Nova Leap Health Corp.

Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2020 and 2019

(Unaudited)
(United States dollars)

Nova Leap Health Corp.

Condensed Interim Consolidated Statement of Financial Position
(Unaudited - United States dollars)

	June 30, 2020	December 31, 2019
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**2,754,087**	1,635,211
Accounts receivable	**1,500,439**	1,680,194
Prepaid expenses	**222,086**	166,607
Total current assets	**4,476,612**	3,482,012
Non-current assets		
Property and equipment	**302,400**	271,255
Intangible assets	**615,391**	811,268
Goodwill (note 3)	**8,508,157**	9,416,109
Deferred income tax asset	**373,426**	134,326
Total non-current assets	**9,799,374**	10,632,958
TOTAL ASSETS	**14,275,986**	14,114,970
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**998,221**	941,756
Client deposits payable	**102,621**	92,925
Promissory notes (note 5)	**178,687**	498,892
Contingent consideration (note 6)	**80,243**	93,619
Demand loans (note 7)	**2,599,647**	2,985,348
Lease liability	**133,671**	122,139
Total current liabilities	**4,093,090**	4,734,679
Non-current liabilities		
Deferred income tax liability	**43,282**	50,323
Promissory notes (note 5)	**246,227**	390,603
Contingent consideration (note 6)	**162,410**	149,284
Lease liability	**92,542**	68,203
Convertible debentures (note 8)	**2,077,163**	1,647,576
Deferred payroll liability and government loans (note 9)	**118,797**	-
Total non-current liabilities	**2,740,421**	2,305,989
TOTAL LIABILITIES	**6,833,511**	7,040,668
SHAREHOLDERS' EQUITY		
Share capital (note 10)	**10,259,112**	9,001,673
Warrants (note 11)	**27,511**	472,731
Contributed surplus	**1,377,304**	1,094,459
Accumulated other comprehensive loss	**(399,577)**	(120,513)
Deficit	**(3,821,875)**	(3,374,048)
TOTAL SHAREHOLDERS' EQUITY	**7,442,475**	7,074,302
TOTAL LIABILITIES AND SHARHOLERS' EQUITY	**14,275,986**	14,114,970

Subsequent events (note 15)

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Approved on behalf of the Board of Directors

"Chris Dobbin" (signed) Director

"Michael O'Keefe" (signed) Director

Nova Leap Health Corp.

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
(Unaudited - United States dollars)

	For the three months ended		For the six months ended	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019
	$	$	**$**	$
Revenues				
Service revenue	**3,983,402**	4,249,781	**8,594,542**	8,161,636
Operating expenses				
Cost of service	**2,585,327**	2,796,283	**5,656,009**	5,410,689
	1,398,075	1,453,498	**2,938,533**	2,750,947
Corporate and administrative expenses				
Head office and operations management	**874,539**	847,801	**1,784,943**	1,628,587
General & administrative	**364,835**	388,148	**774,839**	721,436
Amortization and depreciation	**126,327**	161,902	**258,355**	339,860
Stock based compensation	**62,042**	50,822	**126,029**	195,261
	1,427,743	1,448,673	**2,944,166**	2,885,144
(Loss) income from operating activities	**(29,668)**	4,825	**(5,633)**	(134,197)
Other income and (expenses)				
Finance expense	**(143,444)**	(122,900)	**(261,616)**	(229,491)
Foreign exchange (loss) gain	**(230,060)**	(98,942)	**250,818**	(204,070)
Acquisition related expenses	**(22,227)**	(16,512)	**(24,762)**	(39,238)
Other income (note 9b)	**282,509**	-	**282,509**	-
Impairment loss (note 3)	**(800,000)**	-	**(800,000)**	-
	(913,222)	(238,354)	**(553,051)**	(472,799)
Loss before income tax	**(942,890)**	(233,529)	**(558,684)**	(606,996)
Deferred income tax recovery (expense)	**271,389**	(63,576)	**243,789**	(69,912)
Current income tax expense	**(119,662)**	(18,103)	**(132,932)**	(37,434)
Total income tax recovery (expense)	**151,727**	(81,679)	**110,857**	(107,346)
Net loss	**(791,163)**	(315,208)	**(447,827)**	(714,342)
Items that will be reclassified subsequently to profit or loss				
Exchange gain (loss) on translation to presentation currency	**277,691**	118,675	**(279,064)**	241,536
Total comprehensive loss	**(513,472)**	(196,533)	**(726,891)**	(472,806)
Weighted average number of shares outstanding (note 12)	**65,410,581**	60,727,370	**64,658,083**	60,561,555
Basic and diluted loss per share	**($0.01)**	$(0.01)	**($0.01)**	$(0.01)

