BRATTLE STREET INVESTMENT CORP.
(Formerly Inspira Financial Inc.)

Consolidated Financial Statements
For the Years Ended February 29, 2020 and February 28, 2019
(In Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Brattle Street Investment Corp. (formerly Inspira Financial Inc.)) (the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management, in discharging these responsibilities, maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, only valid and authorized transactions are executed and accurate, timely and comprehensive financial information is prepared. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

[signed] "Roger Green" *[signed] "Michael Dalsin"*

Chief Executive Officer Chief Financial Officer

DNTW Toronto LLP
Chartered Professional Accountants
Licensed Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Brattle Street Investment Corp. (formerly Inspira Financial Inc.)

Opinion

We have audited the consolidated financial statements of Brattle Street Investment Corp. (formerly Inspira Financial Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at February 29, 2020, the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the year 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 Company as at February 29, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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.

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Independent Auditor's Report to the Shareholders of Brattle Street Investment Corp. (formerly Inspira Financial Inc.) *(continued)*

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 IFRS, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Independent Auditor's Report to the Shareholders of Brattle Street Investment Corp. (formerly Inspira Financial Inc.) *(continued)*

- 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 Company'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 Company 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 Warren Goldberg.

DNTW Toronto LLP

Toronto, Ontario, Canada
June 25, 2020

Chartered Professional Accountants
Licensed Public Accountants

Brattle Street Investment Corp. (formerly Inspira Financial Inc.)
Consolidated Statements of Financial Position
As at February 29, 2020 and February 28, 2019

(In Canadian Dollars)

	Note	February 29, 2020	February 28, 2019
Assets			
Cash and cash equivalents	**10**	$ 8,349,422	$ 9,303,900
Marketable securities	**19**	843,221	-
Billing receivables	**4**	-	653,811
Prepaids and other receivables		139,733	603,177
Credit receivables	**6**	-	873,162
Equipment	**7**	-	187,061
Total assets		$ 9,332,376	$ 11,621,111
Liabilities and shareholders' equity			
Liabilities			
Accounts payable and accrued liabilities	**8**	$ 351,644	$ 393,974
Other liabilities		15,000	15,000
Total Liabilities		$ 366,644	$ 408,974
Shareholders' equity			
Share capital	**9**	$ 31,055,842	$ 31,055,842
Contributed surplus	**9**	3,392,371	3,370,409
Accumulated other comprehensive income		1,368,638	1,213,448
Deficit		(26,851,119)	(24,427,562)
Total shareholders' equity		$ 8,965,732	$ 11,212,137
Total liabilities and shareholders' equity		$ 9,332,376	$ 11,621,111

Subsequent events (Note 20)

Approved on behalf of the Board

"signed"
Roger Greene

"signed"
Michael Dalsin

Brattle Street Investment Corp. (formerly Inspira Financial Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the years ended February 29, 2020 and February 28, 2019
(In Canadian Dollars)

	Share capital				Accumulated other		
	Number	Amount	Contributed surplus	Warrant reserve	comprehensive income	Deficit	Total
Balance -Febuary 28, 2018	**45,841,454**	**31,055,842**	**3,103,308**	**170,734**	**1,820,833**	**(23,666,993)**	**12,483,724**
Share based compensation	-	-	96,367	-	-	-	96,367
Expiry of warrants	-	-	170,734	(170,734)	-	-	-
Foreign currency translation loss	-	-	-	-	(607,385)	-	(607,385)
Net loss from discontinued operations	-	-	-	-	-	1,573,229	1,573,229
Net loss from continuing operations	-	-	-	-	-	(2,333,798)	(2,333,798)
Balance -February 28, 2019 as previously reported	**45,841,454**	**31,055,842**	**3,370,409**	**-**	**1,213,448**	**(24,427,562)**	**11,212,137**
Transition adjustments - IFRS 16 (notes 3(s) and 15)	-	-	-	-	-	(82,212)	(82,212)
Restated balance at March 1, 2019	**45,841,454**	**31,055,842**	**3,370,409**	**-**	**1,213,448**	**(24,509,774)**	**11,129,925**
Share based compensation	-	-	21,962	-	-	-	21,962
Foreign currency translation gain	-	-	-	-	155,190	-	155,190
Net loss from discontinued operations	-	-	-	-	-	(573,496)	(573,496)
Net loss from continuing operations	-	-	-	-	-	(1,767,849)	(1,767,849)
Balance -February 29, 2020	**45,841,454**	**31,055,842**	**3,392,371**	**-**	**1,368,638**	**(26,851,119)**	**8,965,732**

Brattle Street Investment Corp. (formerly Inspira Financial Inc.)
Consolidated Statements of Operations and Comprehensive Loss
For the years ended February 29, 2020 and February 28, 2019

(In Canadian Dollars)

	Note	February 29, 2020	February 28, 2019
Continuing operations			
Revenue			
Loan interest	**5**	$ 50,276	$ 518,493
Fees and other	**5**	83,484	208,705
Interest, fees, and other from provisioned loans	**5**	145,635	534,556
Investment income	**5**	110,367	-
Other income		18,558	-
Unrealized loss fair value change of marketable securities	**5**	(56,190)	-
Total revenue		352,130	1,261,754
Cost of revenue			
Allowance for losses		372,458	(3,548)
Financial margin		(20,328)	1,265,302
Expenses			
General, administrative and collections	**16**	1,685,946	3,497,964
Impairment of equipment		39,613	-
Sales and marketing		-	4,769
Share based compensation	**9**	21,962	96,367
Total expenses		1,747,521	3,599,100
Net loss before tax from continuing operations		(1,767,849)	(2,333,798)
Income tax expense	**17**	-	-
Net loss from continuing operations		$ (1,767,849)	$ (2,333,798)
Discontinued operations			
(Loss) income after tax from discontinued operations	**18**	(573,496)	1,573,229
Net loss		$ (2,341,345)	$ (760,569)
Other comprehensive gain (loss)			
Foreign currency translation gain (loss)		$ 155,190	$ (607,435)
Comprehensive loss		$ (2,186,155)	$ (1,368,004)
Net loss per share			
Basic and diluted	**14**	$ (0.04)	$ (0.02)
Weighted average number of common shares outstanding		45,841,454	45,841,454

