Financial Statements
(In Canadian dollars)

PROSPECT PARK CAPITAL CORP.

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

DNTW Toronto LLP
Chartered Professional Accountants
Licensed Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Prospect Park Capital Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prospect Park Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of income (loss) and comprehensive income (loss), statements of changes in shareholders' deficit and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis of 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has no source of operating revenues and its ability to operate as a going concern in the near-term will depend on its ability to successfully raise additional financing and to commence profitable operations in the future. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 audits. We also:

- Identify and assess the risks of material misstatement of the 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 audits 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.

- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits 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

January 28, 2020
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Statements of Financial Position

As at September 30, 2019 and September 30, 2018

	2019	2018
Assets		
Current assets:		
Cash	$ 7,491	$ 4,715
Investments at fair value (Notes 3 and 9)	-	8,048
Loan receivable (Note 4)	-	81,976
Interest receivable (Note 4)	-	31,898
	$ 7,491	$ 126,637
Liabilities and Shareholders' Deficit		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	$ 249,029	$ 211,483
Shareholders' deficit:		
Share capital (Note 5)	1,363,419	1,363,419
Reserves	364,228	364,228
Deficit	(1,969,185)	(1,812,493)
	(241,538)	(84,846)
	$ 7,491	$ 126,637

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 12)

See accompanying notes to financial statements.

Approved on behalf of the Board:

Mr. Robbie Grossman Director

Mr. Joshua Kornberg Director

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended September 30, 2019 and September 30, 2018

	2019	2018
Net investment gains (losses)		
Loss on sale of investments	$(1,015,860)	$ -
Gain on foreign exchange	803	2,063
Net change in unrealized loss on investments	1,015,156	(3,323)
Net investment gains (losses)	99	(1,260)
Impairment of loan and interest receivable (Note 4)	(124,514)	-
Interest income	9,837	71,402
	(114,578)	70,142
Expenses:		
Operating, general and administrative (Note 10)	42,114	(8,888)
Net income (loss) and comprehensive income (loss)	$ (156,692)	$ 79,031
Income (loss) per common share - basic and diluted (Note 8)	$ (0.02)	$ 0.01
Weighted average number of shares outstanding - basic and diluted (Note 8)	9,819,117	9,819,117

See accompanying notes to financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Statements of Changes in Shareholders' Deficit

For the years ended September 30, 2019 and September 30, 2018

	Share capital	Reserves Contributed surplus	Deficit	Total
Balance, September 30, 2017	$ 1,363,419	$ 364,228	$ (1,891,524)	$ (163,877)
Net income for the year	-	-	79,031	79,031
Balance, September 30, 2018	$ 1,363,419	$ 364,228	$ (1,812,493)	$ (84,846)
Balance, September 30, 2018	$ 1,363,419	$ 364,228	$ (1,812,493)	$ (84,846)
Net loss for the year	-	-	(156,692)	(156,692)
Balance, September 30, 2019	$ 1,363,419	$ 364,228	$ (1,969,185)	$ (241,538)

See accompanying notes to financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)
Statements of Cash Flows
For the years ended September 30, 2019 and September 30, 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Operating income (loss)	$ (156,692)	$ 79,031
Change in non-cash operating items:		
Net change in unrealized loss	(1,015,156)	3,323
Impairment of loan and interest receivable	124,514	-
Loss on sale of investments	1,015,860	-
Interest accrued	(9,837)	(10,477)
Change in non-cash working capital:		
Accounts receivable	(803)	(2,063)
Accounts payable and accrued liabilities	37,546	(87,667)
Net cash used in operating activities	(4,568)	(17,853)
Investing activities:		
Proceeds from sale of investment	7,344	-
Net cash provided by investing activities	7,344	-
Increase (decrease) in cash	2,776	(17,853)
Cash, beginning of year	4,715	22,568
Cash, end of year	$ 7,491	$ 4,715

See accompanying notes to financial statements.

