Nova Leap Health Corp.

Consolidated Financial Statements
For the period from November 16, 2015,
date of incorporation, to December 31, 2016

(United States dollars)

Independent auditor's report

Grant Thornton LLP
Suite 1100
2000 Barrington Street
Halifax, NS
B3J 3K1

T +1 902 421 1734
F +1 902 420 1068
www.GrantThornton.ca

To the Shareholders of
Nova Leap Health Corp.

We have audited the accompanying consolidated financial statements of Nova Leap Health Corp., which comprise the statement of financial position as at December 31, 2016, and the statements of loss and comprehensive loss, changes in equity and cash flows for the period from November 16, 2015 (date of incorporation) to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nova Leap Health Corp. as at December 31, 2016, and its consolidated financial performance and cash flows for the period from November 16, 2015 (date of incorporation) to December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, 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 Nova Leap Health Corp.'s ability to continue as a going concern.

Grant Thornton LLP

Halifax, Canada
March 9, 2017

Chartered Professional Accountants
Licensed Public Accountants

Nova Leap Health Corp.

Consolidated Statement of Financial Position
(United States dollars)
As at December 31, 2016

	$
ASSETS	
Current assets	
Cash and cash equivalents	148,275
Accounts receivable	17,949
Prepaid expenses	11,486
Total current assets	177,710
Non-current assets	
Intangible assets (notes 3 and 4)	5,700
Goodwill (notes 3 and 5)	180,000
Deferred income tax asset (note 13)	28,056
Total non-current assets	213,756
TOTAL ASSETS	391,466
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	67,804
Non-current liabilities	
Convertible debentures (note 7)	178,280
TOTAL LIABILITIES	246,084
SHAREHOLDERS' EQUITY	
Capital stock (note 8)	510,801
Contributed surplus (note 10)	116,109
Accumulated other comprehensive income	7,991
Deficit	(489,519)
TOTAL SHAREHOLDERS' EQUITY	145,382
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	391,466

Going concern (note 1)
Subsequent events (note 17)

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

Approved on behalf of the Board of Directors

"Chris Dobbin" (signed) Director

"Michael O'Keefe" (signed) Director

Nova Leap Health Corp.

Consolidated Statement of Changes in Shareholders' Equity
(United States dollars)
For the period from November 16, 2015, date of incorporation, to December 31, 2016

	Common shares	Share capital $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total equity $
Balance – November 16, 2015	-	-	-	-	-	-
Shares issued for cash (note 8)	10,000,000	357,192	-	-	-	357,192
Shares issued for cash, net of issuance costs (note 8)	3,500,000	153,609	-	-	-	153,609
Stock based compensation (note 9)	-	-	107,975	-	-	107,975
Equity component of convertible debentures (note 7)	-	-	8,134	-	-	8,134
Net loss for the period	-	-	-	-	(489,519)	(489,519)
Other comprehensive income for the period	-	-	-	7,991	-	7,991
Balance – December 31, 2016	13,500,000	510,801	116,109	7,991	(489,519)	145,382

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

Nova Leap Health Corp.

Consolidated Statement of Loss and Comprehensive Loss
(United States dollars)
For the period from November 16, 2015, date of incorporation, to December 31, 2016

	$
Revenues	
Home care	39,991
Operating expenses	
Salaries and benefits	43,626
Home care office	12,206
	55,832
Corporate and administrative expenses	
Allowance for doubtful sales tax receivable (note 16)	36,172
Amortization (note 4)	3,244
Consulting fees, salaries & benefits	60,125
Foreign exchange gain	(1,622)
Impairment loss (note 4)	51,056
Insurance	2,250
Investor relations and shareholder communications	32,292
Office and other	6,357
Professional fees (note 11)	169,011
Stock based compensation (note 9)	94,314
Subscriptions and conferences	6,801
Transfer, filing and listing fees	22,315
Travel	17,084
	499,399
Loss from operating activities	**515,240**
Net finance expense	
Finance income	895
Finance expense	3,230
	2,335
Deferred income tax recovery (note 13)	28,056
Net loss	**489,519**
Items that will be reclassified subsequently to profit or loss	
Exchange differences on translation of foreign operations	7,991
Total comprehensive loss	**481,528**

