

Chantier de l'économie sociale Trust
Annual Activity Report
September 2008



Chantier
de l'économie sociale

 **trust**

Mission

The main mission of the Chantier de l'économie sociale Trust is to stimulate the expansion and development of collective owned 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 moratorium. This patient capital is designed to support enterprises' operations and real estate investments.

Governance of the Chantier de l'économie sociale Trust

TRUSTEE COUNCIL:

Michel A. Bastien, Fonds de solidarité FTQ
Manon Brassard, Canada Economic Development
(until March 2008)
Édith Cyr, Chantier de l'économie sociale (*secretary*)
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 CSN
Nancy Neamtan, Chantier de l'économie sociale (*chair*)
Serge Ouellet, Chantier de l'économie sociale
Gilles Pelletier, Canada Economic Development
(since March 2008)
Trustee Council Observers:
Stéphan Canty, Canada Economic Development
Sylvie Desaulniers, Ministère des Affaires Municipales et des Régions
Michel Taylor, Fonds de solidarité FTQ

INVESTMENT COMMITTEE:

Michel A. Bastien, Fonds de solidarité FTQ
Daniel Béliveau, CLD des Chenaux
Jacques Charest, Chantier de l'économie sociale Trust (*chair*)
Daniel Fortin, Caisse d'économie solidaire Desjardins
Jean Gauthier, SODEC Montréal-Est/Pointe-Aux-Trembles
(April-June 2008)
Claudette Girard, Investissement Québec
André Jalbert, Fédération des CDR
Caroline Lachance, ÉCOF *(since June 2008)*
Jean-François Lalonde, CDEC Rosemont Petite-Patrie *(until April 2008)*
Geneviève Morin, Fondation CSN
Caroline Plourde, Fonds d'emprunt économique communautaire
Alain Roy, Table nationale des CDC
Non-voting members:
Chantal Aznavourian, Chantier de l'économie sociale
Stéphane Chabot, Réseau d'investissement solidaire du Québec

MONITORING COMMITTEE:

Richard Allaire, Montérégie, Table des CDC *(until March 2008)*
Francine Bonenfant, Mauricie, Réseau du crédit communautaire
(until March 2008)
J. Benoit Caron, Chaudière-Appalaches, Fédération des CDR
François Chalifour, Lanaudière, Association des CLD du Québec
Jacques Charest, Chantier de l'économie sociale Trust
Julie Colbert, Mauricie, Fonds communautaire d'emprunt Mauricie
(since March 2008)

Cynthia Colette, Estrie, Regroupement des CDEC du Québec
Claude Filion, Montérégie, CDC Beauharnois-Salaberry
(since March 2008)
Jacques Fiset, Capitale-Nationale, Association des CLD du Québec
Marie-Annick Fortin, Saguenay-Lac-St-Jean, Réseau du
crédit communautaire
Patricia Gagné, Bas-St-Laurent, Réseau du crédit communautaire
Martin Gauthier, Laurentides, Fédération des CDR *(until March 2008)*
Martin Joannis, Outaouais, Regroupement des CDEC du Québec
(until March 2008)
Célyne Lafrance, Laval, Association des CLD du Québec
Monique Lessard, Abitibi-Témiscamingue, SADC
Manon Morin, Côte-Nord, CLD de Manicouagan
Pierre Morrissette, Montréal, Regroupement des CDEC du Québec
(chair)
Lucette Paradis, Outaouais, CLD de Gatineau *(since May 2008)*
Maryse Pigeon, Gaspésie-Îles-de-la-Madeleine, Fédération des CDR
Chantal Roberge, Nord-du-Québec, Fédération des CDR
Nathalie Sigouin, Côte-Nord, Association des CLD du Québec
(until March 2008)
Chantal Tardif, Centre-du-Québec, Table des CDC
Monitoring Committee Observers:
Claudette Girard, Investissement Québec
Geneviève Morin, Fondation CSN
Michel Taylor, Fonds de solidarité FTQ

AUDIT COMMITTEE:

