



newfoundland and labrador
immigrant investor fund ltd




Newfoundland
Labrador

Innovation, Business and Rural Development

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MESSAGE FROM THE CHAIR

On behalf of the board of directors, I am pleased to present the annual report of the Newfoundland and Labrador Immigrant Investor Fund Limited for the fiscal year ending March 31, 2012. This annual report is submitted in accordance with the obligations of this entity as a category three entity under the *Transparency and Accountability Act*. It has been prepared under the direction of the board which is accountable for the actual results reported herein.

Newfoundland and Labrador Immigrant Investor Fund Limited was incorporated on April 28, 2005 and was established to receive, administer and disburse funds received from Citizenship and Immigration Canada (CIC) under the Business Immigration program. In 2011-12, the corporation received net proceeds of \$44,672,836 from CIC as the province's allocation of total receipts under the Business Immigration program. During the year it also repaid \$19,935,012 thereby meeting its commitment for repayment of funds received in the fiscal year 2006-07.

Sincerely,



Brent Meade
Chair



OVERVIEW

Newfoundland and Labrador Immigrant Investor Fund Limited (NLIIFL) was incorporated as a crown corporation on April 28, 2005. On May 13, 2005, it was accepted by the Federal Government as an approved fund under Canada's Business Immigration program.

The corporation was established to receive, administer and disburse funds received from Citizenship and Immigration Canada (CIC) under the Business Immigration program.

The funds are distributed by CIC to participating provinces and territories and are available for a period of five years, after which they must be repaid. Repayment includes a facilitator's fee of seven percent for investors who applied to the program prior to December 1, 2010. On December 1, 2010, CIC introduced changes to the Immigrant Investor Fund which included a reduction in facilitators' fees to five percent for investors who applied after that date. CIC deducts this fee prior to distribution to the provinces and territories and pays it to the financial institutions which market the program and assist investors in the administration of their investment. The Government of Newfoundland and Labrador has guaranteed repayment of all monies received by NLIIFL.

CIC requires that available funds be used for the purpose of contributing towards the development of a strong and viable economy in Newfoundland and Labrador.

In October 2011, the Department of Innovation, Trade and Rural Development (INTRD) was part of the Provincial Government's restructuring of departments. A new department was created that included elements of the former Department of Business and the Department of Innovation, Trade and Rural Development and was re-named the Department of Innovation, Business and Rural Development (IBRD). The corporation reports to the Minister of Innovation, Business and Rural Development, who holds all of the issued shares of the corporation.

Mandate

The mandate of the board is to direct investment activities of NLIIFL by assessing potential funding projects for eligibility, at the request of the Department of Finance,

and making recommendations to the Lieutenant-Governor in Council, through the Department of Finance. As manager of the fund, the NLIIFL Board of Directors coordinates all agreements and repayment of the investment from project participants to ensure repayment of all monies as agreed. The board is also required to ensure that amounts due CIC are repaid as required, either through collections from investments or budgetary allocations from the province. Repayments to CIC commenced in fiscal year 2010-11.

Vision

The vision of the Department of Innovation, Business and Rural Development is of a vibrant, diverse, and sustainable economy with productive and prosperous regions throughout the province.

The work of the NLIIFL board supports the vision of the Department of Innovation, Business and Rural Development by facilitating potential significant new investment through NLIIFL to help foster a strong and viable provincial economy for projects deemed eligible for NLIIFL funding, as approved by the Lieutenant-Governor in Council.

Mission

The mission statement identifies the priority focus area of the Minister of Innovation, Business and Rural Development. The mission spans over two planning cycles (2011-14 and 2014-17).

