



HUDSON
REGIONAL HOSPITAL



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HUDSON REGIONAL HOSPITAL

FINANCIAL STATEMENTS

MARCH 2026

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HUDSON REGIONAL HOSPITAL

MANAGEMENTS DISCUSSION AND ANALYSIS

We present the combined financial statements of Hudson Regional Hospital (HRH) for three (3) months ended March 31, 2026. 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 three (3) months period generated an operational gain of \$3,976,126.

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

PATIENT STATISTICS

- Medical / Surgical Admissions are down by 66 or 7.5%, ICU admissions are down by 14 or 9.2%, ER visits are down by 293 or 8.1% for three (3) months March 2026 compared to March 2025.
- Same Day Surgery procedures are up 116 or 5% for three (3) months March 2026 compared to March 2025.
- Endoscopy procedures are down by 182 or 30.4% when comparing the year to date March results for the two years.
- 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), 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 March 31, 2026, includes Current Assets of \$87.1 million, which principally consists of Cash \$560 thousand, Net Patient Accounts Receivable \$72.7 million, Inventory of \$3.5 million, Other Current Assets of \$2.1 million and malpractice insurance \$8.1 million. Other Assets include Net Property Plant and Equipment of \$77.2 million, Operating Leases, right-of-use assets of \$140 thousand, due from affiliates \$14.5 million, and Goodwill \$204 thousand.
- Combined Current Liabilities of \$61.7 million include Accounts Payable of \$44.3 million, Accrued Salaries of \$5 million, Current portion of Financing Lease Obligations \$2.7 million, Current portion of operating lease liability \$114 thousand, Current portion of long-term debt \$1.3 million, Malpractice claims \$8.1 million, Third Party Liability \$202 thousand.

- Combined Long Term Liabilities are \$77.7 million, which is comprised of the Long-Term portion of Mortgage Loan Payable \$70.2 million, \$7.5 million in Financing Lease obligations.
- The average payment time for vendor bills at March 31, 2026 was 94 days (a decrease from February of 1 day). The average days of Revenue in Accounts Receivable (AR) at March 31, 2026 was 117 days with 6 days of Revenue in Discharged Not Final Billed (DNFB). (This represents a decrease of 0.23 days of revenue in DNFB, and a decrease of 2 days in revenue in AR as of February 28, 2026).
- On December 31, 2025, 55 Meadowlands Holdings had a term loan with Woori America Bank (WAB) in the amount of \$43.7 million. The rate was fixed at 6.5%. The loan had 30-year mortgage amortization. HRH had WAB Line of Credit in the amount of \$30 million, which matured on March 31, 2026. On March 31, 2026, WAB converted \$30 million LOC to term loan. The new term loan is \$72.5 million loan for sixty (60) months and matures on April 1, 2031. The rate is fixed at 6.0%. The loan has 25-year mortgage amortization.

INCOME STATEMENT

- The hospital had a Net Operating Gain of \$4 million for three (3) months ended March 31, 2026 compared to the 2026 Pro Forma \$4.2 million for the same period.
- The Actual combined Net Patient Service Revenue for three (3) months ended March 31, 2026 was \$55.9 million compared to the Pro Forma of \$57.6 million. This is based on an overall expected rate of recovery of Gross Charges of 13.5% which represents a 0.5% increase over the prior year's rates.
- Total combined operating expenses for three (3) months ending March 31, 2026, were \$52.9 million compared to the Pro Forma of \$54.5 million for the same period.

CASH FLOW

- The YTD net decrease in Cash for three (3) months ended March 31, 2026 was \$140 thousand.

