



Statement of Qualifications

Financial Resource Group

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FRG is not a CPA firm.

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OUR MISSION

We are dedicated to putting the client in control of its financial future by providing services that meet the client's unique needs.

OUR BUSINESS

We are in business to provide clients with lasting solutions that improve the client's opportunities for financial success.

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To Whom It May Concern:

We are pleased to present this "Statement of Qualifications" for Financial Resource Group, LLC, a leading provider of financial management consulting services to healthcare organizations across the United States. We are uniquely qualified to assist you in achieving your specific financial goals by creating comprehensive programs tailored to the needs of your institution.

We provide our clients with expertise that positively impacts profitability and performance. Our experienced healthcare financial officers, with more than 150 years of combined financial management experience, have worked extensively with all types of healthcare organizations—assisting for-profit, governmental, not-for-profit and faith-based hospitals, systems and physicians. We have the right mix of skills, experience and judgment to help clients make confident business decisions and respond appropriately to change.

We welcome the opportunity to be of assistance to you, developing a proposal specific to your needs and supporting your healthcare mission. Our goal is to provide our clients with lasting solutions that improve their opportunity for financial success.

Please do not hesitate to call if you have any questions. Contact information for our firm is included on the page following this letter. Also, additional information may be obtained on our web site at www.frgroup.net.

Sincerely,



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CONTACT INFORMATION

PARTNERS

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DIRECTOR

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COMPANY PROFILE

Financial Resource Group, LLC (FRG) is a healthcare consulting company dedicated to putting our hospital and healthcare clients in control of their financial future by providing services that meet their unique needs. We offer effective, innovative management and finance solutions to complex problems, all targeted at increasing client financial viability.

We have found that improving financial performance is not simply a matter of improving your cash position. Success also stems from correcting: workflow; process and system deficiencies; organizational issues, policies, procedures and controls; and reporting systems. FRG will work with your team to develop and execute operational improvement plans that achieve quick, sustainable results.

The five Partners—Jack Hess, Matt Nelson, Alan Townsend, Ted Shaw, and Jeff Denum—together represent 150 years of financial management experience. This experience includes work with all types of healthcare institutions in urban, suburban and rural settings including for-profit, governmental, not-for-profit and faith-based hospitals, systems, clinics and physicians.

Most of FRG's Partners and Consultants are former hospital CFOs. The team has broad-reaching healthcare financial management experience including:

- Operational improvement and turnaround
- Financial advisory services
- Transitional management
- Supply chain services

Our team has the right mix of skills, experience and judgment to help you make informed decisions and respond appropriately to change. FRG works directly with your Board and/or Executive Leadership to provide rapid response and solutions to financial needs.

FRG helps you make the necessary changes required get the results you want.

FRG PARTNERS

Following are brief biographies of the five FRG Partners and one Director. The FRG team is made up of experienced executives who know what it is like to operate in today's complex environment. We have the right people with the right experience to get the results you want.

JACK HESS

Partner, has over 30 years of financial management experience in diverse industries including Big Four accounting and consulting firm experience. Mr. Hess' experience includes twenty-four years with Baylor Health Care System in various positions including chief financial officer and treasurer where he served as senior advisor on financial matters to top management of the system and as the financial liaison with the Board of Trustees. His specific areas of expertise include long-range strategic financial and capital planning; financial feasibility studies; tax-exempt and taxable financings; investment banking, investor and rating-agency relations, and financial reporting; treasury and investment management; and mergers, acquisitions, affiliation and divestiture planning, analysis and due diligence.

MATT NELSON

Partner, has over 30 years of experience in healthcare financial management in both for-profit and non-profit settings. He was a financial officer with Baylor Health Care System for 14 years and has been in healthcare financial consulting since 1995. Mr. Nelson has extensive experience in all healthcare financial areas including: strategic financial planning, budgeting, capital resource allocation, operations improvement, business process redesign, systems analysis and many other areas.

