

CIP
SAINT LUCIA
CITIZENSHIP BY INVESTMENT

2018-2019

ANNUAL
REPORT

"LIVE BEYOND YOUR SHORES,
GLOBAL OPPORTUNITY AWAITS"



The Saint Lucia Citizenship by Investment is entering its fourth (4th) year since entering into the Citizenship by Investment Programme (CIP) and joining the other four islands within the Eastern Caribbean States. Being the youngest within the four islands to have embarked on the citizenship by investment programme provided us with the opportunities to get it right.

We are confident that this programme will play a significant role in the economic development of the island. Its potential to be a viable vehicle for generating needed revenue to the Government has already been realised.

Being a citizen of what may be the only country in the world to be named after a “WOMAN” speaks to the naturally enchanting beauty, free spirit and warmth of the people and the dynamic commercial and investment possibilities.

Saint Lucia has afforded its citizens a window of opportunities beyond its shores with visa-free or visa-on-arrival access to one hundred and forty-five (145) countries globally.

CIP Saint Lucia personifies LIVING BEYOND YOUR SHORES AS GLOBAL OPPORTUNITIES AWAIT.

2018-2019

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2018-2019



CHAIRMAN'S FOREWORD



Three years on and "CIP Saint Lucia" continues to make its mark as a well-run and internationally respected global citizenship programme. As part of Saint Lucia's valuable brand of offerings under the slogan "Let Her Inspire You ", CIP Saint Lucia has continued to inspire confidence for the discerning international citizen seeking to invest in our island and obtain the benefits of Saint Lucian citizenship.

This confidence has translated into the Board granting approval of two hundred and ten (210) applications during the period 2018/2019, representing two hundred and eighty-eight (288) new citizens . (There were one hundred and eighty-eight (188) applications granted in the previous year 2017/2018), representing two hundred and eighty-two (282) new citizens). In fulfilling our primary mandate to meaningfully and responsibly contribute to the continued economic development of the country, the financial contributions paid to the Government of Saint Lucia during the period were EC \$61,914,622.40. Of this amount, \$60,570,522.40 or 98% represented contributions generated by the donation option and EC \$1,344,100.00 or 2% related to investment via the government bond option. There were no investments in real estate or via the enterprise option. The total amount represents a significant increase of over 122% when compared to the previous year. From inception, the programme has contributed EC \$103,138,169.40 to the Government of Saint Lucia.

We are pleased that the legislative framework for implementation of the National Economic Fund will bring continued and improved transparency around the reporting and use of the proceeds from our CIP programme.

Despite the results above, we are cognizant that other programmes within the Caribbean region have continued to decrease their investment thresholds and this will lead to a more competitive environment for attracting investment capital. Saint Lucia continues to be at the forefront for encouraging our regional programmes to work together and in that regard ensure that the capital obtained by our region is fair and sufficient for the benefits derived by those seeking international citizenship. In the face of the competitive environment, CIP Saint Lucia has continued to successfully ensure the improvement of our processing times while ensuring that all files are diligently assessed, including receiving due diligence from both law enforcement and private sources in all cases. Our average processing times have been shortened to 80 days (the average processing time in 2017/18 was 120 days) with some files now being assessed in the 30 to 40-day range where they have utilized our pre-processing due diligence option. All of this has made possible by the CIP Unit seeking to continuously improve our processes and efficiency.

Aware of the multiplier effect that construction has on the economy, we are able to announce that our first project for investment via the real estate option is now open. Saint Lucia Canelles Resort by Caribbean GALAXY Real Estate Ltd is the first project available for investment via the real estate route. We expect that this project will lead the way for increased interest in our diverse range of qualifying investment options and will generate employment and other benefits for Saint Lucians.

CHAIRMAN'S FOREWORD



We continue to monitor and seek to address the concerns relating to banking and those expressed by other sovereign states with respect to immigration and security. As a result, as one such example, CIP Saint Lucia decided in August 2018 to stop accepting applicants who were resident/citizens in Iran. We have continued to maintain very strong relationships with our key international stakeholders and value these relationships for effectively administering our programme. We look forward to continued and increased stakeholder and public consultations as we believe as a Board in ensuring that the programme is run transparently and with the opportunity for feedback to continue strengthening our programme.

Going forward, the Board will be even more focused on ensuring continued adherence to the highest standards of governance and compliance. We will also be putting increased focus on the marketing of our Saint Lucia offering. Work is ongoing to improve the contractual arrangements currently in place and to expand our network of parties promoting Saint Lucia.

The Board wishes to thank the Chief Executive Officer and the staff of the Unit for their consistent perseverance and hard work throughout the year and their commitment to effectively managing the programme. We also thank the Honourable Allen Michael Chastanet, the Minister to whom the Citizenship by Investment Programme is assigned, for his continued dedicated support of the Board and endorsement of CIP Saint Lucia both locally and overseas.

The Board shall continue to work assiduously in ensuring that the best interests of Saint Lucia remains at the forefront of our agenda as we undertake our responsibilities with integrity and dedication. By attracting reputable global citizens to our island, the Board looks forwards to CIP Saint Lucia contributing in a tangible way to the lives of all Saint Lucians through the national development agenda.

Ryan Devaux

Chairman
Citizenship by Investment Board



INTRODUCTION & EXECUTIVE SUMMARY



Nestor Alfred

Chief Executive Officer
Citizenship by Investment Unit

EXECUTIVE & MANAGEMENT SUMMARY

The financial year 2018/2019 coincides with the Unit's 4th anniversary since it was launched in 2015. The programme has had steady growth over the years and has contributed increasing revenue to the Government of Saint Lucia. This financial year, the Unit made a total contribution of EC \$61,914,622.40 to the Government of St. Lucia, representing the highest amount since the inception of the programme.

Notwithstanding that a total of one hundred and fifty-two (152) applications were received by the Unit, which represented 127% less than prior financial year, the Board was in a position to grant citizenship to two hundred and ten (210) applicants. This therefore meant that applications received in the prior year were granted within this financial year. The two hundred and ten applications (210) that were granted citizenship translated to a total of two hundred and eighty-eight (288) individual citizens being granted citizenship, the highest number of individuals to have been granted citizenship since the inception of the programme.

The 2019 financial statement has been restated to reflect the recognition of revenue and its associated expenses at the instance where the actual Certificate of Registration for the grant of citizenship has been issued to the applicant and not when the Board has approved the grant of the citizenship application

This however, is in line with the International Financial Reporting Standards (IFRS 15). The effect of the reinstatement was a reduction (prior year adjustment) of EC \$545,400.00 of the Net Assets/Equity position.

