Steven C. Hastings

MBA, CPA/ABV/CFF, CGMA, ASA, CVA
Healthcare Services Director
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Mr. Hastings has extensive experience in healthcare business financings and valuations, as well as the analysis of the healthcare industry. His expertise includes the valuation of physician practices, healthcare facilities and services, patents and products, claims processing, arms-length and transfer pricing policy development and implementation, and financing of Medicare, Medicaid, and private pay receivables.

With 20 years of experience in serving clients, his professional focus is on the financial and economic aspects of healthcare service sector entities including: valuation consulting; litigation support and expert testimony; business intermediary and capital formation services; certificate-of-need and other regulatory and policy planning consulting; and healthcare industry transactions including joint ventures, sales, mergers, acquisitions, and divestitures.

Mr. Hastings has physician integration and financial analysis experience and has participated in the analysis of physician-owned, multi-specialty MSOs and networks involving a wide range of specialties; analyzed physician-owned hospitals, as well as numerous limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs, and other ancillary facilities; assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; conducted a range of industry research; completed due diligence practice analysis; and worked on the arrangement of financing.

Mr. Hastings understands the dynamics of healthcare as they relate to the relationship between and among physicians, hospitals, nursing homes, rehab centers, ASCs, and MRI Centers. He is able to assist in developing financing and investment structures that meet Stark Laws and related Safe Harbor Regulations. He understands the integral nature that valuation parity requires for all parties entering a sophisticated business relationship.

Mr. Hastings has developed and taught an array of healthcare provider courses including "Financing Receivables," "Getting Paid," "Cost Reporting," and more. As President of MedCare Financial Solutions, he oversaw the processing of over one thousand claims per day for a wide spectrum of healthcare providers. At all times he was a member in good standing with the National Association of Claims Assistance Professionals.

His clients include physician and dental practices, small hospitals, surgery centers, MRI centers, home healthcare and hospice agencies, CORFs, nursing homes, ambulatory outpatient care facilities, group purchasing organizations (GPOs), and DME companies. He has dealt with such critical issues as Medicare cost reporting, cost shifting, reimbursement rate adjustments, beneficiary limits, sequential billing rules, CMS/RAC Audits, "Operation Restore Trust," platform holding rules, line item limitation rules, HIPPA rules, Stark Laws, prospective payment systems, HMO/PPO reimbursement structures, and the continued restructuring of government eligibility and payment rules.

PHYSICIAN COMPENSATION/STARK COMPLIANCE

Stark Law and Anti-Kickback Compliance are some of the most challenging issues in physician compensation today. Mr. Hastings' team conducts full audits of billing and compensation processes to determine the effectiveness of Medicare/Medicaid and IRS compliance efforts. His team is adept at working with counsel and financial managers to identify problem areas and create billing, compensation and compliance solutions.

STATISTICAL ANALYSIS AND RAC AUDIT DEFENSE

One growing need faced by healthcare entities is preparation for and defense against RAC audits. Mr. Hasting's healthcare team is experienced in RAC audit defense and can ensure that a healthcare provider does not pay more than necessary. Mr. Hastings provides a variety of statistical services tailored specifically for healthcare providers.

FAIR MARKET VALUE (FMV) OPINIONS

Mr. Hastings performs FMV reviews of physician service arrangements for clients that range from large, multi-state health systems to independent physician and dental practices. He specializes in healthcare business valuations for buy-sell and joint venture (JV) transactions, tax, and financial reporting purposes.

As the leader of ValueScope's healthcare division, Mr. Hastings provides valuation services that support transactional healthcare fair market value (FMV) requirements with a process that includes:

- Detailed situational assessments
- In-depth fact-finding and interviews
- Clinical contracts and clinical assessment agreements
- Market analysis, including co-management agreements
- Extensive financial modeling
- Rigorous valuation methodologies
- Understanding the value of healthcare claims and receivables

His knowledge of the broader healthcare industry adds valuable insight to the risks and benefits of either a sale or acquisition.

TRANSFER PRICING

Mr. Hastings heads up ValueScope's transfer pricing group, which includes an experienced team of economists (Ph.Ds., MSs, and MBAs) and valuation specialists. He has the broad understanding of the U.S. Internal Revenue Service and foreign tax authorities necessary to implement defensible transfer pricing policies and procedures. ValueScope's team of professionals extends this expertise to help healthcare service companies develop arms-length agreements. Mr. Hastings' transfer pricing group specializes in creating optimal financial analytics to support compliance requirements.