Jean-François Aubin, community economic development officer
(until September 2008)
Nathalie Blanchette, certified accountant
Yves Fortin, Directeur général Technocentre industriel Sorel-Tracy
(since September 2008)
Pierre Sylvestre, lawyer
Non-voting members:
Michel A. Bastien, Fonds de solidarité FTQ
Lyne Lachance, Investissement Québec
Geneviève Morin, Fondation CSN

STAFF

Jacques Charest, executive director
Liette Courchesne, finance director
Marjorie Gagnon, executive directors' assistant

SERVICE AGREEMENTS

Chantier de l'économie sociale (strategic monitoring and annual survey)
RISQ (analysis and follow-up of Trust investment projects)

Message from the Chair of the Trustee Council



After a lengthy design and construction process, we are proud to present the accomplishments of the Chantier de l'économie sociale Trust. At the end of the Trust's first full year of operations, the results speak for themselves: the Trustee Council authorized investments in 19 collective enterprises. The diversity of the sectors—culture, agriculture, recycling, artisanal brewing—and the diversity of locations—from the village of Guyenne in Abitibi to Port Cartier on the Côte-Nord, and from Montréal's Plateau neighbourhood to Drummondville in central Québec—testify to the Trust's relevance and its openness to supporting local communities' initiatives based on their priorities and ways of doing things.

The challenge was a formidable one: was it possible to support social economy enterprises better by offering them a new financial product in the form of patient capital? Would this contribution allow them to carry out projects that would otherwise never have seen the light, or had they been attempted, would have suffered from inadequate capitalization and excessive debt?

We succeeded in meeting this challenge because the response of promoters has been very positive. More and more enterprises, local and regional development stakeholders, and even financial partners, are realizing the extent to which a Trust investment paves the way to the development of new initiatives. Our Trust partner/investors

understand that these investments are profitable both financially and socially. In short, we've generated a synergy that makes many more dreams appear possible when it comes to the development of Québec's social economy.

Naturally, we devoted much energy this year to establishing the Trust's systems of analysis and promotion, because the Trust is still relatively unknown in many areas of Québec. We are continuing our promotion and liaison efforts with local and regional stakeholders to increase the Trust's annual number of investments. We should reach our goal soon. To accomplish this, we continue to rely on networks across Québec and we have been very fortunate in the warm reception that has been accorded us.

The Trust's achievements would not have been possible without our numerous partners. Our warmest thanks go to all the women and men, both near and far, who contributed to the success of the Chantier de l'économie sociale Trust, and in particular, to the members of the Trustee Council and the Investment and Monitoring Committees, for their commitment and wisdom. I want to extend special appreciation for the contributions of the RISQ and Chantier teams for their unstinting efforts to fulfill their roles in setting up the Trust. And above all, warmest thanks and congratulations to the Trust staff, led by Jacques Charest, for their remarkable work

that is infused with both solid professionalism and social commitment. I'm proud to take part in this magnificent adventure!

Nancy Neamtan
President,
Chantier de l'économie sociale Trust

Message from the Executive Director



During the past year, the Chantier de l'économie sociale Trust has proven that its approach, at the outset considered almost utopian, is in fact the basis of the social economy in Québec: partnerships that respect the specific nature of each partner.

Many people considered the proposition of investing millions of dollars across Québec, based on informal partnership agreements with numerous stakeholders was, to say the least, risky. Yet, this has been the foundation of our activity throughout the year and we intend to continue functioning this way.

We have a name for this partnership agreement: it is our policy of collaboration with local development stakeholders.

Based on these relationships, we have succeeded in assisting 19 enterprises by investing over \$6,447,335, in most instances, without even visiting the sites! Why would we commit such a blunder when dealing with risk capital? It's not because we're negligent or unconcerned, far from it; it's just that we knew that the project proposals were a response to needs and, above all, were supported by local development stakeholders. Here, we of course refer to the CLDs, CDRs, CDECs, SADCs and CDCs, to name just a few. We also knew that the 524 jobs that were created or maintained, and the needs to which these projects responded, were, and continue to be, essential to their community. By discussing our analyses with our local partners

we were able to obtain a much more comprehensive understanding of the project proposal than would have been possible with a site visit.

In addition to involving local partners in project development, the Chantier de l'économie sociale Trust also offered them the opportunity to participate in the Investment Committee and act as partners in the selection process. They are also active partners in the Monitoring Committee to ensure that the Trust's financial products and activities continue to meet the needs of social economy enterprises.