The Citizenship by Investment Act, 2015 allows for where an application or citizenship by investment has been denied that the applicant may in writing request a review by the Minister. For the financial year under review, a total of seventeen (17) such applications for review was submitted, with two (2) being approved, thirteen (13) being denied and two (2) pending a decision.

The infancy of the programme, coupled with the extremely low investment amount for the grant of citizenship being offered by competing "sister" islands and not having an approved real estate available for investment for the greater part of 2019 continued to be some of the more fundamental factors which impacted on the growth of programme. However, it must be acknowledged that notwithstanding the programme being at its infancy stage, it has shown its potential to be a viable vehicle to drive foreign direct investments to the island.

FINANCIAL PERFORMANCE

OVERALL PERFORMANCE

The Unit's overall performance for the year reflected a Surplus of EC \$2,665,237.00 which represented an eighty-four percentage (84%) decline from prior year. This decline from prior year is due primarily to the reduction in the number of applications received during this financial year. With reference to its budgeted performance, the Unit actual performance recorded a two hundred and sixty-eight percentage (268%) increase in its year end performance (Surplus) as compared to that of its budgeted year end performance.

FINANCIAL PERFORMANCE

REVENUE

Total revenue from ordinary activities generated EC \$20,799,179.00 for the period 2018/2019 in comparison to EC \$18,621,151.00 for the period ended March 2018, which is an overall increase of 12%.

The 20% retention (EC \$15,209,100.00) from the Investment amount of Donations to the National Economic Fund, represented the more significant component of the revenue total. The total of EC \$15,209,100.00 represents an increase of EC \$8,221,500.00 (118%) from prior financial year end.

Revenue 2018/2019				
Revenue Categories	March 2019	March 2018	Variance 2018/2019 Vs 2017/2018	% Change 2018/2019 versus 2017/2018
	\$('000)	\$('000)	\$('000)	%
20% Marketing & Promotions from Donations	15,209,100	6,987,600	8,221,500	118%
Processing Fees	945,000	2,317,879	(1,372,879)	-59%
Due Diligence Fees	3,376,537	8,470,985	(5,094,448)	-60%
Administrative Fees	135,000		135,000	0%
Authorizing Agents - Application Fees	10,800	13,500	(2,700)	-20%
Authorizing Agents - Licence Fees	386,090	330,751	55,339	17%
Promoter - Application Fees	10,800	47,250	(36,450)	-77%
Promoter - Licence Fee	563,853	291,186	272,667	94%
Marketing Agents - Application Fees	-	-	-	0%
Marketing Agents - Licence Fees	162,000	162,000	-	0%
	20,799,179	18,621,151	2,178,029	12%

PROGRAMME COST

Direct programme cost is at EC \$15,782,869.00 exceeding prior year 2017/2018 by EC \$4,685,976.00.

The commission paid to Authorized Agents, Promoters and Marketing Agents forms the greater part of programme cost (EC \$13,197,600.00). In this period, twelve months of commission payments was recognised as compared to nine months in the prior year 2017/2018 due to the commission payment incentive being introduced in July 2017.

Programme Costs 2018/2019				
Programme Costs	March 2019	March 2018	Variance 2018/2019 Vs 2017/2018	% Change 2018/2019 versus 2017/2018
	\$('000)	\$('000)	\$('000)	%
Authorized Agents /Promoters Commissions	6,903,900	1,841,400	5,062,500	275%
Marketing Agents (10% from Donations & Admin Fees)	6,293,700	2,813,392	3,480,308	124%
Due Diligence expenses	1,872,329	6,032,486	(4,160,156)	-69%
Public Education Campaign	3,000	-	3,000	0%
Marketing & Investor Relations	25,287	62,863	(37,576)	-60%
Business Travel Overseas	684,652	346,852	337,800	97%
	15,782,869	11,096,993	4,685,876	42%

FINANCIAL PERFORMANCE

OPERATING EXPENSE

During this financial year operating expenses fell below that of the prior year by 3% and below budget by 21%. The Unit continues to exercise fiscal discipline and to keep expenses within budget.

Legal (EC \$230K) was not a budgeted item for this financial year but needed to be incurred for the review of two of our agreements with external partners..

Operating Expenses 2018/2019				
Operating Expenses	March 2019	March 2018	Variance 2018/2019 Vs 2017/2018	% Change 2018/2019 versus 2017/2018
	\$('000)	\$('000)	\$('000)	%
Payroll costs	1,424,670	1,713,244	(288,574)	-17%
Depreciation & Amortization	244,977	299,682	(54,705)	-18%
Office rental	202,920	160,200	42,720	27%
Communication & IT	135,321	140,395	(5,074)	-4%
Board Remuneration	133,000	124,100	8,900	7%
Audit Fees	22,125	22,625	(500)	-2%
HR Consultancy/Professional & Legal Fees	253,125	10,150	242,975	2394%
Insurance	8,273	8,362	(89)	-1%
Office supplies & services	53,235	105,386	(52,151)	-49%
Utilities	70,563	51,629	18,934	37%
Bank Charges	5,206	1,112	4,094	368%
Gain/loss on disposal of asset	1,975	-	1,975	0%
Foreign exchange loss	11,328	7,862	3,466	44%
	2,566,717	2,644,748	(78,031)	-3%

BALANCE SHEET

Total assets declined by a mere 2% or \$270k. Intangible assets reduction of 45% as compared to prior years was instrumental in the reduction of total assets.

Working Capital Ratio is at 3.0% for the period ended in contrast to 2.0% for the year 2017/2018. This indicates the Unit's ability to honor its' short-term obligations.

Shareholders' equity grew to \$7.3 million or 58% as compared to prior year.

BOARD OF DIRECTORS



RYAN DEVAUX | CHAIRPERSON

MR. RYAN DEVAUX IS THE CHIEF EXECUTIVE OFFICER AND A DIRECTOR AND MINORITY SHAREHOLDER OF BOSLIL BANK LIMITED ("BOSLIL"), FORMERLY BANK OF SAINT LUCIA INTERNATIONAL LIMITED. HE HAS LED THE DEVELOPMENT AND EXPANSION EFFORTS OF THE BANK FROM ITS INFANCY IN 2005 AND THE MOST RECENT SALE PROCESS OF THE BANK FROM EAST CARIBBEAN FINANCIAL HOLDING COMPANY LIMITED ("ECFH") TO PROVEN INVESTMENTS LIMITED ("PROVEN").

