

# **Navigating Government Support during COVID-19**

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# SPEAKERS



**Jean-Philippe P  pin**

Vice President and National  
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**BDC**



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# Agenda

- BDC support programs
- Wage and rent subsidy programs
- Alternative sources of capital

# Business Development Bank of Canada



**Jean-Philippe Pépin**  
Vice President and National Lead,  
Technology Industry

# Interest-free loans up to \$40,000

## What

- Canada Emergency Business Account
- Loans provided by commercial banks, guaranteed by government
- Repaying balance before December 31, 2022 will result in loan forgiveness of up to \$10,000

## Who

- Businesses with between \$20,000 to \$1.5 million in total payroll in 2019

**How:** Through your financial institution

# Up to \$12.5M for operational cash-flow requirements

## What

- Small & Medium-Sized Enterprise Loan and Guarantee
- Up to \$6.25M in loans (\$5M max. From BDC and \$1.25M from financial institution)
- Up to \$6.25M in operating credit and cash flow loans (80% guaranteed by EDC)

## Who

- Eligibility conditions determined by each financial institution

**How:** through your financial institution

# Up to \$2M in working capital from BDC

## What

- Working capital loans
- Cover operating costs to ensure continuity of operations
- Complement existing sources of liquidity

## Who

- Businesses impacted by the COVID-19 situation

**How:** Through BDC



# BDC Capital Bridge Financing Program

## What

- Convertible notes matching a current financing round of a qualified VC firm

## Who

- Canadian start-ups backed by a qualified VC firm
- Having raised at least \$500,000 in external capital before applying
- Businesses impacted by the COVID-19 situation

How: Through qualified VC firms

# Getting Started

## **BDC Clients**

- Contact your Account Manager

## **Other business owners**

- Contact your primary financial institution or your investor/shareholder

# Logan Katz LLP



**Anjali Dilwari**

Partner  
CPA, CA

# Canada Emergency Wage Subsidy

- Subsidy of 75% of an eligible employee's weekly remuneration up to \$847 per week for up to 12 weeks, during the qualifying period of March 15 to June 6
- **Eligible employers:** corporations, individuals, partnerships, not-for-profit organizations, registered charities
- **Eligibility requirement** – must meet revenue reduction test
  - Decline in revenues: 15% March; 30% April / May
  - Choice of 2019 or Jan/Feb 2020 revenues as comparison
  - Choice of cash basis or accrual basis
- No overall limit on subsidy amount
- **Additional support** – refund of certain payroll contributions for furloughed employees
- **Eligible employee** – excludes individual who has been without remuneration for 14 or more consecutive days in the qualifying period



# Canada Emergency Wage Subsidy

- Subsidy amount for each week of the qualifying period
  - **arms length eligible employee - greater of:**
    - 75% of eligible remuneration paid, up to \$847 per week
    - Lesser of:
      - eligible remuneration paid, up to \$847 per week
      - 75% of baseline remuneration (Jan 1 – Mar 15, excl. 7days)
  - **non-arms length eligible employee**
    - must be employed prior to March 15, 2020
    - Limited to amount paid, up to a maximum of the lesser of:
      - \$847 per week
      - 75% of baseline remuneration

# Canada Emergency Wage Subsidy - Revenue Test

	<b>CLAIMING PERIOD</b>	<b>REQUIRED REDUCTION IN REVENUE</b>	<b>REFERENCE FOR PERIOD FOR ELIGIBILITY</b>
<b>PERIOD 1</b>	March 15 - April 11	15%	March 2020 over:  -March 2019 or -Average of January and February 2020
<b>PERIOD 2</b>	April 12 - May 9	30%	Eligible for period 1  Or  April 2020 over:  -April 2019 or -Average of January and February 2020
<b>PERIOD 3</b>	May 10 - June 6	30%	Eligible for period 2  Or  May 2020 over:  -May 2019 or -Average of January and February 2020



# Temporary Wage Subsidy

- Subsidy of 10% of an employee's remuneration up to \$1,375 per employee and \$25,000 per employer
- **Available to eligible employers**
  - who are Canadian controlled private corporations (with a business limit), partnerships, individuals, not-for-profits and registered charities
  - With a business number and payroll program account on March 18
- **No revenue test**
- Period covered spans March 18 to June 19, 2020
- TWS will reduce CEWS
- Received through reduced payroll remittance of income tax

# Work-Sharing Program

- **Existing program**
- Provides EI benefits to workers who agree to reduce normal working hours for hours not paid by the business
- Available to private business, publicly held business, and not-for-profit organizations
- Business must be in operation for at least one year, year round business
- Must have at least two employees in a workshare unit and workshare unit reduces hours of work by 10-60%
- Extension of program from 38 weeks to 76 weeks
- **No cooling off period between agreements**





# Canada Emergency Commercial Rent Assistance

- Rental assistance to small businesses
- **75% rent reduction for April, May, June**
- Forgivable loans to commercial property owners to cover 50% of rent of small business tenants, with conditions
  
