Nova Leap Health Corp.

Consolidated Financial Statements
For the years ended December 31, 2018 and 2017

(United States dollars)

Grant Thornton

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Independent auditor's report

To the Shareholders of
Nova Leap Health Corp.

Opinion

We have audited the consolidated financial statements of Nova Leap Health Corp. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rodney D. Belliveau.

Grant Thornton LLP

Halifax, Canada
March 14, 2019

Chartered Professional Accountants
Licensed Public Accountants

Nova Leap Health Corp.

Consolidated Statement of Financial Position
(United States dollars)

	December 31, 2018 $	December 31, 2017 $
ASSETS		
Current assets		
Cash and cash equivalents	**1,283,505**	136,820
Accounts receivable	**1,486,318**	269,947
Prepaid expenses	**257,711**	59,153
Total current assets	**3,027,534**	465,920
Non-current assets		
Property and equipment (note 4)	**30,162**	3,225
Intangible assets (note 5)	**991,714**	226,493
Goodwill (note 6)	**8,205,276**	2,116,500
Deferred income tax asset (note 7)	**204,395**	102,308
Total non-current assets	**9,431,547**	2,448,526
TOTAL ASSETS	**12,459,081**	2,914,446
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	**923,688**	452,890
Client deposits payable	**85,434**	99,463
Promissory notes (note 10)	**491,498**	-
Demand loans (note 11)	**3,567,449**	540,545
Total current liabilities	**5,068,069**	1,092,898
Non-current liabilities		
Promissory notes (note 10)	**563,483**	-
Deferred income tax liability (note 7)	**64,006**	-
Total non-current liabilities	**627,489**	**-**
TOTAL LIABILITIES	**5,695,558**	1,092,898
SHAREHOLDERS' EQUITY		
Share capital (note 12)	**8,291,861**	2,596,157
Warrants (note 13)	**930,510**	399,980
Contributed surplus (note 15)	**254,671**	107,975
Accumulated other comprehensive (loss) income	**(411,120)**	58,564
Deficit	**(2,302,399)**	(1,341,128)
TOTAL SHAREHOLDERS' EQUITY	**6,763,523**	1,821,548
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12,459,081**	2,914,446

Going concern (note 1)
Subsequent events (note 20)

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

Approved on behalf of the Board of Directors

Signed "Michael O'Keefe"
(signed) Director

Signed "Christopher Dobbin"
(signed) Director

Nova Leap Health Corp.

Consolidated Statement of Loss and Comprehensive Loss
(United States dollars)

	For the years ended December 31, 2018 $	2017 $
Revenues		
Service revenue	**10,362,179**	1,059,845
Operating expenses		
Cost of service	**7,041,936**	693,945
	3,320,243	365,900
Corporate and administrative expenses		
Head office and operations management	**2,424,628**	536,639
General & administrative	**1,056,727**	434,392
Amortization and depreciation (notes 4 and 5)	**442,728**	35,591
Stock based compensation (note 14)	**159,897**	-
Impairment loss (note 5)	**-**	3,891
	4,083,980	1,010,513
Loss from operating activities	**763,737**	644,613
Net finance, acquisition and foreign exchange gains (expenses)		
Finance income	**-**	3,130
Finance expense	**(312,923)**	(21,841)
Foreign exchange gain (loss)	**366,560**	(43,825)
Acquisition related expenses (note 3)	**(330,488)**	(218,712)
	(276,851)	(281,248)
Deferred income tax recovery (note 7)	**95,765**	74,252
Income tax expense (note 7)	**(16,448)**	-
	79,317	74,252
Net loss	**961,271**	851,609
Items that will be reclassified subsequently to profit or loss		
Exchange loss (gain) on translation to presentation currency	**469,684**	(50,573)
Total comprehensive loss	**1,430,955**	801,036
Weighted average number of shares outstanding during the period (note 16)	**48,450,917**	20,636,440
Basic and diluted loss per share	**$ (0.02)**	$ (0.04)

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

Nova Leap Health Corp.

Consolidated Statement of Changes in Shareholders' Equity
(United States dollars)

	Common shares	Share capital $	Warrants $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total equity $
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 (note 12)	**29,485,466**	**5,638,413**	**345,584**	**-**	**-**	**-**	**5,983,997**
Broker shares issued (note 12)	**80,000**	**15,788**	**-**	**-**	**-**	**-**	**15,788**
Broker warrants issued (note 13)	**-**	**-**	**185,256**	**-**	**-**	**-**	**185,256**
Agent options exercised (notes 14 & 15)	**350,000**	**40,736**	**-**	**(13,661)**	**-**	**-**	**27,075**
Broker warrants exercised (notes 12 & 13)	**2,400**	**767**	**(310)**				**457**
Stock based compensation (notes 14 & 15)	**-**	**-**	**-**	**160,357**	**-**	**-**	**160,357**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(961,271)**	**(961,271)**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**	**(469,684)**	**-**	**(469,684)**
Balance – December 31, 2018	**59,639,966**	**8,291,861**	**930,510**	**254,671**	**(411,120)**	**(2,302,399)**	**6,763,523**
Balance – January 1, 2017	13,500,000	510,801	-	116,109	7,991	(489,519)	145,382
Units issued for cash, net of issuance costs	13,712,500	1,685,356	399,980	-	-	-	2,085,336
Shares issued for business acquisition	2,509,600	400,000					400,000
Redemption of convertible debt	-	-	-	(8,134)	-		(8,134)
Net loss for the period	-	-	-	-	-	(851,609)	(851,609)
Other comprehensive income for the period	-	-	-	-	50,573	-	50,573
Balance – December 31, 2017	29,722,100	2,596,157	399,980	107,975	58,564	(1,341,128)	1,821,548

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

Nova Leap Health Corp.

