EQUITYLINE MORTGAGE INVESTMENT CORPORATION

March 31 2020 REPORT

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Management's Discussion and Analysis

Equityline Mortgage Investment Corporation

For the three months ended March 31, 2020

FORWARD-LOOKING STATEMENTS

Forward-looking statement advisory

The terms, the "Company", "we", "us" and "our" in the following Management Discussion & Analysis ("MD&A") refer to Equityline Mortgage Investment Corporation. (the "Company"). This MD&A may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. These statements are typically identified by expressions like "believe", "expects", "anticipates", "would", "will", "intends", "projected", "in our opinion" and other similar expressions. By their nature, forward-looking statements require us to make assumptions which include, among other things, that (i) the Company will have sufficient capital under management to effect its investment strategies and pay its targeted dividends to shareholders, (ii) the investment strategies will produce the results intended by the manager, (iii) the markets will react and perform in a manner consistent with the investment strategies and (iv) the Company is able to invest in mortgages of a quality that will generate returns that meet and/or exceed the Company's targeted investment returns.

Forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will prove not to be accurate. We caution readers of this MD&A not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to, general market conditions, interest rates, regulatory and statutory developments, the effects of competition in areas that the Company may invest in and the risks detailed from time to time in the Company's public disclosures.

We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Company and Equityline Services Corporation. (the "Manager") do not undertake, and specifically disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

This MD&A is dated May 5, 2020. Disclosure contained in this MD&A is current to that date, unless otherwise noted.

BUSINESS OVERVIEW

Equityline Mortgage Investment Corporation's objective is to provide financing to borrowers that are not well serviced by the commercial banks for a short term. Borrowers use short-term mortgages to bridge a short-term financing period. These short-term "bridge" mortgages are typically repaid with the proceeds of traditional bank mortgages (lower cost and longer-term debt). The Company focuses primarily on lending against residential real estate properties.

The Company is, and intends to continue to be, qualified as a mortgage investment corporation ("MIC") as defined under Section 130.1(6) of the Income Tax Act (Canada) ("ITA").

BASIS OF PRESENTATION

This MD&A has been prepared to provide information about the financial results of the Company for the three months ended March 31, 2020. This MD&A should be read in conjunction with the unaudited interim financial statements for the three months ended March 31, 2020 and 2019, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The functional and reporting currency of the Company is Canadian dollars.

Please note, the interim (unaudited) three-month statement of loss and comprehensive income for period ended March 31, 2019 that were presented on May 9, 2019 were adjusted to conform with the presentation and disclosure of accounting policies adopted for the audited December 31, 2019 financial statements. As a result, the comparative figures included under this MD&A is therefore adjusted for presentation purposes.

RECENT DEVELOPMENTS AND OUTLOOK

As of March 31, 2020, the Corporation held 33 residential mortgages and 1 commercial mortgage. These mortgages yield an average 11.329% return.

SIGNIFICANT EVENTS

The Company's operations could be significantly adversely affected by the effects of a global pandemic of a contagious disease.

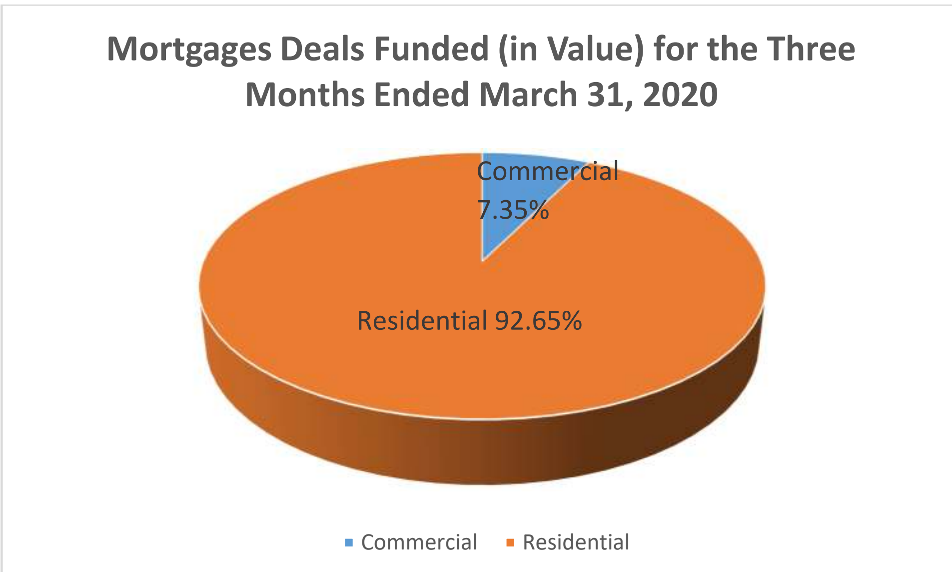
The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company. In addition, the outbreak of the contagious diseases could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability of borrowers to repay their debt.

For Q1 2020, COVID-19 has had a minimal impact to the Company's income as shown by the fact that there where no defaults or no bounced cheques on its mortgage loans. The Company did not receive any request to default mortgages as of the date of this MD&A. Given the current situation, the Company is still expecting positive operating cash flows for the foreseeable future.

While the precise impact of the COVID-19 pandemic remains unknown, it has introduced uncertainty and volatility in global markets and economies. The Company is monitoring developments and is prepared for impacts related to COVID19. The Company has a comprehensive pandemic and business continuity plan that ensures its readiness to appropriately address and mitigate any business risks and impacts to investors and borrowers.

PORTFOLIO ACTIVITY

During Q1 2020, the Company funded 9 new mortgages totaling $4,265,000. Regulatory changes, including the B20 guidelines, have resulted in most residential–focused lenders tightening up on income qualification forcing borrowers to private lenders as a result of difficulty qualifying for institutional loans. This has shown a large increase in demand for more private mortgage products nationwide.



