

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY	
<b>Caption in Compliance with D.N.J. LBR 9004-2(c)</b> SILLS CUMMIS & GROSS, P.C. Jack M. Zackin (JZ-2540) Simon Kimmelman (SK-3654) Valerie A. Hamilton (VH-5697) One Riverfront Plaza Newark, NJ 07102 (973) 643-7000 Attorneys for Debtor and Debtor-in-Possession	
In re:  PASCACK VALLEY HOSPITAL ASSOCIATION, INC.  <div style="text-align: center;">Debtor.</div>	Case No. 07-23686 (RG)  Hon. Rosemary Gambardella  Chapter 11

Recommended Local Form: <input checked="" type="checkbox"/> Followed <input type="checkbox"/> Modified
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**APPLICATION FOR RETENTION OF PROFESSIONAL**

1. The applicant, Pascack Valley Hospital Association, Inc., is the (check all that apply):
 

<input type="checkbox"/> Trustee	<input type="checkbox"/> Chap. 7	<input type="checkbox"/> Chap. 11	<input type="checkbox"/> Chap. 13
<input checked="" type="checkbox"/> Debtor	<input checked="" type="checkbox"/> Chap. 11	<input type="checkbox"/> Chap. 13	
<input type="checkbox"/> Official Committee of _____			
  
2. The applicant seeks to retain the following professional, J.H. Cohn, LLP, to serve as (check all that apply):
 

<input type="checkbox"/> Attorney for:	<input type="checkbox"/> Trustee	<input type="checkbox"/> Debtor in Possession
<input type="checkbox"/> Official Committee of _____		

Accountant for:  Trustee  Debtor in Possession  
 Official Committee of \_\_\_\_\_

Other Professional:  
 Realtor  Appraiser  Special Counsel  
 Auctioneer  Other (specify): \_\_\_\_\_

3. The employment of the professional is necessary (i) to prepare federal and state tax returns for the Debtor for the year ended December 31, 2006; (ii) to audit the statement of net assets available for benefits of Pascack Valley Hospital Pension Plan as of December 31, 2006 and the related statement of changes in net assets available for benefits for the year then ended; and (iii) audit the Debtor's balance sheet as of December 31, 2007, and the related statements of operations, changes in net assets and cash flows for the year then ended. The Debtor intends to execute engagement letters, substantially in the form annexed hereto as Exhibit A, for JH Cohn's services.

4. J.H. Cohn was selected because of its extensive experience in tax return preparation and auditing services, generally, and more specifically because of its familiarity with the financial operations of the Debtor and the Pension Plan due to its prior experience performing the same services for them in the past. As more fully set forth in the Affidavit submitted simultaneously herewith, J.H. Cohn is the largest independent accounting firm in the Northeast and one of the Top 20 accounting and consulting firms in the United States. The Debtor believes that J.H. Cohn is well qualified and best suited to perform the requested tax and audit services.

5. The proposed arrangement for compensation is as set forth in the engagement letters between the Debtor and J.H. Cohn, copies of which are annexed hereto as Exhibit A.

Subject to Court approval upon application for compensation, J.H. Cohn will be compensated at its standard hourly rates and shall be reimbursed for disbursements.

7. To the best of the applicant's knowledge, the professional's connection with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee, is as follows:

None

Describe connection: As set forth in the Affidavit submitted by J.H. Cohn filed in support of this Application.

8. To the best of the applicant's knowledge, the professional (check all that apply):

does not hold an adverse interest to the estate.

does not represent an adverse interest to the estate.

is disinterested under 11 U.S.C. § 101(14).

does not represent or hold any interest adverse to the debtor or the estate with respect to the matter for which he/she will be retained under 11 U.S.C. § 327(e).

Other; explain: \_\_\_\_\_

9. If the professional is an auctioneer, appraiser or realtor, the location and description of the property is as follows: \_\_\_\_\_

WHEREFORE, the applicant respectfully requests authorization to employ the professional to render services in accordance with this application, with compensation to be paid as an administrative expense in such amounts as the Court may hereafter determine and allow.

