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2007 ANNUAL REPORT

Chantier
de l'économie sociale



CHANTIER DE L'ÉCONOMIE SOCIALE TRUST
4200, rue Adam, Montréal (Québec) H1V 1S9
t. 514 256-0992 f. 514 256-0861

info@fiducieduchantier.qc.ca | www.fiducieduchantier.qc.ca

Governance of the Chantier de l'économie sociale Trust

Trustee Council

Michel A. Bastien, Fonds de solidarité FTQ
Manon Brassard, Canada Economic Development
Edith Cyr, Chantier de l'économie sociale (secretary of the Trustee Council)
Patrick Duguay, Chantier de l'économie sociale
André Gagnon, Conseil Québécois de la Coopération et de la Mutualité
Claudette Girard, Investissement Québec
Geneviève Morin, Fondation de la CSN
Nancy Neamtan, Chantier de l'économie sociale (President of the Trustee Council)
Serge Ouellet, Chantier de l'économie sociale

Trustee Council observers

Stephan Cauty, Canada Economic Development
Michel Taylor, Fonds de solidarité FTQ
Sylvie Desaulniers, Ministère des Affaires Municipales et des Régions

Investment Committee

Michel A. Bastien, Fonds de solidarité FTQ
Daniel Béliveau, CLD des Chenaux
Jacques Charest, Chantier de l'économie sociale Trust (President of the Investment Committee)
Daniel Fortin, Caisse d'économie solidaire Desjardins
Claudette Girard, Investissement Québec
André Jalbert, Fédération des CDR
Jean-François Lalonde, CDEC Rosemont-Petite Patrie
Geneviève Morin, Fondation de la CSN
Caroline Plourde, Fonds d'emprunt économique communautaire
Alain Roy, Table national des CDC

Non-voting members

Stéphane Chabot, RISQ
Charles Guindon, Chantier de l'économie sociale

Monitoring Committee

Patricia Gagné, Bas-Saint-Laurent, Réseau du crédit communautaire
Marie-Annick Fortin, Saguenay-Lac-Saint-Jean, Réseau du crédit communautaire
Jacques Fiset, Capitale-Nationale, Association des CLD du Québec
Francine Bonenfant, Mauricie, Réseau du crédit communautaire
Cynthia Colette, Estrie, Regroupement des CDEC du Québec
Pierre Morissette, Île de Montréal, Regroupement des CDEC du Québec (President of the Committee)
Martin Joannis, Outaouais, Regroupement des CDEC du Québec
Monique Lessard, Abitibi-Témiscamingue, SADC
Nathalie Sigouin, Côte-Nord, Association des CLD du Québec
Chantal Roberge, Nord-du-Québec, Fédération des CDR
Maryse Pigeon, Gaspésie-Îles-de-la-Madeleine, Fédération des CDR
J. Benoît Caron, Chaudière-Appalaches, Fédération des CDR
Célyne Lafrance, Laval, Association des CLD du Québec
François Chalifour, Lanaudière, Association des CLD du Québec
Martin Gauthier, Laurentides, Fédération des CDR
Richard Allaire, Montérégie, Table des CDC
Chantal Tardif, Centre-du-Québec, Table des CDC
Jacques Charest, Chantier de l'économie sociale Trust

Observers

Claudette Girard, Investissement Québec
Geneviève Morin, Fondation de la CSN
Michel Taylor, Fonds de solidarité de la FTQ

Audit Committee

Jean-François Aubin, community economic development officer
Nathalie Blanchette, certified accountant
Pierre Sylvestre, lawyer

Non-voting members

Michel A. Bastien, Fonds de solidarité de la FTQ
Lyne Lachance, Investissement Québec
Geneviève Morin, Fondation de la CSN

Mission

The main mission of the Chantier de l'économie sociale Trust is to stimulate the expansion and development of collectively run enterprises by improving their access to financing and by enhancing the capitalization of social economy enterprises.

Investment products for social economy enterprises

The Chantier de l'économie sociale Trust provides loans with a 15-year capital repayment holiday. The purpose of this patient capital is to support enterprises' operations and real estate investments.

