-
ACCOUNTS RECEIVABLE							-		-	-
LOANS AND ADVANCES							-		-	-
SALES OF ASSETS							-		-	-
INTEREST INCOME	136		5				140		140	-
OTHER (ATTACH LIST)	12,500,000	1,106	2,200	4,245	-	65	12,507,616		12,507,616	-
TRANSFERS FROM DIP ACCTS.							-		-	-
TOTAL RECEIPTS (See Attached)	12,500,136	1,106.00	2,205	4,245	-	65	12,507,756	-	12,507,756	-
DISBURSEMENTS										
NET PAYROLL		4,980,847					4,980,847		4,980,847	-
PAYROLL TAXES	1,497,404						1,497,404		1,497,404	-
SALES, USE & OTHER TAXES	-						-		-	-
INVENTORY PURCHASES	1,137,470						1,137,470		1,137,470	-
SECURED RENTAL LEASES	216,150						216,150		216,150	-
INSURANCE	193,971						193,971		193,971	-
ADMINISTRATIVE	99,727						99,727		99,727	-
SELLING	-						-		-	-
OTHER (ATTACH LIST) #2	2,811,684		6,546	545			2,818,775		2,818,775	-
SECURED DEBT PAYMENTS	-						-		-	-
TRANSFERS (TO DIP ACCTS)							-		-	-
TRANSFERS (TO PR BANK ACCT)	4,979,741	(4,979,741)					(0)		(0)	-
PROFESSIONAL FEES	-						-		-	-
US TRUSTEE QUARTERLY FEES							-		-	-
COURT COSTS							-		-	-
TOTAL DISBURSEMENTS (See Attached)	10,936,148	1,106	6,546	545	-	-	10,944,345	-	10,944,345	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	1,563,988	-	(4,342)	3,701	-	65	1,563,411	-	1,563,411	-
CASH END OF MONTH	964,230	-	45,267	51,477	79,138	37,895	1,178,006	-	1,178,006	-

* Beginning balance reflects amounts transferred to account prior to filing.

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE'S QUARTERLY FEES (FROM CURRENT MONTHS ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	\$ 10,944,345
LESS TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	-
Total disbursements for calculating u.s. trustee quarterly fees	\$ 10,944,345

#1 Beginning Balance in Operating Account was \$836,263 - an entry was made in July to add back outstanding checks so that the cash balance did not show negative, in August that entry for \$1,719,079 was reversed. Also in August we voided checks in the amount of \$283,059. This amount was added back to the beginning balance. All other 8/1 cash balances included in MORs are presented as \$836,263

836,263	Beginning Balance
(1,719,079)	Reverse entry to add back outstanding checks from July
283,059	Checks voided in August
(599,757)	Adjusted Balance Above

#2 MOR Form 1 Schedule A includes all disbursements and includes a column for "other" for \$2,811,684

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STATEMENT OF OPERATIONS
 (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when case is actually received or paid.