Weighted average number of shares outstanding during the period (note 2l)	11,015,207
Basic and diluted loss per share	$ (0.04)

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 period from November 16, 2015, date of incorporation, to December 31, 2016

	$
Cash provided by (used in)	
Operating activities	
Net loss for the period	(489,519)
Allowance for doubtful sales tax receivable (note 16)	36,172
Amortization of intangible assets (note 4)	3,244
Deferred income tax recovery (note 13)	(28,056)
Impairment loss (note 4)	51,056
Stock based compensation (note 9)	94,314
Effective interest on convertible debentures	3,216
Unrealized foreign exchange gain/loss	(3,420)
Net changes in non-cash working capital balances related to operations	
Increase in accounts receivable	(17,949)
Increase in prepaid expense	(11,486)
Increase in sales tax recoverable	(36,172)
Increase in accounts payable and accrued liabilities	65,286
	(333,314)
Investing activities	
Acquisition of Northern Family Home Care (note 3)	(240,000)
Financing activities	
Proceeds from issuance of common shares, net of share issue costs (note 8)	524,462
Proceeds from issuance of convertible debentures (note 7)	197,127
	721,589
Cash and cash equivalents – beginning of period	-
Cash and cash equivalents – end of period	148,275

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 Corporation completed its Qualifying Transaction ("QT") on October 13, 2016. The principal activities of the Corporation and its subsidiaries (the "Group") is to provide non-medical home care to clients.

These consolidated financial statements include the accounts of the Corporation and its United States subsidiaries, Nova Leap Health Corp. Holdings, Inc. and Nova Leap Health NH, LLC from the date of their formation on July 22, 2016.

The registered head office of the Corporation is located at Founder's Corner, 37 Wentworth Street, Unit 104, Dartmouth, NS B2Y 2S9, Canada.

The audited consolidated financial statements were approved by the Board of Directors on March 9, 2017.

Going concern

The Corporation completed its QT on October 13, 2016 and had no source of revenue and incurred losses from the date of incorporation until the close of the QT. The Group is currently operating the home care services company in New Hampshire that it acquired through its subsidiary Nova Leap Health NH, LLC, doing business as Northern Family Home Care ("NFHC"). The Group continues to incur operating losses. The Group is pursuing a strategy of near term expansion and organic growth in New Hampshire and is also exploring further acquisition opportunities in Northeastern United States.

The Group's consolidated financial statements as at December 31, 2016 have been prepared on the basis of 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. There is significant doubt about the appropriateness of the going concern assumption as the Group incurred a net loss for the period of $489,519 and has not yet generated profit from operations. The continuing operations of the Group are dependent on its ability to develop profitable operations in the future and to raise adequate financing, if necessary. Management's view is that working capital is sufficient, but if necessary, additional working capital can be obtained from internal and external sources to meet the Group's liabilities and commitments. The Group has raised funds through equity and convertible debt offerings and has a private placement underway to raise additional funds (See Note 17 – Subsequent events).

There can be no assurance that the group will be successful in achieving profitability 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

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").

a) 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, stock based compensation plans and convertible debentures.

2. Significant accounting policies (continued)

b) 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 Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. 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.

c) 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 values 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.

d) 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 subsidiaries. The functional currency of Nova Leap Health Corp., the parent, is Canadian dollars ("CAD"). USD was selected as the presentation currency due to the fact that 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.

e) Segment reporting

The Group has one operating segment: home care. In identifying operating segments, management generally follows the Group's service lines representing its main services.

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.

f) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and cash held in trust when cash held in trust is not restricted for use. Interest earned is recognized in the consolidated statement of loss and comprehensive loss.

2. Significant accounting policies (continued)

g) Intangible assets

Initial recognition of intangible assets
Customer lists acquired in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values.

