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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re:

Chapter 11 Case

SOUND SHORE MEDICAL CENTER OF
WESTCHESTER, et al.,¹

Case No. 13- 22840 (RDD)

Debtors.

(Jointly Administered)

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**APPLICATION FOR ORDER AUTHORIZING THE EMPLOYMENT AND
RETENTION OF PRICEWATERHOUSECOOPERS, LLP AS AUDITORS FOR THE
DEBTORS, NUNC PRO TUNC TO JUNE 27, 2013, AND TO PAY CERTAIN
OUTSTANDING PREPETITION AMOUNTS IN CONNECTION THEREWITH**

Sound Shore Medical Center of Westchester ("SSMC") and the other above captioned debtors, as debtors-in-possession (each a "Debtor" and collectively, the "Debtors") in these chapter 11 cases, hereby file this application (the "Application") for entry of an order (the "Order"), substantially in the form of Exhibit B hereto, authorizing: (a) the employment and retention, *nunc pro tunc*, to June 27, 2013, of PricewaterhouseCoopers, LLP ("PwC") as auditors in these chapter 11 cases: (i) pursuant to the terms and conditions set forth in the engagement letters dated June 27, 2013, between the Debtors and PwC (collectively the "Engagement")

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number include: Sound Shore Health System, Inc. (1398), Sound Shore Medical Center of Westchester (0117), The Mount Vernon Hospital, Inc. (0115), Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center (0781), NRHMC Services Corporation (9137), The M.V.H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC (0117). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

Letters”) to, inter alia, audit the Debtors’ financial statements for the 16 month period ending April 30, 2013, and (ii) to complete the audit for the year ending December 31, 2011 pursuant to the terms and conditions set forth in the amended 2011 engagement letter dated July 10, 2013, between the Debtors and PwC (the “Amended Engagement Letter”) and (b) the payment to PwC of \$121,500 in connection with two outstanding prepetition invoices relating to the 2011 audit, and respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§ 157 and 1334. The Application is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).
2. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory predicates for the relief requested herein are sections 105(a), 327(a), 328 and 1107 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”).

BACKGROUND

4. On May 29, 2013 (the “Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, the Debtors are continuing to operate their businesses and manage their affairs as debtors-in-possession. No trustee or examiner has been appointed in these cases. On June 10, 2013, the United States Trustee for the Southern District of New York (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”).

5. The factual background relating to the Debtors' commencement of these chapter 11 cases is set forth in detail in the Affidavit of John Spicer Pursuant to Local Bankruptcy Rule 1007-2 and in Support of First Day Motions and Applications, [Docket No. 18] filed on the Petition Date and incorporated herein by reference.

6. In the ordinary course of the Debtors operations, and in order to ensure compliance with various federal and state programs and reporting requirements, including, without limitation, the filing of cost reports required as a condition of participating in the Medicare and Medicaid programs, the Debtors regularly obtain independent audits of their financial statements. In addition, the Debtors currently need to obtain audited financial statements as a condition to the closing of the proposed sale of substantially all of their assets to Montefiore Medical Center. It is therefore imperative that the Debtors obtain audits of their financial statements as soon as possible.

7. PwC has acted as the Debtors' auditor for several years, has significant institutional knowledge of the Debtors and their financial affairs and is in the best position to complete the necessary audits on an expedited basis. Most recently, the Debtors retained PwC to audit its financial statements for the year ending December 31, 2011. PwC had substantially completed that audit when the Debtors commenced these cases. As of the Petition Date, the Debtors owe PwC approximately \$270,000 in connection with prepetition services, of which approximately \$121,500 is directly related to PwC's work on the 2011 audit.

RELIEF REQUESTED

8. By this Application, the Debtors seek entry of an order, pursuant to Bankruptcy sections 105(a), 327(a) and 328 of the Bankruptcy Code, authorizing (a) the retention of PwC as

auditors for the 16 month period ending April 30, 2013, on the terms and conditions set forth in the Engagement Letters, and (b) to retain PwC to complete the audit for the period ending December 31, 2011 on the terms and conditions set forth the Amended Engagement Letter, including the payment of \$121,500 in connection with two outstanding prepetition invoices relating to the 2011 audit.

9. The Debtors selected PwC to audit their prepetition financial statements based on PwC's expertise and knowledge in the area of auditing healthcare entities. PwC is well regarded in the healthcare industry with an established reputation in the provision of accounting, auditing and tax services. As noted above, PwC has acted as the Debtors auditors for several years and, prior to the Petition Date, PwC was engaged to audit the Debtors' financial statements for the year ending December 31, 2011. The Debtors commenced these cases just prior to the completion of that audit.

10. Given PwC's institutional knowledge of the Debtors, the pressing need to complete the audits on an expedited basis, and the substantial amount of work PwC has already done on the 2011 audits, the Debtors, in consultation with the Committee, determined that it is in the best interest of the Debtors and all of their creditor constituencies to retain PwC to complete the 2011 audit and perform the audit for the 16 month period ending April 30, 2013. Accordingly, the Debtors and the Committee engaged PwC in arms-length negotiations to determine under what conditions PwC would be willing to continue its engagement on a postpetition basis. Ultimately, an agreement was reached with PwC which includes (a) the payment of two prepetition invoices relating to the 2011 audit in the aggregate amount of \$121,500, (b) payment of an additional \$85,000 to PwC upon the completion of the 2011 audit, and (c) a fixed fee arrangement for auditing the financial statements for the 16 month period

ending April 30, 2012. As part of the agreement, PwC agreed to write off of more than \$150,000 in non audit related prepetition fees. This arrangement represents a substantial savings (in the range of \$500,000 to \$700,000) in relation to the time and costs associated with retaining a new auditor to audit the 2011 financials. The Debtors have consulted with the Committee, which has represented that it has no objection to the proposed retention, including the payment of the prepetition amounts.

SERVICES TO BE PROVIDED

11. As further described in the declaration of Timothy Weld, a partner at PwC, which is annexed hereto as Exhibit A (the "Weld Declaration"), and set forth in detail in the Engagement Letters and the Amended Engagement Letter,² PwC will provide auditing and related services to the Debtors necessary for their fulfillment of remaining regulatory and auditing requirements so that they can file necessary cost reports and consummate the proposed sale transaction. Among the services PwC will render (collectively referred to as the "Services") are the following:

- (a) Audit the consolidated financial statements of the Debtors for the year ending December 31, 2011;
- (b) Audit the consolidated financial statements of the Debtors for the 16 month period ending April 30, 2013;
- (c) Audit the Debtors compliance with the types of compliance requirements described in the *U.S. Office of Management and Budgets Circular A-133 Compliance Supplement* that are applicable to each of the Debtors' and provide reporting in accordance therewith;
- (d) Prepare the bad debt and charity care agreed-upon procedures report as required by the State of New York; and

² To the extent that this Application and the terms of the Engagement Letters are inconsistent, the terms of the Engagement Letters shall control.

(e) Certify the HANH cost report.

COMPENSATION

12. The compensation to be paid to PwC for the audits in connection with the sixteen month period ending April 30, 2013, is calculated on a "fixed fee" structure with periodic progress payments. Specifically, the Engagement Letters provide for aggregate payments on account of services rendered in connection with the Mount Vernon Hospital of \$325,000, plus out of pocket expenses, and aggregate payments on account of services rendered in connection with the Sound Shore Medical Center of Westchester and its Debtor affiliates of \$575,000, plus out of pocket expenses, each subject to certain conditions contained in the Engagement Letters.

13. The Amended Engagement Letter for the completion of the 2011 audit contemplates a single payment of \$85,000, which is payable upon completion and delivery of the 2011 audit. In addition, the Debtors have agreed to pay PwC \$121,500 on account of two prepetition invoices in connection with work previously performed in connection with the 2011 audits.

14. PwC has advised the Debtors that for fixed fee engagements, such as that under the Engagement Letters, it is not the general practice of PwC professionals to keep detailed time records (*i.e.*, increments of one-tenth of an hour (six minutes)) similar to those customarily kept by attorneys compensated through the Bankruptcy Court. Despite this general practice, for the fixed fee services provided under the Engagement Letters, PwC intends to include as an exhibit to each interim fee application filed with the Court, a summary in reasonable detail of the approximate time spent by professionals on various tasks in lieu of contemporaneous time records in partial-hour increments. PwC shall apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules. PwC understands that (a) it shall

accept as compensation such sums as may be allowed by the Court and (b) interim and final fee awards are subject to approval by this Court.

15. Section 328 of the Bankruptcy Code authorizes the employment of a professional person "on any reasonable terms and conditions of employment, including on retainer, on an hourly basis, or on a contingent fee basis." 11 U.S.C. § 328. The Debtors require that PwC audit the Debtors' books and records to certify the Debtor's financial statements are accurate and to ensure that the Debtors are in compliance with New York and federal regulations. Accordingly, it is necessary and essential for the Debtors to retain PwC to perform the tasks described herein. Furthermore, the Debtors believe the compensation and reimbursement to be paid to PwC is reasonable and competitive in relation to the compensation and reimbursement charged by other similarly situated auditing, accounting and tax provider firms.