MR. DEVAUX PREVIOUSLY WORKED WITH THE GLOBAL FIRM OF ERNST & YOUNG. DURING THAT TIME, HE WORKED IN THEIR LONDON, ONTARIO AND TORONTO OFFICES IN CANADA FROM 1998 TO 2003 AND IN THEIR BARBADOS OFFICE FOR TWO YEARS FROM 2003 TO 2005. HIS AREA OF FOCUS DURING THAT TIME WAS FINANCIAL SERVICES WITH A SPECIFIC FOCUS ON THE OFFSHORE FINANCIAL SERVICES SECTOR.

MR. DEVAUX OBTAINED HIS BACHELOR OF COMMERCE FROM QUEENS UNIVERSITY IN KINGSTON, ONTARIO, CANADA AND HIS CHARTERED ACCOUNTANT DESIGNATION FROM THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS. HE IS AN ACTIVE MEMBER OF HIS COMMUNITY AND A DIRECTOR OF VARIOUS OTHER PRIVATE AND CHARITABLE BOARD/COMMITTEES.



BERYL GEORGE | DEPUTY CHAIRPERSON

MRS. BERYL GEORGE LLB (HONS) (LOND) MCIARB QUALIFIED AS AN ATTORNEY-AT-LAW IN 2002. SHE WAS CALLED TO THE BAR OF ENGLAND AND WALES IN JULY 2003 AND TO THE BAR OF THE EASTERN CARIBBEAN SUPREME COURT IN SEPTEMBER 2003. SHE IS A MEMBER OF THE HONOURABLE SOCIETY OF LINCOLN'S INN.

UNTIL 1999, MRS. GEORGE WORKED WITH BARCLAYS BANK IN SAINT LUCIA AND DOMINICA. MRS. GEORGE IS IN PRIVATE PRACTICE WITH THE FIRM OF SHILLINGFORD SLACK & ASSOCIATES AND BECAME A MEMBER OF THE CANADIAN INSTITUTE OF ARBITRATORS IN JULY 2012. SHE IS A MEMBER OF THE ELECTORAL COMMISSION, A MEMBER OF THE DISCIPLINARY COMMITTEE OF THE SAINT LUCIA BAR ASSOCIATION AND ALSO SITS ON THE BOARD OF THE DEVELOPMENT CONTROL AUTHORITY.



ESTHER GREENE- ERNEST | DIRECTOR

MRS. ESTHER GREENE-ERNEST LLB (HONS) UWI, L.E.C. ATTORNEY-AT-LAW WAS CALLED TO THE BAR IN SEPTEMBER 1990. SHE IS A PARTNER OF THE FIRM OF GREENE, NELSON & ASSOCIATES WITH ITS LAW OFFICES AT #10 BRIDGE STREET, CASTRIES. MRS. GREENE-ERNEST HAS SERVED AS A MEMBER OF THE EXECUTIVE OF THE ST. LUCIA BAR ASSOCIATION AND ALSO ON THE INTEGRITY COMMISSION FROM OCTOBER 2005 UNTIL DECEMBER 2011 AND ON THE CRIME COMMISSION FROM INCEPTION UNTIL THE DISSOLUTION IN 2007. SHE ALSO CURRENTLY SITS ON THE BOARD OF HOLY FAMILY CHILDREN'S HOME. MRS. GREENE-ERNEST ALSO CURRENTLY SITS AS THE DEPUTY CHAIRPERSON OF THE DISCIPLINARY COMMITTEE OF THE ST. LUCIA BAR ASSOCIATION.



BRENDER PORTLAND-REYNOLDS | DIRECTOR

MRS. BRENDER PORTLAND-REYNOLDS IS AN ATTORNEY-AT-LAW HAVING BEEN CALLED TO THE BAR IN JANUARY 1998. CURRENTLY, SHE IS EMPLOYED WITH THE GOVERNMENT OF SAINT LUCIA AT THE OFFICE OF THE ATTORNEY GENERAL. MRS. REYNOLDS HAS BEEN ATTACHED TO THE ATTORNEY GENERAL'S OFFICE FROM 2004 AND CURRENTLY HOLDS THE POSITION OF SOLICITOR GENERAL.

PREVIOUSLY, MRS. REYNOLDS WAS ATTACHED TO THE LAW FIRM OF ALBERTON RICHELIEU AND ASSOCIATES WHERE SHE HELD MANY DIFFERENT PORTFOLIOS INCLUDING LEGAL CLERK, LEGAL SECRETARY AND ATTORNEY. SHE HAS SERVED ON DIFFERENT COMMITTEES AND BOARDS AND HAS REPRESENTED THE GOVERNMENT OF SAINT LUCIA AT MANY REGIONAL AND INTERNATIONAL FORUMS, WORKSHOPS AND MEETINGS PARTICULARLY IN THE AREAS OF MONEY LAUNDERING, TERRORISM FINANCING AND CORRUPTION.



LUCIUS LAKE | DIRECTOR

MR. LUCIUS LAKE IS A LONG-STANDING OFFICER OF THE ROYAL SAINT LUCIA POLICE FORCE ("RSLPF") HAVING JOINED THE RSLPF IN JANUARY 1989. HE CURRENTLY HOLDS THE RANK OF INSPECTOR AND HAS BEEN ATTACHED TO THE IMMIGRATION DEPARTMENT FROM JUNE 2012 TO PRESENT. MR. LAKE HAS HAD EXPOSURE TO DIVERSE FUNCTIONS AND ACTIVITIES HAVING HELD OPERATIONAL POSITIONS BOTH LOCAL AND OVERSEAS AND HAS CONDUCTED IMMIGRATION AND VISA TRAINING WITH THE NEW YORK, MIAMI AND WASHINGTON CONSULATE OFFICES. HE PRESENTLY HAS THE SPECIAL ASSIGNMENT OF EVALUATOR, INITIATOR AND ORGANIZER FOR ALL FULL SCALE AND TABLE-TOP EXERCISES CONDUCTED BY SAINT LUCIA AIR AND SEA PORTS AUTHORITY AND NEMO. HE ALSO CURRENTLY SITS AS A DIRECTOR OF THE TRADE LICENCE ADVISORY BOARD.

