Nova Leap Health Corp.

Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2019 and 2018

(Unaudited)
(United States dollars)

Nova Leap Health Corp.

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

	March 31, 2019 $	December 31, 2018 $
ASSETS		
Current assets		
Cash and cash equivalents	**1,244,548**	1,283,505
Accounts receivable	**1,406,561**	1,486,318
Prepaid expenses	**225,233**	257,711
Total current assets	**2,876,342**	3,027,534
Non-current assets		
Property and equipment (note 3)	**236,187**	30,162
Intangible assets	**847,211**	991,714
Goodwill	**8,242,994**	8,205,276
Deferred income tax asset	**192,262**	204,395
Total non-current assets	**9,518,654**	9,431,547
TOTAL ASSETS	**12,394,996**	12,459,081
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**843,081**	923,688
Client deposits payable	**94,636**	85,434
Lease liability	**103,280**	-
Promissory notes (note 5)	**482,577**	491,498
Demand loans (note 6)	**3,438,319**	3,567,449
Total current liabilities	**4,961,893**	5,068,069
Non-current liabilities		
Lease liability	**127,665**	-
Promissory notes (note 5)	**333,274**	563,483
Deferred income tax liability	**59,543**	64,006
Total non-current liabilities	**520,482**	627,489
TOTAL LIABILITIES	**5,482,375**	5,695,558
SHAREHOLDERS' EQUITY		
Share capital (note 7)	**8,642,327**	8,291,861
Warrants (note 8)	**843,786**	930,510
Contributed surplus (note 10)	**432,134**	254,671
Accumulated other comprehensive (loss) income	**(288,259)**	(411,120)
Deficit	**(2,717,367)**	(2,302,399)
TOTAL SHAREHOLDERS' EQUITY	**6,912,621**	6,763,523
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12,394,996**	12,459,081

Going concern (note 1)
Subsequent events (note 14)

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

Approved on behalf of the Board of Directors

"Michael O'Keefe" (signed) Director

"Christopher Dobbin" (signed) Director

Nova Leap Health Corp.

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

	For the three months ended March 31,	
	2019	2018
	$	**$**
Revenues		
Service revenue	**3,911,855**	1,265,021
Operating expenses		
Cost of service	**2,614,406**	820,477
	1,297,449	444,544
Corporate and administrative expenses		
Head office and operations management	**780,785**	410,830
General & administrative	**333,288**	209,074
Amortization and depreciation	**177,958**	63,616
Stock based compensation (note 9)	**144,440**	81,580
	1,436,471	765,100
Loss from operating activities	**139,022**	320,556
Net finance, foreign exchange gains and acquisition (expenses)		
Finance expense	**(106,591)**	(28,592)
Foreign exchange (loss) gain	**(105,130)**	60,740
Acquisition related expenses	**(22,725)**	(171,412)
	(234,446)	(139,264)
Loss before income tax	**373,468**	459,820
Deferred income tax (expense) recovery	**(6,336)**	21,078
Current income tax expense	**(19,330)**	-
Total income tax (expense) recovery	**(25,666)**	21,078
Net loss	**399,134**	438,742
Items that will be reclassified subsequently to profit or loss		
Exchange (gain) loss on translation to presentation currency	**(122,861)**	74,740
Total comprehensive loss	**276,273**	513,482
Weighted average number of shares outstanding (note 11)	**60,250,532**	35,745,433
Basic and diluted loss per share	**$ (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 income $	Deficit $	Total equity $
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 (note 2(b))	**-**	**-**	**-**	**-**	**-**	**(15,834)**	**(15,834)**
Warrants exercised (note 8)	**1,128,000**	**350,466**	**(53,701)**	**-**	**-**	**-**	**296,765**
Warrants expired (note 8)	**-**	**-**	**(33,023)**	**33,023**	**-**	**-**	**-**
Stock based compensation (note 9)	**-**	**-**	**-**	**144,440**	**-**	**-**	**144,440**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(399,134)**	**(399,134)**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**122,861**	**-**	**122,861**
Balance – March 31, 2019	**60,767,966**	**8,642,327**	**843,786**	**432,134**	**(288,259)**	**(2,717,367)**	**6,912,621**
Balance – January 1, 2018	29,722,100	2,596,157	399,980	107,975	58,564	(1,341,128)	1,821,548
Units issued for cash, net of issuance costs	9,220,000	1,143,000	345,579	-	-	-	1,488,579
Broker shares issued	80,000	15,787	-	-	-	-	15,787
Broker warrants issued	-	-	47,006	-	-	-	47,006
Agent options exercised	350,000	40,736	-	(13,661)	-	-	27,075
Stock based compensation	**-**	**-**	**-**	81,580	-	-	81,580
Net loss for the period	-	-	-	-	-	(438,742)	(438,742)
Other comprehensive (loss) income for the period	-	-	-	-	(74,740)	-	(74,740)
Balance – March 31, 2018	39,372,100	3,795,680	792,565	175,894	(16,176)	(1,779,870)	2,968,093

