

# Aga Khan Economic Planning Board for Canada

**Webinar:** How to Apply for Government Programs Through Your Bank

Thursday, May 7, 2020



**the.ismaili**  
CANADA

# ECONOMIC WEBINAR SERIES

## How to Apply for Government Programs through your Bank

THURSDAY

7

MAY

LIVE STREAM



**ASHLEY SALAZAR**

National Market Leader,  
Public Sector, Corporate Finance  
**BANK OF MONTREAL**



**NADIM HIRJI**

EVP & Head, Canadian  
Commercial Banking  
**BANK OF MONTREAL**



**ALI SHIVJI**

Honorary Secretary  
**ECONOMIC PLANNING  
BOARD FOR CANADA**

MODERATOR



**the.ismaili**  
CANADA

**REGISTER TODAY**  
[iicanada.org/events](https://iicanada.org/events)

5:00 pm PT  
6:00 pm MT  
8:00 pm ET

# EPB Programming for COVID-19 Response

## COVID-19 Response & Resources

- Support and resources for all segments of the Jamat, including small business, employees, individuals, families, seniors, students
- Resources include: Resource pages on small businesses, employees, government benefits, career development (employment and free training opportunities) webinars, fraud & financial well-being
- Large team of EPB assisting on the ACCESS Response team
- Group of SME's established for all segments of the Jamat



### Skills & Employment (SEP)

Empower and support individuals to acquire skills and knowledge required for gainful employment & long-term economic sustainability



### Financial Health (FH)

Promote financial literacy in the Jamat including financial education, debt management and tax preparation



### Housing

Assist Jamat to live in safe, quality, affordable housing including crisis and transitional housing, plus access to government housing benefits



### Ismaili Business Professionals Association (IBPA)

Grow Jamati economic strength through collaboration, alliances and promoting lifelong learning



### Entrepreneurship (EP)

Promote entrepreneurship in the Jamat, guide Jamat through shifting workplace changes (Future of Work) and effective mentorship platforms

# Highlights of the week ending on May 7, 2020

## Highlights from this past week

Upcoming EPB Webinars:

**Sunday May 3: Protecting yourself against Fraud and Cyber Crime**

**Thursday May 7: How to Apply for Government Programs through your Bank**  
(for Small Businesses)

- Canada Emergency Business Account
- EDC Guarantee Program
- BDC Co-Lending Program
- Wage Subsidy Program
- Learn about:
  - Program structures, qualifications, how to approach your banker, and suitability of programs to your business and size.

## Looking ahead to next week

Upcoming EPB Webinars:

**Sunday May 9: Leveraging Government Tools to ensure Success**

**Thursday May 14: Positioning Yourself for Success in a New Reality**

# Upcoming Webinars

REGISTER TODAY at [iicanada.org/events](https://iicanada.org/events)



**ALEEM KANJI**  
Government Relations, Public Policy & Communications Executive

## ECONOMIC WEBINAR SERIES

Leveraging Government Tools to Ensure Success

**LIVE STREAM**

1pm Pacific | 2pm Mountain | 4pm Eastern

**MAY 09 2020**



**ALISHA MAWJI**  
Co-Founder & Knowledge Manager  
ALTRUWISDOM

**MODERATOR**

- ◆ Navigate individual, business, and not-for-profit federal and provincial recovery and stimulus programs
- ◆ Learn how the government is implementing these programs
- ◆ Learn what industries and sectors are expected to open up first
- ◆ How you can prepare to engage with elected and public sector leaders for benefit

## ECONOMIC WEBINAR SERIES

### Positioning Yourself for Success in a New Reality

**LIVE STREAM**



**RUDY KARSAN**  
Managing Partner  
KARLANI CAPITAL



**ALI SHIVJI**  
Honorary Secretary  
ECONOMIC PLANNING BOARD FOR CANADA

**MODERATOR**

**THURSDAY, MAY 14**  
5:00 pm PT  
6:00 pm MT  
8:00 pm ET

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# Canada's COVID-19 Economic Response Plan for Business

