





HUDSON
REGIONAL HOSPITAL

 55 Meadowlands Parkway
Secaucus, NJ 07094

 info@hudsonregionalhospital.com

 201-392-3100

 www.HudsonRegionalHospital.com

 201-392-3527

HUDSON REGIONAL HOSPITAL

FINANCIAL STATEMENTS

FEBRUARY 2023

CONTENTS

	Page
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-4
COMBINED BALANCE SHEET: FEBRUARY ACTUAL	5
COMBINED INCOME STATEMENT: FEBRUARY YTD ACTUAL TO PRO FORMA	6
COMBINED STATEMENT OF CASH FLOWS	7
COMBINING BALANCE SHEET: FEBRUARY ACTUAL	8
COMBINING INCOME STATEMENT: FEBRUARY YTD ACTUAL	9
PATIENT STATISTICS YTD FEBRUARY 2023 COMPARED TO 2022	10
AGED ACCOUNTS RECEIVABLE TRIAL BALANCE	11-12

HUDSON REGIONAL HOSPITAL
MANAGEMENTS DISCUSSION AND ANALYSIS

We present the combined financial statements of Hudson Regional Hospital (HRH) for two (2) months ended February 28, 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 two (2) months period generated an operational Gain of \$1,811,009.

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

PATIENT STATISTICS

- Medical / Surgical Admissions are up by 5 or 1.0%, ICU admissions are up by 16 or 23.2%, Labor & Delivery is up by 19 or 90.5%, Pediatrics is down by 1 or 3.6%, Nursery is up by 19 or 90.5% for two (2) months February 2023 compared to February 2022.
- ER visits are up by 373 or 17.8 % comparing the two year to date February results.
- Same Day Surgery procedures are up 62 or 5.8% for two (2) months February 2023 compared to February 2022.
- Endoscopy procedures are up by 93 or 67.4% comparing the two year to date February 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 February 28, 2023, includes Current Assets of \$66.0 million, which principally consists of Cash \$2.9 million, Restricted Cash \$320 thousand, Net Patient Accounts Receivable \$56.1 million, Inventory of \$2.5 million, Other Current Assets of \$1.2 million and malpractice insurance \$3.0 million. Other Assets include Net Property Plant and Equipment of \$61.1 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 \$432 thousand.

- Combined Current Liabilities of \$49.7 million includes Accounts Payable of \$34.3 million, Accrued Salaries of \$3.8 million, Current portion of Financing Lease Obligations \$1.2 million, Current portion of operating lease liability \$330 thousand, Current portion of long-term debt \$0.9 thousand and, Current portion of note payable \$1.1 million, Cross River bank line of credit \$4.9 million, Malpractice claims \$3.0 million, Third Party Liability \$203 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 February 28, 2023 was 100 days (a decrease from January of 1 day). The average days of Revenue in Accounts Receivable (AR) at February 28, 2023 was 127 days with 8.42 days of Revenue in Discharged Not Final Billed (DNFB). (This represents a decrease of 0.74 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 9.16%. 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. In February 2023 HRH paid back \$100 thousand. Current Line of Credit balance is \$4.9 million.
- 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 interest only payments with principal due at maturity date-September 1, 2031.
- NJMHMC's Current and Long Term portion of Long Term Debt combined is the \$1.9 million Seller Note executed as part of the Purchase Price.

INCOME STATEMENT

- The hospital had a Net Operating Gain of \$1.8 million for two (2) months ended February 28, 2023 compared to the 2023 Pro Forma \$1.5 million for the same period.
- The Actual combined Net Patient Service Revenue for two (2) months ended February 28, 2023 was \$26.0 million compared to the Pro Forma of \$26.5 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 two (2) months ended February 28, 2023 were \$25.4 million compared to the Pro Forma of \$25.9 million for the same period.

CASH FLOW

- The YTD net increase in Cash for two (2) months ended February 28, 2023 was \$2.2 million.