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Nova Leap Health Corp.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
(Unaudited - United States dollars)

	Common shares	Share capital $	Warrants $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Total equity $
Balance – January 1, 2020	**61,963,181**	**9,001,673**	**472,731**	**1,094,459**	**(120,513)**	**(3,374,048)**	**7,074,302**
Warrants exercised (note 11)	**3,579,508**	**1,257,439**	**(324,354)**	**-**	**-**	**-**	**933,085**
Warrants expired (note 11)	**-**	**-**	**(120,866)**	**120,866**	**-**	**-**	**-**
Stock based compensation	**-**	**-**	**-**	**126,029**	**-**	**-**	**126,029**
Convertible debt issued (note 8)	**-**	**-**	**-**	**35,950**	**-**	**-**	**35,950**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(447,827)**	**(447,827)**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**	**(279,064)**	**-**	**(279,064)**
Balance – June 30, 2020	**65,542,689**	**10,259,112**	**27,511**	**1,377,304**	**(399,577)**	**(3,821,875)**	**7,442,475**
Balance – January 1, 2019, as presented	59,639,966	8,291,861	930,510	254,671	(411,120)	(2,302,399)	6,763,523
Adoption of IFRS 16, Leases	-	-	-	-	-	(15,834)	(15,834)
Warrants exercised	1,138,715	356,535	(54,276)	-	-	-	302,259
Warrants expired	-	-	(33,023)	33,023	-	-	-
Stock based compensation	-	-	-	195,261	-	-	195,261
Stock options exercised	245,000	34,375	-	(16,144)	-	-	18,231
Net loss for the period	-	-	-	-	-	(714,342)	(714,342)
Other comprehensive income for the period	-	-	-	-	241,536	-	241,536
Balance – June 30, 2019	61,023,681	8,682,771	843,211	466,811	(169,584)	(3,032,575)	6,790,634

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Nova Leap Health Corp.

Condensed Interim Consolidated Statement of Cash Flows
(Unaudited - United States dollars)