FAIR VALUE FOR FINANCIAL REPORTING (ASC COMPLIANCE)

Mr. Hastings provides a combination of in-depth healthcare industry knowledge with a strong understanding of the nuances and best practices surrounding fair value in a GAAP reporting environment, including purchase price allocations, intangible asset and goodwill impairment testing, not-for-profit entities, and other assets, liabilities, and equity securities.

FINANCIAL FORENSICS, ACCOUNTING AND TAX

Being Certified in Financial Forensics by the American Institute of Certified Public Accountants, Mr. Hastings is often called upon by individuals, corporations, and attorneys to assist them in understanding complicated and potentially fraudulent financial transactions.

Mr. Hastings has a well-rounded understanding of generally accepted accounting principles (GAAP) and tax basis reporting. As a Certified Public Accountant, he has audited public and private companies, has served as a chief financial officer for public and private companies, and has been responsible for the filing of corporate, partnership, and personal tax returns.

INTELLECTUAL PROPERTY AND INTANGIBLE ASSET VALUATION

Mr. Hastings has extensive experience in valuing intellectual property and other types of intangible assets. Having analyzed and overseen the valuation of hundreds of businesses, Mr. Hastings has gained the technical background necessary to analyze complex intellectual property valuations including:

- Contract-related (e.g., favorable supplier or other product/service contracts)
- Customer-related (e.g., customer lists and customer relationships)
- Data processing-related (e.g., computer software, automated databases)
- Engineering-related (e.g., patents, trade secrets)
- Goodwill-related (e.g., going-concern value)
- Human capital-related (e.g., employment agreements, a trained and assembled workforce)
- Internet-related (e.g., domain names, process applications, services, and delivery systems)
- Literary-related (e.g., literary copyrights, musical composition copyrights)
- Location-related (e.g., leasehold interests, certificates of need)
- Marketing-related (e.g., trademarks and trade names)
- Technology-related (e.g., engineering drawings and technical documentation)

He also assists companies in estimating the useful lives of intangibles and determinations of market royalty rates.

LITIGATION SUPPORT

Mr. Hastings specializes in preparing thoroughly documented valuations and economic studies and provides expert testimony for clients involved in negotiation, mediation, due diligence, reporting, audit, commercial damages or other disputes. He leads a team of qualified individuals that include CFA, ASA, CPA, PhD, MBA and other relevant credentials. Litigation services include:

- Economic loss valuations
- Patent and trademark infringement valuation
- Dissenting shareholder suit support
- Class action damages and securities
- Shareholder oppression analysis
- Wrongful termination and related lost profits
- Business interruption claims valuation
- Marital dissolution analysis- valuation and tracing
- Analyzing and adjusting financial statements
- Cheap stock issues and early stage valuations
- Solvency and fairness opinions
- General business contract dispute analysis

EMPLOYMENT HISTORY

2006 – Present **ValueScope, Inc.**
Principal
Mr. Hastings joined the company as a principal to provide valuation and financial modeling and expert advisory services to a select group of clients that expect a high level of accurate financial analysis. As a CPA with significant valuation and financial reporting experience, Mr. Hastings bridges the gap between deal structuring, valuation and the requirements of financial reporting.

2001 – 2006 **Value Capital, LLC**

Principal

Mr. Hastings served as a principal with Value Capital, LLC. During his tenure at Value Capital Mr. Hastings gained extensive experience in business financings, as well as the analysis of market dynamics in various industries. He provided services to clients in several transactions involving mergers and acquisitions, and consulted on and was party to several creative financing transactions. His clients include: health care providers; software development, India outsource services, pre-media print services, and e-learning; video productions and TV show producers; finance companies; restaurant development companies; and other service industries.

Public Service - 1994 to 2000 **Finance Commission of Texas**

Director

The Commission provides overall policy and supervisory control for three key state agencies: the Banking Department, the Savings and Loan Department and the Office of Consumer Credit Commissioner. As the CPA member of the Finance Commission, Mr. Hastings was responsible for testifying to the Texas Senate on the validity and achievability of bi-annual budgets. Mr. Hastings served as chairman of the Audit Committee for the Texas Department of Banking, which provided the guidance and oversight for compliance with Texas's banking rules and regulations. He was instrumental in assisting the Savings and Loan Department in writing new Mortgage Broker regulations and worked closely with the Consumer Credit Commissioner in clarifying the Texas payday lending regulations.

