






**HUDSON**  
REGIONAL HOSPITAL

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## HUDSON REGIONAL HOSPITAL

### FINANCIAL STATEMENTS

JANUARY 2024

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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, 2024. 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 \$492,154.

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

#### PATIENT STATISTICS

- Medical / Surgical Admissions are up by 20 or 7.9%, ICU admissions are down by 14 or 33.3%, ER visits are down by 75 or 5.7 % for one (1) month January 2024 compared to January 2023.
- Same Day Surgery procedures are up 106 or 19.1% for one (1) month January 2024 compared to January 2023.
- Endoscopy procedures are up by 74 or 70.5% comparing the two year to date January results.
- On April 30, 2023 Hudson Regional Hospital closed Maternal Child Health (MCH) and Pediatric departments. MCH program has sustained significant operating losses for the past several years. This is a result of low patient volumes with high standby costs. MCH had 22 OB/Gyn beds and Pediatrics had 26 beds. These licensed beds were transferred to Medical Surgical department.
- 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, 2024, includes Current Assets of \$63.3 million, which principally consists of Cash \$3.7 million, Net Patient Accounts Receivable \$53.0 million, Inventory of \$2.7 million, Other Current Assets of \$595 thousand and malpractice insurance \$3.3 million. Other Assets include Net Property Plant and Equipment of \$70.8 million, Operating Leases, right-of-use assets of \$756 thousand, 29E Loan – L/T portion \$42.8 million, due from affiliates \$1.7 million, and Goodwill \$364 thousand.
- Combined Current Liabilities of \$48.9 million includes Accounts Payable of \$34.6 million, Accrued Salaries of \$2.6 million, Current portion of Financing Lease Obligations \$1.6 million, Current portion of operating lease liability \$281 thousand, Current portion of long-term debt \$460 thousand and, Current portion of note payable \$738 thousand (obligation related to the sale of MHA to NJMHMC on December 29<sup>th</sup> 2017), Woori America bank line of credit \$5.0 million, Malpractice claims \$3.3 million, Third Party Liability \$266 thousand.
- Combined Long Term Liabilities are \$48.9 million, which is comprised of the Long Term portion of Mortgage Loan Payable \$43.6 million, \$4.8 million in Financing Lease obligations and \$492 thousand in Operating lease liability.
- The average payment time for vendor bills at January 31, 2024 was 95 days (an increase from January of 3 days). The average days of Revenue in Accounts Receivable (AR) at January 31, 2024 was 119 days with 7.95 days of Revenue in Discharged Not Final Billed (DNFB). (This represents an increase of 2.52 days of revenue in DNFB, and an increase of 3 day in revenue in AR as of December 31, 2023).
- On August 31, 2023, 55 Meadowlands Holdings refinanced Cross River Bank (CRB) loan with Woori America Bank (WAB). The new term loan with WAB is a \$45.0 million loan for sixty (60) months with one sixty (60) months extension option. The rate is fixed at 6.5%. The loan has 30 year mortgage amortization.
- HRH \$5.0 million Cross Rive Bank Working Capital Credit Revolver was replaced with WAB \$10.0 million Revolving Line of Credit on August 31, 2023. This Line of Credit has a one (1) year term with rate WSJP-0.5% monthly adjustment. Current rate is 8.0%.
- On July 27, 2021, 55 Meadowlands Holdings refinanced Popular Bank loans with Cross River Bank (CRB). The term loan with CRB was a \$50.0 million loan that replaced the two mortgages with Popular Bank and provided the financing for the additional loan to Bayonne Medical Center (BMC). 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 has 6.5% interest rate and interest only payments with the principal due at maturity date-September 1, 2031.
- NJMHMC's Current and Long Term portion of Long Term Debt combined is the \$738 thousand Seller Note executed as part of the Purchase Price.

## **INCOME STATEMENT**

- The hospital had a Net Operating Gain of \$492 thousand for one (1) month ended January 31, 2024 compared to the 202 Pro Forma \$1.3 million for the same period.
- The Actual combined Net Patient Service Revenue for one (1) month ended January 31, 2024 was \$13.8 million compared to the Pro Forma of \$16.2 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, 2024 were \$13.7 million compared to the Pro Forma of \$15.4 million for the same period.