BASIS FOR RELIEF REQUESTED

16. Courts in this district generally acknowledge that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value. See, e.g., In re Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.), 29 B.R. 391, 398 (Bankr. S.D.N.Y. 1983) (authorization to pay prepetition claims of suppliers); In re CoServ, LLC, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002).

17. Section 105(a) of the Bankruptcy Code provides:

The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. No provisions of this title providing for the raising of an issue by a party in interest shall be construed to preclude the court from, *sua sponte*, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process. 11 U.S.C. § 105(a).

18. Pursuant to section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of the bankruptcy court (commonly referred to as the “doctrine of necessity”), orders are appropriate where they are essential to the debtor’s reorganization efforts and do not pose a burden on the debtor’s creditors. Accordingly, Courts frequently apply section 105(a) to authorize relief in chapter 11 cases, similar to that sought herein, where the debtor seeks authority to satisfy a prepetition obligation. A bankruptcy court may use its equitable powers to “authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor.” In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989); see Michigan Bureau of Workers’ Disability Compensation v. Chateaugay Corp. (In re Chateaugay Corp.), 80 B.R. 279, 286 (S.D.N.Y. 1987) (affirming a bankruptcy court order authorizing the debtor to pay pre-bankruptcy wages, salaries, employee benefits, reimbursements); In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (reasoning that because debtor in possession has fiduciary duties it must meet, it is logical that the bankruptcy court may “authorize satisfaction of the prepetition claim in aid of preservation or enhancement of the estate” under section 105(a)).

19. Courts in this district have frequently relied on the “necessity of payment” doctrine, first enunciated by the Supreme Court in Miltenberger v. Logansport C. & S.W. Ry. Co., 106 U.S. 286 (1882), by which courts may authorize a debtor to make postpetition payments with respect to prepetition claims where such payments are critical to the reorganization process or otherwise necessary for the preservation of the estate. See, e.g., In re C.A.F. Bindery, Inc., 199 B.R. 828, 835 (Bankr. S.D.N.Y. 1996); In re Fin. News Network Inc., 134 B.R. 732, 735-36 (Bankr. S.D.N.Y. 1991) (authorizing payment of prepetition debt necessary to facilitate a debtor’s rehabilitation is not a novel concept). (In re Chateaugay Corp.), 80 B.R. at 285-87

(finding that a court's equitable powers include authorizing a debtor to pay prepetition debts); In re Ionosphere Clubs, Inc., 98 B.R. at 176 ("The 'necessity of payment' doctrine . . . 'permits immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims shall have been paid.'").

20. The Court may also grant the relief requested herein pursuant to section 363 of the Bankruptcy Code, which provides that "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). In order to do so, "the debtor must articulate some business justification, other than the mere appeasement of major creditors." In re Ionosphere Clubs, Inc., 98 B.R. at 175; see Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1070 (2d Cir. 1983); In re Global Crossing Ltd., 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003).

21. Additionally, pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, debtors-in-possession are fiduciaries holding the bankruptcy estate and operating the business for the benefit of creditors. CoServ, 273 B.R. at 497. Consistent with such fiduciary duties, courts have authorized payment of prepetition obligations under section 363(b) of the Bankruptcy Code where a sound business purpose exists for doing so. See Ionosphere Clubs, 98 B.R. at 175 (section 363(b) gives the court "broad flexibility" to authorize a debtor to expend funds outside the ordinary course so long as the debtor articulates a business justification therefor).

22. Here, the Debtors have no choice but to complete the audits of their financial statements. Failure to do so would place millions of reimbursement dollars at risk and would put the Debtors entire sale process in jeopardy. Moreover, retaining another firm to complete the

2011 audit will likely cost the Debtors approximately \$500,000 to \$700,000 more than the arrangement reached with the PwC. Accordingly, it is in the best interest of the Debtors, and all of their various creditor constituencies to authorize the Debtors to pay PwC \$121,500 on account of their prepetition audit related invoices.

DISINTERESTEDNESS AND ELIGIBILITY

23. The Debtors submit that retention of PwC under the terms described herein is appropriate under sections 327 and 328 of the Bankruptcy Code. Section 327(a) of the Bankruptcy Code empowers the trustee, with the court's approval, to employ professionals "that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this title." 11 U.S.C. § 327(a).

24. As set forth in the Weld Declaration, PwC represents that neither it, nor its employees, have any connection with or any interest adverse to the Debtors, their creditors, or any other party in interest, or their respective attorneys and accountants, except as may otherwise be set forth therein. Although PwC currently holds an approximately [\$270,000] claim against the Debtors with respect to services rendered to the Debtors prior to the Petition Date, if this Court approves the Application, upon payment of the agreed prepetition amounts and PwC's write off of the remaining prepetition balance, PwC asserts that it will not hold any interests materially adverse to the interests of the Debtors, their estates, or any class of creditors. PwC also represents that it does not have any connection to the U.S. Trustee or any person employed in the Office of the U.S. Trustee in the Southern District of New York.

25. Therefore, PwC submits that it is a “disinterested person” within the meaning of section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code. The Debtors have been informed that PwC will conduct an ongoing review of its files to ensure that no disqualifying circumstances arise, and if any new relevant facts or relationships are discovered, PwC will supplement its disclosure to this Court.

26. The employment and retention of PwC on the terms and conditions set forth herein is necessary and in the best interest of the Debtors, their estates, and their creditors.

NOTICE

27. In accordance with the Administrative Order Establishing Case Management and Scheduling Procedures (the “Case Management Order”), entered on June 4, 2013, notice of this Application has been given to the parties identified on the General Service List and the Master Service List (as such terms are identified in the Case Management Order). The Debtors submit that no other or further notice need be provided.

NO PRIOR REQUEST

28. No previous application for the relief sought herein has been made by the Debtors to this or any other Court.

WHEREFORE, the Debtors respectfully requests entry of an order, substantially in the form of Exhibit B attached hereto, authorizing it to employ and retain PwC as auditors for the Debtors in connection with this case, authorizing the Debtors to pay PwC \$121,500 in connection with prepetition obligations and granting such other and further relief as is just and proper.

Dated: July 15, 2013
Great Neck, New York

GARFUNKEL WILD , P.C.
Proposed Counsel for Debtors and Debtors in Possession


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Exhibit A

Declaration of Timothy Weld

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

----- X
In re :

SOUND SHORE MEDICAL CENTER :
OF WESTCHESTER, et al. :

Debtors. :
----- X

Chapter 11

Case No. 13-22840 (RDD)

**DECLARATION OF TIMOTHY R WELD IN SUPPORT OF THE DEBTORS'
APPLICATION FOR AN ORDER AUTHORIZING THE EMPLOYMENT AND
RETENTION OF PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT
AUDITORS TO THE DEBTORS NUNC PRO TUNC TO JUNE 27, 2013**

Pursuant to 28 U.S.C. § 1746, I, Timothy R Weld, hereby declare:

1. I am a partner in PricewaterhouseCoopers LLP ("PwC"), an accounting and financial services firm that has an office at 300 Madison Avenue, New York, New York, 10017. I am duly authorized to make this declaration (the "Declaration") on behalf of PwC in support of the application (the "Application") of the above captioned Debtors and Debtors-in-possession (collectively, the "Debtors") for entry of an order authorizing the employment and retention of PwC as independent auditors under the terms and conditions set forth in the Application. Except as otherwise noted¹, I have personal knowledge of the matters set forth herein, or have been informed of such matters by professionals of PwC, and, if called as a witness, I would testify thereto.

2. PwC is well qualified to assist the Debtors on the matters for which the Debtors propose to retain PwC. PwC is a leading full-service, accounting, consulting and financial services firm with over 75 offices and more than 30,000 employees in the United States. I

¹ Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at PwC and are based on information provided by them.

believe that PwC possesses extensive auditing, accounting, and consulting expertise that will be useful in serving as independent auditors and that PwC is well-qualified to advise the Debtors. PwC has considerable experience providing accounting, tax, auditing, and financial advisory services to businesses in a chapter 11 environment, and has been employed in numerous cases under the Bankruptcy Code within this district, including the chapter 11 cases of Ambac Financial Group, Inc., Eastman Kodak Company, Hawker Beechcraft, Inc., Lehman Brothers Holdings Inc., LodgeNet Interactive Corporation, Petra Fund REIT Corp., RDA Holding Co., The Great Atlantic & Pacific Tea Company, Inc., and many others.