Message from the President of the Trustee Council

We're off at last! The Chantier de l'économie sociale Trust is now in operation and enthusiastically taking on its mission: to stimulate the expansion and development of collectively run enterprises by improving their access to financing and by enhancing the capitalization of social economy enterprises.

Establishing the Trust has been a colossal joint undertaking. Hundreds of individuals contributed their energy and commitment to the process because they understood this tool's importance to the advancement of Québec's social economy. I want to thank them for their efforts and especially for their determination in carrying this out while steadfastly adhering to the project's fundamental directions and goals.

Thanks to these contributions we are now in a position to affirm that this tool, by virtue of its mission, structures and products, is a powerful instrument at the service of an increasingly strong and dynamic movement. The products on offer represent an opportunity for communities across Québec to be even more ambitious in their initiatives, knowing that their ambitions can now become a reality.

In creating the Trust, we drew heavily on the resources and energy of the Chantier de l'économie sociale and its partners and raised expectations in every region of Québec. There will be challenges ahead as we strive to adequately satisfy these expectations. As President of the Trustee Council, I assure you that both Council members and staff are aware of these expectations and will do everything in our power to meet them.

I am extremely proud of my role as President of the Trustee Council. I thank all the women and men who helped to create the Trust, especially Jacques Charest and Charles Guindon, who in a way were the architects of this tool. Heartfelt thanks go to our investor partners, the Fonds de solidarité de la FTQ, Fondation, Investissement Québec, and Canada Economic Development, who believed in our dream and accompanied us as we transformed the dream into the Chantier de l'économie sociale Trust.



Nancy Neamtan, President



photo Éric Mailloux

Message from the Executive Director



photo Mathieu Lévesque

For several years the directors of social economy enterprises had been expressing the need for financial products other than the traditional grants and loans, and at the same time were discussing ways of maintaining long-term capital in their businesses. They wanted new products that would take their social mission into account.

As for private and institutional investors, many of them were reticent about engaging in the social economy. This, despite convincing evidence of lower write-off rates in social economy enterprises and business longevity twice that of traditional private businesses. So, we had to find a way to convince them that long-term investments in the social economy could be profitable for them.

The Trust is a response to both of these needs. It is positioned as an intermediary between the financial market and social economy enterprises. Its aim is the socialization of risks, which translates into lower financing costs for enterprises. Offering investors a diversified portfolio, the Trust works with an impressive network, allowing it to evaluate projects in a realistic and careful manner.

The Trust offers a product to complement those available on the market already: "patient" capital, in other words, loans with a 15-year capital repayment holiday. These investments are offered in two forms: operations patient capital to finance costs related to the working capital fund, market launching of new products and equipment purchase; and real estate patient capital to finance costs that are directly linked to the acquisition, construction or renovation of real estate assets.

It has turned out to be a winning formula that is attracting investors. The Trust's supply of capital initially came from Canada Economic Development and a number of investors including the FTQ's Fonds de solidarité, the Québec government and FONDACTION, Fonds de développement de la CSN pour la coopération et l'emploi. With this initial fund of \$52.8 million, the Trust can now support the development of social economy enterprises.

The Trust is proud to support collective entrepreneurs in developing new projects so that solidarity gains an ever larger foothold in the Québec economy.

Jacques Charest
Executive Director of the Chantier de l'économie sociale Trust

Starting up the Trust

Setting up the governance structure

The past seven months have been a major challenge for the Chantier de l'économie sociale Trust. After years of work and negotiations, we had to set up a complex range of governance mechanisms to ensure that investment activities would be underway by February 1, 2007. Starting in early December 2006, the Trustee Council and Trust staff members took on this task.

First, the available seats on the Investment, Monitoring and Audit Committees had to be filled. Including Trustee Council members, over 45 individuals had to be recruited within a very short period.

With such a diverse spectrum of development stakeholders, we were confident in our ability to satisfy the needs of social economy enterprises, whatever their sector or geographic location in Québec.

