





HUDSON
REGIONAL HOSPITAL

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HUDSON REGIONAL HOSPITAL

FINANCIAL STATEMENTS

JANUARY 2023

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HUDSON REGIONAL HOSPITAL

MANAGEMENTS DISCUSSION AND ANALYSIS

We present the combined financial statements of Hudson Regional Hospital (HRH) for one (1) month ended January 31, 2023. These statements represent the consolidation of NJMHMC LLC (d/b/a Hudson Regional Hospital) and 55 Meadowlands Holding (a related party and considered a Variable Interest Entity (VIE) with common ownership and control as NJMHMC LLC) and are reported on a combined basis. NJMHMC LLC is the entity that operates the hospital and leases the building and property from 55 Meadowlands Holdings which owns the building and property. The Hudson Regional Hospital's operating performance for one (1) month period generated an operational Gain of \$851,283.

The following comments further highlight the material contained in these statements:

PATIENT STATISTICS

- Medical / Surgical Admissions are down by 28 or 10.0%, ICU admissions are up by 4 or 10.5%, Labor & Delivery is up by 2 or 14.3%, Pediatrics is up by 2 or 20.0%, Nursery is up by 2 or 14.3% for one (1) month January 2023 compared to January 2022.
- ER visits are up by 211 or 18.9 % comparing the two year to date January results.
- Same Day Surgery procedures are up 16 or 3.0% for one (1) month January 2023 compared to January 2022.
- Endoscopy procedures are up by 46 or 78.0% comparing the two year to date January results.
- Hospital management has implemented strategies to generate an increase in patient utilization of the facility that include the recruitment of primary care physicians that has generated several new physician applications for privileges. This strategy has resulted in an increase in hospital inpatient as well as outpatient utilization.
- We are currently in- network with Horizon Commercial and Medicare Managed Care, Horizon NJ Health (Medicaid), Aetna Commercial and Medicare Managed Care, Wellcare, United Healthcare, Oxford, Americhoice, Amerigroup, Cigna and Aetna Better Health. The in-network status with these carriers has led to improved physician relationships and patient volumes.

BALANCE SHEET

- The Combined Balance Sheet as of January 31, 2023, includes Current Assets of \$64.1 million, which principally consists of Cash \$3.2 million, Restricted Cash \$320 thousand, Net Patient Accounts Receivable \$54.1 million, Inventory of \$2.5 million, Other Current Assets of \$1.0 million and malpractice insurance \$3.0 million. Other Assets include Net Property Plant and Equipment of \$60.9 million, Operating Leases, right-of-use assets of \$1.2 million, 29E Loan – L/T portion \$42.8 million, due from affiliates \$1.8 million, and Goodwill \$439 thousand.

- Combined Current Liabilities of \$48.3 million includes Accounts Payable of \$32.6 million, Accrued Salaries of \$3.8 million, Current portion of Financing Lease Obligations \$1.3 million, Current portion of operating lease liability \$350 thousand, Current portion of long-term debt \$1.2 million and, Current portion of note payable \$1.2 million, Cross River bank line of credit \$4.9 million, Malpractice claims \$3.0 million, Third Party Liability \$195 thousand.
- Combined Long Term Liabilities are \$50.4 million, which is comprised of the Long Term portion of Mortgage Loan Payable \$46.6 million, Seller Note Payable \$845 thousand (obligation related to the sale of MHA to NJMHMC on December 29th 2017), \$2.2 million in Financing Lease obligations and \$789 thousand in Operating lease liability.
- The average payment time for vendor bills at January 31, 2023 was 101 days (an increase from December of 1 day). The average days of Revenue in Accounts Receivable (AR) at January 31, 2022 was 128 days with 9.16 days of Revenue in Discharged Not Final Billed (DNFB). (This represents an increase of 2.96 days of revenue in DNFB and decrease of 1 day of revenue in AR).
- On July 27, 2021, 55 Meadowlands Holdings refinanced Popular Bank loans with Cross River Bank (CRB). The new term loan with CRB is a \$50.0 million loan that replaced the two mortgages with Popular Bank and provides the financing for the additional loan to Bayonne Medical Center (BMC). This term loan is for thirty six (36) months with two twelve month extension options for 0.5% per extension. The rate is 1 month LIBOR plus 4.5% with a 0.50% floor on LIBOR. As such, the current rate is 8.87%. The loan has 25 year mortgage amortization.
- HRH \$10.0 million Popular Bank Working Capital Credit Revolver was replaced with CRB \$10.0 million Line of Credit. This Line of Credit has 1) Collateral Management fee of 0.025-0.050% per month and 2) Unused Line Fee of 0.042% per month.
- As a result of this refinancing HRH intercompany loan which was \$10.8 million was replaced by a \$42.8 million loan from 55 Meadowlands Holdings to BMC. This loan bears the same interest rate (5%) as the HRH term loan and has a 25 year mortgage amortization.
- NJMHMC's Current and Long Term portion of Long Term Debt combined is the \$2.0 million Seller Note executed as part of the Purchase Price.