The mission of Innovation Business and Rural Development is as follows:

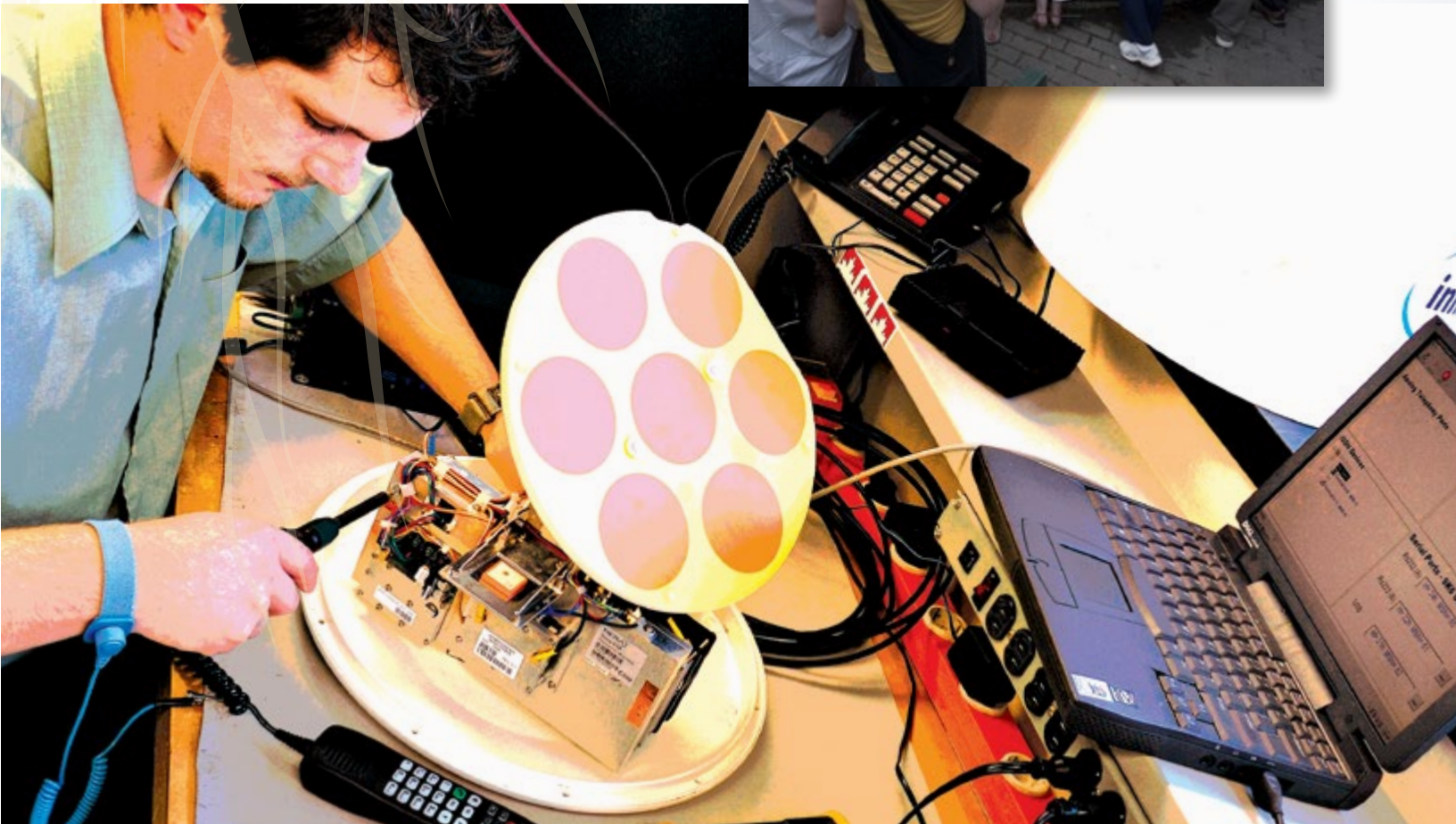
"By March 31, 2017, the Department of Innovation, Business and Rural Development will have stimulated economic and business development to foster regional and provincial prosperity."

The board will have evaluated any potential NLIIFL investments forwarded by the Department of Finance and will have made recommendations regarding the use of NLIIFL funds for these potential projects on a timely basis.

