





HUDSON
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HUDSON REGIONAL HOSPITAL

**PRELIMINARY UNAUDITED
FINANCIAL STATEMENTS**

DECEMBER 2024

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HUDSON REGIONAL HOSPITAL

MANAGEMENTS DISCUSSION AND ANALYSIS

We present the combined financial statements of Hudson Regional Hospital (HRH) for twelve (12) months ended December 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 twelve (12) months period generated an operational gain of \$15,900,165.

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

PATIENT STATISTICS

- Medical / Surgical Admissions are up by 244 or 7.4%, ICU admissions are down by 20 or 4.5%, ER visits are up by 64 or 0.4% for twelve (12) months December 2024 compared to December 2023.
- Same Day Surgery procedures are up 1,683 or 22.1% for twelve (12) months December 2024 compared to December 2023.
- Endoscopy procedures are up by 702 or 41.0% comparing the two year to date December 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 December 31, 2024, includes Current Assets of \$62.9 million, which principally consists of Cash \$2.7 million, Net Patient Accounts Receivable \$48.3 million, Inventory of \$2.8 million, Other Current Assets of \$3.3 million and malpractice insurance \$5.8 million. Other Assets include Net Property Plant and Equipment of \$77.3 million, Operating Leases, right-of-use assets of \$495 thousand, due from affiliates \$183 million, and Goodwill \$297 thousand.
- Combined Current Liabilities of \$77.9 million includes Accounts Payable of \$36.1 million, Accrued Salaries of \$2.8 million, Current portion of Financing Lease Obligations \$2.0 million, Current portion of operating lease liability \$334 thousand, Current portion of long-term debt \$538 thousand, Woori America bank line of credit \$30 million, Malpractice claims \$5.8 million, Third Party Liability \$329 thousand.
- Combined Long Term Liabilities are \$50.1 million, which is comprised of the Long Term portion of Mortgage Loan Payable \$43.1 million, \$6.8 million in Financing Lease obligations and \$179 thousand in Operating lease liability.
- The average payment time for vendor bills at December 31, 2024 was 84 days (a decrease from November of 10 days). The average days of Revenue in Accounts Receivable (AR) at December 31, 2024 was 90 days with 3.76 days of Revenue in Discharged Not Final Billed (DNFB). (This represents a decrease of 1.44 days of revenue in DNFB, and a decrease of 7 days in revenue in AR as of November 30, 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. On November 22, 2024 WAB Line of Credit was increased to \$30M. This Line of Credit has a one (1) year term with rate WSJP-0.5% monthly adjustment. Current rate is 7.5%. It matures on November 22, 2025.
- 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 was reassigned to the owner of the company on December 31, 2024 and shows as distribution on HRH balance sheet.
- An increase in distribution is related to WAB Line of Credit being used for the DIP (Debtor-in-possession) financing lending facility.

INCOME STATEMENT

- The hospital had a Net Operating Gain of \$15.9 million for twelve (12) months ended December 31, 2024 compared to the 2024 Pro Forma \$15.0 million for the same period.
- The Actual combined Net Patient Service Revenue for twelve (12) months ended December 31, 2024 was \$197.1 million compared to the Pro Forma of \$190.5 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 twelve (12) months ended December 31, 2024 were \$189.8 million compared to the Pro Forma of \$181.5 million for the same period.

CASH FLOW

- The YTD net increase in Cash for twelve (12) months ended December 31, 2024 was \$1.2 million.