In all these areas, they have responded positively and devoted time and energy to fulfilling their mandate. We thank them, because without them, none of this would have been possible.

Jacques Charest
Executive Director,
Chantier de l'économie sociale Trust

Governance in Action

While 2007 was the year in which we established our governance structure and began operations, 2008 saw the first investments in social economy enterprises.

Concerning governance, we must salute the assiduity of the members of the Trustee Council and Investment Committee, who kept up with the pace of meetings that was required to complete the investments.

At these meetings, the Trust's Investment Committee reviewed analyses submitted by the RISQ and made recommendations on 21 investment requests from social economy enterprises. Of this number, 19 were favourably received, one received a negative recommendation, and the decision concerning another proposal was deferred due to lack of information.

The Trustee Council, in addition to receiving recommendations from the Investment Committee, is also responsible for administering the Trust's funds and overall operations. To this end, Council members worked throughout the year to ensure that the Trust's actions directly reflected the principles guiding its creation.

For example, the Chantier de l'économie sociale Trust has applied the preferential purchasing principle with social economy enterprises. Over the last year, the Trust ac-

quired over 75% of its goods and services from social economy enterprises.

Two other committees were also very active: the Monitoring Committee and the Audit Committee.

The aim of the Monitoring Committee is to ensure the collaboration and effective participation of a range of actors and local stakeholders, regarding regional and local service coverage, and the relevance of the Trust's financial products to the needs of the regions and social economy enterprises. This committee has met three times since June 2007. The meetings enabled the Chantier de l'économie sociale Trust to stay in touch with enterprises' needs throughout the Québec territory. Also, assisted by the Chantier de l'économie sociale in its strategic monitoring role, committee members took part in the collection and interpretation of annual survey data on the investment needs of Québec's social economy enterprises.

The Audit Committee assisted the Trustee Council in its oversight role regarding financial information, the risk management and control processes, and compliance with the legislation and regulations governing these areas. Since June 2007, they have met six times, in particular, to recommend the adoption of draft financial statements and optimize certain administrative practices connected with the investments.

Unique Financial Products that Offer Numerous Advantages to Social Economy Enterprises

Funds invested by the Trust in the form of patient capital provide social economy enterprises with advantages such as:

POSITIVE IMPACT ON THE ENTERPRISE'S DEVELOPMENT

- No requirement to repay capital for 15 years, meaning that the Trust investment capital and self-generated income can serve to accelerate the social economy enterprise's development and growth

EQUITY THAT IMPROVES THE ENTERPRISE'S FINANCIAL CAPACITY

- Significantly reduces annual expenditures to repay project financing
- Enables the constitution of a fund or owner's equity to carry out a project
- Improves the enterprise's financial structure by enabling a better balance between debt and owner's equity
- Improves the enterprise's financial structure and financial ratios through an investment in the form of equity, giving the enterprise the flexibility and financial capacity it requires to carry out its mission and objectives
- Improves the debt coverage and debt ratios

A NEEDED HELPING HAND TO CARRY OUT A PROJECT

- Provides the capitalization required to carry out the enterprise's project, because a Trust investment is considered to be part of the promoter's capital outlay
- Helps social economy enterprises find other financial partners by serving as financial leverage

REDUCED FINANCIAL RISK FOR ENTERPRISES

- Offers patient capital that is either unsecured or subordinated to products offered by a financial institution; Financial risk for an enterprise is therefore lower than it would be with conventional debt (mortgage, term loan, etc.)

AN APPROPRIATE FINANCING STRATEGY

- Offers investments at a competitive interest rate
- Enables stability of repayment with a fixed interest rate for the duration of financing, whereas with a financial institution, the rate can fluctuate over a 15-year period
- Enables the achievement of a twofold objective:
 - Reduce annual expenditures
 - Keep interest charges within acceptable limits in the context of a financing structure comprising mortgage debt and a Trust investment

The Collaboration Policy in Action

The policy of collaboration with local development stakeholders

The Chantier de l'économie sociale Trust must exercise fairness in serving the entire Québec territory.

