



Webinar

Funding in the Face of COVID-19 **Pt. II**

Grants, Loans, and Other Measures

Speakers



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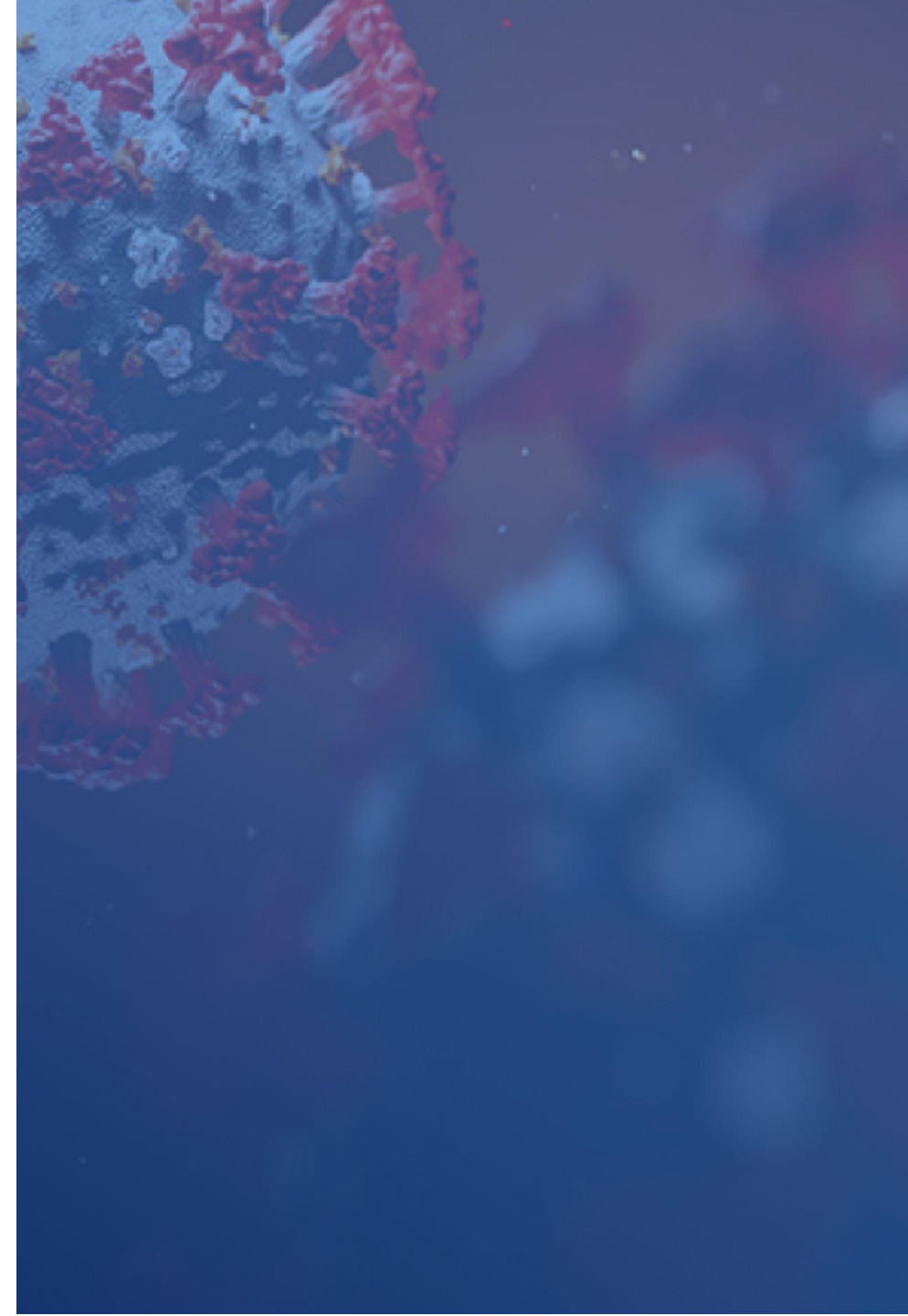


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Agenda

- Introduction
- Federal Programs
 - Grants
 - Loans
- Regional Development Agency Programs
- Provincial Programs
- Q&A
- Closing Remarks