1994 – 2001 **MedCare Financial Solutions, Inc.**

President

Mr. Hastings served as an officer of MedCare Financial Solutions, Inc. and MedCapital Funding Corporation. MedCapital provided Medicare, Medicaid and private pay receivable financing to health care providers. MedCare Financial Solutions provided other financial and operational services to health care providers. These services included: divestitures; mergers and acquisitions; claims processing; educational/training; financial consulting; and financing advice regarding working capital, subordinated debt and equity lending. Mr. Hastings developed several reimbursement and financing training courses and is an accomplished speaker on topics related to health care reimbursement and financing systems.

1986 – 1994 **H.D. Vest Financial Services**

Executive Vice President and CFO

As executive vice president and CFO of H.D. Vest Financial Services, Mr. Hastings assisted in placing over $1.5 billion annually in investment. Responsible for day-to-day financial operations and capital structuring, Mr. Hastings gained experience in a wide variety of industries and gained strategic relationships with other investment bankers and business brokers. Mr. Hastings was instrumental in taking HD Vest public.

As a general securities principal, Mr. Hastings supervised stock brokers' and investment advisors' day-to-day activities. As a securities financial and operations principal, he was responsible for filing net capital reports and other types of certifications with the NASD, SIPIC and other state and federal regulating bodies.

1979 – 1986 **Arthur Andersen & Co.**

Senior Manager

Mr. Hastings served as a senior manager with significant responsibilities in the several industries. He consulted on accounting, finance, tax, operations and systems issues.

FORMAL EDUCATION

Master of Business Administration - Arizona State University, Tempe, Arizona
Bachelor of Science - Indiana University, Bloomington, Indiana

CERTIFICATIONS AND LICENSES

Certified Public Accountant (CPA)
Accredited Senior Appraiser (ASA)
Certified Valuation Analyst (CVA)
Accredited in Business Valuations, AICPA (ABV)
Certified in Financial Forensics, AICPA (CFF)
Chartered Global Management Accountant, AICPA (CGMA)
Former, Certified Health Insurance Claims Professional (NACAP)
Former, Securities Financial and Operations Principal
Former, General Securities Principal
Former, Registered Investment Advisor Principal
Former, Life, Disability, Health, Property and Casualty Licenses

ORGANIZATIONS AND PROFESSIONAL ASSOCIATIONS

American Institute of CPAs (CPA license, ABV and CFF credential)
Texas Society of CPAs (CPA license)
American Society of Appraisers (ASA credential)
National Association of Certified Valuation Analysts (CVA credential)
AICPA Business Valuation & Forensic Litigation Support (CFF Credential)
Financial Executive International

SPEAKING ENGAGEMENTS

"How to Finance Your Company" – National Med Trade

"Employee Stock Ownership Plans – When They Make Sense" – TAHC

"Documentation Linking Systems" – Oklahoma Healthcare Association

"CORF – What You Need To Know To Run A Successful Business" – PT Association

"Surviving a Prospective Payment System" – TAHC

"Diversification Strategies for Healthcare Providers" – Missouri Healthcare Association

"Diversification Strategies" – NAHC

"Cost Reporting Under IPS and PPS" –TAHC

"Key Survival Strategies under the Balanced Budget Act of 1997" – NAHC

"Financing Receivables" – Kitchens, Lambert & Associates

"Getting Paid" – NAHC

"The Cost Reimbursement System – Amedisys Corporation Annual Client Seminar

"Cost Reporting – What You Need To Know To Run A Successful Business" – The Southwest Region AHH

"The Political Process and Your Business" – The Dallas/Fort Worth Association of Mortgage Brokers

"Underwater Stock Options: A Drag on the Company's Financial Performance" – Polaris International

"Estate & Gift Tax Discount Issues – Case Studies" – Internal Revenue Service

"Discounted Cash Flow Analysis: The Four-Step Process" – Internal Revenue Service

"Purchase Price Allocation: Valuation Challenges During Due Diligence" – Strafford Publications

"What's It Worth" – Financial Executives International

RECENT WHITE PAPERS

Attaining Reasonable Certainty in Economic Damages Calculations
Healthcare Compensation Arrangements at Risk - OIG Issues Alert on Physician Compensation
An Easy Tool for Determination of Personal v. Enterprise Goodwill
Common Transfer Pricing Mistakes
Possible Changes to Valuation Discount Rules is Unlikely
Problems with Captive Insurance Companies