All local and regional development stakeholders who are interested in developing the social economy can act as a gateway for social economy enterprises seeking the benefits offered by the Trust's products. In particular, they can:

- Disseminate information to social economy enterprises, and screen for and receive projects that are eligible for the real estate and operations patient capital products;
- Support promoters in their financing endeavours;
- Present the financial products, eligibility criteria, selection process and investment conditions.

Local and regional development stakeholders are welcome to participate in the following training sessions:

- A training session focussed specifically on the products of the Chantier de l'économie sociale Trust;
- Training on the analysis tools and practices developed by the RISQ and published in its Guide for analysis of social economy enterprises;
- As needed, training to raise awareness concerning the social economy.

The Trust encourages the coordinated action of local and regional development stakeholders, in particular, by inviting them to become involved in the Regional Nodes and collaborating at the local level.

In order to fairly serve all regions of Québec, the Chantier de l'économie sociale Trust strives to maintain a presence throughout the Québec territory. We reached over 1,434 people from social economy enterprises, support organizations, local development stakeholders and sectoral and local networks. We did this by holding meetings in 10 regions of Québec, often at the invitation of regional social economy nodes and local or sectoral networks.

In the past year, we succeeded in positioning the Trust as a finance stakeholder that works closely with organizations; in 2009, we will strengthen the Trust's positioning as an equity partner for enterprises. To do this, we will maintain the number of meetings and focus our message more on the advantages of our financial products.

We're pleased to see that our policy of collaboration with local development stakeholders has been well received. In all the project proposals we have received and analyzed, one or more local development stakeholders has been involved, either financially or otherwise. No less than 28 local development organizations were actively involved in the 19 projects that were approved for a Trust investment.

ACLDO annual conference
CLD and CAE of St-Jean-Sur-Richelieu
CLD de Gatineau



CDEC de Québec
Regroupement des CDEC du Québec
CDEC Côte-des-Neiges
Notre-Dame-de-Grâce



1st Community Credit and
Social Economy
Entrepreneurs Day



Over 1434 people reached directly, by:
Training sessions requested by networks or regions (14)
Information booths (6)
Regular representation activities (5)

Québec | Montérégie | Lanaudière | Abitibi-Témiscamingue | Côte-Nord | Gaspésie-Les-Îles | Laurentides | Mauricie | Centre-du-Québec | Outaouais

8 Investment Activity

Since July 2007, the Chantier de l'économie sociale Trust has approved investments in 14 enterprises, bringing the total to 19 authorized investments since its inception.

These investments, representing a total of \$6.4 million, have enabled the creation or consolidation of over 524 jobs, while injecting a total investment of \$31,907,375 into Québec's regional economy. Moreover, the Trust has invested in all phases of social economy enterprises' development: 4 start-up projects, 11 expansion projects, 2 acquisitions of existing enterprises, and 2 consolidation projects.

We are proud to use these investments to support social economy enterprises that are contributing to the development of their community.

INVESTMENT HIGHLIGHTS AS AT SEPTEMBER 30, 2008

OVERALL INVESTMENTS

Number of authorized projects	19
Trust investments	\$6 447 335
Total REPC	\$4 703 409
Total OPC	\$1 743 926
% of REPC investment portfolio	73 %
Generated investments	\$31 907 375
Number of jobs created and maintained	524
Average amount invested per job	\$12 304

AVERAGE PER PROJECT

Trust investments	\$339 333
Generated investments	\$1 679 336
Proportion of Trust financing	20%
Number of jobs created and maintained	28

