BRATTLE STREET INVESTMENT CORP.

Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three Months Ended May 31, 2020 and May 31, 2019
(In Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

Brattle Street Investment Corp.
Condensed Interim Consolidated Statements of Financial Position
As at May 31, 2020 and February 29, 2020
(Unaudited, in Canadian Dollars)

	Note		May 31, 2020		February 29, 2020
Assets					
Cash and cash equivalents	8	$	8,526,239	$	8,349,422
Marketable securities	15		556,484		843,221
Prepaids and other receivables			87,269		139,733
Total assets		$	9,169,992	$	9,332,376
Liabilities and shareholders' equity					
Liabilities					
Accounts payable and accrued liabilities	6	$	135,931	$	351,644
Other liabilities			15,000		15,000
Total Liabilities		$	150,931	$	366,644
Shareholders' equity					
Share capital	7	$	31,055,842	$	31,055,842
Contributed surplus	7		3,403,577		3,392,371
Accumulated other comprehensive income			1,605,607		1,368,638
Deficit			(27,045,965)		(26,851,119)
Total shareholders' equity		$	9,019,061	$	8,965,732
Total liabilities and shareholders' equity		$	9,169,992	$	9,332,376

Brattle Street Investment Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended May 31, 2020 and May 31, 2019

(Unaudited, in Canadian Dollars)

	Share Capital			Accumulated Other comprehensive income		
	Number	Amount	Contributed surplus		Deficit	Total
Balance -February 28, 2019	**45,841,454**	**31,055,842**	**3,370,409**	**1,213,448**	**(24,427,562)**	**11,212,137**
Share based compensation	-	-	4,539	-	-	**4,539**
Foreign currency translation	-	-	-	97,970	-	**97,970**
Net income	-	-	-	-	366,952	**366,952**
Balance -May 31, 2019	**45,841,454**	**31,055,842**	**3,374,948**	**1,311,418**	**(24,060,610)**	**11,681,598**
Balance -February 29, 2020	**45,841,454**	**31,055,842**	**3,392,371**	**1,368,638**	**(26,851,119)**	**8,965,732**
Share based compensation	-	-	11,206	-	-	11,206
Foreign currency translation gain	-	-	-	236,969	-	236,969
Net loss from continuing operations	-	-	-	-	(194,846)	(194,846)
Balance -May 31, 2020	**45,841,454**	**31,055,842**	**3,403,577**	**1,605,607**	**(27,045,965)**	**9,019,061**

Brattle Street Investment Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three months ended May 31, 2020 and May 31, 2019
(Unaudited, in Canadian Dollars)

	Note		May 31, 2020		May 31, 2019
Continuing operations					
Revenue					
Loan interest	**4**	$	7,443	$	251,703
Fees and other	**4**		14,854		77,089
Collections of provisioned loans	**4**		83,706		-
Investment income	**4**		13,966		-
Loss on sale of marketable securities	**4**		(43,573)		-
Unrealized fair value change of marketable securities	**4**		(84,379)		-
Total revenue			(7,983)		328,792
Expenses					
General, administrative and collections	**13**		175,657		340,105
Share based compensation	**7**		11,206		4,539
Total expenses			186,863		344,644
Net loss from continuing operations			(194,846)		(15,852)
Discontinued operations					
Income from discontinued operations	**14**		-		300,573
Net (loss) income		$	(194,846)	$	284,721
Other comprehensive gain (loss)					
Amortization of ROUA		$	-	$	(15,739)
Foreign currency translation gain			236,969		97,970
Comprehensive income		$	42,122	$	366,952
Net (loss) income per share					
Basic and diluted	**12**	$	(0.00)	$	0.01
Weighted average number of common shares outstanding			45,841,454		45,841,454

Brattle Street Investment Corp

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended May 31, 2020 and May 31, 2019

(Unaudited, in Canadian Dollars)

	Note	May 31, 2020	May 31, 2019
Operating activities			
Net loss		$ (194,846)	$ 284,721
Income after tax from discontinued operations		-	300,574
Net loss from continuing operations		(194,846)	(15,853)
Non-cash items:			
Loss on sale of marketable securities		43,573	-
Share based compensation	**7**	11,206	4,539
Unrealized loss on marketable securities		84,379	-
Changes in operating assets and liabilities:			
Net repayment of credit receivable		-	(21,895)
Prepaid and other receivables		52,464	36,703
Accounts payable and accrued liabilities		(215,713)	(32,699)
Cash flows used in continued operating activities		(218,937)	(29,205)
Cash flows provided by discontinued operating activities	**14**	-	223,608
Net cash (used in) provided by operating activities		(218,937)	194,403
Investing activities			
Proceeds on sale of marketable securities		276,187	
Purchase of marketable securities		(93,042)	-
Net cash used provided by investing activities		183,145	-
Effect of foreign exchange rates on cash		212,609	276,524
(Decrease) increase in cash and cash equivalents		(35,792)	194,403
Cash and cash equivalents, opening		8,349,422	9,303,900
Cash and cash equivalents, closing		$ 8,526,239	$ 9,774,827

Supplemental cash flow information:		
Interest paid	-	-
Income taxes paid	-	-

1. Description of the business

Brattle Street Investment Corp. ("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

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the IFRS Interpretations Committee. Accordingly, certain disclosures included in annual consolidated financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 29, 2020.

