

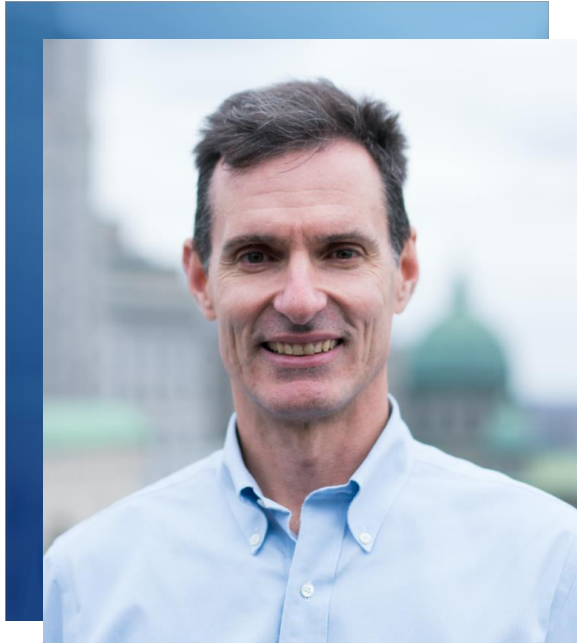


Webinar

Funding in the Face of **COVID-19**

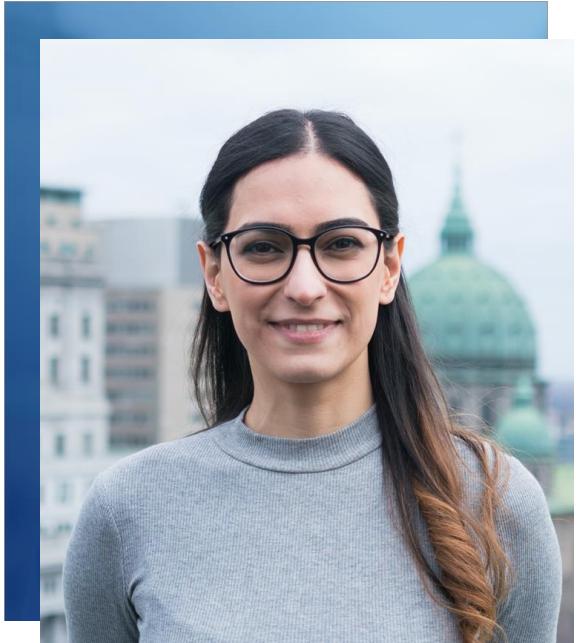
Grants, Loans, and Other Measures

Speakers



Mike Lee
Managing Partner
R&D Partners

President
Fundica



Sahar Ansary
Partner
R&D Partners



Gabrielle Plourde
Corporate Tax & Funding Analyst
R&D Partners

Agenda

- Introduction
- Federal Programs
 - Grants
 - Loans
- Provincial Programs
 - Quebec
 - Ontario
 - British Columbia
- 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**
- Work-sharing unit: An agreement between eligible employees to reduce normal working hours by the same percentage and to share available work
- Compensated for unworked hours by EI

Work-Sharing Program (Service Canada)

(Continued)

- Employers must submit application 10 calendar days before requested start date of work-sharing agreement
- 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**

75% Emergency Wage Subsidy (CRA)

- Available for 12 weeks, starting **March 15th, 2020**
- Eligible parties include incorporated, sole proprietor, or partnership businesses, and charities and not-for-profit organizations
- To be eligible, employers must:
 - Demonstrate a **15% drop in qualifying revenue** during period 1 (March 15th to April 11th)
 - Demonstrate a **30% drop in qualifying revenue** during period 2 (April 12th to May 9th) and period 3 (May 10th to June 6th)

75% Emergency Wage Subsidy (CRA)

(Continued)

- **Subsidy amounts**
 - 75% of remuneration paid to eligible employees, up to \$847 per week per employee
 - 100% refund on certain employer portions of EI, CPP, and other deductions for employees who are paid but not working
- No cap on the number of employees that can be covered
- **Important to examine all revenue test combinations**

10% Temporary Wage Subsidy (CRA)

- A three month measure that will allow 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
- **No need to apply, as it can be done through payroll**

Innovation Solutions Challenges for COVID-19 (Innovation, Science, and Economic Development Canada)

- Various challenges to respond to the COVID-19 pandemic, mostly related to R&D and testing prototypes that can help protect Canadians
- **The challenges come up fast. None are currently open, but it is likely that new ones will be released over the next few weeks**

Innovation Assistance Program (NRC IRAP)