ALAN TOWNSEND

Partner, has over 30 years healthcare financial management and consulting experience. He was a financial officer for Baylor Health Care System holding numerous leadership positions during a period of 17 years. His expertise includes budgeting, long-range planning, operations improvement, capital analysis, systems analysis, and more.

TED
SHAW

Partner, has over 30 years of consulting experience in the areas of life science and managed-care. His expertise was gained as regional director of healthcare for Ernst & Young and as partner over the Western US for the provider consulting practice of William M. Mercer. His areas of expertise include hospital management, technology and turn-around strategies.

JEFF
DENUM

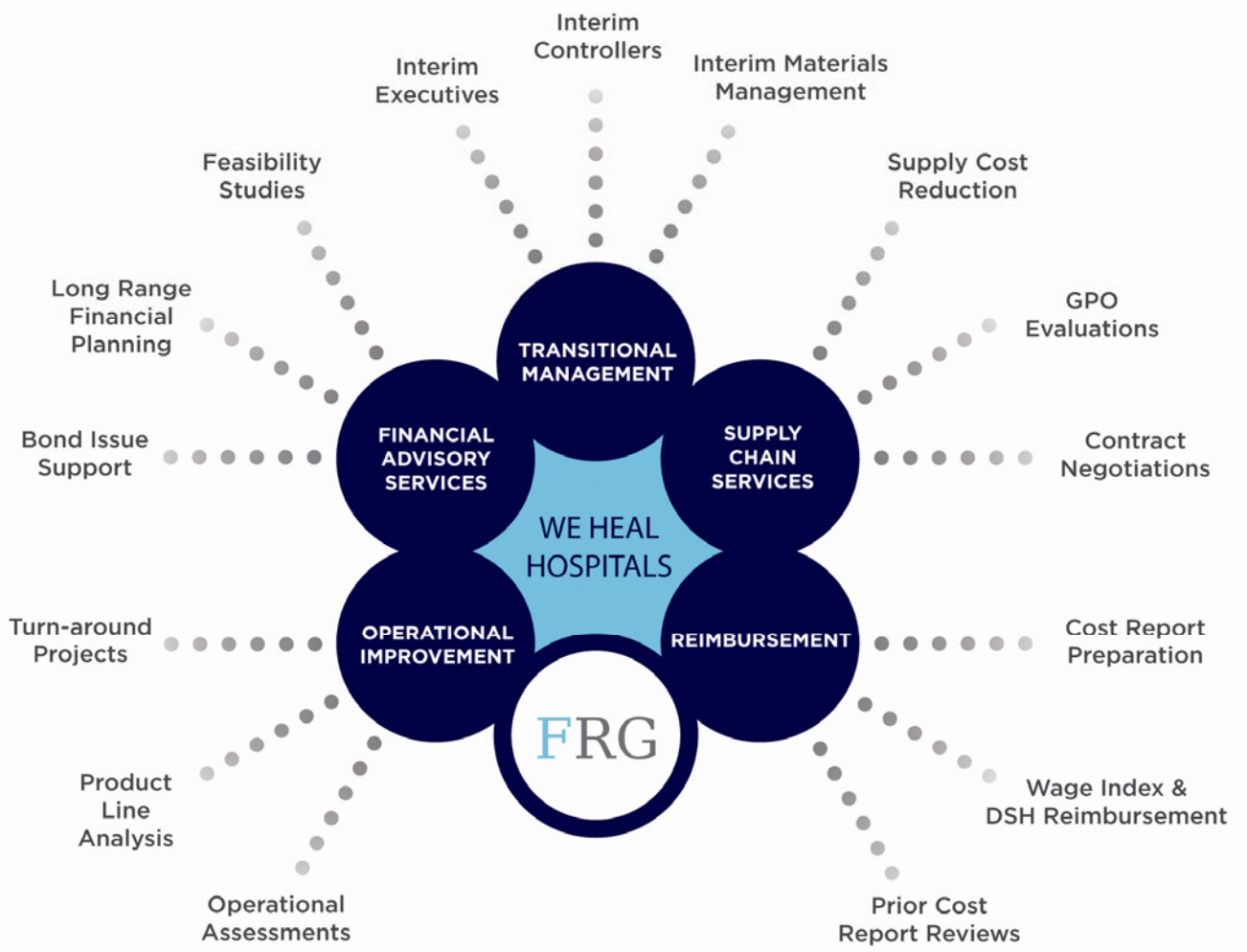
Partner, has over 30 years of experience in the healthcare industry including founding his own consulting practice, Denum Services, Inc. His areas of expertise include materials management, logistical operations, contracting, HIPAA compliance, group purchasing analysis, systems implementation, and information services strategic planning.

