




HUDSON
REGIONAL HOSPITAL

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HUDSON REGIONAL HOSPITAL

FINANCIAL STATEMENTS

JUNE 2024

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HUDSON REGIONAL HOSPITAL

MANAGEMENTS DISCUSSION AND ANALYSIS

We present the combined financial statements of Hudson Regional Hospital (HRH) for six (6) months ended June 30, 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 Six (6) months period generated an operational gain of \$6,610,436.

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

PATIENT STATISTICS

- Medical / Surgical Admissions are up by 102 or 6.1%, ICU admissions are down by 38 or 15.7%, ER visits are down by 99 or 1.4% for six (6) months June 2024 compared to June 2023.
- Same Day Surgery procedures are up 859 or 23.2% for six (6) months June 2024 compared to June 2023.
- Endoscopy procedures are up by 464 or 61.6% comparing the two year to date June 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 June 30, 2024, includes Current Assets of \$66.2 million, which principally consists of Cash \$3.1 million, Net Patient Accounts Receivable \$56 million, Inventory of \$3 million, Other Current Assets of \$837 thousand and malpractice insurance \$3.3 million. Other Assets include Net Property Plant and Equipment of \$73.1 million, Operating Leases, right-of-use assets of \$637 thousand, 29E Loan – L/T portion \$42.8 million, due from affiliates \$1.6 million, and Goodwill \$334 thousand.
- Combined Current Liabilities of \$53.7 million includes Accounts Payable of \$38.6 million, Accrued Salaries of \$4.3 million, Current portion of Financing Lease Obligations \$1.8 million, Current portion of operating lease liability \$308 thousand, Current portion of long-term debt \$521 thousand and, Current portion of note payable \$201 thousand (obligation related to the sale of MHA to NJMHMC on December 29th 2017), Deferred revenue of 1.7 million, Woori America bank line of credit \$2.6 million, Malpractice claims \$3.3 million, Third Party Liability \$289 thousand.
- Combined Long Term Liabilities are \$48.6 million, which is comprised of the Long Term portion of Mortgage Loan Payable \$43.4 million, \$4.9 million in Financing Lease obligations and \$344 thousand in Operating lease liability.
- The average payment time for vendor bills at June 30, 2024 was 97 days (an increase from May of 4 days). The average days of Revenue in Accounts Receivable (AR) at June 30, 2024 was 107 days with 5.55 days of Revenue in Discharged Not Final Billed (DNFB). (This represents a decrease of .42 days of revenue in DNFB, and an increase of 3 day in revenue in AR as of May 31, 2024).
- 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 \$201 thousand Seller Note executed as part of the Purchase Price.

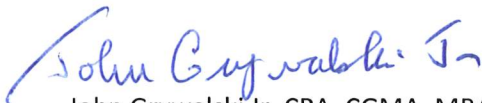
INCOME STATEMENT

- The hospital had a Net Operating Gain of \$6.6 million for six (6) months ended June 30, 2024 compared to the 2024 Pro Forma \$7.3 million for the same period.
- The Actual combined Net Patient Service Revenue for six (6) months ended June 30, 2024 was \$95.5 million compared to the Pro Forma of \$94.5 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 six (6) months ended June 30, 2024 were \$92.7 million compared to the Pro Forma of \$90.1 million for the same period.

