



2017/18 Annual Report

**Prudently
Opening Our Island
To World Prosperity**

The resplendent beauty of the Heliconia species beckons many different hummingbirds to partake of its nectar, but every species of flower has adapted to allow only very specific hummingbirds access to the sweet riches it has to offer. Careful selection helps forge a mutually beneficial relationship that makes this plant thrive.

Just as a combination of unique design and meticulous selection is built into the Heliconia's function, so too is the Citizenship By Investment Programme (CIP). The CIP proudly displays Saint Lucia's beauty and unique features to the world, while ensuring proper due diligence in the selection of the very best citizens who will further perpetuate the integrity and privilege of the Saint Lucian passport.

*Enticing international outreach tempered with integrity and vetting for the best citizenship values. These are the hallmarks of CIP. **Prudently opening our island to world prosperity.***



Citizenship by Investment Programme

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CHAIRMAN'S FOREWARD



Ryan Devaux

Chairman

Citizenship by Investment Board

During the period under review, "CIP Saint Lucia" grew substantially as a valuable and reputable addition to "Brand Saint Lucia". We are extremely pleased that we surpassed our internal budget and delivered on our primary objective to contribute meaningfully to the economic development of Saint Lucia. In exceeding the budget, financial contributions paid to the Government of Saint Lucia during the period were EC \$27,828,246.00 with a further EC \$16,383,600.00 representing 80% of the Donations awaiting collection in the new financial year to the National Economic Fund.

The financial year commenced shortly after the passing of the Citizenship by Investment (Amendment) Regulations 2017 which lowered the donations to the National Economic Fund, among other changes. CIP Saint Lucia reaped the benefits of making the programme more open and attractive to potential applicants as represented by a significant increase in applications received. Specifically, the Board granted approval for one hundred and eighty-eight (188) applications during the period, representing two hundred and eighty-two (282) citizens.

Contributing to the increase in applications is the upsurge in our marketing thrust and streamlining of our processes. Moreover, from July 1, 2017 we joined the rest of our regional counterparts by introducing an incentive plan such that the Promoter or Authorised Agent who generated a successful citizenship application would receive a 10% commission of the total investment made towards the National Economic Fund. This change also heralded an increase in the number of licensed Promoters who market the programme worldwide from five (5) in the prior year to thirty-three (33) in the current year.

The Board continues to perform its duties while upholding our fervent commitment to the integrity and transparency of CIP Saint Lucia. Owing to this, one of our greatest challenges during the year was delivering a decision on each application within our stipulated ninety (90) day timeframe. We remained uncompromised in doing so only upon receipt of both the private and law enforcement due diligence checks for every applicant. We are satisfied that due to multiple successful interventions with our stakeholders, CIP Saint Lucia has improved upon the timeline for delivery of decisions. As a result, our Saint Lucian citizenship and passport remains reputable and uncompromised.

We continue to seek effective ways to strive for continuous improvement in the quality and

CIP Saint Lucia reaped the benefits of making the programme more open and attractive to potential applicants as represented by a significant increase in applications received.

effectiveness of our programme. The use and pending implementation of biometrics is one such example that will enhance the quality of our due diligence and vetting processes. Continued enhancements to the use of real estate as a tool for national development are important priorities. We remain vigilant and attentive to global concerns and potential threats to the viability of the industry, such as the de-risking of banks and immigration policy concerns. We noted the concerns of the Organization for Economic Co-operation and Development (“OECD”) on the use of citizenship by investment programmes and residence schemes to circumvent the common reporting standards and our Government has been making representations on this in a meaningful way.

We look forward to increasing our stakeholder and public consultations which have been successful thus far in disseminating information and gaining necessary feedback. We have also been working fervently on building a strong foundation with the necessary safeguards to enhance the real estate qualifying investment option having recognized the potential it has to bring significant benefits to Saint Lucia and Saint Lucians.

The Board is very appreciative of the hard work undertaken by the Unit and wishes to express thanks to the newly appointed Chief Executive Officer and the entire team at the Unit for working through the demands of the

growth experienced and embracing these opportunities to innovate and seek improvement and ultimately a more efficient service.

I also thank the Honourable Prime Minister, Allen Chastanet, also the Minister with whom responsibility for the Citizenship by Investment Programme is assigned, for his unwavering support of the Board and endorsement of CIP Saint Lucia both locally and abroad. As Chairman, I would also like to thank my fellow Directors for their significant contributions of time, talent and devotion to the continued success of CIP Saint Lucia.

The success, stability and good repute of our programme is paramount, and as a Board we understand that responsibility to the Government and people of Saint Lucia. The Board will continue to discharge its duties with integrity and the highest standards of professionalism to protect our citizenship and sovereignty while being fully cognizant of the great responsibility this programme is intended to play in the national development agenda for Saint Lucia.

Chairman
Citizenship by Investment Board
June 30, 2018

INTRODUCTION & EXECUTIVE SUMMARY



Nestor Alfred
Chief Executive Officer
Citizenship by Investment Unit

“This positive outcome as shown in the year-end financial statements must also be attributed to the committed staff of the Unit and the stewardship of the CEO and Board of Directors.”

Executive & Management Summary

The financial year ending March 2018, provided a positive platform and outlook for Saint Lucia’s Citizenship by Investment Programme. This is on the backdrop of the Programme still being in its infancy stage of three (3) years as compared to some of its sister islands who have implemented the programme for as long as three (3) decades. A reduction in the donation qualifying investment amount for all applicants and from USD200,000 to USD100,000 for a single applicant accompanied by several reforms within the application process all contributed to the positive outlook. The Programme attracted three-hundred & forty-five (345) applications in the financial year 2018 as compared to thirty-six (36) applications in 2017. However, this positive outcome as shown in the year-end financial statements must also be attributed to the committed staff of the Unit and the stewardship of the CEO and Board of Directors.

