

February 2024



How can colleges and institutes drive community impact by embracing **Social Finance**.





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About the **SPEnD** Project

Launched in 2022, Social Procurement and Enterprise Development (SPEnD) is a 3-year initiative led by Algonquin College's Social Innovation Lab (Kevin Holmes) in collaboration with the School of Business (Jaswinder Kaur). The project is funded through the College and Community Social Innovation Fund and supported by the Social Sciences Humanities Research Council of Canada (Grant #CCSIF-2022-00043).

SPEnD focuses on the four business-related pillars of social innovation, namely Social Procurement, Social Finance, Social Enterprise and Social Entrepreneurship and has three specific research aims:

Aim #1 - SPEnD will develop, curate and disseminate novel foundational research on the capacity of Canada's college sector for social procurement and social finance.

Aim #2 - SPEnD will establish a business-oriented Social Entrepreneurship research stream to identify opportunities to establish new social enterprises based on market demand.

Aim #3 - SPEnD will instill student agency for community wealth building.



Why is the Social Finance Fund Important?

The Social Finance Fund (SFF) is a \$755 million initiative to accelerate the growth of the social finance market in Canada. Launched in May 2023 by the Department of Employment and Social Development Canada, Government of Canada, the SFF will support charities, non-profits, social enterprises, co-operatives and other social purpose organizations in accessing flexible financing opportunities.

The SFF program is designed to distribute funds (both repayable and non-repayable) to 'wholesalers' or investment fund managers, who will then invest in existing or emerging social finance intermediaries - including credit unions, community loan funds and private equity firms. These social finance intermediaries will then subsequently invest in a range of social purpose organizations. The SFF was designed to de-risk investments in social innovation in that (i.) investors will aim to leverage a minimum of two dollars in private capital for each dollar in federal support, and (ii.) government funds are first-in and last-out, i.e. providing stability and consistency across the investment lifecycle.

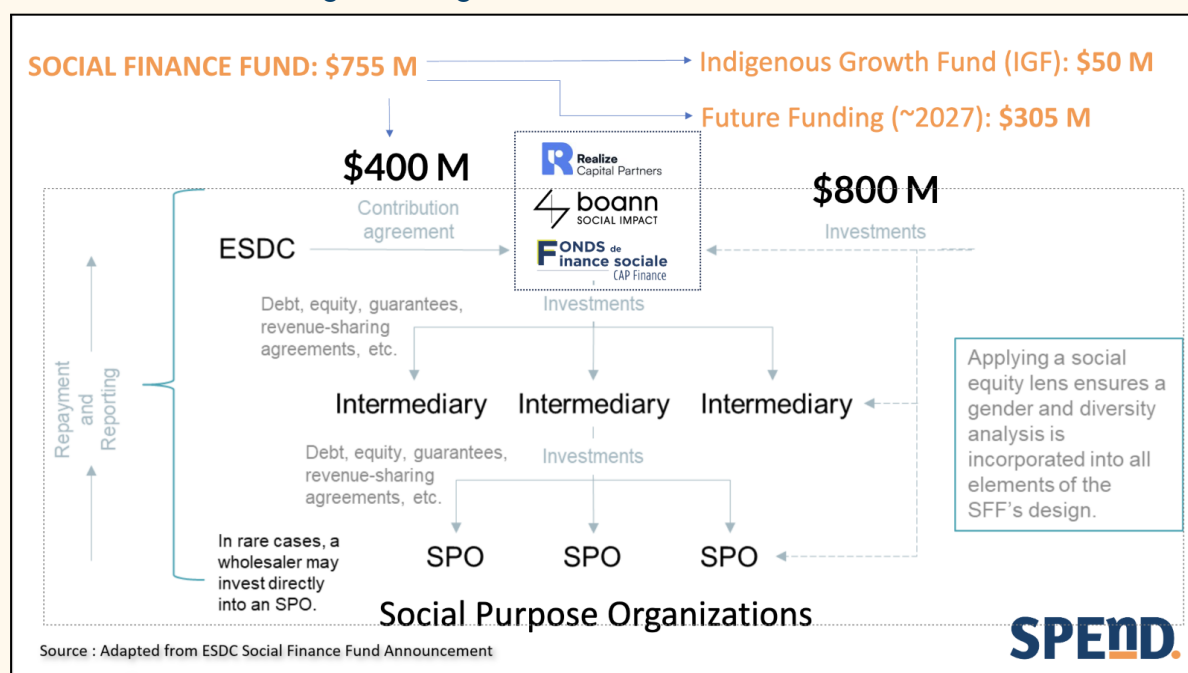
This initiative aims to support organizations, mainly social enterprises, NGOs, and other community wealth-building organizations, in overcoming financial barriers related to access to capital. The fund is designed in a way that it de-risks investments towards Social Impact. The SFF seeks to address the following issues:

- Support the development of existing and emerging social finance intermediaries to create a sustainable social finance ecosystem.
- Broaden the reach of social finance to underserved populations, sectors and regions, including rural and remote communities and the North.
- Enable the sustainable growth of diverse social purpose organizations to increase their social and environmental impact.
- Help social purpose organizations innovate and scale effective solutions to complex and enduring socio-economic and environmental challenges.
- Enhance social equity practices in the social finance ecosystem.
- Advance Canada's progress toward the United Nations Sustainable Development Goals and its Indigenous Reconciliation Commitments.