CASH FLOW

- The YTD net increase in Cash for six (6) months ended June 30, 2024 was \$1.6 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> June 30, 2024	<i>UNAUDITED</i> December 31, 2023	
Assets			
Current assets:			
Cash and cash equivalents	3,062,033	\$ 1,472,926	\$ 1,589,107
Restricted cash	-	-	-
Patients accounts receivable, net of allowance for doubtful accounts	55,963,652	55,774,923	188,729
Supplies inventory	2,976,292	2,472,013	504,279
Prepaid expenses and other current assets	837,032	2,586,253	(1,749,221)
Malpractice insurance	3,320,000	3,320,000	-
Total current assets	66,159,008	65,626,115	532,893
Deposits and other non-current assets	7,176	7,176	-
Property, plant and equipment, net	73,055,530	70,240,787	2,814,743
Operating Lease, right-of-use asset	637,348	779,400	(142,052)
29E Loan -L/T	42,800,000	42,800,000	-
Due from affiliates	1,566,036	1,707,230	(141,194)
Intangible assets	333,560	370,623	(37,063)
Total assets	\$ 184,558,658	\$ 181,531,331	\$ 3,027,327
Liabilities and Member's Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 38,578,419	\$ 34,100,299	\$ 4,478,119
Accrued payroll and other related expenses	4,313,989	3,894,902	419,087
Current portion of financing lease obligation	1,822,367	1,775,589	46,778
Current portion of operating lease liability	307,625	316,910	(9,285)
Current portion of note payable	200,817	951,803	(750,986)
Current portion of long-term debt	520,787	496,037	24,750
Deferred revenue	1,744,716	-	1,744,716
Line of credit	2,557,000	5,508,125	(2,951,126)
Malpractice claims	3,320,000	3,320,000	-
Current portion of estimated amounts due to third party payor	288,584	241,248	47,336
Total current liabilities	53,654,303	50,604,913	3,049,389
Financing lease obligations, net of current portion	4,918,119	4,781,052	137,067
Operating lease liability, net of current portion	343,978	491,925	(147,947)
Note payable	-	-	-
Long-term debt, net of current portion	43,359,473	43,615,251	(255,778)
Total long-term liabilities	48,621,570	48,888,228	(266,658)
Total liabilities	102,275,873	99,493,141	2,782,731
Member's equity			
Member's equity	82,038,190	82,038,190	0
Member's contribution/(distribution)	(5,127,210)	-	(5,127,210)
Current year net income(loss)	5,371,804	-	5,371,804
Total member's equity	82,282,784	82,038,190	244,594
Total liabilities and member's equity	\$ 184,558,658	\$ 181,531,331	\$ 3,027,327

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statement of income and change in Member's Equity
For 6 month ended June 30, 2024

	Actual Combining UNAUDITED	Pro Forma Jun'24	Actual vs. Pro Forma
Net Patient Service Revenue	\$ 95,548,463	\$ 94,470,570	\$ 1,077,893
Other revenue	3,727,187	3,000,000	727,187
Total Operating Revenue	<u>99,275,650</u>	<u>97,470,570</u>	<u>1,805,080</u>
Operating Expense			
Salaries and wages	23,818,276	22,439,643	(1,378,633)
Fringe benefits	4,250,824	4,379,835	129,011
Physician Fees	2,808,725	2,557,764	(250,961)
Supplies and other expenses	57,308,547	56,175,372	(1,133,175)
Interest	1,887,292	1,875,000	(12,292)
Depreciation	2,591,550	2,700,000	108,450
Total operating expenses	<u>92,665,214</u>	<u>90,127,614</u>	<u>(2,537,600)</u>
Income from operations	6,610,436	7,342,956	(732,520)
Other nonoperating income (loss)	(1,238,632)	-	(1,238,632)
Net income	<u>5,371,804</u>	<u>7,342,956</u>	<u>(1,971,152)</u>

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statements of Cash Flows
For 6 month ended June 30, 2024

	Combined
	Unaudited
<hr/>	
Cash Flows From Operating Activities	
Net income (loss)	\$ 5,371,804
Adjustments to reconcile net income to net cash (used in) provided by operating activities	
Depreciation and amortization	2,591,550
Changes in operating assets and liabilities:	
Patient accounts receivable	(188,729)
Supplies inventory	(504,279)
Prepaid expenses and other current assets	1,890,415
Accounts payable and accrued expenses	4,478,119
Accrued payroll and other related expenses	419,087
Deferred Revenue	1,744,716
Third Party Liability	47,336
Net cash provided by operating activities	<u>15,850,019</u>
 Cash Flows From Investing Activities	
Property and equipment acquired through asset purchase	
Purchases of property and equipment	<u>(5,227,177)</u>
Intangible assets	-
Net cash used in investing activities	(5,227,177)
 Cash Flows From Financing Activities	
29E Loan	-
Net change of financing and operating leases	26,613
Net change in long term debts	(982,014)
WAB line of credit repayment	(2,951,126)
Member's contribution/(distribution)	(5,127,210)
Net cash provided by financing activities	<u>(9,033,736)</u>
 Net increase (decrease) in cash and cash equivalents	1,589,106
 Cash and Cash Equivalents	
Beginning of year	1,472,926
End of period	<u>\$ 3,062,032</u>