The accompanying notes form an integral part of these unaudited 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 March 31, 2019 $	2018 $
Cash provided by (used in)		
Operating activities		
Net loss for the period	**(399,134)**	(438,742)
Loss on disposal of vehicle	**-**	1,325
Amortization and depreciation	**177,958**	63,616
Deferred income tax expense (recovery)	**6,336**	(21,078)
Stock based compensation (note 9)	**144,440**	81,580
Finance expense	**106,591**	28,592
Unrealized foreign exchange loss (gain)	**117,439**	(74,740)
Net changes in non-cash working capital balances related to operations		
Change in accounts receivable	**79,757**	(329,041)
Change in prepaid expense	**32,478**	(75,910)
Change in accounts payable and accrued liabilities	**(80,607)**	70,716
Change in client deposits payable	**9,202**	(12,441)
	194,460	(706,123)
Investing activities		
Acquisition of business	**-**	(1,800,000)
Purchase of vehicle	**-**	(19,422)
	-	(1,819,422)
Financing activities		
Proceeds from issuance of Units, net of issue costs	**-**	1,551,372
Proceeds from exercise of warrants (note 8)	**296,765**	27,075
Proceeds from demand loan, net of transaction costs (note 6)	**-**	1,299,291
Repayment of demand loans and transaction costs (note 6)	**(177,170)**	(47,195)
Repayment of promissory notes and interest (note 5)	**(265,000)**	-
Repayment of lease liability and finance expense	**(25,943)**	-
Interest payments	**(62,069)**	(18,300)
	(233,417)	2,812,243
Change in cash and cash equivalents for the period	**(38,957)**	286,698
Cash and cash equivalents – beginning of period	**1,283,505**	136,820
Cash and cash equivalents – end of period	**1,244,548**	423,518
Non-cash items:		
Broker shares/warrants issued as share issue costs	**-**	62,793
Exercise of Agents options/warrants	**53,701**	13,661
Expiry of warrants	**33,023**	-
Issuance of promissory notes for acquisition of businesses	**-**	300,000

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

1. Nature of operations and going concern

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 and Massachusetts 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 May 23, 2019.

Going concern

The Group's consolidated financial statements have been prepared based on International Financial Reporting Standards applicable to a going concern, which assumes the Group will continue in operation for the foreseeable future realizing its assets and settling its liabilities and commitments in the normal course of business. While the Group has begun to realize improved cash flows and results from operations, there is doubt about the appropriateness of the going concern assumption as the Group incurred a net loss for the three months ended March 31, 2019 of $399,134 (2018 - $438,742), does not yet have a prolonged history of reporting positive cash flows or income from operations and currently has a working capital deficiency, when factoring in Schedule 1 Bank demand loans that are amortized over five to seven years. The Group achieved positive total operating income excluding non-cash amortization and stock-based compensation and positive cash provided by operating activities for the three months ended March 31, 2019. The positive operating income and operating cash flows from the existing and acquired home and home health care operations contribute to the Group's ability to increase overall operating income and improve cash flows from operations.