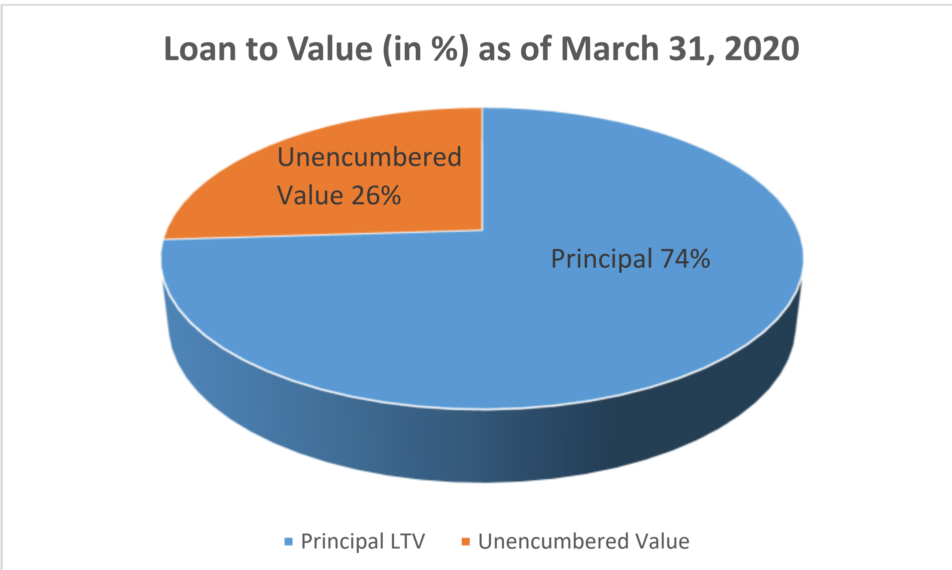
The portfolio is heavily weighted towards Canada's largest provinces, 100% of the portfolio is invested in Ontario urban markets that generally experience better real estate liquidity in periods of uncertainty and thus offer a better risk profile.

Mortgage Average Return

During Q1 2020, the Company earned $230,935 (2019- $80,664) of interest income on net mortgage investments while the weighted average interest rate on net mortgage investments for the three months ended March 31, 2020 was 11.329%.

Loan-to-Value (LTV) of Portfolio

As the Company strengthens its balance sheet with the completion of the successful JSE public offering in fiscal 2019, funds were put towards a high-quality mortgage portfolio. This portfolio of mortgages ended March 31, 2020 has an average loan-to-value of 74%.



Expenses

Management Fees

The management fee is equal to 1% per annum of the gross net mortgage investments of the Company, calculated and paid monthly in arrears. Gross mortgage investments are defined as the total mortgage investments of the Company less unearned revenue. For the three months ended March 31, 2020, the Company incurred management fees of $23,874 (2019 - $10,910).

General and Administrative

For the three months ended March 31, 2020, the Company incurred general and administrative expenses of $6,964 (2019– $872). General and administrative expenses consist of listing fees, fees paid on custodial services, and other operating costs and administration of the mortgage portfolio.

HIGHLIGHTS OF FINANCIAL PERFORMANCE

The Company ended its first quarter of 2020 with a net loss and comprehensive loss of $179,452. (2019– net loss of $156,797).

To confirm with the presentation and disclosure of accounting policies adopted for the audited December 31, 2019 financial statements, there are significant losses incurred for the current quarter; however, the losses alone are not reflective of the Company's results of operation for it includes the distribution made to holders of the Series A Preferred shares.

Specifically, the Company has determined that Series A Preferred share should be classified as a debt instrument. As such, the presentation of the Series A Preferred share were reclassified from equity to a debt instrument because of its redeemable feature as well as its promises to pay a fixed dividend. In turn, the dividend paid on those outstanding shares has been classified as interest expense which resulted in the significant loss.

An excerpt from the Interim Statement of Loss and Comprehensive Income for March 31, 2020 and December 31, 2019 is as the following:

	March 31 2020	December 31 2019
MORTGAGE INTEREST INCOME	**$ 230,935.00**	$ 752,690.00
OPERATING EXPENSES	**(153,146.00)**	(645,785.00)
OTHER FINANCING EXPENSES	**(39,738.00)**	(163,773.00)
NET INCOME	**38,051.00**	(56,868.00)
ACCRETION OF TRANSACTIONS COSTS	**(71,387.00)**	(237,973.00)
DISTRIBUTION TO SHAREHOLDERS OF SERIES A PREFERRED SHARES	**(146,116.00)**	(541,192.00)
NET LOSS AND COMPREHENSIVE INCOME	**$ (179,452.00)**	$ (836,033.00)

The accounting standards require that capital issued with a redemption option are required to be reported as a liability, costs associated with the issuance of same capital are amortized over the expected redemption period. As such, Series A redeemable Preferred shares have been classified as a long term liability, therefore dividends paid on those shares are recorded as expenses and associated expenses are recorded as accretion of transaction.

SHAREHOLDERS' EQUITY

a. Series A Redeemable Preferred Shares

The Company is authorized to issue an unlimited number of Series A Redeemable Preferred Shares. Holders of Series A Redeemable Preferred Shares are entitled to receive dividends as declared by the Board of Directors.

On January18, 2019, the Company completed a public offering of 2,683,400Series A Redeemable Preferred Shares for total net proceeds of $6,480,844 in Canadian dollars.

b. Dividends

The Company intends to pay dividends to holders of Series A Redeemable Preferred Shares monthly within 15 days following the end of each month. For the three-month ended March 31, 2020, the Company distributed $146,116.34 or $0.05 CAD per Series A Redeemable Preferred Share. (2019 - $94,728, or $0.03 CAD per Series A Preferred Share).

RELATED PARTY TRANSACTIONS

As at March 31, 2020, advances to Equityline Services Corporation (the Manager) totalled of $216,401 (2019 – $197,474). The advances are non-interest bearing and are due on demand. The Company and the Manager are related by virtue of common ownership in management.