The Social Finance fund acts as a catalyst for the SPEnD project, offering perspectives on the ecosystem and influencing how the college sector can actively participate in social finance initiatives. The SFF also seeks to address global issues, such as the UN's Sustainable Development Goals, providing pathways for the college sector to align its community wealth building efforts with global goals.



Social Finance Fund Program Design



(Social Finance Fund, 2023)

SPEnD Social Finance Study

The Canadian college sector collectively holds a significant wealth in pools of short, medium and long-term investment vehicles for operations, capital projects and endowments. However, there is a scarcity of detailed information on the size and scope of these holdings at a sectoral level.

This report outlines interim results related to SPEnD's Aim #1 - SPEnD will develop, curate and disseminate novel foundational research on the capacity of Canada's college sector for social procurement and social finance. In particular, it focuses on an initial research question regarding the scale of fiscal capacity for social finance investment collectively across Canada's college sector. SPEnD interns developed strategies to collect and aggregate data on Canada's college sector investment holdings in 2022.

Our Research Methodology:

Study Population: For our dataset, we utilized Colleges and Institutes Canada membership from their website (accessed June 5, 2023), composing 140 institutions. Of these, 11 schools lacked readily available financial reports, and 4 did not have current reporting for baseline data for the year 2022. 1 additional school was excluded due to the type of financial reporting involved. The final population studied consisted of 124 schools.



Pilot Study: An initial pilot approach was utilized to identify study barriers and challenges related to approach, data categories and data abstraction. This pilot studied financial statements for three schools, namely Algonquin College in Ontario, Northern Alberta Institute of Technology in Alberta, and Dawson College in Quebec. During this pilot phase, data collection categories were streamlined to take advantage of the standardized reporting formats.

Classification of Investments: Investments were identified using specific categories and subsequently categorized into 3 main subcategories: 1) Short-term, 2) long-term and endowment:

1. Portfolio investments – non-endowment
2. Portfolio investments – restricted for endowments
3. Portfolio investments
4. Endowment investments
5. Investments
6. Short-term investment
7. Long-term investment
8. Endowment assets
9. Restricted investments
10. Internally restricted cash and investments
11. Restricted cash and investments
12. Investment portfolio – endowments restricted
13. Temporary investment
14. Restricted investments for endowments, bursaries and other
15. Placements
16. Endowment fund investment
17. Investments and marketable securities

Excluded from consideration were investments in joint ventures, memorandum of agreement, government investments, capital assets, and any other investment types not specifically listed above.

Data Collection:

We collected Financial statements from the target population for 2022 from various sources:

1. College's Official websites
2. Government of Quebec - Quebec colleges
3. Government of Ontario - Ontario colleges
4. Government of British Columbia - British Columbia colleges
5. Government of Alberta - Alberta colleges



Data Abstraction:

All financial statements were uploaded on [InsightScope](#), a cloud-based knowledge synthesis platform developed by Algonquin College's Social Innovation Lab students in partnership with the Children's Hospital of Easter Ontario to conduct systematic reviews. Utilizing the data abstraction features of the platform, data abstraction forms were developed to collect all relevant investment categories as previously outlined. Each institution was reviewed independently by multiple reviewers. To ensure data integrity, conflicts between reviewers were resolved using the platform's conflict resolution feature. Upon completion, the complete dataset was downloaded from the platform for subsequent data analysis.

Results and Research Findings:

The SPEnD finance study identified over \$4.2B in investment holdings in the Canadian college sector. This consisted of \$2.4B in short-term investments, \$1.2B in long-term investments and \$0.6B in Endowments. This represents a significant pool of community wealth pool in short- and long-term investment vehicles.

Collective Investment Breakdown across colleges into 3 investment categories:	
Short-Term Investments	\$ 2,418,071,638
Long-Term Investment	\$ 1,232,253,403
Endowments	\$ 577,859,981
Total Investment	\$ 4,228,185,022

Discussion

This work represents the majority of CICan Members and we seek to build sectoral collaboration broadly. It looks to identify approaches to grow social impact with a focus on community wealth building. This aligns with our mandate as educational institutions to support the economic and social development of local and diverse communities. It also seeks to coordinate our activities with external factors, including the Federal Government, Social Finance market makers and Social Purpose Organizations across the country to maximize our collective social impact. The work looks to identify applicable opportunities for policy changes both institutionally and beyond to facilitate the sector's participation in social finance markets. Further research is required to identify and examine barriers, such as government and institutional policies. It is also necessary to pinpoint key institutional investment managers/organizations and identify the significant levers for colleges to adopt social finance.



Acknowledgements

The Social Innovation Lab values the work and contributions of all our SPEnD interns who co-develop the approaches and are principally responsible for all of the SPEnD work product:

Fall Winter 2023/2024 Interns

Maria Nathália Mendonça Silveira (Business Management and Entrepreneurship), **Sharika Sadaf** (Human-Centred Design), **Simran Dhanani** (Financial Services - Canadian Context), **Yash Gokhale** (Human-Centred Design).

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References

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