DEL
SMITH

Director, has over 30 years of experience in regulatory reporting, revenue management and compliance risk assessment. Before joining FRG, he was a partner with Inspirion Consulting. He has extensive experience in cost report preparation and reviews, strategic reimbursement planning and Medicare and Medicaid appeal activities.

FRG SERVICES

At FRG, we tailor our services to meet your unique needs. Our team of healthcare executives provides a broad range of services to help clients improve their operating and financial performance. The services listed in the diagram below represent the range of services FRG can provide.



Listed below are descriptions of the various types of ways in which FRG works with clients. Depending on your circumstances, FRG will work with you within the structure that best suits your needs and your organization.

Consulting

FRG provides the manpower and expertise to meet the specific needs of our healthcare clients within a defined project. These types of projects normally last from a few days to a few weeks but can take longer depending on the project scope.

Interim Management

FRG staff members assume interim management positions (such as Chief Financial Officer, Controller, or Director) within an organization during periods of change. In this role, the consultant functions as an employee of the organization and is responsible for the normal duties expected of a permanent person in that position.

Co-Sourcing

FRG-employed consultants are placed into management level positions at the hospital. These managers assume responsibility for specific departments, manage the hospital-employed staff and interact with all areas of the hospital to provide the services expected of the department. FRG develops measurable service level agreements, which are reported to the hospital and must be maintained throughout the agreement. These agreements are for periods of five years or more.

Outsourcing

FRG assumes responsibility for specific departments of the hospital. In this arrangement all employees of the department become FRG employees. FRG may work with the existing hospital management or may place an FRG consultant in the management position. The employees continue to provide the same services to the hospital but are on the payroll of FRG with FRG benefits. FRG develops measurable service level agreements, which are reported to the hospital and must be maintained throughout the agreement. These agreements are for periods of 10 years or more.

REPRESENTATIVE CLIENT ASSIGNMENTS

FRG brings a wealth of experience to its client assignments. The following is a partial client list.

AR	Delta Memorial Hospital, Dumas
AZ	Maricopa Integrated Health System, Phoenix
CO	North Colorado Medical Center, Greeley Parker Adventist Hospital, Parker Platte Valley Medical Center, Brighton
FL	Central Florida Health Alliance, Leesburg Jackson Health System, Miami
HI	Pacific Health Community, Inc., Wahiawa
IL	Catholic Health Partners, Chicago Resurrection Health Care Corporation, Chicago St. Anthony's Hospital, Chicago
IN	Dukes Memorial Hospital, Peru
KS	Lawrence Memorial Hospital, Lawrence Via Christi Regional Medical Center, Wichita
KY	Appalachian Regional Healthcare, Lexington St. Joseph East Hospital, Lexington
LA	East Jefferson General Hospital, Metairie Glenwood Regional Medical Center, West Monroe Louisiana State Medical Society, Baton Rouge
NJ	Morristown Memorial Hospital, Morristown St. Peter's University Hospital, New Brunswick
NM	Artesia General Hospital, Artesia Lovelace Medical Center-Downtown, Albuquerque Memorial Medical Center, Las Cruces San Juan Regional Medical Center, Farmington
NY	St. Joseph's Hospital Health Center, Syracuse
NC	Cape Fear Valley Health System, Fayetteville
OK	Carnegie Tri-County Municipal Hospital, Carnegie Norman Regional Health System, Norman
OR	Legacy Health System, Portland
PR	Centro Medico Del Turabo, Inc., San Juan
SC	Bamberg County Hospital, Bamberg