FACES OF THE CITIZENSHIP BY INVESTMENT UNIT



Back: Left - Right

Leo Francis, Christopher Paul, Marcus Lionel, Tajma Brown,
Ronan McLelland, Kervin Leonice, Jashaun Montoute

Front: Left - Right

Shanda Toussaint, Sylvania Tobierre, Rina Joseph, Chameil Joseph

Absent

Sylvia St. Brice



Nestor Alfred
Chief Executive Officer

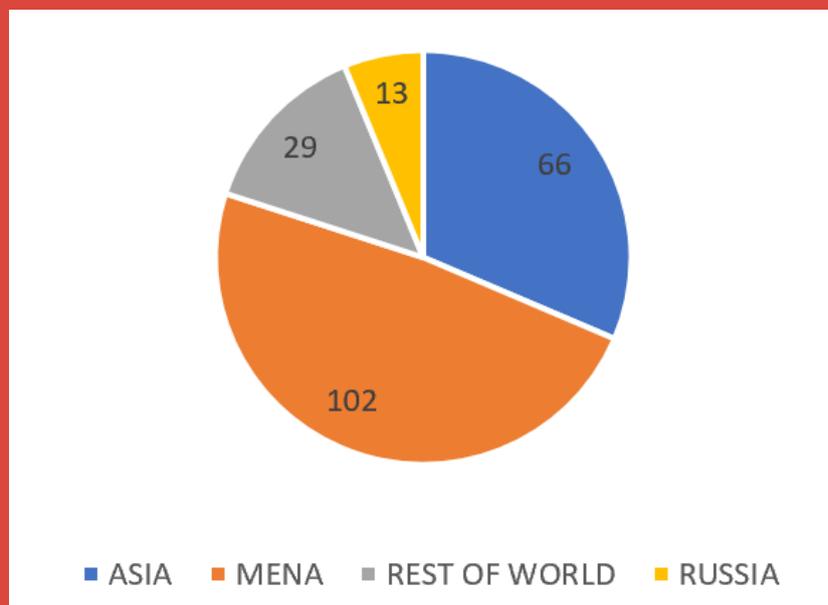
Citizenship Application Details

ANALYSIS OF APPLICATIONS GRANTED, DENIED AND REVOKED FOR THE FISCAL YEAR: 2018/19, 2017/18 AND 2016/17

A total of 152 applications were received in 2018/19 and 210 were granted in the period. The prior year showed a total of 345 application received and 188 which were granted. The figures granted in 2018/19 also includes applications received in the prior year and granted in this fiscal.

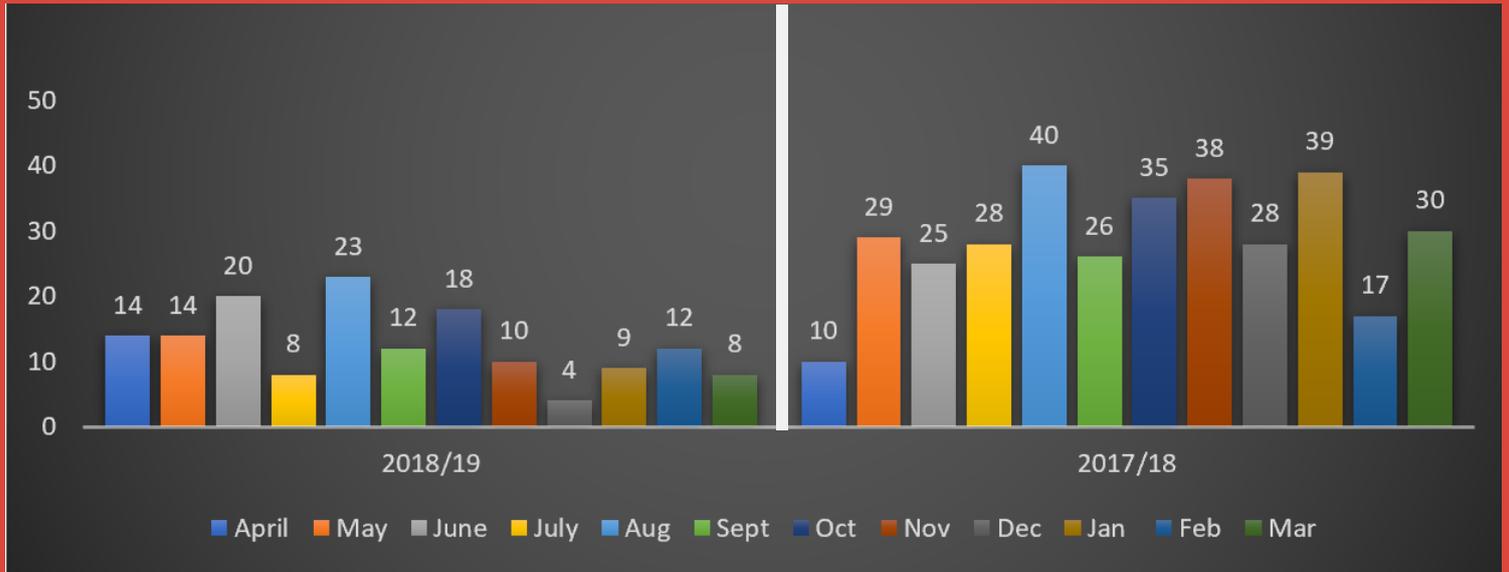
Months	# of Applications			# of Applications Granted			# of Applications Revoked	# of Application Denied		
	2018/19	2017/18	2016/17	2018/19	2017/18	2016/17	2017/18	2018/19	2017/18	2016/17
April	14	10	0	21	1	0		1	0	0
May	14	29	3	29	3	0		4	1	0
June	20	25	1	27	0	0		6	0	0
July	8	28	2	38	4	0	1	1	5	0
Aug	23	40	7	15	4	2		5	1	1
Sept	12	26	1	10	15	0	1	5	5	0
Oct	18	35	0	16	10	5	1	0	0	0
Nov	10	38	2	12	22	4		1	1	0
Dec	4	28	0	13	15	2		2	1	0
Jan	9	39	2	7	14	2		1	1	0
Feb	12	17	2	3	27	2		1	10	0
Mar	8	30	16	19	73	0		0	2	0
Totals	152	345	36	210	188	17	3	27	27	1
# CITIZENS GRANTED				288	282	61				

