NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Combined Financial Statements and
Supplementary Information

December 31, 2025 and 2024

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Independent Auditors' Report

To the Members of
NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of NJMHMC LLC and Affiliate, d/b/a Hudson Regional Hospital (the Hospital), which comprise the combined balance sheets as of December 31, 2025 and 2024 and the related combined statements of income and changes in members' equity and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Hospital as of December 31, 2025 and 2024, and the combined results of its operations, changes in members' equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Hospital and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Baker Tilly US, LLP

Shelton, Connecticut
June 26, 2026

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Combined Balance Sheets
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 698,839	$ 2,689,736
Patient accounts receivable	93,120,277	73,347,363
Other receivable	1,080,378	1,565,703
Supplies inventory	3,068,145	2,772,068
Prepaid expenses	52,481	641,497
Malpractice insurance recoverable	8,124,500	5,774,500
Total current assets	106,144,620	86,790,867
Other Assets		
Property, plant and equipment, net	78,049,213	77,270,430
Loans to affiliates	11,516,255	1,315,522
Other assets	440,739	798,969
Total other assets	90,006,207	79,384,921
Total assets	$ 196,150,827	$ 166,175,788

See notes to combined financial statements

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Combined Balance Sheets
December 31, 2025 and 2024

	2025	2024
Liabilities and Members' Equity		
Current Liabilities		
Line of credit	$ 30,000,000	$ 30,000,000
Accounts payable and accrued expenses	48,313,343	38,871,456
Current portion of finance lease obligations	2,257,886	2,031,157
Current portion of long-term debt	574,796	538,233
Estimated third-party settlements	175,030	328,945
Reserve for malpractice claims	10,624,500	5,774,500
Total current liabilities	91,945,555	77,544,291
Long-Term Liabilities		
Finance lease obligations, net of current portion	6,952,632	6,811,695
Other long-term liabilities	1,169,237	178,916
Long-term debt, net of current portion	42,553,842	43,102,828
Total long-term liabilities	50,675,711	50,093,439
Total liabilities	142,621,266	127,637,730
Members' Equity	53,529,561	38,538,058
Total liabilities and members' equity	$ 196,150,827	$ 166,175,788

See notes to combined financial statements

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Combined Statements of Income and Changes in Members' Equity
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Net patient service revenue	$ 237,446,522	$ 222,088,354
Other revenue	3,034,040	8,595,589
Total operating revenues	240,480,562	230,683,943
Operating Expenses		
Salaries and wages	54,690,122	49,463,678
Payroll taxes and employee benefits	11,440,708	8,652,106
Physician fees	6,388,770	6,664,818
Supplies and other expenses	120,295,624	115,454,801
Interest	5,721,550	4,052,894
Depreciation and amortization	5,452,989	5,149,658
Total operating expenses	203,989,763	189,437,955
Income from operations	36,490,799	41,245,988
Other Nonoperating Loss	(544,185)	(1,206,646)
Net income	35,946,614	40,039,342
Members' Equity, Beginning	38,538,058	82,038,189
Members' distributions	(20,955,111)	(83,539,473)
Members' Equity, Ending	$ 53,529,561	$ 38,538,058

See notes to combined financial statements

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Combined Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Net income	$ 35,946,614	$ 40,039,342
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,452,989	5,149,658
Amortization of financing costs included in interest	25,810	25,810
Changes in operating assets and liabilities:		
Patient accounts receivable	(19,772,914)	(17,572,440)
Other receivable	485,325	(14,775)
Supplies inventory	(296,077)	(300,055)
Prepaid expenses	589,016	393,828
Other assets	358,230	284,105
Accounts payable and accrued expenses	9,441,887	545,537
Other long-term liabilities	990,321	15,094
Reserve for malpractice claims	2,500,000	-
Estimated third-party settlements	(153,915)	87,697
Net cash provided by operating activities	35,567,286	28,653,801
Cash Flows From Investing Activities		
Purchases of property and equipment	(3,584,416)	(10,024,180)
Net cash used in investing activities	(3,584,416)	(10,024,180)
Cash Flows From Financing Activities		
Borrowings on lines of credit	-	24,491,875
Payments on long-term debt	(538,233)	(496,037)
Payments on note payable	-	(951,803)
Payments on finance leases	(2,279,690)	(109,079)
(Loans to) borrowings from affiliates	(11,319,733)	391,707
Members' distributions	(19,836,111)	(40,739,473)
Net cash used in financing activities	(33,973,767)	(17,412,810)
Net change in cash	(1,990,897)	1,216,811
Cash, Beginning	2,689,736	1,472,925
Cash, Ending	$ 698,839	$ 2,689,736