Subsequent measurement
All finite-lived intangible assets are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing (see note 2o). Customer lists are amortized over their estimated useful lives of 4 years.

h) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses (see note 2o).

i) Convertible debentures

The component parts of compound financial instruments (convertible debentures) issued by the Corporation are classified separately as financial liabilities and equity component in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the liability component is recognized at fair value, which is estimated using the borrowing rate available for similar non-convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity.

The value of the conversion option classified as equity component is determined at the date of issue by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of income tax effects, if any, and is not subsequently remeasured. When and if the conversion option is exercised, the equity component of convertible debentures will be transferred to share capital. If the conversion option remains unexercised at the maturity date of the convertible debentures, the equity component of the convertible debentures remains as a component of contributed surplus. No gain or loss is recognized upon conversion or expiration of the conversion option.

Transaction costs related to the issue of convertible debentures are allocated to the liability and equity component in proportion to the initial carrying amounts. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debenture using the effective interest method.

j) Stock-based compensation

The Corporation has a stock-based compensation plan that is described in note 9. 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.

k) Equity and reserves

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

Costs directly attributable to the raising of capital are charged against the related share capital. 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.

2. Significant accounting policies (continued)

l) 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 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 convertible debt are currently anti-dilutive; as a result, basic and diluted earnings per share are the same.

m) Revenue

The Group generates home care revenues by providing services directly to clients. The Group receives payments for providing services from private individuals. Revenue is recognized at an hourly rate specified in client agreements and recognized as revenue at the time services are rendered and when collection is reasonably assured.

n) 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 combination 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 venture 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 combination 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.

2. Significant accounting policies (continued)

o) Impairment testing of goodwill and intangible assets

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 cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

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 in order 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. With the exception of 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.

p) 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 could 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, meets 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.

q) 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.

2. Significant accounting policies (continued)

q) Management estimates (continued)

Impairment of goodwill and intangible assets

Determining if there are any facts or circumstances indicating an impairment loss is a subjective process involving judgment and a number of estimates and interpretations in many cases. 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 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. 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 and goodwill are estimated using fair value techniques and is dependent on a number of 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.

r) Financial instruments

The Group has classified its cash and cash equivalents and accounts receivables as "Loans and receivables". After its initial measurement, it is measured at amortized cost using the effective interest method, less any provision for impairment.

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument, including: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

The Group has classified its financial instruments as follows:

- Cash and cash equivalents / sales tax recoverable – Loans and receivables
- Accounts receivable – Loans and receivables
- Accounts payable and accrued liabilities - other liabilities
- Convertible debentures – other liabilities

2. Significant accounting policies (continued)

r) 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, 2016.

s) Future accounting standards issued but not yet applied

Several new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2017 and have not been applied in preparing these consolidated financial statements. Accordingly, the Group expects to adopt these standards as set forth below.

i) IFRS 9, Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking “expected loss” impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Group has yet to assess the impact of this new standard on its consolidated financial statements.

ii) 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. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

iii) 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. The Group is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

iv) IAS 7, Statement of Cash Flows

New accounting standard amendment requiring entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities. IAS 7 is effective for annual periods beginning on or after January 1, 2017. The Group does not expect the adoption of IAS 7 amendments to have a significant effect on its consolidated financial statements.

(United States dollars)

2. Significant accounting policies (continued)

s) Future accounting standards issued but not yet applied (continued)

v) IAS 12, Income Taxes

New accounting standard amendment clarifying how to account for deferred tax assets related to debt instruments measured at fair value. IAS 12 is effective for annual periods beginning on or after January 1, 2017. The Group does not expect the adoption of IAS 12 amendments to have a significant effect on its consolidated financial statements as it does not currently have any debt instruments classified as available-for sale assets.

3. Business combination

On October 13, 2016, the Corporation acquired the home care assets ("Significant Assets") of Northern Family Home Care, Inc. located in New Hampshire, USA. Pursuant to the terms of the Definitive Agreement, the Corporation's U.S. subsidiary, Nova Leap Health NH, LLC, acquired the Significant Assets from Northern Family Home Care Inc. for a total purchase price of US$240,000. The acquisition fulfilled the requirements for the Corporation's Qualifying Transaction and is in line with the objective of management to acquire private home care businesses in the United States.