ANALYSIS OF APPLICATIONS GRANTED PER REGION FOR THE FISCAL YEAR: 2018/19

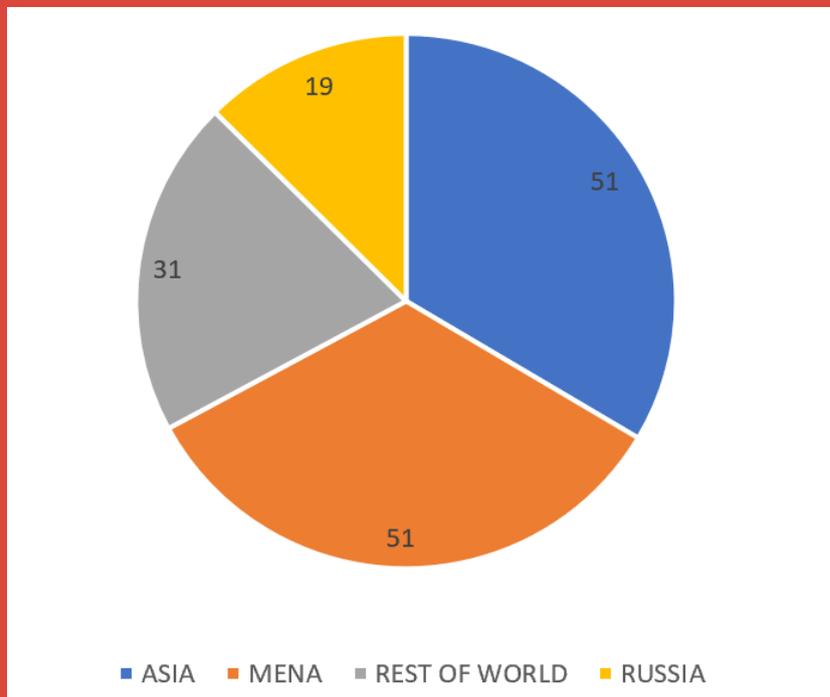


Citizenship Application Details

ANALYSIS OF CITIZENSHIP APPLICATIONS RECEIVED MONTHLY FOR THE FISCAL YEAR: 2017/18 AND 2018/19



ANALYSIS OF CITIZENSHIP APPLICATIONS RECEIVED PER REGION FOR THE FISCAL YEAR: 2018/19



DUE DILIGENCE FIRMS

EXIGER
LOCATION: CANADA & UNITED STATES



S-RM
LOCATION: LONDON, UNITED KINGDOM



BDO
LOCATION: NEW YORK, UNITED STATES

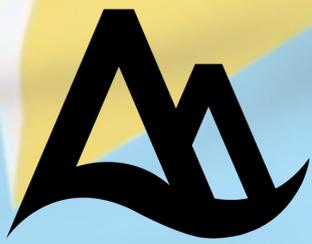


RIFINITIV
LOCATION: UNITED STATES



NFC GLOBAL
LOCATION: UNITED STATES





CIP
SAINT LUCIA
CITIZENSHIP BY INVESTMENT

**INDEPENDENT
AUDITOR'S REPORT**

Financial Statement for the Year the Year Ended March 31, 2019
[Expressed in Eastern Caribbean Dollars]

CITIZENSHIP BY INVESTMENT UNIT (CIU)

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For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

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CITIZENSHIP BY INVESTMENT UNIT (CIU)

Corporate Information

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

REGISTERED OFFICE

5th Floor Francis Compton Building
Waterfront
Castries
St. Lucia

CHIEF EXECUTIVE OFFICER

Mr. Nestor Alfred

DIRECTORS

Mr. Ryan Devaux
Mr. Lucius Lake
Mrs. Brenda Portland-Reynolds
Ms. Beryl George
Mrs. Esther Greene-Ernest

BANKERS

Bank of Saint Lucia Limited

AUDITORS

PKF St. Lucia

PKF St. Lucia

Tel. (758) 453 - 2340
Tel. (758) 450 - 7777
Fax (758) 451 - 3079
Email: admin@pkf.lc

INDEPENDENT AUDITOR'S REPORT

To the Directors of the Citizenship by Investment Unit (CIU)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Citizenship by Investment Unit** (the "CIU" and or "Unit"), which comprise the statement of financial position as at March 31, 2019, and the statement net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Unit as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Unit in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the financial statements in St. Lucia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Unit or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Unit's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink that reads 'PKF'.

Chartered Accountants
Castries, Saint Lucia
July 1, 2019

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Statement of Financial Position

As at March 31, 2019

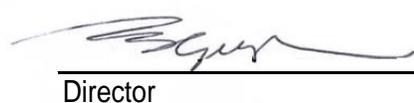
(Expressed in Eastern Caribbean Dollars)

	Notes	March 31, 2019 \$	Restated March 31, 2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	11,399,916	11,467,394
Prepayments		<u>24,569</u>	<u>13,350</u>
		<u>11,424,485</u>	<u>11,480,744</u>
Non-current assets			
Property, plant and equipment	6	188,786	399,785
Intangible assets	7	<u>4,217</u>	<u>6,118</u>
		<u>193,003</u>	<u>405,903</u>
Total assets		<u>11,617,488</u>	<u>11,886,647</u>
Liabilities and net assets			
Current liabilities			
Accounts payable and accruals	8	3,208,795	5,847,809
Deferred income - License fees	9	<u>608,449</u>	<u>696,279</u>
		<u>3,817,244</u>	<u>6,544,088</u>
Non-current liabilities			
Deposits	10	283,500	283,500
Deferred income - Government grants	9	<u>230,104</u>	<u>437,656</u>
		<u>513,604</u>	<u>721,156</u>
Total liabilities		<u>4,330,848</u>	<u>7,265,244</u>
Net assets			
Accumulated surplus		<u>7,286,640</u>	<u>4,621,403</u>
Total equity		<u>7,286,640</u>	<u>4,621,403</u>
Total liabilities and equity		<u>11,617,488</u>	<u>11,886,647</u>

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS


Director


Director

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Statement of Operations

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

	Notes	March 31, 2019 \$	Restated March 31, 2018 \$
Revenue	11	20,807,270	18,627,360
Grant income		<u>207,552</u>	<u>262,717</u>
		<u>21,014,822</u>	<u>18,890,077</u>
Operating expenses	12	(2,566,716)	(2,644,749)
Programme costs	13	<u>(15,782,869)</u>	<u>(11,096,992)</u>
		<u>(18,349,585)</u>	<u>(13,741,741)</u>
Surplus for the year		<u><u>2,665,237</u></u>	<u>5,148,336</u>