Consolidated Statement of Cash Flows
(United States dollars)

	For the year ended December 31, 2018 $	2017 $
Cash provided by (used in)		
Operating activities		
Net loss for the period	**(961,271)**	(851,609)
Loss on disposal of vehicle (note 4)	**1,325**	-
Amortization and depreciation (notes 4 and 5)	**442,728**	35,591
Impairment loss (note 5)	**-**	3,891
Deferred income tax recovery (note 7)	**(95,765)**	(74,252)
Stock based compensation (note 14)	**159,897**	-
Gain on redemption of convertible debt	**-**	(2,136)
Finance expense	**312,923**	21,841
Unrealized foreign exchange (gain) loss	**(451,613)**	53,001
Net changes in non-cash working capital balances related to		
Change in accounts receivable	**(1,216,371)**	(251,998)
Change in prepaid expense	**(198,558)**	(47,667)
Change in accounts payable and accrued liabilities	**470,798**	385,462
Change in client deposits payable	**(14,029)**	99,087
	(1,550,208)	(628,789)
Investing activities		
Acquisition of businesses (note 3)	**(6,336,178)**	(1,800,000)
Purchase of property, plant and equipment (note 4)	**(19,422)**	-
	(6,355,600)	(1,800,000)
Financing activities		
Proceeds from issuance of Units and Common Shares, net of issue costs (notes 12 and 13)	**6,185,040**	2,085,336
Proceeds from exercise of Agent's Options and Warrants (note 14)	**27,532**	-
Proceeds from demand loan, net of transaction costs (note 11)	**3,472,525**	553,017
Repayment of demand loans	**(453,958)**	(17,119)
Interest payments	**(178,645)**	(18,144)
Repayment of convertible debenture	**-**	(185,756)
	9,052,493	2,417,334
Change in cash and cash equivalents for the period	**1,146,685**	(11,455)
Cash and cash equivalents – beginning of period	**136,820**	148,275
Cash and cash equivalents – end of period	**1,283,505**	136,820
Non-cash items:		
Broker shares/warrants issued as share issue costs (note 12 & 13)	**185,256**	-
Exercise of Agents Options/Warrants (note 13 & 14)	**13,971**	-
Issuance of promissory notes for acquisition of businesses (note 3)	**1,013,783**	-

The accompanying notes form an integral part of these 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 2108-1969 Upper Water Street, Halifax, NS Canada B3J 3R7.

The consolidated financial statements were approved by the Board of Directors on March 14, 2019.

Going concern

The Corporation completed its Qualifying Transaction on October 13, 2016 and has subsequently acquired the home and home health care assets of seven additional businesses in the Northeastern United States and Eastern Canada.

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 year ended December 31, 2018 of $961,271 (2017 - $851,609) does not yet have a 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 for the final three quarters of 2018. The positive operating income 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.

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 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
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement
The consolidated financial statements are prepared on a historical cost basis except for any financial assets and liabilities classified as available for sale or fair value through profit and loss which are stated at fair value.

c) Basis of consolidation
The consolidated financial statements consolidate those of the parent company and its subsidiaries, all of which have a reporting date of December 31. All transactions and balances between parties within the Group are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the consolidated financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

2. Significant accounting policies (continued)

d) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired, and liabilities assumed are generally measured at their acquisition-date fair values, except for deferred tax assets or liabilities measured in accordance with International Accounting Standard (IAS) 12 *Income Taxes*. Goodwill arising on acquisition is recognized as an asset and represents the excess of acquisition cost over the fair value of the identifiable net assets of the acquiree at the date of the acquisition. Any excess of identifiable net assets over the acquisition cost is recognized in net earnings or loss immediately after acquisition.

e) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in United States dollars (“USD”), which is also the functional currency of the United States subsidiaries. The functional currency of Nova Leap Health Corp., the parent, and its Canadian subsidiaries is Canadian dollars (“CAD”). USD was selected as the presentation currency since the majority of the active business operations are in USD.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are measured at historical costs (transacted using the exchange rates at the transaction date) except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group’s financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the USD are translated into USD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into USD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into USD at the closing rate. Income and expenses have been translated into USD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the accumulated other comprehensive income in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

f) Segment reporting

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

As a result of ongoing acquisitions, management re-evaluated the Corporation’s reportable segments during the year-ended December 31, 2018 and has restated the disclosure for the year ended December 31, 2017, as a result.

Corporate assets which are not directly attributable to the business activities of the operating segment are not allocated to the segment. This primarily applies to the Group’s head office.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, cash held in trust when cash held in trust is not restricted for use and short-term redeemable guaranteed investment certificates held with Schedule 1 banks. Interest earned is recognized in the consolidated statement of loss and comprehensive loss.

2. Significant accounting policies (continued)

h) Property, plant & equipment

Vehicles are recognized at acquisition cost, less accumulated amortization and impairment losses. Amortization is recognized on a straight-line basis to write down the cost less estimated residual value of vehicles. The useful life of used vehicles is 2-6 years depending on the age and condition of the vehicle.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within other income or other expenses.

i) Intangible assets

Initial recognition of intangible assets

Customer lists and brands acquired in a business acquisition that qualify for separate recognition are recognized as intangible assets at their fair values.

Subsequent measurement

All finite-lived intangible assets (customer lists) are accounted for using the cost model whereby capitalized costs are amortized over their estimated useful lives. As a result of ongoing acquisitions and benchmarking, for acquisitions completed in 2018, the amortization method was changed from the straight-line method to the declining balance method over the useful life based on an estimated customer attrition rate used as a measure for the estimated useful life of the acquired customer lists. The impact of the change in estimate is not material to current and future results. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing if indicators of impairment are identified (see note 2p).

All infinite-lived intangible assets (brands) are accounted for at cost less accumulated impairment losses and are subject to at least annual impairment testing, or more frequently if indicators of impairment are identified (see note 2p).

j) Goodwill

Goodwill represents the future economic benefits arising from a business acquisition that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses and are subject to at least annual impairment testing, or more frequently if indicators of impairment are identified (see note 2p).

k) Stock-based compensation

The Corporation has a stock-based compensation plan that is described in note 14. The Corporation accounts for stock options using the fair value method by applying the Black Scholes model. The estimated fair value of all stock options granted is recorded in the statement of loss over their vesting periods except for amounts related to agents' options on share issuances which are recorded as share issuance cost as outlined below. All share options are equity settled.

l) Equity and reserves

Share capital represents the nominal (par) value of shares that have been issued.

The Corporation applies the fair value method with respect to the measurement of shares and warrants issued as private placement units. The Company allocates the net proceeds based on the relative fair values to each component, including issue costs. The fair value of the warrants was determined using the Black-Scholes pricing model.

Broker warrants are valued using the Black-Scholes pricing model and recorded as share issue costs.