Board of Directors

NLIIFL is administered by a board of directors appointed by the Lieutenant-Governor in Council. The board consists of senior Provincial Government officials who are appointed by their position. The positions are: Assistant Deputy Minister, Trade and Investment, Department of Innovation, Business and Rural Development (Chair); Director, Business Analysis, Department of Innovation, Business and Rural Development; Director of Budgeting, Department of Finance; Director, Debt Management, Department of Finance; and Director, Trade and Export Development, Department of Innovation, Business and Rural Development (Secretary).

The corporation reports to the Minister of Innovation, Business and Rural Development, who holds all of the issued shares of the corporation.





OPERATIONS

During the year, the corporation received net proceeds of \$44,672,836 from CIC as the province's allocation of total receipts under the Business Immigration program. NLIIFL also repaid \$19,935,012 to CIC during the same period, thereby meeting its commitment for repayment of funds received in fiscal year 2006-07.

The Department of Innovation, Business and Rural Development assumes responsibility of all of the administration costs of the corporation.

The board was positioned to provide support for, and contribute to, three component areas of the department's strategic directions: coordination of public investments, new business investment, and investment development (See 2011-14 IBRD Strategic Plan for Strategic Directions). To date, the board has not made any investments. Two objectives were identified in the 2011-14 Activity Plan of Newfoundland and Labrador Immigrant Investor Fund Limited and these are reported on herein.

BOARD'S OBJECTIVES AND ACTIVITIES

In consideration of the mandate of the board of directors of NLIIFL and the strategic direction of government the following have been identified as the board's key priorities for the planning period. The board intends to report on the objectives below, through its annual report, for each fiscal year of the Activity Plan of the board (2011-12, 2012-13 and 2013-14).

EVALUATION OF NEW INVESTMENTS

Objective 1	The board will have evaluated any potential NLIIFL investments forwarded by the Department of Finance and made recommendations regarding the use of NLIIFL funds for these potential projects on a timely basis.
Measure	Timely basis of eligibility rulings and recommendations made
Indicators	Number of eligibility requests evaluated Number of recommendations made within 15 days.
Activities	During 2011-12, the board did not receive any investment requests from the Department of Finance for assessment.

MANAGEMENT OF NLIIFL

Objective 1	The board will have successfully managed NLIIFL investments.
Measure	Successful management of the fund
Indicators	Percentage of projected funds returned to NLIIFL in accordance with any approved repayment schedules. The board will ensure repayment of amounts due CIC, both scheduled and by request, are paid on time.
Activities	Project investment activities of the corporation must be directed by the Lieutenant-Governor in Council. At year end, no proposals had been directed to the corporation for actual investment. Consequently, as there were no project investments undertaken by the corporation this year or in previous years, there was no requirement to coordinate and monitor project repayment schedules. All scheduled and requested repayment amounts due CIC, were paid on time.



**NEWFOUNDLAND AND LABRADOR
IMMIGRANT INVESTOR
FUND LIMITED**

FINANCIAL STATEMENTS

31 MARCH 2012

Management's Report

Management's Responsibility for the Newfoundland and Labrador Immigrant Investor Fund Limited Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

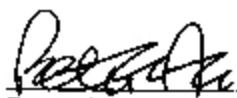
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

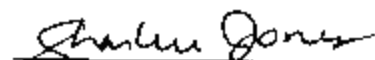
Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Corporation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Immigrant Investor Fund Limited.

On behalf of the Newfoundland and Labrador Immigrant Investor Fund Limited.


Peter Au
Chairperson


Sharlene Jones
Director, Business Analysis

24 August 2012



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Immigrant
Investor Fund Limited
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Newfoundland and Labrador Immigrant Investor Fund Limited which comprise the statements of financial position as at 31 March 2012, 31 March 2011 and 1 April 2010, the statements of operations and accumulated surplus, change in net debt, and cash flows for the years ended 31 March 2012 and 31 March 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Immigrant Investor Fund Limited as at 31 March 2012, 31 March 2011 and 1 April 2010, and its financial performance and its cash flows for the years ended 31 March 2012 and 31 March 2011 in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read 'Terry Paddon', written over a horizontal line.