Federal Programs

Grants

Mike Lee
Managing Partner

Work-Sharing Program (Service Canada)

- Predates COVID-19
- Year-round, full-time/part-time, EI-eligible employees form a **work-sharing unit**
 - Cannot be Co-op students, "on-call" employees or independent contractors
- Work-sharing unit: An agreement between eligible employees to reduce normal working hours by the same percentage and to share available work
- Compensated for reduced hours by EI

Work-Sharing Program (Service Canada)

(Continued)

- Employers must apply at least 10 days before the implementation of work sharing
- Program Changes
 - Extension of the maximum period from 38 weeks to 76 weeks
 - Reduction of the required company operating time from two years to one
 - Reduction of revenue requirements
 - Simplification of the application process
- **Excellent program when work-sharing makes sense**

Canada Emergency Wage Subsidy (CRA)

- Original subsidy can cover up to 75% of each employee's wages earned since March 15th 2020
 - up to \$847 per week per employee
 - Need to demonstrate a 15% revenue drop in March 2020, and a 30% revenue drop in the following months
- Recently extended to **December 2020**

Canada Emergency Wage Subsidy (CRA)

(Continued)

- Base subsidy eligibility calculated the same way as the old 30% revenue drop test
 - Comparing the claim month's revenue with the same month in 2019 or the average of revenue in January and February 2020
- Base subsidy amount calculation rules for companies that can demonstrate a **49% or less revenue drop**:
 - Period 5 (July 5 – August 1) 1.2 x revenue drop
 - Period 6 (August 2 – August 29) 1.2 x revenue drop
 - Period 7 (August 30 – September 26) 1.0 x revenue drop
 - Period 8 (September 27 – October 24) 0.8 x revenue drop
 - Period 9 (October 25 – November 21) 0.4 x revenue drop

Canada Emergency Wage Subsidy (CRA)

(Continued)

- Base wage subsidy amount for companies that can demonstrate a **50% or higher revenue drop**:
 - Period 5 (July 5 – August 1): 60% of eligible salaries
 - Period 6 (August 2 – August 29) : 60% of eligible salaries
 - Period 7 (August 30 – September 26) 50% of eligible salaries
 - Period 8 (September 27 – October 24) 40% of eligible salaries
 - Period 9 (October 25 – November 21) 20% of eligible salaries

Canada Emergency Wage Subsidy (CRA)

(Continued)

- The top-up subsidy is calculated by comparing the **average monthly revenue** of the past 3 months to either:
 - the average monthly revenues of the same three months in 2019 or;
 - the average monthly revenues of January and February 2020.
- Top-up subsidy is only available to companies with a more than **50% revenue loss**
- Top-up percentage = $1.25 \times (\text{revenue drop percentage} - 50\%)$
- Top-up subsidy capped at 25%
- Maximum subsidy possible (combined base and top-up): 85%

Canada Emergency Wage Subsidy (CRA)

(Continued)

- The wage subsidy percentages are applied to a reference maximum salary to obtain the **maximum weekly amount by employee**
 - Reference salary: \$1,129
- A business qualifying for the maximum 85% wage subsidy would have a maximum subsidy amount per week per employee capped at **\$960**
- For employers that would get more under the 30% revenue test requirements, **the old CEWS will optionally remain in place for periods 5 & 6**

10% Temporary Wage Subsidy (CRA)

- A three-month measure that allowed eligible employers to reduce the amount of payroll remittances to the CRA
- **The subsidy is equal to the lesser of:**
 - 10% of remuneration paid during the March 18th, 2020 to June 19th, 2020 period
 - \$1,375 for each eligible employee
 - \$25,000 total/employer
- The subsidy period has passed, but if you did not reduce payroll remittances during the year a CRA has announced that a mechanism will be setup at the end of the calendar year to claim it

Call for Suppliers

(Public Works and Government Services Canada)

- The call from The Government of Canada for equipment and services to combat COVID-19 is still open
 - Some eligible products and services: N-95 masks, hand sanitizer, ventilators, IT support or security services
- Not funding, but a good business opportunity if you are a manufacturer, distributor or relevant service provider
- **Great program, if it applies**