BMO



We're here to help.™



# Focused on Your Company's Financial Health



**Nadim Hirji**

Executive Vice-President  
Canadian Commercial Banking

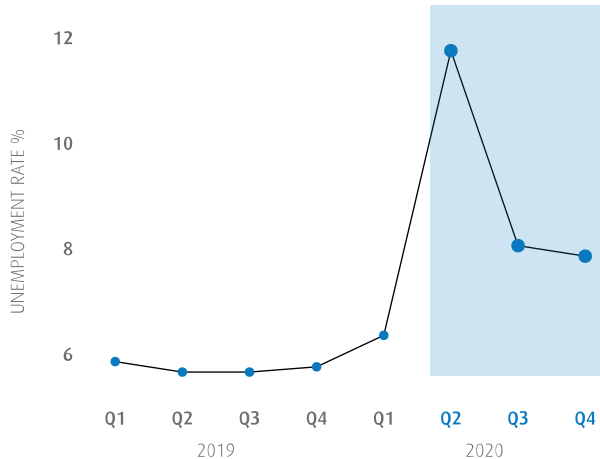


**Ashley Salazar**

National Market Leader, Public Sector  
Canadian Commercial Banking

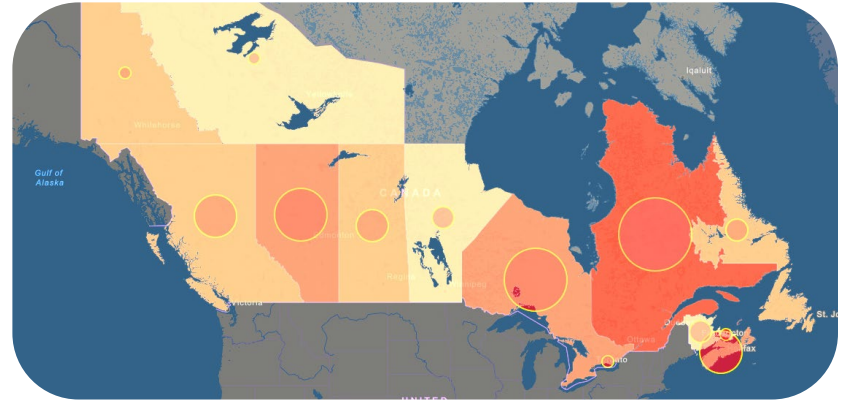
# COVID-19 Impact

- Every week of full closure effectively reduces annual GDP by ~0.7%<sup>1</sup>
- March unemployment rate was 7.8%, an increase of 2.2 percentage points (monthly change)<sup>2</sup>
- 7 million+ unique Canada Emergency Response Benefit (CERB) applications, which represents 35% of the labour force<sup>1</sup>



Source: BMO Capital Markets Economics

- In a survey of >12,600 business, ~1/3 of respondents reported Q1 revenues were down 40% or more from same quarter a year earlier, with a 21.2% reported decreased 20-40% over same period<sup>3</sup>
- March's Consumer Price Index (CPI) saw the biggest monthly drop since 1992<sup>1</sup>



<https://flatten.ca/dashboard-analytics?lang=en>



# Federal Government Programs



## Deferral of Income Tax Payments

- Defer until August 31, 2020 payments of income tax owing on or after March 18. Note: You still have to complete your taxes on time, deferral is for the payment of the taxes only.



## GST/HST Remittance Deferral

- Businesses can defer payments of GST/HST and customs duties owing on their imports until June 30, 2020



## Canada Emergency Wage Subsidy

- Businesses can receive up to 75% on the first \$58,700 of a salary - retroactive to March 15, 2020. This will assist in maintaining employees and returning workers to payroll. In addition, you can receive a 100% refund for certain employer contributions. HOW TO APPLY: CEWS through the Canada Revenue Agency's My Business Account portal as well as web-based application



## Canada Emergency Commercial Rent Assistance

- Offers forgivable loans to eligible commercial property owners so that they can reduce the rent owed by their impacted small business tenants by at least 75% for the months of April, May and June 2020. HOW TO APPLY: As the program has not yet launched, sign up to CMHC to get notifications. Deadline to apply, August 31, 2020

**Relief Measures**

**Federal Government  
Programs Through  
Your Bank**

# Canada Emergency Benefit Account (CEBA)

## Eligibility:

- Any Canadian registered business or not-for-profit organization with annual payroll between \$20,000 to \$1.5 million, based on your 2019 T4SUM

## Intent:

- Cover your operating costs when your revenue has been reduced; not for shareholder loan payments or dividends

## Benefits:

- \$40,000 on an **interest-free basis** until December 31, 2022

## Repayment:

- Repaying the balance of the loan on or before **December 31, 2022** results in loan forgiveness up to \$10,000. If not, balance becomes a 3-year loan with interest of 5%

## What you need:

- Contact your bank with your T4 statement to demonstrate that \$20,000 to \$1.5 million in payroll was paid in 2019
- Many banks offer online application for the program



The image shows a T4 form with the following sections and fields:

- Header:** Canada Revenue Agency / Agence du revenu du Canada, T4 Statement of Remuneration Paid / Etat de la rémunération payée.
- Employer Information:** Employer's name, Year, Province of employment.
- Employee Information:** Employee's name and address, Social insurance number, Employment code.
- Income and Deductions:** Employment income (line 101), Income tax deducted (line 437), Invariable earnings (line 22), CPP/PPP contributions (lines 16, 17, 18), Union dues (line 212), Charitable donations (line 349).
- Other Information:** Pension adjustment (line 205), RPP or DSPSP registration number (line 50), RPP/PPP invariable earnings (line 55).
- Footer:** Other information (see over) / Autres renseignements (voir au verso).