Brattle Street Investment Corp (formerly Inspira Financial Inc.)
Consolidated Statements of Cash Flows
For the years ended February 29, 2020 and February 28, 2019
(In Canadian Dollars)

		February 29, 2020	February 28, 2019
Operating activities	Note		
Net loss		$ (2,341,345)	$ (760,569)
Loss (income) after tax from discontinued operations		573,496	(1,573,229)
Net loss from continuing operations		(1,767,849)	(2,333,798)
Non-cash items:			
Depreciation	**7**	54,518	155,341
Impairment of equipment		39,613	-
Share based compensation	**9**	21,962	96,367
Unrealized loss on marketable securities		56,190	-
Allowance for losses	**6**	-	17,872
Changes in operating assets and liabilities:			
Net repayment of credit receivable		873,162	2,838,392
Deposit		-	31,076
Prepaid and other receivables		463,444	42,310
Accounts payable and accrued liabilities		(42,331)	72,735
Cash flows (used in) provided by continued operating activities		(301,291)	920,295
Cash flows provided by discontinued operating activities	**18**	173,244	3,080,693
Net cash (used in) provided by operating activities		(128,047)	4,000,988
Investing activities			
Purchase of marketable securities		(899,409)	-
Net cash used in investing activities		(899,409)	-
Effect of foreign exchange rates on cash		72,978	(753,862)
(Decrease) increase in cash and cash equivalents		(1,027,456)	4,000,988
Cash and cash equivalents, opening		9,303,900	6,056,772
Cash and cash equivalents, closing		$ 8,349,422	$ 9,303,900

Supplemental cash flow information:

Interest paid	-	-
Income taxes paid	-	-

1. Description of the business

Brattle Street Investment Corp. (formerly Inspira Financial Inc.)("Brattle Street" or the "Company"), is a publicly traded company listed on the TSX Venture Exchange (the "Exchange"). In addition to pursuing traditional debt opportunities, the Company plans to look for equity or debt investment opportunities that provide oversized returns relative to risk. Previously, the Company also provided financial software services to the highly fragmented U.S. mental health and addiction services market, before discontinuing those operations in August 2019.

Brattle Street was incorporated under the *Canada Business Corporations Act* on September 17, 2013. The common shares in the capital of the Company ("common shares") trade on the Exchange under the symbol "LND". The Company's registered office is Suite 200E – 1515A Bayview Avenue, East York, Ontario.

2. Basis of presentation

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with International Finance Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended February 29, 2020. The accounting policies are consistent with those of the previous financial year.

The consolidated financial statements have been authorized for issuance by the Board of Directors on June 25, 2020.

Functional and presentation currency

These consolidated financial statements are expressed in Canadian dollars unless otherwise stated. The functional currency of the Company is Canadian dollars, and the functional currency of its subsidiary Inspira Financial Company and Inspira SaaS Billing Services is U.S. dollars.

3. Significant accounting policies

a) Basis of consolidation

These statements consolidate the accounts of the Company and its wholly owned subsidiaries, namely, Inspira Financial Company ("IFC"), 1077863 B.C., Ltd ("1077863"), and Inspira SAAS Billing Inc. ("IFS") in the United States. The Company owns 100% of its subsidiaries. The accounting policies of the Company's subsidiaries are aligned with IFRS. Intercompany balances and transactions are eliminated upon consolidation.

b) Basis of measurement

The consolidated financial statements of the Company have been prepared on an historical cost basis except marketable securities which are carried at fair value.

c) Financial instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

3. Significant accounting policies (continued)

c) Financial instruments (continued)

Subsequent measurement – Financial assets at FVTPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge accounting relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of comprehensive income (loss).

Subsequent measurement – Financial assets at amortized cost
Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are billing receivables and credit receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

3. Significant accounting policies (continued)

c) Financial Instruments (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

The following table summarizes the classifications and carrying amounts of the Company's financial instruments:

Financial assets	**Classification**	**Measurement**
Cash and cash equivalents	Amortized cost	Amortized cost
Marketable securities	FVTPL	Fair value
Billing receivables	Amortized cost	Amortized cost
Credit receivables	Amortized cost	Amortized cost
Other receivables	Amortized cost	Amortized cost
Financial liabilities		
Accounts payables and accrued liabilities	Amortized cost	Amortized cost
Other liabilities	Amortized cost	Amortized cost

3. Significant accounting policies (continued)

d) IFRS 15 – Revenue from Contracts

Revenue is recognized upon transfer of control of goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the goods or services.

