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19 ANNUAL REPORT CAPITAL RÉSEAU SADC ET CAE

MESSAGE FROM THE MINISTER



The Annual Report of the Réseau des SADC et CAE sets out the initiatives and accomplishments of the women and men who make up the network and keep it running on a day to day basis.

These passionate and dedicated people are the 400 professionals and 1,350 volunteers who help the businesses and organizations in their regions to grow and who step up to the plate to make their communities prosper. Every year, more than 10,000 organizations benefit from the services, advice, expertise and dedication of individuals at the 57 Community Futures Development Corporations (SADCs) and 10 Community Business Development Corporations (CAEs). As you read this report, you will be able to appreciate their commitment and the work they have accomplished over the past year.

Canada Economic Development for Quebec Regions (CED) is proud to work with key partners like the SADCs and CAEs. They help to make Quebec businesses more innovative, effective and competitive and support local economic development projects that create jobs and make our communities more vibrant than ever. The results are conclusive and, to my great satisfaction, innovation and sustainable development—two of the Government of Canada's top priorities—are in the forefront of 2016–2017 projects and accomplishments.

Together, through our joint and complementary actions, we can make a difference for entrepreneurs and promote the well being of our fellow citizens.

Congratulations, and keep up the good work!

Honourable Navdeep Bains

Minister of Innovation, Science and Economic Development
and Minister Responsible for CED



MESSAGE FROM THE PRESIDENT AND THE EXECUTIVE DIRECTOR

The 2016–2017 financial year was full of changes for the Réseau des SADC et CAE, including a new agreement with Canada Economic Development for Quebec Regions (CED), a new initiative for businesses, new projects and a new address.

In April 2016, a new \$86 million agreement between the Réseau and the Government of Canada was signed. The three-year contract is remarkable for its transience, which will allow the Réseau, in partnership with CED, to overhaul the Community Futures Program (CFP), which has funded the CFDCs and CBDCs in Canada for the past 32 years. Research and deliberations are underway and should lead to recommendations over the course of the coming year.

Discussions on the future of the CFP are taking place across the country within the Community Futures Network of Canada. In fact, the Réseau has put a great deal of effort into generating dialogue among the 269 member corporations.

The Quebec agreement was accompanied by a new initiative and a contribution of \$4.5 million from CED to give businesses access to strategic expertise to address major issues that are affecting Quebec's economy. The Small Business Support initiative

has provided assistance to 357 businesses to help them to implant their strategy in the areas of innovation, succession, sustainable development and technology integration.

Once again, the Réseau des SADC et CAE showed daring by launching a new project in the carbon credit market. Over 150 businesses are currently taking this step thanks to the support of 15 SADC et CAE and the Réseau.

This annual report contains the various activities and projects that marked 2016–2017, as well as their positive outcomes in our communities. These successes were made possible by the work of SADC et CAE professionals and the generous and timely involvement of over 1,000 volunteers.

Major economic changes will mean further challenges next year. Thanks to everyone who will join forces to help the Réseau des SADC et CAE and its members contribute significantly to the economy of Quebec.

Daniel Dumas, President
Hélène Deslauriers, Executive Director

MESSAGE FROM THE TREASURER



INCREASED REVENUE FOR SADCs AND CAEs

For the first time in six years, the financial year showed a significant increase in revenue. And what's even more significant for us is that the main beneficiaries of this increase were the Réseau's members.