USD100,000

QUALIFYING INVESTMENT
AMOUNT FOR A SINGLE
APPLICANT

345

APPLICATIONS IN
2018 compared
36 in 2017

644%

REVENUE INCREASE
in 2018

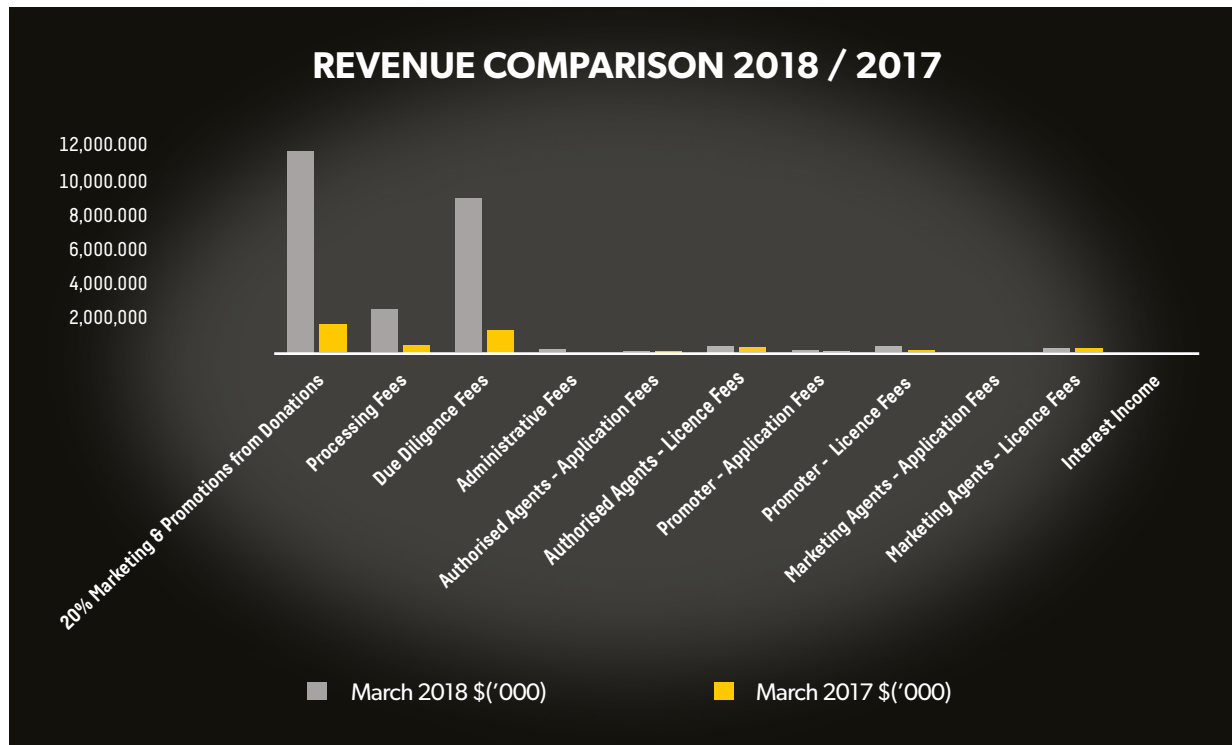
Financial Performance

Revenue

The Unit’s overall revenue for the financial year ending March 2018 was \$22,858,260 as compared to \$3,514,201 for 2017, thus reporting a significant variance of \$19,344,059. The increase in applications and corresponding grant of citizenship; processing and due diligence fees all impacted positively on the revenue base. Given its ability to collect the investment amount (Donation to the

National Economic Fund) within the financial year, the Unit had a 644% increase from the prior year, of the 20% retention of gross investment amount.

REVENUE 2017 / 2018				
Revenue Categories	March 2018	March 2017	Variance 2017 / 2018 versus 2016 / 2017	% Change 2017 / 2018 versus 2016 / 2017
	\$(‘000)	\$(‘000)	\$(‘000)	%
20% Marketing & Promotions from Donations	11,083,500	1,490,400	9,593,100	644%
Processing Fees	2,317,879	383,376	1,934,503	505%
Due Diligence Fees	8,470,985	1,189,144	7,281,841	612%
Administrative Fees	135,000	-	135,000	0%
Authorised Agents - Application Fees	13,500	5,400	8,100	150%
Authorised Agents - Licence Fees	330,751	224,908	105,843	47%
Promoter - Application Fee	47,250	14,838	32,412	218%
Promoter - Licence Fee	291,186	41,185	250,001	607%
Marketing Agents - Application Fees	-	-	-	0%
Marketing Agents - Licence Fees	162,000	162,000	-	0%
Interest Income	6,209	2,950	3,259	110%
	22,858,260	3,514,201	19,344,059	550%



Programme Cost

\$8,340,292

**Commission paid to
Authorised Agents,
Promoters & Marketing
Agents for successful
applications**

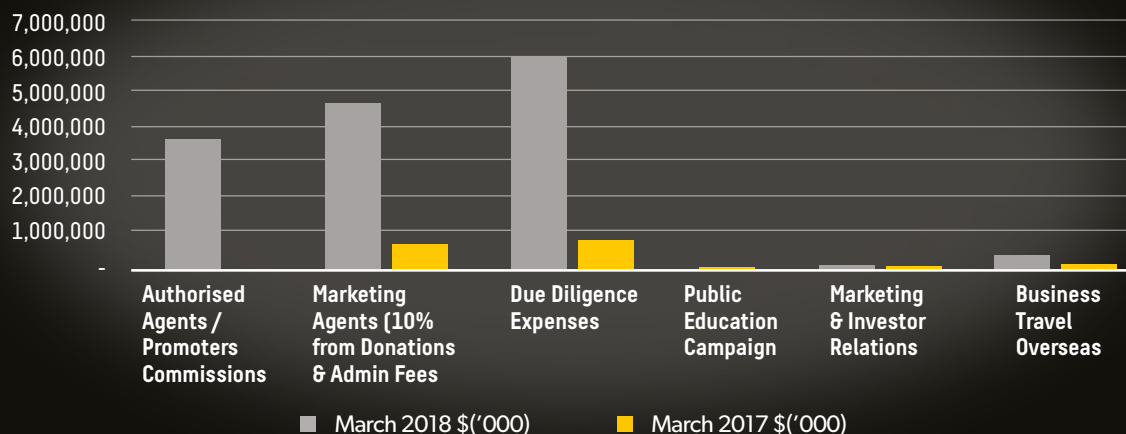
Programme cost stood at \$14,782,492 for financial year 2018. The commission being paid to Authorised Agents, Promoters and the Unit's two (2) Marketing Agents represented a total of \$8,340,292 which is approximately 56% of the Unit's total programme cost. The commission paid is an incentive to the Authorised Agents, Promoters and Marketing Agents for generating successful applications. The other significant programme cost of \$6,032,486 is that of payments made to the Due Diligence firms for the conduct of due diligence on the behalf of applicants.

However, the Unit was able to realise a net earning of \$2,438,499 resulting from the difference in the actual payment of \$8,470,985 received from applicants for the conduct of due diligence and the payment made by the Unit to the Due Diligence firms.