Federal Programs

Loans and other programs

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Canada Emergency Business Account

- Interest-free loans of up to \$40,000 to help cover operating costs
- Repaying the balance of the loan before December 31st, 2022 will result in a **loan forgiveness of 25% (up to \$10,000)**
- Initial criteria: Payroll for 2019 ranging between \$20,000 and \$1.5 million
- Extended criteria: Demonstrate non-deferrable expenses of \$40,000 to \$1.5 million for 2020:
 - owner-operated businesses with no payroll expenses;
 - sole proprietors who pay themselves directly;
 - and family-owned businesses using dividends instead of salaries as remuneration

Apply for CEBA through your own financial institution

EDC Loan Guarantee for SMEs

- EDC will provide funding to financial institutions so that they can issue new operating credit and cashflow **term loans** of up to \$6.25M to existing clients
- 80% guaranteed by EDC, to be repaid within one year
- The loans can be used for **operational expenses only**
- Operational expenses: Day-to-day costs that are necessary to keep a business running
 - Rent, utilities, R&D, etc.

BDC Co-Lending Program for SMEs

- Term loans for the operational and liquidity needs of businesses
 - Could include interest payments on existing debt
- **Divided into three segments based on business revenue:**
 1. Up to \$312,500 for businesses with revenues of less than \$1M
 2. Up to \$3.125M for businesses with revenues between \$1M and \$50M
 3. Up to \$6.25M for businesses with revenues in excess of \$50M

BDC Mid-Market Financing

- Originally created as two programs – Oil and Gas Sector Financing and Mid-Market Financing
- For companies with yearly revenues between \$100 and \$500 million
- Companies affected by COVID-19 or oil and gas prices decline are eligible
- Loans ranging from \$12.5 to \$60 million

Large Employer Emergency Financing Facility (LEEFF) (Canada Development Investment Corporation)

- For companies with annual revenues in excess of \$300 million
- Loans of \$60 million or more
- All industries are eligible except financial sector

BDC Capital Bridge Financing Program

- BDC will match, with a convertible note, a current financing round
- **The company must:**
 - Be Canadian
 - Be backed by a qualified venture firm
 - Have raised at least \$500,000 in external capital before applying for the program
 - Be directly impacted by COVID-19
- Contact BDC at VCreliefprogram@bdc.ca

Farm Credit Canada (FCC) Loan

- FCC has put in place an additional 24-month credit line of up to \$500,000 for agribusinesses
- **Apply through FCC directly**

Regional Development

RRRF & CSSF

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Regional Relief and Recovery Fund (RRRF)

Region	Delivery Agency	Eligibility Criteria	Streams	Funding Details
Atlantic Canada	ACOA & CBDCs	<ul style="list-style-type: none"> Have applied for major federal programs Have been refused OR received funds and continue to experience significant hardship 	One stream	<ul style="list-style-type: none"> Repayable contribution Variable funding amounts
Quebec	CED	<ul style="list-style-type: none"> Have applied for major federal programs Have been refused OR received funds and continue to experience significant hardship 	Funding requests of \$40,000 or less	<ul style="list-style-type: none"> Repayable contribution 25% of loan may be forgiven if remaining 75% is repaid by December 31st, 2022.
			Funding requests of \$40,000 or more	<ul style="list-style-type: none"> Fully repayable on a 5-year term that begins on January 1st, 2023.

Regional Relief and Recovery Fund (RRRF)

Region	Delivery Agency	Eligibility Criteria	Streams	Funding Details
Ontario	FedDev	Have applied for major federal programs (CEBA, CEWS, etc...)	Funding requests of \$40,000 or less	<ul style="list-style-type: none"> Repayable contribution 25% of loan may be forgiven if remaining 75% is repaid by December 31st, 2022.
			funding requests of up to \$500,000	<ul style="list-style-type: none"> Fully repayable interest-free loan of up to \$500,000 to be repaid on an agreed upon repayment schedule beginning in January 2023.
	FedNor	Can have applied or not for other major Federal funding	One stream	<ul style="list-style-type: none"> Repayable and conditionally repayable contributions of up to \$250,000