The details of the business combination are as follows:

Fair value of consideration transferred	
Cash	$240,000
Recognized amounts of identifiable net assets	
Intangible assets (customer lists)	$60,000
Goodwill	180,000
	$240,000

Identifiable net assets
The fair value of the customer lists acquired as part of the business combination amounted to $60,000.

Goodwill
Goodwill of $180,000 is primarily related to growth expectations, expected future profitability and the assembled workforce.

Acquisition costs
Total acquisition costs of $56,604 are included in professional fees on the Consolidated Statement of Loss and Comprehensive Loss.

Contribution to Group results
A loss of $19,084 was incurred for the period from the date of acquisition, October 13, 2016, to the reporting date, primarily due to one-time office set up costs. Revenue for the period from the date of acquisition, October 13, 2016, to the reporting date was $39,991.

If the Significant Assets had been acquired on November 16, 2015, revenue of the Group for the reporting period would have been $327,418 and loss for the year would have decreased by $4,167.

4. Intangible assets

	Customer lists $
Balance, beginning of period	-
Addition	60,000
Amortization	(3,244)
Impairment loss	(51,056)
Balance, end of period	5,700

(United States dollars)

4. Intangible assets (continued)

An impairment loss of $51,056 was recognized for customer lists. The recoverable amount of the asset is its value-in-use, determined based on the decline in average hours for which caregivers provided home care services to key clients obtained through the purchase of the Significant Assets of Northern Family Home Care Inc. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors and was 19.2%. All amortization and impairment charges are included within amortization and impairment loss.

5. Goodwill

	Goodwill $
Balance, beginning of period	-
Addition	$180,000
Balance, end of period	$180,000

Impairment testing
For annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combination in which the goodwill arises. The recoverable amount of the segment 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 of the home health care segment is greater than the carrying amount of goodwill.

The present value of the expected cash flows of the home health care segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

As at December 31, 2016, the Group only had one cash-generating unit and the goodwill was allocated in its entirety to this CGU.

<u>Discount rates</u>
The discount rates reflect appropriate adjustments relating to market risk and specific risk factors the cash-generating unit and was 17.5%.

<u>Cash flow assumptions</u>
The forecast is based on a growth of client service hours from the actual at a rate of 25 hours per month on average to reflect the ongoing execution of the Group’s strategy to expand geographically and increase hourly billing rates for new clients. The recoverable amount exceeds the carrying amount by approximately $30,000. The client service hours growth rate would have to be approximately 16% lower in order for the cash-generating unit's recoverable amount to be equal to its carrying amount. The recoverable amount is also sensitive to discount rates. The discount rate would have to be approximately 1.25% higher in order for the cash-generating unit's recoverable amount to be equal to its carrying amount.

Management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

6. Capital management

The Group manages its capital structure and adjusts it, based on the funds available to the Group, in order 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 and convertible debentures. 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.

(United States dollars)

7. Convertible debentures

	December 31, 2016
	$
Convertible debentures – bearing interest at 7.5% maturing October 2018	178,280
	178,280

Of the balance above, $124,796 are convertible debentures held by directors or companies controlled by directors.

On October 25, 2016, the Corporation completed a non-brokered private placement by the issuance of convertible debentures for proceeds of $186,529 USD ($250,000 CAD). The debentures will mature in 24 months, bear interest at the rate of 7.5% per annum and contain a conversion price of CAD $0.20 per common share of the Corporation. Any common shares of the Company issued upon conversion of the convertible debentures will be subject to Exchange Tier 2 escrow.

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

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

	$
Liability	178,395
Equity	8,134
	186,529

The equity component was assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Interest shall be payable in arrears annually, commencing on October 25, 2017 and subsequently on the 25th of each year. Interest expense in included in finance expense on the Consolidated Statement of Loss and Comprehensive Loss.