**PASCACK VALLEY HOSPITAL ASSOCIATION, INC.**  
Debtor and Debtor-in-Possession

By: /s/ Jane Connorton Honig  
Jane Connorton Honig, President and CEO

- and -

**SILLS CUMMIS & GROSS, P.C.**  
Counsel for Pascack Valley Hospital Association, Inc.  
Debtor and Debtor-in-Possession

By: /s/ Valerie A. Hamilton  
Jack M. Zackin  
Valerie A. Hamilton

Date: January 2, 2008

# **Exhibit A**



October 9, 2007

Mr. Leonard Weil  
Senior Vice President of Finance  
Pascack Valley Hospital  
250 Old Hook Road  
Westwood, NJ 07675

Dear Mr. Weil:

We were engaged to audit the statement of net assets available for benefits of Pascack Valley Hospital Pension Plan as of December 31, 2006 and the related statement of changes in net assets available for benefits for the year then ended. We were also engaged to prepare Federal and state tax returns for the year ended December 31, 2006 for Pascack Valley Hospital Association.

On September 24, 2007, Pascack Valley Hospital Association filed a petition under Chapter 11 in the U.S. Bankruptcy Court for the District of New Jersey. At the time of the filing the services we were engaged to perform as noted above had not yet been completed. You have indicated that you seek to engage us post-bankruptcy filing to complete any remaining services related to the audit of the Pascack Valley Hospital Pension Plan and the preparation of Federal and state tax returns for Pascack Valley Hospital Association.

We are pleased to confirm our understanding of the services we are to provide for Pascack Valley Hospital Pension Plan for the year ended December 31, 2006 in connection with its annual reporting obligation under the Employee Retirement Income Security Act of 1974 (ERISA).

Except as described below, we will audit the statement of net assets available for benefits of Pascack Valley Hospital Pension Plan as of December 31, 2006 and the related statement of changes in net assets available for benefits for the year then ended. Also, the following supplemental schedules accompanying the basic financial statements, as applicable, will be subjected to the auditing procedures applied in our audit of the financial statements:

1. Assets Held for Investment Purposes and Assets Acquired and Disposed of Within Year.
2. Delinquent Participant Contributions.
3. Loans or Fixed Income Obligations in Default or Classified as Uncollectible.
4. Leases in Default or Classified as Uncollectible.
5. Reportable Transactions.
6. Nonexempt Transactions.

These financial statements and supplemental schedules are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA to be filed with Form 5500.

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We will also prepare Federal and state tax returns of Pascack Valley Hospital Association for the year ended December 31, 2006.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards except that, as permitted by Regulation 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and as instructed by you, we will not perform any auditing procedures with respect to information prepared and certified to by Mellon Financial Corporation, the trustee, in accordance with DOL Regulation 2520.103-5, other than comparing the information with the related information included in the financial statements and supplemental schedules. Because of the significance of the information that we will not audit, we will not express an opinion on the financial statements and schedules taken as a whole. The form and content of the information included in the financial statements and schedules, other than that derived from the information certified to by the trustee, will be audited by us in accordance with U.S. generally accepted auditing standards, and will be subjected to tests of your accounting records and other procedures we consider necessary to enable us to express an opinion that they are presented in compliance with the DOL Rules and Regulations for Reporting and Disclosure under ERISA. If for any reason we are unable to complete the engagement, we will not issue a report on this engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of investments except those certified to by the trustee, plan obligations, and certain other assets and liabilities by correspondence with financial institutions, and other third parties. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested, except that assets and related transactions certified to by the trustee will not be tested. Also, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (a) errors, (b) fraudulent financial reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations, including prohibited transactions with parties in interest or other violations of ERISA rules and regulations, that are attributable to the plan or to acts by management or employees acting on behalf of the plan.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and will include prohibited transactions in the supplemental schedule of

nonexempt transactions as required by the instructions to Form 5500. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Except as described in the second paragraph, our audit will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you internal control related matters that are required to be communicated under professional standards.

