

A background image showing a city skyline (Edmonton) in the distance, with a large green park in the foreground. The sky is blue with some clouds.

Edmonton's Social Enterprise Fund

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Objectives of workshop:

- To familiarize participants with Edmonton's Social Enterprise Fund.
- To describe the role of the City of Edmonton in the Social Enterprise Fund

Social Enterprise

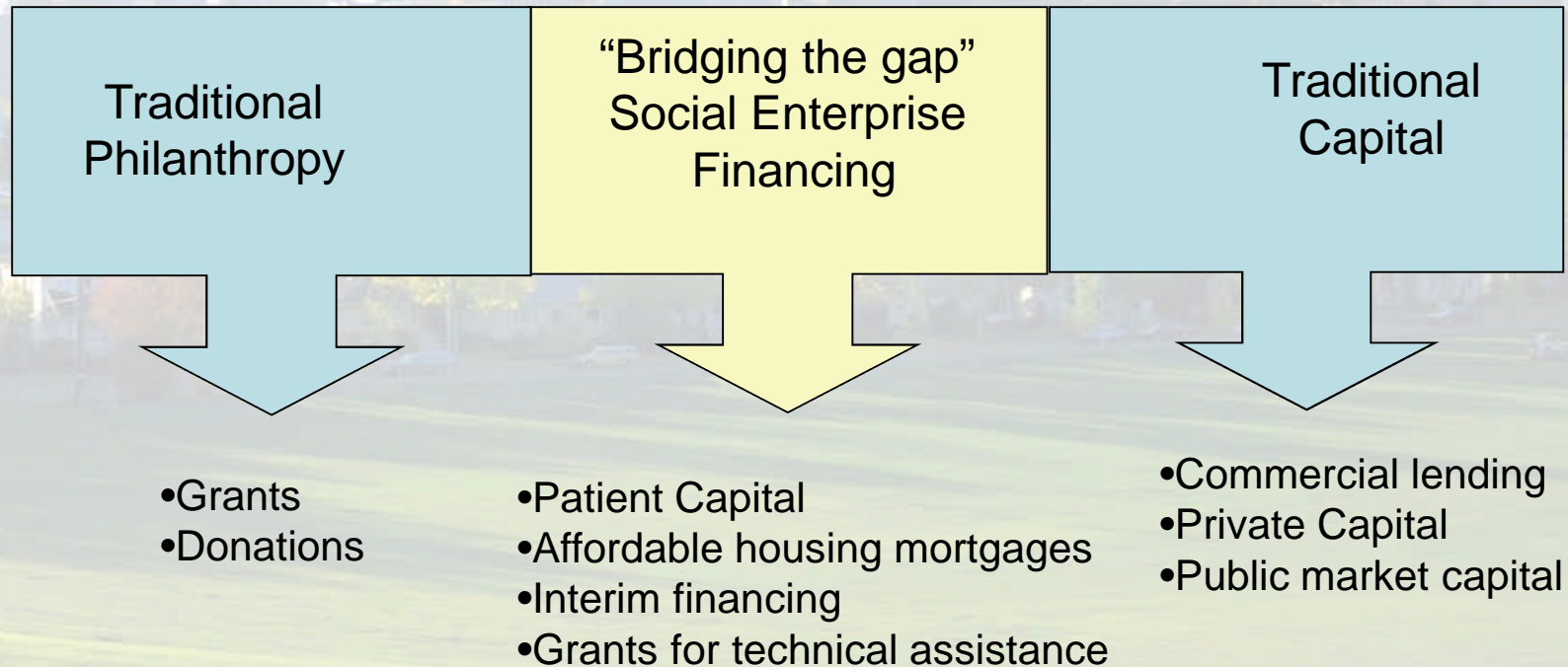
A social enterprise is a type of business venture that has at its core, a 'social good'. Like any business, a social enterprise is designed to be profitable or at least break even, over a given period of time. Social enterprises are unique, hybrid organizations that combine a social mission with a business model.

Very often social enterprises and/or their clients are located in redeveloping inner city neighbourhoods.