## **CASH FLOW**

- The YTD net increase in Cash for one (1) month ended January 31, 2024 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:**

<b>Assets</b>	<b>Combined</b>	<b>Combined</b>	<b>Change</b>
	<i>UNAUDITED</i>	<i>UNAUDITED</i>	
	<b>January 31, 2024</b>	<b>December 31, 2023</b>	
<b>Current assets:</b>			
Cash and cash equivalents	3,670,471	\$ 1,472,926	\$ 2,197,545
Restricted cash	-	-	-
Patients accounts receivable, net of allowance for doubtful accounts	52,982,890	55,774,923	(2,792,033)
Supplies inventory	2,732,919	2,472,013	260,906
Prepaid expenses and other current assets	595,563	2,586,253	(1,990,690)
Malpractice insurance	3,320,000	3,320,000	-
<b>Total current assets</b>	<b>63,301,842</b>	<b>65,626,115</b>	<b>(2,324,273)</b>
Deposits and other non-current assets	7,176	7,176	-
Property, plant and equipment, net	70,793,336	70,240,787	552,549
Operating Lease, right-of-use asset	755,725	779,400	(23,675)
29E Loan -L/T	42,800,000	42,800,000	-
Due from affiliates	1,707,230	1,707,230	0
Intangible assets	364,446	370,623	(6,177)
<b>Total assets</b>	<b>\$ 179,729,755</b>	<b>\$ 181,531,331</b>	<b>\$ (1,801,576)</b>
<b>Liabilities and Member's Equity</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 34,639,956	\$ 34,100,299	\$ 539,656
Accrued payroll and other related expenses	2,627,828	3,894,902	(1,267,074)
Current portion of financing lease obligation	1,603,383	1,775,589	(172,206)
Current portion of operating lease liability	280,725	316,910	(36,185)
Current portion of note payable	738,229	951,803	(213,574)
Current portion of long-term debt	459,985	496,037	(36,052)
Line of credit	5,008,125	5,508,125	(500,001)
Malpractice claims	3,320,000	3,320,000	-
Current portion of estimated amounts due to third party payor	265,803	241,248	24,555
<b>Total current liabilities</b>	<b>48,944,032</b>	<b>50,604,913</b>	<b>(1,660,882)</b>
Financing lease obligations, net of current portion	4,781,052	4,781,052	0
Operating lease liability, net of current portion	491,925	491,925	(0)
Note payable	-	-	-
Long-term debt, net of current portion	43,617,402	43,615,251	2,151
<b>Total long-term liabilities</b>	<b>48,890,379</b>	<b>48,888,228</b>	<b>2,151</b>
<b>Total liabilities</b>	<b>97,834,411</b>	<b>99,493,141</b>	<b>(1,658,731)</b>
<b>Member's equity</b>			
Member's equity	82,038,190	82,038,190	0
Member's contribution/(distribution)	(635,000)	-	(635,000)
Current year net income(loss)	492,154	-	492,154
<b>Total member's equity</b>	<b>81,895,344</b>	<b>82,038,190</b>	<b>(142,846)</b>
<b>Total liabilities and member's equity</b>	<b>\$ 179,729,755</b>	<b>\$ 181,531,331</b>	<b>\$ (1,801,576)</b>

**NJMHMC, LLC**  
**(D/B/A Hudson Regional Hospital)**  
**Statement of income and change in Member's Equity**  
**For 1 month ended January 31, 2024**

	Actual <b>Combining</b> UNAUDITED	Pro Forma Jan'24	Actual vs. Pro Forma
Net Patient Service Revenue	\$ 13,787,961	\$ 16,180,042	\$ (2,392,081)
Other revenue	479,537	500,000	(20,463)
<b>Total Operating Revenue</b>	<b>14,267,499</b>	<b>16,680,042</b>	<b>(2,412,543)</b>
Operating Expense			
Salaries and wages	3,912,580	3,843,139	(69,441)
Fringe benefits	734,214	736,541	2,327
Physician Fees	386,524	438,070	51,546
Supplies and other expenses	7,957,961	9,594,868	1,636,908
NJ Corporate income tax	-	-	-
Interest	285,166	312,500	27,334
Depreciation	378,900	450,000	71,100
<b>Total operating expenses</b>	<b>13,655,345</b>	<b>15,375,118</b>	<b>1,719,772</b>
<b>Income from operations</b>	<b>612,154</b>	<b>1,304,924</b>	<b>(692,771)</b>
Other nonoperating income(loss)	(120,000)	-	(120,000)
<b>Net income</b>	<b>492,154</b>	<b>1,304,924</b>	<b>(812,771)</b>

