

09  
ANNUAL REPORT  
10

**NEWFOUNDLAND AND  
LABRADOR IMMIGRANT  
INVESTOR FUND LTD.**



**TO OBTAIN A COPY OF THIS REPORT:**

**Electronic**

Website: <http://www.intrd.gov.nl.ca/intrd/publications.htm>

**Paper**

Department of Innovation, Trade and Rural Development  
P.O. Box 8700, Confederation Building  
St. John's, Newfoundland and Labrador A1B 4J6

Telephone: (709) 729-7000

Facsimile: (709) 729-0654

Toll Free: 1-800-563-2299

E-mail: [ITRDinfo@gov.nl.ca](mailto:ITRDinfo@gov.nl.ca)

## **TABLE OF CONTENTS**

<b>MESSAGE FROM THE CHAIR</b>	2
<b>OVERVIEW</b>	3
Background and Purpose	3
Mandate	3
Vision	3
Mission	3
Board of Directors	4
<b>OPERATIONS</b>	4
<b>BOARD'S OBJECTIVES AND ACTIVITIES</b>	5
APPENDIX: Financial Statements	6


## MESSAGE FROM THE CHAIR

On behalf of the board of directors, I am pleased to present the 2009-10 annual report of Newfoundland and Labrador Immigrant Investor Fund Limited to the Minister of Innovation, Trade and Rural Development. This annual report is submitted in accordance with the obligations of this entity as a category three entity under the *Transparency and Accountability Act*, and 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 2009-10, the corporation received net proceeds of \$50,907,788 from CIC as the province's allocation of total receipts under the Business Immigration Program.

I would like to take this opportunity to thank the board of directors and officials in the Departments of Innovation, Trade and Rural Development and Finance for their dedication and service to the corporation in 2009-10.

Sincerely,



**Judith A. Hearn**

Chair, Board of Directors  
Newfoundland and Labrador Immigrant Investor Fund Limited

## **OVERVIEW**

### **Background and Purpose**

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

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

Funds are distributed to participating provinces and are available for a period of five years, after which period funds must begin to be repaid. Repayment includes a seven percent commission that CIC pays to 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 are used for the purpose of contributing towards the development of a strong and viable economy in Newfoundland and Labrador.

### **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, with payments to CIC to commence in fiscal year 2010/2011.

### **Vision**

The vision of INTRD is of "a diversified, competitive economy with productive and prosperous regions across the province".

The work of the NLIIFL board supports the vision of the Department of Innovation, Trade and Rural Development by facilitating 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 over the current planning cycles. It represents the key longer-term result that the Minister and the board will work towards to achieve the strategic directions of government.

The mission of the Department of Innovation, Trade and Rural Development is as follows:

*By 2011, the Department of Innovation, Trade and Rural Development will "have stimulated economic and business development to foster regional and provincial prosperity."*

The board contributes to government's and the department's mission of stimulating economic and business development through its work with NLIIFL, which is mandated to use its resources to facilitate new business investment in the province.

### 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 Export Development (formerly Trade and Investment), Department of Innovation, Trade and Rural Development (Chair); Director, Business Analysis, Department of Innovation, Trade and Rural Development; Director of Budgeting, Department of Finance; Director, Debt Management, Department of Finance; and Director, Trade and Export Development (formerly Trade and Investment), Department of Innovation, Trade and Rural Development (Secretary).

The individuals in these identified positions are board members as a result of the positions they hold. Should an individual vacate his/her position, he/she is then replaced on the board by his/her successor in the position. In practice, if a position is vacant, the board membership has been filled by the position's immediate supervisor in the respective department. The directors during the year were:

Position	Name	Period
Chair ADM Trade and Export Development	Judith A. Hearn	Apr 1/09-Mar 31/10
Director, Business Analysis, INTRD	Don Kavanagh	Apr 1/09-Mar 31/10
Director, Budgeting, TB	Wendy O'Keefe Vacant Craig Martin	Apr 1/09-Aug 16/09 Aug 17/09-Feb 21/10 Feb 22/10-Mar 31/10
Director, Debt Management, Finance	Paul Myrden	Apr 1/09-Mar 31/10
Director, Trade and Export Development, INTRD	Vacant Linda Spurrell	Apr 1/09-Aug 17/09 Aug 18/09-Mar 31/10

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

### OPERATIONS

During the year the corporation received net proceeds of \$50,907,788 from CIC as the province's allocation of total receipts under the Business Immigration Program.

All administrative expenses of the corporation are the responsibility of the Department of Innovation, Trade and Rural Development.

The following represents the board's activities, in support of government's strategic directions for fiscal 2009-2010.