SD	Indian Health Service-Eagle Butte Hospital, Pierre
TN	Community Health Systems, Inc., Nashville
TX	<p>Baylor Health Care System, Dallas</p> <p>Brazoria County Surgery Center, Brazosport</p> <p>CareFlite, Dallas</p> <p>Champion EMS, Longview</p> <p>Cirrus Health Group, Dallas</p> <p>Community Hospital Corporation, Dallas</p> <p>Driscoll Children's Hospital, Corpus Christi</p> <p>Goins, Underkofler Crawford & Langdon, LLP, Dallas</p> <p>Good Shepherd Medical Center, Longview</p> <p>Harlingen Medical Center, Harlingen</p> <p>Harris County Hospital District, Houston</p> <p>Hillcrest Health System, Waco</p> <p>JPS Health System, Fort Worth</p> <p>Knapp Medical Center/Mid-Valley Health System, Weslaco</p> <p>The Susan G. Komen Breast Cancer Foundation, Inc., Dallas</p> <p>MMB Development Group, LLP, Houston</p> <p>Medical Center Hospital of Odessa, Odessa</p> <p>MedicalEdge Healthcare Group, Inc., Dallas</p> <p>Memorial Hermann Baptist Hospital, Beaumont</p> <p>Mission Hospital, Mission</p> <p>Nexus Health System, Houston</p> <p>Presbyterian Hospital of Dallas, Dallas</p> <p>Rockwall Hospitals, Inc., Rockwall</p> <p>Seton Family of Hospitals, Austin</p> <p>Shannon Medical Center, San Angelo</p> <p>Texas Health Resources, Dallas</p> <p>Texas Health Fort Worth, Fort Worth</p> <p>Texas Health Presbyterian Winnsboro, Winnsboro</p> <p>Texoma Medical Center, Denison</p> <p>Twelve Oaks Medical Center, Houston</p> <p>Trinity Mother Frances Health System, Tyler</p> <p>United Regional Health Care System, Wichita Falls</p> <p>Val Verde Regional Medical Center, Del Rio</p> <p>Valley Baptist Health System, Harlingen</p> <p>Wadley Health System, Texarkana</p> <p>Wichita Falls Cardiology Group, Wichita Falls</p> <p>Zale Lipshy University Hospital, Dallas</p>
VA	Wellmont Health System, Norton
VT	Fletcher Allen Health System, Burlington
WA	Swedish Health Services, Seattle

John L. (Jack) Hess, MS, CPA

Partner

Mr. Hess has over 30 years experience in financial management in various industries including Big Five accounting and consulting firm experience, CFO and Treasurer of an information services company, and twenty-four years of healthcare financial management and consulting experience.

Areas of specific expertise include:

- Capital planning
- Financial feasibility studies
- Investment banking relationships
- Investor, bond insurer and rating agency relations and financial reporting
- Long-range strategic financial planning
- Mergers, acquisitions and divestitures planning, analysis and due diligence
- Tax-exempt and taxable financings, and
- Treasury and investment management.

Mr. Hess' experience includes twenty-four years with Baylor Health Care System in various positions including chief financial officer and treasurer where he served as senior advisor on financial matters to top management of the system and as the financial liaison with the Board of Trustees. Other responsibilities included planning and design of capital structure and sources of capital, management of tax-exempt bond issues and taxable financings, relationships with investment bankers, investors, rating agencies, bond counsel, external auditors and financial advisors and consultants. He managed the investment program and the captive insurance company. Mr. Hess' responsibilities included oversight of financial and capital planning and budgeting, financial decision support systems, managed care financial analysis, cost accounting, productivity studies, financial feasibility studies, design and implementation of financial systems, third-party reimbursement, business process redesign facilitation and financial support, internal audit, and risk management and insurance for the system.