Respectfully submitted,



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

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

Assets	Combined		Change
	UNAUDITED December 31, 2024	AUDITED December 31, 2023	
Current assets:			
Cash and cash equivalents	\$ 2,689,737	\$ 1,472,926	\$ 1,216,811
Restricted cash	-	-	-
Patients accounts receivable, net of allowance for doubtful accounts	48,347,363	55,774,923	(7,427,560)
Supplies inventory	2,772,067	2,472,013	300,054
Prepaid expenses and other current assets	3,340,225	2,586,253	753,972
Malpractice insurance	5,774,500	3,320,000	2,454,500
Total current assets	62,923,893	65,626,115	(2,702,222)
Deposits and other non-current assets	7,176	7,176	-
Property, plant and equipment, net	77,270,430	70,240,787	7,029,643
Operating Lease, right-of-use asset	495,295	779,400	(284,105)
29E Loan -L/T	-	42,800,000	(42,800,000)
Due from affiliates	182,898	1,707,230	(1,524,332)
Intangible assets	296,498	370,623	(74,125)
Total assets	\$ 141,176,190	\$ 181,531,331	\$ (40,355,141)
Liabilities and Member's Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 36,081,263	\$ 34,100,299	\$ 1,980,963
Accrued payroll and other related expenses	2,802,182	3,894,902	(1,092,720)
Current portion of financing lease obligation	2,031,159	1,775,589	255,570
Current portion of operating lease liability	334,236	316,910	17,326
Current portion of note payable	-	951,803	(951,803)
Current portion of long-term debt	538,233	496,037	42,196
Line of credit	30,000,000	5,508,125	24,491,875
Malpractice claims	5,774,500	3,320,000	2,454,500
Current portion of estimated amounts due to third party payor	328,945	241,248	87,697
Total current liabilities	77,890,517	50,604,913	27,285,603
Financing lease obligations, net of current portion	6,811,694	4,781,052	2,030,642
Operating lease liability, net of current portion	178,916	491,925	(313,009)
Note payable	-	-	-
Long-term debt, net of current portion	43,102,828	43,615,251	(512,423)
Total long-term liabilities	50,093,438	48,888,228	1,205,210
Total liabilities	127,983,956	99,493,141	28,490,814
Member's equity			
Member's equity	82,038,190	82,038,190	0
Member's contribution/(distribution)	(83,539,475)	-	(83,539,475)
Current year net income(loss)	14,693,519	-	14,693,519
Total member's equity	13,192,235	82,038,190	(68,845,955)
Total liabilities and member's equity	\$ 141,176,190	\$ 181,531,331	\$ (40,355,141)

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statement of income and change in Member's Equity
For 12 months ended December 31, 2024

	Actual Combining UNAUDITED	Pro Forma Dec'24	Actual vs. Pro Forma
Net Patient Service Revenue	\$ 197,088,354	\$ 190,506,950	\$ 6,581,404
Other revenue	8,595,591	6,000,000	2,595,591
Total Operating Revenue	<u>205,683,945</u>	<u>196,506,950</u>	<u>9,176,995</u>
Operating Expense			
Salaries and wages	49,463,678	45,250,799	(4,212,879)
Fringe benefits	8,652,106	8,783,315	131,209
Physician Fees	6,704,785	5,157,922	(1,546,863)
Supplies and other expenses	115,532,659	113,187,046	(2,345,613)
NJ Corporate income tax	228,000	-	(228,000)
Interest	4,052,893	3,750,000	(302,893)
Depreciation	5,149,659	5,400,000	250,341
Total operating expenses	<u>189,783,780</u>	<u>181,529,082</u>	<u>(8,254,698)</u>
Income from operations	15,900,165	14,977,868	922,297
Other nonoperating income (loss)	(1,206,646)	-	(1,206,646)
Net income	<u>14,693,519</u>	<u>14,977,868</u>	<u>(284,349)</u>

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statements of Cash Flows
For 12 months ended December 31, 2024

	Combined
	Unaudited
<hr/>	
Cash Flows From Operating Activities	
Net income (loss)	\$ 14,693,519
Adjustments to reconcile net income to net cash (used in) provided by operating activities	
Depreciation and amortization	5,149,659
Changes in operating assets and liabilities:	
Patient accounts receivable	7,427,560
Supplies inventory	(300,054)
Prepaid expenses and other current assets	770,359
Accounts payable and accrued expenses	1,980,963
Accrued payroll and other related expenses	(1,092,720)
Deferred Revenue	-
Third Party Liability	87,697
Net cash provided by operating activities	<u>28,716,982</u>
Cash Flows From Investing Activities	
Property and equipment acquired through asset purchase	
Purchases of property and equipment	(11,895,196)
Intangible assets	74,125
Net cash used in investing activities	<u>(11,821,071)</u>
Cash Flows From Financing Activities	
29E Loan	42,800,000
Net change of financing and operating leases	1,990,529
Net change in long term debts	(1,422,030)
WAB line of credit	24,491,875
Member's contribution/(distribution)	(83,539,475)
Net cash provided by financing activities	<u>(15,679,101)</u>
Net increase (decrease) in cash and cash equivalents	1,216,810
Cash and Cash Equivalents	
Beginning of year	1,472,926
End of period	<u>\$ 2,689,736</u>