Costs directly attributable to the raising of capital are charged against the related share capital and a portion is proportionately allocated to warrants, if costs are related to the issuance of units. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.
Other components of equity include the following:

- Translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into USD, the presentation currency of the Group.

m) Loss per share

The Group presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing earnings attributable to equity shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are determined by adjusting the weighted average number of common shares for the dilutive effect of share-based payments, employee incentive share units, and warrants using the treasury stock method (if, and when, applicable). Under this method, stock options, whose exercise price is less than the average market price of

2. Significant accounting policies (continued)

m) Loss per share (continued)

the Corporation's common shares are assumed to be exercised and the proceeds used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

All share options and warrants are currently anti-dilutive. As a result, basic and diluted earnings per share are the same.

n) Revenue

The Group generates home and home health care revenues by providing home and home health care services directly to clients, such as dementia care, companionship, personal care, and skilled nursing care. The Group receives payments for providing services from private individuals, Government Agencies such as the Department of Veteran Affairs and long-term care insurance. The transaction price for revenue is based on an hourly rate specified in client agreements and recognized as revenue at the time services are rendered, which is the point in time when all performance obligations are satisfied. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The Group has determined that no significant financing components exist with respect to contracts with customers, as accounts receivable bear normal commercial credit terms and are non-interest bearing.

o) Income taxes

The Group uses the liability method of accounting for income taxes.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability is settled. The effect on deferred tax assets or liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business acquisition and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- In respect of taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent or subsidiary and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When results from the initial recognition of an asset or liability in a transaction that is not a business acquisition and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

p) Impairment of long-lived assets and 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.

2. Significant accounting policies (continued)

p) Impairment of long-lived assets and goodwill (continued)

Cash-generating units 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.

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 impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. 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.

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.

q) Significant management judgement

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effects on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets can be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment.

Going concern

The assessment of the Group's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned organic expansion and acquisitions, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

r) Management estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

Estimates and assumptions that could have a significant impact on the amounts recognized in the consolidated financial statements are summarized below. Estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future.

Impairment of goodwill and intangible assets

Determining if there are any facts or circumstances indicating an impairment loss is a subjective process involving judgment as well as a number of estimates and interpretations. When an indication of impairment loss exists, the recoverable amount of the individual asset or the cash generating units must be estimated.

In assessing impairment, the Group must make some estimates and assumptions regarding future circumstances, in particular, estimates of future market growth and trends, forecasted revenue and costs, expected periods the assets will be utilized, appropriate discount rates and other variables. Estimates and assumptions may change if new information becomes available.

Stock based compensation

The Corporation issued equity-settled stock-based compensation to certain employees and third parties outside the Corporation. Equity-settled share-based payments are measured at fair value, excluding the effect of non-market based vesting conditions, at the date of grant. Fair value is estimated using the Black-Scholes pricing model and requires the exercise of

2. Significant accounting policies (continued)

r) Management estimates (continued)

judgment in relation to variables such as expected volatilities which are based on information available at the time the fair value is measured.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets, including estimating fair value of promissory notes and demand loans on initial measurement. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the purchase price allocation and amounts attributable to customer lists, brands and goodwill are estimated using fair value techniques and is dependent on several factors including estimates of future market growth and trends, forecasted revenue and costs, expected periods the assets will be utilized, appropriate discount rates and other variables. The Group bases its fair value estimates on assumptions management believes to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

s) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value and adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented, the Group does not have any financial assets categorized as FVOCI or FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance expense or finance income, except for impairment of trade receivables which is presented within corporate and administrative expenses.

Subsequent measurement of financial assets

<u>Financial assets at amortized cost</u>

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments (under IAS 39 they were classified as loans and receivables and subsequently measured at amortized cost).

2. Significant accounting policies (continued)

s) Financial instruments (continued)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included trade and other receivables.

<u>Trade and other receivables and contract assets</u>

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis. As they possess shared credit risk characteristics, they have been grouped based on the days past due.

<u>Other financial assets</u>

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets).

<u>Previous financial asset impairment under IAS 39</u>

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

Classification and measurement of financial liabilities

The Group's financial liabilities include demand loans, promissory notes and trade and other payables and all are measured at amortized cost.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2. Significant accounting policies (continued)

s) Financial instruments (continued)

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

There are no financial instruments measured at fair value on the Consolidated Statement of Financial Position as at December 31, 2018 or 2017.

t) Accounting changes

The Corporation has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2018. These changes were made in accordance with the applicable transition provisions.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. The Corporation adopted IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The Corporation has elected to apply the modified retrospective method on transition, which means that comparative periods have not been restated. On transition, cumulative impacts related to adoption are required to be recognized in opening retained earnings. Adoption of the standard did not have any impact on the recognition or measurement of revenue.

IFRS 9, Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. The Corporation has elected to apply the modified retrospective method on transition, which means that comparative periods have not been restated. The Company adopted IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. The adoption of this standard had no financial impact to the Corporation.

The Corporation did not identify any changes to the classification and measurement of the existing financial instruments upon applying IFRS 9, other than a change in the classification of cash and cash equivalents and accounts receivable from loans and receivables to assets at amortized cost, which had no impact on these financial statements.

- IFRS 9 requires the Corporation to record expected credit losses ("ECL") on the entire accounts receivable balance. The Corporation has applied the simplified approach and has calculated the lifetime ECLs based on an established provision matrix that considers the Corporation's historical loss experience, adjusted for forward-looking factors specific to the Corporation's clients and the economic environment. The adoption of the ECL requirements of IFRS 9 did not have an impact on the consolidated financial statements

2. Significant accounting policies (continued)

u) Future accounting standards issued but not yet applied

New standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2019 and have not been applied in preparing the consolidated financial statements. Accordingly, the Group expects to adopt these standards as set forth below.

i) IFRS 16, Leases

IFRS 16 was issued by the IASB in January 2016 and supersedes IAS 17, Leases. The new standard brings most leases on the balance sheet for lessees under a single model and eliminates the distinction between operating and finance leases. Lessor accounting remains largely unchanged. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019.

Management is in the process of assessing the full impact of the Standard. So far, the Group:

- Has decided to make use of the practical expedient not to perform a full review of existing leases and apply IFRS 16 only to new or modified contracts. As some leases will be modified or renewed in 2019, the Group has reassessed these leases and concluded they will be recognized on the statement of financial position as a right-of use asset, and
- Believes that the most significant impact will be that the Group will need to recognize a right of use asset and a lease liability for the office buildings currently treated as operating leases. This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense.