See notes to combined financial statements

	2025	2024
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 5,695,740	$ 4,052,894
Supplemental Disclosure of Noncash Financing Activities		
Equipment purchased under finance leases	$ 2,647,355	$ 4,342,589
Members' distributions	$ (20,955,111)	$ (83,539,473)
Loan to affiliates converted to distributions	1,119,000	42,800,000
	$ (19,836,111)	$ (40,739,473)

1. Organization

NJMHMC LLC d/b/a Hudson Regional Hospital (the Hospital) is a for-profit acute care hospital with 204 licensed beds located in Secaucus, New Jersey. The Hospital provides inpatient, outpatient and emergency care services to residents of Secaucus, New Jersey and surrounding communities in New Jersey. The Hospital leases its space from 55 Meadowlands Holding LLC (the Landlord), which is a related party through common ownership.

The Landlord was formed for the purpose of owning and leasing a healthcare facility located in Secaucus, New Jersey and is considered to be a variable interest entity (VIE).

Principles of Combination

The combined financial statements include the financial statements of the Hospital and the Landlord. All significant intercompany balances and transactions have been eliminated upon combination. As discussed above, the Hospital leases the facility from the Landlord, which is a related party through common ownership; the Hospital does not own any interest in the related party entity. Such entity is a VIE, and the Hospital is considered to be the primary beneficiary of such entity. Except for amounts contractually required under the lease agreement between the Hospital and the Landlord, the Hospital did not provide any further financial or other support to the Landlord. The Hospital could be required to provide additional financial support to assist the Landlord in meeting its financial obligations if contractually required amounts were insufficient. Financing of the Landlord is accomplished through a mortgage loan as described in Note 6 to the combined financial statements. The Hospital's involvement with the Landlord is limited to leasing the real estate and guaranteeing the mortgage loan payable.

The Hospital has elected to follow the accounting alternative provided in Accounting Standards Codification Topic 810, *Consolidation* (Topic 810). Topic 810 permits private business entities to not consolidate variable interest entities when certain conditions have been met. Accordingly, the Hospital does not consolidate its VIE and alternatively is presenting the Hospital and the Landlord on a combined basis. In addition, the Hospital believes that this method provides the most accurate depiction of its financial position and results of operations. The assets, liabilities, revenues, and expenses of the Landlord have been included in the accompanying combined financial statements.

As of December 31, 2025 and 2024, amounts included in the combined financial statements related to the Landlord are as follows:

	2025	2024
Assets:		
Cash	$ 55,553	$ 517,644
Property, plant and equipment, net	66,386,347	66,343,471
Liabilities:		
Accounts payable and accrued expenses	245,397	248,410
Long-term debt, net	43,128,638	43,641,061
Revenue	-	2,828,329
Expenses	5,780,811	5,188,134

Rental income and certain other loan receivable amounts have been excluded from this table as they eliminate upon combination.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Hospital's combined financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of the related cash flows.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Hospital maintains its cash in major financial institutions that insure deposits with the Federal Deposit Insurance Corporation (FDIC). At times, balances may exceed the FDIC limits. The Hospital has suffered no losses in connection with its banking activity.

Supplies Inventory

Supplies inventory is recorded at the lower of cost, using the first-in, first-out method, or net realizable value.