Regional Relief and Recovery Fund (RRRF)

Region	Delivery Agency	Eligibility Criteria	Streams	Funding Details
Western Canada	WD	<ul style="list-style-type: none"> Western Canada Business located in a rural area and ineligible for CEBA 	Community Futures	<ul style="list-style-type: none"> Interest-free loan of up to \$40,000 25% of loan may be forgiven if remaining 75% is repaid by December 31st, 2022.
		<ul style="list-style-type: none"> ineligible for CEBA as well as the Community Futures Stream of the RRRF 	Funding requests up to \$40,000	<ul style="list-style-type: none"> Repayable contribution 25% of loan may be forgiven if remaining 75% is repaid by December 31st, 2022.
		<ul style="list-style-type: none"> ineligible for CEBA 	Funding requests over \$40,000	<ul style="list-style-type: none"> Fully repayable interest-free contribution with a 5-year repayment term.

Canadian Seafood Stabilization Fund (CSSF)

- CSSF contributions most likely to be interest-free loans
- **Delivery organizations:**
 - Atlantic provinces: Atlantic Canada Opportunities Agency (ACOA)
 - Quebec: Canada Economic Development for Quebec Regions (CED)
 - Western Canada (excluding BC): Western Economic Diversification Canada (WD)
 - BC: Investment Agriculture Foundation of British Columbia and Western Economic Diversification Canada (WD). The BC stream of this program only accepted applications until July 13th.



Provincial Programs

Newfoundland and Labrador

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Tourism and Hospitality Support Program (Newfoundland and Labrador Tourism, Culture, Industry and Innovation)

- One-time emergency contribution for **tourism businesses affected by COVID-19**
- Eligible activities could include:
 - Tour operators
 - Tour bus companies
 - Hotels
 - Bed and breakfast
 - Restaurants and some drinking establishments
 - Gift shops and other touristic retail
 - And more.

Tourism and Hospitality Support Program (Newfoundland and Labrador Tourism, Culture, Industry and Innovation)

(Continued)

- Funding amounts:
 - For companies with gross sales below \$100,000 for 2019: **\$5,000**
 - For companies with gross sales of \$100,000 or more for 2019: **\$10,000**
- Exceptions:
 - Companies with gross sales for 2019 **below \$10,000**: 50% of total sales or of total expenses for a startup
 - Companies with gross sales for 2019 **over \$2 million**: businesses may still apply, but the need for program support will be closely evaluated



Provincial Programs

Prince-Edward Island

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Fisheries Emergency Loan (Finance PEI)

- **Loans of up to \$25,000** for fisheries and aquaculture businesses to be used for non-deferrable operational expenses.
- These expenses can include:
 - payroll
 - rent
 - utility payments
 - insurance
 - property taxes
 - regularly scheduled debt service



Provincial Programs

Nova Scotia

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Digital Adoption Program (Nova Scotia Business Inc.)

- Grants to establish or strengthen an e-commerce strategy
- Up to \$10,000 per business
 - Up to 50% of projects costs can be covered
 - Minimum project cost: \$2,000
- Businesses need to demonstrate a 30% revenue drop compared to the same month in 2019 to be eligible
- **Apply until August 15th**



Provincial Programs

New Brunswick

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Small Business Emergency Working Capital Program

(Community Business Development Corporations (CBD-Cs))

- **Working capital loans of up to \$100,000** for eligible small-business owners affected by the COVID-19 pandemic
 - Restaurants
 - seasonal tourism operators
 - The service sector
 - and self-employed business owners
- Interest payments will be deferred for the first 6 months

Opportunities NB (ONB) Capital Loans

- **Loans ranging between \$100,000 and \$1 million** for New Brunswick employers in the following sectors:
 - manufacturing and processing industries;
 - information technology and related sectors;
 - business-to-business service sectors engaged in export or import replacement activities and;
 - cultural enterprises.
- Loans have a 5-year term and the interest payments will be deferred for the first 6 months



Provincial Programs

Quebec

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Concerted Temporary Action Program for Businesses (Investissement Québec)

- A loan or loan guarantee of a minimum of \$50,000
- Must show that liquidity shortages are temporary and stem from supply or delivery issues caused by COVID-19
- New, **advantageous conditions** have been introduced for tourism industry businesses:
 - no minimal loan amount;
 - the deferral of principal payments for 24 months;
 - capitalization of interest payments for 24 months;
 - 60-month amortization;
 - the possibility to write off part of the loan, up to \$100,000. The write off amount will be determined at the 48th month of the payment schedule.

