



**Newfoundland and Labrador Immigrant
Investor Fund Limited**

ANNUAL REPORT

2007-2008

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) 729-4880
E-mail: ITRDinfo@gov.nl.ca

Table of Contents

1. Message from the Chair	1
2. Overview of the Corporation	2
2.1 Background and Purpose	2
2.2 Mandate	2
2.3 Vision	2
2.4 Mission	3
2.5 Board of Directors	3
3. Operations	4
4. Financial Statements	5
Appendix A: Financial Statements	6
Appendix B: Strategic Directions	16

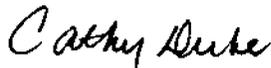
1. Message from the Chair

On behalf of the Board of Directors, I am pleased to present the 2007-08 annual report of Newfoundland and Labrador Immigrant Investor Fund Limited to the Minister of Innovation, Trade and Rural Development. In accordance with the *Transparency and Accountability Act*, this report was prepared under the direction of the Board, which is accountable for the 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 2007-08, the Corporation received net proceeds of \$49,558,324 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 Department of Innovation, Trade and Rural Development for their dedication and service to the Corporation in 2007-08.

Sincerely,



Cathy Duke

Chair, Board of Directors

Newfoundland and Labrador Immigrant Investor Fund Limited

2. Overview of the Corporation

2.1 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 they must 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.

2.2 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.

2.3 Vision

The vision of Government as mandated to the Department of Innovation, Trade and Rural Development is to help facilitate "a diversified, competitive economy with productive and prosperous people in all regions of the province".

The work of the NLIIFL Board supports the vision of Government and 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.

2.4 Mission

The mission statement identifies the priority focus area of the Minister over the next 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.

2.5 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, 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 Investment, Department of Innovation, Trade and Rural Development (Secretary).

The individuals holding the appointed positions are Board members while they hold the position. They are then replaced on the Board by their 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		Period
Deputy Minister (for ADM Trade and Investment)	Cathy Duke	Apr 1/07-Mar 31/08
Director, Business Analysis, INTRD	Don Kavanagh	Apr 1/07-Mar 31/08
Director, Budgeting, Finance	Joan Morris	Apr 1/07-Jan 7/08
Director, Budgeting, Finance	Wendy O’Keefe	Jan 8/08-Mar 31/08
Director, Debt Management, Finance	Earl Saunders	Apr 1/07-Mar 31/08
Director, Trade and Investment, INTRD	Paul Morris	Apr 1/07-Mar 31/08

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

3. Operations

During the year the Corporation received net proceeds of \$49,558,324 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 2007-2008.

Evaluation and recommendations of potential NLIIFL investments

Goal 1

By March 31, 2008, 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.

Indicators

- Number of requests from the Department of Finance.
 - During the fiscal year, the Board received two requests from the Department of Finance to review two proposals and make recommendations regarding eligibility for funding under the Fund.
- Number of eligibility rulings and recommendations made.
 - The Board made two rulings and recommendations to the Department of Finance regarding the two proposals that had been submitted for consideration. Both proposals were considered to be eligible for funding.

Management of the Fund

Goal 2

By March 31, 2008, the Board will have successfully managed NLIIFL by coordinating and monitoring repayment schedules for any approved investments.

Measure

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

Indicators

- Percentage of projected funds returned to NLIIFL in accordance with any approved repayment schedules.
 - Project investment activities of the Corporation must be directed by the Provincial Cabinet. At year end, neither proposal was directed to the Corporation for actual investment. Consequently, as no project investments were undertaken by the Corporation during the year, there was no requirement to coordinate and monitor repayment schedules for approved investments.

4. Financial Statements

The audited financial statements for the Corporation are found in *Appendix A* of this report. They will be tabled in the House of Assembly in *Financial Statements of Crown Corporations, Boards and Authorities for the Year ending March 31, 2008*.

Appendix A: Financial Statements

**NEWFOUNDLAND AND LABRADOR
IMMIGRANT INVESTOR FUND LIMITED
FINANCIAL STATEMENTS
31 MARCH 2008**



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

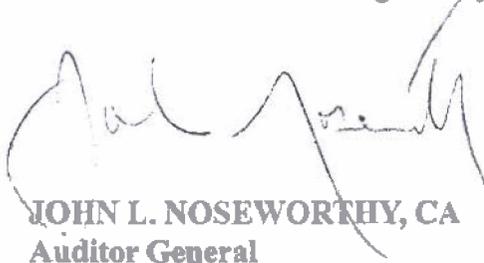
AUDITOR'S REPORT

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 2008 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 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
20 May 2008