As at March 31, 2020, included in "due from related parties" is $123,694 of cash held in trust by the Manager, the Company's mortgage servicing and administration provider. The balance relates to mortgage funding holdbacks and prepaid mortgage interest received from various borrowers.

OUTSTANDING SHARE DATA

As at March 31, 2020, the Company's authorized capital consists of an unlimited number of common shares, of which 200 are issued and outstanding, and an unlimited number of Series A Preferred Shares, of which 2,683,400 are issued and outstanding.

The Company has also authorized an unlimited number of Series B and H non-voting shares, of which $nil are issued and outstanding.

CAPITAL STRUCTURE AND LIQUIDITY

Capital structure

The Company manages its capital structure in order to support ongoing operations while focusing on its primary objectives of preserving shareholder capital and generating a stable monthly cash dividend to shareholders. The Company believes that the conservative amount of structural leverage gained from the debentures is accretive to net earnings, appropriate for the risk profile of the business. The Company anticipates meeting all its contractual liabilities (described below) using its mix of capital structure and cash flow from operating activities.

The Company reviews its capital structure on an ongoing basis and adjusts its capital structure in response to mortgage investment opportunities, the availability of capital and anticipated changes in general economic conditions.

Liquidity

Access to liquidity is an important element of the Company as it allows the Company to implement its investment strategy. The Company is, and intends to continue to be, qualified as a MIC as defined under Section 130.1(6) of the ITA and, as a result, is required to distribute not less than 100% of the taxable income of the Company to its shareholders.

The Company manages its liquidity position through various sources of cash flows including cash generated from operations and convertible debentures to fund mortgage investments and other working capital needs. As at March 31, 2020, the Company is in compliance with its loan agreements and expects to remain in compliance going forward. The Company routinely forecasts cash flow sources and requirements, including unadvanced commitments, to ensure cash is efficiently utilized.

EQUITYLINE MORTGAGE INVESTMENT CORPORATION

Interim Financial Statements

Period Ended March 31, 2020

EQUITYLINE MORTGAGE INVESTMENT CORPORATION

Index to Interim Financial Statements

Three Months Ended March 31, 2020 and March 31, 2019

EQUITYLINE MORTGAGE INVESTMENT CORPORATION
Interim Statement of Financial Position
March 31, 2020
(Unaudited)

	March 31 2020	December 31 2019
ASSETS		
CURRENT		
Cash	$ 275,212	$ 193,556
Mortgage investments *(Note 4)*	8,933,242	7,785,878
Amounts receivable	247,697	28,280
Prepaid expenses	20,790	-
Due from related parties *(Note 6)*	216,401	197,474
	$ 9,693,342	$ 8,205,188
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
CURRENT		
Accounts payable	$ 60,192	$ 164,732
Income taxes payable	11,005	61,492
Distributions payable *(Note 8)*	76,187	53,027
Interest payable	13,259	10,721
Prepaid mortgage interest	195,807	170,259
Debentures *(Note 7)*	100,000	2,100,000
	456,450	2,560,231
SERIES A REDEEMABLE PREFERRED SHARES *(Note 8)*	6,552,232	6,480,844
LONG TERM DEBENTURES *(Note 7)*	3,700,000	-
	10,708,682	9,041,075
SHAREHOLDERS' DEFICIENCY		
Share capital *(Note 8)*	200	200
Deficit	(1,015,540)	(836,087)
	(1,015,340)	(835,887)
	$ 9,693,342	$ 8,205,188

CONTINGENT LIABILITY *(Note 11)*

SUBSEQUENT EVENTS *(Note 15)*

ON BEHALF OF THE BOARD

_________________ Director SERGIY SUCHAVYCHEV, CEO

_________________ Director Sergiy Przhebelskyy, COO

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

EQUITYLINE MORTGAGE INVESTMENT CORPORATION
Interim Statement of Loss and Comprehensive Income
Three Month Ended
(Unaudited)

	March 31 **2020**	*March 31* 2019
MORTGAGE INTEREST INCOME	**$ 230,935**	$ 80,664
EXPENSES		
Consulting fees	**46,194**	650
Advertising and promotion	**31,761**	21,535
Management fees	**23,874**	10,910
Travel	**11,382**	9,766
Director fees	**10,000**	40,000
Provision for mortgage investment losses	**10,000**	-
Professional fees	**9,390**	16,695
General and administrative	**6,964**	872
Insurance	**2,903**	2,957
Legal fees	**678**	-
Initial listing fee	**-**	19,210
	153,146	122,595
NET INCOME (LOSS)	**77,789**	(41,931)
FINANCE EXPENSES		
Realized foreign exchange gain	**24,900**	14,362
Unrealized foreign exhcange gain (loss)	**(18,850)**	4,169
Interest and bank charges	**(45,788)**	(14,884)
Accretion of transaction costs	**(71,387)**	(23,796)
Distributions to shareholders of Series A redeemable preferred shares	**(146,116)**	(94,716)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (179,452)**	$ (156,796)
Loss per share *(Note 10)*	**$ (0.16)**	$ (0.05)

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

EQUITYLINE MORTGAGE INVESTMENT CORPORATION

Interim Statement of Deficit

Three Month Ended

(Unaudited)

	March 31 **2020**	*March 31* 2019
DEFICIT - BEGINNING OF PERIOD	**$ (836,088)**	$ (54)
NET INCOME (LOSS)	**(179,452)**	(156,796)
DEFICIT - END OF PERIOD	**$ (1,015,540)**	$ (156,850)

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

EQUITYLINE MORTGAGE INVESTMENT CORPORATION
Interim Statement of Cash Flow
Three Month Ended