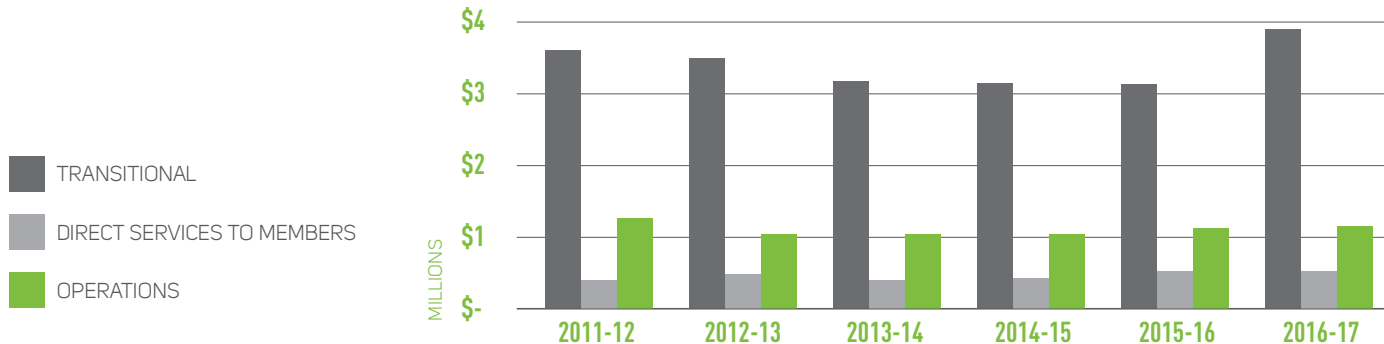
This additional revenue, reported mainly as part of the new Small Business Support initiative, was used to fund interventions with 357 SADC and CAE business clients. On top of that, the Réseau returned 79% of its revenue to its members—2% more than in the previous year—in direct services (satisfaction surveys, national advertising, tools, etc.).

In fact, as part of our last five contribution agreements with CED and Industry Canada, all of the \$5.6 million that circulated in Réseau coffers was put to use.

Lastly, in addition to our annual audit, we were also audited by a different external firm regarding our Youth Internships program at the request of Industry Canada. Our methods and management tools were double-checked and passed with flying colours!

Raymond Cimon, Treasurer

CHANGES IN EXPENDITURE ALLOCATION FOR 2011-17



VENTURING INTO THE CARBON CREDIT MARKET!

A project that would've been considered utopian in 2008 —granting small businesses access to the carbon market— looking very promising.

The “Sustainable Community” project, which originated from the work of the Sustainable Development Working Group (made up of professionals from SADCs and CAEs), is designed to support 150 small businesses and organizations that will be quantifying and sharing the results of their efforts to reduce greenhouse gas (GHG) emissions to access the carbon market. A total of 15 SADCs and CAEs are involved in the 18-month project.

The Réseau partnered with Will Solutions to gain recognition for this project and undertake the process that will lead to the verification and market entry of carbon units. The SADC du Haut-Saguenay took the lead in the field and, in collaboration with a dozen local companies, started paving the way for other participants.

Our project to unite GHG emission reduction efforts will allow smaller businesses to join forces with larger GHG emitters in helping our governments achieve their climate change targets.

The results of this project will also promote the model of supporting companies in sustainable development.

YOUTH INTERNSHIPS

Once again this year, Industry Canada's youth internship program was renewed with a budget of \$946,500.

With the 101 internships available, the Réseau des SADC et CAE allowed organizations to offer young people opportunities to develop their skills and acquire work experience that will help their transition to the job market.

All internships took place in the digital technologies sector, enabling young people to provide support to many companies and organizations as they integrated communication technologies such as e-commerce.

Jade Boutin-Fortin, an intern with the SADC Lac-Saint-Jean Ouest, had this to say about her experience:

“I completed a bachelor's degree in communications at UQAM. I already had a background in marketing but still had a lot to learn about digital marketing. This internship was really an opportunity for me to become more familiar with digital methods.”

BUDGET OF

\$946,500

INTERNSHIPS
AVAILABLE

101

THE YOUTH STRATEGY: FIGURES OVER TIME

FOR 20 YEARS, SADCs' AND CAEs' YOUTH STRATEGY HAS BEEN HELPING REGIONS KEEP THEIR YOUNG PEOPLE AROUND BY SUPPORTING THEM IN THEIR BUSINESS PROJECTS, AMONG OTHER THINGS.