Emergency Assistance for SMEs

(The Government of Quebec)

- Same requirements as the Concerted Temporary Action Plan for Businesses, but for businesses that require less than \$50,000 in cash
- Must have been in business in Quebec for at least a year
- Funding will vary according to the company's needs
- \$40M is being set aside for Montreal businesses

PME MTL Retail Business Consolidation Fund

- This program can help with re-opening costs by providing up to \$10,000 per project
- A business can be eligible if their NAICS code fits the following criteria:
 - Sectors 44 and 45 (**retail trade**), except subsectors 441 (motor vehicle and parts dealers) and 447 (gasoline stations)
 - Subsector 722 (**food services and drinking places**)
 - Subsector 812 (**personal and laundry services**), except subsectors 8122 (death care services) and 81293 (parking lots and garages).
- Projects can include :
 - the adaptation of the workplace to CNSST health and safety guidelines or;
 - the implementation or development of an e-commerce strategy.

Accelerated Health Collaboration Fund

(Ministère de l'économie et de l'innovation MEI)

- A call for proposals to stimulate the recovery of the health sciences sector
- Projects need to be pitched by a University or research institute
- Biotechnology and pharmaceutical SMEs can join projects as partners
- **SMEs that join these partnerships must:**
 - Be incorporated in Quebec
 - Have less than 250 employees
 - Conduct R&D, production or other science and technology activities



Provincial Programs

Ontario

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Regional Opportunities Investment Tax Credit

- A 10% refundable corporate income tax credit for eligible corporations making qualified investments in capital property that becomes available for use on or after March 25th, 2020
- **Eligible corporations include:**
 - CCPCs that construct, renovate, or acquire commercial and industrial Class 1 and Class 6 buildings for CCA purposes
- Qualified investments are those with a cost between \$50,000 and \$500,000 in capital property

Provincial Programs

Manitoba

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Back to Work this Summer (Government of Manitoba)

- A hiring program meant to encourage Manitoba employers to hire new employees or re-hire those laid-off due to COVID-19
- Maximum subsidy:
 - 50% of 5 employees' total salaries paid between June 1st and August 30th
 - Maximum \$5,000 per employee
- **The application deadline is August 1st**

Manitoba Summer Student Recovery Jobs Program (Government of Manitoba)

- This program is also a hiring subsidy
- Covers up to \$5,000 of the total wages of up to 5 student workers employed between May 1st and September 4th 2020
 - Students need to be 15-29 years old and;
 - Study in Manitoba.
- The combined total of eligible employees for this program and the Back to Work this Summer program is 5
- **The application deadline is October 14th**

Provincial Programs

Saskatchewan

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Small Business Emergency Payment Program (Saskatchewan Ministry of Finance)

- Grants of up to \$5,000 for small businesses forced to close or significantly curtail operations due to public health orders
 - Grant amount: 15% of the business's sales from April 2019 or February 2020
- **The application deadline is July 31st**



Provincial Programs

Alberta

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Small and Medium Enterprise Relaunch Grant (Government of Alberta)

- One-time operational support of up to \$5,000 for **businesses that were forced to close or greatly reduce their activities** due to public health orders related to COVID-19
- The funds may be used for various costs related to re-opening such as:
 - adaptation to the workplace to public health guidelines;
 - replacement of inventory;
 - rent;
 - employee wages and;
 - purchase of PPE and essential cleaning supplies.