Deferred Financing Costs

Financing costs associated with the issuance of long-term obligations have been capitalized and are being amortized evenly over the term of the debt using the straight-line amortization method which approximates the effective interest rate method. Debt issuance costs related to long-term debt are presented as a reduction of the carrying amount of the debt with the amortization of these costs included with interest expense.

Property, Plant and Equipment

Property, plant and equipment acquired in business combinations are recorded at fair value at the time of acquisition. All other property and equipment are recorded at cost. Assets acquired under finance lease obligations are recorded at the net present value of required total minimum lease payments at the date of acquisition and depreciated over the lease term or estimated useful life, whichever is shorter. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments that increase the value of, or extend the life of, the related asset are capitalized.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets as follows:

	Useful Lives
Building and improvements	39 years
Leasehold improvements	15 years
Computer software	3 - 5 years
Major movable equipment	5 - 7 years

Impairment of Long-Lived Assets

The Hospital reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered impaired, the long-lived assets are then written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. Management believes no impairments have occurred and, therefore, no write-downs of the assets were necessary for the years ended December 31, 2025 and 2024.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

The Hospital commits substantial resources to sponsor a broad range of services to the community. Community benefits provided to the indigent include the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care, unpaid costs of care provided to beneficiaries of Medicaid and other indigent public programs, and services such as free clinics and meal programs for which a patient is not billed or for which a nominal fee has been assessed.

The Health Care Subsidy Fund was established by the State of New Jersey for various purposes including the distribution of charity care payments to hospitals statewide. During the years ended December 31, 2025 and 2024, the Hospital received $672,409 and $494,880, respectively, from this fund, which is included in net patient service revenue in the accompanying combined statements of income and changes in members' equity.

The Hospital's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Hospital's gross charity care charges provided. The Hospital's gross charity care charges include only services provided to patients who are unable to pay and qualify under the Hospital's charity care policy. To the extent the Hospital receives reimbursement through the various governmental assistance programs in which it participates to subsidize its care of indigent patients, the Hospital does not include these patients' charges in its cost of care provided under its charity care program. The cost of charity care provided was estimated to be approximately $464,000 and $380,000 for the years ended December 31, 2025 and 2024, respectively.

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue relates to contracts with patients and in most cases involve a third-party payor (including governmental and commercial insurance carriers) in which the Hospital's performance obligations are to provide health care services. The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments (see Note 3).

Net patient revenue is reported at expected collectible amounts over the time in which obligations to provide health care services are satisfied. Revenue is accrued to estimate the amount of revenue earned to date for patients who have not been discharged and whose care services are not complete as of the reporting period. Substantially all of the Hospital's obligations are satisfied in one year.

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's charity care policy, and implicit price concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience. Estimates of contractual adjustments and discounts are determined by major payor classes for inpatient and outpatient revenues based on contractual agreements, discount policies and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

Contracts, laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the future.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations. Adjustments arising from a change in estimated settlements increased net patient service revenue by approximately $15.5 million and $6 million, respectively, for fiscal years 2025 and 2024.

The Hospital believes that it is in compliance with all applicable Medicare and Medicaid laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that could have a material adverse effect on its combined financial statements. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs.

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the primary payor category in the table disclosed in Note 3. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient deductibles and copayments remain outstanding.

Implicit price concessions relate primarily to amounts due directly from patients and patients covered under workers compensation or automotive policies. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed.

The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators.

Management relies on the results of detailed reviews of historical write-offs and collections of revenues and accounts receivable as a primary source of information in estimating the collectability of the Hospital's accounts receivable. Management updates the hindsight analysis at least quarterly, using primarily a rolling twelve-month collection history and write-off data. These routine, quarterly changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of results of operations.