NEARLY SIX BUSINESSES OUT OF TEN INDICATED THAT AID FROM THE SADC HELPED THEM TO OBTAIN COMPLEMENTARY FINANCING

SINCE 1997

34,945

JOBES HAVE BEEN CREATED AND MAINTAINED

8,048

BUSINESSES HAVE BEEN FUNDED, 44% OF WHICH WERE START-UPS

9,751

YOUNG ENTREPRENEURS HAVE RECEIVED FUNDING, 45% UNDER 30 YEARS OF AGE

\$125.5M

IN LOANS HAVE BEEN GRANTED

\$1.1G

TOTAL AMOUNT OF THE PROJECTS

THIS YEAR

3,170

JOBES WERE CREATED AND MAINTAINED

477

BUSINESSES WERE FUNDED, 42% OF WHICH WERE START-UPS

594

ENTREPRENEURS RECEIVED FUNDING, 59% OF WHOM WERE BETWEEN 30 AND 39 YEARS OLD, AND 62% OF WHOM OWN A BUSINESS

\$10.2M

IN LOANS WERE GRANTED

\$89.9M

TOTAL AMOUNT OF THE PROJECTS

The Youth Strategy is also about raising awareness about entrepreneurship. In addition to providing financing and personalized support to young entrepreneurs, SADCs and CAEs are involved in a variety of youth projects designed to encourage young people to start their own business.

12,870

YOUNG PEOPLE CAME IN FOR A MEETING

322

ACTIVITIES WERE HELD

38

EDUCATIONAL TOOLS WERE CREATED

THE SMALL BUSINESS SUPPORT INITIATIVE IS UNDERWAY!

On last October, the Réseau des SADC et CAE officially launched the new Small Business Support initiative. Using a contribution of \$4.5 million over three years from CED, CFDCs and CBDCs are able to help small local businesses implement strategies related to Quebec's major economic issues, such as sustainable development, innovation, the integration of information and communication technologies, and business succession and transfer.

Concretely, this financial aid was used to hire external consultants in several fields to solve various issues. Small businesses had access to new tools to improve their productivity and profitability and ensure their sustainability.

For this first year, \$1 million was invested to carry out 357 businesses. It's a big help to small businesses!

OUR INITIATIVES ARE PAYING OFF

Of the total budget of \$2.1 million allocated each year to our Special Initiatives program, the bulk always goes to the Local Development component. This year, around \$1.5 million was invested in 471 initiatives, including studies, knowledge transfer activities, events and local economic development projects.

The Shared-Cost Communications component received \$312,000 of the budget, enabling 921 communication activities to be carried out.

TOTAL BUDGET OF

\$2.1M

ALLOCATED EACH YEAR

Finally, \$260,000 was invested into the Student Job initiative, leading to the creation of 43 jobs. A survey of the students, aged 15 to 30, revealed the following:

- ▼ **78%** of students didn't have any previous work experience.
- ▼ **58%** of them studied outside their home community.
- ▼ **91%** feel that their work experience at the CFDC or CBDC will help them join the job market.
- ▼ **78%** feel that their student job at a CFDC or CBDC will encourage them to stay in or return to their community.
- ▼ **85%** became aware of career opportunities in their community through this job.

OUR BUSINESSES ARE MORE SUCCESSFUL!

A sixth Statistics Canada report was produced to assess the impact of the Community Futures Program (CFP) on businesses' performance. SADCs and CAEs have been delivering the CFP in Quebec. Unsurprisingly, these annual Statistics Canada assessments show the support we provide businesses consistently generates additional benefits. The figures speak for themselves:



Miel d'Anicet

For a second consecutive year, businesses that received support from a SADC or CAE had a 26% higher survival rate than those that did not.

Revenue growth is also an excellent indicator. Businesses that received support from a CFDC or CBDC saw sales increase by 5.7%, versus 3.9% for those that did not. The impact is even greater among very small businesses with fewer than 20 employees, where their percentage is 2.8 points higher.

Overall, businesses supported by the CFP created proportionally more jobs between 2007 and 2012 than those in the comparison group. Their average employment grew by 2.6% per year over five years, while that of the comparison group increased by only 0.2%. In addition, employment growth was higher in all industries of the supported group than in those of the comparison group.

Those results are proof of the excellent work done by SADCs and CAEs, who can take pride in helping businesses succeed!

BUSINESSES THAT RECEIVED SUPPORT FROM A SADC OR CAE HAD A

26%

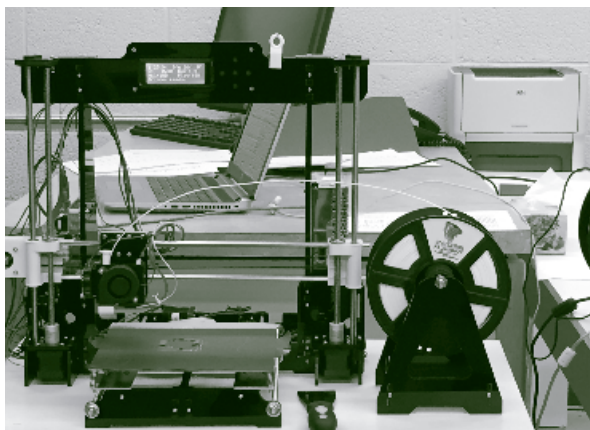
HIGHER SURVIVAL RATE THAN THOSE THAT DID NOT.