Why Social Enterprises?

- Social Enterprise is one tool that can assist in addressing some of the complex issues that municipalities face and provide a way to address poverty in diverse populations
- Social enterprises often do not qualify for traditional financing or grants

Financing Continuum



Edmonton Examples:

- Goodwill Enterprises
- Women Bldg. Futures -The Fix-it Chicks
- Flavour Budzzz

Goodwill Enterprises:

**A PROVEN HISTORY
USING INVESTMENTS TO TURN
DONATIONS INTO JOBS—since 2004
added 4 new stores and created 380
new jobs!**

GOODWILL
DONATION CENTER

"Thanks for giving my son a job."



Women Building Futures



Women Building Futures

- Mission is to contribute to women's economic prosperity through trades training and employment support.
- Participants are women who want to achieve sustainable livelihoods to better care for themselves and their families
- Participants are under-employed, on social assistance or on Unemployment Insurance

Flavour Budzzz



Flavour Budzzz—Catering

- Purpose is to develop, implement and support employment/training opportunities for mentally challenged and disabled recipients interested in the social enterprise.
- Joint project of Capital Health and DECSA.

City of Edmonton's Response to Increase Social Enterprise Activity

- Work with the Edmonton Community Foundation to develop the Social Enterprise (SEF) fund
- The SEF is an endowment that will provide needed financing and assistance to social enterprises and affordable housing projects.
- The purpose of the SEF is to supply the financial resources and tools needed to create jobs and provide services.