INCOME STATEMENT

- The hospital had a Net Operating Gain of \$851 thousand for one (1) month ended January 31, 2023 compared to the 2023 Pro Forma \$855 thousand for the same period.
- The Actual combined Net Patient Service Revenue for one (1) month ended January 31, 2023 was \$13.2 million compared to the Pro Forma of \$13.9 million. This is based on an overall expected rate of recovery of Gross Charges of 13% which is consistent with prior year rates.
- Total combined operating expenses for one (1) month ended January 31, 2023 were \$12.8 million compared to the Pro Forma of \$13.5 million for the same period.

CASH FLOW

- The YTD net increase in Cash for one (1) month ended January 31, 2023 was \$2.5 million.

Respectfully submitted,

A handwritten signature in blue ink that reads "John Grywalski Jr." with a stylized flourish at the end.

John Grywalski Jr, CPA, CGMA, MBA
Chief Financial Officer

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Balance Sheet
As of:

	Combined <i>UNAUDITED</i> January 31, 2023	Combined <i>UNAUDITED</i> December 31, 2022	Change
Assets			
Current assets:			
Cash and cash equivalents	3,178,099	\$ 651,373	\$ 2,526,726
Restricted cash	320,000	320,000	-
Patients accounts receivable, net of allowance for doubtful accounts	54,090,903	54,119,229	(28,326)
Supplies inventory	2,468,163	2,410,117	58,046
Prepaid expenses and other current assets	1,040,617	3,793,533	(2,752,916)
Malpractice insurance	3,000,000	3,000,000	-
Total current assets	64,097,781	64,294,252	(196,471)
Deposits and other non-current assets	7,176	7,176	-
Property, plant and equipment, net	60,906,481	60,607,091	299,390
Operating Lease, right-of-use asset	1,230,787	1,292,654	(61,867)
29E Loan -L/T	42,800,000	42,800,000	-
Due from affiliates	1,762,805	1,769,418	(6,613)
Intangible assets	438,570	444,747	(6,177)
Total assets	\$ 171,243,600	\$ 171,215,338	\$ 28,262
Liabilities and Member's Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 32,586,487	\$ 32,679,580	\$ (93,094)
Accrued payroll and other related expenses	3,824,484	3,204,026	620,458
Current portion of financing lease obligation	1,344,911	1,476,224	(131,313)
Current portion of operating lease liability	349,469	381,611	(32,142)
Current portion of note payable	1,162,973	1,267,453	(104,480)
Current portion of long-term debt	982,785	1,065,589	(82,804)
Line of credit	4,900,000	5,000,000	(100,000)
Unearned income-HHS Stimulus	-	-	-
Malpractice claims	3,000,000	3,000,000	-
Current portion of estimated amounts due to third party payor	195,464	178,745	16,719
Total current liabilities	48,346,573	48,253,228	93,344
Financing lease obligations, net of current portion	2,192,309	2,192,309	(0)
Operating lease liability, net of current portion	788,699	788,699	0
Note payable	845,087	845,087	0
Long-term debt, net of current portion	46,565,549	46,561,915	3,634
L/T portion of estimated amounts due to third party payor	-	-	-
Total long-term liabilities	50,391,644	50,388,010	3,634
Total liabilities	98,738,217	98,641,238	96,978
Member's equity			
Member's equity	73,931,172	73,931,172	-
Member's contribution/(distribution)	(1,757,072)	(1,357,072)	(400,000)
Current year net income(loss)	331,283	-	331,283
Total member's equity	72,505,383	72,574,100	(68,717)
Total liabilities and member's equity	\$ 171,243,600	\$ 171,215,338	\$ 28,262