THE AMAZING 3D PRINTER

The SADC Pierre-De Saurel's FabLab3D project involved providing a course to local students and entrepreneurs on additive manufacturing and teaching them about the uses of 3D printers.

The trainer hired by the SADC Pierre-De Saurel talked about the endless development possibilities this new technology brings to such sectors as the medical, aerospace and machining industries.

The region's young people and entrepreneurs decided to start integrating additive manufacturing in their practices. In other words, mission accomplished!



A PROMISING FUTURE FOR PARC NATURE

Since 2014, the Manicouagan region's Parc Nature has invested over \$600,000 to enhance its programming and improve its infrastructures. New additions include a 5 km trail, a four-season astronomy laboratory and a guided tour of the salt marsh in an inflatable boat.

Parc Nature tourism has become a major economic driver for the municipality of Pointe-aux-Outardes and the surrounding area, having ballooned from 1,800 annual visitors to 7,200 in less than three years. Visitor satisfaction figures are also rising consistently.

Faced with these new challenges, the Parc needed to reorganize. The SADC Manicouagan, in collaboration with the RCM, helped hire a new person to begin a restructuring. The new recruit is of Aboriginal origin and is very familiar with the area and the coming challenges. They will also be called to replace the Executive Director in the near future, making this initiative an excellent succession plan.

"Thanks to organizations that understand and support us, like the SADC Manicouagan, we get to achieve our dreams," said Denis Cardinal, Director of Parc Nature.



AN INTERNATIONAL-SCALE PROJECT

In October, the SADC des Sources took part in organizing the “Le Rendez-vous des éco-matériaux” event, which resonated all the way to France. The two-day event provided an excellent opportunity for green building experts from both sides of the Atlantic to meet and share their industry knowledge. Exhibitors provided a concrete counterpoint to guest speakers’ conferences by allowing attendees to see and touch the green building materials in question.

In addition to increasing entrepreneurs’ awareness of sustainable construction, this Franco-Quebec event allowed various stakeholders to network and create new partnerships with France.

The success of this nice international-scale economic diversification project means it will be repeated in October. This is great news for the Asbestos region, which hopes to become the home of green building materials.

Next meeting: October 17-18, 2017 | rendezvousdesecomateriaux.com



A LAKE WITHOUT BORDERS

Born from a collaboration between Quebec and Ontario, the Lake Temiskaming Tour is a cross-border tourism circuit showcasing the region’s Francophone, Anglophone and Algonquin cultures.

This project was started by the Société de développement du Témiscamingue and the Kirkland & District Community Development Corporation, in partnership with numerous organizations in both provinces (particularly Aboriginal communities), with the purpose of promoting tourism businesses and their products as well as increasing tourism traffic around Lake Temiskaming.

The initiative delivered on that promise, generating numerous benefits. These include strengthened tourism relations with our neighbours in Ontario, the development of tourism sites and attractions on Lake Temiskaming territory, and increased tourist numbers thanks to, among other things, the promotional tools that were created, such as a brochure and a website.

GO FURTHER WITH BDC

The past year of the successful partnership was marked by the implementation of the pilot project to facilitate the granting of loans for less than \$100,000 to SMEs by streamlined procedures. In addition to enabling 43 projects to be carried out, the project strengthened business relationships between SADCs and CAEs and regional BDC offices. This is just one more collaborative activity between SADC and CAE and CBDCs and BDC, the list of which includes such initiatives as joint loans and training for businesses.

PILOT PROJECT TO FACILITATE THE GRANTING OF LOANS FOR LESS THAN \$100,000 TO SMEs

MEANWHILE, IN THE MUNICIPAL WORLD...

Last year, we announced we were resuming our partnership with the Fédération québécoise des municipalités (FQM). This year, our partnership was consolidated.