	(Unaudited) *March 31* 2020	(Unaudited) *March 31* 2019
OPERATING ACTIVITIES		
Net loss	**$ (179,452)**	$ (156,796)
Item not affecting cash:		
Accretion of transaction costs	**71,387**	23,796
	(108,065)	(133,000)
Changes in non-cash working capital:		
Accounts payable	**(104,540)**	17,228
Withholding taxes payable	**(50,487)**	14,289
Prepaid mortgage interest	**25,549**	249,370
Prepaid expenses	**(20,791)**	(13,954)
Accounts receivable	**(219,417)**	-
Interest payable	**2,538**	12,524
Management fees payable	**-**	10,910
Other assets	**-**	(330,518)
Interest accrual receivable	**-**	(57,473)
Distributions payable	**23,160**	33,510
	(343,988)	(64,114)
Cash flow used by operating activities	**(452,053)**	(197,114)
INVESTING ACTIVITY		
Funding of mortgage investments	**(1,147,364)**	(7,886,249)
Cash flow used by investing activity	**(1,147,364)**	(7,886,249)
FINANCING ACTIVITIES		
Advances from related parties	**(18,927)**	33,689
Net proceeds from issuance of stock	**-**	6,199,133
Net proceeds from issuance of convertible debentures	**3,700,000**	2,600,000
Repayment of debt	**(2,000,000)**	-
Cash flow from financing activities	**1,681,073**	8,832,822
INCREASE IN CASH FLOW	**81,656**	749,459
Cash - beginning of period	**193,556**	200
CASH - END OF PERIOD	**$ 275,212**	$ 749,659
CASH CONSISTS OF:		
Cash	**$ 275,212**	$ 749,659

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

1. Nature of business

Equityline Mortgage Investment Corporation (the "Company") is a mortgage investment corporation domiciled in Canada. The Company is incorporated under the laws of the Province of Ontario. The registered office of the Company is Suite 338 - 550 Highway 7 Avenue East, Richmond Hill, Ontario L4B 3Z4. The Series A preference shares of the Company are listed on the Jamaica Stock Exchange (JSE) under the symbol "ELMIC".

The investment objective of the Company is to acquire mortgages and maintain a portfolio of mortgages consisting primarily of residential Non-Conventional Mortgages and Alt-A Mortgages that generates attractive returns relative to risk in order to permit the Corporation to pay dividends to its shareholders.

2. Basis of presentation

Statement of compliance

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

The unaudited interim financial statements were approved by the Board of Directors on May 5, 2020.

Basis of measurement

The unaudited interim financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL") which are measured at fair value at each reporting date.

Functional and presentation currency

The unaudited interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

Critical accounting estimates, assumptions and judgments

In the preparation of these unaudited interim financial statements, Equityline Services Corporation (the “Manager”) has made judgments, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses.

In making estimates, the Manager relies on external information and observable conditions where possible, supplemented by internal analysis as required. There are no known trends, commitments, events or uncertainties that the Manager believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these unaudited interim financial statements. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the statements are as follows:

(continues)

2. Basis of presentation *(continued)*

Classification of mortgage investments

Mortgage investments are classified based on the business model for managing assets and the contractual cash flow characteristics of the asset. The Manager exercises judgment in determining both the business model for managing the assets and whether cash flows of the asset comprise solely payments of interest.

Provision for impairment

The most significant estimates that the Company is required to make relate to the impairment of the investments (Note 4). These estimates include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances, adverse changes in the payment status of borrowers, and other factors affecting the investments and underlying security of the investments. These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns, and the uncertainty of predictions concerning future events. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations of the actual outcome. Should the underlying assumptions change, the estimated fair value could vary by a material amount.

Classification of investment portfolio - Investment portfolio is classified based on the assessment of business model and the cash flow of the invesetments. The Company exercises judgment in determining the classification of loans in the investment portfolio into measurement categories (Note 3).

Measurement of expected credit loss

The determination of allowance for credit losses takes into account different factors and varies by nature of investment. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which would require an increase or decrease in the allowance of credit risk. (Note 4).

(continues)

2. Basis of presentation *(continued)*

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses market observable data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset orliability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or appraisals are used to measure fair values, the Manager will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The impact of COVID-19

The Manager exercises judgment in determining the impact this pandemic disease may have to the Company. Note 15 of the financial statements discusses how the pandemic could further affect the Company's operations.

3. Summary of significant accounting policies

(a) Cash and cash equivalents

The Company considers highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash and cash equivalents are classified and measured at amortized cost.

(continues)

3. Summary of significant accounting policies *(continued)*

(b) Mortgage investments

Mortgage investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses. Mortgage investments are assessed on each reporting date to determine whether there is objective evidence of impairment.

A financial asset is considered to be impaired only if objective evidence indicates that one or more loss events have occurred after its initial recognition that have a negative effect on the estimated future cash flows of that asset. The estimation of future cash flows includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary materially.

The Company considers evidence of impairment for mortgage investments at both a specific asset and collective level. All individually significant mortgage investments are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but is not yet identifiable at an individual mortgage level. Mortgage investments that are not individually significant are collectively assessed for impairment by grouping together mortgage investments with similar risk characteristics.

(c) Debentures

The debentures are repayable in cash on maturity and as a result classified as a liability. Debentures that are due within the fiscal year are classified as current liabilities.

(d) Mortgage interest income

Interest and other income includes interest earned on the Company's mortgage investments and interest earned on cash and cash equivalents. Interest income earned on mortgage and other investments is accounted for using the effective interest rate method.

(e) Income taxes

The Company is a mortgage investment corporation ("MIC") pursuant to the Income Tax Act (Canada). As such, the Company is entitled to deduct from its taxable income dividends paid to shareholders during the year or within 90 days of the end of the year to the extent the dividends were not deducted previously. The Company intends to maintain its status as a MIC and intends to distribute sufficient dividends in the year and in future years to ensure that the Company is not subject to income taxes. Accordingly, for financial statement reporting purposes, the tax deductibility of the Company's dividends results in the Company being effectively exempt from taxation and no provision for current or future income tax is required for the Company.

