**QHR Corporation**

**December 31, 2014**

**Audit - Working Paper Requirements**

Where possible, please provide working papers, including the trial balance, in electronic format.

**General notes and requests**

* The list below is not complete as we may need to, as a result of reviewing the information and other procedures we are required to perform, perform additional procedures that require items that are not known at this time (i.e. depending on the results of our work we may need to confirm certain items in writing with your legal counsel).
* All supporting schedules and analysis should tie back to the consolidation workbook, which should tie to the draft financial statements.

| **#** |  | **Schedule** | **Expected Date** | **Received On** | **DONE BY** |
| --- | --- | --- | --- | --- | --- |
| 1 |  | General: |  |  |  |
|  | A | Please provide a copy of all Board and other committee minutes since June 19, 2013 | Feb 16, 2015 |  |  |
|  | B | Please provide us with a consolidation workbook that ties to the financial statements for the period ending December 31, 2014.  This workbook should contain details of adjusting, consolidating and other entries required to tie them into the final financial statements for the period. | Please see below for instructions on the workbook (N) |  |  |
|  | C | Please provide draft financial statements (at minimum, balance sheet and income statements) for audit staff to use to agree leadsheets. | Feb 16, 2015 |  |  |
|  | D | Please provide draft financial statements with supporting schedules / work papers (including support for all cash flow figures) for all notes to be presented in the financial statements for the year ending December 31, 2014. | Mar 12, 2015 (**or earlier if possible**) |  |  |
|  | E | Please provide copies of any correspondence between management and the company’s legal advisors in the final quarter. | Feb 16, 2015 |  |  |
|  | F | Please provide a listing of **related party transactions** for the full year and details of **outstanding balances** at the December 31, 2014.  The list should include identity of each party, nature of relationship and type of transactions that occur. | Mar 2, 2015 |  |  |
|  | G | Complete GL details for all entities from January 1, 2014 to December 31, 2014; this should include fields such as period posted, date posted, account number and name, description, debit amount, credit amount, time posted and who posted. | Feb 16, 2015 |  |  |
|  | H | Please provide the supporting calculations for the earnings per share figures as disclosure on the financial statements. | Mar 2, 2015 |  |  |
|  | I | Please provide Cash Flow Statement support (in a similar format to that used in last year).  *If you would like a copy of last year’s cash flow working paper, please let us know.* | Mar 2, 2015 |  |  |
|  | J | Please provide a working paper to support the segmented information note  (We would need to have a reconciliation working paper, which ties the segmented information back to our work). | Feb 23, 2015 **(or earlier if possible)** |  |  |
|  | K | Provide us with a description of the process and controls management has implemented to identify subsequent events. | Feb 16, 2015 |  |  |
|  | L | Support for investment tax credits balance receivable including calculation, filing, any correspondence with CRA, and if funds received proof of receipt of funds. | Feb 16, 2015 |  |  |
|  | M | Lead schedules for all account groupings on the financial statements.  If possible, could you populate the attached lead sheets or provide reports from Dynamics that allow us to populate the numbers as set up in the excel sheet. | Feb 23, 2015  (**or earlier if possible**) |  |  |
|  | N | **Consolidation Workbook**   * As previously discussed, Tab A and B of “13 QHR-Consolidation Workbook” was built using the other two workbooks provided to us. The purpose of the workbook is to tie all the information the FS balance sheet and income statement. Is it possible for Carol to generate a report in Dynamics to help us produce **Tab B** of “13-QHR-Consolidation Workbook” . | Feb 23, 2015 **(or earlier if possible)** |  |  |
|  |  |  |  |  |  |
| 2 |  | **Cash and Investments:** |  |  |  |
|  | A | Bank reconciliations for each bank account as at December 31, 2014  together with supporting documentation.  This supporting documentation should include a detailed listing of all outstanding cheques and deposits and copies of December bank statements; | Feb 23, 2015 |  |  |
|  | B | Access to bank statements and cancelled cheques for December 2014 and January 2015; | Feb 23, 2015 |  |  |
|  | C | Summary of bank transfers 5 days before and 5 days after year end; | Feb 23, 2015 |  |  |
|  |  |  |  |  |  |
| 3 |  | **Revenue and receivables:** |  |  |  |
|  | A | Aged AR sub ledgers for each entity’s AR account. The sub ledger for each account should be sorted by customer and agree to the final trial balance (which agrees to the draft financial statements). | Feb 16, 2015 |  |  |