**NJMHMC, LLC**  
**(D/B/A Hudson Regional Hospital)**  
**Statements of Cash Flows**  
**For 1 month ended January 31, 2024**

**Combined**  
**Unaudited**

<b>Cash Flows From Operating Activities</b>	
Net income (loss)	\$ 492,154
Adjustments to reconcile net income to net cash (used in) provided by operating activities	
Depreciation and amortization	378,900
Changes in operating assets and liabilities:	
Patient accounts receivable	2,792,033
Supplies inventory	(260,906)
Prepaid expenses and other current assets	1,990,690
Accounts payable and accrued expenses	539,656
Accrued payroll and other related expenses	(1,267,074)
Third Party Liability	24,555
<b>Net cash provided by operating activities</b>	<u>4,690,008</u>
<b>Cash Flows From Investing Activities</b>	
Property and equipment acquired through asset purchase	
Purchases of property and equipment	<u>(901,596)</u>
Intangible assets	-
<b>Net cash used in investing activities</b>	<u>(901,596)</u>
<b>Cash Flows From Financing Activities</b>	
29E Loan	-
Net change of financing and operating leases	(208,392)
Net change in long term debts	(247,475)
CRB line of credit repayment	(500,001)
Member's contribution/(distribution)	(635,000)
<b>Net cash provided by financing activities</b>	<u>(1,590,867)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,197,545</b>
<b>Cash and Cash Equivalents</b>	
Beginning of year	1,472,926
End of period	<u>\$ 3,670,471</u>

Combining NJMHMC LLC/ 55 Meadowlands Holding LLC  
(D/B/A Hudson Regional Hospital)  
Balance Sheet  
As of:

	Combining <i>UNAUDITED</i> January 31, 2024	NJMHMC <i>UNAUDITED</i> January 31, 2024	55 Meadowlands Holding <i>UNAUDITED</i> January 31, 2024	Eliminated <i>UNAUDITED</i> January 31, 2024
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 3,670,471	\$ 3,566,953	\$ 103,518	
Restricted cash	-	-	-	
Patients accounts receivable, net of allowance for doubtful accounts	52,982,890	52,982,890		
Supplies inventory	2,732,919	2,732,919		
Prepaid expenses and other current assets	595,563	363,730	231,833	
Malpractice insurance	3,320,000	3,320,000		
<b>Total current assets</b>	<b>63,301,842</b>	<b>62,966,490</b>	<b>335,352</b>	<b>-</b>
Deposits and other non-current assets				
Property, plant and equipment, net	7,176	7,176		
Operating Lease, right-of-use asset	70,793,336	9,144,581	61,648,756	
29E Loan -L/T	755,725	755,725		
Due from affiliates	42,800,000	-	42,800,000	
Intangible assets	1,707,230	55,150,591	4,671,483	(58,114,844)
<b>Total assets</b>	<b>\$ 179,729,755</b>	<b>\$ 128,389,009</b>	<b>\$ 109,455,591</b>	<b>\$ (58,114,844)</b>
<b>Liabilities and Member's Equity</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 34,639,956	\$ 39,058,886	\$ 53,695,913	(58,114,844)
Accrued payroll and other related expenses	2,627,828	2,627,828		
Current portion of financing lease obligation	1,603,383	1,603,383		
Current portion of operating lease liability	280,725	280,725		
Current portion of note payable	738,229	738,229		
Current portion of long-term debt	459,985	-	459,985	
Line of Credit	5,008,125	5,008,125		
Malpractice claims	3,320,000	3,320,000		
Current portion of estimated amounts due to third party payor	265,803	265,803		
<b>Total current liabilities</b>	<b>48,944,032</b>	<b>52,902,978</b>	<b>54,155,898</b>	<b>(58,114,844)</b>
Financing lease obligations, net of current portion				
Operating lease liability, net of current portion	4,781,052	4,781,052		
Note payable	491,925	491,925		
Long-term debt, net of current portion	-	-		
<b>Total long-term liabilities</b>	<b>43,617,402</b>	<b>-</b>	<b>43,617,402</b>	<b>-</b>
<b>Total liabilities</b>	<b>48,890,379</b>	<b>5,272,977</b>	<b>43,617,402</b>	<b>-</b>
<b>Member's equity</b>				
Member's equity	97,834,411	58,175,955	97,773,301	(58,114,844)
Member's contribution/(distribution)	82,038,190	70,057,940	11,980,250	
Current year net income(loss)	(635,000)	(135,000)	(500,000)	
<b>Total member's equity</b>	<b>492,154</b>	<b>290,113</b>	<b>202,040</b>	<b>-</b>
<b>Total liabilities and member's equity</b>	<b>\$ 179,729,755</b>	<b>\$ 128,389,009</b>	<b>\$ 109,455,591</b>	<b>\$ (58,114,844)</b>