	For the three months ended		For the six months ended	
	June 30, 2020 $	June 30, 2019 $	June 30, 2020 $	June 30, 2019 $
Cash provided by (used in)				
Operating activities				
Net loss for the period	**(791,163)**	(315,208)	**(447,827)**	(714,342)
Amortization and depreciation	**126,327**	161,902	**258,355**	339,860
Impairment loss (note 3)	**800,000**	-	**800,000**	-
Deferred income tax (recovery) expense	**(271,389)**	63,576	**(243,789)**	69,912
Stock based compensation	**62,042**	50,822	**126,029**	195,261
Finance expense	**156,128**	107,495	**272,086**	214,087
Unrealized foreign exchange loss (gain)	**241,269**	97,379	**(260,971)**	206,380
Net changes in non-cash working capital balances related to				
Change in accounts receivable	**111,068**	(30,813)	**179,755**	48,944
Change in prepaid expenses	**(63,920)**	52,997	**(55,479)**	85,475
Change in accounts payable and accrued liabilities	**127,135**	4,934	**56,465**	(75,673)
Change in client deposits payable	**6,909**	(13,112)	**9,696**	(3,910)
Change in deferred payroll liability	**92,530**	-	**92,530**	-
	596,936	179,972	**786,850**	365,994
Investing activities				
Purchase of property and equipment	**(6,023)**	-	**(6,023)**	-
Acquisition of businesses	**-**	(259,762)	**-**	(259,762)
	(6,023)	(259,762)	**(6,023)**	(259,762)
Financing activities				
Repayment of promissory notes and interest (note 5)	**(210,869)**	(138,695)	**(468,369)**	(403,695)
Repayment of demand loans and transaction costs (note 7)	**(184,404)**	(178,507)	**(374,145)**	(355,677)
Interest payments on demand loans and convertible debentures (note 7 and 8)	**(102,543)**	(59,609)	**(147,683)**	(121,678)
Proceeds from issuance of convertible debt, net of issue (note 8)	**-**	-	**527,192**	-
Proceeds from government loans (note 9a)	**25,638**	-	**25,638**	-
Proceeds from exercise of warrants (note 10 and 11)	**23,477**	5,590	**933,085**	302,355
Repayment of lease liability and interest	**(36,533)**	(28,716)	**(70,509)**	(54,659)
Proceeds from exercise of stock options	**-**	18,226	**-**	18,226
	(485,234)	(381,711)	**425, 209**	(615,128)
Effect of exchange rate changes on cash and cash equivalents	**91,534**	(1,656)	**(87,160)**	6,782
Change in cash and cash equivalents for the period	**197,213**	(463,157)	**1,118,876**	(502,114)
Cash and cash equivalents – beginning of period	**2,556,874**	1,244,548	**1,635,211**	1,283,505
Cash and cash equivalents – end of period	**2,754,087**	781,391	**2,754,087**	781,391
Non-cash items:				
Exercise of options/warrants	**60,151**	575	**324,354**	54,276
Exercise of stock options	**-**	16,144	**-**	16,144
Expiry of warrants	**60,856**	33,022	**120,866**	33,022
Issuance of promissory notes for acquisition of businesses	**-**	263,614	**-**	263,614

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

1. Nature of operations

Nova Leap Health Corp. (the "Corporation") is the parent company and was incorporated under the Canada Business Corporations Act on November 16, 2015. The principal activities of the Corporation and its subsidiaries (the "Group") is to provide home and home health care services to clients. The Group is currently providing services in the United States in Vermont, New Hampshire, Rhode Island, Massachusetts, Oklahoma and Ohio as well as in Nova Scotia, Canada. The Corporation's shares are listed on the TSX Venture Exchange and are traded under the symbol NLH.V.

These consolidated financial statements include the accounts of the Corporation and its United States and Canadian subsidiaries. The registered head office of the Corporation is located at 7071 Bayers Road, Suite 5003, Halifax, NS Canada B3L 2C2.

The consolidated financial statements were approved by the Board of Directors on August 6, 2020.

2. Significant accounting policies

a) Statement of compliance

These unaudited condensed interim consolidated financial statements are prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board (''IASB''). These unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation and are subject to the same use of estimates and judgments, as the Corporation's consolidated financial statements for the year ended December 31, 2019. These unaudited condensed interim consolidated financial statements do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements and accordingly should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2019, prepared in accordance with IFRS as issued by the IASB.

b) COVID-19

On March 11, 2020, the World Health Organization ("WHO") officially declared the Coronavirus disease 2019 ("COVID-19") a pandemic. This has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. These measures have caused material disruption to businesses globally, including the United States and Canada, resulting in economic slowdown. While home care has been deemed an essential service in all jurisdictions in which the Group operates, operations have been impacted through reduced client service hours particularly in the jurisdictions that were the hardest hit by COVID-19 initially.

Management has been monitoring all financial programs and government relief in the jurisdictions in which it operates and has been eligible for various programs as discussed in note 9 – COVID-19 related relief and note 15 – Subsequent events.

The extent of the impact of COVID-19 longer-term on the Group's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, all of which are highly uncertain and cannot be predicted.

c) Government grants and assistance

i) Canadian Emergency Business Account (CEBA) loan

The Canada Emergency Business Account (CEBA) loan offered from the Canadian Government in response to the Covid-19 pandemic is an interest-free loan of $40,000 CAD and 25% forgivable (up to $10,000 CAD) if repaid by December 31, 2022.