Other Revenue

Other revenue consists of amounts earned by the Hospital from activities that are not directly related to the provision of patient care services. Other revenue primarily includes State supplemental revenue (County option), cafeteria income, rental income and other miscellaneous revenues.
The Hospital participates in the New Jersey County Option Hospital Fee Program, which provides supplemental funding to eligible hospitals that meet certain program requirements. Revenue earned under the program is included in other revenue in the accompanying statements of income. The Hospital recognizes revenue under the program when it has satisfied the applicable eligibility and compliance requirements, the amount is determinable or reasonably estimable, and collection is reasonably assured. The Hospital is also subject to certain provider fees or assessments associated with participation in the program. Such fees are recorded as operating expenses in the period in which they are incurred.

Income Taxes

The Hospital is treated as a disregarded entity for federal and state income tax purposes. The members of the Landlord have elected to be treated as a partnership for federal and state income tax purposes. Accordingly, any income or loss generated by the Hospital and the Landlord is passed through to the Members. As a result, the accompanying combined financial statements do not reflect a provision for income taxes.

Management has concluded that the Hospital and the Landlord are pass-through entities for income tax purposes and there are no uncertain tax positions that would require recognition in the combined financial statements. If the Hospital or Landlord were to incur an income tax liability on uncertain tax positions in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income tax expenses. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analysis of tax laws, regulations and interpretations thereof as well as other factors. The Hospital’s and Landlord's tax returns are subject to examination by federal and state taxing authorities. Management has stated there are no examinations pending or in progress.

Reclassifications

Certain 2024 financial statement amounts have been reclassified to conform with the 2025 financial statement presentation. These reclassifications were not material to the combined financial statements.

Subsequent Events

In preparing these combined financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through June 26, 2026, the date the combined financial statements were available to be issued. Reference is made to Note 6 regarding the refinancing of the line of credit and the resulting new loan agreement.

3. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the principal payment arrangements with major third-party payors is as follows:

Medicare - Inpatient acute care and nonacute services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services provided to Medicare program beneficiaries are paid at prospectively determined amounts. These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors. Federal regulations provide for certain adjustments to the current and prior years' payment rates based on industry-wide and hospital-specific data. The Hospital has filed its Medicare cost report for the years ended through December 31, 2025. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through fiscal year 2021.

Medicaid - Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services are paid based upon a cost reimbursement methodology and certain services are paid based on a Medicaid fee schedule. The Hospital is paid for reimbursable costs at a tentative rate with final settlement determined after submission of the annual cost report by the Hospital and audit thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited and finalized by the Medicaid fiscal intermediary through fiscal year 2023.

Other Third-Party Payors - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and other organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, published fee schedules and prospectively determined daily rates.

There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of health care reform that has been enacted by the federal government, cannot presently be determined. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Hospital.

Net patient service revenue for the years ended December 31 is as follows:

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. Net patient service revenue earned for the years ended December 31, 2025 and 2024 by service line is as follows:

	2025	2024
Inpatient care	$ 103,782,313	$ 100,247,158
Outpatient care	133,664,209	121,841,196
Total net patient service revenue	$ 237,446,522	$ 222,088,354

Net patient service revenue earned by payor and significant concentrations of patient accounts receivable are as follows:

	Net Patient Service Revenue		Patient Accounts Receivable	
	2025	2024	2025	2024
Medicare	15 %	18 %	7 %	7 %
Medicaid	9	9	8	8
Auto	12	13	28	32
Workers compensation	19	20	21	21
Other third-party payors	43	38	26	22
Self-pay	2	2	10	10
	100 %	100 %	100 %	100 %

Accounts receivable as of December 31, 2023 was $55,774,923.

4. Property, Plant and Equipment

A summary of property, plant and equipment at December 31, 2025 and 2024 is as follows:

	2025	2024
Land	$ 23,707,000	$ 23,707,000
Building and building improvements	50,342,530	48,204,037
Computer equipment, software	1,110,775	1,110,775
Financed lease equipment	19,753,563	17,106,207
Major movable equipment	8,797,936	7,736,054
	103,711,804	97,864,073
Less accumulated depreciation and amortization	(25,662,591)	(20,593,643)
	$ 78,049,213	$ 77,270,430

Depreciation and amortization expense on property, plant and equipment for the years ended December 31, 2025 and 2024 was $5,353,055 and $5,049,724, respectively.