The Group is planning to adopt IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative information is not restated.

Choosing this transition approach results in further policy decisions the Group need to make as there are several other transitional reliefs that can be applied. These relate to those leases previously held as operating leases and can be applied on a lease-by-lease basis. The Group are currently assessing the impact of applying these other transitional reliefs.

3. Business acquisitions

Acquisitions completed in 2018

The Corporation completed four asset acquisitions in the United States and one share purchase in Canada during the year ended December 31, 2018

United States Acquisitions:

- **Family Tree Home Care, Inc. ("Family Tree")**

  On February 23, 2018, the Corporation acquired the home care assets ("Significant Assets") of Family Tree located in Shrewsbury, Massachusetts, USA. Pursuant to the terms of the Definitive Agreement, one of the Corporation's U.S. subsidiaries acquired the Significant Assets from Family Tree for a total purchase price of $2,100,000.

- **Home Health Solutions Inc. ("HHS")**

  On April 14, 2018, the Corporation acquired the home care assets ("Significant Assets") of HHS located in Holyoke, Massachusetts, USA. Pursuant to the terms of the Definitive Agreement, one of the Corporation's U.S. subsidiaries acquired the Significant Assets from HHS for a total purchase price of $1,200,000.

- **Comprehensive Home Care ("CHC")**

  On September 28, 2018, the Corporation acquired the home care assets ("Significant Assets") of CHC located in South Deerfield, Massachusetts, USA. Pursuant to the terms of the Definitive Agreement, one of the Corporation's U.S. subsidiaries acquired the Significant Assets from CHC for a total purchase price of $1,600,000.

(United States dollars)

3. Business acquisitions (continued)

- **Living at Home SeniorCare ("LAH")**

  On October 19, 2018, the Corporation acquired the home care assets of Living at Home SeniorCare located in Amherst, New Hampshire, USA. The acquired business operates under one of Nova Leap's existing brands, Armistead Senior Care, which has operations in Vermont and New Hampshire. Pursuant to the terms of the Definitive Agreement, one of the Corporation's U.S. subsidiaries acquired the Significant Assets from LAH for a total purchase price of $425,000.

The details of the business acquisitions in the United States are as follows:

	Family Tree	HHS	CHC	LAH
Acquisition date	Feb 23	Apr 14	Sep 28	Oct 19
Acquisition costs	$93,246	$74,168	$52,630	$42,135
Fair value of consideration transferred	**$**	**$**	**$**	**$**
Cash	470,620	273,397	615,483	310,405
Promissory note to vendor	274,500	183,000	209,426	94,164
Demand loan, net of fees	1,329,830	730,395	744,514	-
Assumed client deposits	-	-	-	14,495
Total	**2,074,950**	**1,186,792**	**1,569,423**	**419,064**
Recognized amounts of identifiable net assets	**$**	**$**	**$**	**$**
Prepaid security deposit	450	-	-	-
Prepaid expenses	-	3,792	-	-
Vehicle	-	9,000	-	-
Intangible assets (customer lists)	540,000	160,000	170,000	80,000
Goodwill	1,534,500	1,014,000	1,399,423	339,064
Total	**2,074,950**	**1,186,792**	**1,569,423**	**419,064**
Contribution to Group Results	**$**	**$**	**$**	**$**
Revenue from date of acquisition to reporting date	3,493,169	1,347,932	799,617	189,976
Operating income from date of acquisition to reporting date (including non-cash amortization)	410,176	187,262	22,237	506

Goodwill
Goodwill is primarily related to growth expectations, expected future profitability and the assembled workforce.

Canada Acquisition:

- **Always Home Homecare Services Inc. ("Always Home")**

  On June 1, 2018, the Corporation acquired Always Home Homecare Services Inc. located in Halifax, Nova Scotia, Canada. Pursuant to the terms of the Definitive Agreement, the Corporation's Canadian subsidiary acquired the shares of Always Home for a total purchase price of $2,121,259 ($2,750,000 CAD). The acquisition was funded using $1,079,914 ($1,400,000 CAD) cash, $771,367 ($1,000,000 CAD) funds from debt and $252,693 ($350,000 CAD) promissory note issued to the vendors.

(United States dollars)

3. Business acquisitions (continued)

The details of the business acquisition in Canada is as follows:

	Always Home
Acquisition date	Jun 1
Acquisition costs	$50,133
Fair value of consideration transferred	**$**
Cash	1,079,914
Promissory note to vendor	252,693
Demand loan, net of fees	771,367
Working capital adjustment	159,702
Total	**2,263,676**
Recognized amounts of identifiable net assets	**$**
Working capital	159,702
Property, plant and equipment	6,681
Intangible assets (customer lists)	154,273
Intangible assets (brand)	107,991
Goodwill	1,896,021
Deferred tax asset	20,310
Deferred tax liability	(81,302)
Total	**2,263,676**
Contribution to Group Results	**$**
Revenue from date to acquisition of reporting date	1,325,863
Operating income from date of acquisition to reporting date (including non-cash amortization)	117,321

Goodwill
Goodwill is primarily related to growth expectations, expected future profitability and the assembled workforce.

Proforma Group Results and Other

Proforma Group results based on acquiring the assets of all closed acquisitions at January 1, 2018
If the Significant Assets of Family Tree, HHS, CHC, LAH and the Always Home business acquired during the period had been acquired on January 1, 2018, revenue of the Group for the reporting period would have increased by approximately $5,144,000 and loss from operating activities for the period would have decreased by approximately $295,000, including $174,000 of amortization expense.

Acquisition related expenses
The Group incurred acquisition related expenses of $330,488 for the year ended December 31, 2018, of which acquisition costs of $312,312 related to the acquisition of businesses that closed during the year and the remaining amount related to future or considered acquisitions.

(United States dollars)

3. Business acquisitions (continued)

Acquisitions completed in 2017

The Corporation completed two asset acquisitions in the United States during the year ended December 31, 2017.

United States Acquisitions:

- **All About Home Care ("AAHC")**

  On September 22, 2017, the Corporation acquired the home care assets ("Significant Assets") of All About Home Care, LLC located in Rhode Island, USA. Pursuant to the terms of the Definitive Agreement, one of the Corporation's U.S. subsidiaries acquired the Significant Assets from All About Home Care, LLC for a total purchase price of $1,200,000. The acquisition was funded using $600,000 cash and $600,000 funds from debt.