**Combining NJMHMC LLC/ 55 Meadowlands Holding LLC**  
**Income Statement**  
**For 1 month ended January 31, 2024**

	Combining UNAUDITED	NJMHMC UNAUDITED	55 Meadowlands Holding UNAUDITED	Eliminated UNAUDITED
Net Patient Service Revenue	\$ 13,787,961	\$ 13,787,961		
Other revenue	479,537	247,704	569,682	(337,849)
<b>Total Operating Revenue</b>	<b>14,267,499</b>	<b>14,035,666</b>	<b>569,682</b>	<b>(337,849)</b>
<b>Operating Expense</b>				
Salaries and wages	3,912,580	3,912,580		
Fringe benefits	734,214	734,214		
Physician Fees	386,524	386,524		
Supplies and other expenses	7,957,961	8,295,809	-	(337,849)
NJ Corporate income tax	-	-		
Interest	285,166	34,182	250,985	
Depreciation	378,900	262,243	116,657	
<b>Total operating expenses</b>	<b>13,655,345</b>	<b>13,625,552</b>	<b>367,642</b>	<b>(337,849)</b>
<b>Income from operations</b>	<b>612,154</b>	<b>410,113</b>	<b>202,040</b>	<b>-</b>
Other nonoperating income/(loss)	(120,000)	(120,000)	-	
<b>Net income</b>	<b>492,154</b>	<b>290,113</b>	<b>202,040</b>	<b>-</b>

**Hudson Regional Hospital**  
**Patient Year To Date 2024 Statistics**  
**Comparison of January 31, 2024 to January 31, 2023**

	<b>Jan' 2023</b>	<b>Jan'2024</b>	<b>incr/(decr)</b>	<b>% incr/decr</b>
HR 3rd FI Medical/Surgical	252	272	20	7.9%
HR ICU/CCU	42	28	(14)	-33.3%
ER	1,326	1,251	(75)	-5.7%
SDS	555	661	106	19.1%
Endo	105	179	74	70.5%
<b>Total</b>	<b>2,280</b>	<b>2,391</b>	<b>111</b>	<b>4.9%</b>



HUDSON REGIONAL HOSPITAL  
 PERIOD END ACCOUNTS RECEIVABLE BY BILL DATE  
 Jan, 2024

MNGD MCR	ICU	INP	AMB	ER	MSU	OBS	OUT	REC	NET BILLED	RCPTS	ADJS	REFS	ACCT TYPE CHANGE	INS XFRS	BAD DEBT XFRS	CLIENT XFRS	CLOSE					151+
																		0-30	31-60	61-90	91-120	
INS GRP: MNGD MCR									8,732,983	(535,318)	(8,950,186)	-	-	-	-	-	9,863,069	3,975,484	9,275,519	1,788,558	1,778,467	22,554,942
INS GRP: NF									1,035,064	(1,035,064)	(1,035,064)	-	-	-	-	-	1,035,064	1,035,064	1,035,064	1,035,064	1,035,064	6,353,831
INS GRP: OTHER									1,035,064	(1,035,064)	(1,035,064)	-	-	-	-	-	1,035,064	1,035,064	1,035,064	1,035,064	1,035,064	6,353,831
SP									119,489	(119,489)	(119,489)	-	-	-	-	-	119,489	119,489	119,489	119,489	119,489	6,353,831
WC									3,637,331	(3,637,331)	(3,637,331)	-	-	-	-	-	3,637,331	3,637,331	3,637,331	3,637,331	3,637,331	6,353,831
GRAND TOTAL									13,521,626	(13,521,626)	(13,521,626)	-	-	-	-	-	13,521,626	13,521,626	13,521,626	13,521,626	13,521,626	28,908,773