3. Subject to the Court's approval, the terms and conditions of PwC's retention and its compensation are set forth in the amended 2011 engagement letter dated July 10, 2013, attached hereto as Exhibit A, the 2013 Medical Center Agreement, attached hereto as Exhibit B, and the 2013 Hospital Agreement, attached hereto as Exhibit C (collectively, the "Engagement Agreements"). The terms and conditions of these Engagement Agreements were negotiated at arm's length between the Debtors and PwC, and reflect the parties' mutual agreement as to the substantial efforts that will be required in this matter. Under the Engagement Letters, PwC will provide such audit services (the "Services")² as PwC and the Debtors shall deem appropriate and feasible in order to advise the Debtors in the course of these cases, including, but not limited to the following:

- (a) Audit the financial statements of the Debtors at December 31, 2011 and for the year then ended;
- (b) Audit the consolidated financial statements of the Medical Center at April 30, 2013 and for the sixteen months then ended;

² The summaries of the Engagement Agreements contained in this Declaration are provided for purposes of convenience only. In the event of any inconsistency between the summaries contained herein and the terms and provisions of the Engagement Agreements, the terms of the Engagement Agreements shall control.

- (c) Audit the consolidated financial statements of the Hospital at April 30, 2013 and for the sixteen months then ended;
- (d) Audit and report on the Debtors' compliance with compliance requirements described in the *U.S. Office of Management and Budget Circular A-133 Compliance Supplement*;
- (e) Prepare the bad debt and charity care agreed-upon procedures report for the Debtors as required by the State of New York; and
- (f) Certify the HANH cost report.

4. The Services that PwC will provide to the Debtors are necessary to enable the Debtors to satisfy its audit and regulatory obligations, to file its cost reports and to consummate their proposed sale transaction. PwC's services, as independent auditors, do not duplicate the services provided to the Debtors by any of the Debtors' other professionals. PwC will undertake to work with the Debtors in making every reasonable effort to avoid duplication between the services provided by any other professionals employed by the Debtors.

5. Subject to this Court's approval, PwC intends to (i) seek compensation for its Services on a "fixed fee" basis; and (ii) seek reimbursement of actual and necessary costs and expenses incurred by PwC in connection with these Services.

6. Under the terms and conditions of the Engagement Agreements, the Debtors and PwC have agreed to certain services based on a "fixed fee" structure. The terms and conditions of PwC's compensation are set forth in the Engagement Agreements and provide the framework for a fixed-fee arrangement as well as payment schedules.

Engagement Letter	Fixed -Fee Arrangement
2011 Audit Agreement	\$85,000
2013 Medical Center Agreement	\$575,000
2013 Hospital Agreement	\$325,000

7. The fixed-fee arrangement outlined in the Engagement Agreements is comparable to what is generally charged by other firms of similar stature to PwC for comparable

engagements, both in and out of bankruptcy, and represent PwC's standard fee amounts. I believe that the foregoing compensation arrangement is both reasonable and market-based and consistent with PwC's normal and customary billing levels for comparably sized and complex cases, both in and out-of-court, involving the services to be provided in these chapter 11 cases.

8. The Debtors understand that in connection with rendering the Services, PwC will also seek reimbursement for necessary and reasonable out-of-pocket expenses incurred. PwC will follow its customary expense reimbursement guidelines and practices in seeking expense reimbursement from the Debtors, which include the maintenance of detailed records of any actual and necessary costs and expenses incurred in connection with the services discussed above.

9. PwC has advised the Debtors that it is not the practice of PwC's professionals to keep detailed time records in one-tenth-of-an-hour increments (*i.e.*, six minute increments) as customarily kept by attorneys who are compensated subject to approval of the Court. Instead, the customary practice of PwC's professionals is to keep reasonably detailed records of services rendered during the course of an engagement in half-hour (0.5) increments. PwC intends to file interim and/or final fee applications for the allowance of compensation for services rendered and reimbursement of expenses incurred in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Fee Guidelines and any applicable orders of this Court. PwC further requests that the Court allow PwC's professionals to provide the following in its monthly, interim and final fee applications: (a) a narrative summarizing each project category and the services rendered under each project category; (b) as an exhibit to each monthly, interim and final fee application that PwC files in these chapter 11 cases, a summary, by project category, of services rendered to the Debtors, which identifies each professional

rendering services, the number of hours expended by each professional, and the amount of compensation requested with respect to the services rendered by each professional; and (c) reasonably detailed records of time in half-hour (0.5) increments, describing the services rendered by each professional and the amount of time spent on each date. PwC believes that given the nature of the services to be provided by PwC, such billing format and associated time details will be sufficient for the Debtors and other parties in interest to make informed judgments regarding the nature and appropriateness of PwC's services and fees.

10. To the best of my knowledge, PwC is owed approximately \$[270,000] associated with services provided to the Debtor prior to the Petition Date. Of that amount, approximately \$121,500 is related to work done in connection with the 2011 audit. PwC has reached an agreement with the Debtors and the Creditors Committee appointed in these cases whereby it will receive the \$121,500 associated with 2011 audit but will waive any and all entitlement to make a pre-petition claim against the Debtor with respect to any other fees. Accordingly, upon receipt of the \$121,500, PwC will not be a "creditor" of the Debtors within the meaning of Section 101(10) of the Bankruptcy Code.

11. No commitments have been made or received by PwC, nor any partner or employee associate thereof, as to compensation or payment in connection with these cases other than in accordance with the provisions of the Bankruptcy Code. Further, PwC has no agreement with any other entity to share with such entity any compensation received by PwC in connection with this chapter 11 case.

12. Based on the results of the relationship search conducted to date as described below, PwC has been able to ascertain that no connection with the above-captioned Debtors, its creditors, equity security holders, other parties-in-interest (as reasonably known to us) or their

respective attorneys, except as disclosed or otherwise described herein. Further, to the best of my knowledge, no one involved in these cases has any connection to the U.S. Trustee or any person employed in the Office of the U.S. Trustee in this District.

13. In connection with the preparation of this Declaration, PwC's professionals conducted a review of its professional contacts with the Debtors, their affiliates and certain entities holding large claims against the Debtors that were reasonably known to us (the "Interested Parties"). Our review consisted of queries of an internal computer database containing names of individuals and entities that are present or recent former clients of PwC in order to identify potential relationships. A summary of such representation that PwC was able to locate using its reasonable efforts reflected in Schedule 1 to this Declaration.

14. PwC confirms it is not providing and will not provide services to any of the clients that are listed on Schedule 1 that are adverse to the Debtors or related to issues connected to the Debtors' bankruptcy. Further, we are not providing and will not provide services to the Debtors that would be adverse to any of the entities listed on Schedule 1. Despite the size or significance of the relationships with the entities listed on Schedule 1, none of those relationships will compromise in any way PwC's ability to serve as the Debtors' independent auditors.

15. PwC has provided and likely will continue to provide services unrelated to the Debtors' case for the various entities shown on Schedule 1. Our assistance to these parties has been primarily related to auditing, tax, and/or other consulting services. To the best of my knowledge, no services have been provided to these creditors or other parties in interest which could impact their rights in the Debtors' case, nor does PwC's involvement in these cases compromise its ability to continue such auditing, tax and/or consulting services. With respect to those potential parties in interest listed on Schedule 1 who are PwC clients, none of those clients

accounted for more than 1.0% of PwC's revenues for the fiscal year ended June 30, 2013.

16. Further, as part of its diverse practice, PwC appears in numerous cases, proceedings and transactions that involve many different professionals, including attorneys, accountants and financial consultants, who may represent claimants and parties-in-interest in the Debtors' chapter 11 cases. Also, PwC has performed in the past, and may perform in the future, audit, tax and consulting services for various attorneys and law firms in the legal community, and has been represented by several attorneys and law firms in the legal community, some of whom may be involved in these proceedings. In addition, PwC has in the past, may currently and will likely in the future be working with or against other professionals involved in these cases in matters unrelated to the Debtors and these cases. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these business relationships create interests materially adverse to the Debtors herein in matters upon which PwC is to be employed, and none are in connection with these cases.

17. Despite the efforts described above to identify and disclose PwC's connections with Interested Parties, PwC is unable to state with certainty that every client relationship or other connection has been disclosed. In this regard, if PwC discovers additional information that requires disclosure, PwC will file a supplemental disclosure with the Court as promptly as possible.

18. Thus, to the best of my knowledge, PwC is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that PwC:

- (a) is not a creditor, equity security holder or insider of the Debtors;
- (b) is not and was not an investment banker for any outstanding security of the Debtors;

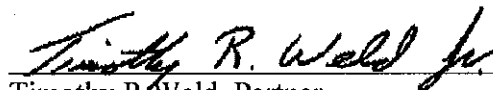
- (c) has not been, within three years before the date of the filing of the Debtors' chapter 11 petition, (i) an investment banker for a security of the Debtors or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the Debtors; and
- (d) was not, within two years before the date of filing of the Debtors' chapter 11 petitions, a director, officer, or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) of this paragraph.

19. In addition, to the best of my knowledge and based upon the results of the relationship search described above, PwC neither holds nor represents an interest adverse to the Debtors within the meaning of Section 327(a) and 328(a) of the Bankruptcy Code.

20. It is PwC's policy and intent to update and expand its ongoing relationship search for additional parties in interest in an expedient manner. If any new relevant facts or relationships are discovered or arise, PwC will file supplemental disclosures with the Court.