- **Armistead Senior Care ("Armistead")**

  On October 6, 2017, the Corporation acquired the home care assets ("Significant Assets") of AME, LLC doing business as Armistead Senior Care located in Vermont and New Hampshire, USA. Pursuant to the terms of the Definitive Agreement, one of the Corporation's U.S. subsidiaries acquired the Significant Assets from AME, LLC for a total purchase price of $1,000,000. The acquisition was funded using $600,000 cash and $400,000 of Nova Leap shares issued from treasury.

The details of the business acquisitions in the United States are as follows:

	AAHC	Armistead
Acquisition date	Sep 22	Oct 6
Acquisition costs	$113,896	$104,525
Fair value of consideration transferred	**$**	**$**
Cash	553,572	567,180
Demand loan, net of fees	575,952	400,000
Assumed liabilities – client deposits	53,809	31,558
Assumed liabilities – vacation	16,667	1,262
Total	**1,200,000**	**1,000,000**
Recognized amounts of identifiable net assets	**$**	**$**
Vehicle	-	3,500
Intangible assets (customer lists)	150,000	110,000
Goodwill	1,050,000	886,500
Total	**1,200,000**	**1,000,000**
Contribution to Group Results	**$**	**$**
Revenue from date to acquisition to reporting date	501,688	428,366
Operating income (loss) from date to acquisition to reporting date (including non-cash amortization)	4,940	(21,153)

Goodwill
Goodwill is primarily related to growth expectations, expected future profitability and the assembled workforce.

Acquisition costs
Acquisition costs are included in professional fees on the Consolidated Statement of Loss and Comprehensive Loss.

(United States dollars)

3. Business acquisitions (continued)

Proforma Group results based on acquiring the assets of both acquisitions at the beginning of the reporting period
If the Significant Assets of both businesses had been acquired on January 1, 2017, revenue of the Group for the reporting period would have been approximately $3,650,000 and loss from operating activities for the year would have increased by approximately $49,000.

4. Property and equipment

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

	December 31, 2018	December 31, 2017
	$	$
Balance, beginning of period	3,225	-
Additions	35,103	3,500
Disposal	(1,325)	-
Depreciation	(6,563)	(275)
Foreign exchange loss	(278)	-
Balance, end of period	30,162	3,225

5. Intangible assets

The changes in intangible assets for the period are as follows:

	December 31, 2018	December 31, 2017
	$	$
Definite life (customer lists)		
Balance, beginning of period	226,493	5,700
Additions from business acquisitions (note 3)	1,104,273	260,000
Amortization	(436,165)	(35,316)
Impairment loss	-	(3,891)
Foreign exchange loss	(5,511)	-
Balance, end of period	889,090	226,493
Indefinite life (brand)		
Balance, beginning of period	-	-
Additions from business acquisitions (note 3)	107,991	-
Foreign exchange loss	(5,367)	-
Balance, end of period	102,624	-
Total intangible assets, beginning of period	226,493	5,700
Total intangible assets, end of period	991,714	226,493

The indefinite life intangible asset has been included in the AHHC CGU for purposes of impairment testing.

6. Goodwill

The changes in goodwill for the period are as follows:

	December 31, 2018	December 31, 2017
	$	$
Balance, beginning of period	2,116,500	180,000
Additions (note 3)	6,183,007	1,936,500
Foreign exchange loss	(94,231)	-
Balance, end of period	8,205,276	2,116,500

(United States dollars)

6. Goodwill (continued)

Impairment testing

For annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business acquisition in which the goodwill arises.

As at December 31, 2018, the Group had the following CGUs and the goodwill and indefinite life intangible assets were allocated as follows:

		2018		2017	
CGU	**State/Province of operation**	**Goodwill & indefinite life intangibles**	**Excess recoverable amount over carrying amount**	**Goodwill**	**Excess recoverable amount over carrying amount**
		$	**$**	**$**	**$**
US-RI	RI	1,050,000	301,000	1,050,000	466,000
US-NH/VT	VT/NH	1,405,564	185,000	1,066,500	250,000
US-MA I	MA	1,534,500	1,940,000	-	-
US-MA II	MA	1,014,000	788,000	-	-
US-MA III	MA	1,399,423	1,748,000	-	-
Canada-NS	NS	1,904,413	1,080,000	-	-

The recoverable amount of the segments was determined based on value-in-use calculation, covering 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 recoverable amount is greater than the carrying amount of goodwill.

The present value of the expected cash flows of the CGUs are determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the CGU.

<u>Cash flow assumptions</u>

Significant assumptions impacting the calculation of the recoverable amount are as follows:

	2018			2017		
CGU	**Client Service Hours Growth**	**Discount rate**	**Break-even discount rate (a)**	**Client Service Hours Growth**	**Discount rate**	**Break-even discount rate (a)**
US-RI	15%	14.3%	18.3%	11%	12.5%	17.1%
US-NH/VT	12%	15.3%	17.0%	12%	13.1%	15.4%
US-MA I	-	17.1%	33.5%	N/A	N/A	N/A
US-MA II	11%	17.2%	29.2%	N/A	N/A	N/A
US-MA III	8%	18.7%	41.0%	N/A	N/A	N/A
Canada-NS	2%	11.6%	16.7%	N/A	N/A	N/A

a) The discount rate at which the cash-generating unit’s recoverable amount is equal to its carrying amount

Expected growth of client service hours reflects the ongoing execution of the Group’s strategy in terms of caregiver recruitment and scheduling processes and a strategic advertising and marketing plan in the respective markets, including the implementation of new websites during the first part of 2019.