The continuing operations of the Group are dependent on its ability to develop sustainable positive cash flows in the future and to raise adequate financing, if necessary. In the past, the Group has raised funds through equity, convertible debt, Schedule 1 Bank demand loans and promissory notes to fund the purchase of home care businesses. The Group also has a working capital line of credit available subsequent to March 31, 2019 (see Note 14 - Subsequent events).

There can be no assurance that the Group will be successful in achieving sustainable positive cash flows from operations or raising additional cash to finance operations. These condensed interim consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern, and these adjustments could be material.

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, 2018 except as described in Note 2(b). 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, 2018, prepared in accordance with IFRS as issued by the IASB.

b) Accounting changes

The Corporation has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2019. These changes were made in accordance with the applicable transition provisions.

IFRS 16, Leases

IFRS 16 "Leases" replaces IAS 17 "Leases" along with three Interpretations (IFRIC 4 "Determining whether an arrangement contains a Lease", SIC 15 "Operating Leases-Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving

2. Significant accounting policies (continued)

b) Accounting changes (continued)

the Legal Form of a Lease"). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening deficit balance for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as a lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, January 1, 2019. At this date, the Group has elected to measure the right-of-use assets at an amount determined as if IFRS 16 had been applied since the commencement date, discounted using the incremental borrowing rate at the date of initial application.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, and for leases of low-value assets, the Group has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6.3%.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at December 31, 2018 to the lease liabilities recognized at January 1, 2019.

	$	$
Total operating lease commitments disclosed at December 31, 2018		**258,929**
Recognition exemptions:		
• Leases of low value assets	(2,100)	
• Leases with remaining lease term less than 12 months	(59,886)	
		(61,986)
Operating lease liabilities before discounting		196,943
Discounted using incremental borrowing rate		(15,580)
Operating lease liabilities		181,363
Reasonably certain extension options		68,652
Total lease liabilities recognized under IFRS 16 at January 1, 2019		**250,015**

Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2019 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

c) Leases

The Group as a Lessee

As described above, the Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

For any new contracts entered into on or after January 1, 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group

2. Significant accounting policies (continued)

c) Leases (continued)

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment and current lease liabilities have been included in trade and other payables and lease liabilities for periods beyond 12 months are included in long-term liabilities.

Prior to the adoption of IFRS 16, the Group followed IAS 17. All leases were classified as operating. Lease payments under an operating lease were recognized as an expense on a straight-line basis over the lease term.

3. Property and equipment

The changes in property and equipment for the period are as follows:

	Right of use assets (property)	Vehicles and other equipment	Total
	$	$	$
Balance, January 1, 2019	-	30,162	30,162
Adjustment on transition to IFRS 16 (note 2(b))	234,181	-	234,181
Depreciation	(26,232)	(2,887)	(29,119)
Foreign exchange loss	857	106	963
Balance, March 31, 2019	208,806	27,381	236,187

3. Property and equipment (continued)

	Vehicles and other equipment
	$
Balance, January 1, 2018	3,225
Additions	35,103
Disposal	(1,325)
Depreciation	(6,563)
Foreign exchange loss	(278)
Balance, December 31, 2018	30,162

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 of the Group are 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 March 31, 2019	2018
	$	$
Consulting fees	81,819	95,466
Directors fees	14,483	15,219
Stock based compensation	117,897	70,698
	214,199	181,383

As at March 31, 2019, there was $60,164 included in Accounts payable and accrued liabilities for amounts owed to officers of the Corporation (March 31, 2018 – $5,102) for consulting fees and expense reimbursements, and $28,025 for amounts due to directors for director fees (March 31, 2018 – $15,219).