5. Lease Commitments

The Hospital leases certain medical offices, personnel, administrative offices and equipment under finance and operating leases. At the inception of a contract, a determination is made if the arrangement is or contains a lease. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, among other criteria.

Finance Leases

The Hospital finances certain equipment under finance leases. Obligations under the finance leases are included in property plant and equipment on the combined balance sheets and are at the present value of future minimum lease payments. The leases mature through May 2032 and have effective interest rates ranging from 4.25% to 8.7%. The net book value of this leased equipment included within property, plant and equipment at December 31, 2025 and 2024 was $7,685,620 and $7,569,440, respectively.

Amortization expense on finance leases for the years ended December 31, 2025 and 2024 was $2,531,176 and $2,303,328, respectively.

Future minimum finance lease payments for the years ending December 31 are as follows:

2026	$ 2,799,629
2027	2,370,168
2028	2,066,762
2029	1,640,029
2030	1,137,276
Thereafter	683,861
	10,697,725
Less amounts representing interest	(1,487,207)
Present value of minimum lease payments	9,210,518
Less current portion	(2,257,886)
Finance lease obligations, net of current portion	$ 6,952,632

Interest expense associated with the above finance lease obligations for the years ended December 31, 2025 and 2024 was $640,959 and $465,535, respectively.

Supplemental cash flow information is as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Cash paid for amounts included in measurement of lease liabilities:		
Financing cash flows from financing leases	$ 2,279,690	$ 109,079
Total cash flows	$ 2,279,690	$ 109,079

Average lease terms and discount rates were as follows at December 31:

	2025	2024
Weighted-average remaining lease terms (years):		
Finance leases	5.0	3.0
Weighted-average remaining discount rate:		
Finance leases	6.60 %	5.81 %

Leases Eliminated in Combination

As disclosed in Note 1, the Hospital leases its space from the Landlord under a lease that expires in April 2048 for $306,000 per month with a 2% annual increase. The rental income for the Landlord and rental expense for the Hospital was $4,135,268 and $4,054,185 for the years ended December 31, 2025 and 2024, respectively. These amounts have been eliminated upon combination. The future minimum rental payments under the above lease are as follows:

Years ending December 31:	
2026	$ 4,217,974
2027	4,302,333
2028	4,388,380
2029	4,476,148
2030	4,565,671
Thereafter	95,454,771
	$ 117,405,277

6. Long-Term Debt and Lines of Credit

The Hospital had a $7,200,000 note payable which was paid in full in 2024. This note carried an interest rate of 2.18% and matured September 2024. The monthly principal and interest payments were $108,445.

The Hospital and Landlord entered into a $45 million term loan with Woori Bank America on August 31, 2023. The term of the loan is for sixty months, with the Hospital having the option to extend for an additional sixty-month period. The rate is fixed at 6.5%. The loan will be repaid with 59 regular monthly payments and one final balloon payment of approximately $42.7 million. The balance of the loan as of December 31, 2025 and 2024 was $43,842,715 and $44,380,950, respectively. The term loan is secured by a guarantee from members of the Hospital and the Landlord.

Future minimum payments by year and in the aggregate under the Woori Bank America loan are as follows:

Years ending December 31:	
2026	$ 574,796
2027	613,841
2028	42,654,078
	43,842,715
Unamortized deferred financing costs	(714,077)
	$ 43,128,638

The Woori Bank America loan is subject to certain financial and nonfinancial covenants and other restrictions similar to financings of this type.

As of December 31, 2025 and 2024, the Hospital and the Landlord had borrowings under a $30 million line of credit with Woori Bank America, with an interest rate subject to change from time to time based on the Prime Rate published by The Wall Street Journal. The interest rate on December 31, 2025 and 2024, was 6.75% and 7.50%, respectively. As of December 31, 2025 and 2024, the Hospital had $30,000,000 outstanding balance under the line.