- **Small businesses qualification**
  - No more than \$50,000 per month in rent
  - Temporarily ceased operations or at least 70% drop in pre-COVID revenues
  - No more than \$20 million in gross revenues
  - More details to come



# Extension of Filing and Payment Deadlines

for businesses

- T2 Corporate Tax returns filing deadline for returns due between March 18 and June 1 extended to June 1, 2020
- Payments for income tax\*\* deferred until September 1, 2020
- No change to payroll deadlines
- GST/HST\* and Customs duty payments deferred until June 30

\*GST/HST payment owing March 27 onward

\*\*income tax payments owing March 18 onward



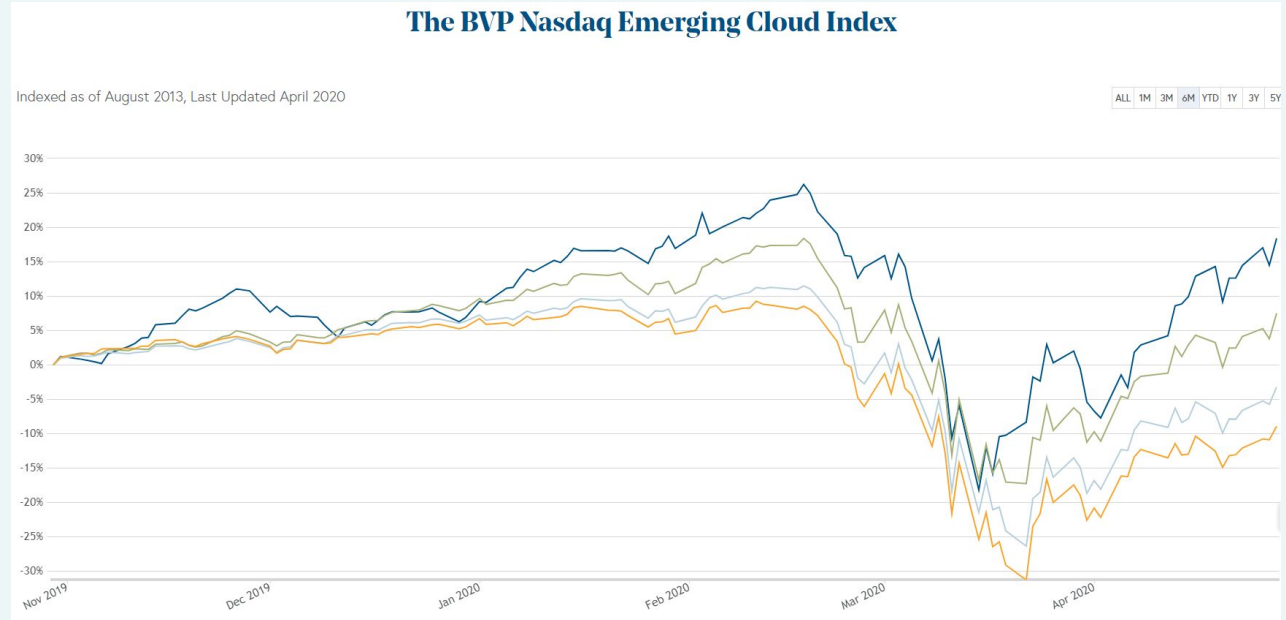
# Venbridge



**Garron Helman**  
Chief Executive Officer

# Public Markets

- SaaS companies up by 15% over the past 6 months
- Continued volatility
- Shortage of liquidity



# Alternative Sources of Capital

- **Angel Investors** - Maple Leaf Angels, SWO Angels, NACO, Angel Invest Ontario, Niagara Angel Network, Others
- **Venture Capital** - Panache Ventures, Golden, Extreme VP, ScaleUp, MaRS IAF, Real Ventures, Others
- **MITACS Accelerate**. \$40M from Government of Ontario. Research Internship. \$3750 from company, \$15k from MITACS
- **Regional Relief and Recovery Fund \$1B**. Accessed via Regional Development Agencies (ACOA, FedDev, CED, FedNor, CanNor, WD)
- **Alternative Lenders** - Clearbanc, Venbridge, Merchant Advance

# Playbook

## Many successful companies were born in recessions

1. Focus on cash. Conserve as much as possible
2. Demonstrate financial discipline and responsibility
3. Plan for the worst and have upside
4. Reach out to all government sources / programs to access capital
5. Continue to focus on your unique value proposition and customers
6. Combine public and private sources of capital
7. Don't bank on further government incentives
8. Strive for 12 month runway with a minimum of 6 months
9. Do everything possible to retain key people
10. Keep your chin up!

# Q&A

# Resources

**Venbridge Venture Debt:** <https://venbridge.com>

**DMZ COVID-19 updates:** <https://dmz.ryerson.ca/covid-19-updates>

**BDC response to COVID-19:** [www.bdc.ca/covid19tk](http://www.bdc.ca/covid19tk)

**Logan Katz COVID-19 hub:** <https://logankatz.com/covid-19/>