We may from time-to-time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

In addition, we will perform certain procedures directed at considering the Plan's compliance with applicable Internal Revenue Service (IRS) requirements for tax exempt status and ERISA plan qualification requirements. However, you should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting plan qualifications or compliance with the ERISA and IRS requirements. If during the audit we become aware of any instances of any such matters or ways in which management practices can be improved, we will communicate them to you.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; the acceptance of the actuarial methods and assumptions used by the actuary; and for the fair presentation in the financial statements of the net assets available for benefits and changes in net assets available for benefits of the plan in conformity with U. S. generally accepted accounting principles. You are also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee the tax services, any bookkeeping, actuarial, or any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the plan involving (a) plan management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the plan received in communications from employees, former employees, regulators, or others. In addition, you are also responsible for identifying and ensuring that the plan complies with applicable laws and regulations.

We understand that your personnel will prepare schedules and analyses and type all confirmations we request and will locate any invoices or other documents selected by us for testing.

The audit documentation for this engagement is the property of J.H. Cohn LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to the U.S. Department of Labor pursuant to authority given to it by law. If requested, access to such audit documentation will be provided under the supervision of J.H. Cohn LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the U.S. Department of Labor. The U.S. Department of Labor may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

As you have instructed, our engagement does not include preparation of the Plan's Form 5500.

The AICPA's Audit and Accounting Guide, *Employee Benefit Plans*, requires that, before an auditor's report on the Plan's financial statements can be included with a filed Form 5500 (including any related schedules), the auditor must review the Form 5500 and consider whether there are any material inconsistencies between the other information in the form and the audited financial statements (including the required supplemental schedules) or any material misstatement of fact. We will, therefore, not issue our auditor's report until the completed Form 5500 has been provided for our review.

It is possible, because of unexpected circumstances, we may be unable to complete the engagement. We reserve the right, if in our professional judgment the circumstances require, to suspend or terminate services for reasonable cause (including failure to provide the information or cooperation necessary for successful performance of our services). Our engagement will be deemed to be completed upon written notification of termination, even if we have not completed our services. You will be obligated to compensate us for the time expended to that point and to reimburse us for all out-of-pocket expenditures through the date of termination.

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In

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that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

You agree that our maximum liability to you for any negligent errors or omissions committed by us in the performance of the engagement will be limited to the amount of our fees for this engagement, except to the extent determined to result from our gross negligence or willful misconduct. In addition, you agree to indemnify and hold harmless our Firm and its personnel from any third-party claims, including costs and expenses, as a result of the services performed under this engagement, except to the extent determined to result for our gross negligence or willful misconduct.

Fees for these services will be based on our standard hourly rates below.

Partner	\$480 - \$600
Manager	\$350 - \$400
Senior	\$220 - \$275
Staff	\$160 - \$200

You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our Firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

As a result of our prior or future services to you, we might be requested to provide information or documents to you or a third party in a legal, administrative, or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for all associated expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

Our charges for other services above and beyond the services to be provided under this agreement will be agreed to separately. In addition, any follow-up services arising after the services to be performed under this agreement are completed shall be additional and governed by a new, specific engagement letter for those services.

The working papers prepared in conjunction with this engagement are our property, constitute confidential information, and will be retained by us in accordance with our policies and procedures (which will be made available to you upon your request). However, we may be required under rules or regulations of regulatory bodies to make our working papers available to them in connection with any investigation or inspection. While we will maintain working papers and all other file materials in accordance with all applicable regulatory requirements, such

materials may at some point in time be destroyed in accordance with our document retention policies, and you agree that we shall not be liable to you for any destruction of your files and documents consistent with our policies, including destruction of any original documents you may have provided to us.

Professional standards require us to be independent with respect to your Organization and the Plan in performance of our auditing services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions regarding the employment of our personnel so that we can implement appropriate safeguards to maintain our independence in connection with the performance of our auditing services for your company.