Under the penalties of perjury, in accordance with the laws of the United States and the state of New York, and to the best of my knowledge and belief the foregoing is true and correct.

Dated this 15th day of July 2013.



Timothy R. Weld, Partner
PricewaterhouseCoopers LLP
300 Madison Avenue
New York, New York 10017
Telephone: (646) 471 2477
Facsimile: (813) 329 2480

Schedule 1

PwC currently perform, or have previously performed, services in matters unrelated to these chapter 11 bankruptcy cases for the following individuals or entities or have other relationships with such entities, such as banking relationships:

RELATIONSHIPS KNOWN AS OF JULY 11, 2013:

(Attached as table, with the subtitles referring to the categories used by the Debtors)

Creditors Holding 30 Largest Unsecured Claims

Allscripts Healthcare, LLC
McKesson Information Solutions
New York Medical College
TGC, LLC
Apollo Health Street Inc.
Emergency Medical Associates
Medtronic USA Inc.
Cannon Design
Alphatec Spine Inc.
Pension Benefit Guaranty
Dormitory Authority of SNY

Secured Creditors/Lienholders

Sun Life Assurance Company of Canada (US)
Dormitory Authority of the State of New York
Midcap Financial, LLC
Pension Plan/Pension Benefit Guaranty Corporation
1199 SEIU Healthcare Workers

EXHIBIT A



Amendment #1 to Existing Engagement Letter

July 10, 2013

Mr. Stan Buturla
Chief Financial Officer
Sound Shore Medical Center of Westchester and Affiliates and
The Mount Vernon Hospital
16 Guion Place
New Rochelle, NY 10802

Dear Mr. Buturla:

This letter reflects our agreement to amend our engagement letters dated October 21, 2011 with Sound Shore Medical Center of Westchester and Affiliates (the "Medical Center") and The Mount Vernon Hospital ("the Hospital"), in the following respect. This letter serves as an extension of the original agreement for the purpose of completing our audits of the two entities identified due to the delay in receipt of supporting documentation as a result of various operational matters and the lapse in time since our audit fieldwork was originally conducted necessitating updated audit procedures required to be performed in various significant areas. As discussed, the fixed fee of \$85,000 will be incurred, at an average rate of \$390 per hour, in order to issue the audited financial statements for these entities. All other provisions of our engagement letters of October 21, 2011 with the Medical Center and the Hospital will remain unchanged.

If you have any questions regarding this amendment, please discuss them with Tim Weld at (646) 471-2477. If the services and terms outlined in this amendment to the engagement letter are acceptable, please sign one copy of this amendment in the space provided and return it to me. You may return the signed copy by hand, mail, air courier or by facsimile to my attention at (813) 329-8455, or attached to an email as a pdf, jpeg or similar file type sent to me at timothy.r.weld@us.pwc.com.

Very truly yours,

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP

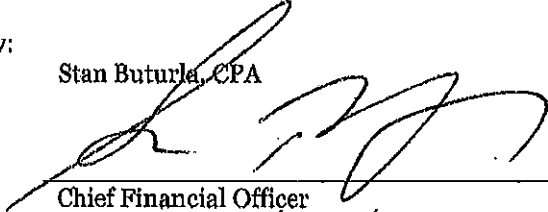


The services and terms as set forth in this letter are agreed to.

Sound Shore Medical Center of Westchester and Affiliates and The Mount Vernon Hospital

By:

Stan Buturla, CPA



Chief Financial Officer

Date

7/12/13

EXHIBIT B



June 27, 2013

Mr. Stan Buturla
Chief Financial Officer
Sound Shore Medical Center of Westchester and Affiliates
16 Guion Place
New Rochelle, NY 10802

Dear Mr. Buturla:

The purpose of this letter is to confirm our understanding of the terms of our engagement as independent accountants of Sound Shore Medical Center of Westchester and Affiliates (the "Medical Center").

Services and related reports

We will audit the consolidated financial statements of the Medical Center at April 30, 2013 and for the sixteen months then ending. Upon completion of our audit, we will provide you with our audit report on the financial statements referred to above. In conjunction with the audit of the consolidated financial statements, we will report on the supplementary schedule of expenditures of federal awards in relation to those consolidated financial statements taken as a whole as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

In addition, we will provide you with our report on our tests of the Medical Center's compliance with laws, regulations, and provisions of contracts and grant agreements and on our consideration of its internal control over financial reporting, as required under *Government Auditing Standards*. If that report discloses deficiencies in internal control, fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse, we will obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as planned corrective actions.

We also will audit the Medical Center's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of the Medical Center's major federal programs for the sixteen months ended April 30, 2013. Upon completion of the audit of compliance, we will provide you with our report on the Medical Center's compliance with requirements applicable to each major federal program and on our consideration of its internal control over compliance, as required under OMB Circular A-133. If our auditing procedures disclose instances of noncompliance with those requirements, we will provide a schedule of findings and questioned costs as required by OMB Circular A-133. We will assist the Medical Center in completing Part I, Item 6, *Auditor Information* including the *Auditor Statement* of the *Organization's Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations* required by OMB Circular A-133 (the "DCF"). Further, we will complete Part II, *Financial Statements*; and Part III, *Federal Programs* of the Medical Center's DCF.

If for any reason relating to the affairs or management of the Company we are unable to complete the audit, we may decline to issue a report as a result of this engagement.



Our responsibilities and limitations

Audit of financial statements

The objective of a financial statement audit is the expression of an opinion on the consolidated financial statements. We will be responsible for performing the audit in accordance with auditing standards generally accepted in the United States and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Additionally, we may modify or redirect certain of the procedures applied in our audit of the consolidated financial statements in order that we may express an opinion on the supplementary schedule of federal awards in relation to the consolidated financial statements taken as a whole.

We will consider the Medical Center's internal control over financial reporting solely for the purpose of determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the consolidated financial statements. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal control over financial reporting. We will include in our report on our tests of internal control over financial reporting and in the schedule of findings and questioned costs any significant deficiencies, identifying those we believe to be material weaknesses, as required under *Government Auditing Standards*. Deficiencies in internal control that are not significant deficiencies will be communicated separately to the Medical Center.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the consolidated financial statements as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. Absolute assurance is not attainable due to the nature of audit evidence and the characteristics of fraud. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the consolidated financial statements. It is important to recognize that there are inherent limitations in the auditing process. An audit is based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. An audit is, therefore, subject to the limitation that material errors or fraud or other illegal acts or violations of provisions of contracts or grant agreements having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with auditing standards generally accepted in the United States may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud, other illegal acts, or violations of provisions of contracts or grant agreements will occur and remain undetected, it does not eliminate that possibility. For these reasons we cannot ensure that errors, fraud, other illegal acts, or violations of provisions of contracts or grant agreements, if present, will be detected. Additionally, we are unable to, nor are we expected to, design our audit to obtain reasonable assurance of detecting abuse (as that term is defined in *Government Auditing Standards*), because the determination of abuse is subjective. Our tests will not be sufficient to enable us to provide assurance on the Medical Center's compliance with provisions of laws, regulations, contracts and grants. However, our report on such tests will identify any instances of fraud or illegal acts reportable under auditing standards generally accepted in the United States as well as significant



violations of provisions of contracts or grant agreements and significant abuse reportable under *Government Auditing Standards*. Lesser violations of provisions of contracts or grants or abuse will be communicated separately to the Medical Center.

As required by *Government Auditing Standards*, we will follow up on known significant findings and recommendations from previous audits that directly relate to the objectives of the audit being undertaken, including those related to significant deficiencies, to determine whether the Medical Center has taken timely and appropriate corrective actions. We are required to report the status of any uncorrected findings and recommendations that were included in prior audit reports that affect the current financial statement audit. In addition, OMB Circular A-133 requires us to follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the Medical Center, and report, as a current year audit finding, if we conclude that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding.

Audit of compliance with requirements applicable to federal programs

We will be responsible for performing the audit of compliance with requirements applicable to each major federal program in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with those requirements that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Medical Center's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We also will make a determination as to whether the Medical Center is a "low risk auditee" as defined in OMB Circular A-133 for purposes of determining the required coverage of our tests of internal control and compliance related to major federal programs. Our audit does not provide a legal determination of the Medical Center's compliance with those requirements. We will, however, include in the schedule of findings and questioned costs any instances of noncompliance required to be reported under OMB Circular A-133.

We will consider the Medical Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures necessary for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal control over compliance with requirements applicable to major federal programs. We will, however, include in our report on our tests of internal control over compliance and in the schedule of findings and questioned costs any significant deficiencies, identifying those we believe to be material weaknesses, as required under OMB Circular A-133.

Other

We also are responsible for determining that the finance committee is informed about certain other matters related to the conduct of the audit, including (i) any disagreements with management about matters that could be significant to the Medical Center's financial statements or our report thereon; (ii) any serious difficulties encountered in performing the audit; (iii) information relating to our independence with respect to the Medical Center; (iv) other matters related to the Medical Center's financial statements including its accounting policies and practices; and (v) all significant deficiencies and material weaknesses identified during the audit, as previously mentioned. Lastly, we are responsible for ensuring that the



finance committee receives copies of certain written communications between us and management, including management representation letters and written communications on accounting, auditing, internal control or operational matters.