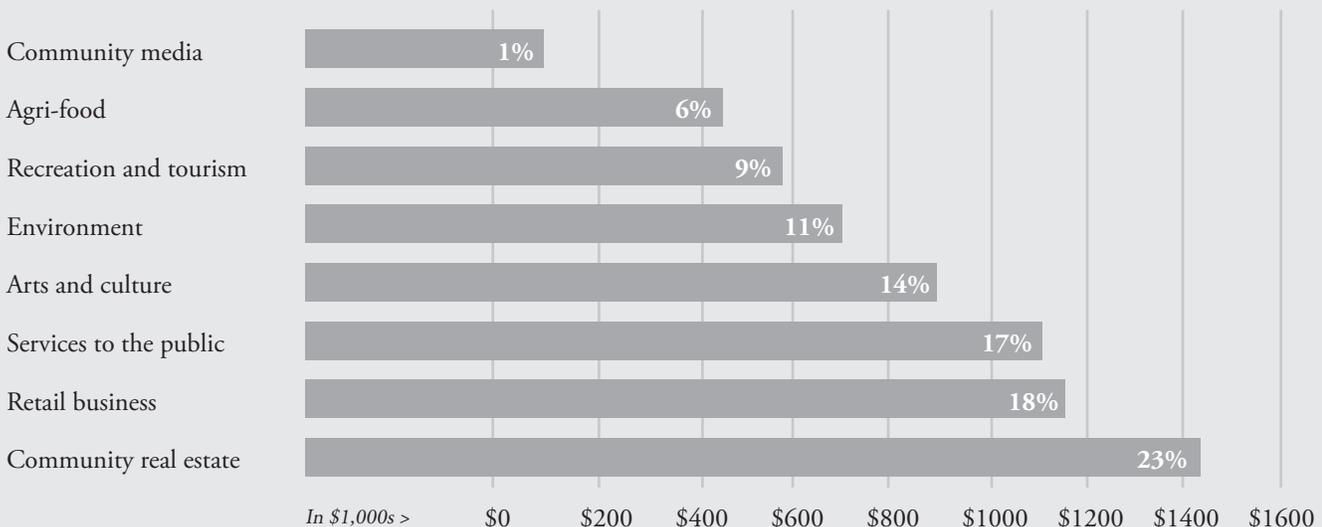


REGIONAL DISTRIBUTION OF THE TRUST'S INVESTMENTS

Over the next five years, the Trust will have \$49 million to invest in social economy enterprises. We have set investment objectives on the basis of regional territories to ensure coverage of all regions of Québec. Here, we present a comparative chart showing the projected regional distribution compared with projects approved as of September 30, 2008.

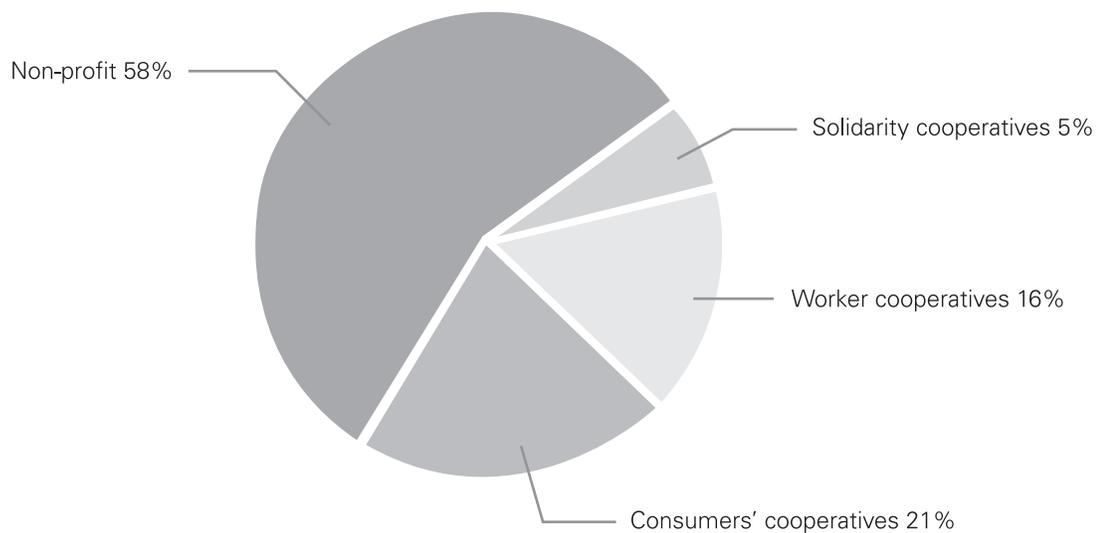
TERRITORIES	Objectives	Authorized Projects
Outlying territories <i>(Bas-Saint-Laurent, Saguenay-Lac-Saint-Jean, Abitibi-Témiscaminque, Côte-Nord, Nord-du-Québec, Gaspésie-Îles-de-la-Madeleine)</i>	\$9 579 500 23%	\$1 350 108 21%
Central territories <i>(Mauricie, Estrie, Chaudière-Appalaches, Lanaudière, Laurentides, Montérégie, Centre-du-Québec)</i>	\$15 827 000 38%	\$2 571 969 40%
Major urban centres <i>(Québec, Outaouais)</i>	\$4 998 000 12%	0%
Montréal metropolitan area <i>(Montréal, Laval)</i>	\$11 245 500 27%	\$2 525 258 39%
Sub total	\$41 650 000 100%	
Reserve	\$7 350 000	
Overall investment	\$49 000 000	\$6 447 335 100%