TERRY PADDON, CA
Auditor General

24 August 2012
St. John's, Newfoundland and Labrador

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
STATEMENT OF FINANCIAL POSITION

As at

	31 March 2012	31 March 2011	1 April 2010
		(Note 2)	(Note 2)
FINANCIAL ASSETS			
Cash	\$ 167,975,754	\$ 141,627,574	\$ 198,723,633
Interest receivable	154,994	132,273	74,546
Investments, at amortized cost (Note 5)	91,150,491	88,774,375	-
	<u>\$ 259,281,239</u>	<u>\$ 230,534,222</u>	<u>\$ 198,798,179</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,390	3,390	3,390
Obligations to investors (Note 6)	265,291,075	237,567,397	204,229,677
	<u>265,294,465</u>	<u>237,570,787</u>	<u>204,233,067</u>
Net debt	<u>(6,013,226)</u>	<u>(7,036,565)</u>	<u>(5,434,888)</u>
NON-FINANCIAL ASSETS			
Deferred financing costs (Note 7)	9,039,725	9,452,593	8,428,074
Accumulated surplus	<u>\$ 3,026,499</u>	<u>\$ 2,416,028</u>	<u>\$ 2,993,186</u>

*The accompanying notes are an
integral part of these financial statements.*

Signed on behalf of the Corporation:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended 31 March

	2012 Budget	2012 Actual	2011 Actual
	(Note 10)		(Note 2)
REVENUES			
Amortization of discounts	\$ 2,373,000	\$ 2,376,116	\$ 809,579
Interest	1,624,000	1,673,212	1,719,509
	<u>3,997,000</u>	<u>4,049,328</u>	<u>2,529,088</u>
EXPENSES			
Amortization of deferred financing costs	3,425,000	3,427,898	3,097,243
Audit fees	4,000	3,390	3,390
Bank charges	-	23	19
Miscellaneous	-	385	385
Safekeeping fees	8,000	7,161	5,209
	<u>3,437,000</u>	<u>3,438,857</u>	<u>3,106,246</u>
Annual surplus (deficit)	560,000	610,471	(577,158)
Accumulated surplus, beginning of year	2,416,028	2,416,028	2,993,186
Accumulated surplus, end of year	\$ 2,976,028	\$ 3,026,499	\$ 2,416,028

*The accompanying notes are an
integral part of these financial statements.*

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
STATEMENT OF CHANGE IN NET DEBT

For the Year Ended 31 March

	2012 Budget	2012 Actual	2011 Actual
	(Note 10)		(Note 2)
<u>Annual surplus (deficit)</u>	\$ 560,000	\$ 610,471	\$ (577,158)
Deferred financing costs			
Acquisition of deferred financing costs	(2,901,408)	(3,015,030)	(4,121,762)
Use of deferred financing costs	3,425,000	3,427,898	3,097,243
	523,592	412,868	(1,024,519)
Decrease (increase) in net debt	1,083,592	1,023,339	(1,601,677)
<u>Net debt, beginning of year</u>	(7,036,565)	(7,036,565)	(5,434,888)
<u>Net debt, end of year</u>	\$ (5,952,973)	\$ (6,013,226)	\$ (7,036,565)

*The accompanying notes are an
integral part of these financial statements.*

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED

STATEMENT OF CASH FLOWS

For the Year Ended 31 March

2012

2011

(Note 2)