The audit will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

Government Auditing Standards require that we communicate the results of our Firm's most recent external quality control review to you which is for the year ended December 31, 2011. This review resulted in an unqualified opinion on the Firm's system of quality control. A copy of that report is appended to this letter.

Management's responsibilities

The Medical Center's management is responsible for the consolidated financial statements referred to above. In this regard, management is responsible for establishing policies and procedures that pertain to the maintenance of accounting records, the authorization of receipts and disbursements, the safeguarding of assets, the proper recording of transactions in the accounting records, and for reporting financial information (including required supplementary information and other supplementary information, as appropriate) in conformity with accounting principles generally accepted in the United States. Management also is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us (i) about all known or suspected fraud affecting the Medical Center involving (a) management, (b) employees who have significant roles in internal control over financial reporting, and (c) others where the fraud could have a material effect on the financial statements; and (ii) of its knowledge of any allegations of fraud or suspected fraud affecting the Medical Center received in communications from employees, former employees, analysts, regulators, short sellers, or others. Management is responsible for (i) adjusting the financial statements to correct material misstatements and for affirming to us that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the year under audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole; and (ii) notifying us of all material weaknesses including other significant deficiencies in the design or operation of the Medical Center's internal control over financial reporting that are reasonably likely to adversely affect the Medical Center's ability to record, process, summarize and report external financial data reliably in accordance with generally accepted accounting principles. Management also is responsible for identifying and ensuring that the Medical Center complies with laws, regulations, and provisions of contracts and grant agreements applicable to its activities.

As part of management's responsibility for the consolidated financial statements and the effectiveness of internal control over financial reporting, management is responsible for making available to us, on a timely basis, all of the Medical Center's original accounting records and related information, documentation of compliance matters and Medical Center personnel to whom we may direct inquiries. As required by auditing standards generally accepted in the United States and *Government Auditing Standards* and by OMB Circular A-133, we will make specific inquiries of management and others about the representations embodied in the financial statements, the effectiveness of internal control over financial reporting, and on compliance with the requirements applicable to each major federal program. Auditing standards generally accepted in the United States also require that we obtain written representations covering audited financial statements and matters related to federal awards from certain



members of management. The results of our audit tests, the responses to our inquiries and the written representations comprise the evidential matter we intend to rely upon in forming our opinions on the financial statements and on compliance with the requirements applicable to each major federal program.

Under *Government Auditing Standards*, management is responsible for (i) resolving audit findings and recommendations directed to them and for having a process to track their status; (ii) taking timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that may be identified in our reports; and (iii) providing its views on our reported findings and recommendations, as well as management's planned corrective actions, the timing of such planned actions, and the organization official responsible for such actions. Additionally, management is responsible for following up and taking corrective actions on audit findings associated with OMB Circular A-133, including preparation of a summary schedule of the current status of prior audit findings and management's views and corrective action plan on current audit findings.

Management is responsible for identifying in its accounts all federal awards received and expended and the federal programs under which they were received, and for preparation of the supplemental schedule of expenditures of federal awards that is required by OMB Circular A-133. Management also is responsible for ensuring that the reporting package (financial statements, supplementary schedule of expenditures of federal awards, auditor's reports, and any summary schedules of prior audit findings and corrective action plans) is distributed to the appropriate parties. Additionally, management is responsible for completion of Part I of the aforementioned data collection form (except for Items 6, 7, and 8) that is required under OMB Circular A-133.

Other documents

Auditing standards generally accepted in the United States require that we read any annual report (or similar document) that contains our audit report. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to corroborate such other information as part of our audit.

The Medical Center may wish to include our report on these financial statements in a registration statement proposed to be filed under the Securities Act of 1933 or in some other securities offering. You agree that the aforementioned audit report, or reference to our Firm, will not be included in any such offering without our prior permission or consent. Any agreement to perform work in connection with an offering, including an agreement to provide permission or consent, will be a separate engagement.

Additionally, regulations established by certain non-U.S. countries include a requirement for the auditor to be registered in that country if the Company offers its securities in the non-U.S. country or provides financial information to a non-U.S. regulator or government. The potential consequences of our non-compliance with these regulatory regimes in a timely manner can be severe for both our Firm and the Medical Center. Accordingly, you will notify us of (i) your current or planned offering of securities in a non-U.S. country or (ii) when you have provided or plan to provide audited financial statements to a non-U.S. regulator or government in connection to your access to its capital markets, whether or not you include or refer to our report or include reference to our Firm.



Release and indemnification

Because of the importance of oral and written representations to an effective audit, the Medical Center releases PricewaterhouseCoopers LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any knowing misrepresentation by management.

In no event shall PricewaterhouseCoopers LLP be liable to the Organization, whether a claim be in tort, contract or otherwise, for any consequential, indirect, lost profit or similar damages relating to PricewaterhouseCoopers LLP's services provided under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of PricewaterhouseCoopers LLP relating to such services.

In addition, the Medical Center agrees to indemnify and hold harmless PricewaterhouseCoopers LLP and its personnel from any and all claims, liabilities, costs, and expenses relating to PricewaterhouseCoopers LLP's services under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of PricewaterhouseCoopers LLP relating to such services.

In the event that our report is subsequently included in a filing with the Securities and Exchange Commission (unless our report is included as a result of Rule 3-05 or Rule 3-14 of Regulation S-X), we and the Company hereby agree that the preceding two paragraphs in this "Release and Indemnification" section of this letter and any paragraphs covering the same issues in our previous engagement letters for previously issued reports included in the filing will be null and void and will no longer confer any rights or obligations on the parties. Such engagement letters will be deemed to be amended accordingly at the time of such filing, without further action by either party. Any letters so amended will remain in full force and effect unless otherwise amended by the parties.

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, the Medical Center and PricewaterhouseCoopers LLP agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to our services and fees for this engagement.

Other PricewaterhouseCoopers LLP firms and subcontractors

PricewaterhouseCoopers LLP is the U.S. firm of the global network of separate and independent PricewaterhouseCoopers LLP firms (exclusive of PricewaterhouseCoopers LLP, the "Other PwC Firms"). PricewaterhouseCoopers LLP may, in its discretion, draw on the resources of and/or subcontract to its subsidiaries, the Other PwC Firms and/or third party contractors and subcontractors (each, a "PwC Subcontractor"), in each case within or outside the United States in connection with the provision of the services and/or for internal, administrative and/or regulatory compliance purposes. The Medical Center agrees that PricewaterhouseCoopers LLP may provide information PricewaterhouseCoopers LLP receives in connection with this agreement to the PwC Subcontractors for such purposes. PricewaterhouseCoopers LLP will be solely responsible for the provision of the services (including those performed by the PwC Subcontractors) and for the protection of the information provided to the PwC Subcontractors. You agree that neither you nor any group entity will bring any claim, whether in contract, tort (including negligence) or otherwise against any Other PwC Firms in respect of this engagement letter or in connection with the services herein. In the event that our report is subsequently included in a filing with the Securities and Exchange Commission (unless our report is included as a result of Rule 3-05 or Rule 3-14 of Regulation S-



X), for independence purposes we and the Medical Center hereby agree that the immediately preceding sentence will be null and void and will no longer confer any rights or obligations on the parties. This letter will be deemed to be amended accordingly at the time of such filing, without further action by either party. The amended letter will remain in full force and effect unless otherwise amended by the parties.

Timing and fees

Completion of our work is subject to, among other things, 1) appropriate cooperation from the Medical Center's personnel, including timely preparation of necessary schedules, 2) timely responses to our inquiries, and 3) timely communication of all significant accounting and financial reporting matters. When and if for any reason the Medical Center is unable to provide such schedules, information and assistance, PricewaterhouseCoopers LLP and you will mutually revise the fee to reflect additional services, if any, required of us to complete the audit. Such revisions will be set forth in the form of the attached "Amendment to Existing Engagement Letter."

Our fee estimates are based on the time required by the individuals assigned to the engagement. We estimate our fees for this audit engagement will be \$575,000, subject to the terms and conditions above. We will advise you should any other circumstances arise which may cause actual time to exceed that estimate. The estimated fee includes the following deliverables:

Deliverables

Consolidated financial statements of SSMC and Affiliates (including Howe Avenue Nursing Home)

Reporting in accordance with Office of Management and Budget Circular A-133

Bad Debt Charity Care Agreed-upon Procedures

Certification of HANH cost report

We also will bill the Medical Center for our reasonable out-of-pocket expenses, any applicable sales, use or value added tax, and our internal per ticket charges for booking travel. Amounts billed for services performed by PricewaterhouseCoopers LLP or PwC Subcontractors shall be considered fees and not expenses and will be billed at rates determined by PricewaterhouseCoopers LLP based on experience, skill and other factors or as otherwise agreed by the parties.



