



Financial Updates:
Where & How do I Apply?

Canada Emergency Response Benefit (CERB)



\$2,000 per month benefit

- \$5,000 prior year “total income” criteria – dividend eligibility
- Uncertainty for sole-proprietors – gross or net income?
- “Ceasing work” – possible exceptions
- Application has been live for a week

Canada Emergency Wage Subsidy (CEWS)



75% subsidy, \$847 per week per employee

- Legislation now has passed
- Decrease in Revenue
 - 30% drop for April and May, 15% for March
 - Use normal revenue accounting methodology
 - Can use cash or accrual basis
 - Benchmark periods – prior year or Jan/Feb average
 - Special computational rule for “Affiliated Group”

Canada Emergency Wage Subsidy (CEWS)



- Interaction with CERB benefits
- CPP/EI relief
- No fix for owner/manager dividends

Canada Emergency Wage Subsidy (CEWS)



- Anti-Abuse Provisions
 - Based on revenue manipulation
 - Purpose test
 - 25% penalty
 - Five years in the slammer?
 - Provision only applies to CEWS



NS Provincial Measures

- Worker Emergency Bridge Fund
- Small Business Impact Grant
- Application process is now live
- April 25 application deadline for Grant



Lending Options

1. EDC BCAP
2. BDC Co-Lend
3. Canada Emergency Business Account
4. BDC Stand Alone
5. Tips



EDC - BCAP

- Open to both Domestic and Export-Oriented businesses
- EDC provides the bank an 80% guarantee up to a max guarantee of \$5MM
- The guarantee is for a 12 month period with the option to renew for another 12 month period
- Restrictions include: No dividend payout, shareholder loans, bonuses, increase to executive compensation or repayment or refinancing of debt



BDC Co-Lend



- BDC and the Bank co-lend the term loan at an 80/20 split
- There are 3 tiers that determine the maximum loan amount
 - Under \$1MM Revenue: Max loan \$312M
 - \$1MM to \$5MM revenue: Max loan \$3.12MM
 - \$5MM+ revenue: Max loan \$6.25MM
- Term up to 10 years, maximum 20 year amortization
- Interest only for up to 12 months
- Restrictions on which entities are eligible. Ex. Charities, unions, etc.



Canada Emergency Business Account



- \$40,000 government loan for any Canadian operating company with annual payroll between \$50M and \$1MM
- 0% interest until December 31, 2022
- \$10,000 (25%) of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022
- If the loan cannot be repaid by December 31, 2022, it can be converted into a 3-year interest only term loan charging an interest rate of 5%, that must be fully repaid by Dec. 31, 2025





BDC Stand Alone

- Maximum of \$2MM
- 12 month interest only
- 40% of loan principal paid equally across months 13-36
- 60% balloon payment due after month 36
- Business must be at least two years in operation
- Loan secured by Personal Guarantee(s)



Tips

- Talk to your account manager early and often
- Ask for loan payment deferral
 - Interest deferral is also available at most banks
- Back up any requests for increases with monthly cash flow projections for 6-12 months

Q&A



For more resources:

familybusinessatlantic.ca

bakertilly.ca

cibc.com