(United States dollars)

7. Income taxes

a) The Group's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income (loss) before income taxes because of the following:

	2018	**2017**
Statutory tax rate	31%	31%
	$	$
Loss before income taxes	(1,040,588)	(925,861)
Income tax recovery based on substantively enacted rates	(322,582)	(287,017)
Stock based compensation	49,568	-
Non-taxable / deductible expenses	34,398	(10,667)
Effect of change in US tax rates	-	11,009
Effect of foreign and other tax rate differences	(144,206)	7,948
Increase in deferred tax asset not recognized	303,505	204,475
Income tax recovery	(79,317)	(74,252)

The enacted tax rates in Canada 31% (2017 – 31%) and United States 27.4% (2017 – 29.2%) where the Group operates are applied in the tax provision calculation.

b) Deferred tax assets / (liabilities) arising from temporary differences and non-capital losses are summarized as follows:

For the period ended December 31, 2018

	Canada	**US**	**Total**
	$	**$**	**$**
Non-capital loss carry-forwards	571,776	82,281	654,057
Intangible assets and goodwill	(64,006)	122,114	58,108
Share issuance costs	143,489	-	143,489
Unrealized foreign exchange gains and other	(85,133)	-	(85,133)
Deferred tax asset not recognized	(630,132)	-	(630,132)
Deferred tax liability	(64,006)	-	(64,006)
Deferred tax asset	-	204,395	204,395

For the period ended December 31, 2017

	Canada	**US**	**Total**
	$	$	$
Non-capital loss carry-forwards	283,407	25,892	309,299
Intangible assets and goodwill	-	81,760	81,760
Share issuance costs	43,220	-	43,220
Deferred tax asset not recognized	(326,627)	(5,344)	(331,971)
Deferred tax asset (liability)	-	102,308	102,308

c) Losses

The Group has non-capital tax losses of approximately $2,145,576 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows:

2036	$288,147
2037	$854,507
2038	$1,002,922

(United States dollars)

8. 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.

During the year ended December 31, 2018, a company controlled by the CEO billed a total $10,687 ($18,265 – December 31, 2017) for the rental of office space. As of August 1, 2018, the office space was no longer leased from a company controlled by the CEO as the head office changed locations.

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 the Corporate Secretary. Key management personnel remuneration for the periods include the following expenses:

	Year ended December 31,	
	2018	**2017**
	$	$
Consulting fees	428,383	194,590
Directors fees	59,406	-
Stock based compensation	140,023	-
	627,812	194,590

As at December 31, 2018, there was $146,287 included in Accounts payable and accrued liabilities for amounts owed to officers and directors of the Corporation (December 31, 2017 – $167,073) for consulting fees, directors fees and expense reimbursements.

9. Capital management

The Group manages its capital structure and adjusts it, based on the funds available to the Group, to support the identification and evaluation of further home care business or asset acquisitions and continue as a going concern. The Group considers capital to be shareholders' equity, promissory notes and demand loans. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Group's management to sustain future development of the business. Additional funds may be required to finance further acquisitions and corporate and administrative expenses.

10. Promissory Notes

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

	December 31, 2018	**December 31, 2017**
	$	$
Balance, beginning of period	-	-
Issued	1,013,783	-
Effective interest	54,172	-
Foreign exchange loss	(12,974)	-
Balance, end of period	1,054,981	-
Current portion	491,498	-
Non-current portion	563,483	-
Fair value	1,050,555	

(United States dollars)

10. Promissory Notes (continued)

The details of the promissory notes are as follows:

	Note#1	Note#2	Note#3 (a)	Note#4	Note#5
Principal amount	$300,000	$200,000	$269,978	$240,000	$100,000
Fair value on initial recognition	$274,500	$183,000	$252,693	$209,426	$94,164
Annual interest rate	3%	3%	3%	2%	6%
Repayment dates	Jan 31	Apr 1	May 31	Oct 1	Sep 1
Repayment terms	2 equal instalments principal + accrued interest	2 equal instalments principal + accrued interest	2 equal instalments principal + accrued interest	3 equal instalments principal + accrued interest	3 equal instalments principal + accrued interest

a) Loan is repayable in CAD

The promissory notes were all initially recorded at fair value using a market interest rate of 7.45% to 9% and subsequently measured at amortized cost using the effective interest rate method.

The promissory notes are subject to a Guaranty Agreement of Nova Leap Health Corp. and are subordinated to the demand loans (note 11).

11. Demand loans

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

	December 31, 2018	December 31, 2017
	$	$
At amortized cost:		
Balance, beginning of period	540,545	-
Issued	3,643,866	600,000
Debt issue costs	(171,341)	(46,983)
Effective interest	258,479	15,285
Interest payment	(178,645)	(10,638)
Principal repayment in cash	(453,958)	(17,119)
Foreign exchange gain	(71,497)	-
Balance, end of period	3,567,449	540,545
Fair value	3,702,736	586,000

The details of the issued demand loans are as follows:

	2018				2017
	Facility#5	Facility#4	Facility#3 (a)	Facility#2 (a)	Facility#1
Principal amount	$1,350,000	$750,000	$771,367	$772,499	$600,000
Initial loan expenses	$41,503	$35,383	$24,620	$35,447	$46,983
Annual interest rate	US Base Rate plus 1.5%	US Base Rate plus 1.5%	CAD Prime Rate plus 2%	CAD Prime Rate plus 1.5%	US Base Rate plus 1.5%
Maximum amortization period	84 months	60 months	60 months	60 months	60 months
EDC Guarantee	75%	75%	N/A	50%	75%
EDC Guarantee fee	2.35%	2.35%	N/A	2.35%	2.35%

a) Loans are repayable in CAD

(United States dollars)

11) Demand loans (continued)

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.

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.

12) Share capital

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

b. Issued and outstanding:

	December 31, 2018		December 31, 2017	
	Number of Shares	Value $	Number of Shares	Value $
Balance, beginning of period	29,722,100	2,596,157	13,500,000	510,801
Shares issued for acquisition of assets	-	-	2,509,600	400,000
Shares issued for cash, net of issue costs	29,485,466	5,638,413	13,712,500	1,685,356
Broker shares issued	80,000	15,788	-	-
Agent options exercised	350,000	40,736	-	-
Warrants exercised	2,400	767	-	-
Balance, end of period	59,639,966	8,291,861	29,722,100	2,596,157

The details of the private placements completed during 2018 are as follows:

	Jan 8 (a)	Feb 22 (a)	Apr 13 Tranche#1	May 31 Tranche#2	Sep 28 Tranche#1	Oct 25 Tranche#2
Brokered placement	No	Yes	Yes	Combined	Combined	Combined
Gross proceeds	$382,386	$1,350,845	$798,642	$2,515,106	$1,226,396	$407,081
Gross proceeds (CAD)	$475,000	$1,711,250	$1,006,050	$3,256,560	$1,587,570	$532,299
Price per Unit or Share (CAD)	$0.20	$0.25	$0.30	$0.30	$0.35	$0.35
Shares issued	2,375,000	6,845,000	3,353,499	10,855,197	4,535,915	1,520,855
Investor warrants issued	1,187,500	3,422,500	-	-	-	-
Investor warrant exercise price (CAD)	$0.35	$0.375	-	-	-	-
Broker warrants issued	36,300	324,800	221,879	418,060	107,097	55,397
Warrant exercise price (CAD)	$0.35	$0.25	$0.30	$0.30	$0.35	$0.35

a) Private placement was for Units whereby each unit was comprised of one common share of the Corporation and a one-half common share purchase warrant. Two half warrants entitle the holder to acquire one common share of the Corporation.