Revenue principally comprises interest and fees from the Company's recourse and nonrecourse revolving line of credit business and billing service fees (which were discontinued in 2019 (note 18)) from the Company's medical billing business. Other revenues, such as management fees, banking fees, and standby fees, are recognized as revenue when earned. Revenue from billing services, where the contract is dependent upon on insurance payments, is recognized when the insurance company confirms payment.

e) Credit receivables

The Company provides asset-based revolving lines of credit to its clients, secured by their accounts receivables (including those directly from insurance and patient pay receivables or indirectly from government receivables), assets of the company, and in most cases personal indemnifications. Credit receivables are non-derivative financial assets with fixed or determinable payments (United States prime rate plus a base interest rate) that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Credit receivables to clients are initially measured at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest rate method.

f) Allowances for losses

At each reporting date, the Company assesses and recognizes loss allowance based on the ECL model. ECL is a probability-weighted estimate of credit losses. The Company considers a significant increase in credit risk to have occurred by considering the risk of default over the contract period and incorporates forward-looking information into its measurement. Credit receivable or a group of credit receivables is impaired when objective evidence demonstrates that there is a risk the borrower may not be able to complete performance on the loan contract, including the full repayment on the maturity date of the contract. The Company will take all legal and other available remedies to collect impaired credit receivables.

3. Significant accounting policies (continued)

g) Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment. Internally developed software costs are accounted in accordance with IAS 38.57 when technological feasibility and use is demonstrated and whereas it provides an economic benefit. Depreciation is provided over the estimated useful lives of the assets as follows:

Asset	Basis	Life
Furniture, equipment and leasehold improvements	Straight-line	3 years
Computer equipment and software	Straight-line	3 years

Upon retirement, sale of an asset or when no future economic benefits are expected from its use or disposal, its cost and related accumulated depreciation are removed from the accounts and any gain or loss is recorded in income or expense (calculated as the difference between the net disposal proceeds and the carrying amount of the asset). The useful life is reviewed once a year. The Company reviews long-lived assets when there are indications of impairment to determine that their carrying values have been impaired.

h) Income taxes

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized through the statement of operations and comprehensive income (loss) except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting dates, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized per IAS 12 in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, as well as the available losses carried forward to future years for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized.

3. Significant accounting policies (continued)

h) Income taxes (continued)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized in respect of taxes payable in the future based on taxable temporary differences.

Income taxes receivable and payable, and deferred tax assets and liabilities, are offset if there is a legally enforceable right of set off, they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realized simultaneously.

On March 1, 2019, the Company adopted IFRIC 23, Uncertainty over Income Tax Treatment, which clarified how to apply the recognition and measurement requirement in IAS 12, Income Tax, when there is uncertainty over income tax treatments. There are no significant adjustments to the amounts recognized in the consolidated financial statements.

i) Foreign subsidiaries

The Company's foreign subsidiaries functional currencies are U.S. dollars and their functional currencies and assets and liabilities are translated into Canadian dollars at the exchange rate prevailing at the reporting date. Revenue and expenses are translated into Canadian dollars at the average exchange rate then prevailing. Resulting translation gains and losses are credited or charged to other comprehensive income or loss and presented in the accumulated other comprehensive income or loss component of equity.

j) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than the Canadian dollar for the parent company are translated into Canadian dollars at the exchange rate prevailing at the reporting date. Any non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates. Revenue and expenses are translated into Canadian dollars at the prevailing average exchange rate. Translation gains and losses are credited or charged to earnings.

3. Significant accounting policies (continued)

k) Financial instruments – disclosures

The financial instruments presented on the consolidated statements of financial position at fair value are further classified according to a fair-value hierarchy that prioritizes the quality and reliability of information used in estimating fair value. The fair values for each of the three levels are based on:

- Level 1 - quoted prices in active markets;
- Level 2 - models using observable inputs other than quoted market prices included within Level 1; and
- Level 3 - models using inputs that are not based on observable market data.

l) Cash and cash equivalents

Cash and cash equivalents comprise highly liquid interest-bearing securities that are readily convertible to cash and are subject to an insignificant risk of changes in value. The maturities of these securities as at the purchase date are 90 days or less. A variable amount of the cash is held in cash backed, liquid US money market funds with high institutional credit ratings. Most of these money market funds are composed of the United States dollar and securities issued by the United States Government.

m) Share-based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Fair value is measured using the Black-Scholes option pricing model. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. Any revisions are recognized in profit or loss such that the cumulative expense reflects the revised estimate.

n) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Revenue and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

3. Significant accounting policies (continued)

o) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and required provisions. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired it is written down to a recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Any impairment loss is recognized immediately in the statement of operations and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations and comprehensive income (loss).

3. Significant accounting policies (continued)

p) Earnings per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

q) Use of estimates and judgment

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 at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Key sources of estimation uncertainty are as follows:

Allowance for losses on credit receivables

The Company has an accounting policy to provision for loans in default. The Company has put several loans into default in an effort to more quickly collect the outstanding principle. While these loans are in default, the Company is working to recover principle, interest and fees associated with the loan.

Valuation of stock-based compensation expense

The Company uses the Black-Scholes option pricing model to determine the fair value of the Company's issued stock options and warrants as prescribed by IFRS 2. The Black-Scholes option pricing model requires management to make various estimates about certain inputs into the model, including the expected option and warrant life, expected volatility, risk-free interest rate and expected dividend yield. A change in any of these estimates at the time the underlying options or warrants were issued would have impacted the Company's equity and ongoing stock-based compensation expense.