	2012	2011
Operating transactions		
Annual surplus (deficit)	\$ 610,471	\$ (577,158)
Adjustment for non-cash items		
Amortization of deferred financing costs	3,427,898	3,097,243
Amortization of discounts	(2,376,116)	(809,579)
	1,662,253	1,710,506
Change in non-cash working capital		
Interest receivable	(22,721)	(57,727)
Cash provided from operating transactions	1,639,532	1,652,779
Investing transactions		
Purchase of investments	-	(87,964,796)
Cash applied to investing transactions	-	(87,964,796)
Financing transactions		
Deferred financing charges	(3,015,030)	\$ (4,121,762)
Amount received from investors	47,690,062	59,493,920
Refund to investors	(31,372)	(106,011)
Repayment of investor funds	(19,935,012)	(26,050,189)
Cash provided from financing transactions	24,708,648	29,215,958
Increase (decrease) in cash	26,348,180	(57,096,059)
Cash, beginning of year	141,627,574	198,723,633
Cash, end of year	\$ 167,975,754	\$ 141,627,574

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

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

1. Nature of operations

Newfoundland and Labrador Immigrant Investor Fund Limited (the Corporation) is a Crown corporation of the Province of Newfoundland and Labrador (the Province) and was incorporated on 28 April 2005 under the *Corporations Act* of the Province. Its affairs are governed by a Board of Directors appointed by the Lieutenant Governor in Council.

The purpose of the Corporation is to receive, administer and invest funds received from Citizenship and Immigration Canada (CIC) under its Business Immigration Program. Section 92(f) of the *Immigration and Refugee Protection Regulations* to the *Immigration and Refugee Protection Act* requires that during the allocation period of five years, the provincial allocation must be used for the purpose of creating or continuing employment in Canada to foster the development of a strong and viable economy.

In April 2005, the Provincial Cabinet instructed the Board of Directors to direct the investment activities of the Corporation and refer projects to Cabinet for approval. The Provincial Cabinet also directed that all recommended investments be subject to a thorough financial and business analysis by the sponsoring department.

The Minister of Innovation, Business and Rural Development holds 100% of the issued common shares of the Corporation on behalf of the Province of Newfoundland and Labrador. Currently, there are 100 authorized common shares of no par value with 3 shares issued.

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Conversion to Canadian Public Sector Accounting Standards

Commencing with the 2012 fiscal year, the Corporation has adopted Canadian public sector accounting standards. These financial statements are the first financial statements for which the Corporation has applied Canadian public sector accounting standards. The changeover became effective on 1 April 2011 with retroactive application to 1 April 2010.

The conversion affects primarily only the presentation of the financial statements. There has been no change to the accumulated surplus at the date of transition due to the conversion to Canadian public sector accounting standards.

3. Summary of significant accounting policies

(a) Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB).

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS

31 March 2012

3. Summary of significant accounting policies (cont.)

(b) Deferred financing costs

Deferred financing costs are amortized, on a straight line basis, over the five year period during which the funds are available to the Corporation.

(c) Obligations to investors

An obligation to an investor is recognized upon receipt of funds from CIC.

(d) Investments

(i) Purchases: Investments are initially recorded at cost.

(ii) Amortization: Discounts are amortized on a straight-line basis from the date of purchase until maturity.

(e) Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

(f) Expenses

Expenses are reported on an accrual basis.

4. Accounting pronouncements

In December 2010, the PSAB amended Section PS 3410, *Government Transfers*. The main changes pertain to recognition criteria for government transfers, affecting how the Corporation accounts for such transfers. These amendments are effective for fiscal years beginning on or after 1 April 2012, but earlier adoption is encouraged. The Corporation is still evaluating the impact of adopting this new section in the coming year.

In March 2011, the PSAB approved new Section PS 3450, *Financial Instruments*, Section PS 2601 to replace current Section PS 2600, *Foreign Currency Translation* and Section PS 1201 to replace current Section PS 1200, *Financial Statement Presentation*. Government organizations are required to adopt the three sections in the same year. In addition, in March 2012, the PSAB approved Section PS 3041, *Portfolio Investments*, to replace Section PS 3040, *Portfolio Investments*. The four sections are effective 1 April 2012 for government organizations but earlier adoption is permitted. The Corporation is still evaluating the impact of adopting these new sections in the coming year.