(United States dollars)

12. Share capital (continued)

The details of the private placements completed during 2017 are as follows:

	Mar 10 (a)	Jul 6 (a)	Oct 6/Oct 15 (a)
Gross proceeds	$518,969	$812,951	$788,931
Gross proceeds (CAD)	$700,000	1,052,500	$990,000
Price per Unit (CAD)	$0.20	$0.20	$0.20
Shares issued	3,500,000	5,262,500	4,950,000
Investor warrants issued	1,750,000	2,631,250	2,475,000
Warrant exercise price (CAD)	$0.35	$0.35	$0.35

a) Private placement was for Units whereby each unit was comprised of one common share of the Corporation and a one-half common share purchase warrant. Two half warrants entitle the holder to acquire one common share of the Corporation.

All common shares issued pursuant to private placements are subject to a 4 month hold period.

On October 6, 2017, the Corporation issued 2,509,600 shares of the Corporation at CAD$0.20 per share for a value of $400,000 ($501,920 CAD) to satisfy part of the purchase price of the acquisition of the business assets of AME, LLC doing business as Armistead Senior Care ("Armistead") in South Burlington, Vermont and Lebanon, New Hampshire. The shares issued as consideration for the Acquisition are subject to a one-year hold period from the date of closing.

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 December 31, 2018. 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.

13. Warrants

The changes in warrants for the period are as follows:

	December 31, 2018 $	December 31, 2017 $
Balance, beginning of period	399,980	-
Warrants issued, net of issue costs	345,584	399,980
Broker warrants issued	185,256	-
Broker warrants exercised	(310)	-
Balance, end of period	930,510	399,980

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

	December 31, 2018			December 31, 2017		
	Number	Weighted Average Exercise Price (CAD)	Remaining contractual life (years)	Number	Weighted Average Exercise Price CAD	Remaining contractual life (years)
Balance, beginning	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	6,856,250	$0.35	1.52
Broker warrants exercised	(2,400)	$0.25	-	-	-	-
Balance, end	12,627,383	$0.35	0.81	6,856,250	$0.35	1.52

(United States dollars)

13. Warrants (continued)

2018

On January 8, 2018, in connection with the private placement, the Corporations issued 1,187,500 warrants with an exercise price of $0.35 CAD and expire on January 7, 2020. The fair value of the warrants issued, net of share issue costs allocation was $82,209 (CAD $102,121). The Corporation also issued 36,300 broker warrants with an exercise price of $0.35 CAD and expire on February 21, 2020.

On February 22, 2018, in connection with the brokered private placement, the Corporations issued 3,422,500 warrants with an exercise price of $0.375 CAD and expire on February 21, 2020. The fair value of the warrants issued, net of share issue costs allocation was $280,730 (CAD $355,628). The Corporation also issued 324,800 broker warrants with an exercise price of $0.25 CAD and expire on February 21, 2020.

On April 13, 2018, in connection with the first tranche of a brokered private placement, the Corporations issued 221,879 broker warrants with an exercise price of $0.30 CAD and expire on April 12, 2020. The fair value of the broker warrants issued was $45,795 (CAD $57,689).

On May 31, 2018, in connection with the second and final tranche of a brokered private placement, the Corporations issued 418,060 broker warrants with an exercise price of $0.30 CAD and expire on May 30, 2020. The fair value of the broker warrants issued was $64,575 (CAD $83,612).

On September 28, 2018, in connection with the first tranche of a brokered private placement, the Corporations issued 107,097 broker warrants with an exercise price of $0.35 CAD and expire on September 27, 2020. The fair value of the broker warrants issued was $19,101 (CAD $24,726).

On October 25, 2018, in connection with the second tranche of a brokered private placement, the Corporations issued 55,397 broker warrants with an exercise price of $0.35 CAD and expire on October 25, 2020. The fair value of the broker warrants issued was $8,778 (CAD $11,478).

2017

On March 10, 2017, in connection with the private placement, the Corporations issued 1,750,000 warrants with an exercise price of $0.35 CAD and expire on March 9, 2019. The fair value of the warrants issued, net of share issue costs allocated, was $80,355 (CAD$108,385).

On July 6, 2017, in connection with the private placement, the Corporations issued 2,631,250 warrants with an exercise price of $0.35 CAD and expire on July 6, 2019. The fair value of the warrants issued, net of share issue costs allocation was $145,466 (CAD $188,330).

On October 6, 2017, in connection with the private placement, the Corporations issued 2,475,000 warrants with an exercise price of $0.35 CAD and expire on October 5, 2019. The fair value of the warrants issued, net of share issue costs allocation was $174,159 (CAD $218,546).

The following weighted average assumptions were used in the Black-Scholes option pricing model for the period:

	December 31, 2018	**December 31, 2017**
Exercise price (CAD)	$0.35	$0.35
Risk free interest rate	1.31%	0.87%
Expected volatility	142%	120%
Expected dividend yield	0%	0%
Expected life	2.0 years	2.0 years
Grant date fair value (CAD)	$0.24	$0.16

(United States dollars)

13. Warrants (continued)

The following table summarizes information concerning outstanding and exercisable warrants at December 31, 2018:

Expiry date	Number	Exercise price (CAD) $
Mar 9, 2019	1,750,000	0.35
Jul 5, 2019	2,631,250	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	322,400	0.25
Apr 12, 2020	221,879	0.30
May 30, 2020	418,060	0.30
Sep 27, 2020	107,097	0.35
Oct 25, 2020	55,397	0.35
	12,627,383	0.35

14. 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:

	December 31, 2018		December 31, 2017	
	Number	Weighted Average Exercise Price (CAD)	Number	Weighted Average Exercise Price (CAD)
Balance, beginning	1,350,000	$0.10	1,350,000	$0.10
Granted	1,485,000	$0.25	-	-
Balance, end	2,835,000	$0.18	1,350,000	$0.10

On January 12, 2018, the Corporation granted 1,485,000 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 $0.25 CAD per share and vest 25% immediately and 25% on each anniversary date of the stock option grant date.