In accordance with IAS 20 and IFRS 9, the loan is initially recognized at fair value and the difference between the fair value and proceeds is treated as a government grant (the interest-free benefit). When repaid and the forgivable portion is triggered, that will also be accounted for as a government grant

ii) Canada Emergency Wage Subsidy (CEWS)

The subsidy covers 75% of an employee's wages – up to $847 CAD per week – for employers who have suffered a drop in gross revenues of at least 15% in March and 30% in April and May.

In accordance with IAS 20, any CEWS funding received is treated as grant related income and is classified as Other income on the Condensed Interim Consolidated Statement of Loss and Comprehensive Loss.

3. Impairment of goodwill

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business acquisition and represent the lowest level within the Group at which management monitors goodwill. Goodwill is monitored by the Group at an operating segment level.

Cash-generating units (CGU) to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

Management has determined that a goodwill impairment test was required for the US-NH/VT CGU based on indicators of impairment identified during the period. One of the acquisitions made as part of this CGU was a turnaround which Management understood would take time to achieve targeted operating results. While certain progress has been made, most notably towards improving operating income, the impact of COVID-19 and continued uncertainty around the extent of the impact of COVID-19 on the progress and timing of achieving the targeted operating results leads Management to believe that a non-cash accounting impairment is warranted. Management's outlook for the business over the long-term remains consistent with its position taken during the acquisition and the impairment does not have an impact on current cash flow.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate to calculate the present value of those cash flows. The data used for the impairment testing procedures was based on a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining periods using a growth rate determined by management. The growth rate used was 2%. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors. The discount rate used for the US-NH/VT CGU was 16.3%

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount

The changes in goodwill for the period are as follows:

	June 30, 2020	December 31, 2019
	$	$
Balance, beginning of period	9,416,109	8,205,276
Additions	-	1,105,453
Impairment	(800,000)	-
Foreign exchange (loss) gain	(107,953)	105,380
Balance, end of period	8,508,157	9,416,109

As at June 30, 2020, the affected CGU had goodwill and indefinite life intangibles allocated as follows which resulted in recording an impairment loss for the CGU:

CGU	State of operation	Goodwill & indefinite life intangibles	Shortfall under recoverable amount
		$	$
US-NH/VT	VT/NH	1,405,564	(800,000)

4. Related party transactions

Transactions with related parties were in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel

Key management personnel include members of the Board of Directors, as well as the Chief Executive Officer, the Chief Financial Officer and Corporate Secretary. Key management personnel remuneration for the periods include the following expenses:

	Three months ended		**Six months ended**	
	June 30, 2020	**June 30, 2019**	**June 30, 2020**	**June 30, 2019**
	$	$	$	$
Salary & consulting fees	78,467	81,310	159,372	163,129
Directors fees	13,890	14,393	28,211	28,876
Stock based compensation	51,690	43,898	103,440	161,795
	144,047	139,601	291,023	353,800

As at June 30, 2020, there was $330 included in accounts payable and accrued liabilities for amounts owed to officers of the Corporation (June 30, 2019 – $2,396) for consulting fees and expense reimbursements, and $28,211 for amounts due to directors for director fees (June 30, 2019 – $42,244).

5. Promissory notes

The changes in the promissory notes for the period are as follows:

	June 30, 2020	**December 31, 2019**
	$	$
Balance, beginning of period	889,495	1,054,981
Issued	-	263,614
Effective interest	27,230	79,846
Repayments	(468,369)	(527,828)
Foreign exchange (loss) gain	(23,442)	18,882
Balance, end of period	424,914	889,495
Current portion	178,687	498,892
Non-current portion	246,227	390,603
Fair value	425,041	888,494

The promissory notes are subject to a Guaranty Agreement of Nova Leap Health Corp. and are subordinated to the demand loans (note 7).

6. Contingent consideration

The contingent consideration is earnout payments that are contingent on meeting certain revenue thresholds that make up a portion of the total purchase price for an acquisition. At initial recognition, the maximum value of the total earnout was measured at fair-value and recorded as a liability. Each reporting period, management will evaluate the likelihood of acquisition reaching its targets. If targets are not being met, the liability will be adjusted accordingly.