- On April 17th, the Prime Minister of Canada announced that \$250M in additional funding would be added to the NRC-IRAP program
- Funds are meant to support early-stage, high growth potential startups not addressed by other programs
- Most valuable for cash-strapped, growing companies
- **Program will open April 22nd, 2020, so apply ASAP on website**

Mitacs Accelerate

- Adjustments made to existing program
- Boosting their funding to 75% of a project's cost
- Post-secondary students can now support development activities
- New, flexible model allows for remote work
- **Program is open**

Call for Suppliers

(Public Works and Government Services Canada)

- The Government of Canada is calling for equipment and services to combat COVID-19
- Not funding, but a good business opportunity if you are a manufacturer or distributor
- **Great program if it applies**

SR&ED During COVID-19

- CRA is going through tremendous changes:
 - Looking to hire over 2,000 temporary individuals
 - Has reallocated staff to deal with the new programs
 - Revamping procedures to deal with new environment
- CRA SRED is adapting to the new reality:
 - Not beginning new in-person audits
 - First-time claim advisory service visits are being skipped or postponed
 - Credits are being processed ASAP on a case-by-case basis
- **Likely claims will be prioritized, less in-depth reviews, new working approaches**



Federal Programs

Loans

Gabrielle Plourde

Corporate Tax & Funding Analyst

Canada Emergency Business Account (CRA)

- Interest-free loans of up to \$40,000 to help cover operating costs during a period of temporary revenue reduction due to COVID-19
- For small businesses and not-for-profits
- **Original criteria lowered:**
 - To qualify, businesses now need to demonstrate they paid between \$20,000 and \$1.5M in total payroll in 2019
- Repaying the balance of the loan before December 31st, 2022 will result in a loan forgiveness of 25% (up to \$10,000)

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

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

Canada Emergency Commercial Rent Assistance Program (Government of Canada)

- Intended to support small businesses "most impacted by the pandemic"
- Loan amounts and conditions not disclosed yet
- Loans, including forgivable loans, will be provided to commercial building owners so they can **cancel or lower** their small commercial tenant's rent for the months of April, May, and June 2020

Farm Credit Canada (FCC) Loan

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

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

Announcements

- Indigenous Business Support
 - \$306-million is being invested to allow indigenous businesses to access short-term interest free loans and non-repayable contributions
- Regional Development Agencies (RDA) Funding
 - If you are a tourism operator or SME impacted by COVID-19, the RDAs could assist you with access to federal funding
- Energy Programs
 - \$2 billion is being invested to support Canadians working in the energy sector

Provincial Programs

Quebec

Sahar Ansary
Partner

Concerted Temporary Action Program for Businesses (Investissement Québec)

- A loan or loan guarantee of a minimum of \$50,000
- Companies from all industries are eligible
- **Must show that liquidity shortages are temporary and stem from:**
 - A problem involving the supply of raw materials or products; or
 - An inability, or a substantially decreased ability, to deliver goods, products, or services

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

CDPQ Support for Quebec Businesses

- \$4B to support companies temporarily impacted by COVID-19
- Minimum loan of \$5M
- For companies of all sizes and in all industries across Quebec
- Companies must be profitable before the start of the COVID-19 crisis and have a promising growth outlook

Concerted Actions Program for the Maintenance of Employment (Government of Quebec)

- Financial support to train employees and adapt HR operations to the current crisis
- Two streams
 - **Business stream is most applicable here**
- Eligible activities include:
 - Basic employment training
 - Digital skills training
 - Training linked to pivoting in the context of the pandemic

Concerted Actions Program for the Maintenance of Employment (Government of Quebec)

(Continued)

- Eligible activities include (continued):
 - HRM consulting mandates
 - And more
- Financial aid:
 - If your training project costs \$100,000 or less, max 100% of expenses
 - If your training project costs between \$100,000 and \$500,000, max 50% of expenses

Concerted Actions Program for the Maintenance of Employment (Government of Quebec)

(Continued)

- Eligible expenses include:
 - Salaries of employees in training, up to \$25/hour
 - Professional fees of consultants or trainers, up to \$150/hour
 - The cost of developing and adapting training content
 - And more
- Projects will be accepted until September 30th, 2020, or until the budget runs out

Provincial Programs

Ontario

Sahar Ansary
Partner

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

City of Toronto Contingency Fund

- Details pending

Ontario Call for Innovative Solutions

- Not exactly funding, but a good opportunity if you are an innovator or manufacturer