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3. Summary of significant accounting policies *(continued)*

(f) Foreign currency forward contract

The Company may enter into foreign currency forward contracts to economically hedge its foreign currency risk exposure of its mortgage and other investments that are denominated in foreign currencies. The value of forward currency contracts entered into by the Company is recorded as the difference between the value of the contract on the reporting period and the value on the date the contract originated. Any resulting gain or loss is recognized in the statement of net income and comprehensive income unless the foreign currency contract is designated and effective as a hedging instrument under IFRS. The Company has elected to not account for the foreign currency contracts as an accounting hedge.

(continues)

3. Summary of significant accounting policies *(continued)*

(g) Financial instruments

Classification & Measurement of Financial Assets

Recognition and initial measurement

The Company on the date of origination or purchase recognizes loans, debt and equity securities, deposits and subordinated debentures at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the date at which the Company becomes a party to the contractual provision of the instrument.

The initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss.

Classification and subsequent measurement - financial assets

Financial assets are classified into one of the following measurement categories:

- amortized cost;
- fair value through other comprehensive income ("FVOCI") - debt investment; or
- FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of interest on the principal amount outstanding.

The Company has no debt investments measured at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

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3. Summary of significant accounting policies *(continued)*

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

• the objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
• how the performance of the portfolio is evaluated and reported to the Company's management;
• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
• the frequency, volume and timing of sales of financial assets in prior periods. The reasons for such sales and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - assessment whether contractual cash flows are solely payments of interest

For the purposes of this assessment, ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of interest criterion if the prepayment amount substantially represents unpaid amounts of interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

(continues)

3. Summary of significant accounting policies *(continued)*

Subsequent measurement and gains and losses - financial assets

Financial assets at FVTPL:

Measured at fair value. Net gains and losses, including any interest, are recognized in net income and comprehensive income.

Financial assets at amortized cost:

Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in net income and comprehensive income. Any gain or loss on derecognition is recognized in net income and comprehensive income.

Debt investments at FVOCI:
Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets

The Company classified its financial assets into one of the following categories:

Financial Instrument	Classification and measurement
Financial Assets:	
Mortgage loans	Amortized cost
Cash and cash equivalents	Amortized cost
Amounts receivable	Amortized cost
Due from related parties	Amortized cost

Classification, subsequent measurement and gains and losses - financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPLif it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company classified its financial liabilities into one of the following caregories:

Financial Instruments	Classification and measurement
Financial Liabilities:	
Accounts payable	Amortized cost
Debentures	Amortized cost
Series A redeemable preferred shares	Amortized cost

(continues)

3. Summary of significant accounting policies *(continued)*

Impairment of financial assets

The Company recognizes loss allowances for expected credit loss ("ECL") on financial assets measured at amortized cost, unfunded loan commitments and financial guarantee contracts. The Company applies a three-stage approach to measure allowance for credit losses. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The determination of a significant increase in credit risk takes into account different factors and varies by nature of investment. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due interest payment or maturity date, and borrower specific criteria as identified by the Manager. As is typical in shorter duration, structured financing, the Manager does not solely believe there has been a significant deterioration in credit risk or an asset to be credit impaired if mortgage and other investments to go into overhold position past the maturity date for a period greater than 30 days or 90 days, respectively. The Manager actively monitors these mortgage and other investments and applies judgment in determining whether there has been significant increase in credit risk. The Company considers a financial asset to be credit impaired when the borrower is more than 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of interest or/and when the Company has commenced enforcement remedies available to it under its contractual agreements.

The assessment of significant increase in credit risk requires experienced credit judgment. In determining whether there has been a significant increase in credit risk and in calculating the amount of expected credit losses, the Manager relies on estimates and exercise judgment regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the allowance for credit losses. In cases where a borrower experiences financial difficulties, the Company may grant certain concessionary modifications to the terms and conditions of a loan. Modifications may include payment deferrals, extension of amortization periods, debt consolidation, forbearance and other modifications intended to minimize the economic loss and to avoid foreclosure or repossession of collateral. The Company determines the appropriate remediation strategy based on the individual borrower. If the Company determines that a modification results in expiry of cash flows, the original asset is derecognized while a new asset is recognized based on the new contractual terms. Significant increase in credit risk is assessed relative to the risk of default on the date of modification. If the Company determines that a modification does not result in derecognition, significant increase in credit risk is assessed based on the risk of default at initial recognition of the original asset. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having a lifetime ECL, the loans can revert to having 12-month ECL after a period of performance and improvement in the borrower's financial condition.

(continues)

3. **Summary of significant accounting policies *(continued)***

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Lifetime ECLs are the ECLs that result from all possible default event over the expected life of a financial instrument. 12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is lass than 12 months. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining the expected credit loss provision, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The Manager considers past events, current market conditions and reasonable forward-looking supportable information about future economic conditions. In assessing information about possible future economic conditions, the Manager utilized multiple economic scenarios including our base case, which represents the most probable outcome and is consistent with our view of the portfolio. In considering the lifetime of a loan, the contractual period of the loan, including prepayment, extension and other options is generally used.

The calculation of expected credit losses includes the explicit incorporation of forecasts of future economic conditions. In determining expected credit losses, we have considered key macroeconomic variables that are relevant to each investment type. Key economic variables include unemployment rate, housing price index and interest rates. The estimation of future cash flows also includes assumptions about local real estate market conditions, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary. The forecast is developed internally by the Manager. The Manager exercises experienced credit judgment to incorporate multiple economic forecasts which are probability-weighted in the determination of the final expected credit loss. The allowance is sensitive to changes in both economic forecast and the probability-weight assigned to each forecast scenario.

Credit-impaired financial assets

Allowances for Stage 3 are recorded for individually identified impaired loans to reduce their carrying value to the expected recoverable amount. The Manager reviews the loans on an ongoing basis to assess whether any loans carried at amortized cost should be classified as credit impaired and whether an allowance or write-off should be recorded. The review of individually significant problem loans is conducted at least quarterly by the Manager, who assesses the ultimate collectability and estimated recoveries for a specific loan based on all events and conditions that are relevant to the loan. To determine the amount the Manager expects to recover from an individually significant impaired loan, the Manager uses the value of the estimated future cash flows discounted at the loan's original effective interest rate. The determination of estimated future cash flows of a collateralized impaired loan reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower.