1. Nature of Operations and Going Concern

Prospect Park Capital Corp. (the "**Corporation**") was incorporated under the *Business Corporations Act* (Ontario) on September 7, 2012. The registered office of the Corporation is located at Suite 600, 100 King Street West, Toronto, Ontario M5X 1E2. The Corporation's financial year ends on September 30.

On March 28, 2013, the Corporation completed an initial public offering (the "**IPO**") pursuant to Policy 2.4 – *Capital Pool Companies* (the "**CPC Policy**") of the TSX Venture Exchange (the "**Exchange**") and became classified as a Capital Pool Company (as such term is defined in the CPC Policy). The Corporation's common shares were listed on the Exchange on March 27, 2013 and commenced trading on March 28, 2013 under the symbol "PPK.P".

The Corporation made certain investments, as described in Note 3 herein. These investments collectively met the definition of a Qualifying Transaction (as such term is defined in the CPC Policy). On October 24, 2014, the common shares commenced trading on the Exchange under the symbol PPK, as a healthcare focused investment company.

Pursuant to a management agreement (the "**Management Agreement**") dated September 25, 2014 between the Corporation and Prospect Park Management Inc., the general partner of Prospect Park Management Limited Partnership (the "**Manager**"), the manager of the Corporation, the Manager was appointed the manager of the Corporation to provide management, investment, valuation and administrative services and facilities to the Corporation and be responsible for the day-to-day operations of the Corporation.

The current market conditions and volatility increase the uncertainty of the Corporation's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Corporation has a working capital deficit of $241,538 as at September 30, 2019 (2018 – deficit of $84,846). The Corporation will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. These material uncertainties cast significant doubt on the Corporation's ability to continue as a going concern.

There can be no assurance that the Corporation will be able to continue to raise funds in which case the Corporation may be unable to meet its obligations. Should the Corporation be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation

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

The financial statements have been prepared on historical cost basis except for some financial instruments that have been measured at fair value, as explained in the accounting policies set out below.

These financial statements were authorized by the board of directors of the Corporation on January 28, 2020.

2. Significant Accounting Policies (continued)

(b) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Corporation's functional and presentation currency.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise of cash held with a major Canadian chartered bank and highly liquid investments with maturities of less than 90 days.

(d) Share-based payment transactions

The Corporation has a share-based compensation plan that grants stock options and warrants to employees and non-employees.

The Corporation uses the fair value-based method of accounting for stock-based compensation arrangements. The fair value of each option granted is calculated using the Black-Scholes option pricing model at the date of grant and recognized in operations over the vesting period of the option, with the related increase recognized in contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital.

Where the terms of an equity instrument are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee, as measured at the date of modification.

Where an equity instrument is cancelled it is treated as if it vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity instruments are treated equally.

(e) Financial instruments

Effective October 1, 2018, the Corporation adopted IFRS 9 using the modified retrospective basis without restating comparative periods and therefore the comparative information in respect of financial instruments for the year ended September 30, 2018 was accounted for in accordance with the Corporation's previous accounting policy under IAS 39.

There was no material impact on the implementation of changes in the Corporation's financial statements.

Financial assets:	**Classification IAS 39**	**Classification IFRS 9**
Cash	FVTPL	FVTPL
Loan receivable	Loans and receivables	Amortized cost
Financial liabilities:	**Classification IAS 39**	**Classification IFRS 9**
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Recognition and Derecognition

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have been transferred.

Classification

The Corporation classifies its financial assets and liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through profit or loss (“FVPL”) or through other comprehensive income (“FVOCI”)), and ii) those to be measured subsequently at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss. For financial assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Classification of financial assets or financial liabilities at fair value through either profit or loss or other comprehensive income, is an irrevocable designation at the time of recognition.

Financial assets are reclassified when, and only when, the Corporation's business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash and investments are classified as assets at fair value and any period change in fair value is subsequently measured at fair value through profit or loss.