On March 31, 2026, the Hospital and Landlord entered into a promissory note and related loan agreements with Woori Bank America in the principal amount of $72,475,000. Proceeds from the new loan were used to refinance existing obligations to Woori Bank America, including the Hospital's line of credit. The new loan matures on April 1, 2031 and requires monthly payments of $470,956, beginning May 1, 2026, with a balloon payment due at maturity. The promissory note bears interest at a variable rate based on CME Term SOFR 1-Month plus 2.05%, with an initial rate shown in the loan documents of 5.72%.

7. Employee Benefit Plans

The Hospital sponsors a defined contribution 401(k) plan for its employees. This plan was established on May 1, 2011. All full-time and part-time employees who are at least 21 years of age are eligible for participation in the plan after completion of three months of employment and are encouraged to make contributions. The Hospital's contributions to the Plan were $284,650 and $205,129 for the years ended December 31, 2025 and 2024, respectively.

The Hospital contributes to a union pension plan under a collective bargaining agreement with the Operating Engineers Local No. 68 Union. Union pension expense included in payroll taxes and employee benefits in the accompanying combined statements of income and changes in members' equity for the years ended December 31, 2025 and 2024 was $17,802 and $17,771, respectively.

8. Transactions With Affiliated Entities

The Hospital has unsecured amounts due from various affiliated entities related by common ownership, as follows:

	2025	2024
Due from Hudson Premier Medical	$ 9,390,000	$ 9,390,000
Due from West NY/Yonkers	1,161,452	1,161,452
Due from Surgery Centers	968,093	910,516
Due from Hoboken Hospital	2,805,325	56,120
Due from Bayonne Hospital	8,753,353	69,264
Due from Managing Member	-	1,132,624
Due from Christ Hospital	644,185	157,514
Total	23,722,408	12,877,490
Allowance for uncollectible amounts	(12,206,153)	(11,561,968)
Loans to affiliates, net	$ 11,516,255	$ 1,315,522

Management assesses the collectability of balances due to and from various affiliated entities and has recorded reserves for uncollectible amounts, as deemed necessary.

During 2021, the Landlord entered into a $42.8 million ten-year loan to 29 E. 29th Street Holdings LLC, which is a related entity through common ownership. This loan had a 5% interest rate and interest only payments with the principal due at the maturity date of September 1, 2031. On December 31, 2024, a new agreement was signed between the Landlord and the Members, in which Members were assigned the totality of the note of $42.8 million from the Landlord. Subsequent to this assignment of the loan, but prior to the close of the 2024 fiscal year, the Landlord forgave this $42.8 million loan which was recognized as a distribution through equity to Members.

On December 31, 2020, the Hospital entered into a $1.1 million loan receivable with the managing member of the Hospital. The loan bears an interest rate of 5% and is payable on demand and is included in loans to affiliates on the combined balance sheets. During the year ended December 31, 2025, the Hospital converted this outstanding loan as a distribution through equity to the Members. The balance of the loan was $1.1 million as of December 31, 2024.

9. Commitments and Contingencies

The Hospital is involved in various litigation and regulatory inspections arising in the course of business. Management estimates that ongoing legal matters will be resolved without material adverse effect on the Hospital's future financial position or results of operations.

The health care industry is subject to numerous laws and regulations of federal, state and local government. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and health care fraud and abuse. Activity continues to increase with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

10. Medical Malpractice Reserves

The Hospital maintains claims-made medical malpractice insurance coverage through a commercial carrier and has excess umbrella liability coverage above the basic policy limits. The Hospital records a liability for asserted claims and for incurred but not reported claims when such amounts are probable and reasonably estimable. Because the Hospital’s insurance coverage is claims-made, amounts related to incurred but not reported claims are not recorded as insurance recoveries unless the claim has been reported to the insurance carrier and recovery is considered probable.

At December 31, 2025 and 2024, the Hospital recorded malpractice claim liabilities of approximately $10.6 million and $5.8 million, respectively, and related insurance recoverables of approximately $8.1 million and $5.8 million, respectively. The 2025 liability includes approximately $2.5 million for estimated incurred but not reported claims. Management determined that any incurred but not reported claims liability at December 31, 2024 was not material to the combined financial statements.