(continues)

3. Summary of significant accounting policies *(continued)*

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial asset measured at amortized cost are deducted from the gross carrying amount of the asset.

Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(continues)

3. Summary of significant accounting policies *(continued)*

(h) Derecognition of financial assets and liabilities

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that does not qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Company enters into transactions whereby it transfers mortgage investments recognized on its statement of financial position, but retains either all, substantially all, or a portion of the risks and rewards of the transferred mortgage investments. If all or substantially all risks and rewards are retained, then the transferred mortgage or loan investments are not derecognized. In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Company derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

(i) Adoption of new accounting standards

The Company has not adopted any new accounting standards that had a material impact on the Company's financial statements.

Future accounting policy changes

At the date of authorization of these unaudited interim financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. Mortgage investments

	Number	March 31 2020	Number	December 31 2019
Residential	$ 8,192,749	33	$ 7,602,748	38
Commercial	650,000	1	150,000	1
	8,842,749	34	7,752,748	39
Accrued interest receivable (net of servicing fees)	139,493	-	72,130	-
	8,982,242	-	7,824,878	-
Allowance for loan loss	(49,000)	-	(39,000)	-
	8,933,242	-	7,785,878	-
	-	-	-	-

	2020	%	2019	%
Interest in first mortgages	2,773,726	31%	927,613	5
Interest in non-first mortgages	6,208,516	69%	6,897,265	95
	8,982,242	100%	7,824,878	100%
Allowance for loan losses	(49,000)	-	(39,000)	-
	8,933,242	-	7,785,878	-

The following table presents the gross carrying amounts of mortgage investments subject to IFRS 9 impairment requirements.

Allowance for credit losses

Allowance on performing loans

The mortgage investments are assessed at each reporting date to determine whether there is objective evidence of expected credit losses. The ECL model requires the recognition of credit losses based on 12 months of expected losses for performing loans (Stage 1) and the recognition of lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2). As at March 31, 2020, a provision for expected credit losses on the mortgage investments was recorded as $10,000.

Allowance on impaired loans

Allowance for impaired loans (Stage 3) are recorded for individually identified impaired loans to reduce their carrying value to the expected recoverable amount. As at March 31, 2020, there were no impaired mortgage investments.

5.

	Stage 1	Stage 2	Stage 3	Total
Residential				
Gross mortgage investments	$ 8,321,440	$ -	$ -	$ 8,321,440
Allowance for loan losses	(40,000)	-	-	(40,000)
Mortgage investment, net of allowance	8,281,440	-	-	8,281,440
Commercial				
Gross mortgage investments	660,802	-	-	660,802
Allowance for loan losses	(9,000)	-	-	(9,000)
Mortgage investment, net of allowance	651,802	-	-	651,802
Total mortgage loans	$ 8,933,242	$ -	$ -	$ 8,933,242

The Company uses the following internal risk rating for credit risk purposes:

Low Risk: Mortgage and loan investments that exceed the credit risk profile standard of the Company with a below average probability of default. Yields on these investments are expected to trend lower than the Company's average portfolio.

Medium-Low: Mortgage and loan investments that are typical for the Company's risk appetite, credit standards and retain a below average probability of default. These mortgage and loan investments are expected to have average yields and would represent a significant percentage of the overall portfolio.

Medium-High: Mortgage and loan investments within the Company's risk appetite and credit standards with an average probability of default. These investments typically carry attractive risk-return yield premiums.

High Risk: Mortgage and loan investments within the Company's risk appetite and credit standards that have an additional element of credit risk that could result in an above average probability of default. These mortgage and loan investments carry a yield premium in return for their incremental credit risk. These mortgage and loan investments are expected to represent a small percentage of the overall portfolio.

Default: Mortgage and loan investments that are 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest and/or when the Company has commenced enforcement remedies available to it under its contractual agreements.

All Mortgage investments held at March 31, 2020 are classified as Medium-low risk.

The mortgage loans bear interest at the weighted average rate of 11.414%.

5. Management fees

The Manager is responsible for day-to-day operations including administration of the Company's mortgage portfolio. Pursuant to the management agreement, the Manager is entitled to 1% per annum of the gross mortgage investments of the Company, calculated and paid monthly in arrears.

Gross mortgage investments are defined as the total mortgage investments of the Company less unearned revenue. For the three month ended March 31, 2020, the Company incurred management fees of $23,874.

6. Related party transactions and balances

	2020 *March 31*	2019 *December 31*
Due from Equityline Service Corporation - non-interest bearing and due on demand, related by virture of common ownership and management	**$ 216,401**	$ 197,474

As at March 31, 2020, included in due from the Manager is $123,694 of cash held in trust by the Manager. The Manager provides mortgage servicing and administration services to the Company. The balance relates to mortgage funding holdbacks and prepaid mortgage interest received from various borrowers.

During the quarter, the Company has repaid $2,000,000 to Velev Capital Inc.

During the quarter. the Company has also issued one debenture for $3,700,000 to Velev Capital Inc. with a maturity date of March 23, 2022.

During the quarter, the Company paid management fees of $23,874 to the Manager (March 31, 2019 - $10,910).

These related party transactions are in the normal course of operations and are measured at fair market value. Some related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Debentures

The debentures are comprised of as follows:

	2020 *March 31*	2019 *December 31*
Issued		
Due on demand, carrying interest rate of 8% (Note 6)	**$ -**	$ 500,000
Due on demand, carrying interest rate of 8% (Note 6)	**-**	1,500,000
Due June 20, 2020, carrying interest rate of 9%	**100,000**	100,000
Due March 23, 2022, carrying interest rate of 8% (Note 6)	**3,700,000**	-
Debentures, end of period	**$ 3,800,000**	$ 2,100,000

Interst costs of $44,787.62 related to the debentures are recorded in financial costs using the effective interest rate method.