3. Significant accounting policies (continued)

q) Use of estimates and judgment (continued)

Allowance for losses on billing receivables

The recognition of billing receivables and loss allowances requires the Company to assess credit risk and collectability. The Company considers historical trends and other available information in performing this assessment.

r) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. During 2019, the Company discontinued its Billings operating segment. As at February 29, 2020, the Company has two segments, investment activities, and providing asset-based financial services to healthcare providers in the United States. Assets, liabilities, revenues and expense from these segments are disclosed in the statement of financial position and statement of income and comprehensive income.

s) Adoption of new standards

IFRS 16 – Leases

The standard introduces a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. For lessees, IFRS 16 is a single on-balance sheet recognition and measurement model, eliminating the distinction between operating and finance leases and right-of-use assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). Liabilities from leases are to be reduced over the term of the lease by amortizing lease payments to a reduction in liability and an interest expense recognized in finance costs. Right-of-use assets will be amortized over the term of the lease.

On March 1, 2019, the Company implemented IFRS 16, using the modified retrospective approach, with the cumulative effect of initially applying the new standard recognized in deficit on March 1, 2019. Comparatives have not been restated.

3. Significant accounting policies (continued)

s) Adoption of new standards (continued)

The following table summarizes the adjustments to opening balances resulting from the initial adoption of IFRS 16:

	As previously reported under IAS 17, February 28, 2019	IFRS 16 transitional adjustments	Balance at March 1, 2019
Right of use assets	$ Nil	$ 509,453	$ 509,453
Lease liabilities	$ Nil	$ 591,665	$ 591,665
Deficit	$ (24,427,562)	$ (82,212)	$ (24,509,774)

Upon adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which have previously been classified as operating leases under the principles of IAS 17. These liabilities are measured at the present value of the remaining fixed lease payments, discounted using the lessee's incremental borrowing rate as of March 1, 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the consolidated balance sheet on March 1, 2019 was 8.7% percent. The following table reconciles the operating lease commitments as at February 28, 2019 to the opening balance of lease liabilities as at March 1, 2019:

Operating lease commitments as at February 28, 2019	$ 159,564
Add: adjustments as a result of a different treatment for extension options	539,675
Less: Effect of discounting using the lessee's incremental borrowing rate	(107,574)
Lease liabilities recognized as at March 1, 2019	$ 591,665

The associated right-of-use assets were primarily measured as if the standard had been applied since the commencement date of the lease, but discounted using the lessee's incremental borrowing rate at the date of initial application. Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statements of financial position as at March 1, 2019. As at February 29, 2020, the Company has no lease agreements.

3. Significant accounting policies (continued)

s) Adoption of new standards (continued)

Lease payments are allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income (loss) as depreciation over the lease period.

The lease liability upon initial measurement includes the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Expected payments by the lessee under residual value guarantees;
- The exercise price of a purchase option of the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. In addition, the carrying amount of lease liabilities is remeasured by discounting the revised lease payments using a revised discount rate if there is a modification, a change in the lease term, a change to the partially or fully termination of the lease, and a change in the lease payments. For lease modifications that decrease the scope of the lease, by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease. Any gain or loss relating to the partial or full termination of the lease should be recognized in profit or loss.

In applying IFRS 16 – Leases for the first time, the Company has used the following practical expedients permitted by the standard:

- Leases with a remaining term less than six months or less from the date of application have been accounted for as short-term leases even though the initial term from the lease commencement have been more than twelve months
- The exclusion of initial direct costs for the measurement of the right-of use asset at the date of initial applications
- Leases with a low value have been excluded

3. Significant accounting policies (continued)

s) Adoption of new standards (continued)

Payments for short-term leases or leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of twelve months or less. Low-value assets compromise of small items of office equipment.

t) Standards, amendments, and interpretations issued but not yet adopted

The IASB has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intended to adopt those standards when they become effective. The impact on the Company is currently being assessed.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted. The Company has yet to fully assess the impact of the new standard on its results of operations, financial position and disclosures.

Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2022, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of this amendment.

4. Billing receivables

The Company is exposed to credit risk on the billing receivables from its customers. As at February 29, 2020, 100% (2019 – 40%) of the billing receivable balance are more than 90 days past due, nil% (2019 – 21%) of the billing receivable are between 60 – 90 days past due. As at February 29, 2020, the Company made a provision for the full amount given the uncertainty of collectability. In August 2019, revenue from billing services ceased as the company discontinued these operations (see note 18).

	February 29, 2020	February 28, 2019
Opening	$ 653,811	$ 1,990,960
Amounts invoiced	536,217	1,899,155
Amounts collected	(241,504)	(2,092,263)
Impairment of receivables	(947,501)	(1,200,579)
Impact of foreign exchange rates	(1,023)	56,538
Closing balance	$ -	$ 653,811

5. Disaggregation of Revenues

Revenue from continued operations	February 29, 2020	February 28, 2019
Interest	$ 50,276	$ 518,493
Fees and other	83,484	208,705
Interest, fees, and other from provisioned loans	145,635	534,556
Total Loan Revenues	$ 279,395	$ 1,261,754
Revenue from discontinued operations		
Billing Service Revenues (note 18)	$ 511,375	$ 1,882,764
Gross investment income	$ 110,367	$ -
Unrealized loss on marketable securities	(56,190)	-
Net investment income	$ 54,177	$ -

5. Disaggregation of Revenues (continued)

The company is only recognizing the cash collected on the impaired loans as a disaggregate revenue as the future economic benefits are uncertain.

Revenues for credit receivables (loans) have been disaggregated between loans that are provisioned and those that have not been provisioned. Loans that are not provisioned are accounted for under the accrual method of accounting. The principal loan repayments of fully provisioned loans are recorded as an offset to provision for losses. The interest, fees, and other revenue is recorded on a cash basis as reflected above.