REVENUES	Month	CUMULATIVE FILING TO DATE
Gross Revenue	\$ 11,125,538	\$ 11,125,538
Less: Returns and Allowances		\$ -
Net Revenue	\$ 11,125,538	\$ 11,125,538
COST OF GOODS SOLD		
Beginning Inventory		\$ -
Add: Purchases		\$ -
Add: Cost of Labor		\$ -
Add: Other Costs (<i>attach schedule</i>)	\$ -	\$ -
Less: Ending Inventory		\$ -
Cost of Goods Sold	\$ -	\$ -
Gross Profit	\$ 11,125,538	\$ 11,125,538
OPERATING EXPENSES		
Advertising	\$ 10,368	\$ 10,368
Auto and Truck Expense		\$ -
Bad Debts		\$ -
Contributions		\$ -
Employee Benefits Program	\$ 731,026	\$ 731,026
Insider Compensation*		\$ -
Insurance	\$ 130,166	\$ 130,166
Management Fees/Bonuses		\$ -
Office Expense	\$ 9,035	\$ 9,035
Pension & Profit-Sharing Plans	\$ 189,966	\$ 189,966
Repairs and Maintenance	\$ 80,041	\$ 80,041
Rent and Lease Expense	\$ 323,734	\$ 323,734
Salaries/Commissions/Fees	\$ 5,388,171	\$ 5,388,171
Supplies	\$ 1,183,584	\$ 1,183,584
Taxes - Payroll	\$ 419,419	\$ 419,419
Taxes - Real Estate		\$ -
Taxes - Other		\$ -
Travel and Entertainment	\$ 116	\$ 116
Utilities	\$ 232,636	\$ 232,636
Other (<i>attach schedule</i>) SEE SCHEDULE B	\$ 2,042,823	\$ 2,042,823
Total Operating Expenses Before Depreciation	\$ 10,741,085	\$ 10,741,085
Depreciation/Depletion/Amortization		\$ -
Net Profit (Loss) Before Other Income & Expense	\$ 384,453	\$ 384,453
OTHER INCOME AND EXPENSES		
Other Income (<i>attach schedule</i>)	\$ 2,269	\$ 2,269
Interest Expense		\$ -
Other Expenses (<i>attach schedule</i>)	\$ 11,536	\$ 11,536
Net Profit (Loss) Before Reorganization Items	\$ 375,186	\$ 375,186
REORGANIZATION ITEMS		
Professional Fees	\$ 384,453	\$ 384,453
U.S. Trustee Quarterly Fees		\$ -
Interest Earned on Accumulated Cash from Chapter 11 (<i>see continuation sheet</i>)		\$ -
Gain (Loss) from Sale of Equipment		\$ -
Other Reorganization Expenses (<i>attach schedule</i>)	\$ -	\$ -
Total Reorganization Expenses	\$ 384,453	\$ 384,453
Income Taxes		
Net Profits (Loss)	\$ (9,267)	\$ (9,267)

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

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STATEMENT OF OPERATIONS - continuation sheet
 (Income Statement)

BREAKDOWN OF "OTHER CATEGORY"	CURRENT MONTH ACTUAL	CUMULATIVE FILING TO DATE
OTHER COSTS		
		0
		0
Total Other Costs	0	0
OTHER OPERATING EXPENSES		
See Attached Schedule B- Schedule B includes all expenses- see column "other"	2,042,823	2,042,823
Total Other Operating Expenses	2,042,823	2,042,823
OTHER INCOME		
Foundation Revenue	2,269	2,269
Total Other Income	2,269	2,269
OTHER EXPENSES		
Foundation Expenses	11,536	11,536
Total Other Expenses	11,536	11,536
OTHER REORGANIZATION EXPENSES		
Total Reorganization Expenses	0	0

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:
 Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

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BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

CURRENT ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH (8/31/2011)	BOOK VALUE ON PETITION DATE (8/1/2011)
Unrestricted Cash and Equivalents	\$ 1,178,164	\$ 1,050,773
Restricted Cash and Cash Equivalents (see continuation Sheet)		
Accounts Receivable (Net)		
Notes Receivable		
Inventories		
Prepaid Expenses		
Professional Retainers		
Other Current Assets (attach schedule)	35,510,822	36,673,360
TOTAL CURRENT ASSETS	36,688,986	37,724,133
PROPERTY AND EQUIPMENT		
Real Property and Improvements		
Machinery and Equipment		
Furniture, Fixtures and Office Equipment		
Leasehold Improvements		
Vehicles	24,000	24,000
Less Accumulated Depreciation		
TOTAL PROPERTY & EQUIPMENT	24,000	24,000
OTHER ASSETS		
Loans to Insiders*		
Other Assets (attach schedule)		
TOTAL OTHER ASSETS	2,882	2,882
TOTAL ASSETS	36,715,868	37,751,015

