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UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEW JERSEY

193

Case No. 11-33014(DHS)

In re Hudson Healthcare Inc Debtor

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.

		Document	Explanation
REQUIRED DOCUMENTS	Form No.	Attached	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	1	<u>L</u>

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

Signature of Joint Debtor

Signature Authorized Individual*

Printed Name of Authorized Individual

Date

Date

Date

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.

FORM MOR (9/99)

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In re Hudson Healthcare Inc Debtor

11-33014(DHS) Case No. 8/1 - 8/31/2011 Reporting Period:

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 journal must equal the total disbursements reported on the page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

CURRENT MONTH CUMULATIVE FILING TO DATE BANK ACCOUNTS FALLH Foundation Foundation 100 Bank Capital Once Capital Once (Commerce) ACTUAL PROJECTED ACTUAL PROJECTED Operating Payroll (Checking) (Savings) (599,758) #1 CASH BEGINNING OF MONTH * 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 140 140 136 5 2,200 65 12,507,616 12,507,616 OTHER (ATTACH LIST) 12,500,000 1,106 4,245 TRANSFERS FROM DIP ACCTS. TOTAL RECEIPTS (See Attached) 1,106.00 4,245 12,507,756 12,507,756 12,500,136 2,205 65 2,222 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 545 2,818,775 2,818,775 6,546 OTHER (ATTACH LIST) #2 2,811,684 -SECURED DEBT PAYMENTS . TRANSFERS (TO DIP ACCTS) TRANSFERS (TO PR BANK ACCT) (0) (0) 4,979,741 (4,979,741) PROFESSIONAL FEES US TRUSTEE QUARTERLY FEES COURT COSTS 1,106 TOTAL DISBURSEMENTS (See Attached) 10,936,148 6,546 545 10,944,345 10,944,345 NET CASH FLOW 1,563,411 1,563,411 1,563,988 (4,342) 3,701 65 (RECEIPTS LESS DISBURSEMENTS) 51,477 79.138 37,895 1,178,006 1,178,006 CASH END OF MONTH 964,230 45,267

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

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEES 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) 283,059

Reverse entry to add back outstanding checks from July Checks voided in August Adjusted Balance Above

(599,757)

#2 MOR Form 1 Schedule A includes all disbursements and includes a column for "other" for \$2,811,684 Case 11-33014-DHS Doc 281 Filed 10/07/11 Entered 10/07/11 17:06:52 Desc Main

In re Hudson Healthcare Inc

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - continuation sheet

REAKDOWN OF "OTHER CATEGORY"	CURRENT MONTH ACTUAL	CUMULATIVE FILING TO DATE
THER RECEIPTS		
1 Transfer from Authority	12,500,000	12,500,00
2 Unrestricted Donation Foundation	2,200	2,20
3 Child Birth Education Class Income	4,245	4,2
4 FAITH Interest & Misc. Deposit	65	
5 Return of Direct Deposit	1,106	1,1
tal Other Receipts	12,507,616	12,507,6
HER DISBURSEMENTS		
1 Please see file FORM MOR-1 Schedule for Disbursement A - see "other"	2,811,684	2,811,6
2 Foundation Misc. Event exps	6,546	6,5
3 Foundation Capital One bank fees & Misc event exps.	545	5

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Case No.

11-33014(DHS)

Reporting Period:

8/1 - 8/31/2011

BANK RECONCILIATIONS - SEE ATTACHED

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

See Form MOR-1 Bank Rec_Cash Disbrsmnt

Bank Reconciliations Attached See Mor 1 Bnk Stmnts

Hudson Healthcare Inc

Debtor

In re

(-) OUTSTANDING CHECKS (ATTACH LIST)		Operating	P	ayroll	Oth		Foundation	her Capital One cking)
BANK BALANCE	BOOKS					*****		
(-) OUTSTANDING CHECKS (ATTACH LIST)	3							
OTHER (ATTACHED EXPLANATION) ADJUSTED BANK BALANCE * * Adjusted bank balance must equal balance per books DEPOSITS IN TRANSIT Date Amount Date Amount Date Amount Date Amount Date Amount I Date Amount I Date I I I I I I I I I I I I I I I I I I I	TRANSIT (ATTACH LIST)	-			-		-	
ADJUSTED BANK BALANCE * * Adjusted bank balance must equal balance per books	G CHECKS (ATTACH LIST)				-			
balance per books Image: Date of the second sec	IED EXPLANATION)							
balance per books Image: Date of the second sec								
	· · · · · · · · · · · · · · · · · · ·							
	RANSIT	Date Ame	ount Date	Amount	Date	Amount	Date	Amount
	-							
CHECKS OUTSTANDING Ck. # Amount Ck.								
CHECKS OUTSTANDING Ck. # Amount Ck.		I		1		I		L
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In re Hudson Healthcare Inc