The board was positioned to provide support for three component areas of the strategic directions of the Minister – coordination of public investments, new business investment, and investment development. To date, the board has not made any investments. Two objectives have been identified in the Newfoundland and Labrador Immigrant Investor Fund Limited's 2008-11 Activity Plan and these are reported on herein and will also be reported on in the 2010-11 Annual Report.

## **BOARD'S OBJECTIVES AND ACTIVITIES**

**OBJECTIVE 1:** *To the extent feasible, the board will have evaluated any potential NLIIFL investments forwarded by the Department of Finance within the fiscal year and made recommendations regarding the use of NLIIFL funds for these potential projects.*

### **Measure**

Eligibility rulings and recommendations made.

### **Indicator 1**

Number of requests from the Department of Finance.

### **Activities**

During the 2009-2010 fiscal year, the board did not receive any investment requests for assessment.

### **Indicator 2**

Number of eligibility rulings and recommendations made.

### **Activities**

The board was not requested to make any rulings or recommendations during the year.

**OBJECTIVE 2:** *The board will have successfully managed NLIIFL by coordinating and monitoring repayment schedules for any approved investments, including any known budgetary requirements from the province, as the circumstances warrant.*

### **Measure**

Successful management of the fund through coordination and monitoring of repayment schedules.

### **Indicator**

Percentage of projected funds returned to NLIIFL in accordance with any approved repayment schedules.

### **Activities**

Project investment activities of the corporation must be directed by the Provincial Cabinet. At year end, there had been no proposals directed to the corporation for evaluation for actual investment. Consequently, as no project investments were undertaken by the corporation during the year nor in previous years, there was no requirement to coordinate and monitor repayment schedules for approved investments.



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

I have audited the balance sheet of the Newfoundland and Labrador Immigrant Investor Fund Limited as at 31 March 2010 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "John L. Noseworthy".

**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
13 May 2010



**NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED**  
**BALANCE SHEET**  
**31 March** 2010 2009

**ASSETS**

**Current**

Cash	\$ 198,723,633	\$ 147,108,034
Interest receivable	74,546	74,950

198,798,179 147,182,984

<b>Deferred financing costs (Note 2)</b>	<b>8,428,074</b>	<b>7,049,554</b>
--	------------------	------------------

**\$ 207,226,253** **\$ 154,232,538**

**LIABILITIES AND EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ 3,390	\$ 3,500
Obligations to investors (Note 3)	26,050,189	-

26,053,579 3,500

<b>Obligations to investors (Note 3)</b>	<b>178,179,488</b>	<b>149,599,320</b>
--	--------------------	--------------------

**204,233,067** **149,602,820**

**Shareholder's equity**

Share capital (Note 4)

Authorized

100 common shares of no par value

Issued

3 shares


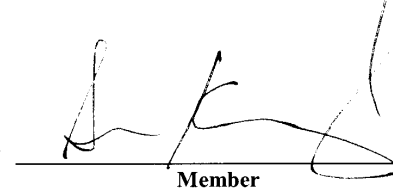
- -

<b>Surplus</b>	<b>2,993,186</b>	<b>4,629,718</b>
----------------	------------------	------------------

**\$ 207,226,253** **\$ 154,232,538**

*See accompanying notes*

Signed on behalf of the Board:

 _____ Chairperson	 _____ Member
---	---

Office of the Auditor General

**NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED**  
**STATEMENT OF REVENUES, EXPENSES AND SURPLUS**  
**For the Year Ended 31 March**

2010

2009

**REVENUES**

<u>Interest</u>	<u>\$ 790,774</u>	<u>\$ 3,225,071</u>
-----------------	-------------------	---------------------

**EXPENSES**

Amortization of deferred financing costs	2,421,618	1,718,382
Audit fees	3,280	3,475
Bank charges	6	41
Miscellaneous	385	-
<u>Safekeeping fees</u>	<u>2,017</u>	<u>7,517</u>

	<u>2,427,306</u>	<u>1,729,415</u>
--	------------------	------------------

<b>Excess of (expenses over revenues) revenues over expenses</b>	<b>(1,636,532)</b>	<b>1,495,656</b>
--	--------------------	------------------

<u>Surplus, beginning of year</u>	<u>4,629,718</u>	<u>3,134,062</u>
-----------------------------------	------------------	------------------

<u>Surplus, end of year</u>	<u>\$ 2,993,186</u>	<u>\$ 4,629,718</u>
-----------------------------	---------------------	---------------------