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH (8/31/2011)	BOOK VALUE ON PETITION DATE (8/1/2011)
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable - post petition	1,179,028	
Accounts Payable - pre-petition approved by the court	751,832	1,037,077
Taxes Payable (refer to FORM MOR-4)	779,762	
Wages Payable - post-petition	2,255,774	2,894,257
Wages Payable - pre-petition approved by court	3,304,738	3,573,575
Notes Payable		
Rent/Leases - Building/Equipment		
Secured Debt/Adequate Protection Payments		
Professional Fees	384,452	41,956
Other Postpetition Liabilities (attach schedule)	812,908	
TOTAL POSTPETITION LIABILITIES	9,468,494	7,546,865
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt		
Wages Payable		
Priority Debt (taxes)	103,115	1,112,251
Unsecured Debt (AP)	27,560,460	29,521,454
Amounts Due to Insiders*		
TOTAL PRE-PETITION LIABILITIES	27,663,575	30,633,705
TOTAL LIABILITIES	37,132,069	38,180,570
OWNER EQUITY		
Capital Stock		
Additional Paid-In Capital		
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition		
Retained Earnings - Postpetition		
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
NET OWNER EQUITY	(416,201)	(429,554)
TOTAL LIABILITIES AND OWNERS' EQUITY	36,715,868	37,751,015

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BALANCE SHEET - continuation sheet

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH (8/31/2011)	BOOK VALUE ON PETITION DATE (8/1/2011)
Other Current Assets		
Amount due from Hoboken Municipal Hospital Authority	35,510,822	36,673,360
* Unfunded requisitions- disputed, contingent and unliquidated		
TOTAL OTHER CURRENT ASSETS	35,510,822	36,673,360
Other Assets		
TOTAL OTHER ASSETS	-	-
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH (8/31/2011)	BOOK VALUE ON PETITION DATE (8/1/2011)
Other Postpetition Liabilities		
Inventory Received, not invoiced	131,731	
Accrued Accounts Payable	594,427	
Accrued Audit Expense	3,750	
Self Insurance 2009 Long Term Workers Comp	33,000	
Self Insurance 2010 Long Term Workers Comp	50,000	
TOTAL OTHER POSTPETITION LIABILITIES	812,908	-
Adjustments to Owner Equity		
TOTAL ADJUSTMENTS TO OWNER EQUITY	-	-
Postpetition Contributions (Distributions) (Draws)		
TOTAL POSTPETITION CONTRIBUTIONS (DISTRIBUTIONS) (DRAWS)	-	-

Restricted Cash: cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

FORM MOR-3 (CONT)
(9/99)

In re Hudson Healthcare Inc

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STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
 Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
 Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. Or EFT	Ending Tax Liability
Federal						
Withholding	-	694,466	349,648	8/22/2011	EFT	344,818
FICA-Employee	-	267,688	134,983	8/22/2011	EFT	132,704
FICA-Employer	-	361,411	182,269	8/22/2011	EFT	179,142
Unemployment	-					
Income						
Other:						
Total Federal Taxes	-	1,323,565	666,900			656,664
State and Local						
Withholding	-	155,140	77,903	8/24/2011	EFT	77,237
Sales						
Excise						
Unemployment	-	27,228	-			27,228
Real Property	-					
Personal Property						
Other: Disability		18,633	-			18,633
Total State Local	-	201,001	77,903			123,098
Total Taxes	-	1,524,566	744,803			779,762

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number Days Past Due					
	Current	0-30	31-60	61-90	Over-90	Total
Accounts Payable	907,162	271,866				1,179,028
Accounts Payable - Prepetition approved by the court		751,832				751,832
Taxes Payable	779,762					779,762
Wages Payable	2,255,774					2,255,774
Accrued Sick Vacation Payable	3,304,738					3,304,738
Rent/Leases-Building	-					-
Rent/Leases-Equipment	-					-
Secured Debt/Adequate Protection Payments						-
Professional Fees	384,452					384,452
Amounts Due to Insiders*						-
Other: 401(K)403(b) Central Pension & Other Benefits	370,636					370,636
Other	442,272					442,272
Other: Customer Deposits						-
Total Postpetition Debts	8,444,796	1,023,698	-	-	-	9,468,494

Explain how and when the Debtor intends to pay any past-due postpetition debts.

9,468,494
0

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