Our fees and out-of-pocket expenses and internal charges will be billed as follows:

<u>Date</u>	<u>Fee Amount</u>
July 26, 2013	\$ 150,000
August 16, 2013	\$ 150,000
August 30, 2013	\$ 150,000
September 13, 2013	\$ 125,000 + out of pocket expenses

Invoices rendered are due and payable upon receipt.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

Other matters

PricewaterhouseCoopers LLP is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

We may be requested to make certain working papers available to regulators pursuant to authority given to them by law or regulation. If requested, access to such working papers will be provided under the supervision of PricewaterhouseCoopers LLP personnel. Furthermore, upon request, we may provide copies of selected working papers to the above regulator(s). These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

In the event we are requested or authorized by the Medical Center or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for the Medical Center, the Medical Center will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

The Medical Center agrees that it will not, directly or indirectly, agree to assign or transfer this engagement letter or any rights, obligations, claims or proceeds from claims against PricewaterhouseCoopers LLP arising under this engagement letter to anyone, except to an entity with which the Medical Center merges or an entity which acquires all or substantially all of the assets of the Medical Center and where, in either case, the assignee entity agrees to be bound by this provision. Any assignment or transfer by the Medical Center in violation of this paragraph shall be void and invalid.



This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral. The agreements contained in this engagement letter shall survive the completion or termination of this engagement. The Medical Center agrees that PricewaterhouseCoopers may use the Medical Center's name in experience citations.

* * * * *

We are pleased to have the opportunity to provide services to Sound Shore Medical Center of Westchester and Affiliates. If you have any questions about this letter, please discuss them with Tim Weld at (646) 471-2477. If the services outlined in this letter are acceptable, please sign one copy of this letter in the space provided and return it to me. You may return the signed copy by hand, mail or facsimile to my attention at (813) 329-8455, or attached to an email as a pdf, jpeg or similar file type sent to me at timothy.r.weld@us.pwc.com.

Very truly yours,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

The services and terms as set forth in this letter are agreed to.

Sound Shore Medical Center of Westchester and Affiliates

By: _____

Stan Buturla, CPA

Chief Financial Officer

Date

7/13/13

EXHIBIT C



June 27, 2013

Mr. Stan Buturla
Chief Financial Officer
The Mount Vernon Hospital
12 North Seventh Avenue
Mount Vernon, NY 10550

Dear Mr. Buturla:

The purpose of this letter is to confirm our understanding of the terms of our engagement as independent accountants of the Mount Vernon Hospital (the "Hospital").

Services and related reports

We will audit the financial statements of the Hospital at April 30, 2013 and for the sixteen months then ending. Upon completion of our audit, we will provide you with our audit report on the financial statements referred to above. In conjunction with the audit of the financial statements, we will report on the supplementary schedule of expenditures of federal awards in relation to those financial statements taken as a whole as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

In addition, we will provide you with our report on our tests of the Hospital's compliance with laws, regulations, and provisions of contracts and grant agreements and on our consideration of its internal control over financial reporting, as required under *Government Auditing Standards*. If that report discloses deficiencies in internal control, fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse, we will obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as planned corrective actions.

We also will audit the Hospital's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of the Hospital's major federal programs for the sixteen months ended April 30, 2013. Upon completion of the audit of compliance, we will provide you with our report on the Hospital's compliance with requirements applicable to each major federal program and on our consideration of its internal control over compliance, as required under OMB Circular A-133. If our auditing procedures disclose instances of noncompliance with those requirements, we will provide a schedule of findings and questioned costs as required by OMB Circular A-133. We will assist the Hospital in completing Part I, Item 6, *Auditor Information* including the *Auditor Statement of the Organization's Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations* required by OMB Circular A-133 (the "DCF"). Further, we will complete Part II, *Financial Statements*; and Part III, *Federal Programs* of the Hospital's DCF.

If for any reason relating to the affairs or management of the Company we are unable to complete the audit, we may decline to issue a report as a result of this engagement.



Our responsibilities and limitations

Audit of financial statements

The objective of a financial statement audit is the expression of an opinion on the financial statements. We will be responsible for performing the audit in accordance with auditing standards generally accepted in the United States and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Additionally, we may modify or redirect certain of the procedures applied in our audit of the financial statements in order that we may express an opinion on the supplementary schedule of federal awards in relation to the financial statements taken as a whole.

We will consider the Hospital's internal control over financial reporting solely for the purpose of determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the financial statements. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal control over financial reporting. We will include in our report on our tests of internal control over financial reporting and in the schedule of findings and questioned costs any significant deficiencies, identifying those we believe to be material weaknesses, as required under *Government Auditing Standards*. Deficiencies in internal control that are not significant deficiencies will be communicated separately to the Hospital.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. Absolute assurance is not attainable due to the nature of audit evidence and the characteristics of fraud. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. An audit is based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. An audit is, therefore, subject to the limitation that material errors or fraud or other illegal acts or violations of provisions of contracts or grant agreements having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with auditing standards generally accepted in the United States may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud, other illegal acts, or violations of provisions of contracts or grant agreements will occur and remain undetected, it does not eliminate that possibility. For these reasons we cannot ensure that errors, fraud, other illegal acts, or violations of provisions of contracts or grant agreements, if present, will be detected. Additionally, we are unable to, nor are we expected to, design our audit to obtain reasonable assurance of detecting abuse (as that term is defined in *Government Auditing Standards*), because the determination of abuse is subjective. Our tests will not be sufficient to enable us to provide assurance on the Hospital's compliance with provisions of laws, regulations, contracts and grants. However, our report on such tests will identify any instances of fraud or illegal acts reportable under auditing standards generally accepted in the United States as well as significant violations of provisions of contracts or grant



agreements and significant abuse reportable under *Government Auditing Standards*. Lesser violations of provisions of contracts or grants or abuse will be communicated separately to the Hospital.

As required by *Government Auditing Standards*, we will follow up on known significant findings and recommendations from previous audits that directly relate to the objectives of the audit being undertaken, including those related to significant deficiencies, to determine whether the Hospital has taken timely and appropriate corrective actions. We are required to report the status of any uncorrected findings and recommendations that were included in prior audit reports that affect the current financial statement audit. In addition, OMB Circular A-133 requires us to follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the Hospital, and report, as a current year audit finding, if we conclude that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding.

Audit of compliance with requirements applicable to federal programs

We will be responsible for performing the audit of compliance with requirements applicable to each major federal program in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with those requirements that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We also will make a determination as to whether the Hospital is a "low risk auditee" as defined in OMB Circular A-133 for purposes of determining the required coverage of our tests of internal control and compliance related to major federal programs. Our audit does not provide a legal determination of the Hospital's compliance with those requirements. We will, however, include in the schedule of findings and questioned costs any instances of noncompliance required to be reported under OMB Circular A-133.

We will consider the Hospital's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures necessary for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal control over compliance with requirements applicable to major federal programs. We will, however, include in our report on our tests of internal control over compliance and in the schedule of findings and questioned costs any significant deficiencies, identifying those we believe to be material weaknesses, as required under OMB Circular A-133.



Other

We also are responsible for determining that the finance committee is informed about certain other matters related to the conduct of the audit, including (i) any disagreements with management about matters that could be significant to the Hospital's financial statements or our report thereon; (ii) any serious difficulties encountered in performing the audit; (iii) information relating to our independence with respect to the Hospital; (iv) other matters related to the Hospital's financial statements including its accounting policies and practices; and (v) all significant deficiencies and material weaknesses identified during the audit, as previously mentioned. Lastly, we are responsible for ensuring that the finance committee receives copies of certain written communications between us and management, including management representation letters and written communications on accounting, auditing, internal control or operational matters.

The audit will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

Government Auditing Standards require that we communicate the results of our Firm's most recent external quality control review to you which is for the year ended December 31, 2011. This review resulted in an unqualified opinion on the Firm's system of quality control. A copy of that report is appended to this letter.

Management's responsibilities

The Hospital's management is responsible for the financial statements referred to above. In this regard, management is responsible for establishing policies and procedures that pertain to the maintenance of accounting records, the authorization of receipts and disbursements, the safeguarding of assets, the proper recording of transactions in the accounting records, and for reporting financial information (including required supplementary information and other supplementary information, as appropriate) in conformity with accounting principles generally accepted in the United States. Management also is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us (i) about all known or suspected fraud affecting the Hospital involving (a) management, (b) employees who have significant roles in internal control over financial reporting, and (c) others where the fraud could have a material effect on the financial statements; and (ii) of its knowledge of any allegations of fraud or suspected fraud affecting the Hospital received in communications from employees, former employees, analysts, regulators, short sellers, or others. Management is responsible for (i) adjusting the financial statements to correct material misstatements and for affirming to us that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the year under audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole; and (ii) notifying us of all material weaknesses including other significant deficiencies in the design or operation of the Hospital's internal control over financial reporting that are reasonably likely to adversely affect the Hospital's ability to record, process, summarize and report external financial data reliably in accordance with generally accepted accounting principles. Management also is responsible for identifying and ensuring that the Hospital complies with laws, regulations, and provisions of contracts and grant agreements applicable to its activities.