PROGRAMME COSTS 2017 / 2018

Programme Costs	March 2018	March 2017	Variance 2017 / 2018 versus 2016 / 2017	% Change 2017 / 2018 versus 2016 / 2017
	\$('000)	\$('000)	\$('000)	%
Authorised Agents / Promoters Commissions	3,665,250	-	3,665,250	0%
Marketing Agents (10% from Donations & Admin Fees)	4,675,042	681,942	3,993,100	586%
Due Diligence Expenses	6,032,486	804,573	5,227,912	650%
Public Education Campaign	-	444	(444)	-100%
Marketing & Investor Relations	62,883	29,717	33,146	112%
Business Travel Overseas	346,852	80,661	266,191	330%
	14,782,492	1,597,337	13,185,155	825%

PROGRAMME COST COMPARISON 2017 / 2018

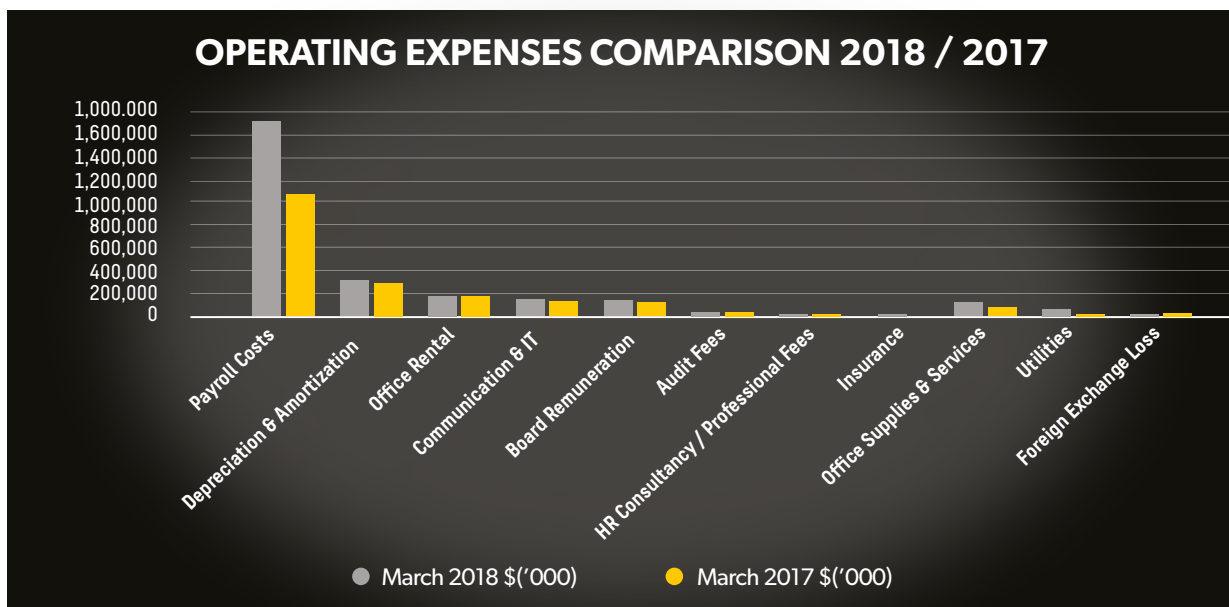




Operating Expenses

The Unit continues to manage its operating expenses, being below its budgeted figure by 20%. Payroll represents the more significant amount of the Units operating expenses and this year's amount includes gratuity payments and termination cost. During this financial year, the Unit also recruited one (1) additional staff member and made upward adjustments to staff salaries.

OPERATING EXPENSES 2017 / 2018				
Operating Expenses	March 2018	March 2017	Variance 2017 / 2018 versus 2016 / 2017	% Change 2017 / 2018 versus 2016 / 2017
	\$('000)	\$('000)	\$('000)	%
Payroll Costs	1,713,244	1,068,384	644,859	60%
Depreciation & Amortization	299,682	280,953	18,729	7%
Office Rental	160,200	160,200	-	0%
Communication & IT	140,395	116,374	24,021	21%
Board Remuneration	124,100	105,150	18,950	18%
Audit Fees	22,625	21,800	825	4%
HR Consultancy / Professional Fees	10,150	3,400	6,750	199%
Insurance	8,362	-	8,362	0%
Office Supplies & Services	106,498	65,671	40,827	62%
Utilities	51,629	7,557	44,073	583%
Foreign Exchange Loss	7,862	16,134	(8,271)	-51%
	2,644,748	1,845,623	799,125	43%



TOTAL ASSETS
FOR 2018
\$16,117,547

Balance Sheet

Total assets stood at \$16,117,547 which represented an increase of \$14,179,923 when compared to prior year, 2017. Cash at Bank was the major contributor to the increase and stood at \$11,467,394 representing primarily an increase in due diligence and processing fees. This was followed by accounts receivables (\$4,230,900) which represents Donations to be collected from citizenships granted as at year end inclusive of the administrative fee for the purchase of a non-interest-bearing Government bond.

Given the current period earnings of \$5,693,736, the Unit was able to revert to a positive total capital/equity position of \$5,166,803 as compared to the negative total capital/equity position of \$526,933 in prior year 2017.

Summary of Funds Transferred to Government – Budget vs Actual

Monetary Investments (Donations) Disbursed to the National Economic Fund of Saint Lucia April 2017 - March 2018				
Disbursement 1st Qtr; April - Jun 2017	Disbursement 2nd Qtr; Jul - Sep 2017	Disbursement 3rd Qtr; Oct - Dec 2017	Disbursement 4th Qtr; Jan - Mar 2018	Total Disbursement to Date
EC\$ 1,053,774.40	EC\$ 2,516,155.20	EC\$ 8,967,835.20	EC\$ 15,290,481.60	EC\$ 27,828,246.40
Budgeted Inflows to Government	Variants to Budget 2017/2018 Inflows to Government	Number of Monetary Investments (Donations) Received	Number of Monetary Investments (Donations) Budgeted	Variants in Number of Monetary Investments (Donations) to Budget
EC\$ 43,011,200.00	(EC\$ 15,182,953.60)	111	200	-89

Given the sixty (60) days by which applicants are required to make the investment amount according to the legislation, there exists a time lapse between the grant of citizenship and the collection of the investment amount. Consequently, applications granted in the last quarter of the financial year would not have been fully collected, resulting in the short-fall of remittances to Government.

THE BOARD OF DIRECTORS



Ryan Devaux | CHAIRMAN

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) MCI Arb 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.

THE CITIZENSHIP BY INVESTMENT UNIT TEAM



Nestor Alfred



From front left: Chameil Joseph, Rina Joseph, Christopher Paul, Sylvania Tobierre, Leo Francis
From back left: Marcus Lionel, Tajma Brown, Jshaun Montoute, Kervin Leonice, Sylvia St. Brice



Kermisha Francis



Ronan McLelland

Nestor Alfred – *Chief Executive Officer*
Chameil Joseph – *Corporate Secretary/Legal Officer*
Rina Joseph – *Administrative Assistant*
Christopher Paul – *Head of Operation*
Sylvania Tobierre – *Receptionist*
Leo Francis – *Accountant*
Marcus Lionel – *Due Diligence Officer*

Tajma Brown – *Executive Assistant*
Jshaun Montoute – *IT Specialist*
Kervin Leonice – *Due Diligence Officer*
Sylvia St. Brice – *Office Attendant*
Kermisha Francis – *Compliance Officer*
Ronan McLelland – *Due Diligence Officer*

REAL ESTATE PROJECT

Highlights for 2017/18 fiscal

As of March 31st, 2018, two business proposals were received from potential Developers to develop high-end branded hotels. Of the two received, one was submitted to Cabinet and approved via Cabinet Conclusion number 681 of September 4th, 2017.