Edmonton Economic Recovery Grants: Phase 1 (City of Edmonton)

- Up to \$1,000 for Edmonton businesses needing help with re-opening costs
 - Purchase of PPE
 - Cleaning supplies
 - And more
- Ongoing expenses cannot be covered by this program
- **Businesses will only be eligible for one of the two phases of this program**



Provincial Programs

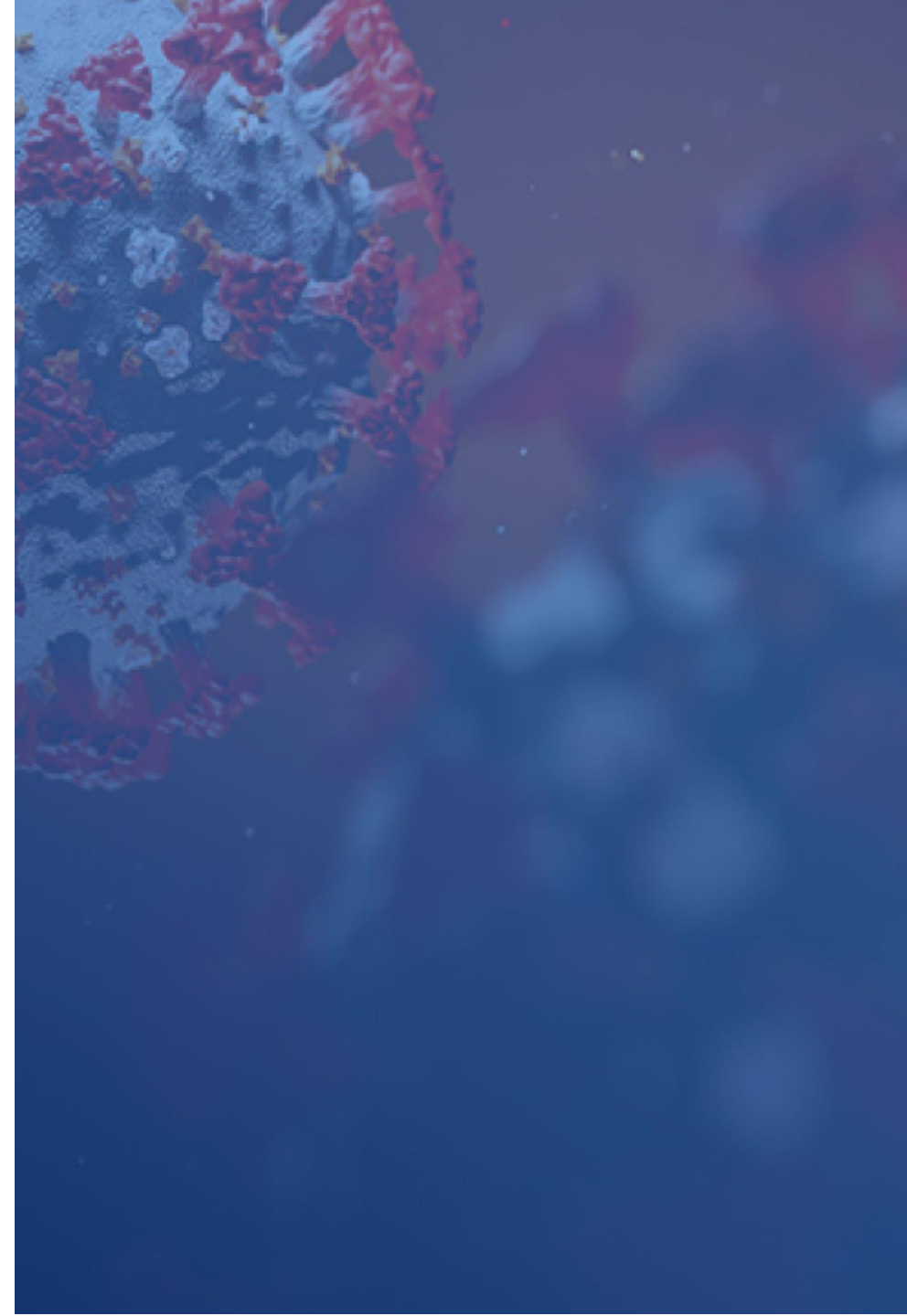
British Columbia

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Amplify BC Innovation

- Grants between \$2,000 and \$40,000 for **innovation projects** benefiting the BC music industry
- Projects need to address the specific challenges raised by COVID-19
- Cross-sector projects involving software development, AI, VR and more are encouraged

Questions?



Thank You

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