As part of management's responsibility for the financial statements and the effectiveness of internal control over financial reporting, management is responsible for making available to us, on a timely basis, all of the Hospital's original accounting records and related information, documentation of compliance matters and Hospital personnel to whom we may direct inquiries. As required by auditing standards generally accepted in the United States and *Government Auditing Standards* and by OMB Circular A-133, we will make specific inquiries of management and others about the representations embodied in the financial statements, the effectiveness of internal control over financial reporting, and on compliance with the requirements applicable to each major federal program. Auditing standards generally accepted in the United States also require that we obtain written representations covering audited financial statements and matters related to federal awards from certain members of management. The results of our audit tests, the responses to our inquiries and the written representations comprise the evidential matter we intend to rely upon in forming our opinions on the financial statements and on compliance with the requirements applicable to each major federal program.

Under *Government Auditing Standards*, management is responsible for (i) resolving audit findings and recommendations directed to them and for having a process to track their status; (ii) taking timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that may be identified in our reports; and (iii) providing its views on our reported findings and recommendations, as well as management's planned corrective actions, the timing of such planned actions, and the organization official responsible for such actions. Additionally, management is responsible for following up and taking corrective actions on audit findings associated with OMB Circular A-133, including preparation of a summary schedule of the current status of prior audit findings and management's views and corrective action plan on current audit findings.

Management is responsible for identifying in its accounts all federal awards received and expended and the federal programs under which they were received, and for preparation of the supplemental schedule of expenditures of federal awards that is required by OMB Circular A-133. Management also is responsible for ensuring that the reporting package (financial statements, supplementary schedule of expenditures of federal awards, auditor's reports, and any summary schedules of prior audit findings and corrective action plans) is distributed to the appropriate parties. Additionally, management is responsible for completion of Part I of the aforementioned data collection form (except for Items 6, 7, and 8) that is required under OMB Circular A-133.

Other documents

Auditing standards generally accepted in the United States require that we read any annual report (or similar document) that contains our audit report. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to corroborate such other information as part of our audit.

The Hospital may wish to include our report on these financial statements in a registration statement proposed to be filed under the Securities Act of 1933 or in some other securities offering. You agree that the aforementioned audit report, or reference to our Firm, will not be included in any such offering without our prior permission or consent. Any agreement to perform work in connection with an offering, including an agreement to provide permission or consent, will be a separate engagement.



Additionally, regulations established by certain non-U.S. countries include a requirement for the auditor to be registered in that country if the Company offers its securities in the non-U.S. country or provides financial information to a non-U.S. regulator or government. The potential consequences of our non-compliance with these regulatory regimes in a timely manner can be severe for both our Firm and the Hospital. Accordingly, you will notify us of (i) your current or planned offering of securities in a non-U.S. country or (ii) when you have provided or plan to provide audited financial statements to a non-U.S. regulator or government in connection to your access to its capital markets, whether or not you include or refer to our report or include reference to our Firm.

Release and indemnification

Because of the importance of oral and written representations to an effective audit, the Hospital releases PricewaterhouseCoopers LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any knowing misrepresentation by management.

In no event shall PricewaterhouseCoopers LLP be liable to the Hospital, whether a claim be in tort, contract or otherwise, for any consequential, indirect, lost profit or similar damages relating to PricewaterhouseCoopers LLP's services provided under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of PricewaterhouseCoopers LLP relating to such services.

In addition, the Hospital agrees to indemnify and hold harmless PricewaterhouseCoopers LLP and its personnel from any and all claims, liabilities, costs, and expenses relating to PricewaterhouseCoopers LLP's services under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of PricewaterhouseCoopers LLP relating to such services.

In the event that our report is subsequently included in a filing with the Securities and Exchange Commission (unless our report is included as a result of Rule 3-05 or Rule 3-14 of Regulation S-X), we and the Company hereby agree that the preceding two paragraphs in this "Release and Indemnification" section of this letter and any paragraphs covering the same issues in our previous engagement letters for previously issued reports included in the filing will be null and void and will no longer confer any rights or obligations on the parties. Such engagement letters will be deemed to be amended accordingly at the time of such filing, without further action by either party. Any letters so amended will remain in full force and effect unless otherwise amended by the parties.

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, the Hospital and PricewaterhouseCoopers LLP agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to our services and fees for this engagement.

Other PricewaterhouseCoopers LLP firms and subcontractors

PricewaterhouseCoopers LLP is the U.S. firm of the global network of separate and independent PricewaterhouseCoopers LLP firms (exclusive of PricewaterhouseCoopers LLP, the "Other PwC Firms"). PricewaterhouseCoopers LLP may, in its discretion, draw on the resources of and/or subcontract to its subsidiaries, the Other PwC Firms and/or third party contractors and subcontractors (each, a "PwC



Subcontractor"), in each case within or outside the United States in connection with the provision of the services and/or for internal, administrative and/or regulatory compliance purposes. The Hospital agrees that PricewaterhouseCoopers LLP may provide information PricewaterhouseCoopers LLP receives in connection with this agreement to the PwC Subcontractors for such purposes. PricewaterhouseCoopers LLP will be solely responsible for the provision of the services (including those performed by the PwC Subcontractors) and for the protection of the information provided to the PwC Subcontractors. You agree that neither you nor any group entity will bring any claim, whether in contract, tort (including negligence) or otherwise against any Other PwC Firms in respect of this engagement letter or in connection with the services herein. In the event that our report is subsequently included in a filing with the Securities and Exchange Commission (unless our report is included as a result of Rule 3-05 or Rule 3-14 of Regulation S-X), for independence purposes we and the Hospital hereby agree that the immediately preceding sentence will be null and void and will no longer confer any rights or obligations on the parties. This letter will be deemed to be amended accordingly at the time of such filing, without further action by either party. The amended letter will remain in full force and effect unless otherwise amended by the parties.

Timing and fees

Completion of our work is subject to, among other things, 1) appropriate cooperation from the Hospital's personnel, including timely preparation of necessary schedules, 2) timely responses to our inquiries, and 3) timely communication of all significant accounting and financial reporting matters. When and if for any reason the Hospital is unable to provide such schedules, information and assistance, PricewaterhouseCoopers LLP and you will mutually revise the fee to reflect additional services, if any, required of us to complete the audit. Such revisions will be set forth in the form of the attached "Amendment to Existing Engagement Letter."

Our fee estimates are based on the time required by the individuals assigned to the engagement. We estimate our fees for this audit engagement will be \$325,000, subject to the terms and conditions above. We will advise you should any other circumstances arise which may cause actual time to exceed that estimate.

We also will bill the Hospital for our reasonable out-of-pocket expenses, any applicable sales, use or value added tax, and our internal per ticket charges for booking travel. Amounts billed for services performed by PricewaterhouseCoopers LLP or PwC Subcontractors shall be considered fees and not expenses and will be billed at rates determined by PricewaterhouseCoopers LLP based on experience, skill and other factors or as otherwise agreed by the parties.



Our fees and out-of-pocket expenses and internal charges will be billed as follows:

<u>Date</u>	<u>Fee Amount</u>
July 26, 2013	\$ 75,000
August 16, 2013	\$ 75,000
August 30, 2013	\$ 75,000
September 13, 2013	\$ 100,000 + out of pocket expenses

Invoices rendered are due and payable upon receipt.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

Other matters

PricewaterhouseCoopers LLP is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

We may be requested to make certain working papers available to regulators pursuant to authority given to them by law or regulation. If requested, access to such working papers will be provided under the supervision of PricewaterhouseCoopers LLP personnel. Furthermore, upon request, we may provide copies of selected working papers to the above regulator(s). These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

In the event we are requested or authorized by the Hospital or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for the Hospital, the Hospital will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

The Hospital agrees that it will not, directly or indirectly, agree to assign or transfer this engagement letter or any rights, obligations, claims or proceeds from claims against PricewaterhouseCoopers LLP arising under this engagement letter to anyone, except to an entity with which the Hospital merges or an entity which acquires all or substantially all of the assets of the Hospital and where, in either case, the assignee entity agrees to be bound by this provision. Any assignment or transfer by the Hospital in violation of this paragraph shall be void and invalid.



This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral. The agreements contained in this engagement letter shall survive the completion or termination of this engagement. The Hospital agrees that PricewaterhouseCoopers may use the Hospital's name in experience citations.

* * * * *

We are pleased to have the opportunity to provide services to The Mount Vernon Hospital. If you have any questions about this letter, please discuss them with Tim Weld at (646) 471-2477. If the services outlined in this letter are acceptable, please sign one copy of this letter in the space provided and return it to me. You may return the signed copy by hand, mail or facsimile to my attention at (813) 329-8455, or attached to an email as a pdf, jpeg or similar file type sent to me at timothy.r.weld@us.pwc.com.

Very truly yours,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

The services and terms as set forth in this letter are agreed to.