Loan and interest receivable are classified as subsequently measured at amortized cost.

Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. Interest expense is recorded in profit or loss.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of that instrument. Transaction costs of financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest are measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any change taken through profit or loss or other comprehensive income. Fair values are based on quoted closing prices of securities traded in an active market.

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Impairment

The Corporation assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is significant increase in credit risk, the Corporation compares the risk of default occurring as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Fair Value Hierarchy

The Corporation has a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Corporation's financial instruments. The hierarchy of inputs is summarized below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

(f) Revenue recognition

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statements of comprehensive income (loss).

Upon disposal of an available-for-sale investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the statements of comprehensive income (loss) as incurred.

Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Interest income, other income and income from securities lending are recorded on an accrual basis.

2. Significant Accounting Policies (continued)

(g) Earnings (loss) per share

The calculation of earnings (loss) per common share is based on the reported net earnings (loss) divided by the weighted average number of shares outstanding during the year. Diluted earnings (loss) per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings (loss) per share are the same.

(h) Shares issue costs

Costs incurred for the issue of common shares are deducted from share capital.

(i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized.

(j) Significant accounting judgements and estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

2. Significant Accounting Policies (continued)

Significant assumptions about the future and other sources of judgments and estimates that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) *Share-based compensation*: The Corporation includes estimates of forfeitures, expected life of the award, enterprise value of the Corporation and the risk-free interest rate in the calculation of stock option expense. These estimates are based on previous experience and may change throughout the life of a stock option plan.

(ii) *Deferred tax assets*: Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

(k) Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the statements of operations. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

(l) Recent accounting pronouncements

IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. This standard will have no impact as the Company does not have any leases.

3. Investments

Precision Therapeutics Inc.

On January 31, 2019, the Corporation sold all of its shares (namely 5,818) of Precision Therapeutics Inc. (formerly Skyline Medical Inc.) in the open market, for proceeds of $7,344.

(In Canadian Dollars)

4. Loan Receivable

Pursuant to a credit agreement dated February 26, 2015, as amended on April 27, 2016, and May 25, 2017, between Above the Fold, LLC ("**ATF**"), a related party (Note 7), and the Corporation, the Corporation agreed to lend ATF a principal amount of up to US$100,000, at an annual interest rate of twelve per cent (12%) per annum (calculated annually on the basis of a 365 day calendar year). The loan matured on December 31, 2018.

As at September 30, 2019, $82,779 (US$62,750) (September 30, 2018 - $81,976 (US$62,750)) had been advanced as part of the loan and $41,735 (September 30, 2018 - $31,898) has been accrued as interest.

As at September 30, 2019, the Corporation fully impaired the loan and accrued interest due to the uncertainty of collectability.

5. Share Capital

(a) Authorized:

The Corporation has authorized share capital of an unlimited number of common shares.

(b) Issued common shares:

	Number of Shares	Amount
Balance, September 30, 2018 and September 30, 2019	**9,819,117**	**$ 1,363,419**

6. Stock Options

On June 6, 2016, shareholders of the Corporation approved an amended and restated stock option plan (the "**2016 Rolling Option Plan**"), and on July 20, 2016, the board of directors of the Corporation adopted a new 20% fixed number stock option plan (the "**2016 Fixed Option Plan**") for the Corporation reserving 1,735,252 (20% of the issued and outstanding common shares on such date) common shares for issuance. The 2016 Fixed Option Plan and the 998,061 stock options (the "**2016 Grants**") granted under the 2016 Fixed Option Plan were subject to shareholder approval at a subsequent shareholders' meeting. Pursuant to section 3.9(f) of Policy 4.4 – *Incentive Stock Options* of the Exchange, the 2016 Grants were terminated, and the Corporation reverted back to the 2016 Rolling Option Plan, as the 2016 Fixed Option Plan and 2016 Grants were not approved by shareholders within 12 months.