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statement of income and change in Member's Equity
For 1 month ended January 31, 2023

	Actual Consolidated UNAUDITED	Pro Forma Jan'23	Actual vs. Pro Forma
Net Patient Service Revenue	\$ 13,148,410	\$ 13,911,268	\$ (762,858)
Other revenue	519,855	466,667	53,188
Total Operating Revenue	13,668,265	14,377,935	(709,670)
Operating Expense			
Salaries and wages	3,627,372	3,488,633	(138,739)
Fringe benefits	508,030	563,221	55,191
Physician Fees	254,797	344,485	89,688
Supplies and other expenses	7,515,284	8,327,617	812,333
NJ Corporate income tax	98,083	98,083	0
Interest	421,023	333,333	(87,690)
Depreciation	392,393	366,667	(25,726)
Total operating expenses	12,816,982	13,522,039	705,057
Income from operations	851,283	855,895	(4,612)
Other nonoperating income(loss)	(520,000)	-	(520,000)
Net income	331,283	855,895	(524,612)

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statements of Cash Flows
For 1 month ended January 31, 2023

	Combined
	Unaudited
<hr/>	
Cash Flows From Operating Activities	
Net income (loss)	\$ 331,283
Adjustments to reconcile net income to net cash (used in) provided by operating activities	
Depreciation and amortization	392,393
Changes in operating assets and liabilities:	
Patient accounts receivable	28,326
Supplies inventory	(58,046)
Prepaid expenses and other current assets	2,759,530
Accounts payable and accrued expenses	(93,094)
Accrued payroll and other related expenses	620,458
Third Party Liability	16,719
Net cash provided by operating activities	<u>3,997,568</u>
Cash Flows From Investing Activities	
Property and equipment acquired through asset purchase	
Purchases of property and equipment	<u>(623,739)</u>
Intangible assets	-
Net cash used in investing activities	<u>(623,739)</u>
Cash Flows From Financing Activities	
29E Loan	-
Net change of financing and operating leases	(163,455)
Net change in long term debts	(183,649)
CRB line of credit repayment	(100,000)
Member's contribution/(distribution)	<u>(400,000)</u>
Net cash provided by financing activities	<u>(847,104)</u>
Net increase (decrease) in cash and cash equivalents	2,526,725
Cash and Cash Equivalents	
Beginning of year	651,373
End of period	<u>\$ 3,178,098</u>

Combining NJMHMC LLC/ 55 Meadowlands Holding LLC
(D/B/A Hudson Regional Hospital)

Balance Sheet

As of:

Assets	Combining	NJMHC	55 Meadowlands Holding	Eliminated
	UNAUDITED January 31, 2023	UNAUDITED January 31, 2023	UNAUDITED January 31, 2023	UNAUDITED January 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,178,099	\$ 3,174,939	\$ 3,159	
Restricted cash	320,000		320,000	
Patients accounts receivable, net of allowance for doubtful accounts	54,090,903	54,090,903		
Supplies inventory	2,468,163	2,468,163		
Prepaid expenses and other current assets	1,040,617	862,283	178,333	
Malpractice insurance	3,000,000	3,000,000		
Total current assets	64,097,781	63,596,289	501,492	-
Deposits and other non-current assets				
Property, plant and equipment, net	7,176	7,176		
Operating Lease, right-of-use asset	60,906,481	6,204,269	54,702,212	
29E Loan -L/T	1,230,787	1,230,787		
Due from affiliates	42,800,000		42,800,000	
Intangible assets	1,762,805	46,136,501	8,437,392	(52,811,088)
	438,570	438,570		
Total assets	\$ 171,243,600	\$ 117,613,592	\$ 106,441,096	\$ (52,811,088)
Liabilities and Member's Equity				
Current liabilities:				
Accounts payable and accrued expenses	\$ 32,586,487	\$ 40,651,246	\$ 44,746,330	(52,811,088)
Accrued payroll and other related expenses	3,824,484	3,824,484		
Current portion of financing lease obligation	1,344,911	1,344,911		
Current portion of operating lease liability	349,469	349,469		
Current portion of note payable	1,162,973	1,162,973		
Current portion of long-term debt	982,785	-	982,785	
Line of Credit	4,900,000	4,900,000		
Unearned income-HHS Stimulus	-	-		
Malpractice claims	3,000,000	3,000,000		
Current portion of estimated amounts due to third party payor	195,464	195,464		
Total current liabilities	48,346,573	55,428,547	45,729,115	(52,811,088)
Financing lease obligations, net of current portion				
Operating lease liability, net of current portion	2,192,309	2,192,309		
Note payable	788,699	788,699		
Long-term debt, net of current portion	845,087	845,087		
L/T portion of estimated amounts due to third party payor	46,565,549	-	46,565,548	
	-	-		
Total long-term liabilities	50,391,644	3,826,095	46,565,548	-
Total liabilities	98,738,217	59,254,643	92,294,663	(52,811,088)
Member's equity				
Member's equity	73,931,172	59,096,339	14,834,833	
Member's contribution/(distribution)	(1,757,072)	(1,017,072)	(740,000)	
Current year net income(loss)	331,283	279,683	51,600	
Total member's equity	72,505,383	58,358,950	14,146,433	-
Total liabilities and member's equity	\$ 171,243,600	\$ 117,613,592	\$ 106,441,096	\$ (52,811,088)

Combining NJMHMC LLC/ 55 Meadowlands Holding LLC
Income Statement
For 1 month ended January 31, 2023

	Combining UNAUDITED	NJMHC UNAUDITED	55 Meadowlands Holding UNAUDITED	Eliminated UNAUDITED
Net Patient Service Revenue	\$ 13,148,410	\$ 13,148,410		
Other revenue	519,855	341,521	509,558	(331,224)
Total Operating Revenue	13,668,265	13,489,932	509,558	(331,224)
Operating Expense				
Salaries and wages	3,627,372	3,627,372		
Fringe benefits	508,030	508,030		
Physician Fees	254,797	254,797		
Supplies and other expenses	7,515,284	7,846,508	-	(331,224)
NJ Corporate income tax	98,083	98,083		
Interest	421,023	49,957	371,066	
Depreciation	392,393	305,501	86,891	
Total operating expenses	12,816,982	12,690,249	457,957	(331,224)
Income from operations	851,283	799,683	51,600	(0)
Other nonoperating income/(loss)	(520,000)	(520,000)	-	
Net income	331,283	279,683	51,600	(0)

Hudson Regional Hospital
 Patient Year To Date 2022 Statistics
 Comparison of January 31, 2023 to January 31, 2022

	Jan'2022	Jan'2023	incr/(decr)	% incr/decr
HR 3rd Fl Medical/Surgical	280	252	(28)	-10.0%
HR ICU/CCU	38	42	4	10.5%
HR Pediatrics	10	12	2	20.0%
HR Nursery	14	16	2	14.3%
HR OB/Post Partum	14	16	2	14.3%
Total	356	338	(18)	-5.1%
ER	1,115	1,326	211	18.9%
SDS	539	555	16	3.0%
Endo	59	105	46	78.0%