During the term of this agreement and for a period of one year thereafter, you agree, except with our express written consent, not to solicit (except by means of a general press solicitation not targeted to any individual employee or group of employees for employment or any consulting or other relationship substantially equivalent to employment), entice, hire employ or seek to employ any of our employees. Our written consent to your hiring one of our employees for such purposes will not be given unless you agree to pay to us 30% of the annual compensation received by such employee from us for the year prior to leaving as consideration for the damages caused to us by the solicitation.

If any dispute, controversy or claim arises in connection with the performance or breach of this engagement agreement (including disputes regarding the validity or enforceability of this agreement), either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a neutral facilitator acceptable to both parties. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other party or the mediator that it, in good faith, considers necessary to resolve the matter. All such discussion, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during the negotiations. The mediator may not act as a witness for either party in any subsequent arbitration between the parties.

The mediation proceedings will conclude within 60 days from receipt of the written notice unless extended or terminated sooner by mutual consent. The parties may also agree at any time to terminate or waive ongoing mediation. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties.

If any dispute, controversy, or claim arises in connection with the performance or breach of this agreement (including disputes regarding the validity or enforceability of this agreement) and cannot be resolved by mediation, (or the parties agree to waive that process), then the dispute, controversy or claim will be settled by arbitration in accordance with the Rules of the American Arbitration Association (AAA) for the Resolution of Accounting Firm Disputes. No prehearing discovery will be permitted unless specifically authorized by the arbitration panel. The arbitration hearings will take place in the city closest to the place where this agreement was performed in which the AAA maintains an office, unless the parties agree to a different locale.

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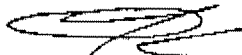
Such arbitration shall be conducted before a panel of three persons, one chosen by each party, and the third selected by the two party-selected arbitrators. The arbitration panel shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages. The confidentiality provisions applicable to facilitated negotiation shall also apply to arbitration.

The award issued by the arbitration panel may be confirmed in a judgment by any Federal or state court or competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including (1) the fees and expenses of the AAA and the arbitrators and (2) the costs, including reasonable attorneys' fees, necessary to confirm the award in court, will be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by J.H. Cohn LLP, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

We appreciate the opportunity to be of service to Pascack Valley Hospital and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Christopher J. Ivans, CPA  
Partner

RESPONSE:

This letter correctly sets forth the understanding of Pascack Valley Hospital.

Signature

Date

How Are You Managing?



December 19, 2007

Mr. Leonard Weil  
Senior Vice President of Finance  
Pascack Valley Hospital  
250 Old Hook Road  
Westwood, NJ 07675

Dear Mr. Weil:

We are pleased to confirm our understanding of the services we are to provide for Pascack Valley Hospital Association for the year ended December 31, 2007.

We will audit the balance sheet of Pascack Valley Hospital Association as of December 31, 2007, and the related statements of operations, changes in net assets and cash flows for the year then ended.

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (a) errors, (b) fraudulent financial reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the entity and its environment, including internal control sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may from time-to-time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the Hospital

involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Hospital received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Hospital complies with applicable laws and regulations.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

It is possible, because of unexpected circumstances, we may be unable to complete the engagement. We reserve the right, if in our professional judgment the circumstances require, to suspend or terminate services for reasonable cause (including failure to provide the information or cooperation necessary for successful performance of our services). Our engagement will be deemed to be completed upon written notification of termination, even if we have not completed our services. You will be obligated to compensate us for the time expended to that point and to reimburse us for all out-of-pocket expenditures through the date of termination.

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

You agree that our maximum liability to you for any negligent errors or omissions committed by us in the performance of the engagement will be limited to the amount of our fees for this engagement, except to the extent determined to result from our gross negligence or willful misconduct. In addition, you agree to indemnify and hold harmless our Firm and its personnel from any third-party claims, including costs and expenses, as a result of the services performed under this engagement, except to the extent determined to result from our gross negligence or willful misconduct. You agree to indemnify us from any and all claims that may arise from any differences between the electronic version of the financial statements and audit report presented on your web site, now and in the future, and the signed version of the financial statements and audit report provided to the audit committee and management by us.