5. Promissory notes

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

	March 31, 2019	December 31, 2018
	$	$
Balance, beginning of period	1,054,981	-
Issued	-	1,013,783
Effective interest	20,660	54,172
Repayments	(265,000)	-
Foreign exchange loss	5,210	(12,974)
Balance, end of period	815,851	1,054,981
Current portion	482,577	491,498
Non-current portion	333,274	563,483
Fair value	816,361	1,050,555

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

6. Demand loans

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

	March 31, 2019	December 31, 2018
	$	$
At amortized cost:		
Balance, beginning of period	3,567,449	540,545
Issued	-	3,643,866
Debt issue and EDC costs	(9,950)	(171,341)
Effective interest	82,158	258,479
Interest payment	(62,069)	(178,645)
Principal repayment in cash	(167,220)	(453,958)
Foreign exchange loss (gain)	27,951	(71,497)
Balance, end of period	3,438,319	3,567,449
Fair value	3,564,467	3,702,736

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 3-6 years remaining.

All the loans are also 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.

7. Share capital

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

b. Issued and outstanding:

	March 31, 2019		December 31, 2018	
	Number of Shares	Value $	Number of Shares	Value $
Balance, beginning of period	59,639,966	8,291,861	29,722,100	2,596,157
Shares issued for cash, net of issue costs	-	-	29,485,466	5,638,413
Broker shares issued	-	-	80,000	15,788
Agent options exercised	-	-	350,000	40,736
Warrants exercised (note 8)	1,128,000	350,466	2,400	767
Balance, end of period	60,767,966	8,642,327	59,639,966	8,291,861

Common shares subject to escrow

Of the 10,000,000 common shares issued in January 2016 which were subject to an escrow agreement, 3,000,000 shares were in escrow at March 31, 2019. The remaining shares in escrow will be released in 2 equal increments of 1,500,000 shares each, on May 4, 2019 and November 4, 2019.

8. Warrants

The changes in warrants for the period are as follows:

	March 31, 2019	December 31, 2018
	$	$
Balance, beginning of period	930,510	399,980
Warrants issued, net of issue costs	-	345,584
Broker warrants issued	-	185,256
Broker warrants exercised	(53,701)	(310)
Warrants expired	(33,023)	-
Balance, end of period	843,786	930,510

8. Warrants (continued)

The details of the warrants outstanding at the end of period are as follows:

	March 31, 2019			December 31, 2018		
	Number	Weighted Average Exercise Price (CAD)	Remaining contractual life (years)	Number	Weighted Average Exercise Price CAD	Remaining contractual life (years)
Balance, beginning	12,627,383	$0.35	0.81	6,856,250	$0.35	0.52
Issued for cash	-	-	-	4,610,000	$0.37	1.11
Broker warrants issued	-	-	-	1,163,533	$0.29	1.35
Warrants exercised	(1,128,000)	$0.35	-	(2,400)	$0.25	-
Warrants expired	(713,153)	$0.35	-	-	-	-
Balance, end	10,786,230	$0.35	0.67	12,627,383	$0.35	0.81

The following table summarizes information concerning outstanding and exercisable warrants at March 31, 2019:

Expiry date	Number	Exercise price (CAD) $
Jul 5, 2019	2,543,750	0.35
Oct 5, 2019	2,475,000	0.35
Jan 7, 2020	1,223,800	0.35
Feb 22, 2020	3,422,500	0.375
Feb 22, 2020	319,400	0.25
Apr 12, 2020	221,879	0.30
May 30, 2020	417,407	0.30
Sep 27, 2020	107,097	0.35
Oct 25, 2020	55,397	0.35
	10,786,230	0.35

9. Stock based compensation

The Corporation has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Corporation unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term and are non-transferable. Options vesting conditions are determined by the Board of Directors at the time of grant. Options may be exercised ninety days following the date of termination of employment or holding office as a director or officer of the Corporation and, in the case of death, expire within one year thereafter. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the TSX Venture Exchange at the time of the grant.