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

	Combining UNAUDITED December 31, 2024	NJMHC UNAUDITED December 31, 2024	55 Meadowlands Holding UNAUDITED December 31, 2024	Eliminated UNAUDITED December 31, 2024
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,689,737	\$ 2,172,093	\$ 517,644	
Restricted cash	-	-	-	
Patients accounts receivable, net of allowance for doubtful accounts	48,347,363	48,347,363		
Supplies inventory	2,772,067	2,772,067		
Prepaid expenses and other current assets	3,340,225	3,340,225		
Malpractice insurance	5,774,500	5,774,500		
Total current assets	62,923,893	62,406,248	517,644	-
Deposits and other non-current assets				
	7,176	7,176		
Property, plant and equipment, net	77,270,430	10,926,959	66,343,471	
Operating Lease, right-of-use asset	495,295	495,295		
29E Loan -L/T	-	-	-	
Due from affiliates	182,898	56,072,076	-	(55,889,177)
Intangible assets	296,498	296,498		
Total assets	\$ 141,176,190	\$ 130,204,252	\$ 66,861,115	\$ (55,889,177)
Liabilities and Member's Equity				
Current liabilities:				
Accounts payable and accrued expenses	\$ 36,081,263	\$ 35,832,853	\$ 56,137,587	(55,889,177)
Accrued payroll and other related expenses	2,802,182	2,802,182		
Current portion of financing lease obligation	2,031,159	2,031,159		
Current portion of operating lease liability	334,236	334,236		
Current portion of note payable	-	-		
Current portion of long-term debt	538,233	-	538,233	
Line of Credit	30,000,000	30,000,000		
Malpractice claims	5,774,500	5,774,500		
Current portion of estimated amounts due to third party payor	328,945	328,945		
Total current liabilities	77,890,517	77,103,874	56,675,820	(55,889,177)
Financing lease obligations, net of current portion				
	6,811,694	6,811,694		
Operating lease liability, net of current portion	178,916	178,916		
Note payable	-	-		
Long-term debt, net of current portion	43,102,828	-	43,102,828	
Total long-term liabilities	50,093,438	6,990,610	43,102,828	-
Total liabilities	127,983,956	84,094,484	99,778,649	(55,889,177)
Member's equity				
Member's equity	82,038,190	70,057,940	11,980,250	
Member's contribution/(distribution)	(83,539,475)	(36,947,312)	(46,592,162)	
Current year net income(loss)	14,693,519	12,999,140	1,694,379	
Total member's equity	13,192,235	46,109,768	(32,917,534)	-
Total liabilities and member's equity	\$ 141,176,190	\$ 130,204,252	\$ 66,861,115	\$ (55,889,177)

Combining NJMHMC LLC/ 55 Meadowlands Holding LLC
Income Statement
For 12 months ended December 31, 2024

	Combining UNAUDITED	NJMHC UNAUDITED	55 Meadowlands Holding UNAUDITED	Eliminated UNAUDITED
Net Patient Service Revenue	\$ 197,088,354	\$ 197,088,354		
Other revenue	8,595,591	5,767,262	6,882,514	(4,054,185)
Total Operating Revenue	205,683,945	202,855,616	6,882,514	(4,054,185)
Operating Expense				
Salaries and wages	49,463,678	49,463,678		
Fringe benefits	8,652,106	8,652,106		
Physician Fees	6,704,785	6,704,785		
Supplies and other expenses	115,532,659	118,889,524	697,320	(4,054,185)
NJ Corporate income tax	228,000	228,000		
Interest	4,052,893	1,104,846	2,948,048	
Depreciation	5,149,659	3,606,891	1,542,767	
Total operating expenses	189,783,780	188,649,830	5,188,135	(4,054,185)
Income from operations	15,900,165	14,205,786	1,694,379	-
Other nonoperating income/(loss)	(1,206,646)	(1,206,646)	-	
Net income	14,693,519	12,999,140	1,694,379	-

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

	Dec'2023	Dec'2024	incr/(decr)	% incr/decr
HR 3rd FI Medical/Surgical	3,284	3,528	244	7.4%
HR ICU/CCU	447	427	(20)	-4.5%
ER	14,465	14,529	64	0.4%
SDS	7,616	9,299	1,683	22.1%
Endo	1,711	2,413	702	41.0%
Total	27,523	30,196	2,673	9.7%