Program Name:	EDC Loan Guarantee	BDC Co-lending Program		
		Segment 1 <\$1 million revenue	Segment 2 \$1 million to \$50 million revenue	Segment 3 \$50 million+ revenue
Eligibility:	Any Canadian-formed business Export sales not needed to be eligible	Any Canadian-formed business		
Intent:	Operational cash flow needs. Not to repay any debt.	Operational cash flow needs. Not to repay any debt.		
Benefits:	Up to \$6.25 million	Up to \$312,500	Up to \$3.125 million	Up to \$6.25 million
Costs:	Pricing determined by your bank EDC Guarantee fee of 1.8%	Pricing determined by your bank		
Repayment:	100% repayable Up to 1-year interest only with a 1-year renewal option Due at the end of 1 year	100% repayable Up to 1-year interest only Up to 10-year term Up to 20-year repayment		
What you need:	Contact your banker and/or accountant with your financial statements & financial forecast	Contact your banker and/or accountant with your financial statements and financial forecast		



# Application of Programs

# COVID-19 Cash Flow Planning

## Section 2: Cash Disbursements

Please enter your monthly expenses for a typical month before COVID-19 in Column A. Then, enter your monthly expenses or cash disbursements for the first full month that your business was impacted by COVID-19 in Column B.

Expenses	Column A Typical Monthly Amount Pre-COVID-19	Column B COVID-19 Impacted Monthly Amount
Wages & Benefits (Staff)	\$	\$
Rent	\$	\$
Utilities	\$	\$
Income and Property Taxes	\$	\$
Owners Salary/Draw	\$	\$
Bank Loan(s) - Principal Payments	\$	\$
Bank Debt - Interest Payments	\$	\$
Other Disbursements (Leases, etc.)	\$	\$
<b>Total Monthly Cash Outflow</b>	\$	\$

## Considerations:

- What is the total authorized amount of your business' bank loans and lines of credit?
- What is your authorized line of credit limit?
- How much are you currently borrowing on your line of credit?
- What is the total cash balance in all of your business accounts?
- What was your total payroll for the prior year?

## Maximum debt should be lessor of:

- The liquidity need for the impacted period (~12 months)
- Maximum \$12.5 million based on eligibility criteria from EDC and BDC
- An amount that would put pro forma pre- COVID-19 debt service coverage >1.10x

# Case Studies



# Case Study #1



## Company Details:

Business Type: Quick Service Restaurant

DEEMED ESSENTIAL

OPEN FOR DRIVE THRU & DELIVERY

Number of Locations: 1

Location: Greater Manitoba Area

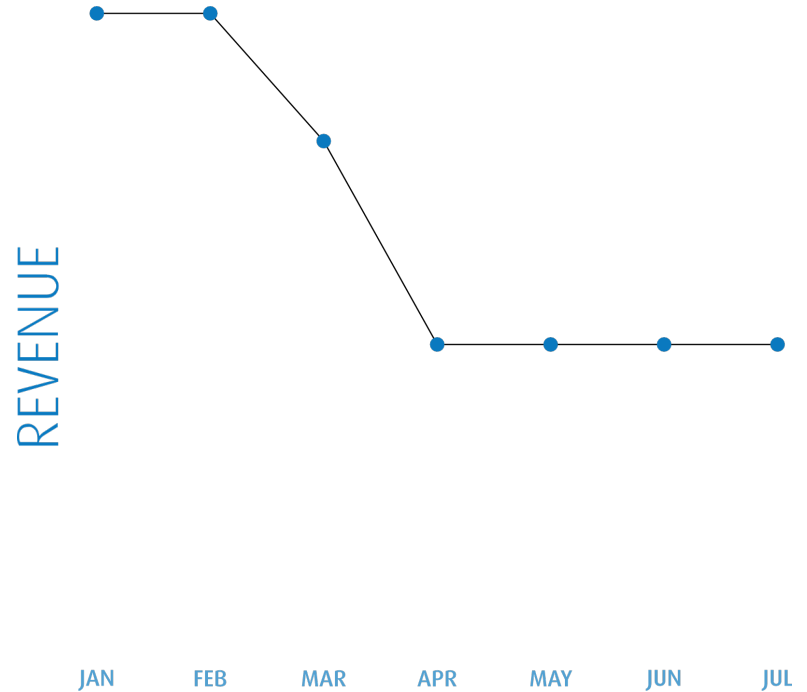
Annual Revenue: \$1,500,000

Payroll: \$650,000

Decline in Revenue: 50%

Amount of Term Debt today: \$400,000

Line of Credit today: \$50,000





# Case Study #1



## Section 3: Liquidity

Enter your expected sales and material costs for each month.