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED

BALANCE SHEET

31 March

2008

2007

ASSETS

Current

Cash	\$ 4,149,362	\$ 162,097
Short-term investment, at cost (Note 2)	91,730,440	43,241,156
Interest receivable	12,819	4,608

95,892,621 43,407,861

Deferred financing costs (Note 3)	5,177,449	2,402,010
--	------------------	------------------

\$ 101,070,070 \$ 45,809,871

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 3,500	\$ 6,000
--	----------	----------

Obligations to investors (Note 4)	97,932,508	44,664,063
--	-------------------	-------------------

97,936,008 44,670,063

Shareholder's equity

Share capital (Note 5)

Authorized
100 common shares of no par value
Issued
3 shares

Surplus	3,134,062	1,139,808
----------------	------------------	------------------

\$ 101,070,070 \$ 45,809,871

See accompanying notes

Signed on behalf of the Board:

Cathy Duke

Chairperson

Paul Monaghan

Member

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

2008

2007

REVENUES

Interest **\$ 2,937,372** **\$ 1,470,731**

EXPENSES

Audit fees 3,500 3,000

Amortization of deferred financing costs 934,682 497,952

Bank charges 36 38

Miscellaneous 720 300

Safekeeping fees 4,180 3,537

943,118 **504,827**

Excess of revenues over expenses **1,994,254** **965,904**

Surplus, beginning of period **1,139,808** **173,904**

Surplus, end of period **\$ 3,134,062** **\$ 1,139,808**

See accompanying notes

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS

31 March 2008

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 Board of Directors is also to ensure that all recommended investments are subject to a thorough financial and business analysis.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

(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. Short-term investment

The short-term investment of \$91,730,440 (2007 - \$43,241,156) represents a bankers' acceptance purchased 30 March 2008 that will mature on 30 April 2008 with a maturity value of \$92,000,000.

3. Deferred financing costs

Deferred financing costs of \$5,177,449 (2007 - \$2,402,010) 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 2,408 of the 2,437 immigrant investors at 31 March 2008 (1,136 of the 1,158 immigrant investors at 31 March 2007).

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS
31 March 2008

4. 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 2008, the Newfoundland and Labrador allocation of funds had been received from 2,437 investors (2007 - 1,158 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 of 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 2008, 32 of the 2,437 investors had not received a permanent resident visa (2007 - 6 of 1,158 investors).

Obligations to investors at 31 March 2008 totalled \$97,932,508 (2007 - \$44,664,063). 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

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS

31 March 2008

4. 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	<u>4,215,265</u>
	<u>\$ 97,932,508</u>

5. 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.

6. 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.

7. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, short-term investment, 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 2008, the Corporation had not invested any of the funds received from immigrant investors into projects.

Fair value

The carrying value of the short-term investment, 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.

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS

31 March 2008

7. Financial instruments (cont.)

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 either invested in highly liquid money market investments or 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.

8. 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.

9. 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.

Appendix B: Strategic Directions

Strategic Directions

Strategic directions are the articulation of desired physical, social and or economic outcomes and normally require action by more than one government entity. These directions are normally communicated by government through platform documents, Throne and Budget speeches, policy documents, and other communiqués.

The *Transparency and Accountability Act* requires departments and public bodies to take into account these strategic directions in the preparation of their performance-based plans. This action will facilitate the integration of planning practices across government and will ensure that all entities are moving forward on key commitments.

A full list of Strategic Directions for INTRD can be found in the Department's Strategic Plan. To view a copy, visit <http://www.gov.nl.ca/intrd/strategicplan.htm>.

The strategic directions that relate to the NLIIFL Board are provided below. Each strategic direction is comprised of a number of focus areas. As indicated in the following tables, some focus areas are addressed in the Board's activity plan while other areas are dealt with by other entities reporting to the Minister. Given its mandate, the Board plays a direct role in two components of these directions.

Title: Regional Diversification and Industry Growth
Outcome: Diversified and strengthened regional economies

Components of Strategic Direction	This direction is:	
	Applicable to other entities reporting to the Minister	Addressed in the Board's activity plan
Internal and external partnerships	X	
Coordination of public investments		X
Expansion and diversification of existing businesses	X	
New business investment		X
Coordinated labour market policy and development	X	
Strategic industry development	X	

Title: Business Promotion, Trade and Investment Development
Outcome: Increased business promotion, trade, and investment

Components of Strategic Direction	This direction is:	
	Applicable to other entities reporting to the Minister	Addressed in the Board's activity plan
Trade policy	X	
Export development	X	
Investment development		X
Enterprising culture	X	