The consolidated financial statements have been authorized for issuance by the Board of Directors on July 30, 2020.

Functional and presentation currency

These unaudited condensed interim 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) Accounting policies

These condensed interim consolidated financial statements reflect the accounting policies described in Note 3 to the Company’s audited consolidated financial statements for the years ended February 29, 2020 (“2020 Audited Consolidated Financial Statements”) and accordingly, should be read in conjunction with the 2020 Audited Consolidated Financial Statements and the notes thereto.

d) 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:

3. Significant accounting policies (continued)

d) Use of estimates and judgment (continued)

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.

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.

e) 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. As at February 29, 2020 and May 31, 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.

3. Significant accounting policies (continued)

f) 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.

(In Canadian Dollars)

4. Disaggregation of Revenues

Revenue from continued operations		May 31, 2020		May 31, 2019
Interest	$	7,443	$	251,703
Fees and other		14,854		77,089
Collections of provisioned loans		83,706		-
Total Loan Revenues	$	106,003	$	328,792
Revenue from discontinued operations				
Billing Service Revenues (note 14)	$	-	$	300,573
Gross investment income	$	13,966	$	-
Loss on sale of marketable securities		(43,573)		-
Unrealized loss on marketable securities		(84,379)		-
Net investment loss	$	(113,986)	$	-

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.

5. Credit receivables

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

		May 31, 2020		February 29, 2020
Revolving line of credit receivables, gross	$	5,281,736	$	5,226,120
Less allowance for losses		(5,281,736)		(5,226,120)
	$	-	$	-

(In Canadian Dollars)

5. Credit receivables (continued)

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 three months ended May 31, 2020 totaled $nil (2019 - $251,703). Facility fees, due diligence fees and commission expenses associated with the credit receivables are amortized as part of the effective interest method.

		May 31, 2020		February 29, 2020
Allowance for losses opening	$	5,226,120	$	4,766,116
Provision for credit losses		-		377,320
Charge-offs, net of recoveries		(83,706)		-
Impact of foreign exchange rates		139,322		82,684
Allowance for credit losses, closing	$	5,281,736	$	5,226,120
Allowance as percentage of credit receivables		100%		100%

		May 31, 2020		February 29, 2020
Allowance summary				
Allowance allocated to credit receivables		-		377,320
Allowance total	$	-	$	377,320

In light of the COVID-19 outbreak, Management, at fiscal year end, 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.

(In Canadian Dollars)

6. Accounts payable and accrued liabilities

	February 29, 2020		February 29, 2020	
Accounts payable and accrued liabilities	$	135,931	$	351,644
Other		-		-
	$	135,931	$	351,644

7. Shareholders' equity

a. Share capital

Unlimited voting common shares without par value

Issued

As at May 31, 2020 and 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 three months ended May 31, 2020 and the year ended February 29, 2020.

b. 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:

(In Canadian Dollars)

7. Shareholders' equity (continued)

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	3.9
June 8, 2016		0.51	60,000	60,000	1.1
June 30, 2016		0.30	700,000	700,000	1.1
February 27, 2017		0.33	34,256	34,256	1.8
September 23, 2019		0.14	802,225	76,402	4.4
May 29, 2020		0.20	1,300,000	-	5.0
Total	**$**	**0.22**	**2,903,405**	**877,582**	3.8

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

	Number of Options	Weighted Avg. Exercise Price	
Balance as at February 29, 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**
Options issued	1,300,000		0.20
Balance as at May 31, 2020	**2,903,405**	**$**	**0.22**

The Company recognized $11,206 of share-based compensation for the three months ended May 31, 2020 (three months ended May 31, 2019 – $4,539).

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.

7. Shareholders' equity (continued)

On May 29, 2020, the Company issued 1,200,000 options to two directors and 100,000 options to a employee of the Company. The options are exercisable for a period of five years at an exercise price of $0.20 per option. The fair value of the options was estimated on the date of the grant at $0.10 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.

8. 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.

a. Credit risk

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 2021 year. The maximum credit risk is the full value of the loans receivable.

8. Financial risk management (continued)

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.

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 May 31, 2020 relates to its gross credit receivables and interest and other receivables. As all receivables and associated loans were fully provisioned as at February 29, 2020 the Company has no ($nil) outstanding receivables as of the date of these statements or prior year end.

(In Canadian Dollars)

8. Financial risk management (continued)

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 May 31, 2020 and February 29, 2020 there were no loans outstanding to a client that constituted more than 20% of the credit receivable balance. Currently the Company has provisioned all loans receivable.

Concentrations of risk arises as a result in the concentration of customers. During the three months ended May 31, 2020, Inspira SaaS Billing Services, Inc. had no customers (fiscal 2020 – one customer). In August 2019, this business was discontinued.

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 May 31, 2020, the Company had assets of $9,169,992 (February 29, 2020– $9,332,376) which substantially exceeded its total liabilities of $150,931 (February 29, 2020 - $366,644).