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

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Statement of Net Assets

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

	Note	March 31, 2019 \$	Restated March 31, 2018 \$
Net assets			
At beginning of year as previously stated		5,166,803	(526,933)
Prior year adjustment	15	(545,400)	-
At beginning of year as restated		4,621,403	(526,933)
Surplus for the year		2,665,237	5,148,336
Net assets at end of year		7,286,640	4,621,403

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

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Statement of Cash Flows

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

	Notes	March 31, 2019 \$	Restated March 31, 2018 \$
Cash flows from operating activities			
Surplus for the year		2,665,237	5,148,336
Adjustments for:			
Depreciation and amortisation	6,7	244,977	299,683
Loss on disposal of property, plant and equipment		<u>1,975</u>	-
Operating income before working capital changes		2,912,189	5,448,019
(Increase)/decrease in prepayments		(11,219)	26
(Decrease)/increase in accounts payable and accruals		(2,639,014)	4,893,575
Decrease in deferred income - Licence fees		(87,830)	331,829
Decrease in deferred income - Government grants		(207,552)	(262,717)
Decrease in deposits		<u>-</u>	(162,000)
Net cash (used in)/generated from operating activities		<u>(33,426)</u>	10,248,732
Cash flows used in investing activities			
Purchase of property, plant and equipment		(33,493)	(86,214)
Proceeds from disposal of property, plant and equipment		4,041	-
Purchase of intangible assets		<u>(4,600)</u>	-
Net cash used in investing activities		<u>(34,052)</u>	(86,214)
Net increase in cash and cash equivalents		(67,478)	10,162,518
Cash and cash equivalents - beginning of year	5	<u>11,467,394</u>	1,304,876
Cash and cash equivalents - end of year	5	<u><u>11,399,916</u></u>	11,467,394

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

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

1. Incorporation and principal activity

The **Citizenship by Investment Unit** (the “CIU” and or “Unit”), is a statutory body of the Government of Saint Lucia which was established on August 24, 2015, under the Citizenship by Investment Unit (CIU) Act No. 14 of 2015 and subsequently amended by Statutory Instrument No.1 of 2017. The Unit commenced operations on October 1, 2015.

The Unit’s primary function is for the general administration of the Citizenship by Investment (“CIP”) program of Saint Lucia.

The Unit’s registered office and principal place of business is located on the 5th Floor, Francis Compton Building, Waterfront, Castries, Saint Lucia.

The financial statements were approved by the Board of Directors and authorised for issue on July 1, 2019.

2. Summary of significant accounting policies

(a) Overall policy

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been constantly applied to all years presented unless otherwise stated.

Basis of preparation

The financial statements of the **Citizenship by Investment Unit (CIU)** have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Unit’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) New standards, amendments to standards and interpretations

(i) New standards, amendments and interpretations effective in the 2019 financial year are as follows:

A number of new standards, amendments to standards and interpretations effective for annual periods beginning on or after January 1, 2018 have been adopted in these financial statements. Note: those new standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2018 which do not affect the Unit’s financial statements have not been disclosed below.

- Amendments to IFRS 7, Financial Instruments: Disclosures
- New standard, IFRS 9, Financial Instruments
- New standard, IFRS 15, Revenue from contracts with customers
- IFRS 22, Foreign Currency Transactions and Advances Considerations

The adoption of these standards did not have a material impact on the Unit’s financial statements.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

2. Summary of significant accounting policies (cont'd)

(b) New standards, amendments to standards and interpretations (cont'd)

- (ii) Standards, amendments and interpretations that are issued but not effective and have not been early adopted are as follows:
- New standard, IFRS 16, Leases - effective for annual periods commencing January 1, 2019.
 - Amendments to IFRS 9, Financial Instrument - effective for annual periods commencing January 1, 2019.

(c) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with a maturity period of three months or less from the date of acquisition including cash on hand and deposits held on call with banks.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost net of accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as an asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Unit and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of operations during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis to allocate the cost of each asset to their residual value over their estimated useful lives as follows:

Furniture, fixtures and appliances	10 years
Computer equipment	3 years
Leasehold improvements	3 years (lease term)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts. These are included in the statement of operations.

(e) Intangible assets

Intangible assets are stated at historical cost net of accumulated amortisation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Amortisation is calculated using the straight line method to allocate the cost less residual value over the estimated useful life of three years.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

2. Summary of significant accounting policies (cont'd)

(f) Impairment of non-financial assets

The carrying amounts of the Unit's property, plant and equipment are reviewed at each reporting date to determine whether there are any indicators of impairment. If any indicators exist, the asset's recoverable amount is estimated.

The recoverable amount of the asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of operations.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(g) Accounts payable

Accounts payable are classified as current liabilities if payment is due within one year or less. Accounts payable are initially recognised at fair value and subsequently measured at amortised cost.

(h) Related party transactions

A party is related to the Unit if:

- (i) Directly or indirectly the party:
 - (a) Controls, is controlled by, or is under common control with the Unit:-
 - (b) Has an interest in the Unit which gives it significant influence over the Unit:-
 - (c) Has joint control over the Unit.
- (ii) The party is a member of the key management personnel of the Unit.
- (iii) The party is a close member of the family of any individual referred to in (i) or (ii).
- (iv) The party is a post-employment benefit plan for the benefit of employees of the Unit or anybody that is a related party to the Unit.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

2. Summary of significant accounting policies (cont'd)

(i) Revenue recognition

Donations to the National Economic Fund

When applicants apply for citizenship, one of the options available to them is that they can opt for a monetary donation into the Saint Lucia National Economic Fund. The minimum that can be donated is US\$200,000 up to December 2016, but as of January 2017, this was amended to US\$100,000 based on revised legislation to the CIU. Once the applicant has been granted citizenship and has been informed accordingly, the applicant will pay the amount into the Bank account of the CIU. Based on Statutory Instrument No. 1 of 2017 dated January 5, 2017, for every donation received from an applicant, 20% is retained by the CIU for marketing and promotion of the Citizenship by Investment Program and recognised as revenue, and the remaining 80% is transferred to the Government of Saint Lucia.

The Citizen by Investment Unit in accordance with IFRS 15 recognises that the performance obligation is satisfied upon the issuance of a certificate of citizenship after a qualifying investment is made by an applicant. Revenue is recognised upon the issuance of the certificate.

Processing fees

The processing fee per applicant is US\$2,000 and for each qualifying dependent US\$1,000. This is paid upon submission of the completed application to the CIU and recognised as revenue in the period it is paid.