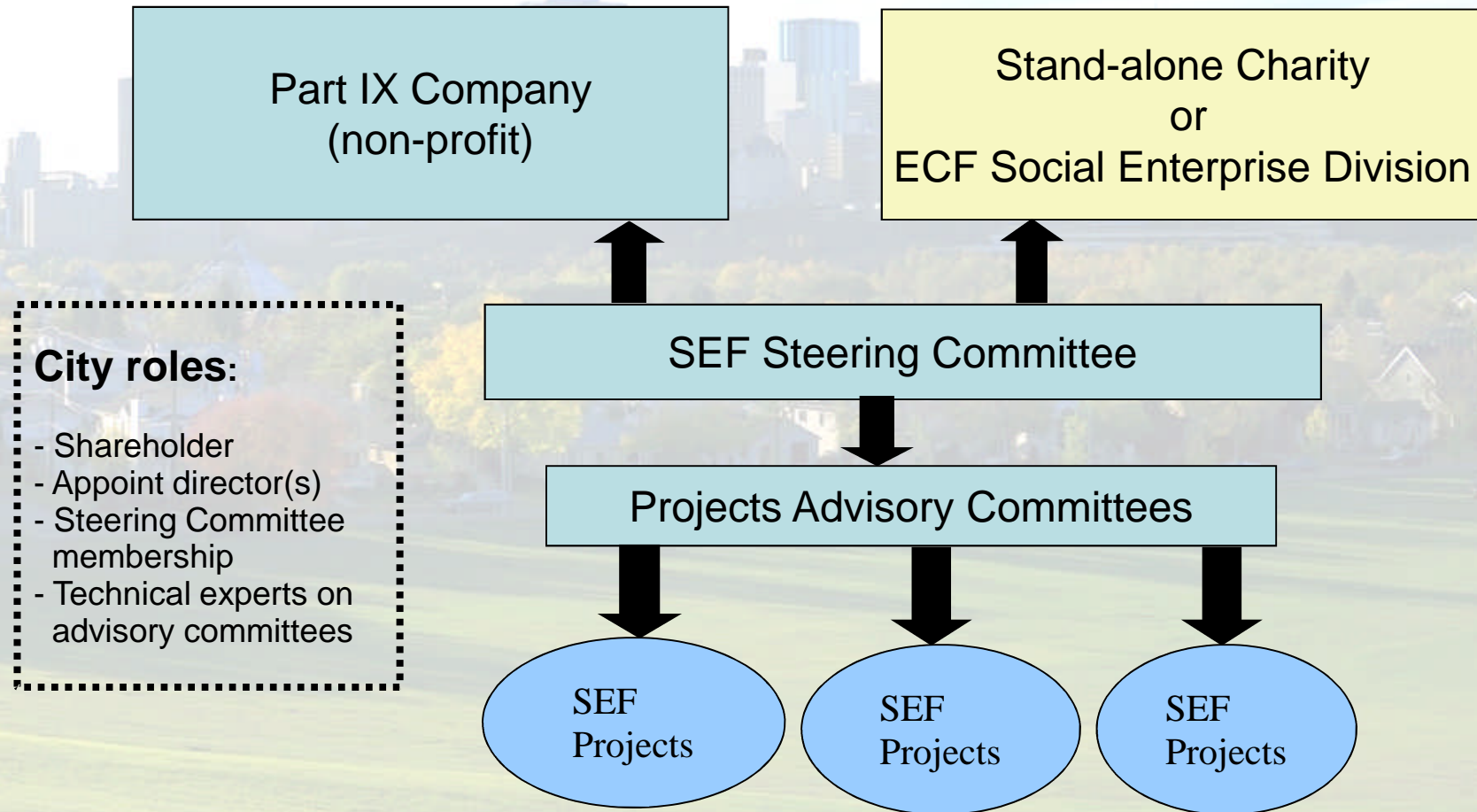
Market demand for SEF

City of Edmonton survey indicated that the combined demand for social enterprise and affordable housing financing in Edmonton exceeds \$70million

Capitalization of Fund

- To date \$4,260,000 has been secured
- United Way \$500,000
- Edmonton Community Foundation (ECF) \$660,000
- Alberta Government \$100,000
- The City of Edmonton \$3,000,000
- (Note The ECF is committed to funding the following amounts: 2009 \$1,000,000; 2010 \$1,000,000 & 2011/2012 \$500,000)

SEF Governance



SEF Core Products

- Loans-- Bridge financing – SEF provides funds to projects that can't get full traditional funding
- Development services
 - ▶ Seminars
 - ▶ Direct engagement
 - ▶ Path to Loan Grants
 - ▶ Technical Assistance Grants for Business Planning

Technical assistance grants

- Grants foster sustainable development by providing financial and technical support to organizations interested in developing a social enterprise.
- Helping to develop business plans-new and expanding businesses

Social Enterprise Fund: loans and technical assistance working in the community



sage
Seniors Association of Greater Edmonton



CASA
Child, Adolescent and Family
Mental Health

Housing

- **Gap** financing
- **Short term** – exit strategy
- Possible **mortgage** – smaller amount; higher interest; longer term
- **Maximum** - \$500,000
- Minimum **interest**: 5%



Metis Capital Housing Corporation

- **Purpose:** purchase of existing supportive seniors complex
- **Social return:** maintains complex for current use; provides services to aboriginal elders

Big Brothers Big Sisters

- Purpose: purchase of land for home lottery
- Social return: lottery business generates significant net revenue to support programming in the community

CASA, Child and Adolescent Family Health

- Purpose: purchase of school for program delivery
- Social return: build balance sheet + necessary 1st step to new mental health complex in Edmonton

EXCEL

- The Excel Society is a not for profit organization that provides both support and advocacy for people with mental, physical and developmental disabilities in Edmonton
- Gap funding to enable Excel to provide housing with residential services to meet individual support requirements and/or living preferences.

Challenges

- Capitalization of the fund; neither the provincial nor federal governments have contributed
- Lower than anticipated demand for Social Enterprise financing
- Changes in operating environment