6. Credit receivables

Credit receivables are measured at amortized cost, which is net of an allowance for losses.

	February 29, 2020	February 28, 2019
Revolving line of credit receivables, gross	$ 5,226,120	$ 5,639,278
Less allowance for losses	(5,226,120)	(4,766,116)
	$ -	$ 873,162

The nature of the Company's business involves funding or assuming the credit risk on receivables offered to it by its clients. These transactions are conducted on terms that are usual and customary to the Company's revolving line of credit activities. The loans are structured as revolving lines of credit that can be repaid at any time. However, the facilities are subject to early termination penalties.

Interest income earned on unprovisioned credit receivables for the year ended February 29, 2020 totaled $133,760 (2019 - $1,264,102). Facility fees, due diligence fees and commission expenses associated with the credit receivables are amortized as part of the effective interest method.

6. Credit receivables (continued)

	February 29, 2020	February 28, 2019
Allowance for losses opening	$ 4,766,116	$ 4,666,802
Provision for credit losses	377,320	61,847
Charge-offs, net of recoveries	-	-
Impact of foreign exchange rates	82,684	37,467
Allowance for credit losses, closing	$ 5,226,120	$ 4,766,116
Allowance as percentage of credit receivables	100%	84.52%

	February 29, 2020	February 28, 2019
Allowance summary		
Allowance allocated to billing	$ -	$ -
Allowance allocated to credit receivables	377,320	61,847
Allowance total	$ 377,320	$ 61,847

In light of the COVID-19 outbreak, Management has re-evaluated all credit receivables with consideration of how this outbreak has negatively impacted U.S. based healthcare practitioners. As many of the Company's receivables are due from U.S. based healthcare practitioners specializing in what are considered elective treatments and surgeries, they represent a higher than usual risk of default. Many states in the U.S. have or had severely curtailed the amount of elective treatments and surgeries that could be performed resulting in negative revenue impacts. The Company evaluates the credit worthiness of all receivables on a quarterly basis.

7. Equipment

	Furniture, equipment and leasehold improvements	Computer software	Total
Cost			
At February 28, 2018	$ 83,181	$ 672,352	$ 755,533
Retirements	-	(8,986)	(8,986)
Effect of movement in exchange rates	521	1,778	2,299
At February 28, 2019	83,702	665,144	748,846
Additions	-	-	-
Impairment	(85,187)	(672,368)	(757,555)
Effect of movement in exchange rates	1,485	7,224	8,709
At February 29, 2020	$ -	$ -	$ -
Accumulated Depreciation			
At February 28, 2018	$ 26,109	$ 281,796	$ 307,905
Depreciation	51,910	204,129	256,039
Effect of movement in exchange rates	(191)	(1,968)	(2,159)
At February 28, 2019	77,828	483,957	561,785
Depreciation	8,710	90,218	98,928
Impairment	(85,187)	(569,230)	(654,417)
Effect of movement in exchange rates	(1,351)	(4,945)	(6,296)
At February 29, 2020	$ -	$ -	$ -
Carrying Value			
Net book value February 28, 2019	$ 5,874	$ 181,187	$ 187,061
Net book value February 29, 2020	$ -	$ -	$ -

8. Accounts payable and accrued liabilities

	February 29, 2020	February 28, 2019
Accounts payable and accrued liabilities	$ 351,644	$ 378,745
Payroll taxes payable	-	15,229
	$ 351,644	$ 393,974

9. Shareholders' equity

a. Share capital

Unlimited voting common shares without par value

Issued

As at February 29, 2020, the Company had 45,841,454 common shares outstanding with a value of $31,055,842. There were no new issuances of common share during the year ended February 29, 2020 or February 28, 2019.

b. Warrants

	Number of Warrants	Weighted Avg Price
Balance as at February 28, 2018	251,247	$ 0.80
Warrants expired	(251,247)	(0.80)
Balance as at February 28, 2019 and February 29, 2020	-	$ -

On April 28, 2017, the Company announced it has extended the expiry date of a total of 251,247 common share purchase warrants excisable at $3.5484 per share, and amended the exercise price to 0.80. The warrants were originally issued by Brattle Street in its April / May 2015 offering of non-convertible debentures for gross proceeds of $2,228,750 (the "Debenture Warrants").

9. Shareholders' equity (continued)

b. Warrants (continued)

The warrants were extended to November 4, 2018, subject to acceleration in the event that the volume weighted average trading price of Brattle Street 's shares on the TSX-V exceeds $0.96 for a period of 10 consecutive trading days at any time after May 4, 2017.

These warrants expired unexercised on November 4, 2018, therefore, there were no warrants outstanding as at February 29, 2020.

c. Share based compensation

On completion of the Qualifying Transaction, the Company amended its stock option plan ("Option Plan") as follows:

- changing the Option Plan from a rolling stock option plan to a fixed stock option plan;
- fixing the number of common shares issuable under the plan at 64,010,750 being 20% of the number of common shares issued and outstanding immediately following the completion of the Qualifying Transaction; and amending the Option Plan to include provisions relating to the grant of options to a person who is a citizen or resident of the United State, in accordance with the requirements of Section 409A of the United States Internal Revenue Code of 1986, as amended.