|  | B | A listing of all balances older than 90 days at the year-end which remain uncollected at the date of the audit fieldwork, including commentary to support management’s assertion as to their recoverability. | Feb 16, 2015 |  |  |
|  | C | An allowance for doubtful accounts schedule, preferably outlined by both customer and invoice (i.e. we should be able to identify which invoices a specific provision relates to). | Feb 16, 2015 |  |  |
|  | D | Schedules to support deferred revenue balances for all entities within the group, including details of amounts released to the income statement during the fourth quarter.  *Please ensure that deferred revenue schedule agrees with the deferred revenue GL’s (leadsheet), which eventually will tie to the consolidation WP and FS.* | Feb 16, 2015 |  |  |
|  | E | For any multiple element arrangement contracts entered from January 1 to December 31, 2014, please provide a copy of the supporting contract for our review and your summary of how the transaction was recorded, relating the treatment to the relevant accounting standards. (RCM stream)  We will provide you the list of the EMR multiple element arrangement contracts we will need to vouch (sample will be 25) a week prior to field date. | Feb 16, 2015 |  |  |
|  |  |  |  |  |  |
|  | J | Provide a listing of all consulting services (i.e. training, etc.) sold on a standalone basis during the year. For each transaction noted, summarize the following information: Date of transaction, contract or invoice number as applicable, customer name, rate per hour for which the employee is being charged out at to the end user. | Feb 16, 2015 |  |  |
|  | K | Provide a listing of all support services (i.e. training, etc.) sold on a standalone basis during the year (NOTE – situations where mandatory post contract support (PCS) exists would not count as a sale on a standalone basis). For each transaction noted, summarize the following information: Date of transaction, contract or invoice number as applicable, customer name, rate per hour for which the employee is being charged out at to the end user. | Feb 16, 2015 |  |  |
|  | L | Please provide Credit Note Listing from January 1- February 23, 2015 | Feb 23, 2015 |  |  |
|  | M | Please provide the sales journal from October 1- December 31 for all revenue stream (RCM, EMR and Medeo) | Feb 16, 2015 |  |  |
|  |  |  |  |  |  |
| 4 |  | **Goodwill and Intangible assets:** |  |  |  |
|  | A | A memo outlining management’s assessment of whether amortized intangible assets should be tested for impairment based on IAS 36. If you determine that indicators of impairment exist please contact us immediately. | Feb 16, 2015 |  |  |
|  | B | For any additions to intangible assets please provide an assessment of the costs capitalized based on IAS 38; to include details of how the projects meet the criterion stated within this section and how the costs can be directly attributed to the project in question. | Feb 16, 2015 |  |  |
|  | C | Schedule detailing continuity of intangible assets subject to amortization and accumulated depreciation.  *This would include any intangibles/goodwill arose from Medeo acquisition* | Feb 16, 2015 |  |  |
|  | D | A memo and analysis outlining managements Annual Goodwill impairment assessment as required by IAS 36.  *Please note that this should be performed on a cash generating unit (CGU) basis. The working papers should clearly show how the assets and liabilities were allocated to each reporting unit. The total assets and liabilities used in the exercise should agree to the consolidation workbook.* | Feb 23, 2015 **(or earlier if possible)** |  |  |
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| 5 |  | **Prepayments:** |  |  |  |
|  | A | Continuity schedule of prepaid expenses as at December 31, 2014 detailing opening amount, amount paid, portion expensed and amount remaining at year-end. | Mar 2, 2015 |  |  |
|  |  |  |  |  |  |
| 6 |  | **Property and equipment:** |  |  |  |
|  | A | Schedule detailing continuity of equipment and accumulated depreciation including opening balances, additions, disposals and closing balances. | Feb 23 2015 **(or earlier if possible).** |  |  |
|  | B | Access to copies of invoices for all equipment additions | Feb 23 2015 |  |  |
|  | C | Details (i.e. supporting documents and supporting calculation) of any gains or losses on disposals during the year; | Feb 23 2015 |  |  |
|  | D | Make available copies of new capital and operating lease agreements. For all new leases, please provide documentation on how you determined if the lease was a capital or operating lease in accordance with IAS 17; | Feb 23 2015 |  |  |
|  | E | Schedule of future commitments for all old and new leases for the next 5 years. | Feb 23 2015 |  |  |
|  | F | Listing of new additions and disposals for the fiscal year. | Feb 23 2015 |  |  |
|  |  |  |  |  |  |
| 7 |  | **Payables and accruals:** |  |  |  |
|  | A | Aged accounts payable sub-ledgers at December 31, 2014, reconciled to amounts in general ledger control accounts; | Feb 23 2015 |  |  |
|  | B | Listing of accruals with related backup to support calculation as at December 31, 2014 reconciled with the total per the general ledger balance; | Feb 23 2015 |  |  |