Setting up partnerships to deliver the products

The Chantier de l'économie sociale Trust committed to investing \$10 million annually in social economy enterprises and this, without adding another "agent in-the-field." Rather, we counted on existing partnerships at the local, regional and sectoral levels.

This is why, since its inception, the Fiducie has adopted a policy respecting the delivery of its financial products in which it has committed to analyzing projects in partnership with local and regional actors who are involved in social economy enterprises in their territory.

These partnerships were established in the first weeks of operation of the Chantier de l'économie sociale Trust. To ensure that local, regional and sectoral stakeholders had the information they needed to answer enterprises' information requests, we held four training sessions specifically aimed at local practitioners. In the course of these sessions we were in direct contact with over 150 analysts and development officers.

Partnership policy with local development stakeholders

The Chantier de l'économie sociale Trust must fairly serve the entire territory of Québec.

All local and regional development stakeholders who are interested in developing the social economy can serve as points of entry for social economy enterprises seeking to benefit from the products of the Chantier de l'économie sociale Trust. In particular, they can:

- circulate information among social economy enterprises with a view to screening and receiving projects that are eligible for real estate and operations patient capital;
- support promoters in their financing efforts;
- present financial products, eligibility criteria, application selection process and investment conditions.

Local and regional development stakeholders are offered the following training sessions:

- training specifically devoted to the products of the Chantier de l'économie sociale Trust; and
- training regarding the tools and analytical practices that have been developed, described in RISQ's *Guide d'analyse des entreprises d'économie sociale*.
- Based on need, a training session on raising public awareness of the social economy.

The Trust will work to stimulate coordinated action of local and regional development actors, notably by encouraging them to become involved in regional poles and work together at the local level.

Setting up an information strategy

This training session for local development officers was later followed by several other training sessions aimed at development officers and enterprises. These training sessions enabled us to directly contact over 300 individuals. Training and information sessions about the Trust and its financial products will continue throughout the upcoming year.

In addition, the Trust has distributed 8500 copies of an information pamphlet to social economy stakeholders.

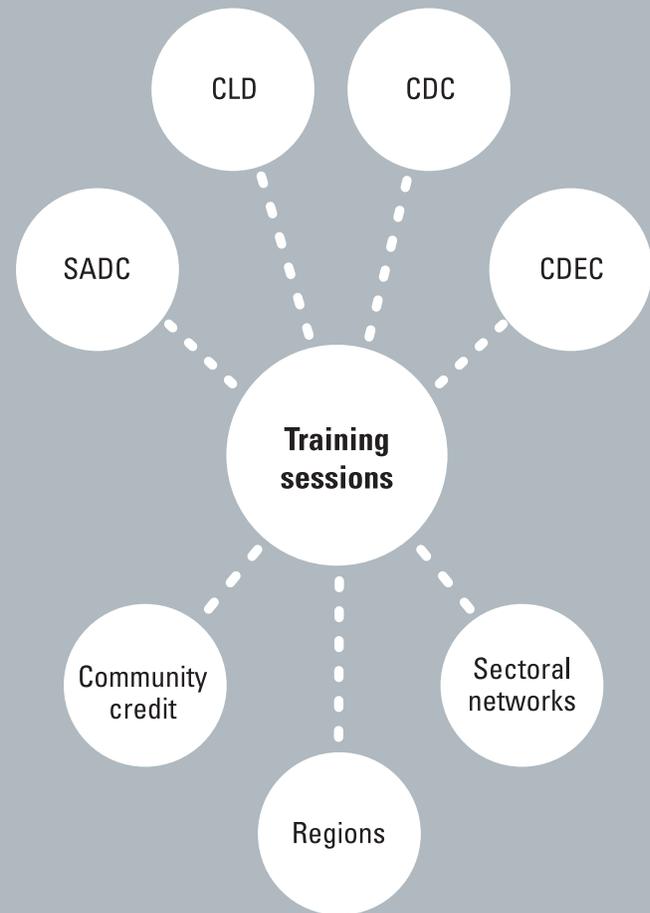
The Trust has also actively participated in or attended a variety of conferences and seminars and made a number of media appearances.