The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods, and the exercise price of options granted under the Option Plan. The stock option vesting ranges over a 1 year to 10-year period. The outstanding stock options at February 29, 2020 are as follows:

Grant date	Exercise price	Number of options	Number of vested options	Weighted Avg Remaining Life (years)
March 28, 2014	$ 1.57	6,924	6,924	4.1
June 8, 2016	0.51	60,000	60,000	1.3
June 30, 2016	0.30	700,000	700,000	1.3
February 27, 2017	0.33	34,256	34,256	2.0
September 23, 2019	0.14	802,225	-	4.6
Total	**$ 0.45**	**1,603,405**	**801,180**	3.0

9. Shareholders' equity (continued)

A summary of the Company's stock options are as follows:

	Number of Options	Weighted Avg. Exercise Price
Balance as at February 29, 2018 and 2019	2,645,972	$ 0.45
Options issued	802,225	0.14
Options cancelled	(1,844,792)	0.51
Balance as at February 29, 2020	**1,603,405**	**$ 0.23**

The Company recognized $21,962 of share-based compensation for the year ended February 29, 2020 (2019 – $96,367).

On September 23, 2019, the Company issued 687,621 options to a director and 114,604 options to a consultant of the Company. The options are exercisable for a period of five years at an exercise price of $0.14 per option. The fair value of the options was estimated on the date of the grant at $0.11 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 115%; expected dividend yield of 0%; risk-free interest rate of 98.34%; and expected life of 5 years.

10. Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework through its Audit Committee. In this respect, the Audit Committee meets with management and the Company's Risk Management Committee at least quarterly. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

10. Financial risk management (continued)

a. Credit risk (continued)

Credit risk is the risk of financial loss to the Company if a client fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its cash and cash equivalents, the lines of credit to clients and any other financial transaction with a counterparty. The Company manages credit risk in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at high credit rated financial institutions. The carrying amount of these lines of credit represents the Company's maximum credit exposure and is the most significant measurable risk that it faces. The nature of the Company's asset-based lending business involves funding the receivables offered to it by its clients. Typically, the Company files a lien against the pledged receivables and requires either a single or double virtual lockbox arrangement.

The Company does not lend on an unsecured basis. No new asset-based loans were provided in the fiscal 2020 year. The maximum credit risk is the full value of the loans receivable.

Credit is evaluated by financial underwriters and is authorized by the Credit Committee comprised of supervisory personnel, management and, in the case of credit in excess of $1.0 million, the Company's President and the Chairman of its Board. The Company monitors and controls its risks and exposures through financial, credit, legal and technology-based systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers.

The Company’s customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from the invoice date. Clients’ receivables generally become "ineligible" for lending purposes when they reach a certain predetermined age, usually above 90 or 120 days from invoice date.

10. Financial risk management (continued)

a. Credit risk (continued)

The Company employs a 5-step client approval process to assess credit risk, which reviews, amongst other things, the financial strength of each client and the Company's underlying security. Credit risk is primarily managed by ensuring that, as far as possible, the receivables financed are of the highest quality, that being due from the U.S. Government healthcare programs such as Medicare and Medicaid. The Company does not lend against any patient pay ("co-pay"), inventory, equipment or any other tangible asset.

The Company also minimizes credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables and making receivables ineligible for lending purposes as they become older. The Company generally mandates the use of a single or double virtual lockbox system, where the clients' receivables are flowed through bank accounts controlled by the Company, thereby allowing it to quickly identify problems as and when they arise and act promptly to minimize credit losses.

The Company's credit exposure at February 29, 2020 relates to its gross credit receivables and interest and other receivables. As at February 29, 2020 $nil (2019 - $515,400) in receivables were over 90 days and $nil (2019 - $63,960) in receivables were between 60 - 90 days overdue.

b. Concentration risk

Concentration risk arises as a result of the concentration of exposures within a single client. The Company minimizes concentration risk by limiting the maximum amount that it will lend to any one client. As at February 29, 2020 and 2019 there were no loans outstanding to a client that constituted more than 20% of the gross credit receivable balance.

Concentrations of risk arises as a result in the concentration of customers. During fiscal 2020, Inspira SaaS Billing Services, Inc. had one customer (2019 – five customers) with one of those customers accounting for over 90% of revenues, which is a material concentration of risks. In August 2019, this business was discontinued.

10. Financial risk management (continued)

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its accounts payable and other liabilities.

At February 29, 2020, the Company had assets of $9,332,376 (2019– $11,621,111) which substantially exceeded its total liabilities of $366,644 (2019 - $408,974).

All financial assets and liabilities are expected to be settled within 12 months at the values stated in the consolidated statements of financial position.

	Carrying amount	0 to 3 months	6 to 12 months	Over 1 year
Cash	$ 496,634	$ -	$ -	$ 496,634
Cash equivalents	7,852,788			7,852,788
Marketable securities	843,221	-	-	843,221
Other receivables	10,660	-	10,660	-
	$ 9,203,303	$ -	$ 10,660	$ 9,192,643
Accounts payable and accrued liabilities	$ 351,644	$ 351,644	$ -	$ -

d. Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

10. Financial risk management (continued)

d. Market risk (continued)

Equity risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities including stocks and ETF's trading on U.S stock exchanges. An increase/(decrease) of 10% in the U.S markets could have an impact of approximately $84,000 increase/(decrease) on the income and equity attributable to the Company. For more details on the Company's marketable securities please see Note 19.

Currency risk - The Company is exposed to currency risk primarily in its foreign operations which operate in U.S. Dollars, to the full extent of the foreign operations net assets and U.S. denominated assets of approximately USD $7.6 million at February 29, 2020 (2019 – USD$11.9 million). The Company's investment in its foreign operations is not hedged. Unrealized foreign exchange gains or losses arise on translation of the assets and liabilities of the Company's foreign operations into Canadian dollars each period end.

