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 CAPITAL
RÉSEAU
SADC+CAE

MESSAGE FROM THE PRESIDENT

Our financial tool, Capital Réseau, achieved very good results again this year. But during this time when we are renewing agreements with our partner Canada Economic Development, I thought I would take the opportunity to look back on the last five years of Capital Réseau.

Members have had their equity increase by \$16.8 million during that time, including \$5.9 million in revenue, and their total capital injection in Capital Réseau is currently \$48.7 million. The number of corporations with an investment went from 53 to 58. Loans, which numbered 74 for a total amount of \$17.5 million in 2011, now number 194 for a total amount of \$32.7 million, which represents an increase of 87%.

The Youth Strategy has been very successful. Loan applications increased from 28 in 2011 to 97 in 2016, and the amounts borrowed increased from \$1.2 million to \$8.2 million. More young people were able to find funding suited to their needs through Capital Réseau.

Over the five years, 35 corporations took advantage of the capitalization measure implemented with a \$4 million contribution from Canada Economic Development, compared to 20 corporations during the previous measurement period.

From this, we can deduce that our members have really learned to make use of their financial vehicle in recent years thanks to the availability of capital, the speed with which applications are processed and the near-zero transaction costs, but also due to

the flexible terms that Capital Réseau administrators strive to implement.

Of late, Capital Réseau also provided entrepreneurs with financing perfectly tailored to the current economic situation, thanks to contributions from Canada Economic Development to the Business Support funds and the Fund for Succession and Business Start-Ups. Those high-risk financial products proved their value by supporting 233 businesses through difficult times, and the vast majority of these funds have been or are about to be repaid.

Capital Réseau's success would not be possible without the solidarity of its members, the trust of Canada Economic Development, the hard work of the Réseau des SADC et CAE team which manages our corporation and, of course, the commitment of our board's volunteer administrators.

TO ALL OF YOU, I OFFER
MY SINCERE THANKS.

Raymond Cimon
President



MESSAGE FROM THE TREASURER

Gilles Goulet
Treasurer



Again this year, the financial results of Capital Réseau show the relevance of the tool and its high degree of usefulness for members. The total amount of borrowings has remained stable despite repayments of almost \$15 million and \$14 million being granted in loans. As at March 31, 2016, the fund's regular account had 194 active loans compared to 163 in April 2015, and 45 corporations enjoyed capital in addition to their equity which they were able to make available to their customers thanks to the existence of Capital Réseau.

Members' equity increased by \$1.2 million to \$48.7 million due to interest repayments and a yield of 2.26%, which is 0.73% higher than the market yield for \$500,000 in non-redeemable two-year investments. As for the capitalization measure, which was applied for one last year thanks to the contribution of Canada Economic Development, it allowed an additional \$602,315 to be given to 44 corporations.

With an interest rate of 2.5% on loans, Capital Réseau is an excellent financial tool for borrowers as well as for the corporations that invest their cash with it. More good news: currently, \$8.2 million are on loan to CFDCs for the Youth Strategy, including \$3.5 million this year. This financial product has had major success and makes very advantageous loans to people aged 18 to 35 possible.

The results of the managed Special Funds have held steady since 2006: 18 loans out of 150 are still active in the Business Support Fund, for an amount to pay back to Canada Economic Development of \$435,146 (out of \$16.6 million), 13 loans in the Fund for Succession and Business Start-Ups and 34 in Succession and Business Start-Ups, for amounts receivable totalling \$8.7 million.

With \$48.7 million in equity for members, \$15.1 million for Capital Réseau's own equity and a \$8.3 million contribution to repay, Capital Réseau is managing over \$72 million of assets and 291 loans again this year.

FUND ASSETS

Periode	MEMBER ACCOUNTS		NON-MEMBER ACCOUNTS		TOTAL ASSETS	
	March 31, 2015 \$	March 31, 2016 \$	March 31, 2015 \$	March 31, 2016 \$	March 31, 2015 \$	March 31, 2016 \$
Cash	5 307 589	4 865 632	592 094	456 919	5 899 684	5 322 552
Redeemable saving	4 580 000	2 004 549	4 226 330	951 676	8 806 330	2 956 225
Term savings	3 657 159	8 759 559	964 440	6 000 000	4 621 599	14 759 559
Loans to members	117 192	131 973	1 970	42 102	119 163	174 075
Interest receivable	33 665 954	32 721 736	19 260 202	14 624 356	52 926 156	47 346 092
Other amounts receivable	233 550	183 579	736 432	1 471 319	969 982	1 654 898
Other amounts to be repaid	0	0	(10 160 496)	(8 451 174)	(10 160 496)	(8 451 174)
Value of accounts	47 561 443	48 667 028	15 620 974	15 095 198	63 182 417	63 762 226
Dollar change	\$1 105 584		-\$525 775		\$579 810	
Percentage change	2,32%		-3,37%		0,92%	

ASSETS OF
\$72 213 401

A RETURN OF
2,26%

Actual rate of return on an investment with no change since april 1, 2015.

ACCOUNT WORTH

Additional information as at March 31, 2016

VALUE OF LOANS FOR EACH FUND

Regular Fund	\$32 721 736
Fund for Succession and Business Start-Ups	\$12 407 017
Business Support Fund	\$2 128 203
Alliance Coopération Fund	\$89 136
TOTAL	\$47 346 092

MAIN COMPOSITION OF LONG-TERM LIABILITIES

Business Support Fund 1	\$1 537 978
Business Support Fund 2	\$1 514 138
Fund for Succession and Business Start-Ups	\$5 208 108
TOTAL	\$8 260 224

MEMBERS OF THE CAPITAL RÉSEAU SADC ET CAE BOARD OF ADMINISTRATORS

Raymond Cimon, President, SADC de L'Amiante

Jean-Jacques Gauthier, 1st Vice-President, SADC Achigan-Montcalm

Norbert Potvin, 2nd Vice-President, SADC Vallée-de-la-Gatineau

Gilles Goulet, Treasurer, SADC de la MRC de Rivière-du-Loup

Michel Langlois, Secretary, CAE Memphrémagog

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2016-2017 ACTION PLAN

- Continue providing services to members and improving investment and borrowing conditions
- Develop a new capitalization and interest rebate plan
- Continue monitoring the Fund for Succession and Business Start-Ups and the Business Support Fund 1 and 2
- Continue Special Funds development initiatives
- Review the mode of operation of Alliance Coopération
- Continue discussions on the Réseau's Finance Committee
- Continue researching and developing partnerships, especially with BDC
- Ensure agreements are properly monitored and renewed