Fees for these services will be based on our standard hourly rates below.

Partner	\$480 - \$600
Manager	\$350 - \$400
Senior	\$220 - \$275
Staff	\$160 - \$200

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Pascack Valley Hospital  
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You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our Firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

As a result of our prior or future services to you, we might be requested to provide information or documents to you or a third party in a legal, administrative, or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for all associated expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

Our charges for other services above and beyond the services to be provided under this agreement will be agreed to separately. In addition, any follow-up services arising after the services to be performed under this agreement are completed shall be additional and governed by a new, specific engagement letter for those services.

The working papers prepared in conjunction with this engagement are our property, constitute confidential information, and will be retained by us in accordance with our policies and procedures (which will be made available to you upon your request). However, we may be required under rules or regulations of regulatory bodies to make our working papers available to them in connection with any investigation or inspection. While we will maintain working papers and all other file materials in accordance with all applicable regulatory requirements, such materials may at some point in time be destroyed in accordance with our document retention policies, and you agree that we shall not be liable to you for any destruction of your files and documents consistent with our policies, including destruction of any original documents you may have provided to us.

If you plan any reproduction or publication of our report, or any portion of it, copies of masters' or printers' proofs of the entire document should be submitted to us in sufficient time for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of your intention to issue any such document.

The audited financial statements and our report thereon should not be provided or otherwise made available to recipients of any document to be used in connection with the sale of securities (including securities offering on the Internet) without first submitting copies of the document to us in sufficient time for our review.

Professional standards require us to be independent with respect to the Hospital in performance of our auditing services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us

prior to any such discussions regarding the employment of our personnel so that we can implement appropriate safeguards to maintain our independence in connection with the performance of our auditing services for your company.

During the term of this agreement and for a period of one year thereafter, you agree, except with our express written consent, not to solicit (except by means of a general press solicitation not targeted to any individual employee or group of employees for employment or any consulting or other relationship substantially equivalent to employment), entice, hire employ or seek to employ any of our employees. Our written consent to your hiring one of our employees for such purposes will not be given unless you agree to pay to us 30% of the annual compensation received by such employee from us for the year prior to leaving as consideration for the damages caused to us by the solicitation.

If any dispute, controversy or claim arises in connection with the performance or breach of this engagement agreement (including disputes regarding the validity or enforceability of this agreement), either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a neutral facilitator acceptable to both parties. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other party or the mediator that it, in good faith, considers necessary to resolve the matter. All such discussion, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during the negotiations. The mediator may not act as a witness for either party in any subsequent arbitration between the parties.

The mediation proceedings will conclude within 60 days from receipt of the written notice unless extended or terminated sooner by mutual consent. The parties may also agree at any time to terminate or waive ongoing mediation. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties.

If any dispute, controversy, or claim arises in connection with the performance or breach of this agreement (including disputes regarding the validity or enforceability of this agreement) and cannot be resolved by mediation, (or the parties agree to waive that process), then the dispute, controversy or claim will be settled by arbitration in accordance with the Rules of the American Arbitration Association (AAA) for the Resolution of Accounting Firm Disputes. No prehearing discovery will be permitted unless specifically authorized by the arbitration panel. The arbitration hearings will take place in the city closest to the place where this agreement was performed in which the AAA maintains an office, unless the parties agree to a different locale.

Such arbitration shall be conducted before a panel of three persons, one chosen by each party, and the third selected by the two party-selected arbitrators. The arbitration panel shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages. The confidentiality provisions applicable to facilitated negotiation shall also apply to arbitration.