Case No. Reporting Period: 11-33014(DHS) 8/1 - 8/31/2011

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.

realized and expenses when they are incurred, regardless of when case is actually rec	eived or pa	id.	
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			s -
Add: Other Costs (attach schedule)	\$		\$ -
Less: Ending Inventory	_		\$ -
Cost of Goods Sold	\$	-	\$ -
Gross Profit	\$	11,125,538	\$ 11,125,538
OPERATING EXPENSES			L
Advertising	\$	10,368	\$ 10,368
Auto and Truck Expense		10,500	\$ -
Bad Debts		101 3 4 10 - 17 - 1 - 1	\$ -
Bad Debts Contributions			s -
	\$	731,026	\$ 731,026
Employee Benefits Program	3	/31,020	\$ 751,020
Insider Compensation*	e.	120.1//	
Insurance	\$	130,166	\$ 130,166
Management Fees/Bonuses		0.005	\$ -
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 (attach schedule) 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 (attach schedule)	\$	2,269	\$ 2,269
Interest Expense			\$-
Other Expenses (attach schedule)	\$	11,536	\$ 11,536
Net Profit (Loss) Before Reorganization Items	\$	375,186	\$ 375,186
REORGANIZATION ITEMS			L
Professional Fees	\$	384,453	\$ 384,453
U.S. Trustee Quarterly Fees		-	\$ -
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	1		\$ -
Gain (Loss) from Sale of Equipment			\$ -
Other Reorganization Expenses (attach schedule)	\$	-	\$ -
	\$	384,453	\$ 384,453
Total Reorganization Expenses	Ψ	JUT,TJJ	φ <u> </u>
Income Taxes	-	(0.267)	¢ (0.267)
Net Profits (Loss)	\$	(9,267)	\$ (9,267)

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

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In re Hudson Healthcare Inc

 Case No.
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 Reporting Period:
 8/1 - 8/31/2011

STATEMENT OF OPERATIONS - continuation sheet

(Income Statement)

BREAKDOWN OF "OTHER CATEGORY"	CURRENT MONTH ACTUAL	CUMULATIVE FILING FO 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
	2,042,823	2,042,823
Total Other Operating Expenses OTHER INCOME Foundation Revenue	2,042,823	2,042,625
	, , , , , , , , , , , , , , , , , , ,	
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.

Debtor

In re Hudson Healthcare Inc

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Case No. 11-33014(DHS) Reporting Period: 8/1 - 8/31/2011

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilitie	BOOK VALUE AT END OF CURRENT REPORTING	BOOK VALUE ON
	MONTH (8/31/2011)	PETITION DATE (8/1/2011)
Unrestricted Cash and Equivalents	\$ 1,178,164	***************************************
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	
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		and the second
TOTAL PROPERTY & EQUIPMENT	24,000	24,000
OTHER ASSETS	f	
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

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

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In re Hudson Healthcare Inc

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Debtor

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	(9/31/2011)	(0/1/2011)
Amount due from Hoboken Municipal Hospital Authority	35,510,822	26 672 260
* Unfunded requisitions- disputed, contingent and unliquidated	55,510,822	36,673,360
	0.5. 510.000	
TOTAL OTHER CURRENT ASSETS	35,510,822	36,673,360
Other Assets		I
TOTAL OTHER ASSETS	-	-
	BOOK VALUE AT END OF	
	CURRENT REPORTING	BOOK VALUE ON
LIABILITIES AND OWNER EQUITY	MONTH (8/31/2011)	PETITION DATE
Other Postpetition Liabilities	(0/31/2011)	(8/1/2011)
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	212.000	
Adjustments to Owner Equity	812,908	-
Augustatents to omner Lyung		
	· · · ·	
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 (CON'T)

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In re Hudson Healthcare Inc

Case No. Reporting Period

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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.

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

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In re Hudson Healthcare Inc

Debtor

Case No. 11-33014(DHS) **Reporting Period** 8/1 - 8/31/2011

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	
+ Amounts billed during the period	
- Discounts Taken	
- Amounts collected during the period	
Total Accounts Receivable at the end of the reporting period	-

Accounts Receivable Aging	Amount
0 - 30 days old	
31 - 60 days old	
61 – 90 days old	
91 – days old	
Total Accounts Receivable	-
Amounts considered uncollectible (Bad Debt)	
Accounts Receivable (Net)	-

DEBTOR QUESTIONNAIRE

Must be completed each month		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below		No
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes provide an explanation below.		No
3.	Have all postpetition tax returns been timely filed? If no, provide an explanation below.	Yes	
4	Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	Yes	