|  | C | Analytical comparing accruals in the current year to the prior year, with explanations provided for variances greater than $90,000. | Feb 23 2015 |  |  |
|  | D | Cash disbursement journal for the months of January and February 2014  *Please provide (in excel) all cash disbursement entries made since January 1 to February 22, 2015. Disbursement listing should include descriptions, date, type of transactions and the amount.* | Feb 23 2015 |  |  |
|  |  |  |  |  |  |
| 8 |  | **Debt and promissory notes:** |  |  |  |
|  | A | Schedules detailing continuity of each debt, including opening balances, interest, principal payments and closing balances; | Feb 23, 2015 |  |  |
|  | B | Interest reasonability analysis (i.e. average debt outstanding during the year X the average interest rate approximately = the interest expense on the FS); | Feb 23, 2015 |  |  |
|  | C | Copies of any new loan agreements or amended copies of existing agreements. | Feb 23, 2015 |  |  |
|  | D | Listing of all debt and loans as at December 31, 2014, final, so that we may draft and send out debt confirmations. | **Feb 16, 2015** |  |  |
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| 9 |  | **Capital lease obligations** |  |  |  |
|  | A | Amortization schedules for each capital lease obligation (i.e. on a lease by lease basis) showing opening balance, additions, disposals, amortization etc., and closing balance. The total of all schedules should tie to the FS capital lease disclosures for current and non-current capital lease obligations. | Feb 23, 2015 |  |  |
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| 10 |  | **Expenses** |  |  |  |
|  | A | Compare salaries, per head, this year versus last year and provide explanations for variances. | Feb 25, 2015 |  |  |
|  | B | Compare total benefits as a percentage of total salaries in the current year to the prior year and provide explanations for variances. | Feb 25, 2015 |  |  |
|  | C | Prove a listing of all lawyers used during the year so that we may draft legal confirmation letters and send to your lawyers.  *Note: this would be covered under ‘E’ above under ‘General’ section.* | Feb 25, 2015 |  |  |
|  | D | Provide detail GL listing of all professional fees incurred since October 1, 2014 to Dec 31, 2014  *GT tested up to Sept 30, 2014 during interim field visit* | Feb 25, 2015 |  |  |
|  | E | Provide calculations/support for one-time or unusual expense items (i.e. gain on investment). | Feb 25, 2015 |  |  |
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| 11 |  | **Equity** |  |  |  |
|  | A | Share capital continuity schedule illustrating opening balance, additions, disposals, and closing balance. | Feb 16, 2015 |  |  |
|  | B | Contributed surplus continuity schedule illustrating opening balances, additions, disposals, and closing balance. | Feb 16, 2015 |  |  |
|  | C | Warrants continuity schedule illustrating opening balances, additions, disposals, and closing balance. | Feb 16, 2015 |  |  |
|  | D | Supporting calculations for stock based compensation expense during the year. | Feb 16, 2015 |  |  |
|  | E | Supporting calculations for warrant valuations during the year (i.e. for those issued with private placements) including support for inputs used to value the warrants. | Feb 16, 2015 |  |  |
|  | F | Support for option grants and exercises during the year including authorization, supporting calculation for any contributed surplus impact, and support for valuation inputs used to value the options. | Feb 16, 2015 |  |  |
|  | E | Support for all related financial statements notes. | Feb 16, 2015 |  |  |
|  |  |  |  |  |  |
| 12 |  | **Income taxes:** |  |  |  |
|  | A | Analysis of balance as at December 31, 2014 (i.e. supporting working paper for the number recorded as income tax expense, receivable/payable, and supporting notes on the FS); | Mar 2, 2015 |  |  |
|  | B | Supporting calculation and analysis of deferred tax balance at December 31, 2014 | Mar 2, 2015 |  |  |
|  | C | Supporting working paper for tax reconciliation note in the financial statements | Mar 2, 2015 |  |  |
|  | D | Copies of all Notices of Assessment and Reassessment received during the year. | Mar 2, 2015 |  |  |
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| 13 |  | **Sales Taxes:** |  |  |  |
|  | A | Supporting for how the GST returns were prepared (i.e. where the numbers come from); | Feb 16, 2015 |  |  |
|  | B | Copies of GST returns filed for the 2013 fiscal year. | Feb 16, 2015 |  |  |
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| 14 |  | **Employee Compensation** | Feb 23, 2015 |  |  |
|  | A | Listing of employees, their department, and salary | Feb 23, 2015 |  |  |
|  | B | Listing of Bonus and Commission accrued and/or paid out during the fiscal year | Feb 23, 2015 |  |  |
|  | C | Listing of employees and vacation accrued at the end of December 31, 2014 | Feb 23, 2015 |  |  |
| 15 |  | **Operating Expenses** |  |  |  |
|  | A | Cash disbursements listing from January 1, 2015- February 25, 2015 | Feb 25, 2015 |  |  |