The Table de concertation du développement local et régional, which brings together representatives of development organizations (including the Réseau), was established to enable the development of an action plan and the solutions and tools managers and professionals need to address their local economic development challenges.

Our involvement in this local and regional group gives us the opportunity to discuss economic issues, but most importantly to demonstrate SADCs and CAEs' contribution to improving the current economic situation in the regions.

We are in talks with the FQM regarding more specific projects concerning, among other things, carbon credits, the digital economy and various technological tools. Stay tuned...

READY, SET, GO!

Entrepreneuriat Québec and our organization still enjoy good synergy, to the benefit of regional entrepreneurs.

Once again this year, we pooled our strengths by holding training activities at our semi-annual meeting, which was attended by 175 SADC and CAE members and 85 Entrepreneuriat Québec employees.

Employees from both organizations gained new knowledge during the workshops on business models and initiatives and networked amongst themselves.

The event ended with a much-appreciated conference by runner Bruny Surin, who drew a parallel between his journeys as an Olympian and as an entrepreneur.

INCREASED PARTICIPATION IN SALON INDUSTRIEL EVENTS

A two-year agreement was signed with Groupe Pageau regarding participation in six Salon industriel events throughout Quebec. We asked Jean-François Girard, Executive Director of the SADC Arthabaska-Érable, why he was taking part in a second Salon industriel in his region (Centre-du-Québec):

“Our participation in the Salon industriel was a great opportunity to get a first-hand look at the ingenuity and enthusiasm of our region’s entrepreneurs as well as learn about what’s new in the industrial sector. The event was also a chance for our SADC to network with visitors and exhibitors,” he explained.

Each show provides excellent exposure to SADCs and CAEs through several means: the advertising in MCI magazine and on their website, the choice and presentation of conferences and the strategic location of the booths. Basically, as we participate in more of these regional shows, our partnership with the organizers only grows stronger.

Special mention goes to the Salon industriel de Rouyn-Noranda, which was made possible by the efforts of SADC de Rouyn-Noranda Executive Director Jocelyn Lévesque. The event was made possible and was such a success because of his fruitful talks with various stakeholders in the region.

According to Éric Laliberté of the SADC Harricana, **“the Salon industriel de l’Abitibi was a nice opportunity for our companies to meet new customers, suppliers and business partners. The benefits of such an event extend over several months—one profitable contact brings another. Our entrepreneurs appreciated the fact that the emphasis was placed on the quality, rather than the quantity, of meetings.”**

You can see the schedule of upcoming regional shows at promopageau.com



SADC et CAE representatives at the 2017 Salon Industriel du Centre-du-Québec



Jocelyn Lévesque, SADC de Rouyn-Noranda Executive Director, at the opening address of the 2016 Salon Industriel de l’Abitibi-Témiscamingue

A SUSTAINABLE PARTNERSHIP WITH THE QOF

For the past two years, we've been working in partnership with the Quebec Outfitters Federation (QOF) and CED to implement a sustainable development pilot project with around 20 Quebec outfitters.

This growing partnership is very promising. Participating outfitters say the action plan they carried out as part of this project has left them feeling well equipped. The plan in question was based on precise diagnoses that took their individual reality into account. Outfitters are now at the implementation stage and have integrated new practices, including the introduction of cheaper and greener systems for their electricity supply.

The success of this partnership is also visible in the interest other outfitters have shown in developing their own action plan. In recognition of this success, the QOF gave our Réseau the Réal-Melançon award to acknowledge our significant contribution to the advancement of Quebec's outfitting industry.

A GREAT EXAMPLE OF SUSTAINABLE DEVELOPMENT

The Director of the Club Trois Castors outfitter, in collaboration with a sustainable development expert consultant hired by the Réseau des SADC et CAE, submitted a commercial diversification and energy consumption optimization strategy for his business. A technical and financial analysis on the deployment of a sustainable development strategy was then launched with support from the Quebec Outfitters Federation (QOF).

The key action priority ended up being a diversification process to reposition the business closer to the new realities of the niche tourism market in the long term. To this end, project proponent Alexandre Lavoie will prioritize a "lakes and mountains" experiential accommodation offer based on a mountain bike circuit for all experience levels. Trails will be built from old ATV trails, and a few loops will be specially designed for more experienced riders seeking thrills.