Respectfully submitted,



Douglas Zehner
System Chief Financial Officer
Hudson Health System

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

Assets	Combined		Change
	UNAUDITED March 31, 2026	UNAUDITED December 31, 2025	
Current assets:			
Cash and cash equivalents	\$ 559,075	\$ 698,839	\$ (139,764)
Patients accounts receivable, net of allowance for doubtful accounts	72,733,107	71,620,278	1,112,829
Supplies inventory	3,494,632	3,068,145	426,487
Prepaid expenses and other current assets	2,146,446	1,080,378	1,066,068
Malpractice insurance	8,124,500	8,124,500	-
Total current assets	87,057,759	84,592,140	2,465,620
Deposits and other non-current assets	66,135	59,655	6,480
Property, plant and equipment, net	77,202,518	78,049,211	(846,693)
Operating Lease, right-of-use asset	140,162	211,189	(71,026)
Due from affiliates	14,531,793	11,516,255	3,015,539
Intangible assets	203,843	222,374	(18,531)
Total assets	\$ 179,202,210	\$ 174,650,823	\$ 4,551,388
Liabilities and Member's Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 44,267,806	\$ 42,059,512	\$ 2,208,293
Accrued payroll and other related expenses	5,043,928	3,741,280	1,302,647
Current portion of financing lease obligation	2,181,580	2,257,886	(76,305)
Current portion of operating lease liability	114,050	172,323	(58,273)
Current portion of long-term debt	1,264,615	574,796	689,819
Line of credit	-	30,000,000	(30,000,000)
Sale/Leaseback Finance Obligation C/P	522,574	530,763	(8,189)
Malpractice claims	8,124,500	8,124,500	-
Current portion of estimated amounts due to third party payor	202,126	175,030	27,096
Total current liabilities	61,721,180	87,636,091	(25,914,912)
Financing lease obligations, net of current portion	6,434,791	6,952,628	(517,837)
Operating lease liability, net of current portion	-	-	-
Sale/Leaseback Finance Obligation	1,053,164	1,169,237	(116,072)
Long-term debt, net of current portion	70,234,343	42,553,842	27,680,500
Total long-term liabilities	77,722,298	50,675,707	27,046,590
Total liabilities	139,443,477	138,311,798	1,131,678
Member's equity			
Member's equity	36,339,025	38,538,058	(2,199,033)
Member's contribution/(distribution)	(556,418)	(20,955,111)	20,398,693
Current year net income(loss)	3,976,126	18,756,078	(14,779,952)
Total member's equity	39,758,733	36,339,025	3,419,708
Total liabilities and member's equity	\$ 179,202,210	\$ 174,650,823	\$ 4,551,388

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statement of income and change in Member's Equity
For 3 months ended March 31, 2026

	Actual Combining UNAUDITED	Pro Forma Mar'26	Actual vs.Pro Forma
Net Patient Service Revenue	\$ 55,930,686	\$ 57,594,940	\$ (1,664,254)
Other revenue	958,749	1,025,000	(66,251)
Total Operating Revenue	<u>56,889,435</u>	<u>58,619,940</u>	<u>(1,730,505)</u>
Operating Expense			
Salaries and wages	14,782,321	16,238,784	1,456,463
Fringe benefits	3,778,981	3,113,186	(665,795)
Physician Fees	1,685,763	1,928,549	242,786
Supplies and other expenses	29,542,300	30,147,766	605,466
NJ Corporate income tax	30,500	240,000	209,500
Interest	1,368,649	1,425,000	56,351
Depreciation	1,724,795	1,375,000	(349,795)
Total operating expenses	<u>52,913,309</u>	<u>54,468,285</u>	<u>1,554,976</u>
Income from operations	3,976,126	4,151,655	(175,529)
Other nonoperating income (loss)	-	-	-
Net income	<u>3,976,126</u>	<u>4,151,655</u>	<u>(175,529)</u>
EBITDA	7,100,070	7,191,655	(91,585)

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statements of Cash Flows
For 3 months ended March 31, 2026

	Combined
	Unaudited
<hr/>	
Cash Flows From Operating Activities	
Net income (loss)	\$ 3,976,126
Adjustments to reconcile net income to net cash (used in) provided by operating activities	
Depreciation and amortization	1,724,795
Changes in operating assets and liabilities:	
Patient accounts receivable	(1,112,829)
Supplies inventory	(426,487)
Prepaid expenses and other current assets	(4,081,607)
Accounts payable and accrued expenses	2,208,293
Accrued payroll and other related expenses	1,302,647
Deposits and other noncurrent assets	(6,480)
Third Party Liability	27,096
Net cash provided by operating activities	<u>3,611,554</u>
Cash Flows From Investing Activities	
Property and equipment acquired through asset purchase	
Purchases of property and equipment	(807,074)
Intangible assets	18,531
Net cash used in investing activities	<u>(788,543)</u>
Cash Flows From Financing Activities	
Net change of financing and operating leases	(652,416)
Net change of sale/leaseback	(124,262)
Net change in long term debts	28,370,320
WAB line of credit	(30,000,000)
Member's contribution/(distribution)	(556,418)
Net cash provided by financing activities	<u>(2,962,775)</u>
Net increase (decrease) in cash and cash equivalents	(139,764)
Cash and Cash Equivalents	
Beginning of year	698,839
End of period	<u>\$ 559,075</u>