APPROVED REAL ESTATE PROJECT FOR THE FISCAL YEAR 2017/2018

Approved
Real Estate Project:

**HONEY MOON
BEACH RESORT**

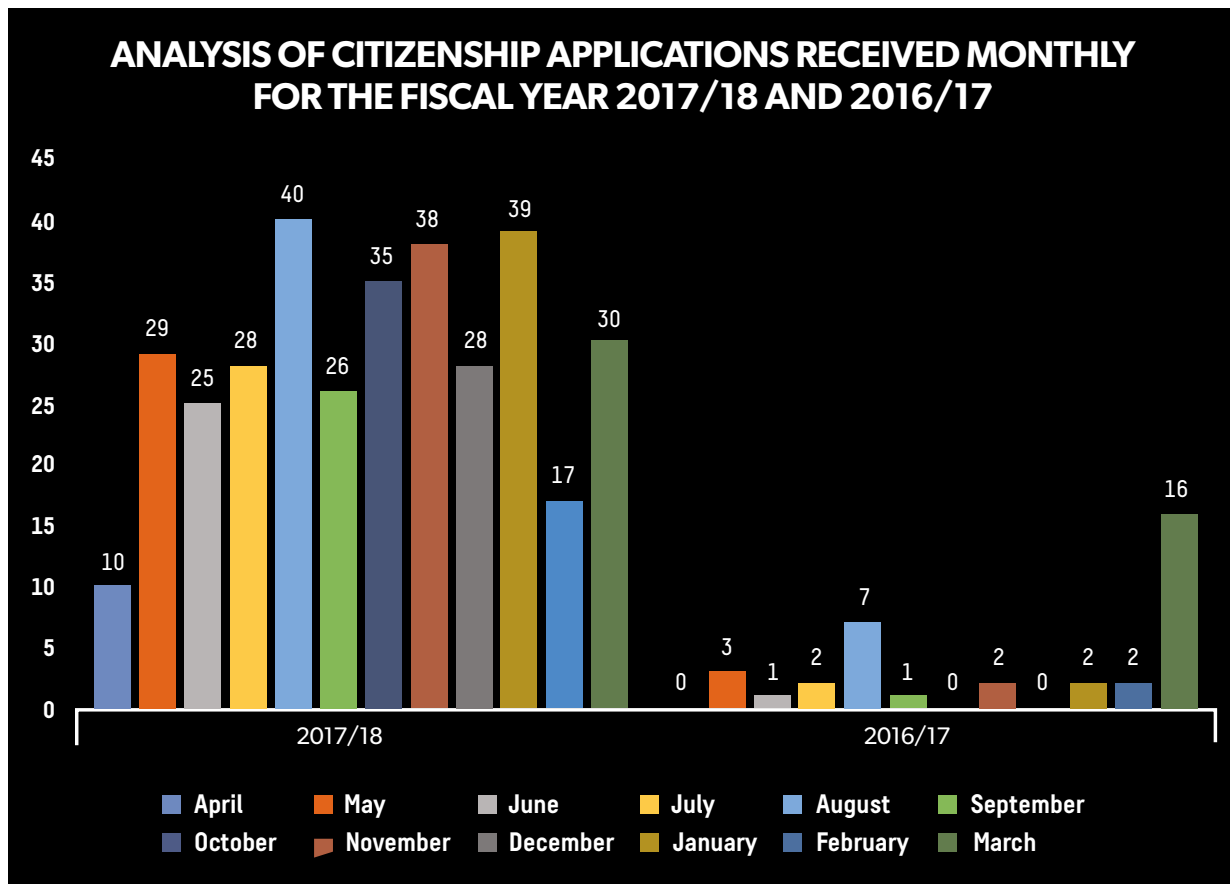
Gross Development Cost
(GDC)