Resulting foreign exchange gains or losses are credited or charged to other comprehensive income or loss with a corresponding entry to the AOCI component of equity. The Company is also subject to foreign currency risk on the earnings of its foreign operations which report in U.S. dollars and are unhedged. A 10% change in the U.S. dollar against the Canadian dollar would result in an approximate $1 million increase/decrease (2019 - $1.2 million) in the Company's consolidated statement of operations and comprehensive income (loss) for the year ended February 29, 2020.

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally cash and cash equivalents. These assets are not hedged.

10. Financial risk management (continued)

d. Market risk (continued)

Interest rate risk - Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible. The Company as of February 29, 2020 and February 28, 2019 has no debt and no credit receivables. Previously, the Company experienced short-term interest rate risk on these credit receivables.

e. Fair value of financial assets and liabilities

The carrying values of cash and cash equivalents, credit receivables, billing receivables, other receivables, accounts payable and accrued liabilities and other liabilities approximate their fair values due to the relatively short periods to maturity of the financial instruments.

The classification of financial instruments at their carrying and fair values is as follows:

	February 29, 2020 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial assets				
Cash and cash equivalents	-	-	8,349,422	8,349,422
Marketable securities	843,221	-	-	843,221
Other receivables	-	-	8,000	8,000
	843,221	-	8,357,422	9,200,643

10. Financial risk management (continued)

e. Fair value of financial assets and liabilities (continued)

	February 28, 2019 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial assets				
Financial assets				
Cash and cash equivalents	-	-	9,303,900	9,303,900
Billing receivables	-	-	653,811	653,811
Credit receivables	-	-	873,162	873,162
Other receivables	-	-	144,153	144,153
	-	-	10,975,026	10,975,026

	February 29, 2020 (in $'s)			
	Carrying Value			**Fair Value**
	FVTPL	**FVOCI**	**AMC**	**Total**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	351,644	351,644
Other liabilities	-	-	15,000	15,000
	-	-	366,644	366,644

	February 28, 2019 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial liabilities				
Accounts payable and accrued liabilities	-	-	393,974	393,974
Other liabilities	-	-	15,000	15,000
	-	-	408,974	408,974

11. Related party transactions

Related parties are defined as management and principal shareholders of the Company and/or members of their immediate family and/or other companies and/or entities in which the principal shareholders, directors or senior officers is the principal owner or senior executive. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation of key management personnel is as follows:

	2020	2019
Salaries and short-term benefits	$ 170,144	$ 387,503
Share based compensation	21,962	96,367
Total	$ 192,106	$ 483,870

Included in accounts payable and accrued liabilities is $13,705 due to a director of the Company.

12. Capital management

The Company's current capital structure includes total shareholder equity. The Company's objectives when managing capital are to: (a) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (b) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (c) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may, from time to time, change the amount of dividends paid to shareholders, return capital to shareholders by way of normal course issuer bid, issue new shares, or reduce liquid assets to repay other debt.

13. Segmented information

The Company operated and managed its business in two operating segments during 2019– providing asset-based financial services to healthcare providers in the United States and medical billing for its customers in the United States. While the Company operates in two geographic areas, being the United States and Canada, substantially all revenues from external customers are earned in the United States. In August 2019, the medical billing business was discontinued (note 18). At February 29, 2020 total assets for the financial services segment were $9,192,642 (February 28, 2019 - $10,332,102) and total assets for the medical billing segment were $nil (February 28, 2019 - $790,601). At February 29, 2020 total liabilities for the financial services segment were $57,779 and total liabilities for the medical billing segment were $nil (February 28, 2019 - $nil).

14. Net loss per share

		February 29, 2020		February 28, 2019
Net loss from continuing operations	$	(1,767,849)	$	(2,333,798)
Net income (loss) from discontinued operations	$	(573,496)	$	1,573,229
Weighted average number of common shares diluted		45,841,454		45,841,454
Net loss per share from continuing operations				
Basic	$	(0.04)	$	(0.05)
Diluted	$	(0.04)	$	(0.05)
Net income (loss) per share from discontinued operations				
Basic	$	(0.01)	$	0.03
Diluted	$	(0.01)	$	0.03

15. Leases

The Company had entered a lease commitment totaling the following for a facility in Boca Raton. This agreement was terminated during the fiscal year.

The following details the right-of-use asset transactions during the year, related to the leased facility:

	Total
Balance, March 1, 2019	$ 509,453
Additions	-
Depreciation	(47,382)
Cancellation	462,071
Balance, February 29, 2020	$ -

The following details the lease liability during the year, related to the leased facility:

Balance, March 1, 2019	$ 591,665
Additions	-
Payments	-
Accretion of interest	37,096
Cancellation of lease	(628,761)
Balance, February 29, 2020	$ -

On January 27, 2017, the Company entered into a 64-month lease agreement for office space with an option to extend an additional 5 years. Under the lease, the Company was required to pay a monthly rent of $7,062. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments were discounted using an interest rate of 8.7%, which are the Company's incremental borrowing rate. The lease was terminated on December 2019, as such a modification on the right of use assets and related liabilities were reflected. There were no principal payments made during the year and balances owing were included in the cancellation fees of $67,885, in accordance with the cancellation agreement and recorded in general and administrative expenses.