Authorised Agents - application fees and licence fees

Application fees arise when a company wishes to become an authorised agent so that they can assist applicants in applying for citizenship. The application fee is paid upon submission of the application and is non-refundable. Once the application has been approved, a licence is granted and the authorised agent pays the licence fee for a year. A licence is valid for one calendar year. The revenue from application fees and licence fees are recognised on submission of application.

Promoters - application fees and licence fees

Application fees arise when a company wishes to become a promoter. The application fee is paid upon submission of the application and is non-refundable. Once the application has been approved, a licence is granted and the promoter pays the licence fee for a year. A licence is valid for one calendar year. The revenue from application fees and licence fees are recognised in the period in which it is earned.

Marketing agents

Marketing agents can only market CIP if they are registered and licensed to do so, thus a company wishing to do so would have to apply to become a marketing agent. A licence is valid for one calendar year. Marketing agents can choose to pay a lump sum in advance for future licenses. This is recorded as Advanced Deposits, and the amounts are recognised as revenue over the period in which it is earned.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

2. Summary of significant accounting policies (cont'd)

(i) Revenue recognition (cont'd)

Deferred government grant income

Grants related to depreciable assets are initially recorded as deferred income and are subsequently brought to income at the same rate as the assets to which they relate are depreciated. Other grants are recognised in the periods in which the expenses for which they were given are incurred.

Due diligence fees

The due diligence and background check fees per applicant is US\$7,500 and for each qualifying dependent over 16 years of age it is US\$5,000. This is paid upon submission of the completed application to the CIU and recognised as revenue in the period it is paid.

All fees are charged in accordance with the Citizen by Investment Act.

(j) Expenses

Expenses are recognised on an accruals basis.

(k) Contingencies

Contingent liabilities represent possible obligations and are disclosed in the financial statements unless the possibility of the outflow of resources embodying the economic benefit is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(l) Subsequent events

Post year-end events that provide additional information about the Unit's position at the reporting date (adjusting events) are reflected in the Unit's financial statements. Material post year-end events which are not adjusting events are disclosed.

(m) Provision

Provisions are recognised when: the Unit has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the current year.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Unit based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Unit. Such changes are reflected in the assumptions when they occur.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Financial risk management

In accordance with the provisions of International Financial Reporting Standard No. 7, disclosures are required regarding credit risk, liquidity risk, market risk, fair value of financial instruments and capital management.

(a) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Unit. The Unit's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

The financial assets which may potentially expose the Unit to concentrations of credit risk consists primarily of cash and cash equivalents. The Unit places its deposits with a highly reputable and regulated financial institution and the receivables are due from applicants whose net worth has been reviewed and determined to be satisfactory. As such, management does not believe that significant credit risk exists at March 31, 2019.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet contractual obligations. Management reviews cash flow forecasts on a regular basis to determine whether the Unit has sufficient cash reserves to meet future working capital requirements. Based on the available cash resources, the Unit is able to meet its obligations as they become due and as such, management does not believe that significant liquidity risk exists at March 31, 2019.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest and foreign exchange rates will affect the value of the Unit's assets, the amount of its liabilities and or the Unit's income. The Unit has minimal exposure to interest rate risk as it has no significant interest bearing financial assets or liabilities. The Unit exposure to foreign exchange risk is minimal as the majority of its foreign transactions are quoted in US dollars, which has been formally pegged to the EC dollars at EC\$2.70 = US\$1.00 since 1976.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

4. Financial risk management (cont'd)

(d) Fair value of financial instruments

Fair values represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and are best evidenced by quoted market values, if they exist. None of the Unit's financial assets or liabilities are traded on formal markets and as such their fair values are assumed to approximate their carrying amounts.

(e) Capital management

The Unit's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to collect funds on behalf of the Government of Saint Lucia. The unit has no significant debt and the Unit is at low risk of capital inadequacy.

5. Cash and cash equivalents

	March 31, 2019	March 31, 2018
	\$	\$
Cash on hand	1,000	1,000
Cash at bank	11,398,916	11,466,394
	11,399,916	11,467,394

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

6. Property, plant and equipment

	Leasehold Improvements \$	Furniture \$	Computer Equipment \$	Total \$
As at March 31, 2017				
Cost	577,575	178,303	191,706	947,584
Accumulated depreciation	(240,656)	(21,272)	(79,076)	(341,004)
	336,919	157,031	112,630	606,580
For the year ended March 31, 2018				
Opening net book value	336,919	157,031	112,630	606,580
Additions during the year	13,580	9,483	63,151	86,214
Disposals during the year	-	-	-	-
Depreciation charge for the year	(200,824)	(18,839)	(73,346)	(293,009)
Closing net book value	149,675	147,675	102,435	399,785
As at March 31, 2018				
Cost	591,155	187,786	254,857	1,033,798
Accumulated depreciation	(441,480)	(40,111)	(152,422)	(634,013)
	149,675	147,675	102,435	399,785
For the year ended March 31, 2019				
Opening net book value	149,675	147,675	102,435	399,785
Additions during the year	-	-	33,493	33,493
Disposals during the year	-	-	-	-
Disposals during the year	-	-	(6,016)	(6,016)
Depreciation charge for the year	(149,675)	(18,918)	(69,883)	(238,476)
Closing net book value	-	128,757	60,029	188,786
As at March 31, 2019				
Cost	591,155	187,786	282,334	1,061,275
Accumulated depreciation	(591,155)	(59,029)	(222,305)	(872,489)
	-	128,757	60,029	188,786

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

7. Intangible assets

	Website
	\$
	<hr/>
As at March 31, 2017	
Cost	20,022
Accumulated amortisation	<u>(7,230)</u>
	<hr/> <u>12,792</u>
For the year ended March 31, 2018	
Opening net book value	12,792
Amortisation charge for the year	<u>(6,674)</u>
Closing net book value	<hr/> 6,118
As at March 31, 2018	
Cost	20,022
Accumulated amortisation	<u>(13,904)</u>
	<hr/> 6,118
For the year ended March 31, 2019	
Opening net book value	6,118
Additions during the year	4,600
Amortisation charge for the year	<u>(6,501)</u>
Closing net book value	<hr/> 4,217
As at March 31, 2019	
Cost	24,622
Accumulated amortisation	<u>(20,405)</u>
	<hr/> 4,217