The following table reflects the actual stock options issued and outstanding as of September 30, 2019:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)	Number of Options Unvested
March 28, 2023	0.20	3.50	598,224	598,224	-

The options outstanding have a weighted average remaining contractual life of 3.49 years and a weighted average exercise price of $0.20.

7. Related Party Transactions

Related parties include officers of the Corporation, the board of directors, close family members, enterprises and others that the Corporation does not deal with at arm's length. The below noted transactions are in the normal course of business. The Corporation considers its directors and officers to be key management.

(i) During the year, the Corporation accrued $27,120 (2018 - $27,120) in monthly fees to CFO Advantage Inc., a company owned by Kyle Appleby, the Chief Financial Officer of the Corporation. As at September 30, 2019, $91,220 (2018 - $64,100) is included in accounts payable and accrued liabilities.

(ii) During the year, the Corporation was charged $6,340 (2018 - $2,155) by DLA Piper (Canada) LLP ("DLA") for legal services (including tax and disbursements). Robbie Grossman is a partner of DLA and an officer and director of the Corporation. Included in the September 30, 2019 accounts payable and accrued liabilities is $6,340 (2018 - $1,944) due to DLA.

(iii) Pursuant to the Management Agreement, during the year, the Manager was entitled to a monthly management fee equal to 1/12th of 2% of the net asset value of the Corporation, inclusive of any taxes payable by the Corporation in respect of such management fee, calculated as of the last business day of each month. For the years ended September 30, 2019 and 2018, no management fees were charged. As at September, 30, 2019, $1,404 (2018 - $1,404) of management fees were included in accounts payable and accrued liabilities. Joshua Kornberg (a director of the Corporation) and Dr. Samuel Herschkowitz (a director and officer of the Corporation until January 22, 2020) are the limited partners of the Manager and the sole officers, directors and shareholders of the general partner of the Manager.

(iv) Pursuant to the Management Agreement, during the year, the Manager was entitled to a performance fee equal to 20% of the net appreciation in the net asset value of the Corporation calculated as of the last day of each fiscal year in excess of the net asset value of the Corporation calculated as of the last day of the previous fiscal year, less any taxes payable by the Corporation in respect of such performance fee. The performance fees, if any, are calculated and accrued monthly and shall be paid to the Manager in cash annually. Where the cash on hand is insufficient to satisfy the performance fee in full on the date on which such payment is required, the performance fee shall be paid as to the amount of such cash, net of the Corporation's working capital requirements as reasonably determined by the Manager available on the required date and the balance shall be accrued and paid as cash becomes available. For the years ended September 30, 2019 and 2018, no performance fees were earned.

(v) Pursuant to the credit agreement with ATF (see Note 4), as of September 30, 2019, $41,735 (2018 - $31,898) has been included in interest receivable and $82,779 (2018 - $81,976) has been included in principal receivable relating to this agreement. As at September 30, 2019, the Corporation deemed the loan and accrued interest fully impaired and wrote off the balances. The Corporation is related to ATF due to Dr. Samuel Herschkowitz, one of the directors and officers of the Corporation (until January 22, 2020), Joshua Kornberg, a director of the Corporation, and Mr. Kornberg's spouse, being the managing members of ATF. Mr. Kornberg's spouse is also an officer of ATF.

(vi) As at September 30, 2019, $14,434 is owed to Joshua Kornberg for expenses paid on behalf of the Corporation.

8. Net Loss per Common Share

Diluted loss per share for 2019 and 2018 did not include the effect of options or warrants as they are anti-dilutive.

9. Financial Instruments

(a) Credit Risk:

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash and cash equivalents and accounts receivable. Cash and cash equivalents are held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

Loan receivable consists of a loan from a related party. The loan was assessed for impairment and was deemed fully impaired at September 30, 2019. The Corporation's total exposure to credit risk was $124,514, which is comprised of the total interest and principal receivable from the related party (2018 -$113,874).

(b) Interest Rate Risk:

The Corporation is not exposed to any significant interest rate risk.