6. Contingent consideration (continued)

The following table summarizes changes in contingent considerations at June 30, 2020:

	June 30, 2020 $	December 31, 2019 $
Balance, beginning of period	242,903	-
Addition from business acquisition	-	233,790
Fair value (loss) gain	(250)	9,113
Balance, end of period	242,653	242,903
Current portion	80,243	93,619
Non-current portion	162,410	149,284

7. Demand loans

The changes in the demand loans for the period are as follows:

	June 30, 2020 $	December 31, 2019 $
At amortized cost:		
Balance, beginning of period	2,985,348	3,567,449
Debt issue and guarantee insurance costs	(3,722)	(43,697)
Effective interest	119,920	316,279
Interest payment	(78,685)	(229,664)
Principal repayment in cash	(370,423)	(685,687)
Foreign exchange (gain) loss	(52,791)	60,668
Balance, end of period	2,599,647	2,985,348
Fair value	2,659,648	3,079,682

The non-revolving loans are repayable on demand, provided that until demands are made, blended monthly payments comprising the principal and interest be paid over the maximum amortization period, being an average range of 3-5 years remaining.

The Corporation also has access to a $696,000 revolving operating facility for working capital purposes from a Schedule 1 Canadian bank. The interest rate is US Prime Rate + 1.5%. The US Prime Rate at June 30, 2020 was 3.75%. Interest is calculated monthly in arrears, and payable on the last day of each month. The facility is repayable on demand.

The facility had an outstanding balance of $nil as at June 30, 2020.

All demand loans are secured through a registered General Security Agreement and a Corporate Guarantee for the principal amount of the loan from Nova Leap's US and Canadian subsidiaries.

8. Convertible debentures

On January 16, 2020, the Corporation completed the second tranche of a non-brokered private placement through the issuance of unsecured subordinated convertible debentures for gross proceeds of $579,532 USD ($756,000 CAD).

The Debentures have a maturity date of January 15, 2025 and will accrue interest at the rate of 8.0% per annum, payable semi-annually. At the holders' option, the Debentures may be converted into common shares of Nova Leap at a conversion price of CAD$0.52 per common share. At any time after the date that is one year following the issue date of the Debentures, the Company may force the conversion of the principal amount of the then outstanding Debentures at the Conversion Price on not less than 30 days' notice if the daily volume weighted average trading price of the common shares is greater than CAD$0.78 for any 20 consecutive trading days.

8. Convertible debentures (continued)

For purposes of determining the fair value of the liability component, an effective interest rate of 10% was used which is the estimated market rate that the Corporation would have obtained for a similar financing without the conversion option. The liability component is subsequently accreted up to the face value of the debenture over the term of the debentures as an interest expense.

The equity component was assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component and is not subsequently remeasured.

As such, of the gross proceeds of $579,532 USD ($756,000 CAD), $491,124 USD ($640,672 CAD) was allocated to the liability component of the convertible debentures and $36,068 USD ($47,050 CAD) to the equity component (conversion right feature) of the convertible debentures, upon issuance.

Financing costs incurred in connection with the issuance of convertible debentures totalled $52,340USD ($68,278 CAD). Financing costs were allocated based on the relative fair values of the liability and equity components at initial recognition per above. The allocated costs were netted against each component. Interest on the net liability component is determined using the effective interest method (9.82%) and accreted over the term of the debentures.

The initial carrying amount of the convertible debentures issued was allocated as follows:

	January 16, 2020 $
Balance, beginning of period	-
Proceeds from the issuance of convertible debentures, January 16, 2020	579,532
Less transaction costs	(52,340)
Net proceeds	527,192
Amount classified as equity (conversion rights), net of transaction costs	(36,068)
Balance of convertible debenture, January 16, 2020	491,124

The changes in the convertible debentures for the period are as follows:

	June 30, 2020 $	**December 31, 2019** $
Balance, beginning of period	1,647,576	-
Additions	491,124	1,647,576
Effective interest	118,476	-
Interest payment	(68,998)	-
Foreign exchange loss	(111,015)	-
Balance of convertible debenture, end of period	2,077,163	1,647,576