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	$ 492,238	$ -	$ -	$ 492,238
Cash equivalents	8,034,001	-	-	8,034,001
Marketable securities	556,484	-	-	556,484
	$ 9,082,723	$ -	$ -	$ 9,082,723
Accounts payable and accrued liabilities	$ 135,931	$ 135,931	$ -	$ -

8. Financial risk management (continued)

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.

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 $55,000 increase/(decrease) on the income and equity attributable to the Company. For more details on the Company’s marketable securities please see Note 15.

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 $6.8 million at May 31, 2020 (February 29, 2020 – USD $6.9 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 $0.7 million increase/decrease (February 29, 2020 - $0.7 million) in the Company's consolidated statement of operations and comprehensive income (loss) for the three months ended May 31, 2020.

(In Canadian Dollars)

8. Financial risk management (continued)

d. Market risk (continued)

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

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 May 31, 2020 and February 29, 2020 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:

	May 31, 2020 (in $'s)			
	Carrying Value			**Fair Value**
	FVTPL	**FVOCI**	**AMC**	**Total**
Financial assets				
Cash and cash equivalents	-	-	8,526,239	8,526,239
Marketable securities	556,484	-	-	556,484
	556,484	-	8.526,239	9,082,723

	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

(In Canadian Dollars)

8. Financial risk management (continued)

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

	May 31, 2020 (in $'s)			
	Carrying Value			**Fair Value**
	FVTPL	**FVOCI**	**AMC**	**Total**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	135,931	135,931
Other liabilities	-	-	15,000	15,000
	-	-	150,931	150,931

	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

9. 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 for the three months ended May 31, 2020 and May 31, 2019 is as follows:

	May 31, 2020	May 31, 2019
Salaries and short-term benefits	$ 125,237	$ 13,000
Share based compensation	103,348	4,539
Total	$ 228,585	$ 17,539

9. Related party transactions (continued)

Included in accounts payable and accrued liabilities is $nil (February 29, 2020 - $13,705) due to a director of the Company.

10. 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.

11. 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 14). At May 31, 2020 and February 29, 2020 the Company operated and managed two segments being investment activities and providing asset-based financial services.

(In Canadian Dollars)

12. Net loss per share

Three months ended		**May 31, 2020**		**May 31, 2019**
Net loss from continuing operations	$	(194,846)	$	(15,852)
Net income from discontinued operations	$	-	$	300,573
Weighted average number of common shares diluted		45,841,454		45,841,454
Net loss per share from continuing operations				
Basic	$	(0.00)	$	(0.00)
Diluted	$	(0.00)	$	(0.00)
Net income per share from discontinued operations				
Basic	$	-	$	0.01
Diluted	$	-	$	0.01

(In Canadian Dollars)

13. Expenses by nature

	Three months ended	
General and Administrative Expenses	May 31, 2020	May 31, 2019
Included in general and administrative:		
Labor & consulting expenses	$ 198,183	$ 84,125
Legal & audit fees	6,515	35,053
Public company expenses	45,102	-
Reversal of contested tax assessment	(113,927)	-
General expenses	39,784	220,927
Total General and Administrative Expenses	$ 175,657	$ 340,105

(In Canadian Dollars)

14. 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 three months ended May 31, 2020 and May 31, 2019 are as follows:

	May 31, 2020	May 31, 2019
Revenue		
Billing Service	$ -	$ 300,573
Total revenue	-	300,573
Expenses		
General, administrative and collections	-	-
Total expenses	-	-
Net income from discontinued operations	$ -	$ 300,573

Cash flows from discontinued operations for the three months ended May 31, 2020 and May 31, 2019 are as follows:

	May 31, 2020	May 31, 2019
Operating Activities		
Net income	$ -	$ 300,573
Non-cash items:		
Changes in operating assets and liabilities:		
Billing receivables	-	(76,965)
Prepaid and other receivables	-	-
Net cash provided by discontinued operating activities	$ -	$ 223,608

(In Canadian Dollars)

15. 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 May 31, 2020 and February 29, 2020:

Details	Quantity	Average cost	Market price/ unit	Total fair value May 31, 2020	Total fair value February 29, 2019
		$	$	$	$
Callable shares	10,000	34.40	30.81	308,140	331,831
Short term bond ETF	2,900	67.48	66.64	193,253	190,838
U.S Treasury Bills	30,000	1.38	1.38	41,343	-
Publicly traded common shares	400	34.18	34.37	13,748	320,552
Total investments				556,484	843,221

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 May 31, 2020
	$
Real estate investment trust	308,140
Bond exchange trade fund	193,077
Other United States securities	55,267

16. COVID-19

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.

In addition, the current pandemic and associated economic uncertainties could significantly adversely affect the ability of the Company to find and pursue new opportunities to grow its business. The Company's financial condition, liquidity and results of operations have been and will continue to be adversely impacted by these preventative actions and the disruption to our business and that of our suppliers and customers. As we cannot predict the duration or scope of the COVID-19 pandemic, the negative financial impact to our results cannot be reasonably estimated, but could be material.

17. 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 May 31, 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.