Alexandre Lavoie, Director of the Club Trois Castors outfitter

"Our experiential offer for mountain fans is sure to help our business stand out. We'll be combining innovative products into a bike-oriented stay that will attract outdoors and adventure enthusiasts," said Mr. Lavoie.

The deployment of these innovations will optimize the outfitter's energy consumption and minimize its operating carbon footprint, improving its profitability.

PARTNERSHIPS: WHAT THEY'RE SAYING ABOUT US

The Réseau maintains partnerships with several different organizations that share our values and with which we work to achieve common goals. Here's what they have to say about us:

THE BDC

Dany Grimard
Vice President, Eastern Quebec

"BDC has been working with the Réseau and with SADCs and CAEs in Quebec for 14 years. It's been a fruitful partnership built on pooling our strengths. Your expertise and knowledge of the communities allow us to maximize the support and funding we provide to entrepreneurs. Given the many local and global economic challenges entrepreneurs have to face nowadays, it is increasingly necessary for us to collaborate so we can respond more quickly and flexibly to their needs. That is why BDC wishes to continue and continuously improve its partnership with SADCs and CAEs."

QUEBEC OUTFITTERS FEDERATION (QOF)

Marc Plourde, CEO

"Our collaboration with the Réseau des SADC et CAE on sustainable development was a valuable learning experience supported by committed and inspiring professionals with a strong focus on results. Thank you to everyone involved with this at the Réseau."

FÉDÉRATION QUÉBÉCOISE DES MUNICIPALITÉS (FQM)

Sylvain Lepage, Executive Director

"A long-time partner of the Fédération québécoise des municipalités (FQM), the Réseau des SADC et CAE is a major player in economic development, including as an active member of the Table de concertation sur le développement local et régional. The FQM is very proud that it can count on a collaborator as inspiring as the Réseau des SADC et CAE, who is always ready to help it carry out formative projects."

GROUPE PAGEAU, MAGAZINE MCI

Michel Lemelin, Vice President

"We are proud to count you among our major partners. SADCs and CAEs are the main ambassadors of the financing and business support aspect among Salon industriel event attendees, making them highly valued by these innovative companies. We also greatly appreciate the collaboration of the Réseau and SADCs and CAEs, which suggest many ideas for enhancing our events each year. Thank you for contributing to the success of Salons industriel events in Quebec!"

A NEW PARTNERSHIP



The Réseau and the three SADCs in the Outaouais region are now partners with the new Le Droit Affaires magazine that was launched in October. In the content pages dedicated to them, the Réseau and each SADC outline their roles, identify economic issues and present local initiatives and projects. It's an excellent forum for publicizing our activities to a precisely targeted business customer base. Seven articles have been published so far, and more are on the way! The partnership will continue into next year, to the delight of Outaouais SADCs wishing to promote their region.

WE WERE THERE!

The Réseau des SADC et CAE and the SADC de Nicolet-Bécancour enthusiastically accepted the invitation from First Nations of Quebec and Labrador Youth Network spokesperson Jennifer O'Bomsawin to take part in the Sommet jeunesse des Premières Nations. The fifth edition was held on the Odanak reserve in September 2016 under the theme of citizen participation at the heart of entrepreneurship.

The SADC de Nicolet-Bécancour was heavily involved in this summit; among other things, it held a workshop on entrepreneurship during which young attendees had to develop an individual or group project. "We met very bright, solution-oriented young people with some very interesting projects. We want to continue this partnership—who knows, we might generate opportunities with other communities in Quebec," said Steve Brunelle, Executive Director of the SADC.

The result of this workshop: 70 young people between the ages of 18 and 35 came out better equipped to develop their entrepreneurial potential in their community. The same was true of us, actually: we learned about several interesting practices and tools throughout this event.



Steve Brunelle from the SADC and Hélène Deslauriers from the Réseau, with Jennifer O'Bomsawin, Annick Tremblay and Catherine Savard

MODERNIZATION AND NOVELTY GO HAND-IN-HAND

The new three-year transitional contract with CED, signed in April 2016, was the first step towards modernizing the Community Futures Program (CFP) in Quebec. SADCs and CAEs are funded since 32 years through the CFP, a Government of Canada program.

Several working groups are currently analyzing the necessary improvements in detail. The status of the various regions, the coverage and needs of each territory, custom terms—every subject is being discussed to ensure the program reaches its full potential.