9. COVID-19 related relief

a) Canadian Emergency Business Account (CEBA) loan

On April 23, 2020, one of the Canadian entities received a $40,000 CAD Canada Emergency Business Account (CEBA) loan from the Canadian Government in response to the COVID-19 pandemic. The loan is interest-free and 25% forgivable (up to $10,000 CAD) if repaid by December 31, 2022.

b) Canada Emergency Wage Subsidy (CEWS)

The subsidy covers 75% of an employee's wages – up to $847 CAD per week – for employers who have suffered a drop in gross revenues of at least 15% in March and 30% in April, May and June. The Corporation's Canadian segment received $386,406CAD ($282,509USD) from the CEWS program, this is classified as Other income on the Condensed Interim Consolidated Statement of Loss and Comprehensive Loss.

9. COVID-19 related relief (continued)

c) Deferred payroll liabilities

The CARES Act in the US allows employers to defer payment of the employers 6.2% share of the Social Security (FICA) payroll tax for the period beginning on March 27, 2020 and ending December 31, 2020. The repayment terms are that 50% of the deferred payroll liability is due December 31, 2021 and the remaining 50% is due by December 31, 2022. The Corporation implemented this program effective May 4, 2020 and has accumulated a deferral of $92,530 to date.

10. Share capital

a. Authorized:

Unlimited number of common shares, without nominal or par value.

b. Issued and outstanding:

	June 30, 2020		December 31, 2019	
	Number of Shares	Value $	Number of Shares	Value $
Balance, beginning of period	61,963,181	9,001,673	59,639,966	8,291,861
Warrants exercised (note 11)	3,579,508	1,257,439	2,078,215	675,437
Stock options exercised	-	-	245,000	34,375
Balance, end of period	65,542,689	10,259,112	61,963,181	9,001,673

11. Warrants

The changes in the warrants for the period are as follows:

			June 30, 2020	
	Number	$	Weighted Average Exercise Price (CAD)	Remaining contractual life (years)
Balance, beginning	4,852,980	472,731	$0.35	0.18
Warrants exercised	(3,579,508)	(324,354)	$0.36	-
Warrants expired	(1,113,040)	(120,866)	$0.37	-
Balance, end	160,432	27,511	$0.35	0.27

			December 31, 2019	
	Number	$	Weighted Average Exercise Price (CAD)	Remaining contractual life (years)
Balance, beginning	12,627,383	930,510	$0.35	0.81
Warrants exercised	(2,078,215)	(123,604)	$0.35	-
Warrants expired	(5,696,188)	(334,175)	$0.35	-
Balance, end	4,852,980	472,731	$0.35	0.18

The following table summarizes information concerning outstanding and exercisable warrants at June 30, 2020:

Expiry date	Number	Exercise price (CAD) $
Sep 27, 2020	105,035	0.35
Oct 24, 2020	55,397	0.35
	160,432	0.35

12. Loss per share

Basic (loss) earnings per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share assumes that stock options, warrants and convertible debt have been exercised on the later of the beginning of the period and the date granted. As of June 30, 2020, all options and warrants were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive.

13. Financial instruments

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by maximizing cash flow from operations.

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk. The Group is exposed to the same risks in the current year as it was exposed to in the prior year. The most significant financial risks to which the Group is exposed are described below.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the end of the reporting period, as summarized below:

Classes of financial assets – carrying amounts	**June 30, 2020**	**December 31, 2019**
	$	$
Cash and cash equivalents	2,754,087	1,635,211
Accounts receivable	1,500,439	1,680,194
	4,254,526	3,315,405

Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks are managed by only using major reputable financial institutions.

The Group does not specifically assess the credit quality of clients based on a credit rating but through an informal process while onboarding for service. Invoice terms are payable within seven days. The ongoing credit risk is managed through regular review of aging analysis.

At certain locations, clients are required to pay an upfront deposit, mitigating the credit risk. As at June 30, 2020, the Group had $102,621 collected for client deposits, representing approximately 7% of outstanding accounts receivable, billed and accrued (December 31, 2019 - $92,925).

Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasting cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a quarterly lookout period are identified monthly. Net cash requirements are compared to available cash balances and available borrowing facilities in order to determine headroom or shortfalls. This analysis shows that available borrowing facilities and cash balance are expected to be sufficient for the next twelve months.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and accounts receivable. The Group's existing cash resources and accounts receivable are in excess of the current contractual cash outflow requirements. Cash flows from accounts and other receivables are all contractually due within 30 days.

13. Financial instruments (continued)

Liquidity risk (continued)

The Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	< 1 year $	1-2 years $	3-5 years $	> 5 years $
For the period ended June 30, 2020				
Account payable and accrued liabilities	998,221	-	-	-
Client deposits	102,621	-	-	-
Demand loan, principal and interest	910,028	899,724	1,153,834	-
Promissory note, principal and interest	200,515	194,715	75,580	-
Lease liability, principal and interest	141,439	45,790	57,703	-
Convertible debenture	181,626	181,626	2,746,581	-
Contingent consideration	83,276	105,000	105,000	-
Government loans (CEBA)	-	-	29,351	-
Deferred payroll liability	-	46,265	46,265	-
Total	2,617,726	1,473,120	4,214,314	-

	< 1 year $	1-2 years $	3-5 years $	> 5 years $
For the year ended December 31, 2019				
Account payable and accrued liabilities	941,756	-	-	-
Client deposits	92,925	-	-	-
Demand loan, principal and interest	955,092	944,880	1,634,807	40,592
Promissory note, principal and interest	603,048	200,858	160,918	-
Lease liability, principal and interest	127,981	63,088	6,833	-
Convertible debenture	144,010	144,010	2,232,153	-
Contingent consideration	80,844	80,844	80,844	-
Total	2,945,656	1,433,680	4,115,555	40,592

Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and financing activities.

Foreign currency sensitivity
The Group's operations are carried out in USD. Exposure to currency exchange rates arise from the fact that the Group's equity offerings have been denominated in CAD and will be denominated in CAD for the foreseeable future as the Corporation's shares are listed on a Canadian stock exchange and the Group has two operations in Canada that transact in Canadian dollars.

The Group's exposure to CAD dollar currency risk was as follows:

	June 30, 2020 (CAD) $	December 31, 2019 (CAD) $
Cash and cash equivalents	2,648,535	1,589,610
Accounts receivable	440,058	478,679
Accounts payable & accrued liabilities	(571,055)	(462,355)
Demand loan	(1,274,435)	(1,452,429)
Promissory note	(275,990)	(549,108)
Lease liabilities	(133,869)	(179,616)
Convertible debt	(2,830,757)	(2,139,871)
Government loans	(40,000)	-
	(2,037,513)	(2,715,090)

13. Financial instruments (continued)

Market risk (continued)

Sensitivity to a plus or minus 5.0% change in the CAD dollar exchange rate would affect net loss and comprehensive loss and deficit by approximately $70,000 (December 31, 2019 - $100,000).

Interest rate sensitivity

As at June 30, 2020, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Sensitivity if interest rates increased or decreased by 1% would affect net loss and comprehensive loss and deficit by approximately $52,000 over the remaining term of the loans (December 31, 2019 - $69,000).

Fair value

All financial assets and liabilities except for the demand loans, promissory notes, contingent consideration and convertible debentures are short-term. The carrying values of short-term financial assets and liabilities are a reasonable approximation of fair value. The fair value of the promissory notes and demand loans are disclosed in Notes 5 and 7.

14. Segment reporting

Management identifies the Group's reportable segments as Canadian operations and US operations. All businesses provide home care services to clients, with Corporate providing management oversight and expertise, and growth through acquisitions of additional business. These operating segments are monitored by the Group's Chief Executive Officer and strategic decisions are made based on segment operating results.