16. Expenses by nature

General and Administrative Expenses	February 29, 2020	February 28, 2019
Included in general and administrative:		
Labor & consulting expenses	$ 1,168,466	$ 2,119,158
Legal & audit fees	192,065	418,963
Facility leases	39,201	262,815
Public company expenses	512	94,443
General expenses	285,702	602,585
Total General and Administrative Expenses	$ 1,685,946	$ 3,497,964

17. Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes are measured using the current or substantively enacted rates expected to apply when the differences reverse. A deferred tax asset is recognized to the extent that the recoverability of deferred income tax assets is considered probable.

The Company's provision for (recovery of) income taxes differs from the amount that is computed by applying the combined Federal and state statutory income tax rate of 26.5% in the United Sates to the Company's net loss before income taxes as follows:

	February 29, 2020	**February 28, 2019**
	$	**$**
Net (loss) before income taxes on continued operations	(1,767,849)	(2,333,798)
Net (loss) before income taxes on discontinued operations	(573,496)	1,573,229
Expected income tax recovery	(620,456)	(201,551)
Tax rate changes and other adjustments	-	(682)
Share based compensation and non-deductible expenses	8,024	22,537
Expiry of warrants	-	22,622
Unrealized foreign exchange	25,171	-
Change in tax benefits not recognized	587,261	157,074
Income tax (recovery) expense	-	-
Current tax expense on continuing operations	-	-
Current tax expense attributable to discontinuing operations	-	-
Deferred tax expense (recovery)	-	-
	-	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. The future benefit of US non-capital losses carried forward may be limited on an annual basis and in total under Section 382 of the US Internal Revenue Code as a result of prior and future ownership changes.

17. Income Taxes (continued)

The Company has not yet recognized deferred tax assets related to these amounts as it is not yet probable that these carryforward losses and temporary differences will be utilized in the foreseeable future. Therefore, a net deferred income tax asset is not being recognized for US non-capital loss carry-forwards and other available tax assets.

The Company has US non-capital loss carryforwards of approximately $2,657,276 (2019 - $2,171,107) which can be used to reduce taxable income of future years. The benefit from the non-capital loss carryforward balance has not been recorded in the financial statements. These losses expire from 2035 to 2039. The Canadian non-capital loss carryforwards of $8,247,310 (2019 -$6,934,371) expire from 2032 to 2040.

Unrecognized deferred tax assets

The significant components of the temporary differences not recognized as at February 29, 2020 and February 28, 2019 are as follows:

	February 29, 2020	**February 28, 2019**
	$	**$**
Non-capital losses carried forward - Canada	8,247,310	6,934,371
Non-capital losses carried forward US	2,657,276	2,171,107
Equipment	104,818	113,864
Provisions	6,834,536	4,747,074
Share issuance costs	-	501,616
	17,843,940	14,468,032
Deferred tax asset on continuing operations	-	-
Deferred tax asset attributable to discontinuing operations	-	-
	-	-

18. Discontinued operations

In August 2019, the Company decided to discontinue its billing operations. And therefore, no longer generated revenue from billing operations.

Results of discontinued operations for the year ended February 29, 2020 and February 28, 2019 are as follows:

	February 29, 2020	February 28, 2019
Revenue		
Loan Interest	$ -	$ 2,348
Billing Service	511,375	1,882,764
Total revenue	511,375	1,885,112
Cost of revenue		
Impairment of billing receivables	947,501	-
Provision for losses	-	65,395
Total cost of revenue	947,501	65,395
Financial margin	(436,126)	1,819,717
Expenses		
General, administrative and collections	44,442	138,989
Depreciation	44,408	100,698
Impairment of equipment	48,520	-
Sales and marketing	-	6,801
Total expenses	137,370	246,488
Net (loss) income from discontinued operations	$ (573,496)	$ 1,573,229

18. Discontinued operations (continued)

Cash flows from discontinued operations for the years ended February 29, 2020 and February 28, 2019 are as follows:

	February 29, 2020	February 28, 2019
Operating Activities		
Net (loss) gain	$ (573,495)	$ 1,573,229
Non-cash items:		
Depreciation	44,408	100,698
Impairment of equipment	48,520	-
Provision for losses	-	43,975
Changes in operating assets and liabilities:		
Billing receivables	653,811	1,381,124
Prepaid and other receivables	-	(18,333)
Net cash provided by discontinued operating activities	$ 173,244	$ 3,080,693

19. Marketable Securities

The fair value of marketable securities is based on quoted prices in active markets and are measured at level 1 in the fair value hierarchy. The investments comprise of the following equities and balances as at February 29, 2020:

Details	Quantity	Average cost $	Market price/ unit $	Total fair value 2020 $	Total fair value 2019 $
Callable shares	10,000	33.51	33.18	331,831	-
Short term bond ETF	2,900	65.72	65.80	190,838	-
Publicly traded common shares	9,633	33.69	33.28	320,552	-
Total investments				843,221	-

19. Marketable Securities (continued)

For the marketable securities investments, the Company is exposed to general market risk as well as risk associated with the specific industries it as invested in. It is Management's goal to maximize return while minimizing risk. However, there are additional risk factors at play with these investments. Specifically, the Company is exposed to enhanced risk related to the value of real estate and the value of and ratings of corporate and government debt. The majority of the Company's debt exposure is related to debt issued by the United States Government substantially reducing credit exposure as the United States Government is evaluated by Management as having exceptional credit worthiness. All securities are for companies or Exchange Traded Funds listed in the United States.

Description of security industry	Value of holdings as at February 29, 2020 $
Real estate investment trust	605,697
Bond exchange trade fund	190,838
Other United States securities	46,686

20. Subsequent Events

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

21. Contingencies

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At February 29, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.