*See accompanying notes*

Office of the Auditor General

**NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 March**

	2010	2009
<b>Cash flows from operating activities</b>		
Excess of (expenses over revenues) revenues over expenses	\$ (1,636,532)	\$ 1,495,656
Items not affecting cash		
Amortization of deferred financing costs	2,421,618	1,718,382
Changes in non-cash working capital		
Interest receivable	404	(62,131)
Accounts payable and accrued liabilities	(110)	-
	<u>785,380</u>	<u>3,151,907</u>
<b>Cash flows from financing activities</b>		
Deferred financing charges	(3,800,138)	(3,590,487)
Amounts received from investors	54,790,901	51,788,192
Refund to investors	(160,544)	(121,380)
	<u>50,830,219</u>	<u>48,076,325</u>
<b>Increase in cash</b>	<b>51,615,599</b>	<b>51,228,232</b>
<b>Cash, beginning of year</b>	<b>147,108,034</b>	<b>95,879,802</b>
<b>Cash, end of year</b>	<b>\$ 198,723,633</b>	<b>\$ 147,108,034</b>

*See accompanying notes*

Office of the Auditor General

**NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2010**

---

**Authority**

Newfoundland and Labrador Immigrant Investor Fund Limited (the Corporation), was incorporated on 28 April 2005 under the *Corporations Act* of the Province of Newfoundland and Labrador (the Province). All shares of the Corporation are held by the Minister of Innovation, Trade and Rural Development on behalf 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 are subject to a thorough financial and business analysis by the sponsoring department.

**1. Significant accounting policies**

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) 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.

(b) Obligations to investors

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

**2. Deferred financing costs**

Deferred financing costs of \$8,428,074 (2009 - \$7,049,554) consist of a seven percent commission paid to CIC approved financial institutions which market the program and assist investors in the administration of their investments. The marketing and financing fee was paid in connection with 5,144 of the 5,190 immigrant investors at 31 March 2010 (3,703 of the 3,741 immigrant investors at 31 March 2009).

**NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2010**

---

**3. Obligations to investors**

One of the conditions for the issuance of a visa to immigrants under the Citizenship and Immigration Canada (CIC), Business Immigration 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. As at 31 March 2010, the Newfoundland and Labrador allocation of funds had been received from 5,190 investors (2009 – 3,741 investors).

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 2010, 47 of the 5,190 investors had not received a permanent resident visa (2009 - 24 of 3,741 investors).

Obligations to investors at 31 March 2010 totalled \$204,229,677 (2009 - \$149,599,320). Scheduled investment repayment dates are as follows:

31 May 2010	\$ 2,504,060
30 June 2010	2,465,536
31 July 2010	3,351,588
31 August 2010	2,889,300
30 September 2010	3,197,492
31 October 2010	2,850,776
30 November 2010	1,964,724
31 December 2010	1,851,312
31 January 2011	1,581,329
28 February 2011	1,658,467
31 March 2011	1,735,605
30 April 2011	2,622,692
31 May 2011	1,581,329
30 June 2011	1,427,053
31 July 2011	1,889,881
31 August 2011	1,928,450
30 September 2011	1,967,019
31 October 2011	1,928,450
30 November 2011	2,082,726
31 December 2011	1,321,138
31 January 2012	815,997
29 February 2012	1,049,139

Office of the Auditor General

**NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2010**

---

**3. Obligations to investors (cont.)**

31 March 2012	1,321,138
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	3,057,876
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	4,003,816
31 January 2015	2,834,560
28 February 2015	3,472,336
31 March 2015	<u>3,988,373</u>
Total	204,229,677
Less: current portion	<u>26,050,189</u>
Obligation to investors: long-term	<u>\$ 178,179,488</u>

Office of the Auditor General

**NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2010**

---

**4. Share capital**

The Minister of Innovation, Trade and Rural Development holds 100% of the issued common shares of the Corporation on behalf of the Province of Newfoundland and Labrador.

**5. Related party transactions**

For administrative purposes the Corporation is managed by the Department of Innovation, Trade and Rural Development and short-term investments for cash management purposes 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.

**6. Financial instruments**

The Corporation's financial instruments recognized on the balance sheet consist of cash, interest receivable, 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 2010, the Corporation had not invested any of the funds received from immigrant investors 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. 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 fluctuation in interest rates. The Corporation's cash is held in a bank account bearing an interest rate based on prime. There is no interest to be paid to investors and therefore, there is no interest rate risk.

**7. Economic dependence**

As a result of its reliance on actions by Citizenship and Immigration Canada and investment decisions by the Government of Newfoundland and Labrador, the Corporation's ability to continue viable operations is dependent on the actions of both entities.

**8. Income taxes**

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.

Office of the Auditor General