Mr. Hess serves on the board of Richardson Hospital Authority where he serves as Treasurer, chairs the finance and audit committee, and serves on the strategic planning and compensation committees. Mr. Hess is also active in The Heights Baptist Church, Richardson, Texas, where he is a deacon and member of the board of trustees. He has previously served on the church's Vision Team and has chaired the church's finance, budget, and long-range financial planning committees.

He is a member of Healthcare Financial Management Association and the Texas Society and American Institute of Certified Public Accountants. Mr. Hess received a Bachelor of Science degree in 1966 and a Master of Science degree in 1967 from Oklahoma State University.

Matt J. Nelson, FHFMA, CPA

Partner

Mr. Nelson has over 30 years experience in the healthcare industry, including owning his own healthcare consulting firm, three years as Director for a healthcare consulting firm, and over twenty years as a financial officer in both proprietary and non-profit healthcare systems. His areas of expertise include capital planning, long-range strategic financial planning, financial feasibility studies, business process redesign planning, rate structure analysis, productivity analysis, and financial information systems.

CONSULTING EXPERIENCE

Mr. Nelson has been a Partner with Financial Resource Group, LLC since January 2000. Consulting engagements have included interim chief financial officer positions, operational and financial assessments of hospitals, and working with hospitals in implementing budgeting and financial reporting systems. Prior to opening his own consulting firm, Mr. Nelson was Director of CampbellWilson, a healthcare consulting firm located in Dallas, Texas. In this role, he performed consulting engagements including financial advisor for a \$100 million bond issue for a hospital in East Texas, interim chief financial officer for a 300+ bed hospital (five months), physician practice acquisition studies, physician practice operational improvement studies, corporate compliance plans for hospitals, developed strategic financial planning models for hospitals and new services within hospitals, development of hospital within a hospital model, analysis of senior health centers, analysis of new equipment technology for physician practices, market analysis, and development of comparative hospital data.

INDUSTRY EXPERIENCE

Mr. Nelson served as a financial officer for over twenty years for both non-profit and proprietary health systems. Prior to joining CampbellWilson, Mr. Nelson was a financial officer for Baylor Health Care System for fourteen years. His responsibilities included directing financial decision support systems, managed care financial analysis, capital operations budgeting, cost accounting, productivity studies, financial feasibility studies, design and implementation of financial systems, third party reimbursement, financial support for bond issuances, business process redesign facilitation and financial support, and support of treasury functions.

EDUCATION

Bachelor of Business Administration, August 1974, University of Houston

ASSOCIATIONS AND ACCOMPLISHMENTS

Certified Public Accountant - 1982
Fellow - Healthcare Financial Management Association (HFMA)
Texas Society of Certified Public Accountants
American Institute of Certified Public Accountants
Texas Association of Hospital Financial Administration
Lone Star Chapter of HFMA (President 1988-89)
Volunteers of America Texas – Board Member (President)

Alan D. Townsend, FHFMA, CPA

Partner

Mr. Townsend has over 30 years experience in the healthcare industry, working as an independent consultant for one and a half years prior to the formation of Financial Resource Group, and over thirteen years as a financial officer in non-profit healthcare systems. His areas of expertise include capital planning, long-range strategic financial planning, budgeting, financial feasibility studies, business process redesign planning, productivity analysis, and financial information systems.