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS

31 March 2012

5. Investments

The investments consist of 47 Canadian Provincial Government guaranteed strip bonds that were purchased between 8 June 2010 and 20 January 2011, and mature between 2 June 2013 and 15 November 2015. Settlement values of these bonds ranged from \$47,065 to \$7,318,525 with a total cost of \$87,964,796 (2011 - \$87,964,796, 2010 - \$0), while maturity values range from \$50,000 to \$8,300,000 and have a total maturity value of \$97,503,045. Interest rates range from 2.038636% to 3.4%.

Amortization of bond discounts is calculated on a straight-line basis from the date of purchase until maturity. Total accumulated amortization of bond discounts at 31 March 2012 was \$3,185,695 (2011 - \$809,579, 2010 - \$0), giving the investments an amortized cost of \$91,150,491 (2011 - \$88,774,375, 2010 - \$0).

6. Obligations to investors

One of the conditions for the issuance of a visa to immigrants under the Citizenship and Immigration Canada Business Immigration Program (the Program), is that they must invest \$400,000 in Canada for a period of five years. The amount of the investment is allocated to the participating provinces on the first day of the second month following the month payment is received from the investor. \$200,000 of the \$400,000 is divided equally among the participating provinces while the remaining \$200,000 is allocated on the basis of each participating province's gross domestic product as a percentage of the total gross domestic product of all participating provinces.

During the Fall of 2011, a new agreement was signed which now requires immigrants under the Program to invest \$800,000 in Canada for a period of five years. Of the \$800,000, \$400,000 is divided equally among the participating provinces and the remaining \$400,000 is allocated on the basis of each participating province's gross domestic product as a percentage of the total gross domestic product of all participating provinces.

As at 31 March 2012, Newfoundland and Labrador Immigrant Investor Fund Limited maintained an allocation of funds from 6,942 investors (2011 - 6,189 investors). Allocations were received from 1,270 investors in 2011-12 (1,678 investors in 2010-11), 1 investor was refunded in 2011-12 (3 investors in 2010-11) and 516 investors were repaid in 2011-12 (676 investors in 2010-11).

These obligations to investors are secured by a non-transferable zero interest promissory note issued by CIC, as agent for the Corporation, and the guarantee of the Province of Newfoundland and Labrador. The guarantee is to CIC, as agent for the Corporation, who will repay investors. The promissory notes are repayable without interest, in full, five years from the date the funds were allocated to the Province or within 90 days after the receipt of a written request by the investor for repayment of the funds provided that such a request for repayment has been received by the agent before a visa has been issued to the investor. As at 31 March 2012, 26 of the 6,942 investors had not received a permanent resident visa (2011 - 141 of 6,189 investors).

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS

31 March 2012

6. Obligations to investors (cont.)

Obligations to investors at 31 March 2012 totalled \$265,291,075 (2011 - \$237,567,397, 2010 - \$204,229,677). Scheduled investment repayment dates are as follows:

30 April 2012	1,631,994
31 May 2012	2,214,849
30 June 2012	3,263,988
31 July 2012	4,934,839
31 August 2012	4,857,125
30 September 2012	6,799,975
31 October 2012	5,466,461
30 November 2012	5,876,337
31 December 2012	5,648,722
31 January 2013	2,731,759
28 February 2013	4,305,993
31 March 2013	4,215,265
30 April 2013	3,978,895
31 May 2013	3,821,314
30 June 2013	4,294,055
31 July 2013	3,252,776
31 August 2013	7,194,396
30 September 2013	7,542,528
31 October 2013	6,312,768
30 November 2013	4,632,096
31 December 2013	4,420,624
31 January 2014	1,876,680
28 February 2014	2,710,760
31 March 2014	1,546,512
30 April 2014	2,960,984
31 May 2014	2,038,584
30 June 2014	3,022,729
31 July 2014	6,756,048
31 August 2014	8,048,872
30 September 2014	6,186,048
31 October 2014	6,528,604
30 November 2014	4,837,664
31 December 2014	3,968,384
31 January 2015	2,799,128
28 February 2015	3,472,336
31 March 2015	3,988,373