Mr. Leonard Weil  
Pascack Valley Hospital  
December 19, 2007  
Page 6

The award issued by the arbitration panel may be confirmed in a judgment by any Federal or state court or competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including (1) the fees and expenses of the AAA and the arbitrators and (2) the costs, including reasonable attorneys' fees, necessary to confirm the award in court, will be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by J.H. Cohn LLP, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Christopher J. Ivans, CPA  
Partner

RESPONSE:

This letter correctly sets forth the understanding of Pascack Valley Hospital Association.

Officer Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)  
SILLS CUMMIS & GROSS, P.C.  
Jack M. Zackin (JZ-2540)  
Valerie A. Hamilton (VH-5697)  
One Riverfront Plaza  
Newark, New Jersey 07102  
(973) 643-7000  
Attorneys for Debtor and Debtor-in-Possession

In re:

PASCACK VALLEY HOSPITAL  
ASSOCIATION, INC.,  
  
Debtor.

Case No.: 07-23686 (RG)

Judge: Hon. Rosemary Gambardella

Chapter: 11

Recommended Local Form:  Followed  Modified

**CERTIFICATION OF PROFESSIONAL IN SUPPORT OF  
APPLICATION FOR RETENTION OF PROFESSIONAL**

I, CHRISTOPHER J. IVANS, being of full age, certify as follows:

1. I submit this Certification in support of the Debtor's application for authority to retain J.H. Cohn LLP ("J.H. Cohn") as accountants for the Debtor.
2. I am a partner in the accounting firm of J.H. Cohn, which has an office location at 4 Becker Farm Road, P.O. Box 954, Roseland, New Jersey 07068.
3. J.H. Cohn provides audit, tax and accounting services to private and public middle-market companies, individuals and not-for-profit groups. It is the largest independent accounting firm in the Northeast and one of the Top 20 accounting and consulting firms in the United States. J. H. Cohn has previously provided audit and tax services to Pascack Valley Hospital Association and Pascack Valley Hospital Pension Plan commencing with the year

ended December 31, 2005. Additionally, J.H. Cohn performs audit and tax services for several related non-debtor entities, as follows: Pascack Valley Hospital Foundation; Pascack Community Services, Inc.; Life Key Ventures, Inc., & Subsidiaries (includes Life Key Ventures, Inc., LKV/Bergen Nursing Team, Inc., Pascack Valley Medical Diagnostics, LLC, and LK Ventures, Inc.; Bergen Community Health Care, Inc., and Well Care Group, Inc.). I certify that J.H. Cohn's role in the matters cited in paragraph three (3) above represents no interest adverse to the Estate in the *Pascack Valley Hospital Association, Inc.* matter.

4. The proposed arrangement for compensation, including hourly rates, if applicable, is as follows: J.H. Cohn will file an application for compensation and reimbursement of expenses pursuant to 11 U.S.C. § 330. Subject to the approval of the Bankruptcy Court, J.H. Cohn will charge for its services in accordance with the terms of the Engagement Letter annexed as Exhibit A to the Debtor's Application filed in support hereof. Specifically, J.H. Cohn's fees will be based upon the following standard hourly rates:

Partner	\$480 - \$600
Manager	\$350 - \$400
Senior	\$220 - \$275
Staff	\$160 - \$200

In addition, J.H. Cohn will seek reimbursement of out-of-pocket costs. J.H. Cohn revises its rates on February 1 of each year.

5. To the best of my knowledge, after reasonable and diligent investigation, my connection with the debtor(s), creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee, is as follows:

None

Describe connection: As set forth above, I have previously performed audit services for the Debtor.

6. To the best of my knowledge, after reasonable and diligent investigation, the connection of my firm, its members, partners, and/or employees with the debtor(s), creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee, is as follows:

None

Describe connection: J.H. Cohn maintains, or has maintained a business relationship with the following entities (or one of their affiliated companies):

- a) J.H. Cohn performs audit and tax services for the non-debtor related entities listed in paragraph 3 above.
- b) J.H.Cohn has worked with Sills Cummis in the past on unrelated matters.
- c) J.H. Cohn has worked with Drinker Biddle in the past on unrelated matters.
- d) J.H. Cohn performs audit and tax services for Sills Cummis.
- e) J.H. Cohn has in the past worked with, continues to work with, and has mutual clients with certain law firms who may represent parties-in-interest in the case. None of these engagements or relationships relate to this case.