\$343.8M

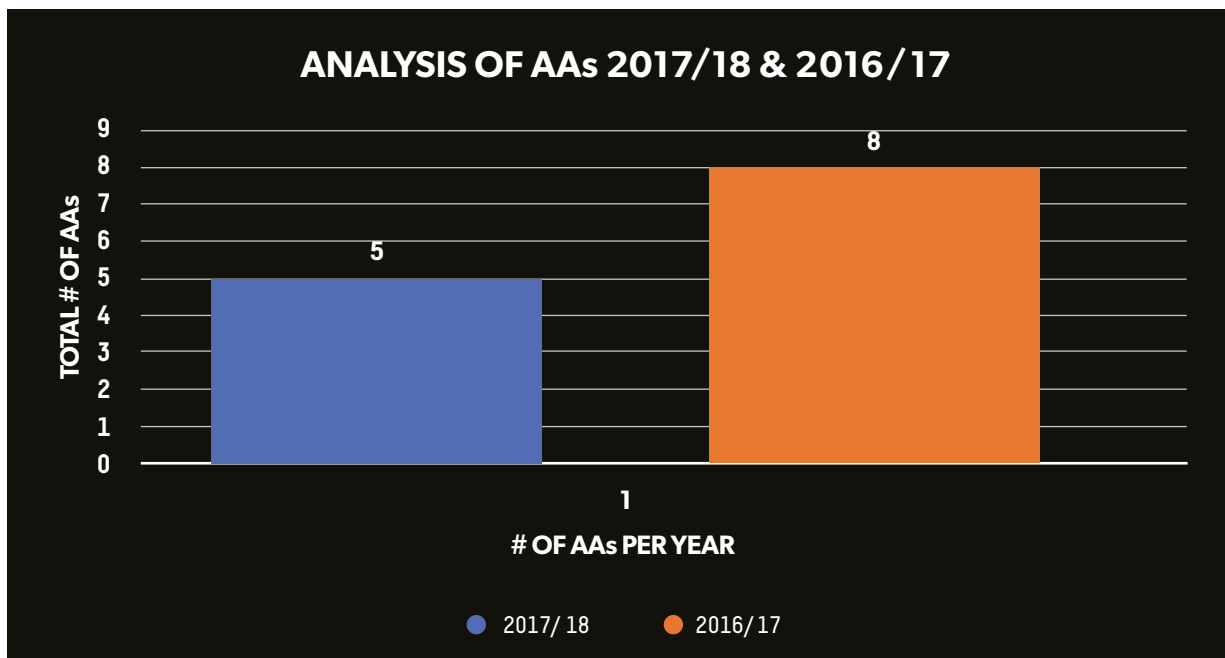
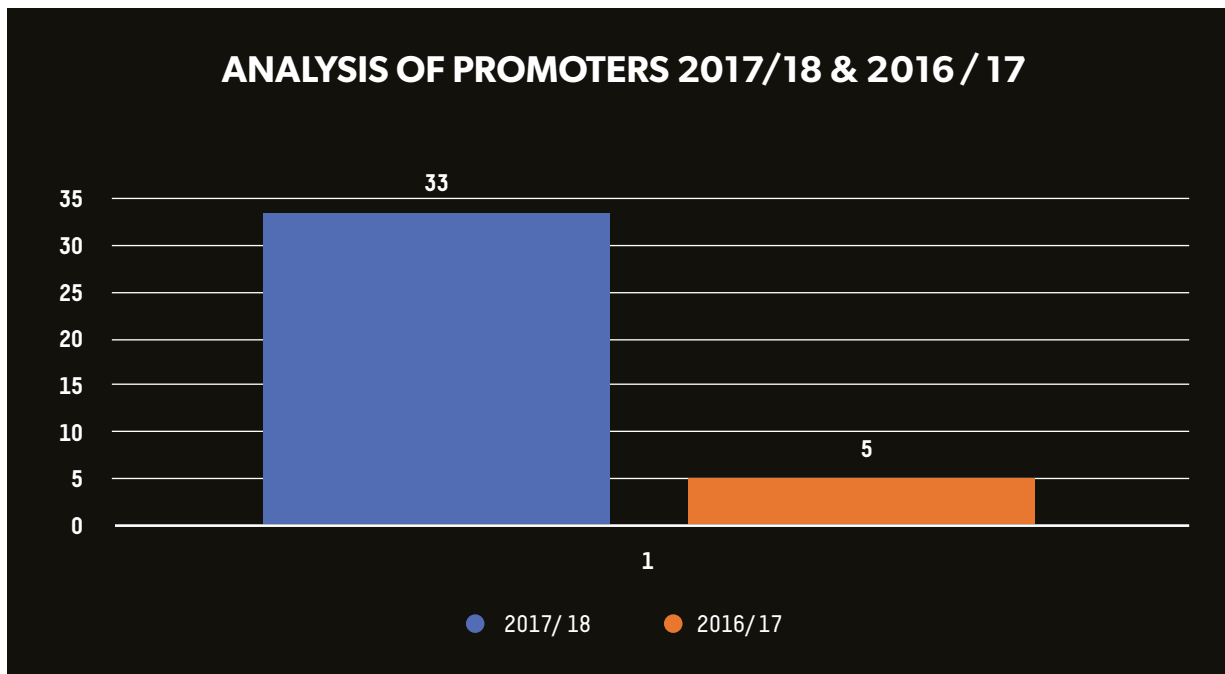
The Honey Moon Beach Resort was approved as a Real Estate Project via Cabinet Conclusion No. 681 on September 4th, 2017 under the Citizenship by Investment Programme. The resort will be built on one of the most prominent development parcels of lands on the island, with 209 acres fronting almost two miles of the Atlantic Ocean and Savannes Bay. The development which is situated on the East Coast of Saint Lucia will consist of two properties from the AMResorts collection of Luxury beach destinations, each with its own unique attributes and both raising all - inclusive properties to a new level of luxury.

APPLICATION DETAILS

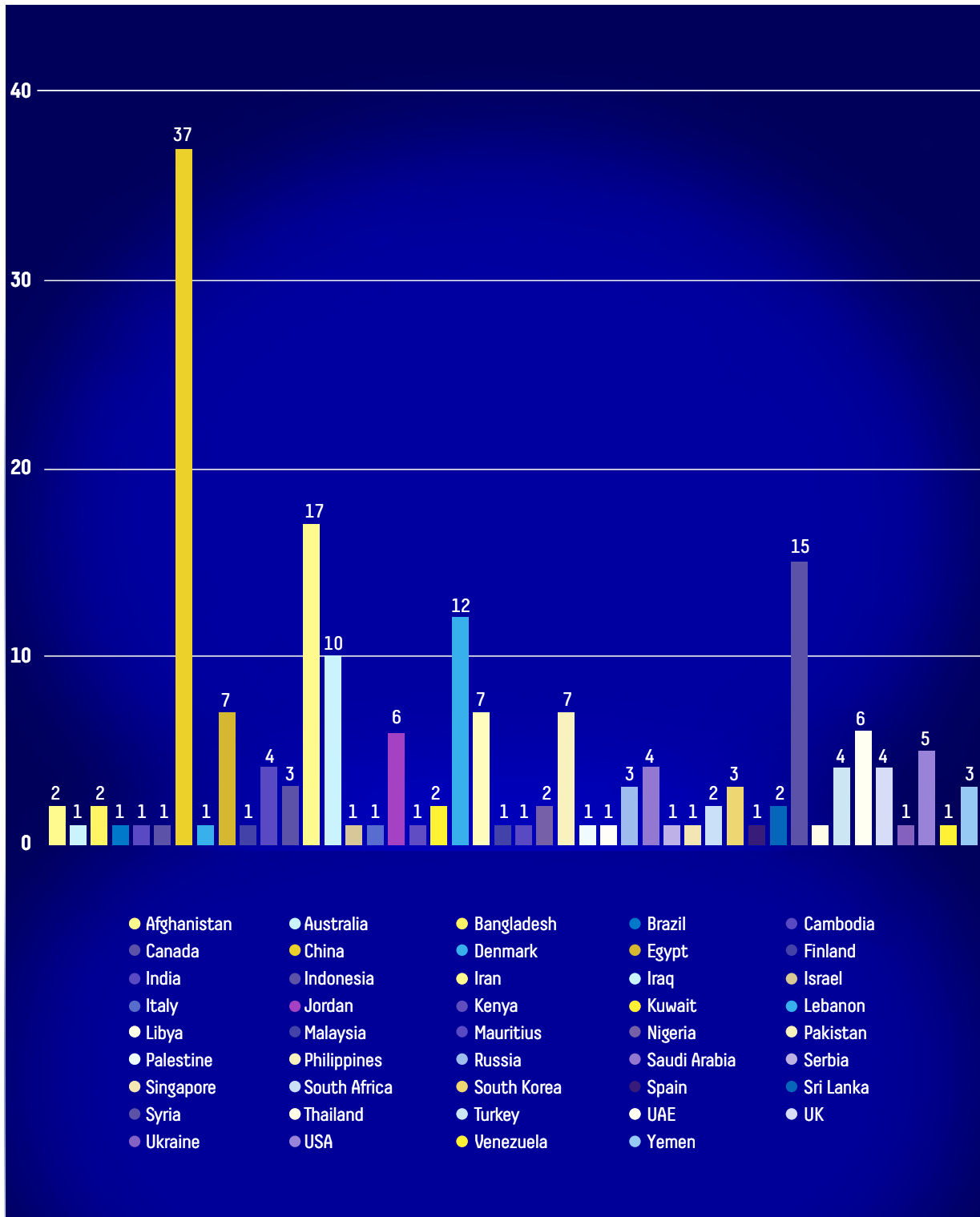
ANALYSIS OF APPLICATIONS GRANTED, DENIED, REVOKED FOR THE FISCAL YEAR 2017/18 VERSUS 2016/17											
Months	# of Applications		# of Applications Granted		# of Applications Revoked	# of Applications Denied		% of Total Applications Granted		% of Total Applications Denied	
	2017/18	2016/17	2017/18	2016/17	2017/18	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
April	10	0	1	0	0	0	0	0.29%	0.00%	0.00%	0.00%
May	29	3	3	0	0	1	0	0.87%	0.00%	0.29%	0.00%
June	25	1	0	0	0	0	0	0.00%	0.00%	0.00%	0.00%
July	28	2	4	0	1	1	0	1.16%	0.00%	1.45%	0.00%
Aug	40	7	4	2	0	0	1	1.16%	5.56%	0.29%	2.78%
Sept	26	1	15	0	1	5	0	4.35%	0.00%	1.45%	0.00%
Oct	35	0	10	5	1	0	0	2.90%	13.89%	0.00%	0.00%
Nov	38	2	22	4	0	1	0	6.38%	11.11%	0.29%	0.00%
Dec	28	0	15	2	0	1	0	4.35%	5.56%	0.29%	0.00%
Jan	39	2	14	2	0	1	0	4.06%	5.56%	0.29%	0.00%
Feb	17	2	27	2	0	10	0	7.83%	5.56%	2.90%	0.00%
Mar	30	16	73	0	0	2	0	21.16%	0.00%	0.58%	0.00%
Totals	345	36	188	17	3	27	1	54.49%	47.22%	7.83%	2.78%