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS
31 March 2012

6. Obligations to investors (cont.)

30 April 2015	4,783,320
31 May 2015	3,826,656
30 June 2015	5,704,552
31 July 2015	8,649,880
31 August 2015	8,891,272
30 September 2015	6,277,704
31 October 2015	6,030,828
30 November 2015	3,502,464
31 December 2015	2,290,156
31 January 2016	2,760,736
28 February 2016	4,548,940
31 March 2016	2,196,040
30 April 2016	3,388,176
31 May 2016	3,325,432
30 June 2016	3,450,920
31 July 2016	3,890,128
31 August 2016	3,199,944
30 September 2016	3,714,104
31 October 2016	3,911,492
30 November 2016	3,935,056
31 December 2016	4,466,952
31 January 2017	4,599,532
29 February 2017	5,513,382
31 March 2017	<u>4,294,944</u>
Total	<u>\$ 265,291,075</u>

7. Deferred financing costs

Deferred financing costs of \$9,039,725 (2011 - \$9,452,593, 2010 - \$8,428,074) consist of a five or seven percent commission paid to CIC approved financial institutions which market the program and assist investors in the administration of their investments. The five percent commission is applicable for applications received on or after 1 December 2010. The marketing and financing fee was paid in connection with 6,882 of the 6,942 immigrant investors at 31 March 2012 (6,139 of the 6,189 immigrant investors at 31 March 2011).

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS
31 March 2012

8. Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consist of cash, interest receivable, investments at amortized cost, accounts payable and accrued liabilities, and obligations to investors. The purpose of the Corporation is to receive capital from immigrant investors and invest the funds for the purpose of creating and continuing employment in Canada to foster the development of a strong viable economy. At 31 March 2012, the Corporation had invested \$87,964,796 of the funds received from immigrant investors in Canadian Provincial Government guaranteed strip bonds. However, it had not invested any of the funds in projects.

Fair value

The carrying value of the interest receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Investments at amortized cost are carried at cost plus the amortization of discounts on a straight-line basis from the date of purchase until maturity. Due to the fact that the obligations to investors are guaranteed by the Province and the Corporation pays no interest, the face value of the obligations to investors is their fair value.

Interest rate risk

Interest rate risk reflects the risk that the Corporation's earnings will decline due to fluctuations in interest rates. As the Corporation's cash is held in a bank account bearing an interest rate based on prime, the Corporation is subject to interest rate risk with respect to its interest income. As the obligation to investors does not bear interest, the Corporation is not subject to interest rate risk with respect to interest expense.

The Corporation also holds long-term investments. The intention of the Board is to hold these long-term investments to maturity. Therefore, their reported value is current fair value to the Corporation and there is no risk associated with these investments.

9. Related party transactions

For administrative purposes the Corporation is managed by the Department of Innovation, Business and Rural Development and investments are made by the Department of Finance. Expenses related to salaries, accommodations and administration are incurred directly by the departments and no provision is made in these financial statements for these expenses. The amount of these expenses is not material to these financial statements.

At 31 March 2012, the Corporation held a related party investment consisting of a bond in Newfoundland and Labrador Hydro. The bond was purchased on 13 December 2010 at a cost of \$5,880,637 with an effective interest rate of 2.7% and a coupon rate of 10.5%. This bond matures 15 June 2014 and has a maturity value of \$6,460,322.