The following table summarizes information concerning outstanding and exercisable options at December 31, 2018:

	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	371,250	$0.25
	2,835,000	$0.18	1,721,250	$0.13

The weighted average contractual life outstanding as at December 31, 2018 is 8.22 years.

(United States dollars)

14. Stock based compensation (continued)

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 12, 2018
Exercise price (CAD)	$0.25
Risk free interest rate	1.00%
Expected volatility	107%
Expected dividend yield	0%
Expected life	6.0 years
Grant date fair value (CAD)	$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 and historical volatility from the date of the grant over a period equal to the expected life of the option for five comparable companies. The expected forfeiture rate was nil.

The Corporation recorded total stock-based compensation during the year ended December 31, 2018 of $159,897, respectively (2017 - nil).

The changes in Agent's stock options during the period were as follows:

	Number of options	**Exercise Price (CAD)** $
Balance, beginning	350,000	0.10
Exercised	(350,000)	(0.10)
Balance, end	-	-

15. Contributed Surplus

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

	December 31, 2018 $	**December 31, 2017** $
Balance, beginning of period	107,975	116,109
Stock options granted – directors and officers	160,357	-
Exercise stock options - agents	(13,661)	-
Repayment of convertible debentures in cash	-	(8,134)
Balance, end of period	254,671	107,975

16. 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 December 31, 2018, all options, warrants and convertible debentures were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive.

17. 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 most significant financial risks to which the Group is exposed are described below.

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.

(United States dollars)

17. Financial instruments (continued)

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	December 31, 2018	December 31, 2017
	$	$
Cash and cash equivalents	1,283,505	136,820
Trade receivables	1,353,246	269,947
Other receivables	133,072	-
	2,769,823	406,767

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 December 31, 2018, the Group had $85,434 collected for client deposits, representing approximately 6% of outstanding accounts receivable, billed and accrued (December 31, 2017 - $99,463).

Trade receivables consist of many clients in various geographical areas.

Trade receivables

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 12 months before December 31, 2018 for entities owned for the full year and for entities acquired during the year it was based on sales over the 12 months for the full fiscal year prior to acquisition as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The group has identified gross domestic product (GDP) of the countries in which the clients are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written-off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Lifetime expected credit loss is less than 0.1%.

December 31, 2018	Trade receivables aging				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0.1%	0.1%	0.1%	0.1%	0.1%
Gross carrying amount	$1,023,606	$183,264	$83,089	63,287	$1,353,246
Lifetime expected credit loss	$1,024	$183	$83	$63	$1,353

17. Financial instruments (continued)

January 1, 2018	**Trade receivables aging**				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0.1%	0.1%	0.1%	0.1%	0.1%
Gross carrying amount	$226,741	$23,401	$15,322	4,483	$269,947
Lifetime expected credit loss	$227	$23	$15	$45	$270

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 December 31, 2018 and 2017 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.

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 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
For the year ended December 31, 2017				
Account payable and accrued liabilities	452,890	-	-	-
Client deposits	99,463	-	-	-
Demand loan, principal and interest	156,458	145,905	386,984	-
Total	708,811	145,905	386,984	-

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:

(United States dollars)

17. Financial instruments (continued)

	December 31, 2018 (CAD)	December 31, 2017 (CAD)
	$	$
Cash and cash equivalents	526,979	72,346
Accounts receivable	423,960	-
Accounts payable & accrued liabilities	(524,042)	(274,793)
Demand loan	(1,787,004)	-
Promissory note	(342,096)	-
	(1,702,203)	(202,447)

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 $60,000 (2017 - $8,000).

Interest rate sensitivity

As at December 31, 2018, 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 $120,000 over the remaining term of the loans (2017 - $5,000).

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 10 and 11.

18. Segment reporting

As of December 31, 2018, management identified 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.

As a result of ongoing acquisitions, management re-evaluated the Corporation's reportable segments for the period ended December 31, 2018 and has restated the prior period segmented disclosure as a result.

Segment information for the reporting period is as follows:

	For the year ended December 31, 2018		
	US	**Canada**	**Total**
	$	**$**	**$**
Segment revenues (all from external customers)	**9,036,315**	**1,325,864**	**10,362,179**
Cost of services	6,102,137	939,799	7,041,936
Gross margin	**2,934,178**	**386,065**	**3,320,243**
General & administrative	2,142,989	223,904	2,366,893
Amortization and depreciation	396,366	46,363	442,728
Stock based compensation	10,619	-	10,619
Segment operating income	**384,204**	**115,798**	**500,003**
Segment assets	**9,536,745**	**2,334,169**	**11,870,914**

(United States dollars)

18. Segment reporting (continued)

	For the year ended December 31, 2017		
	US	Canada	Total
	$	$	$
Segment revenues (all from external customers)	**1,059,845**	**-**	**1,059,845**
Cost of services	693,945	-	693,945
Gross margin	**365,900**	**-**	**365,900**
General & administrative	406,197	-	406,197
Impairment loss	3,891		3,891
Amortization	35,591		35,591
Segment operating loss	**(79,779)**	**-**	**(79,779)**
Segment assets	**2,827,428**	**-**	**2,827,428**

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 year ended December 31,	
	2018	2017
	$	$
Revenues (Segment and Group)	**10,362,179**	**1,059,845**
Gross margin (Segment and Group)	**3,320,243**	**365,900**
Group loss		
Total reportable segment operating Income (loss)	500,003	(79,779)
Corporate and administrative expenses not allocated	(1,263,740)	(564,834)
Group operating loss	**(763,737)**	**(644,613)**

	December 31, 2018	December 31, 2017
	$	$
Assets		
Total reportable segment assets	11,870,914	2,827,428
Group headquarters	588,167	87,018
Group assets	**12,459,081**	**2,914,446**

19. Operating leases

The Group's leases office spaces under operating leases. The future minimum lease payments are as follows:

	Total	Less than 1 year	1 – 5 years	After 5 years
	$	$	$	$
December 31, 2018	258,929	152,655	106,274	-

20. Subsequent events

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.

Subsequent to December 31, 2018, 1,125,000 investor warrants were exercised, and 712,500 warrants expired at $0.35 CAD exercise price.

21. Comparative figures

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