The changes in incentive stock options during the period were as follows:

	March 31, 2019		December 31, 2018	
	Number	Weighted Average Exercise Price (CAD)	Number	Weighted Average Exercise Price (CAD)
Balance, beginning	2,835,000	$0.18	1,350,000	$0.10
Granted	1,935,000	$0.45	1,485,000	$0.25
Balance, end	4,770,000	$0.29	2,835,000	$0.18

9. Stock based compensation (continued)

In January 2019, Nova Leap granted 1,935,000 incentive stock options to directors, officers, employees and consultants of the Corporation. The stock options are exercisable for a period of 10 years at an exercise price of $0.45 CAD per share and vest 25% immediately and 25% on each anniversary date of the stock option grant date. The options were granted under, and are subject to, the terms and conditions of the Corporation's Stock Option Plan.

The following table summarizes information concerning outstanding and exercisable options at March 31, 2019:

	Outstanding		Exercisable	
Expiry date	Number	Exercise price (CAD) $	Number	Exercise price (CAD) $
Apr 25, 2026	1,350,000	$0.10	1,350,000	$0.10
Jan 11, 2028	1,485,000	$0.25	742,500	$0.25
Jan 13, 2029	1,935,000	$0.45	483,750	$0.45
	4,770,000	$0.29	2,576,250	$0.21

The weighted average contractual life outstanding as at March 31, 2019 is 8.71 years.

The compensation cost for the stock options granted during the period were determined based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Option grant date	January 14, 2019	January 12, 2018
Exercise price (CAD)	$0.45	$0.25
Risk free interest rate	1.89%	1.00%
Expected volatility	121.45%	107%
Expected dividend yield	0%	0%
Expected life	6.0 years	6.0 years
Grant date fair value (CAD)	$0.26	$0.20

The expected volatility was determined based on a weighted average of Nova Leap's historical share price volatility from the date of the grant over the trading history available. The expected forfeiture rate was nil.

The Corporation recorded total stock-based compensation during the three months ended March 31, 2019 of $144,440 (March 31, 2018 - $81,580).

10. Contributed Surplus

The changes in contributed surplus for the period are as follows:

	March 31, 2019 $	December 31, 2018 $
Balance, beginning of period	254,671	107,975
Stock options granted – directors and officers (note 9)	144,440	160,357
Exercise stock options – agents	-	(13,661)
Expired warrants (note 8)	33,023	-
Balance, end of period	432,134	254,671

11. Loss per Share

Basic earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share assumes that stock options, agent's options and warrants have been exercised on the later of the beginning of the period and the date granted. As of March 31, 2019, all options and warrants were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive.

12. 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 risk in the current year as it was exposed to in the prior year and in addition is exposed to interest rate risk because of the demand loan that has variable rate interest. 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	**March 31, 2019**	**December 31, 2018**
	$	$
Cash and cash equivalents	1,244,548	1,283,505
Trade receivables	1,406,561	1,353,246
Other receivables	-	133,072
	2,651,109	2,769,823

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 on boarding 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 March 31, 2019, the Group had $94,636 collected for client deposits, representing approximately 7% of outstanding accounts receivable, billed and accrued (December 31, 2018 - $85,434).

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 forecast 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 anticipated earnings in order to determine headroom or any shortfalls.

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

The Group has a working capital shortfall at March 31, 2019 and 2018 primarily due to the presentation of demand loans as current, and the Group's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on the growth of the home care business acquired as well as future support of shareholders through public or private equity offerings. Refer to note 1, Going Concern.

12. Financial instruments (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 March 31, 2019				
Account payable and accrued liabilities	843,081	-	-	-
Client deposits	94,636	-	-	-
Demand loan, principal and interest	960,187	945,290	2,159,622	227,236
Promissory note, principal and interest	520,449	255,420	116,934	-
Lease liability, principal and interest	114,916	109,581	22,929	-
Total	2,533,269	1,310,291	2,299,485	227,236
For the year ended December 31, 2018				
Account payable and accrued liabilities	923,688	-	-	-
Client deposits	85,434	-	-	-
Demand loan, principal and interest	954,585	940,041	2,313,118	289,786
Promissory note, principal and interest	525,110	510,162	116,934	-
Total	2,488,817	1,450,203	2,430,052	289,786