11. Health Insurance

Prior to January 1, 2024, the Hospital self-insured its employee health insurance coverage and accrued the estimated costs of incurred and reported and incurred and unreported claims, after consideration of its stop-loss insurance coverage, based upon data provided by the third-party administrator of the program and its historical claims experience. The insurance health plan had a stop loss policy for the employee health insurance claims, which covered the amount of each claim in excess of $200,000. Effective January 1, 2024, the Hospital no longer self-insures and purchases a commercial policy for employee health insurance coverage.

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Independent Auditors' Report
on Supplementary Information

To the Members of
NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

We have audited the combined financial statements of NJMHMC LLC and Affiliate, d/b/a Hudson Regional Hospital as of and for the years ended December 31, 2025 and 2024, and have issued our report thereon dated June 26, 2026, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary combining information consisting of the combining balance sheets and the combining statements of income as of December 31, 2025 and 2024 and for the years then ended are presented for the purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Baker Tilly US, LLP

Shelton, Connecticut
June 26, 2026

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Schedule I - Combining Balance Sheet
December 31, 2025

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Assets				
Current Assets				
Cash	$ 643,286	$ 55,553	$ -	$ 698,839
Patient accounts receivable	93,120,277	-	-	93,120,277
Other receivable	1,080,378	-	-	1,080,378
Supplies inventory	3,068,145	-	-	3,068,145
Prepaid expenses	52,481	-	-	52,481
Malpractice insurance recoverable	8,124,500	-	-	8,124,500
Total current assets	106,089,067	55,553	-	106,144,620
Other Assets				
Property, plant and equipment, net	11,662,866	66,386,347	-	78,049,213
Loans to affiliates	74,297,196	-	(62,780,941)	11,516,255
Other assets	440,739	-	-	440,739
Total other assets	86,400,801	66,386,347	(62,780,941)	90,006,207
Total assets	$ 192,489,868	$ 66,441,900	$ (62,780,941)	$ 196,150,827

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Schedule I - Combining Balance Sheet
December 31, 2025

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Liabilities and Members' Equity				
Current Liabilities				
Line of credit	$ 30,000,000	$ -	$ -	$ 30,000,000
Accounts payable and accrued expenses	48,067,946	63,026,338	(62,780,941)	48,313,343
Current portion of finance lease obligations	2,257,886	-	-	2,257,886
Current portion of long-term debt	-	574,796	-	574,796
Estimated third-party settlements	175,030	-	-	175,030
Reserve for malpractice claims	10,624,500	-	-	10,624,500
Total current liabilities	91,125,362	63,601,134	(62,780,941)	91,945,555
Long-Term Liabilities				
Finance lease obligations, net of current portion	6,952,632	-	-	6,952,632
Other long-term liabilities	1,169,237	-	-	1,169,237
Long-term debt, net of current portion	-	42,553,842	-	42,553,842
Total long-term liabilities	8,121,869	42,553,842	-	50,675,711
Total liabilities	99,247,231	106,154,976	(62,780,941)	142,621,266
Members' Equity	93,242,637	(39,713,076)	-	53,529,561
Total liabilities and members' equity	$ 192,489,868	$ 66,441,900	$ (62,780,941)	$ 196,150,827

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Schedule II - Combining Statement of Income
Year Ended December 31, 2025