Provincial Programs

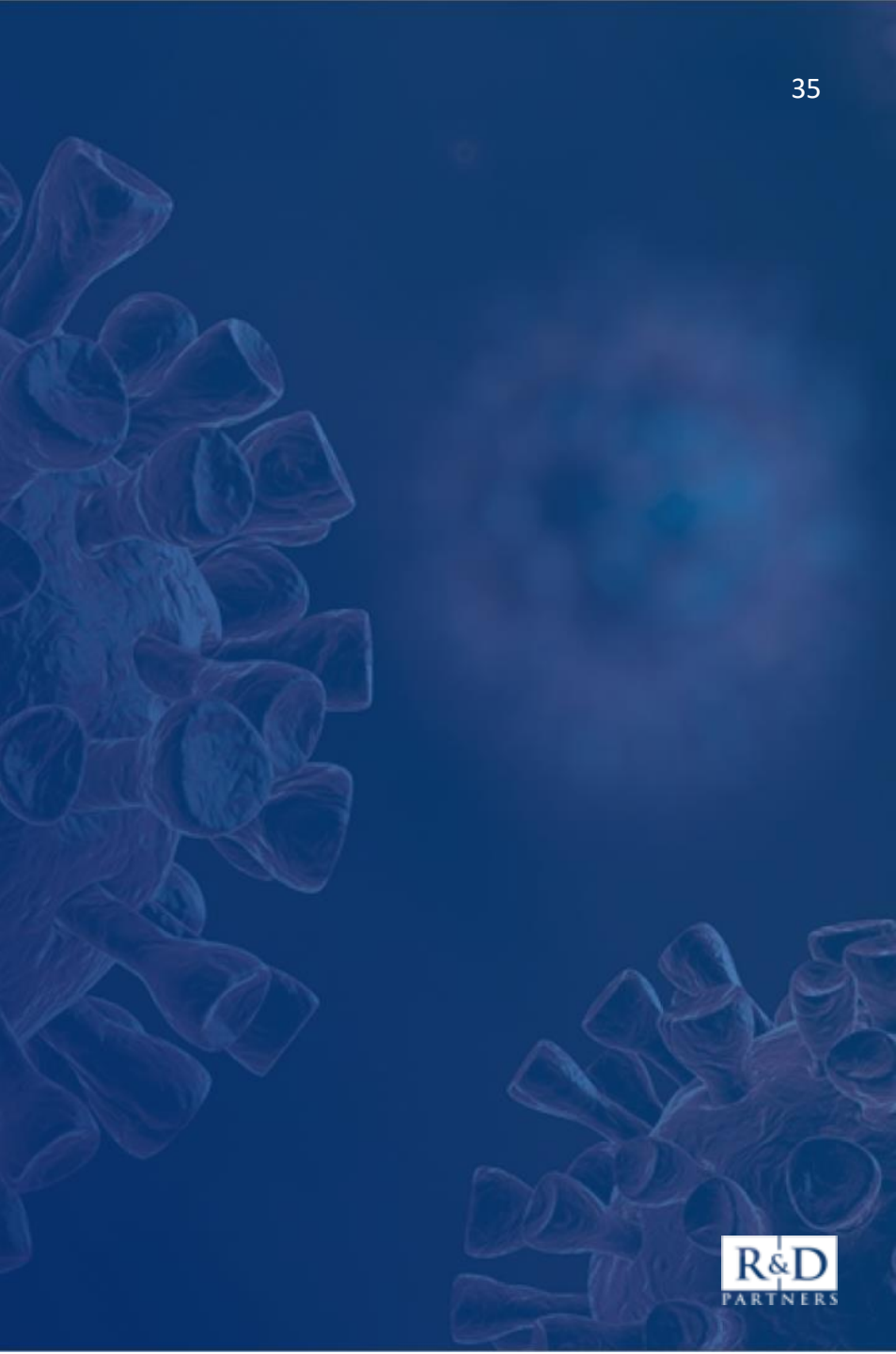
British Columbia

Sahar Ansary
Partner

Arts and Culture Resilience Supplement (BC Arts Council)

- A one-time grant of a maximum of \$15,000 for B.C. Arts Council's Operating Assistance clients and eligible project clients
- Organization can choose how to use the money
- Paid out in April
- Starting April 2020, the BC Arts Council will also provide operating clients with a 50% advance on 2020-2021 funding

Questions?



Thank You

Contact:

Mike Lee

Managing Partner
mlee@rdpartners.com

Website:

www.rdpartners.com

Sahary Ansary

Partner
sansary@rdpartners.com

Partner Website:

www.fundica.com

Gabrielle Plourde

Corporate Tax & Funding Analyst
gplourde@rdpartners.com