SPEARHEADING INNOVATION

Born of our officers' clear desire to make innovation our strategy, the working group on innovation, which brings together professionals from 36 SADC et CAE, has started developing its action plan by holding discussion and training days on six strategically selected modules.

The mission is clear: we must prepare SADCs and CAEs to become major players in creating a culture of innovation in businesses and supporting them on their path to implementing innovative practices.

The exchanges let participants share their experiences in innovation and build up their toolset for supporting businesses.

The Group also designed performance measurements with indicators in order to properly evaluate the impact of their actions.

A WINNING RECIPE

The national advertising campaign is producing excellent results. It was divided into regional and national components, in addition to echoing naturally on social networks. This campaign is perfectly in line with our objectives of maintaining and increasing our visibility with the business world's influencers and decision-makers.

Summer of 2016 also saw the Réseau's largest public relations operation yet. A total of 17 press conferences, bringing together over 500 people, were organized to proudly celebrate the renewal of our contribution agreements with the Government of Canada. Following these conferences, over 70 articles were published in which our organization was presented in a positive light.

PRESS CONFERENCE TOUR ON THE RENEWAL OF OUR AGREEMENTS WITH THE GOVERNMENT OF CANADA



The Réseau and Outaouais



Chaudière-Appalaches



Centre-du-Québec



Matane, La Mitis, Matapédia



Rive-Nord



Rimouski and les Basques



Abitibi-Témiscamingue



Estrie



Laurentides



Montérégie



Gaspésie-Îles-de-la-Madeleine



Saguenay-Lac-Saint-Jean



Antoine-Labelle



Lanaudière



Témiscouata, Kamouraska and Rivière-du-Loup



Charlevoix and Portneuf



The Réseau and the Mauricie region with the addition of the launch of the Small Business Support Initiative

BOARD OF ADMINISTRATORS

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Estrie

Vallier Daigle, Vice President
Bas-Saint-Laurent

Raymond Cimon, Treasurer
Chaudière-Appalaches

Michel Patry, Secretary
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Viviane Richard, Administrator
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Pierre Marois, Administrator
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Christyne Fortin, Administrator
Saguenay-Lac-Saint-Jean

Daniel Blanchard, Administrator
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Daniel Chalifour, Administrator
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Daniel Gasse, Administrator
Gaspésie-Îles-de-la-Madeleine

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Guy Côté, Bas-Saint-Laurent

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Joanne Beaudin, Estrie

Renée Courchesne, Laurentides-Lanaudière

Jean-François Laliberté, Saguenay-Lac-Saint-Jean

Simon Charlebois, Mauricie-Centre-du-Québec

Pierre Monette, Outaouais

Lyne Lebrasseur, Gaspésie-Îles-de-la-Madeleine

Marie-Claire Larose, Chaudière-Appalaches

Éric Thibodeau, Montérégie

Annie Potvin, Nord-du-Québec

THE RÉSEAU TEAM

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Executive Director

Paul Gauthier
Director, Administration and Development

Jolin Ferland
Director, Member Services and Training

Christine Pilote
Director, Communications

Dominique Côté
Coordinator

Nathalie Gagnon
Accounting Coordinator

Annie Pomerleau
Special Initiatives and Youth Strategy Coordinator

Marie-Pier Bédard
Administrative Assistant

MESSAGE FROM THE PRESIDENT



Once again this year, Capital Réseau has been an indispensable tool for Réseau des SADC et CAE members. Four organizations used loans for the first time to meet demands in their areas, bringing the total number of Réseau members who have used this tool for accessing capital to 62.

Following the decision made by members during last year's AGM, the interest rate was increased in order to offer a two-year interest rebate to SADCs who borrowed for the Youth Strategy. Despite this increase, the rate is still lower than what is currently available on the market. Forty corporations took advantage of the rebate, and we still maintained a 2.63% rate of return on investment.

As the annual action plan stipulates, Capital Réseau administrators are always on the lookout for changes that could be made to the terms and conditions to better respond to members' strong demand for capital. The loan ceilings of the regular and Youth Strategy funds were increased along with amortization periods, resulting in a reduction in quarterly payments. These conditions are clearly advantageous compared with the terms offered by financial institutions. All of these measures are implemented with an ongoing focus on preserving the necessary balance between the borrowing rate and the rate of return, without jeopardizing the funds themselves or the availability of capital.