(c) Liquidity Risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(d) Capital Management:

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

9. Financial Instruments (continued)

(e) Currency Risk:

The Corporation is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these risks due to cash and investments holdings in United States dollars.

September 30, 2019

		Exposure			Impact on net assets	
Currency	Cash	Investments	Total	Cash	Investments	Total
United States Dollar	$ 5,450	$ -	$ 5,450	$ 54	$ -	$ 54

September 30, 2018

		Exposure			Impact on net assets	
Currency	Cash	Investments	Total	Cash	Investments	Total
United States Dollar	$ 1,705	$ 6,165	$ 7,870	$ 17	$ 62	$ 79

As at September 30, 2019, if the Canadian dollar had strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, net assets attributable to the shareholders could have decreased or increased, respectively, by approximately 1% ($54) (2018 - $(79)).

(f) Fair value measurements:

(i) Financial hierarchy: The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

(ii) Determination of investments fair values: The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Corporation's management estimates the fair value of investments based on the criteria below and reflects such valuations in the interim statements.

The Corporation is also required to disclose details of its investments (and other financial assets and liabilities for which fair value is measured or disclosed in the interim statements) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

(In Canadian Dollars)

9. Financial Instruments (continued)

For publicly traded companies, securities including shares, options and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the statements of financial position dates or the closing trade price on the last day the security traded if there were no trades at the statements of financial position dates. These are included in Level 1.

Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such investments, the Corporation considers the nature and length of the restriction. These are included in Level 2.

For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available or reliable, the warrants and options are valued at intrinsic value, which is equal to the higher of the closing trade price at the statements of financial position dates of the underlying security less the exercise price of the warrant or option, and zero. These are included in Level 2.

All privately-held investments (other than options and warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more valuation indicators. These are included in Level 3. Options and warrants of private companies are carried at their intrinsic value.

September 30, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 7,491	$ -	$ -	$ 7,491
	$ 7,491	$ -	$ -	$ 7,491

September 30, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in Skyline	$ 8,048	$ -	$ -	$ 8,048
Cash	4,715	-	-	4,715
	$ 12,763	$ -	$ -	$ 12,763

(In Canadian Dollars)

10. Operating, general and administrative expenses

	2019	2018
Legal fees and disbursements	$ 6,340	$ (72,088)
Accounting and audit	22,922	47,793
Regulatory fees	8,619	8,619
Transfer agent	3,809	5,655
Office	424	1,133
	$ 42,114	$ (8,888)

11. Income Taxes

Deferred taxes are calculated as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2019	2018
Non-capital losses carried forward	$ 771,589	$ 739,312
Capital losses carried forward	1,036,603	20,743
Investments at fair values	-	1,002,304
	$ 1,808,192	$1,762,359

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can utilize the benefits therefrom. Non-capital losses expire as noted in the table below. The remaining deductible temporary differences may be carried forward indefinitely.

At September 30, 2019, the Corporation had Canadian non-capital loss carry forwards of $771,589 (2018 - $739,312) which may be available to offset future year's taxable income. The losses expire as follows:

2033	$ 10,848
2034	271,814
2035	218,652
2036	118,383
2037	119,615
2038	-
2039	32,217
	$ 771,589

12. Subsequent Events

Subsequent to the year end, the Corporation entered into debt settlement agreements to settle debt with a carrying value of $215,283 in exchange for $70,659. $95,000 of this was settled with a related party for $45,000.

On January 22, 2020, the Corporation issued to six arm's length lenders unsecured promissory notes for an aggregate principal amount of $80,010. The notes have a term of 12 months and bear interest at a rate of 12% per annum payable on maturity.

Effective January 22, 2020, the Corporation and Prospect Park Management Inc., the general partner of the Manager, mutually agreed to terminate, the Management Agreement. The senior officers of the Corporation, under the supervision of the board of directors of the Corporation, resumed the management of the day-to-day operations of the Corporation.