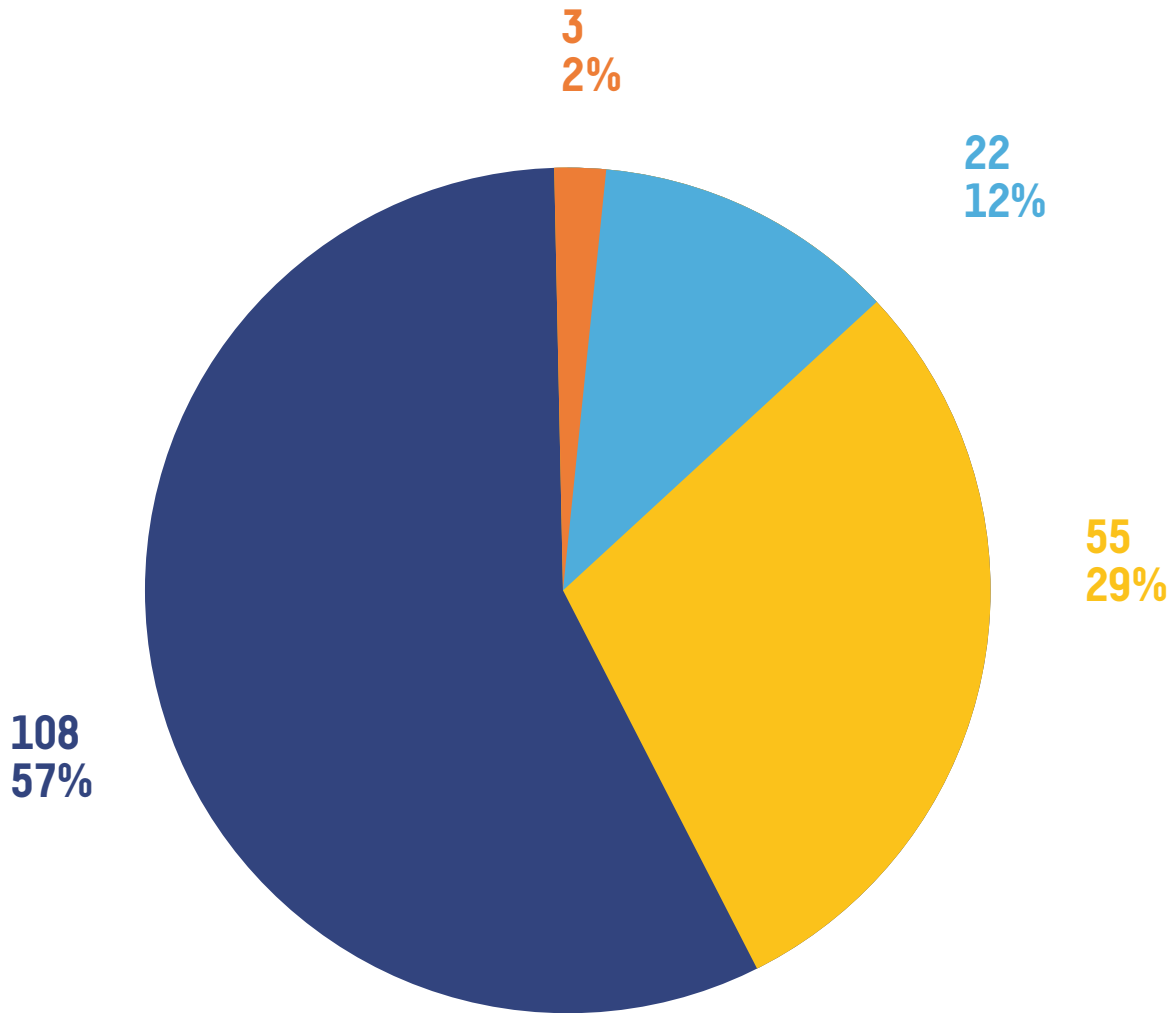
ANALYSIS OF AUTHORIZED AGENTS (AAs) AND PROMOTERS FOR THE FISCAL YEAR 2017/18 AND 2016/17



APPLICATIONS GRANTED BY COUNTRY OF BIRTH FOR THE FISCAL YEAR 2017/2018



APPLICATIONS GRANTED PER REGION FOR THE FISCAL YEAR 2017/2018



- RUSSIA
- REST OF THE WORLD
- ASIA
- MENA

DUE DILIGENCE FIRMS

Profile Overview



Thomson Reuters is one of the world's leading source of intelligent information for business and professionals. They combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial and risk, legal, tax and accounting, intellectual property and science and media markets, powered by the world's most trusted news organisation.



With more than 1,300 offices in over 150 countries, and more than 59,000 personnel worldwide, BDO has a global presence in the industry. This local presence in so many jurisdictions allows for substantially better management of counterparty risk; as well as providing an added layer of intelligence resources for cultural, regulatory and institutional knowledge. BDO's investigative due diligence practice group has conducted in depth and comprehensive investigations in all corners of the world. While their resources and intelligence assets are global, they have particular international expertise in the Asia Pacific, Middle East and Eastern Block regions.