The Debtor has filed a voluminous list of general unsecured creditors, which contains the names of more than 650 entities. J.H. Cohn has not conducted a search for connections it may have with each of those entities. However, J.H. Cohn has searched its records for any connection it may have with (i) the Debtor's secured creditors and their known counsel; (ii) the 20 largest unsecured creditors and counsel for the Creditors' Committee; (iii) the United States Trustee for Region 3 and her counsel; (iv) HFG Healthco-IV, LLC and its counsel;

(v) The Bank of New York, as Indenture and Master Trustee; and (vi) Health Professionals and Allied Employees, ATL/AFL-CIO Local 5029, and its counsel. In the event a connection requiring disclosure is later discovered, J.H. Cohn will promptly make such disclosure to the Court.

7. To the best of my knowledge, my firm, its members, shareholders, partners, associates, officers and/or employees and I (check all that apply):

- do not hold an adverse interest to the estate.
- do not represent an adverse interest to the estate.
- are disinterested under 11 U.S.C. § 101(14).
- do not represent or hold any interest adverse to the debtor or the estate with respect to the matter for which I will be retained under 11 U.S.C. § 327(e).
- Other; explain: \_\_\_\_\_

8. If the professional is an auctioneer,

a. A surety bond in accordance with D.N.J. LBR 2014-1(B)(2) is attached.

Yes       No

b. My qualifications and previous experience as an auctioneer include:

\_\_\_\_\_

c. Have you or any member of your firm ever been convicted of any criminal offense, other than motor vehicle violations?

Yes       No

If yes, explain: \_\_\_\_\_

9. If the professional is an auctioneer, appraiser or realtor, the location and description of the property is as follows: \_\_\_\_\_

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

J.H. COHN LLP

Date: December 28, 2007

By: /s/ Christopher J. Ivans  
Christopher J. Ivans, Partner

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)

SILLS CUMMIS EPSTEIN & GROSS, P.C.

Jack M. Zackin (JZ-2540)

Valerie A. Hamilton (VH-5697)

One Riverfront Plaza

Newark, NJ 07102

(973) 643-7000

Attorneys for Debtor and Debtor-in-Possession

In Re:

PASCACK VALLEY HOSPITAL  
ASSOCIATION, INC.

Debtor.

Case No.: 07-23686 (RG)

Judge: Rosemary Gambardella

Chapter: 11

Recommended Local Form:



Followed



Modified

**ORDER AUTHORIZING  
RETENTION OF J.H. COHN, LLP**

The relief set forth on the following pages, numbered two (2) and three (3) is hereby  
**ORDERED.**

In re: Pascack Valley Hospital Association, Inc.

Case No.: 07-23686 (RG)

Applicant: Pascack Valley Hospital Association, Inc.

(check all that apply)  Trustee:  Chap. 7  Chap. 11  Chap. 13.  
 Debtor:  Chap. 11  Chap. 13  
 Official Committee of \_\_\_\_\_

Name of Professional: J.H. Cohn, LLP

Address of Professional: 4 Becker Farm Road

P.O. Box 954

Roseland, NJ 07068-0954

Attorney for (check all that apply):  
 Trustee  Debtor-in-Possession  
 Official Committee of \_\_\_\_\_

Accountant for:  
 Trustee  Debtor-in-Possession  
 Official Committee of \_\_\_\_\_

Other Professional:  
 Realtor  Appraiser  Special Counsel  Auctioneer  
 Other (specify): \_\_\_\_\_

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Upon the applicant's request for authorization to retain the professional named above,

It is hereby ORDERED as follows:

1. The applicant is authorized to retain the above party in the professional capacity noted.

2. Compensation shall be paid in such amounts as may be allowed by the Court upon proper application(s) therefor.
3. The effective date of the retention is the date the application was filed with the Court.