DIVERSITY OF SOCIAL ECONOMY ENTERPRISES AND SECTORS THE TRUST HAS INVESTED IN

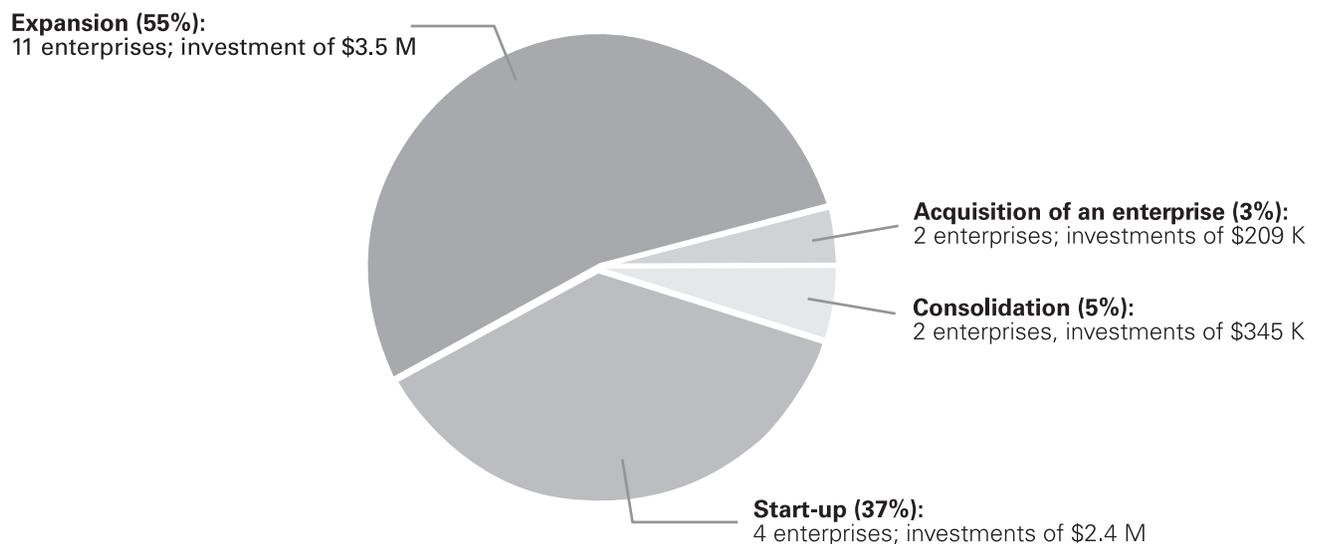


COLLECTIVE ENTERPRISES, COOPERATIVES AND NON-PROFIT ORGANIZATIONS

Non-profit organizations constitute 58% of the enterprises that received a financing offer from the Trust. Consumers' cooperatives (21%), worker cooperatives (16%) and solidarity cooperatives (5%) represent the other 42% of the Trust's investment portfolio.



STAGE OF DEVELOPMENT OF AUTHORIZED PROJECTS



USE OF FUNDS IN INVESTMENT PROJECTS AND COMPLEMENTARITY WITH OTHER AVAILABLE FINANCING SOURCES

A response to the financial needs of social economy enterprises: working capital, equipment modernization, building acquisition, landscaping, product and service diversification.