8. Capital stock

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

b. Issued and outstanding:

	Number of Shares	**Value $**
Shares issued for cash	10,000,000	357,192
Shares issued for cash, net of share issue costs	3,500,000	153,609
	13,500,000	510,801

During the period, the Corporation issued 10,000,000 common shares at CAD $0.05 per share for proceeds of $357,192 USD ($500,000 CAD), which are subject to an escrow agreement. The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Venture Exchange and terms of escrow agreement and will be released from escrow in stages over a period of up to three years after the date of the Company receiving the final Exchange acceptance of the Qualifying Transaction. At December 31, 2016, 9,000,000 shares were in escrow.

On April 26, 2016, the Corporation completed an Initial Public Offering issuing 3,500,000 shares at CAD $0.10 per share for gross proceeds of $275,979 USD ($350,000CAD). The capital stock value is net of share issuance costs of $122,370 USD ($166,371 CAD) of which $13,661 USD ($17,325 CAD) relates to the valuation of the agent options issued and constitutes a non-cash item.

(United States dollars)

9. Stock based compensation

The Corporation has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants, subject to shareholder approval. 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 vest immediately upon granting and may be exercised until the greater of twelve months after the completion of the QT and 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 the stock options during the period from November 16, 2015, date of incorporation, to December 31, 2016 were as follows:

	Number of options	**Weighted average exercise price (CAD)**
		$
Balance, beginning of period	-	-
Granted	1,700,000	0.10
Balance, end of period	1,700,000	0.10

The following table summarizes information concerning outstanding option, all of which are exercisable at December 31, 2016:

Expiry date	**Number of options**	**Exercise price (CAD)**
		$
April 26, 2018	350,000	0.10
April 26, 2026	1,350,000	0.10
	1,700,000	0.10

The weighted average contractual life outstanding as at December 31, 2016 is 7.68 years.

On April 26, 2016, the Corporation granted 1,350,000 options to officers and directors of the Corporation. The options were priced at CAD $0.10 per share and expire on April 26, 2026. In addition to the options issued under the stock option plan, the Corporation also issued 350,000 options to the agent with an exercise price of CAD $0.10 per share and expire on April 26, 2018. In determining the stock based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility of comparable companies due to the short trading history of the Corporation.

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

Exercise price (CAD)	$0.10
Risk free interest rate	1.38%
Expected volatility	100%
Expected dividend yield	0%
Expected life	7.9 years
Grant date fair value (CAD)	$0.08

10. Contributed Surplus

	$
Opening balance	-
Stock options – directors and officers	94,314
Stock options – agents	13,661
Equity component of convertible debenture	8,134
Closing balance	116,109

(United States dollars)

11. Related party transactions

Legal services were provided by a firm of which a shareholder of the Corporation is the sole lawyer practitioner. The cost of these services during the period was $62,597. Of the amounts incurred for legal services, $33,716 was included in share issuance costs and $28,881 as professional fees. These transactions 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, 2016, a company controlled by the CEO billed a total $2,561 for the rental of office space.

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 period ended December 31, 2016 includes the following expenses:

Consulting fees and salary	$22,925
Stock based compensation	$94,314
	$117,239

12. Financial instruments

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 December 31, 2016, as summarized below:

Classes of financial assets – carrying amounts	
Cash and cash equivalents	$148,275
Accounts receivable	17,949
	$166,224

In respect of trade account receivables, the Group is exposed to a certain level of credit risk as the amounts are uncollateralized. Credit risk for accounts receivable is the risk of loss associated with a client's inability to fulfil its payment obligations. The largest exposure to credit risk is in relation to receivables. The Group mitigates credit risk by actively monitoring the aging of accounts receivable and regularly follows up on overdue accounts. As at December 31, 2016 management believes that counterparty concentrations are in the normal course of business and are not unusual.

The credit risk for cash and cash equivalents is considered low as the Group maintains the majority of its cash with an accredited bank.

Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Group had a cash and cash in trust balance of $148,275. The Group's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on the growth of the home care business acquired as well as future support of shareholders through public or private equity offerings. Refer to note 1, Going Concern.

12. Financial instruments (continued)

The following table shows the timing of cash outflows relating to accounts payable and accrued liabilities and convertible debentures.

	< 1 year	1-2 years	3-5 years	> 5 years
	$	$	$	$
Account payable and accrued liabilities	67,804	-	-	-
Convertible debentures	-	178,280	-	-

Market risk
The Group is exposed to market risk through its use of financial instruments and specifically to currency 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. Management's intention is for the US operation to be cash flow positive within the first 12-18 months of operations therefore reducing the reliance on any need to use CAD equity or debt financing for working capital purposes.

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

	CAD
	$
Cash and cash equivalents	180,059
Accounts payable & accrual liabilities	(78,214)
Convertible debentures	(240,092)
	(138,247)

Sensitivity to a plus or minus 1.0% change in the CAD dollar exchange rate would affect net loss and comprehensive loss and deficit by approximately $1,000.

13. Income taxes

a) Losses
The Group has non-capital tax losses of approximately $107,176 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire in 2036.

b) 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 as a result of the following:

Statutory tax rate	31%
	$
Loss before income taxes	517,575
Income tax recovery based on substantively enacted rates	160,448
Stock based compensation	(29,237)
Acquisition costs	(17,047)
Convertible debentures	(2,858)
Share issue costs	37,934
Effect of foreign tax rate differences	6,312
Deferred tax asset not recognized	(127,496)
Deferred income tax recovery	28,056

(United States dollars)

13. Income taxes (continued)

The enacted tax rates in Canada 31% and United States 40% where the Group operates are applied in the tax provision calculation.

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

	Canada	US	Total
Non-capital loss carry-forwards	99,507	7,669	107,176
Intangible assets and goodwill	-	20,387	20,387
Share issuance costs	30,847	-	30,847
Convertible debentures	(2,858)	-	(2,858)
Valuation allowance	(127,496)	-	(127,496)
Deferred tax asset (liability)	-	28,056	28,056

14. Segment reporting

The Group's revenues from external customers and its non-current assets are all attributable to the United States. Revenues from external customers are identified on the basis of the client's geographical location. Non-current assets are allocated based on their physical location.

15. Operating leases

The Group leases office space under an operating lease. The future minimum lease payments are as follows:

	Total	Less than 1 year	1 – 5 years	After 5 years
	$	$	$	$
December 31, 2016	11,200	6,720	4,480	-

16. Allowance for doubtful sales tax receivable

The Group has a balance of $36,172 for sales tax receivable from the Government of Canada. In the ordinary course of business, the Group is subject to audits by tax authorities. The Group is currently subject to audit by Canada Revenue Agency ("CRA") for Input Tax Credits claimed by the Group for the period from the date of inception to December 31, 2016. While the Group believes that its tax filing position is appropriate, certain matters are under review by CRA. The audit is ongoing and the outcome is indeterminable at this time, as such, the Group recorded an allowance for the full amount.

17. Subsequent events

Subsequent to December 31, 2016, the Corporation announced that it has undertaken a non-brokered private placement financing to raise up to $2,000,000 CAD by the sale of units of the Company at a price of CAD $0.20 per unit.

Each unit is comprised of one common share of the Company and a one- half common share purchase warrant. Two half-warrants entitle the holder to acquire one common share of the Company for CAD $0.35 for a period of 24 months from the closing date of this private placement. The common shares and warrants are subject to a 4 month hold period.

In connection with the offering, a finder's fee may be paid consisting of a cash payment equal to up to 6% of the proceeds raised from this private placement and that number of non-transferable finder's fee warrants as is equal to up to 6% of the number of common shares issued pursuant to this private placement at closing. Each finder's fee warrant will be exercisable into one common share of the Company at CAD $0.35 per share for a period of 24 months from the closing date.

The proceeds from the private placement will be used for general working capital purposes.