Segment information for the reporting period is as follows:

	For the three months ended June 30, 2020				
	US	**Canada**	**Total Reportable Segments**	**Group Head Office**	**Total**
	$	**$**	**$**	**$**	**$**
Segment revenues	**3,109,823**	**871,170**	**3,980,993**	**2,409**	**3,983,402**
Cost of services	1,982,380	602,947	2,585,327	-	2,585,327
Gross margin	**1,127,443**	**268,223**	**1,395,666**	**2,409**	**1,398,075**
General & administrative	802,062	179,997	982,059	257,315	1,239,374
Amortization and depreciation	96,031	17,579	113,610	12,717	126,327
Stock based compensation	6,793	2,380	9,173	52,869	62,042
Segment operating income (loss) (1)	**222,557**	**68,267**	**290,824**	**(320,492)**	**(29,668)**
Segment assets	**9,330,623**	**3,281,263**	**12,611,886**	**1,664,100**	**14,275,986**

14. Segment reporting (continued)

	For the three months ended June 30, 2019				
	US $	Canada $	Total Reportable Segments $	Group Head Office $	Total $
Segment revenues	**3,387,881**	**858,736**	**4,246,617**	**3,164**	**4,249,781**
Cost of services	2,216,302	579,981	2,796,283	-	2,796,283
Gross margin	**1,171,579**	**278,755**	**1,450,334**	**3,164**	**1,453,498**
General & administrative	734,453	213,162	947,615	288,334	1,235,949
Amortization and depreciation	124,643	24,084	148,727	13,175	161,902
Stock based compensation	2,972	1,125	4,097	46,725	50,822
Segment operating income (loss)	**309,511**	**40,384**	**349,895**	**(345,070)**	**4,825**
Segment assets	**8,836,569**	**3,134,083**	**11,970,652**	**345,548**	**12,316,200**

	For the six months ended June 30, 2020				
	US $	Canada $	Total Reportable Segments $	Group Head Office $	Total $
Segment revenues	**6,729,583**	**1,859,444**	**8,589,027**	**5,515**	**8,594,542**
Cost of services	4,355,800	1,300,209	5,656,009	-	5,656,009
Gross margin	**2,373,783**	**559,235**	**2,933,018**	**5,515**	**2,938,533**
General & administrative	1,649,959	366,515	2,016,474	543,308	2,559,782
Amortization and depreciation	193,515	39,004	232,519	25,836	258,355
Stock based compensation	13,746	4,762	18,508	107,521	126,029
Segment operating income (loss) [(1)]	**516,563**	**148,954**	**665,517**	**(671,150)**	**(5,633)**
Segment assets	**9,330,623**	**3,281,263**	**12,611,886**	**1,664,100**	**14,275,986**

	For the six months ended June 30, 2019				
	US $	Canada $	Total Reportable Segments $	Group Head Office $	Total $
Segment revenues	**6,737,212**	**1,421,260**	**8,158,472**	**3,164**	**8,161,636**
Cost of services	4,450,974	959,715	5,410,689	-	5,410,689
Gross margin	**2,286,238**	**461,545**	**2,747,783**	**3,164**	**2,750,947**
General & administrative	1,453,451	329,335	1,782,786	567,237	2,350,023
Amortization and depreciation	269,998	43,506	313,504	26,356	339,860
Stock based compensation	17,437	4,519	21,956	173,305	195,261
Segment operating income (loss)	**545,352**	**84,185**	**629,537**	**(763,734)**	**(134,197)**
Segment assets	**8,836,569**	**3,134,083**	**11,970,652**	**345,548**	**12,316,200**

[(1)] *An $800,000 impairment loss for goodwill related to a CGU in the US operating segment is recorded in the "Other income and expense" section of the Condensed Interim Consolidated Statement of Loss and Comprehensive Loss.*

14. Segment reporting (continued)

The Group's revenues from external customers and its non-current assets are all attributable to the U.S. and Canada segments. Revenues from external customers are identified based on the client's geographical location. Non-current assets are allocated based on their physical location.

15. Subsequent events

Subsequent to June 30, 2020, the Corporation was approved for $1,975,600 of loans from a U.S. bank under the Paycheck Protection Program ("PPP"). These loans are guaranteed by the U.S. Small Business Administration ("SBA") under the U.S. Care Act in response to COVID-19. These loans, which bear interest at the rate of 1%, will be repayable monthly, over a five-year period starting in 2021 and if certain conditions are met, may be partially or even fully forgiven.

16. Comparative figures

Certain comparative figures have been adjusted to conform to changes in the current year presentation.