S-RM is a London-headquartered provider of business intelligence, crisis management and cyber security services globally. S-RM works with leading businesses, governments and private clients worldwide. We help our clients manage a range of operational, regulatory and reputational risks, from money laundering and bribery to security, political instability and cyber-crime.

S-RM's enhanced due diligence background checks and unique ongoing monitoring services are used by many of the world's leading financial institutions and conglomerates. We are distinguished by the quality of our people and an unrivalled focus on innovation and service.



Exiger is a global leader in delivering enhanced and automated due diligence, consulting and application process management solutions to CIUs, RIUs, governments, banks and corporations worldwide. A trusted provider to immigrant investor programmes since 2006, Exiger has partnered with many of the world's largest and fastest growing global CBI and RBI programmes.

Exiger's AI powered automated due diligence solution, DDIQ, and applicant management system, Exiger Insight, are changing the way CIUs and RIUs manage applicants and agents. Exiger has over 130 full-time research staff speaking over 30 languages in research centers in Washington, D.C. metro, Vancouver, the UK and Hong Kong.



**CITIZENSHIP
BY INVESTMENT
PROGRAMME (CIP)**

**INDEPENDENT
AUDITOR'S REPORT**

Financial Statements for the Year Ended March 31, 2018
(Expressed in Eastern Caribbean Dollars)



Accountants &
business advisers

CITIZENSHIP BY INVESTMENT UNIT (CIU)

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For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

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CITIZENSHIP BY INVESTMENT UNIT (CIU)

Corporate Information

For the Year Ended March 31, 2018

(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 (CIU) (the "Unit")**, which comprise the statement of financial position as at March 31, 2018, 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, 2018, 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.

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.

Chartered Accountants
Castries, Saint Lucia
July 10, 2018

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Statement of Financial Position

As at March 31, 2018

(Expressed in Eastern Caribbean Dollars)

	Note	March 31, 2018 \$	March 31, 2017 \$
Assets			
Current assets			
Cash and cash equivalents	5	11,467,394	1,304,876
Accounts receivable and prepayments	6	4,244,250	13,376
		<u>15,711,644</u>	<u>1,318,252</u>
Non-current asset			
Property, plant and equipment	7	399,785	606,580
Intangible assets	8	6,118	12,792
		<u>405,903</u>	<u>619,372</u>
Total assets		<u>16,117,547</u>	<u>1,937,624</u>
Liabilities and equity			
Current liabilities			
Accounts payable and accruals	9	9,533,309	954,234
Deferred income - License fees	10	696,279	364,450
		<u>10,229,588</u>	<u>1,318,684</u>
Non-current liabilities			
Deposits	11	283,500	445,500
Deferred income - Government grants	10	437,656	700,373
		<u>721,156</u>	<u>1,145,873</u>
Total liabilities		<u>10,950,744</u>	<u>2,464,557</u>
Equity			
Accumulated surplus/(deficit)		<u>5,166,803</u>	<u>(526,933)</u>
Total equity		<u>5,166,803</u>	<u>(526,933)</u>
Total liabilities and equity		<u>16,117,547</u>	<u>1,937,624</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, 2018

(Expressed in Eastern Caribbean Dollars)

	Note	March 31, 2018 \$	March 31, 2017 \$
Revenue	12	22,858,260	3,514,201
Grant income		<u>262,717</u>	280,953
		<u>23,120,977</u>	3,795,154
Operating expenses	13	(2,644,749)	(1,764,317)
Programme costs	14	<u>(14,782,492)</u>	(1,678,642)
		<u>(17,427,241)</u>	(3,442,959)
Surplus for the year		<u><u>5,693,736</u></u>	<u>352,195</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, 2018

(Expressed in Eastern Caribbean Dollars)

	March 31, 2018	March 31, 2017
	\$	\$
Net assets at beginning of year		
At beginning of year	(526,933)	(879,128)
Surplus for the year	5,693,736	352,195
Net assets at end of year	5,166,803	(526,933)

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, 2018
(Expressed in Eastern Caribbean Dollars)

	March 31, 2018	March 31, 2017
	\$	\$
Cash flows from operating activities		
Surplus for the year	5,693,736	352,195
Adjustments for:		
Depreciation	299,683	280,953
Loss on disposal of computer equipment	-	4,200
	<u>5,993,419</u>	<u>637,348</u>
Operating income before working capital changes		
Increase in accounts receivable and prepayments	(4,230,874)	(10,257)
Increase in accounts payable and accruals	8,579,075	706,916
Increase in deferred income - Licence fees	331,829	23,837
Decrease in deferred income - Government grants	(262,717)	(280,953)
Decrease in deposits	<u>(162,000)</u>	<u>(162,000)</u>
	<u>10,248,732</u>	<u>914,891</u>
Net cash generated from operating activities		
Cash flows used in investing activity		
Purchase of property, plant and equipment	<u>(86,214)</u>	<u>(15,248)</u>
	<u>10,162,518</u>	<u>899,643</u>
Net increase in cash and cash equivalents		
Cash and cash equivalents - beginning of year	<u>1,304,876</u>	<u>405,233</u>
Cash and cash equivalents - end of year	<u>11,467,394</u>	<u>1,304,876</u>

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, 2018

(Expressed in Eastern Caribbean Dollars)

1. Incorporation and principal activity

The **Citizenship by Investment Unit (CIU)** (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 authorized for issue on July 10, 2018.

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 (“IFRS”) 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) Adoption of new and revised IFRS

During the current year the Unit adopted all the new and revised International Financial Reporting Standards (“IFRS”) which are relevant to its operations and are effective for the relevant accounting period. The adoption of these standards did not have a material effect on the financial statements. At the date of authorization of these financial statements some standards were issued but not yet effective. The Board of Directors expected that the adoption of these standards in future periods will not have a material effect on the financial statements of the Unit.

(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.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

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

(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 assets carrying amount or recognized 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
Software	3 years
Leasehold Improvements	3 years

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) 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 recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of operations.

Impairment losses recognized 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 recognized.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

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

(f) Accounts payable

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

(g) 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.

(h) 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 could have been donated is USD 200,000 up to December 2016, but as of January 2017, this was amended to USD 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 recognized as revenue, and the remaining 80% is transferred to the Government of Saint Lucia.

Processing fees

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

Authorized Agents - application fees and license fees

Application fees arise when a company wishes to become an authorized 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 authorized 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 recognized in the period in which it is earned.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

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

(h) Revenue recognition (cont'd)

Promoters - application fees and license 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 recognized 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 recognized as revenue over the period in which it is earned.

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 recognized 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 USD 7,500 and for each qualifying dependent over 16 years of age it is USD 5,000. This is paid upon submission of the completed application to the CIU and recognized as revenue in the period it is paid.

(i) Expenses

Expenses are recognized on an accruals basis.