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Operating Revenue				
Net patient service revenue	$ 237,446,522	$ -	$ -	$ 237,446,522
Rental income	-	4,135,268	(4,135,268)	-
Other revenue	3,034,040	-	-	3,034,040
Total operating revenues	240,480,562	4,135,268	(4,135,268)	240,480,562
Operating Expenses				
Salaries and wages	54,690,122	-	-	54,690,122
Payroll taxes and employee benefits	11,440,708	-	-	11,440,708
Physician fees	6,388,770	-	-	6,388,770
Supplies and other expenses	123,215,862	1,215,030	(4,135,268)	120,295,624
Interest	2,815,935	2,905,615	-	5,721,550
Depreciation and amortization	3,792,823	1,660,166	-	5,452,989
Total operating expenses	202,344,220	5,780,811	(4,135,268)	203,989,763
Income from operations	38,136,342	(1,645,543)	-	36,490,799
Other Nonoperating Loss	(544,185)	-	-	(544,185)
Net income (loss)	$ 37,592,157	$ (1,645,543)	$ -	$ 35,946,614

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Schedule III - Combining Balance Sheet
December 31, 2024

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Assets				
Current Assets				
Cash	$ 2,172,092	$ 517,644	$ -	$ 2,689,736
Patient accounts receivable	73,347,363	-	-	73,347,363
Other receivable	1,565,703	-	-	1,565,703
Supplies inventory	2,772,068	-	-	2,772,068
Prepaid expenses	641,497	-	-	641,497
Malpractice insurance recoverable	5,774,500	-	-	5,774,500
Total current assets	86,273,223	517,644	-	86,790,867
Other Assets				
Property, plant and equipment, net	10,926,959	66,343,471	-	77,270,430
Loans to affiliates	57,204,699	-	(55,889,177)	1,315,522
Other assets	798,969	-	-	798,969
Total other assets	68,930,627	66,343,471	(55,889,177)	79,384,921
Total assets	$ 155,203,850	$ 66,861,115	$ (55,889,177)	$ 166,175,788

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Schedule III - Combining Balance Sheet
December 31, 2024

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Liabilities and Members' Equity				
Current Liabilities				
Line of credit	$ 30,000,000	$ -	$ -	$ 30,000,000
Accounts payable and accrued expenses	38,292,325	56,137,588	(55,889,177)	38,540,736
Current portion of lease obligations	2,031,157	-	-	2,031,157
Current portion of operating lease liability	330,720	-	-	330,720
Current portion of long-term debt	-	538,233	-	538,233
Estimated third-party settlements	328,945	-	-	328,945
Reserve for malpractice claims	5,774,500	-	-	5,774,500
Total current liabilities	76,757,647	56,675,821	(55,889,177)	77,544,291
Long-Term Liabilities				
Finance lease obligations, net of current portion	6,811,695	-	-	6,811,695
Operating lease liability, net of current portion	178,916	-	-	178,916
Long-term debt, net of current portion	-	43,102,828	-	43,102,828
Total long-term liabilities	6,990,611	43,102,828	-	50,093,439
Total liabilities	83,748,258	99,778,649	(55,889,177)	127,637,730
Members' Equity	71,455,592	(32,917,534)	-	38,538,058
Total liabilities and members' equity	$ 155,203,850	$ 66,861,115	$ (55,889,177)	$ 166,175,788

NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Schedule IV - Combining Statement of Income
Year Ended December 31, 2024

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Operating Revenues				
Net patient service revenue	$ 222,088,354	$ -	$ -	$ 222,088,354
Rental income	-	4,054,185	(4,054,185)	-
Other revenue	5,767,260	2,828,329	-	8,595,589
Total operating revenues	227,855,614	6,882,514	(4,054,185)	230,683,943
Operating Expenses				
Salaries and wages	49,463,678	-	-	49,463,678
Payroll taxes and employee benefits	8,652,106	-	-	8,652,106
Physician fees	6,664,818	-	-	6,664,818
Supplies and other expenses	118,811,667	697,319	(4,054,185)	115,454,801
Interest	1,104,846	2,948,048	-	4,052,894
Depreciation and amortization	3,606,891	1,542,767	-	5,149,658
Total operating expenses	188,304,006	5,188,134	(4,054,185)	189,437,955
Income from operations	39,551,608	1,694,380	-	41,245,988
Other Nonoperating Loss	(1,206,646)	-	-	(1,206,646)
Net income	$ 38,344,962	$ 1,694,380	$ -	$ 40,039,342