Setting up operations

At the same time as promotional activities and project analysis procedures were being developed, the Trust's staff, supported by the Trustee Council, began formulating administrative procedures to ensure the efficient operation of the Chantier de l'économie sociale Trust.

The goal was that by spring 2007, the Trust would have all the legal documents and administrative procedures required for investing in businesses.

The Trust, supported by the Chantier de l'économie sociale's mandate, intends to guarantee the relevance of its offer respecting the needs expressed by social economy enterprises across Québec. To this end, we have benefited since September 2007 from the work of the Monitoring Committee and a survey on the financing needs of social economy enterprises conducted by the Chantier de l'économie sociale's development team as part of its strategic monitoring mandate.



Mauricie – Centre du Québec
Gaspésie- Îles-de-la Madeleine
Laurentides
Montérégie
Outaouais

300 individual directly contacted through:

- Training sessions organized by the Trust (4)
- Training sessions at the request of networks or regions (7)

State of investments as at June 30, 2007

Date [June 30, 2007]

No. of applications	38
Applications accepted	5
Applications under consideration	14
Potential applications	13
Applications refused	1
Ineligible applications	2
Self-withdrawn applications	3
Total accepted	\$2,068,373
Total OPC*	\$663,283 32.07%
Total REPC**	\$1,405,090 67.93%
Average	\$689,458

* Operations Patient Capital
 ** Real Estate Patient Capital

Setting up investment activities

In conformance with its mandate to analyze and monitor investment requests, RISQ made its team of experienced analysts available to the Chantier de l'économie sociale Trust. After a training session on the Trust's patient capital products and the investment policy in effect, the team was quickly ready to receive its first formal investment requests.

The plan was to be ready to receive the first requests by February 2007 and submit the first set of analyses and recommendations to the Chantier de l'économie sociale Trust's investment committee by March or April 2007.

This impressive challenge was successfully met. So, barely two months after beginning operations, the Chantier de l'économie sociale Trust was ready to receive and process its first investment requests. The first analysis reports were presented to the Investment Committee at its first meeting on April 5, 2007. Between April and June, the committee met five times and recommended five investments, for a total of \$2 million.

Taking into account these five projects, by June 30, 2007, Trust had received 39 formal investment requests for a potential total of \$8 million.

DISTRIBUTION OF INVESTMENTS

OVERALL INVESTMENT (5 YEARS):	\$49,000,000
RESERVE (15%):	\$7,350,000

DISTRIBUTION OF INVESTMENTS BY TERRITORY

Outlying territories: (Bas-St-Laurent, Saguenay-Lac-St-Jean, Abitibi-Témiscamingue, Côte-Nord, Nord-du Québec, Gaspésie-Îles-de-la-Madeleine)	\$9,579,500	(23%)
Central territories: (Mauricie, Estrie, Chaudière-Appalaches, Lanaudière, Laurentides, Montérégie, Centre-du-Québec)	\$15,827,000	(38%)
Large urban centres: (Capitale Nationale, Outaouais)	\$4,998,000	(14%)
Metropolitan region: (Montréal, Laval)	\$11,245,500	(27%)
Total investments over 5 years:	\$41,650,000	(100%)

TO SUBMIT AN INVESTMENT REQUEST

For information about a project, contact local and regional development stakeholders, for example:

- Centres locaux de développement (CLD)
- Coopératives de développement régional (CDR)
- Corporation de développement communautaire (CDC)
- Corporations de développement économique communautaire (CDEC)
- Community credit organizations
- Sociétés d'aide au développement des collectivités (SADC)

The Réseau d'investissement social du Québec (RISQ) is the agency that has been mandated by the Chantier de l'économie sociale Trust to receive and analyze loan applications before they are presented to the Trust's investment committee.

To reach an analyst:

In Montreal : 514-866-2355

In Quebec : 418-525-5526, ext. 2111

To submit a request:

Réseau d'investissement social du Québec (RISQ)

4200, rue Adam

Montréal (Québec) H1V 1S9

This initiative was made possible thanks to the financial contribution of Canada Economic Development.