CONSULTING EXPERIENCE

Mr. Townsend worked as an independent consultant associated with MJN Consulting beginning in July 1998. In January 2000, Mr. Townsend became a Partner in Financial Resource Group, LLC. Consulting engagements have included interim chief financial officer of Baylor Medical Center at Garland; interim Controller at Trinity Mother Frances Hospital in Tyler, Texas; interim chief financial officer for Wadley Regional Medical Center in Texarkana, Texas; performing an operational assessment of a hospital in East Texas; developing cash flow projections for Appalachian Regional Healthcare based in Lexington, Kentucky; and working with implementing a budgeting system at a hospital, as well as other smaller projects.

INDUSTRY EXPERIENCE

Prior to going into consulting, Mr. Townsend served as a financial officer for over thirteen years for Baylor Health Care System in Dallas, Texas. His responsibilities included directing the capital and operating budget processes for the System, financial feasibility studies, financial support for long-range strategic planning, financial support for bond issuances, business process redesign, financial analysis support, and support of treasury functions. Prior to becoming a financial officer at Baylor, Mr. Townsend also served in various support staff positions for over three years including interim Chief Financial Officer at Baylor Medical Centers at Waxahachie and Grapevine.

Prior to joining Baylor, Mr. Townsend worked for Methodist Health Systems in Memphis, Tennessee, in various financial reporting and budgeting positions.

EDUCATION

Bachelor of Business Administration, December 1976, University of Memphis

ASSOCIATIONS AND ACCOMPLISHMENTS

Certified Public Accountant - 1995

Fellow - Healthcare Financial Management Association (HFMA)

American Institute of Certified Public Accountants

Ted Shaw, FHFMA, CPA

Partner

Mr. Shaw has over 30 years experience leading and directing varied life science and managed-care professional service engagements. Mr. Shaw previously was regional director of healthcare for Ernst & Young and partner in charge of the Western US provider consulting practice of William M Mercer. Mr. Shaw also served as Sr. VP of Management Service for EPIC Healthcare Group, a large proprietary hospital chain, COO of two software development and Internet-based companies and as CEO/CFO of several turn-around companies.

Mr. Shaw's experience includes: senior executive management roles; service on boards of directors; business strategy thinking and positioning; corporate organizational analysis and design; leading organizations to improved operating results; identification, negotiation and integration of mergers and acquisitions; directing application software development; Internet-based communication solutions; oversight of information systems selection and deployment; directing as well as hands on roles in all areas of accounting and finance; acute and post acute healthcare operations; real estate strategy development and execution; managed care operations, and third party administration.

Mr. Shaw has led engagements to include:

Interim Management:

- CEO of an \$700 million County Health System including a 470-bed hospital, 170-bed psychiatric hospital, three health plans and a graduate medical program with over 200 residents
- Sr. VP Management Services at a 450-bed nurse magnet hospital including a 45-physician group practice and several centers of excellence
- CEO of an 85 physician group practice and a 65-bed hospital in Colorado
- CFO for the largest home health and hospice operation in the state of Texas

Planning

- Corporate organizational structure analysis and redesign
- Assessing market needs and building business plans from the ground up
- Positioning companies for a capital raise, including preparation of business plans, financial models and private placement memorandums
- Assisting clients in creating new lines of business including Medicare and Medicaid HMO start-ups, traditional HMO start-ups and similar business strategy projects.
- Leading board and senior management planning retreats

Execution

- Permanent and Interim executive management roles
- Operational analysis and redesign (reengineering)
- Turn-around engagements for hospitals, physician group practices, and large sub-acute providers of home health, hospice and other services

Ted Shaw, page 2

Capital Formation

- Capital restructuring – asset evaluation and cash recognition strategies
- Financial advisory services – involved with the issuance of over \$2 billion of public debt
- Feasibility Studies
- Real estate strategy and development

Technologies

- Building IT solutions for Inter-provider HIPAA-based communication as well as integrated solutions for the management of workers compensation claims
- Information systems' assessments and application deployment – both traditional and Internet-based solutions

