We included below certain questions that we believe would be helpful to the Board in understanding the in - house prepared financials of MQHS. The list is not exhaustive and there may be other important questions depending on the programs or other matters that arise form month to month.

Listed below are some questions that specifically relates to the December 31, 2020 statements, but can also be used for subsequent statements. It may be beneficial to keep this email and the December 31, 2020 statements together to see which figures we are concentrating on as a reference for future reports.

Items in red are the specific questions to ask.

1 – What is the total cash on hand? Nadine has a subtotal for total cash for the operating bank on page 2. She may want to consider moving the replacement reserve cash to a separate section but if that is not done, then total cash less replacement reserve cash is the figure to concentrate on.

For the December 31, 2020 statements, per page 2 of 28, this is cash of $2,286,765 less replacement reserve cash of $1,356,723 for a net cash balance of $930,042.

2 – Current liabilities are the amounts of payables due in the next 12 months. The cash balance remaining of $930,042 should be compared to the current liabilities total on page 3 of $671,890. This will tell you there is sufficient cash to cover off current liabilities with no concerns of any cash shortfall.

3 – If the cash calculated is less than current liabilities, this should be further questioned to confirm how the current liabilities will be paid.

Is cash sufficient to cover current liabilities and if not, how will the shortfall be paid?

4 – Accounts receivable are generally due within the next 12 months. There will be note disclosure on accounts receivable (see page 4) and Nadine will be updating this to indicate how old the receivables are and if there are any old receivables. If there is an old accounts receivable, this could be questioned. Another good question would be to ensure all accounts receivable is expected to be fully collected.

Are all the accounts receivable listed expected to be fully collected?

5 – Prepaid expenses will also have note disclosure also on page 4. This is mainly made up of insurance that has been paid for an entire year but is expensed monthly rather than all at one time.

6 – Prepaid expenses also includes prepaid property taxes which Nadine and I will look into more in the coming weeks.

7 – Accounts payable also has a note that details out the balance on page 5. This will show all the unpaid bills to date and if they are current. If a bill is current, it means the invoices was received in the last 30 days and is still unpaid. If a significant bill is in the 91+ column (the invoice was received more than 3 months ago and is still unpaid), a good question would be to ask why the invoice is unpaid and if there are any disputes with the balance.

Are there any disputes with any invoices and if applicable, why are some invoices unpaid after 60 or 90 days?

8 - Accrued payables which has a note on page 5 is basically an estimate of the audit fees for the coming year that is taken as an expense monthly rather than all at once. It also includes the GST arrears and Penalty which will need to be sorted out. This should be a consistent adjustment from period to period.

9 – Deferred revenue is basically money that has been received and has not yet been allocated as income. For example, on page 4, you can see note # 4 for deferred revenue. The deferred revenue of $110,298 represents money received that has yet to be taken into income for a particular project as it is either take in monthly or relates to a program where the related expenses have yet to be incurred.

10 – The details provided by Nadine on page 7 onwards are very well documented and have some great detail but if you do not have the time to review the details, page # 6 is a great summary of the programs. It shows the total revenue to date, total expenses to date and if any of the programs have a surplus. The balance sheet notes above are important but this is just as important. It will tell you if you have any significant surpluses or deficits for any programs.

For any program with a deficit (negative), the discussion should concentrate on how the deficit is going to be managed and if it could be reduced before the end of the year.

For any program with a surplus (positive), the discussion should concentrate on how the surplus can be spent.

- **In most cases, any surplus at the end of the year must be repaid so it would be beneficial to ensure these monies can be spent.**
- **It should be noted that some programs are multi-year agreements and repayment is not always required right away and there may be an extra year before the money needs to be spent so asking if any program has a multi-year agreement would be beneficial as well.**