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

	Combining UNAUDITED June 30, 2024	NJMHC UNAUDITED June 30, 2024	55 Meadowlands Holding UNAUDITED June 30, 2024	Eliminated UNAUDITED June 30, 2024
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,062,033	\$ 3,054,802	\$ 7,230	
Restricted cash	-	-	-	
Patients accounts receivable, net of allowance for doubtful accounts	55,963,652	55,963,652		
Supplies inventory	2,976,292	2,976,292		
Prepaid expenses and other current assets	837,032	837,032	-	
Malpractice insurance	3,320,000	3,320,000		
Total current assets	66,159,008	66,151,778	7,230	-
Deposits and other non-current assets	7,176	7,176		
Property, plant and equipment, net	73,055,530	8,930,159	64,125,371	
Operating Lease, right-of-use asset	637,348	637,348		
29E Loan -L/T	42,800,000	-	42,800,000	
Due from affiliates	1,566,036	54,908,953	2,386,727	(55,729,644)
Intangible assets	333,560	333,560		
Total assets	\$ 184,558,658	\$ 130,968,973	\$ 109,319,328	\$ (55,729,644)
Liabilities and Member's Equity				
Current liabilities:				
Accounts payable and accrued expenses	\$ 38,578,419	\$ 40,723,383	\$ 53,584,679	(55,729,644)
Accrued payroll and other related expenses	4,313,989	4,313,989		
Current portion of financing lease obligation	1,822,367	1,822,367		
Current portion of operating lease liability	307,625	307,625		
Current portion of note payable	200,817	200,817		
Current portion of long-term debt	520,787	-	520,787	
Deferred revenue	1,744,716	-	1,744,716	
Line of Credit	2,557,000	2,557,000		
Malpractice claims	3,320,000	3,320,000		
Current portion of estimated amounts due to third party payor	288,584	288,584		
Total current liabilities	53,654,303	53,533,764	55,850,183	(55,729,644)
Financing lease obligations, net of current portion	4,918,119	4,918,119		
Operating lease liability, net of current portion	343,978	343,978		
Note payable	-	-		
Long-term debt, net of current portion	43,359,473	-	43,359,473	
Total long-term liabilities	48,621,570	5,262,097	43,359,473	-
Total liabilities	102,275,873	58,795,861	99,209,656	(55,729,644)
Member's equity				
Member's equity	82,038,190	70,057,940	11,980,250	
Member's contribution/(distribution)	(5,127,210)	(2,327,210)	(2,800,000)	
Current year net income(loss)	5,371,804	4,442,382	929,422	
Total member's equity	82,282,784	72,173,112	10,109,672	-
Total liabilities and member's equity	\$ 184,558,658	\$ 130,968,973	\$ 109,319,328	\$ (55,729,644)

Combining NJMHMC LLC/ 55 Meadowlands Holding LLC
Income Statement
For 6 month ended June 30, 2024

	Combining UNAUDITED	NJMHC UNAUDITED	55 Meadowlands Holding UNAUDITED	Eliminated UNAUDITED
Net Patient Service Revenue	\$ 95,548,463	\$ 95,548,463		
Other revenue	3,727,187	2,320,737	3,433,543	(2,027,092)
Total Operating Revenue	99,275,650	97,869,200	3,433,543	(2,027,092)
Operating Expense				
Salaries and wages	23,818,276	23,818,276		
Fringe benefits	4,250,824	4,250,824		
Physician Fees	2,808,725	2,808,725		
Supplies and other expenses	57,308,547	59,001,536	334,103	(2,027,092)
Interest	1,887,292	417,218	1,470,074	
Depreciation	2,591,550	1,891,607	699,943	
Total operating expenses	92,665,214	92,188,186	2,504,120	(2,027,092)
Income from operations	6,610,436	5,681,014	929,422	-
Other nonoperating income/(loss)	(1,238,632)	(1,238,632)	-	
Net income	5,371,804	4,442,382	929,422	-

Hudson Regional Hospital
Patient Year To Date 2024 Statistics
Comparison of June 30, 2024 to June 30, 2023

	June'2023	June'2024	incr/(decr)	% incr/decr
HR 3rd FI Medical/Surgical	1,675	1,777	102	6.1%
HR ICU/CCU	242	204	(38)	-15.7%
ER	7,212	7,113	(99)	-1.4%
SDS	3,700	4,559	859	23.2%
Endo	753	1,217	464	61.6%
Total	13,582	14,870	1,288	9.5%