EDUCATION

- Dartmouth College – Pre Med
- University of Texas – Bachelor of Administration

ASSOCIATIONS AND ACCOMPLISHMENTS

- Certified Public Accountant
- Leadership Dallas
- Fellow – Healthcare Financial Management Association
- VNA/ VNA Foundation Board of Directors
- President, South Texas & Lone Star Chapters – HFMA
- Treasurer Bd. of Directors BBBSA/Regional President
- Chair - Texas Healthcare Conference
- Treasurer – DCALC

Jeff A. Denum Partner

Jeff Denum has over 30 years experience in the healthcare industry. His career has included substantial work in the areas of materials management, logistical operations, contracting, HIPAA, group purchasing analysis, systems implementation, and information services strategic planning.

Consulting Experience

Mr. Denum became a Partner with FRG on January 1, 2007. Prior to joining FRG, he founded Denum Services, Inc., a healthcare consulting company, in 1988. Representative projects include:

- outsourcing of materials management operations for a multi-hospital healthcare system
- contract portfolio analysis for the third largest for profit healthcare system
- development of strategic plans for a healthcare system's Information Services department
- logistical operational analysis for a multi-state healthcare system
- various system implementation projects
- value analysis projects for various healthcare systems
- redesign and restructuring of materials/logistical operations for several healthcare systems
- restructuring and negotiations in connection with information services contracts/programs
- assessments of different aspects of healthcare systems' operational performance

Industry Experience

Mr. Denum was a Director of Financial Operations for St. Luke's Episcopal Hospital (located in Houston, Texas) for five years. While at St. Luke's, he was responsible for various aspects of financial operations as well as system implementations and the creation of the first "stockless" inventory program in the country. Prior to joining St. Luke's, Mr. Denum was a Financial Director with Allied Stores Corporation.

Education

Bachelor of Business Administration--Oklahoma State University (1977)

Organizations and Activities

Healthcare Information and Management Systems Society
Association for Healthcare Resource and Materials Management
Healthcare Financial Management Association
Harvard Symposium

Delbert E. Smith

Director

Delbert Smith is a Director with Financial Resource Group, LLC, and has more than 30 years of progressive experience in the healthcare industry.

Del is an executive with diverse experience in healthcare revenue management for large multi-facility providers and nationally recognized consulting practices including prior experience with a Big Six accounting firm, a national home infusion therapy provider and large hospital system. He has done extensive work in engagements in the areas of Medicare and Medicaid reimbursement and financial analysis of healthcare providers. Currently a principal of a reimbursement consulting practice, the highlights of his experience are:

- Managed and directed Performance Improvement projects for both small and large hospital systems
- Managed Patient Accounting Revenue Cycle Improvement project for a large hospital system
- Served as the Interim Reimbursement Director of a national long-term care chain
- Oversaw the comprehensive performance of a large hospital. Specific duties included the budget, financial analysis programs, business plan and supervision of the business office
- Directed all reimbursement activities at a consulting firm which included: cost report preparation and reviews, feasibility studies, strategic reimbursement planning and contractual accounting reviews
- Assisted numerous clients with all Medicare and Medicaid appeal activities, including preparation of appeal position papers and negotiating positive resolutions with Medicare intermediaries.
- Prepared over 29 annual Home Health Agency cost reports, managed tax planning, and prepared federal and state tax returns and researched government regulations
- Managed and directed the audit of Medicare base year cost reports of 36 hospitals
- Assisted in the development and analysis of a State reimbursement system.
- Assisted with the development of a Strategic Plan for a Group Practice at a major University teaching hospital.
- Served as Audit Manager with a Medicare intermediary.

Del has held the following positions: Senior Consulting Manager with IMA Consulting; Reimbursement Director with CampbellWilson; Partner with Barnes-Smith & Associates, Inc.; Manager of Tax & Government Regulations with HMSS, Inc.; and Manager with Price Waterhouse.

Del has a Bachelor of Science degree in Accounting from Bloomsburg University.