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

Balance Sheet

As of:

	Combining UNAUDITED March 31, 2026	NJMHC UNAUDITED March 31, 2026	55 Meadowlands Holding UNAUDITED March 31, 2026	Eliminated UNAUDITED March 31, 2026
Assets				
Current assets:				
Cash and cash equivalents	\$ 559,075	\$ 207,969	\$ 351,107	
Patients accounts receivable, net of allowance for doubtful accounts	72,733,107	72,733,107		
Supplies inventory	3,494,632	3,494,632		
Prepaid expenses and other current assets	2,146,446	2,146,446	-	
Malpractice insurance	8,124,500	8,124,500		
Total current assets	87,057,759	86,706,653	351,107	-
Deposits and other non-current assets	66,135	66,135		
Property, plant and equipment, net	77,202,518	11,027,656	66,174,862	
Operating Lease, right-of-use asset	140,162	140,162		
Due from affiliates	14,531,793	50,898,180	-	(36,366,386)
Intangible assets	203,843	203,843		
Total assets	\$ 179,202,210	\$ 149,042,628	\$ 66,525,969	\$ (36,366,386)
Liabilities and Member's Equity				
Current liabilities:				
Accounts payable and accrued expenses	\$ 44,267,806	\$ 44,267,806	\$ 36,366,386	(36,366,386)
Accrued payroll and other related expenses	5,043,928	5,043,928		
Current portion of financing lease obligation	2,181,580	2,181,580		
Current portion of operating lease liability	114,050	114,050		
Current portion of long-term debt	1,264,615	-	1,264,615	
Sale/Leaseback Finance Obligation C/P	522,574	522,574		
Line of Credit	-	-		
Malpractice claims	8,124,500	8,124,500		
Current portion of estimated amounts due to third party payor	202,126	202,126		
Total current liabilities	61,721,180	60,456,564	37,631,001	(36,366,386)
Financing lease obligations, net of current portion	6,434,791	6,434,791		
Sale/Leaseback Finance Obligation	1,053,164	1,053,164		
Long-term debt, net of current portion	70,234,343	-	70,234,343	
Total long-term liabilities	77,722,298	7,487,955	70,234,343	-
Total liabilities	139,443,477	67,944,519	107,865,344	(36,366,386)
Member's equity				
Member's equity	36,339,025	76,052,102	(39,713,076)	
Member's contribution/(distribution)	(556,418)	243,582	(800,000)	
Current year net income/(loss)	3,976,126	4,802,425	(826,299)	
Total member's equity	39,758,733	81,098,109	(41,339,376)	-
Total liabilities and member's equity	\$ 179,202,210	\$ 149,042,628	\$ 66,525,969	\$ (36,366,386)

Combining NJMHMC LLC/ 55 Meadowlands Holding LLC
Income Statement
For 3 months ended March 31, 2026

	Combining UNAUDITED	NJMHMC UNAUDITED	55 Meadowlands Holding UNAUDITED	Eliminated UNAUDITED
Net Patient Service Revenue	\$ 55,930,686	\$ 55,930,686		
Other revenue	958,749	958,749	1,054,493	(1,054,493)
Total Operating Revenue	56,889,435	56,889,435	1,054,493	(1,054,493)
Operating Expense				
Salaries and wages	14,782,321	14,782,321		
Fringe benefits	3,778,981	3,778,981		
Physician Fees	1,685,763	1,685,763		
Supplies and other expenses	29,542,300	30,228,550	368,244	(1,054,493)
NJ Corporate income tax	30,500	-	30,500	
Interest	1,368,649	665,592	703,058	
Depreciation	1,724,795	945,803	778,991	
Total operating expenses	52,913,309	52,087,010	1,880,793	(1,054,493)
Income from operations	3,976,126	4,802,425	(826,299)	-
Other nonoperating income/(loss)	-	-	-	-
Net income	3,976,126	4,802,425	(826,299)	-

Hudson Regional Hospital
Patient Year To Date 2026 Statistics
Comparison of March 31, 2026 to March 31, 2025

	Mar'2025	Mar'2026	incr/(decr)	% incr/decr
HR 3rd FI Medical/Surgical	881	815	(66)	-7.5%
HR ICU/CCU	153	139	(14)	-9.2%
ER	3,628	3,335	(293)	-8.1%
SDS	2,334	2,450	116	5.0%
Endo	598	416	(182)	-30.4%
Total	7,594	7,155	(439)	-5.8%