USE OF FUNDS IN INVESTMENT PROJECTS

Real estate	\$23 261 800	73%
Furniture and equipment	\$2 551 998	8%
Operations fund	\$2 005 047	6%
Other	\$4 088 530	13%
Total costs	\$31 907 375	100%

SOURCE OF FINANCIAL CONTRIBUTIONS IN INVESTMENT PROJECTS

Chantier de l'économie sociale Trust	\$6 447 335	20%
Promoters' capital outlay	\$2 291 918	7%
Grants	\$5 358 886	17%
Quasi-equity	\$3 392 150	11%
Loans	\$14 417 086	45%
Total investments	\$31 907 375	100%

**ENTERPRISES THAT
CONCLUDED A
FINANCING OFFER**

	Region	Activity sector	Trust investment	Total project cost	Jobs created or maintained	Local partners
Coopérative funéraire de l'Estrie	Estrie	Funeral services	\$450 000\$	\$2 051 000	87	Fédération des coopératives funéraires du Québec, CDR de l'Estrie, CLD du Haut-St-François
Coopérative de solidarité Développement Jarry/2e	Montréal	Community real estate	\$715 000	\$2 300 000	None	CDEC Centre-Nord
Coopérative brassicole de l'Autre Monde	Estrie	Agri-food	\$169 000	\$510 000	6	CDR de l'Estrie et CDEC de Sherbrooke
Les Serres coopératives de Guyenne	Abitibi-Témiscamingue	Agri-food	\$250 000	\$1 680 000	155	CLD d'Abitibi-Ouest, SADC Abitibi-Ouest, CDR Abitibi-Témiscamingue
Corporation touristique de Bergeronnes	Côte-Nord	Recreation and tourism	\$155 000	\$465 910	17	CLD de la Haute-Côte-Nord
Les Boutiques Chic Chez Vous (Collection Innova)	Montréal	Retail business	\$150 000	\$450 000	10	CDEST, CLD de Longueuil
Légendes Fantastiques	Centre-du-Québec	Arts and Culture	\$412 000	\$3 150 000	31	SDE de Drummondville
Ateliers créatifs –Centre-sud/Plateau Mont-Royal	Montréal	Arts and Culture	\$743 885	\$2 900 000	3	CDEC Centre-Sud/Plateau-Mont-Royal
Le Centre de la Biodiversité du Québec	Centre-du-Québec	Environment	\$381 969	\$1 300 000	5	CLD de la MRC de Bécancour inc, SADC Nicolet-Yamaska
Corporation de développement touristique de St-Juste-du-Lac	Bas St-Laurent	Recreation and tourism	\$100 108	\$477 108	6	CLD de la MRC de Témiscouata
Société des Fêtes et Festivals du Québec	Montréal	Recreation and tourism	\$250 000	\$572 750	28	None
Alimentation COOP Port-Cartier	Côte-Nord	Agri-food	\$750 000	\$5 600 000	40	CDE de la région de Port-Cartier, Fédération des coopératives alimentaires du Québec
Recyclo-Centre	Montérégie	Environment	\$350 000	\$1 600 000	48	CLD du Bas-Richelieu
Coopérative de l'Université de Sherbrooke	Estrie	Retail business	\$250 000	\$1 450 000	30	Fédération des coopératives québécoises en milieu scolaire
Coopératives de travailleurs CHNC	Gaspésie-Îles-de-la-Madeleine	Media and communications	\$95 000	\$271 650	10	CLD de la MRC de Bonaventure
Service funéraire coopératif Drummond	Centre-du-Québec	Funeral services	\$500 000	\$4 260 000	26	Fédération des coopératives funéraires du Québec, SDE de Drummondville inc.
La Corporation du Cinéma Beaubien	Montréal	Arts and Culture	\$506 373	\$1 800 000	25	CDEC Rosemont/Petite-Patrie
Société Immobilière Communautaire des Premiers Quartiers	Mauricie	Recreation and tourism	\$59 000	\$224 670	3	ÉCOF, SDE de Trois-Rivières
Bonjour Aujourd'hui et Après	Laval	Services to the public	\$160 000	\$530 000	20	CLD de Laval

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

To reach the Trust :

Chantier de l'économie sociale Trust

4200, rue Adam

Montréal (Québec) H1V 1S9

Téléphone : 514 256-0992 | Télécopieur : 514 256-0861

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