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS
31 March 2012

10. Budgeted figures

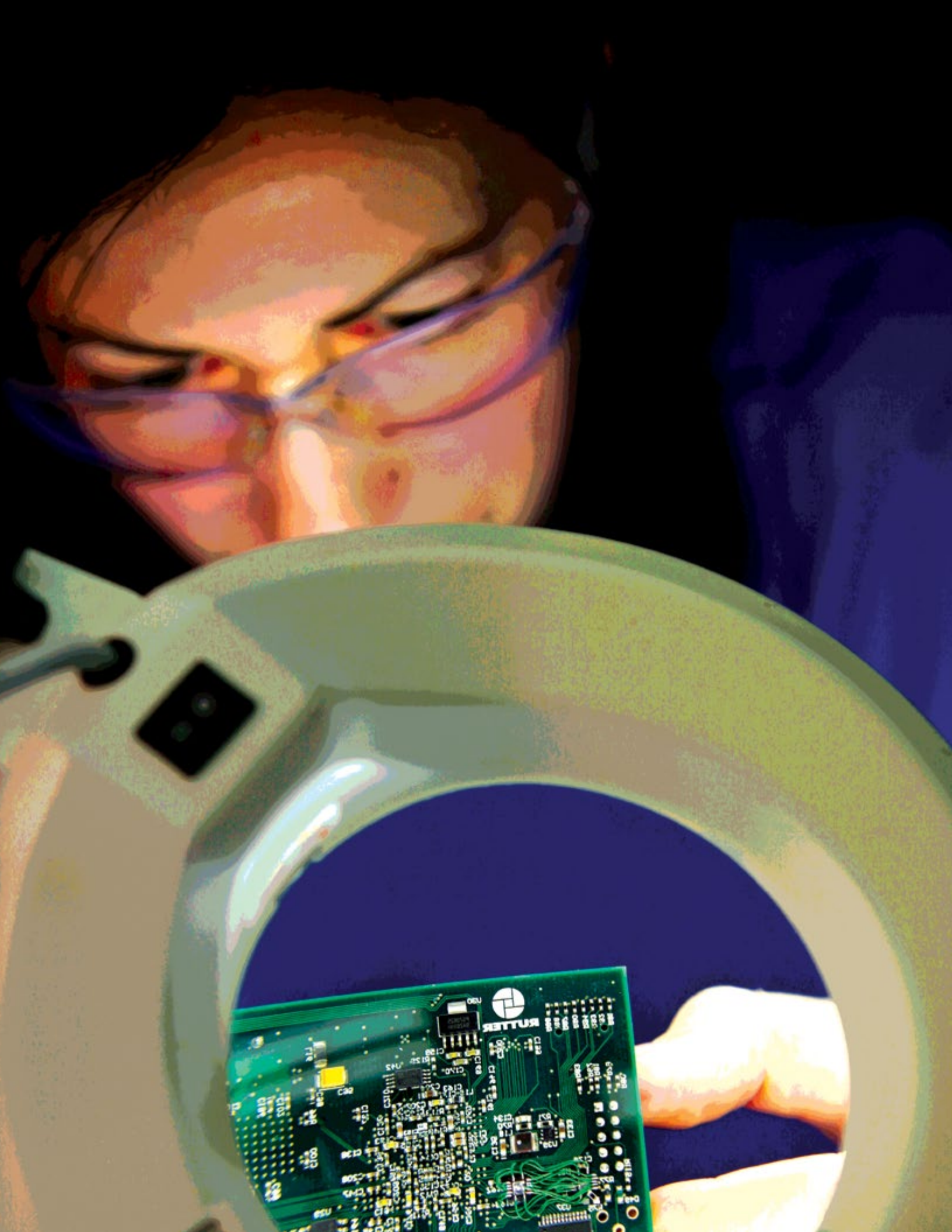
Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the House of Assembly of the Province of Newfoundland and Labrador.

11. Comparative figures

Certain comparative figures as at 31 March 2011 and 1 April 2010 and for the year ended 31 March 2011 have been reclassified to conform to current year's presentation.

12. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Corporation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Corporation's objectives.





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