

# Quick Reference

Chantier  
de l'économie sociale



**Proposition:** The Trust invests exclusively in social economy enterprises

**Mission of the Trust:** Support the capitalization of social economy enterprises and complement other financial products in order to increase the available financing for the development and expansion of social economy enterprises.

**Investment products:** Patient capital loans with a 15-year capital repayment holiday.

**Investment amounts:** Between \$50,000 and \$1.5 million. Loans are granted on the basis of financing packages in which the loan represents no more than 35% of project-related costs.

**Interest rate:** Fixed interest rate for the duration of the investment.

## ELIGIBLE PROJECTS

Development or improvement of activities.

Adaptation of products and services.

Start-up and expansion.

## INELIGIBLE PROJECTS

Business recovery, refinancing of existing debts or the advance payment of long-term debt, the purpose of which is to reduce overall financing costs.

Financing for activities, if the consequence of such an investment is the substitution of jobs currently being held or that should be held by public sector employees.

## ELIGIBLE ENTERPRISES

The Trust invests exclusively in social economy enterprises, notably in non-profit organizations and cooperatives in which the majority of employees reside in Québec and have business assets of under \$100 million (\$100M) or capital of less than \$50 million (\$50M).

## INELIGIBLE ENTERPRISES

An enterprise for which the Québec government or a minister appoints the majority of the directors on the board.

An enterprise for which the law requires that employees be appointed pursuant to the *Public Service Act* or whose social fund is State property.

An enterprise whose purpose is to implement or manage a program of the Québec government, in particular, the *Centres locaux de développement* (CLD), *Carrefours Jeunesse Emploi* (CJE) and the *Conférences régionales des Élus* (CRÉ).

An enterprise having over 200 employees.

Childcare centres, and enterprises providing home support, perinatal, educational or housing services.

Enterprises whose activities result in the substitution of jobs currently being held or that should be held by public sector employees.

## PRODUCTS

- **Operations Patient Capital** for working capital fund, marketing of new products and acquisition of office and computer equipment, automotive equipment, machinery and equipment
- **Operations Patient Capital** to increase business capital
- **Real Estate Patient Capital** for the acquisition, construction or renovation of real estate assets (immovable, building, warehouse, etc.)

## LIMITS / RESTRICTIONS

- **Total** investment may not exceed \$1,500,000;
- **Total** investment may not be **less** than \$50,000;
- Amount of Real Estate Patient Capital and the total amount of loans guaranteed by a real estate mortgage and that are ranked above that of the Trust may not **exceed 90%** of the cost of real estate assets;
- Amount of **operations patient capital** may not **exceed** \$250,000

## INVESTMENT TERMS

An enterprise may receive an operations patient capital or a real estate patient capital investment or both.

The Trust must complement other financial products to which social economy enterprises may have access, for example, financing in the form of shares purchase, loans, loan guarantees or any other available financing sources.

### Operations patient capital:

- Repayment in a **single** instalment, on the day of the 15<sup>th</sup> anniversary of the closing of the investment;
- Advance repayment without penalty at any time the enterprise chooses;
- Monthly payment of interest and fees as set out in the investment agreement;
- No security or any other guarantee;
- Investment amount may not exceed 35% of the cost of an eligible project.

### Operations patient capital to increase an enterprise's capital:

- The Trust may offer operations patient capital to increase the capital of an enterprise, in a situation where a social economy enterprise presents a project with a capital/asset ratio of less than 35%, on the basis of its most recent audited financial statement. Terms are as follows:
  - The Trust may invest operations patient capital up to 100% of the amount required to bring the capital/asset ratio up to 35%;
  - The investment must be related to production and marketing expenses (including salary, fringe benefits, subcontracting expenses, and other relevant expenses, e.g., working capital fund);
  - In no case may the investment to increase the enterprise's capital be used to repay or refinance existing debts or make an advance payment on a long-term debt. Moreover, the investment must not result in the withdrawal or reduction of participation of any other lender or funding body with which the enterprise has concluded an agreement;
  - Eligible enterprises may not benefit from financing for the sole purpose of improving their capital structure on the basis of their financial statement.

### Real estate patient capital:

- Repayment in a single instalment, on the day of the 15<sup>th</sup> anniversary of the closing of the investment;
- Advance repayment without penalty at any time the enterprise chooses after the thirteenth month;
- Monthly payment of interest and fees as set out in the contract;
- Mortgage financing with a financial institution must constitute part of the project's financial package;
- Investment guaranteed by a real estate mortgage subordinated to existing real estate mortgages with other lenders;
- Investment amount represents a maximum of 35% to 90% of project cost;
- The enterprise must create a reserve fund for the replacement of real estate assets as a guarantee of immovables' future value.