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 one operation in Canada that transacts in Canadian dollars. The Group's exposure to CAD dollar currency risk was as follows:

	March 31, 2019 (CAD)	December 31, 2018 (CAD)
	$	$
Cash and cash equivalents	439,967	526,979
Accounts receivable	435,532	423,960
Accounts payable & accrued liabilities	(451,257)	(524,042)
Demand loan	(1,706,104)	(1,787,004)
Promissory note	(348,507)	(342,096)
Lease liabilities	(191,420)	-
	(1,821,789)	(1,702,203)

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 $65,000 (December 31, 2018 - $60,000).

Interest rate sensitivity

As at March 31, 2019, 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 $91,000 over the remaining term of the loans (December 31, 2018 - $120,000).

Fair value
All financial assets and liabilities except for the demand loans and promissory notes 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 demand loans and promissory notes are disclosed in note 5 and 6.

13. 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 March 31, 2019		
	US	**Canada**	**Total**
	$	**$**	**$**
Segment revenues (all from external customers)	**3,349,331**	**562,524**	**3,911,855**
Cost of services	2,234,672	379,734	2,614,406
Gross margin	**1,114,659**	**182,790**	**1,297,449**
General & administrative	718,998	116,173	835,171
Amortization and depreciation	145,355	19,422	164,777
Stock based compensation	14,465	3,394	17,859
Segment operating income	**235,841**	**43,801**	**279,642**
Segment assets	**9,398,686**	**2,480,494**	**11,879,180**

	For the three months ended March 31, 2018		
	US	**Canada**	**Total**
	$	**$**	**$**
Segment revenues (all from external customers)	**1,265,021**	**-**	**1,265,021**
Cost of services	820,477	-	820,477
Gross margin	444,544	**-**	444,544
General & administrative	390,701	-	390,701
Amortization and depreciation	64,941		64,941
Stock based compensation	5,381		5,381
Segment operating loss	**(16,478)**	**-**	**(16,478)**
Segment assets	**5,293,724**	**-**	**5,293,724**

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.

The totals presented in the Group's operating segments reconcile to the key financial figures as presented in the financial statements as follows:

	For the three months ended March 31,	
	2019	**2018**
	$	**$**
Revenues (Segment and Group)	**3,911,855**	**1,265,021**
Gross margin (Segment and Group)	**1,297,449**	**444,544**
Group loss		
Total reportable segment operating income (loss)	279,642	(11,096)
Corporate and administrative expenses not allocated	418,664	248,720
Group operating loss	**(139,022)**	**(259,816)**

13. Segment reporting (continued)

	March 31, 2019	March 31, 2018
	$	$
Assets		
Total reportable segment assets	11,879,180	5,293,724
Group headquarters	515,816	362,430
Group assets	**12,394,996**	**5,656,154**

14. Subsequent events

Subsequent to March 31, 2019, Nova Leap completed the acquisition of the business assets of Careforce Home Care Workers Cooperative Limited, with locations in Kentville and New Glasgow, Nova Scotia, for $564,000. The purchase price for the acquisition was paid with $263,000 in cash, and a $301,000 promissory note issued to the Vendor, repayable over a four-year period. Included in the acquisition and purchase price is real estate that is used in the business. All amounts are in United States dollars ("USD") unless otherwise specified.

The initial accounting for the business acquisition was incomplete at the time the condensed interim consolidated financial statements were authorized for issue; therefore, certain disclosures cannot be determined at this time. This includes amounts to be recognized as of the acquisition date for the fair value of the assets acquired and liabilities assumed including any intangible assets that may arise from the transaction. The Corporation expects the preliminary purchase price allocation will include intangible assets (i.e. customer lists) and goodwill.

Subsequent to March 31, 2019 Nova Leap obtained a revolving line of credit for $1,000,000 CAD at an interest rate of Prime +1.5% to be used for working capital purposes, as needed.

15. Comparative figures

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