Respectfully submitted,

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

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

	Combined		Change
	<i>UNAUDITED</i> February 28, 2023	<i>UNAUDITED</i> December 31, 2022	
Assets			
Current assets:			
Cash and cash equivalents	2,865,414	\$ 651,373	\$ 2,214,041
Restricted cash	320,000	320,000	-
Patients accounts receivable, net of allowance for doubtful accounts	56,078,339	54,119,229	1,959,110
Supplies inventory	2,524,496	2,410,117	114,379
Prepaid expenses and other current assets	1,229,039	3,793,533	(2,564,494)
Malpractice insurance	3,000,000	3,000,000	-
Total current assets	66,017,288	64,294,252	1,723,036
Deposits and other non-current assets	7,176	7,176	-
Property, plant and equipment, net	61,063,643	60,607,091	456,552
Operating Lease, right-of-use asset	1,168,921	1,292,654	(123,733)
29E Loan -L/T	42,800,000	42,800,000	-
Due from affiliates	1,865,999	1,769,418	96,581
Intangible assets	432,393	444,747	(12,354)
Total assets	\$ 173,355,420	\$ 171,215,338	\$ 2,140,082
Liabilities and Member's Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 34,342,849	\$ 32,679,580	\$ 1,663,268
Accrued payroll and other related expenses	3,780,074	3,204,026	576,048
Current portion of financing lease obligation	1,213,062	1,476,224	(263,162)
Current portion of operating lease liability	330,434	381,611	(51,177)
Current portion of note payable	1,058,298	1,267,453	(209,155)
Current portion of long-term debt	899,624	1,065,589	(165,965)
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	203,268	178,745	24,523
Total current liabilities	49,727,608	48,253,228	1,474,379
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	46,569,183	46,561,915	7,268
L/T portion of estimated amounts due to third party payor	-	-	-
Total long-term liabilities	50,395,278	50,388,010	7,268
Total liabilities	100,122,887	98,641,238	1,481,648
Member's equity			
Member's equity	72,574,099	73,931,172	(1,357,073)
Member's contribution/(distribution)	(400,000)	(1,357,072)	957,072
Current year net income(loss)	1,058,433	-	1,058,433
Total member's equity	73,232,533	72,574,100	658,433
Total liabilities and member's equity	\$ 173,355,420	\$ 171,215,338	\$ 2,140,082

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statement of income and change in Member's Equity
For 2 months ended February 28, 2023

	Actual Consolidated UNAUDITED	Pro Forma Feb'23	Actual vs.Pro Forma
Net Patient Service Revenue	\$ 26,009,787	\$ 26,476,284	\$ (466,497)
Other revenue	1,177,591	933,333	244,258
Total Operating Revenue	<u>27,187,379</u>	<u>27,409,617</u>	<u>(222,239)</u>
Operating Expense			
Salaries and wages	6,743,571	6,640,059	(103,511)
Fringe benefits	1,238,525	1,099,760	(138,765)
Physician Fees	509,984	655,632	145,648
Supplies and other expenses	15,278,094	15,935,837	657,743
NJ Corporate income tax	-	196,167	196,167
Interest	821,411	666,667	(154,744)
Depreciation	784,785	733,333	(51,452)
Total operating expenses	<u>25,376,369</u>	<u>25,927,455</u>	<u>551,085</u>
Income from operations	1,811,009	1,482,163	328,847
Other nonoperating income(loss)	(752,576)	-	(752,576)
Net income	<u>1,058,433</u>	<u>1,482,163</u>	<u>(423,729)</u>

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statements of Cash Flows
For 2 months ended February 28, 2023

	Combined
	Unaudited
<hr/>	
Cash Flows From Operating Activities	
Net income (loss)	\$ 1,058,433
Adjustments to reconcile net income to net cash (used in) provided by operating activities	
Depreciation and amortization	784,785
Changes in operating assets and liabilities:	
Patient accounts receivable	(1,959,110)
Supplies inventory	(114,379)
Prepaid expenses and other current assets	2,467,912
Accounts payable and accrued expenses	1,663,268
Accrued payroll and other related expenses	576,048
Third Party Liability	24,523
Net cash provided by operating activities	<u>4,501,481</u>
Cash Flows From Investing Activities	
Property and equipment acquired through asset purchase	
Purchases of property and equipment	<u>(1,105,249)</u>
Intangible assets	-
Net cash used in investing activities	(1,105,249)
Cash Flows From Financing Activities	
29E Loan	-
Net change of financing and operating leases	(314,339)
Net change in long term debts	(367,851)
CRB line of credit repayment	(100,000)
Member's contribution/(distribution)	(400,000)
Net cash provided by financing activities	<u>(1,182,191)</u>
Net increase (decrease) in cash and cash equivalents	2,214,041
Cash and Cash Equivalents	
Beginning of year	651,373
End of period	<u>\$ 2,865,414</u>

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

Balance Sheet

As of:

	Combining <i>UNAUDITED</i> February 28, 2023	NJMHMC <i>UNAUDITED</i> February 28, 2023	55 Meadowlands Holding <i>UNAUDITED</i> February 28, 2023	Eliminated <i>UNAUDITED</i> February 28, 2023
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,865,414	\$ 2,858,196	\$ 7,217	
Restricted cash	320,000		320,000	
Patients accounts receivable, net of allowance for doubtful accounts	56,078,339	56,078,339		
Supplies inventory	2,524,496	2,524,496		
Prepaid expenses and other current assets	1,229,039	1,229,039		
Malpractice insurance	3,000,000	3,000,000		
Total current assets	66,017,288	65,690,070	327,217	-
Deposits and other non-current assets				
	7,176	7,176		
Property, plant and equipment, net	61,063,643	5,970,106	55,093,537	
Operating Lease, right-of-use asset	1,168,921	1,168,921		
29E Loan -L/T	42,800,000		42,800,000	
Due from affiliates	1,865,999	46,714,278	8,508,616	(53,356,895)
Intangible assets	432,393	432,393		
Total assets	\$ 173,355,420	\$ 119,982,944	\$ 106,729,371	\$ (53,356,895)
Liabilities and Member's Equity				
Current liabilities:				
Accounts payable and accrued expenses	\$ 34,342,849	\$ 42,507,995	\$ 45,191,750	(53,356,895)
Accrued payroll and other related expenses	3,780,074	3,780,074		
Current portion of financing lease obligation	1,213,062	1,213,062		
Current portion of operating lease liability	330,434	330,434		
Current portion of note payable	1,058,298	1,058,298		
Current portion of long-term debt	899,624	-	899,624	
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	203,268	203,268		
Total current liabilities	49,727,608	56,993,131	46,091,374	(53,356,895)
Financing lease obligations, net of current portion				
	2,192,309	2,192,309		
Operating lease liability, net of current portion	788,699	788,699		
Note payable	845,087	845,087		
Long-term debt, net of current portion	46,569,183	-	46,569,182	
L/T portion of estimated amounts due to third party payor	-	-		
Total long-term liabilities	50,395,278	3,826,095	46,569,182	-
Total liabilities	100,122,887	60,819,226	92,660,556	(53,356,895)
Member's equity				
Member's equity	72,574,099	58,279,266	14,294,833	
Member's contribution/(distribution)	(400,000)	(200,000)	(200,000)	
Current year net income(loss)	1,058,433	1,084,452	(26,018)	
Total member's equity	73,232,533	59,163,718	14,068,815	-
Total liabilities and member's equity	\$ 173,355,420	\$ 119,982,944	\$ 106,729,371	\$ (53,356,895)

Combining NJMHMC LLC/ 55 Meadowlands Holding LLC

Income Statement

For 2 months ended February 28, 2023

	Combining UNAUDITED	NJMHMC UNAUDITED	55 Meadowlands Holding UNAUDITED	Eliminated UNAUDITED
Net Patient Service Revenue	\$ 26,009,787	\$ 26,009,787		
Other revenue	1,177,591	820,925	1,019,115	(662,448)
Total Operating Revenue	27,187,379	26,830,712	1,019,115	(662,448)
Operating Expense				
Salaries and wages	6,743,571	6,743,571		
Fringe benefits	1,238,525	1,238,525		
Physician Fees	509,984	509,984		
Supplies and other expenses	15,278,094	15,782,161	158,382	(662,448)
NJ Corporate income tax	-	-		
Interest	821,411	108,442	712,969	
Depreciation	784,785	611,002	173,783	
Total operating expenses	25,376,369	24,993,685	1,045,133	(662,448)
Income from operations	1,811,009	1,837,027	(26,018)	-
Other nonoperating income/(loss)	(752,576)	(752,576)	-	
Net income	1,058,433	1,084,452	(26,018)	-

Hudson Regional Hospital
Patient Year To Date 2023 Statistics
Comparison of February 28, 2023 to February 28, 2022

	Feb'2022	Feb'2023	incr/(decr)	% incr/decr
HR 3rd FI Medical/Surgical	520	525	5	1.0%
HR ICU/CCU	69	85	16	23.2%
HR Pediatrics	28	27	(1)	-3.6%
HR Nursery	21	40	19	90.5%
HR OB/Post Partum	21	40	19	90.5%
Total	659	717	58	8.8%
ER	2,099	2,472	373	17.8%
SDS	1,075	1,137	62	5.8%
Endo	138	231	93	67.4%