The Mount Vernon Hospital

By: _____

Stan Buturla, CPA

Chief Financial Officer

Date

7/12/13

Exhibit B
Form of Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re:

Chapter 11 Case

SOUND SHORE MEDICAL CENTER OF
WESTCHESTER, et al.,¹

Case No. 13- 22840 (RDD)

Debtors.

(Jointly Administered)
-----X

**ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF
PRICEWATERHOUSECOOPERS, LLP AS AUDITORS FOR THE DEBTORS, *NUNC
PRO TUNC* TO JUNE 27, 2013, AND TO PAY CERTAIN OUTSTANDING
PREPETITION AMOUNTS IN CONNECTION THEREWITH**

Upon the Application of Sound Shore Medical Center of Westchester and the other above captioned debtors, as debtors-in-possession (each a “Debtor” and collectively, the “Debtors”), dated July __, 2013, for entry of an Order, pursuant to Sections 105(a), 327(a) and 328 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), authorizing the Debtors to employ and retain PricewaterhouseCoopers, LLP (“PwC”) as auditors in these chapter 11 cases, *nunc pro tunc*, to June 27, 2013, and to pay to PwC \$121,500 in connection with two outstanding prepetition invoices; and upon the declaration of Timothy R. Weld, a partner of PwC (the “Declaration”), sworn to on July 1_, 2013 and annexed to the Application as Exhibit A; and it appearing that the Court has jurisdiction to consider the Application; and the Court being satisfied that, upon payment of the prepetition amounts authorized herein, PwC represents no interest adverse to the estate of the Debtor, that PwC is a “disinterested person” within the meaning of Sections 101(14), 327 and 1107(b) of the Bankruptcy Code, and that PwC’s retention

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number include: Sound Shore Health System, Inc. (1398), Sound Shore Medical Center of Westchester (0117), The Mount Vernon Hospital, Inc. (0115), Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center (0781), NRHMC Services Corporation (9137), The M.V.H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC (0117). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

and employment is necessary and is in the best interests of the estate herein; and no adverse interest being represented; and due and appropriate notice of the Application being given under the circumstances of this case; and it appearing that no other or further notice need be given; and upon the Application and all proceedings before this Court; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED, that pursuant to Section 105(a) of the Bankruptcy Code, the Debtors are hereby authorized, but not directed, to pay PwC \$121,500 (the "Prepetition Amount") on account of the two outstanding invoices related to the 2011 audit; and it is further

ORDERED, that upon payment of the Prepetition Amount, and in accordance with Section 327(a) and 328 of the Bankruptcy Code, the Debtors are hereby authorized to employ and retain PwC, *nunc pro tunc*, to June 27, 2013, to serve as auditors in these chapter 11 cases and to perform all of the services described in the annexed application and the Declaration; and it is further

ORDERED, that the Debtors are authorized, but not directed, to compensate PwC in accordance with the progress payment schedule set forth in the Retention Letters and the Amended Retention Letter; and it is further

ORDERED, that any compensation paid to PwC shall subject to the procedures set forth in sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and such procedures as may be fixed by order of this Court. For the fixed fee services provided under the Engagement Letters and Amended Engagement Letter, PwC shall include as an exhibit to any interim and/or final fee application a summary in reasonable detail of the

approximate time spent by professionals on various tasks in lieu of contemporaneous time records in partial-hour increments; and it is further

ORDERED, that in no event shall PwC be indemnified or receive contribution or other payment under the indemnification provisions of any of the Engagement Letters, as applicable, if the Debtors, their estates or any statutory committee appointed in the chapter 11 cases asserts a claim against PwC, to the extent that the Court determines by final order that such claim arose out of bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct on the part of PwC; and it is further

ORDERED, that in no event shall there be a limitation on liability for any claim brought by the Debtors against PwC in connection with the services to be provided by PwC under the Engagement Letters, as applicable, to the extent that the Court determines by final order that such liability arose out of bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct on the part of PwC; and it is further

ORDERED, that this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: August __, 2013
New York, New York

HON. ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE

GARFUNKEL WILD, P.C.
111 Great Neck Road
Great Neck, New York 11021
Telephone: (516) 393-2588
Facsimile: (516) 466-5964
Burton S. Weston
Afsheen A. Shah
Adam T. Berkowitz

Hearing Date: August 2, 2013 at 10:00 a.m.
Objection Deadline: July 26, 2013 at 4:00 p.m.

*Proposed Counsel for the Debtors
and Debtors-in-Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re:

SOUND SHORE MEDICAL CENTER OF
WESTCHESTER, et al.¹

Chapter 11
Case No. 13-22840 (RDD)

Debtors.

(Jointly Administered)

-----X
**NOTICE OF HEARING ON APPLICATION FOR ORDER AUTHORIZING THE
EMPLOYMENT AND RETENTION OF PRICEWATERHOUSECOOPERS, LLP
AS AUDITORS FOR THE DEBTORS, *NUNC PRO TUNC* TO JUNE 27, 2013,
AND TO PAY CERTAIN OUTSTANDING PREPETITION AMOUNTS
IN CONNECTION THEREWITH**

PLEASE TAKE NOTICE that upon the annexed Application of Sound Shore Medical Center of Westchester, and the other above captioned debtors, as debtors-in-possession (each a "**Debtor**" and collectively, the "**Debtors**"), dated July 12, 2013, a hearing will be held before the Honorable Robert D. Drain, United States Bankruptcy Judge for the Southern District of New York, at the United States Bankruptcy Court, Southern District of New York, 300 Quarropas Street, White Plains, New York 10601, on the **August 2, 2013 at 10:00 a.m. (prevailing**

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtors' federal tax identification number include: Sound Shore Health System, Inc. (1398), Sound Shore Medical Center of Westchester (0117), The Mount Vernon Hospital, Inc. (0115), Howe Avenue Nursing Home d/b/a Helen and Michael Schaeffer Extended Care Center (0781), NRHMC Services Corporation (9137), the M.V. H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC (0117). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

Eastern time), or as soon thereafter as counsel can be heard, to consider the entry of an Order authorizing: (a) the employment and retention, *nunc pro tunc*, to June 27, 2013, of PricewaterhouseCoopers, LLP ("**PwC**") as auditors in these chapter 11 cases; (b) the payment to PwC of \$121,500 in connection with two outstanding prepetition invoices; and (c) granting such other and further relief as is just and proper.

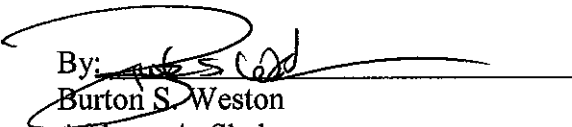
PLEASE TAKE FURTHER NOTICE, that objections, if any, to the relief requested shall be made in writing, shall state with particularity the grounds for the objection, and shall be and filed with the Bankruptcy Court, in electronic format, by utilizing the Court's electronic case filing system at www.nysb.uscourts.gov, or if the same cannot be filed electronically, by manually filing same with the Clerk of the Court together with a cd-rom containing same in Word, Wordperfect or pdf format, with a hard copy provided to the Clerk's Office at the Bankruptcy Court for delivery to the Chambers of the Honorable Robert D. Drain and upon (i) Garfunkel Wild, P.C., 111 Great Neck Road, Great Neck, New York 11021, attention Burton S. Weston, Esq., Afsheen A. Shah, Esq., and Adam T. Berkowitz, Esq. counsel for the Debtors; (ii) Alston & Bird, LLP, 90 Park Avenue, New York, New York 10016, Attn: Martin G. Bunin, Esq., counsel to the official committee of unsecured creditors; (iii) MidCap Financial, LLC, 7255 Woodmont Avenue, Suite 200, Bethesda, MD 20814, attention: Lisa J. Lenderman, Esq., Deputy General Counsel, counsel to Debtors' postpetition lender; (iv) Togut, Segal and Segal, One Penn Plaza, New York, New York 10019, attention Frank Oswald, Esq., and Scott Griffin, Esq., counsel to Montefiore Medical Center; and (v) Office of the United States Trustee, 33 Whitehall Street, New York, New York 10004, Attn: Susan Golden, Esq., as well as any other party entitled to notice of such objection, so as to be received by all such parties no later than **July 26, 2013 at 4:00 p.m. (prevailing Eastern time)**.

PLEASE TAKE FURTHER NOTICE, that if no objections are timely served and filed,
as set forth above, the Application may be entered without further notice.

PLEASE TAKE FURTHER NOTICE that the hearing on the Application may be
adjourned without further notice except as announced in open court on the Hearing Date, or at
any adjourned hearing.

Dated: Great Neck, New York
July 15, 2013

Respectfully submitted,

By: 
Burton S. Weston
Afsheen A. Shah
Adam T. Berkowitz
GARFUNKEL WILD, P.C.
111 Great Neck Road
Great Neck, New York 11021
Telephone: (516) 393-2200
Facsimile: (516) 466-5964

*Proposed Attorneys For Debtors
and Debtors in Possession*