SEF responses

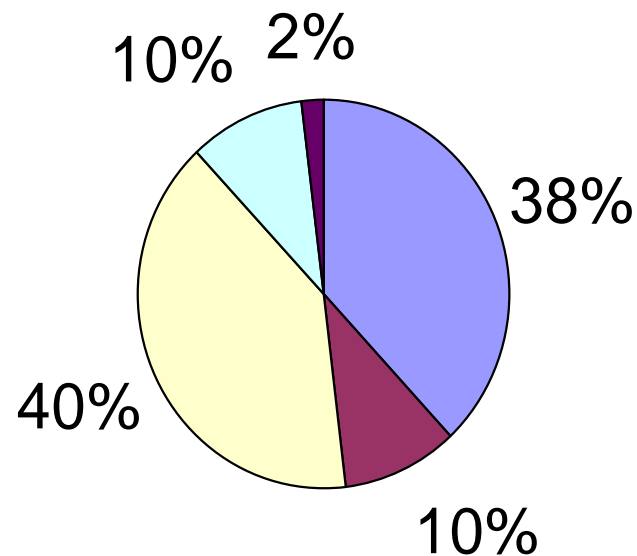
- Reduce operating costs
- Increase revenue streams
- Convert fixed costs to variable costs
- More development services
- Keep capital working

Response to challenges

- Portfolio development
- Increase SE capacity
- Asset-based loans, real estate to back loans
- The way forward – both provincial and federal governments and other sponsors

Allocating the Investments

Investment Portfolio



■ Market Investments

■ Affordable Housing Mortgages

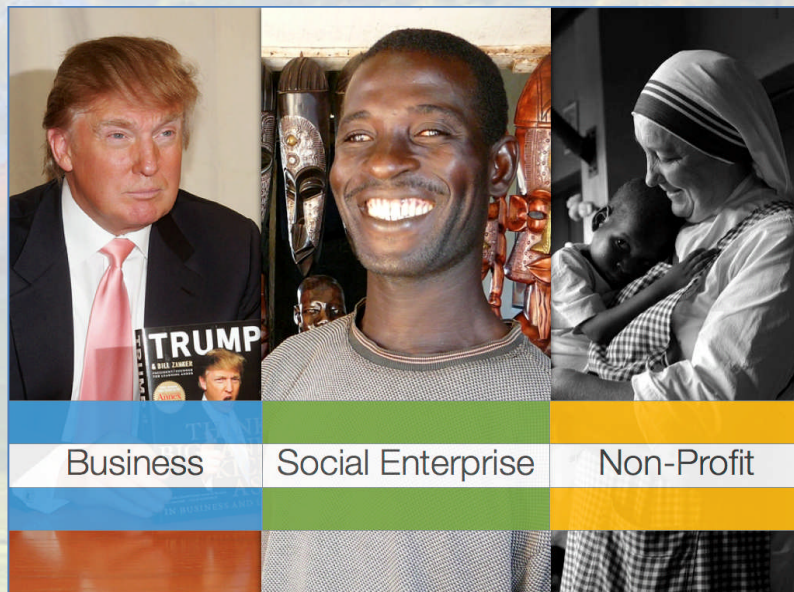
■ Interim Financing

■ Patient Capital Loans

■ Grants for Technical Assistance

Features Common to all Loans


- SEF is a **development lender** – take more risk; more flexible
- What we look for?
 - ▶ **Blended value**



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- The background of the slide features a blurred image of the Edmonton skyline with various skyscrapers under a blue sky with wispy clouds. In the foreground, there is a green, grassy field.
- ▶ **History of performance**
 - ▶ **Ability to execute**
 - ▶ **Ability and willingness to repay**

- **Eligible applicant:** Charity, non-profit, non-profit co-operative head quartered and operating in Edmonton – social benefit flows to beneficiaries living in Edmonton
- **What we assess** – apply standard credit assessment criteria:
 - ▶ Character
 - ▶ Conditions
 - ▶ Collateral

Capital
Capacity

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- The background of the slide features a blurred image of a city skyline with several tall buildings under a blue sky with wispy clouds. In the foreground, there is a lush green field with some trees and houses visible in the distance.
- We **do not lend against collateral** – we lend against cash flow
 - **Interest** – near prime – there are minimums depending on the type of loan ranging from 3 – 5% - interest is subject to evaluation of risk
 - **Term** loans
 - Full **security**
 - **Accountability/reporting measures**
 - **Social Return On Investment**

Summary of Municipal Roles in SEF

- Community engagement
- Identification of community need; financing gap
- Research and Development
- Capitalization
- Governance
- Implementation

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Thank you

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