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

8. Accounts payable and accruals

	March 31, 2019 \$	Restated March 31, 2018 \$
Staff gratuity	168,800	127,944
Accounts payable	-	1,468,149
	<u>168,800</u>	<u>1,596,093</u>
Accrued expenses:		
Marketing agent commissions	2,146,500	1,557,900
Authorised agents and promoters commissions	341,550	538,650
Due diligence services	510,300	2,117,983
Audit fees	23,000	23,000
Utilities	12,958	9,233
Other	5,687	4,950
	<u>3,039,995</u>	<u>4,251,716</u>
	<u>3,208,795</u>	<u>5,847,809</u>

9. Deferred income

	March 31, 2019 \$	March 31, 2018 \$
Current:		
Deferred income - Licence fees		
At beginning of year	696,279	364,450
Funds received during the year	1,024,113	1,115,766
Funds received during the year recognised as revenue	(415,664)	(419,487)
Funds from prior balance recognised as revenue	(696,279)	(364,450)
At end of year	<u>608,449</u>	<u>696,279</u>
Non-current		
Deferred income - Government grants		
At beginning of year	437,656	700,373
Amounts recognised as grant income	(207,552)	(262,717)
At end of year	<u>230,104</u>	<u>437,656</u>

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

10. Deposits

	March 31, 2019	March 31, 2018
	\$	\$
Advanced marketing licensing fees	283,500	283,500

In December 2015, two marketing companies entered into a Marketing Service Agreement Contract with the Unit and paid the stipulated annual license fee of US\$30,000 for five years in advance.

11. Revenue

	Note	March 31, 2019	Restated March 31, 2018
		\$	\$
Allotment from National Economic Fund donations	14	15,209,100	6,987,600
Due diligence fees		3,376,536	8,470,985
Other income		1,276,634	850,896
Processing fees		945,000	2,317,879
		20,807,270	18,627,360

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements
For the Year Ended March 31, 2019
(Expressed in Eastern Caribbean Dollars)

12. Operating expense

	March 31, 2019	March 31, 2018
	\$	\$
Payroll and employee benefits	1,424,670	1,713,244
Depreciation and amortisation charges	244,977	299,683
Legal fees	229,500	-
Rent expense	202,920	160,200
Directors stipends	133,000	124,100
Telecommunications	100,862	101,962
Office supplies and services	75,494	117,330
Utilities	70,563	51,630
IT costs	34,459	38,432
Consultancy	23,625	10,150
Professional fees	22,125	22,625
Travel allowance	2,546	5,393
Loss on disposal of fixed assets	1,975	-
	2,566,716	2,644,749

Payroll and employee benefits include amounts for gratuity and termination costs.

13. Programme costs

	March 31, 2019	Restated March 31, 2018
	\$	\$
Authorized Agent and Promoters commission	6,903,900	2,315,249
Marketing Agents commission	6,293,700	2,339,542
Due diligence expenses	1,872,330	6,032,486
Business travel (Promotion and Conference)	684,652	346,852
Marketing and investor relations	28,287	62,863
	15,782,869	11,096,992

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

14. Related party transactions

Transactions with related parties as defined in Note 2(h) comprised of key management compensations and amounts collected on behalf of, and remitted to the Government of Saint Lucia for donations to the National Economic Fund.

Key management compensations

	March 31, 2019	March 31, 2018
	\$	\$
Directors stipends	133,000	124,100
Salaries and other benefits	765,386	985,746
	898,386	1,109,846

National Economic Fund

During the year US\$28,165,000 or EC\$76,045,500 (2018 – US\$12,940,000 or EC\$34,938,000) was received by the Unit as monetary investments to the National Economic Fund. In accordance with Statutory Instrument No.1 of 2017 dated January 5, 2017, 20% is allocated to the Unit to cover marketing and promotions costs incurred. This resulted in a net of EC\$60,570,522 (2018 - US\$10,352,000 or EC\$27,828,246) remitted to the Government of Saint Lucia during the year ended March 31, 2019. All monetary investments received by the Unit during the year were remitted to the Government of Saint Lucia by March 31, 2019.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

14. Related party transactions (cont'd)

The table below provides the collections and remittances details by quarter:

	Apr. - Jun. 2018 \$	July - Sept. 2018 \$	Oct.-Dec. 2018 \$	Jan-Mar. 2019 \$	Total \$
NEF donations collected	31,698,000	24,691,500	5,785,146	13,870,854	76,045,500
Marketing and promotion fees applicable to the Unit	(6,339,600)	(4,938,300)	(1,157,029)	(2,774,171)	(15,209,100)
Foreign exchange loss	(110,826)	(86,329)	(20,227)	(48,496)	(265,877)
Net donations remitted to the Government	25,247,574	19,666,871	4,607,890	11,048,187	60,570,523
	Apr. - Jun. 2017 \$	July - Sept. 2017 \$	Oct.-Dec. 2017 \$	Jan-Mar. 2018 \$	Total \$
NEF donations collected	1,903,500	3,186,000	11,502,000	18,346,500	34,938,000
Marketing and promotion fees applicable to the Unit	(380,700)	(637,200)	(2,300,400)	(3,669,300)	(6,987,600)
Foreign exchange loss	(6,655)	(11,139)	(40,215)	(64,145)	(122,154)
Net donations remitted to the Government	1,516,145	2,537,661	9,161,385	14,613,055	27,828,246

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2019

(Expressed in Eastern Caribbean Dollars)

15. Prior year adjustment

In the prior year, revenues and the related expenses were recognised upon approval of the applicant's citizenship by the Board of Directors but should have been recognised when the citizenship certificate was issued to the applicant.

The 2019 financial statements have been restated to correct these errors. The effect of the restatement is summarised below:

	Effect on 2018 \$
Statement of operations	
Decrease in revenue	4,230,900
Decrease in programme costs	<u>(3,685,500)</u>
	<u>545,400</u>
Decrease in accounts receivable	(4,230,900)
Decrease in accounts payable	<u>3,685,500</u>
	<u>(545,400)</u>

16. Contingent liability

The Marketing Services Agreements referred to in Note 10 are being renegotiated and may result in the Unit having to make payments which cannot be reasonably measured at this time.

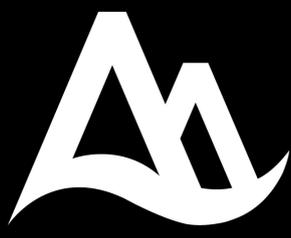


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CITIZENSHIP BY INVESTMENT

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GLOBAL OPPORTUNITY AWAITS"**



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