(j) 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 recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

(k) 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.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

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

(l) Provision

Provisions are recognized 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 recognized as interest expense.

(m) Comparatives

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

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 asset which may potentially expose the Unit to concentrations of credit risk consists primarily of cash and cash equivalents and accounts receivable. 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, 2018.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

4. Financial risk management (cont'd)

(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, 2018.

(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.

(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, 2018 \$	March 31, 2017 \$
Cash on hand	1,000	1,000
Cash at bank	11,466,394	1,303,876
	<u>11,467,394</u>	<u>1,304,876</u>

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements
For the Year Ended March 31, 2018
(Expressed in Eastern Caribbean Dollars)

6. Accounts receivable and prepayments

	March 31, 2018 \$	"March 31, 2017 \$
Trade receivables	4,244,250	13,377
Provision for doubtful debts	-	-
	<u>4,244,250</u>	<u>13,377</u>
Comprised of:		
Trade debtors	4,230,900	27
Prepayments	13,350	13,350
	<u>4,244,250</u>	<u>13,377</u>
Analysis of trade debtors		
	Carrying Amount \$	Past due but not impaired 60 -90 days \$ 91-120 days \$ More than 121 days \$
2018	4,230,900	-
2017	27	27

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements
For the Year Ended March 31, 2018
(Expressed in Eastern Caribbean Dollars)

7. Property, plant and equipment

	Leasehold Improvements	Furniture	Computer Equipment	Total
	\$	\$	\$	\$
As at March 31, 2016				
Cost	577,575	171,903	187,058	936,536
Accumulated depreciation	(48,131)	(3,676)	(14,918)	(66,725)
Net book value	529,444	168,227	172,140	869,811
For the year ended March 31, 2017				
Opening net book value	529,444	168,227	172,140	869,811
Additions during the year	-	6,400	8,848	15,248
Disposals during the year	-	-	(4,200)	(4,200)
Depreciation charge for the year	(192,525)	(17,596)	(64,158)	(274,279)
Closing net book value	336,919	157,031	112,630	606,580
As at March 31, 2017				
Cost	577,575	178,303	191,706	947,584
Accumulated depreciation	(240,656)	(21,272)	(79,076)	(341,004)
Net book value	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
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)
Net book value	149,675	147,675	102,435	399,785

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

8. Intangible assets

	Intangible Assets
	\$
As at March 31, 2016	
Cost	20,022
Accumulated depreciation	<u>(556)</u>
Net book value	<u>19,466</u>
For the year ended March 31, 2017	
Opening net book value	19,466
Depreciation charge for the year	<u>(6,674)</u>
Closing net book value	<u>12,792</u>
As at March 31, 2017	
Cost	20,022
Accumulated depreciation	<u>(7,230)</u>
	<u>12,792</u>
For the year ended March 31, 2018	
Opening net book value	12,792
Depreciation charge for the year	<u>(6,674)</u>
Closing net book value	<u>6,118</u>
As at March 31, 2018	
Cost	20,022
Accumulated depreciation	<u>(13,904)</u>
	<u>6,118</u>

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

9. Accounts payable and accruals

	March 31, 2018 \$	March 31, 2017 \$
Accounts payable	1,468,149	327,720
Staff gratuity	127,944	248,350
	<u>1,596,093</u>	<u>576,070</u>
Accrued expenses:		
Marketing agent commissions	3,419,550	-
Authorised agents and promoters commissions	2,362,500	-
Due diligence services	2,117,983	340,032
Audit fees	23,000	22,500
Utilities	9,233	11,530
Other	4,950	502
Vehicle allowance	-	3,000
Directors stipends	-	600
	<u>7,937,216</u>	<u>378,164</u>
	<u><u>9,533,309</u></u>	<u><u>954,234</u></u>

10. Deferred income

	March 31, 2018 \$	March 31, 2017 \$
Current:		
Deferred income - Licence fees		
At beginning of year	364,450	340,613
Funds received during the year	1,115,766	364,450
Amounts recognised as revenue	(783,937)	(340,613)
At end of year	<u>696,279</u>	<u>364,450</u>
Non-current		
Deferred income - Government grants		
At beginning of year	700,373	981,326
Funds received during the year	-	-
Amounts recognised as grant income	(262,717)	(280,953)
At end of year	<u>437,656</u>	<u>700,373</u>

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

11. Deposits

	March 31, 2018 \$	March 31, 2017 \$
Advanced marketing licensing fees	283,500	445,500

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.

12. Revenue

	March 31, 2018 \$	March 31, 2017 \$
Allotment from National Economic Fund donations	11,083,500	1,490,400
Due diligence fees	8,470,985	1,189,144
Processing fees	2,317,879	383,376
Other income	985,896	451,281
	22,858,260	3,514,201

13. Operating expense

	March 31, 2018 \$	March 31, 2017 \$
Payroll and employee benefits	1,713,244	980,672
Depreciation expense	299,683	280,953
Rent expense	160,200	160,200
Directors stipends	124,100	105,150
Office supplies and services	117,330	76,333
Telecommunications	101,962	85,465
Utilities	51,630	7,557
IT costs	38,432	26,708
Professional fees	22,625	21,800
Consultancy	10,150	3,400
Travel allowance	5,393	11,879
Loss on disposal of fixed assets	-	4,200
	2,644,749	1,764,317

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

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements

For the Year Ended March 31, 2018

(Expressed in Eastern Caribbean Dollars)

14. Programme costs

	March 31, 2018 \$	March 31, 2017 \$
Authorized Agent and Promoters Commission	3,665,249	-
Due diligence expenses	6,032,486	804,573
Marketing Agents commission	4,675,042	681,942
Business travel (Promotion and Conference)	346,852	80,661
Marketing and investor relations	62,863	111,466
	<u>14,782,492</u>	<u>1,678,642</u>

15. Related party transactions

Transactions with related parties as defined in Note 2(g) 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, 2018 \$	March 31, 2017 \$
Directors stipends	124,100	105,150
Salaries and other benefits	985,746	465,600
	<u>1,109,846</u>	<u>570,750</u>

National Economic Fund

During the year USD\$12,940,000 (EC\$34,938,000) was received by the Unit as donations 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 EC\$27,828,246 remitted to the Government of Saint Lucia during the year ended March 31, 2018. There were no unremitted donations held in trust by the Unit on behalf of the Government of Saint Lucia at the close of March 31, 2018. However, of citizenships granted approval during the period, EC\$20,479,500 donations to the National Economic Fund remains outstanding for collection for which the allotment of 80% will be remitted to the Government of Saint Lucia upon receipt. The 20% allocated to the Unit is included in receivables.

CITIZENSHIP BY INVESTMENT UNIT (CIU)

Notes to the Financial Statements
For the Year Ended March 31, 2018
(Expressed in Eastern Caribbean Dollars)

15. Related party transactions

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

	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



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