8. Series A redeemable preferred shares

	2020		2019	
	Shares	**Amount**	Shares	Amount
Series A Preferred Shares				
Shares outstanding at the beginning of the year	**2,683,400**	**$ 6,980,538**	-	$ -
Issuance of Series A preferred shares, net of issue costs	**-**	**-**	2,683,400	6,980,538
Less: financing costs	**-**	**(737,667)**	-	(737,667)
Accretion of transaction costs	**-**	**309,361**	-	237,973
	2,683,400	**$ 6,552,232**	2,683,400	$ 6,480,844

On January 18, 2019, the Company completed a public offering of 2,683,400 Series A preferred shares for a total net proceeds of $6,480,844.

There is an unlimited number of Series A redeemable preferred shares available for issue. The shares are non-voting and redeemable at $2.00 USD per share.

Distributions to shareholders of Series A redeemable preferred shares

The Company intends to pay dividends to holders of Series A preferred shares monthly within 15 days following the end of each month. For the period ended March 31, 2020, the Company declared dividends of $146,116.34, or $0.05 CAD per Series A preferred share.

9. Share capital

Authorized:

Unlimited voting common shares.

Unlimited Series A preferred shares, non-voting, redeemable by the Company after 24 months and retractable by the holder after 36 months at $2.00 USD per share with a right to a monthly dividend of $0.01333 USD ($0.16 USD annually).

Unlimited Series B non-voting shares, redeemable and retractable at $10 per share with a right to an annual cumulative dividend of 8.0% paid monthly.

Unlimited Series H non-voting shares, redeemable and retractable at $10 per share with a right to an annual cumulative dividend of 8.0% paid monthly.

	2020	2019
Issued		
200 voting common shares	**$ 200**	$ 200

10. Earnings per share

Basic earnings per share are calculated by dividing total net income and comprehensive income by the weighted average number of common shares during the period.

The following table shows the computation of per share amounts:

	For the three month ended March 31, 2020	For the year ended December 31, 2019
Calculation of earnings per share		
Net loss and comprehensive loss	**$ (179,452)**	$ (836,033)
Weighted average number of shares (basic)	**1,125,296**	869,241
Income per share - basic	**(0.16)**	(0.96)

11. Contingent liability

In the ordinary course of business activities company may be contingently liable for litigation and claims arising from investing in mortgage investments and other investments. Where required, management records adequate provisions in the accounts.

Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Company's financial position.

Currently, there are no contingent liabilities or litigations.

12. Financial instruments

The Company is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition and operating results. Many of these risk factors are beyond the Company's direct control. The Manager and Board of Directors play an active role in monitoring the Company's key risks and in determining the policies that are best suited to manage these risks. There has been no change in the process since the previous year.

The Company's business activities, including its use of financial instruments, exposes the Company to various risks, the most significant of which are market rate risk (interest rate risk and currency risk), credit risk, and liquidity risk.

(continues)

12. Financial instruments *(continued)*

Credit risk

Credit risk is the risk that a borrower may be unable to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Company. The Company mitigates this risk by the following:

i. adhering to the investment restrictions and operating policies included in the asset allocation model (subject to certain duly approved exceptions);
ii. ensuring all new mortgage investments are approved by the investment committee before funding; and
iii. actively monitoring the mortgage investments and initiating recovery procedures, in a timely manner, where required.

The Company's primary exposure to credit risk at March 31, 2020 is its mortgage investments of $10,359,643. However, the exposure to risk is mitigated by security against the assets of the borrowers.

The Company has recourse under these mortgage and in the event of default by the borrower; in which case, the Company would have a claim against the underlying collateral.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. This risk arises in normal operations from fluctuations in cash flow as a result of the timing of mortgage investment advances and repayments and the need for working capital. Management routinely forecasts future cash flow sources and requirements to ensure cash is efficiently utilized.

The contractual maturities of financial liabilities as at March 31, 2020 and March 31, 2019 are disclosed in note 16:

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk primarily from other investments that are denominated in a currency other than the Canadian dollar. The Company does not use foreign currency forwards to hedge the principal balance of future earnings and cash flows caused by movements in foreign exchange rates.

As at March 31, 2020, the Company has the following assets and liabilites denominated in US dollars:

	2020 *March 31*	2019 *December 31*
Cash	**$ 67,784**	$ 29,911
Distribution payable	**76,187**	53,027
Series A redeemable preferred shares	**6,552,232**	6,480,844
	$ 6,696,203	$ 6,563,782

(continues)

12. Financial instruments *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial assets or financial liabilities will fluctuate because of changes in market interest rates. As of March 31, 2020, the Company had mortgage investments of $8,933,242. The Company manages its sensitivity to interest rate fluctuations by managing the fixed ratio in its investment portfolio.

The Company's amounts receivable, interest receivable, accounts payable and accrued expenses, prepaid mortgage interest, ,dividends payable and Management fee payable have no exposure to interest rate risk due to their short-term nature. Cash and cash equivalents carry a variable rate of interest and are subject to minimal interest rate risk and the debentures have no exposure to interest rate risk due to their fixed interest rate.

Unless otherwise noted, it is management’s opinion that the company is not exposed to significant market risk and other price risks arising from these financial instruments.

13. Fair value of financial instruments

a) Mortgage investments

There is no quoted price in an active market for the mortgage investments. The Manager makes its determination of fair value based on its assessment of the current lending market for mortgages. Typically, the fair value of these mortgage invetments approximate their carrying values given the amounts consist of short-term loans.

b) Other financial assets and liabilities

The fair value of cash and cash equivalents, amounts receivable, due from related parties, accounts payable, prepaid mortgage interest, debentures and redeemable preferred shares approxiamte their carrying amounts due to their short-term maturities or bear interest and dividend at market rates.

14. Capital risk management

The Company manages its capital structure in order to support ongoing operations while focusing on its primary objectives of preserving shareholder capital and generating a stable monthly cash dividend to shareholders. The Company defines its capital structure to include common shares and debentures.