Thanks to all our members, the administrators and the Réseau team, we can once again say, "Mission accomplished!"

My sincere thanks to all of you,

Raymond Cimon, President

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**CAPITAL
RÉSEAU**
SADC+CAE

MESSAGE FROM THE TREASURER



As the high usage rate and large volume of transactions show, the corporation is in excellent health. As at March 31, 2017, there were 270 active loans from the regular and special funds. In terms of our cash flow, members' assets grew by \$2.5 million, to \$51.2 million, and the rate of return was 1.2% above the market yield for investments of \$500,000 over two years.

In the regular account, an all-time high of 226 loans were active, up 32 from the start of the financial year in April. With a 2.9% interest rate on loans, Capital Réseau is a unique and high-performance financial tool. The 41 borrowing members who had investments enjoyed a differential payback, sharing over \$50,229.

The decision made at the AGM to maintain interest rebates on Youth Strategy loans paid off. About 40 members took advantage of this measure, sharing \$170,115, bringing the post-rebate rate of return to 2.27%. This year, Youth Strategy loans totalled \$5.6 million. The value of the loans surged by \$2.08 million, reaching \$10.28 million. The number of loans increased to 114 from 97 at the beginning of the financial year.

In terms of special funds, 44 loans are still active. This year marked the successful conclusion of the Business Support Fund (1) agreement. All borrowers whose projects suffered losses were fully reimbursed by CED. There are currently 10 active loans from the Business Support Fund (2), 4 from the Fund for Succession and Business Start-Ups, and 30 from Start-up and succession for amounts receivable totalling \$5.6 million.

With \$51.2 million in member equity, \$15.1 million in fund equity and \$5.2 million in repayable contributions, the Corporation handles \$71.5 million in assets.

Gilles Goulet, Treasurer

2017-2018 ACTION PLAN

- ▶ Continuing to provide services to members and improve investment and borrowing conditions
- ▶ Exploring new capitalization measures
- ▶ Reassessing the terms and conditions of the interest rebate
- ▶ Continuing to monitor the Fund for Succession and Business Start-ups, Start-up and Succession and the Business Support Fund 2
- ▶ Continuing Special Funds development initiatives
- ▶ Continuing to research and develop partnerships, especially in innovation
- ▶ Ensuring agreements are properly monitored

FUND ASSETS

Comparable with 2016	MEMBER ACCOUNTS		NON-MEMBER ACCOUNTS		TOTAL ASSETS	
	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017
Cash	4,865,632	252,222	456,919	852,208	5,322,551	1,104,430
Redeemable saving	2,004,549	0	951,676	1,346,638	2,956,225	1,346,638
Term savings	8,759,559	8,930,687	6,000,000	6,787,270	14,759,559	15,717,957
Interest receivable	131,973	130,878	42,102	42,674	174,075	173,552
Loans to members	32,721,736	42,014,201	14,624,356	10,103,897	47,346,092	52,118,098
Other amounts receivable	183,579	220,344	1,471,319	1,218,622	1,654,898	1,438,966
Other amounts to be repaid	0	(366,697)	(8,451,174)	(5,228,777)	(8,451,174)	(5,595,474)
VALUE OF ACCOUNTS	48,667,028	51,181,635	15,095,198	15,122,532	63,762,226	66,304,167
Dollar change	\$2,514,607		\$27,334		\$2,541,941	
Percentage change	5.17%		0.18%		3.99%	

ASSETS OF **\$71,899,641**

A RETURN OF **2.63%**

Actual rate of return on an investment with no change since april 1, 2016.

ACCOUNT WORTH

Additional information as at March 31, 2017

VALUE OF LOANS FOR EACH FUND	
Regular Fund	\$42,014,201
Fund for SuceSSION and Business Start-Ups	\$9,270,411
Business Support Fund	\$769,093
Alliance Coopération Fund	\$64,393
TOTAL	\$52,118,098

MAIN COMPOSITION OF LONG-TERM LIABILITIES	
Business Support Fund	\$0
Business Support Fund 2	\$1,165,132
Fund for Succession and Business Start-Ups	\$3,988,755
TOTAL	\$5,153,887

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