The Company reviews its capital structure on an ongoing basis and adjusts its capital structure in response to mortgage investment opportunities, the availability of capital and anticipated changes in general economic conditions.

The Company's investment restrictions and asset allocation model incorporate various restrictions and investment parameters to manage the risk profile of the mortgage investments. There have been no changes in the process over the previous year.

At March 31, 2020, the Company was in compliance with its investment restrictions.

15. Subsequent events

The following events occurred subsequent to the fiscal year end:

COVID-19 Pandemic

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. In addition, the outbreak of the contagious diseases 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 of borrowers to repay their debt.

16. Liquidity risk

	Carrying values	Contractual cash flows	Within a year	1 to 3 years	3 to 5 years
March 31, 2020					
Accounts payable and accrued liabilities	$ 60,192	$ 60,192	$ 60,192	$ -	$ -
Withholding tax payable	11,005	11,005	11,005	-	-
Distributions payable	76,187	76,187	76,187	-	-
Interest payable	13,259	13,259	13,259	-	-
Prepaid mortgage interest payable	195,807	195,807	195,807	-	-
Debentures	3,800,000	3,800,000	100,000	3,700,000	-
Seires A preferred shares	6,552,232	6,552,232	-	-	6,552,232
	10,708,682	10,708,682	456,450	3,700,000	6,552,232
	-	-	-	-	-
December 31, 2019					
Accounts payable and accrued liabilities	164,732	164,732	164,732	-	-
Withholding tax payable	61,492	61,492	61,492	-	-
Distributions payable	53,027	53,027	53,027	-	-
Interest payable	10,721	10,721	10,721	-	-
Prepaid mortgage interest payable	170,259	170,259	170,259	-	-
Debentures	2,100,000	2,100,000	2,100,000	-	-
Seires A preferred shares	6,480,844	6,480,844	-	-	6,480,844
	9,041,075	9,041,075	2,560,231	-	6,480,844

Unadvanced committed funds under the existing investment portfolio amounted to $1,111,681 as at March 31, 2020. These commitments are anticipated to be funded from the Corporation's debenture and borrower repayments under the mortgage portfolio.

17. Comparative figures

The interim (unaudited) three month statement of loss and comprehensive income for period ended March 31, 2019 that were presented on May 9, 2019 were adjusted to confirm with the current presentation and disclosure of accounting policies adopted for the audited December 31, 2019 financial statements.

The Company has determined that Series A Preferred shares should be a debt instrument, as such the presentation of the Series A Preferred shares were reclassified from equity to a debt instrument. In turn, the dividends paid on the outstanding shares have been classified as interest expense.

Because of the reclassification of the Series A Preferred shares, fees associated with the issuance of the Class of shares is now being amortized over the expected period for which those shares are going to be outstanding. The adoption of new accounting policies has increased the operating loss from $38,284 to $156,796 for March 31, 2019 as it was presented on May 9, 2019 to the current presentation.

Management has determined that in order to properly reflect the position of the Company and provide a clear and concise illustration of the Company's financial performance, presentation of the Balance Sheet has been changed from unclassified to classified.

Previously, the financial assets and liabilities were not seperated between current and long term. Current assets are those assets that are expected to be realized within the fiscal year where as current liabilities are those due to be settled within the fiscal year.

Directors Report

The Directors are pleased to submit their report along with the Audited Financial Statements of the Company for the year ended December 31, 2019.

Directors

The directors of the Company as at December 31, 2019 were:

Sergiy Shchavyelyev	Chairman and Chief Executive officer
Sergiy Przhebelskyy	Chief Operating Office
Mark Korol	Independent Director
Robert C. Kay	Executive Vice President
Eric Klein	Independent Director
William Handler	Independent Director
Ungad Chadda	Independent Director
Donald Hathaway	Independent Director
Stephen Clarke	Independent Director

Independent Audit Committee

Eric Klein
Ungad Chadda
Mark Korol

Senior Management

Mark Simone	Vice President Business Developmen
Arthur Smelyansky	Chief Portfolio Officer
Roman Raskin	Chief Financial Officer

Audit committee composition and function

The primary purpose of a company's audit committee is to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations.

The audit committee can expect to review significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements. An understanding of how management develops internal interim financial information is necessary to assess whether reports are complete and accurate.

The committee reviews the results of an audit with management and external auditors, including matters required to be communicated to the committee under generally accepted auditing standards. Controls over financial reporting, information technology security and operational matters fall under the purview of the committee.

The audit committee is responsible for the appointment, compensation and oversight of the work of the auditor. As such, CPAs report directly to the audit committee, not management.

Audit committees meet separately with external auditors to discuss matters that the committee or auditors believe should be discussed privately. The committee also reviews proposed audit approaches and handle coordination of the audit effort with internal audit staff. When an internal audit function exists, the committee will review and approve the audit plan, review staffing and organization of the function, and meet with internal auditors and management on a periodic basis to discuss matters of concern that may arise.

Audit committees must have authority over their own budgets and over external auditors. It is through these protections that investors will come to trust the financial reports released by companies.

While boards should seek members who can provide a diverse range of competent perspectives based on their experience and expertise, it is nevertheless imperative that board members are knowledgeable and conversant in the language of finance and accounting. This need is particularly acute for the audit committee.

Governance policies

Please visit our website at https://equitylinefinancial.com/

Top 10 shareholdings

Shareholder	Units
JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL BOND	625.000
JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA	525,000
SAGICOR POOLED EQUITY FUND	384,000
SIGMA GLOBAL MARKETS FUND JCSD TRUSTEE SERVICES LTD.	225,000
ROLAND R. JAMES	112,000
HUGH CROSS	50,000
QUINTAL INVESTMENTS LTD.	50,000
VENIA L. GRAY	50,000
MARY J. MCCONNELL	50,000
ROBERT E. SMITH	30,000