Sources of Liquidity	April	May	June	July
Opening available Capital for business operations ⓘ	\$ 35,000	\$ 73,675	\$ 90,938	\$ 108,201
Temporary Increase in line of credit ⓘ	\$ 12,500			
Expected sales ⓘ	\$ 78,000	\$ 78,000	\$ 78,000	\$ 78,000
Expected Material costs ⓘ	\$ 24,225	\$ 24,225	\$ 24,225	\$ 24,225
Net Revenue	\$ 53,775	\$ 53,775	\$ 53,775	\$ 53,775
Financing Relief Programs ⓘ	\$ 40,000	\$ 31,088	\$ 31,088	\$ 31,088
Total Cash Disbursements	\$ 67,600	\$ 67,600	\$ 67,600	\$ 67,600
Closing Available Capital (Line of Credit & or Cash)	\$ 73,675	\$ 90,938	\$ 108,201	\$ 125,464

# Case Study #2



## Company Details:

Business Type: Hotel

DEEMED ESSENTIAL, BASE STAFF

Number of Locations: 2

Location: Ontario,  
Greater Toronto Area

Annual Revenue: \$5,000,000

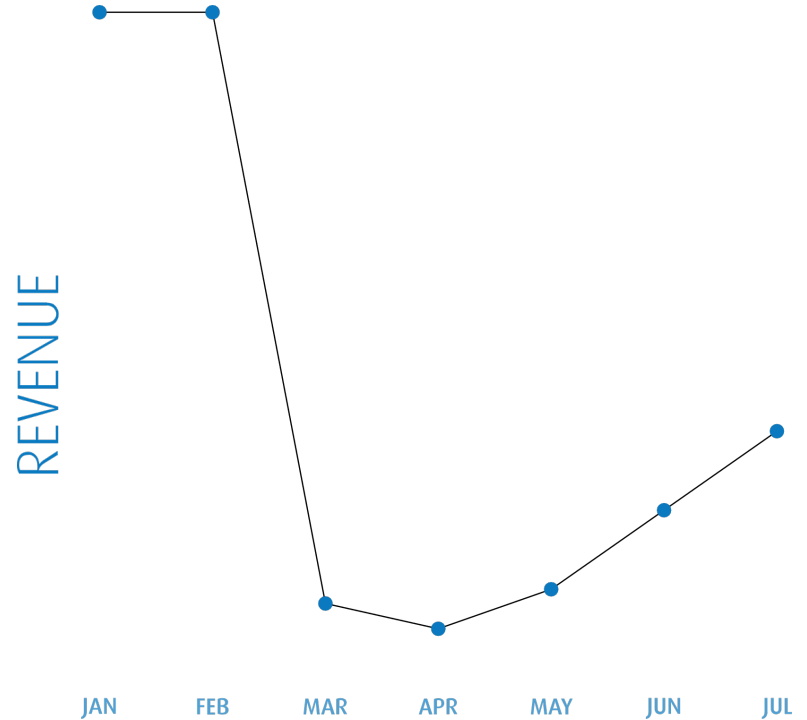
Payroll: \$2,500,000

Gross Margins: 30%

Decline in Revenue: 90%

Amount of Term Debt today: \$24,000,000

Line of Credit today: \$500,000



# Case Study #2



## Section 3: Liquidity

Enter your expected sales and material costs for each month.

Sources of Liquidity	April	May	June	July
Opening Available Capital for Business Operations ⓘ	\$ 150,000	\$ -7,750	\$ -153,000	\$ -276,250
Temporary Increase in Line of Credit ⓘ	\$ 50,000			
Expected Sales ⓘ	\$ 25,000	\$ 50,000	\$ 100,000	\$ 150,000
Expected Material Costs ⓘ	\$ 1,000	\$ 1,000	\$ 2,000	\$ 2,500
Net Revenue	\$ 24,000	\$ 49,000	\$ 98,000	\$ 147,500
Financing Relief Programs ⓘ	\$ 0	\$ 37,500	\$ 37,500	\$ 56,250
Total Cash Disbursements	\$ 231,750	\$ 231,750	\$ 258,750	\$ 273,750
Closing Available Capital Estimate (Line of Credit & or Cash)	\$ -7,750	\$ -153,000	\$ -276,250	\$ -346,250

# Disclosures

## General Legal Disclaimer

Each of the referenced government programs are subject to their own terms and conditions. To qualify for any of the programs, applicants must meet the applicable eligibility requirements. The calculations included are approximate and for informational purposes only; they are not intended as financial or other professional advice. Please do not rely solely on this information or result when making financial decisions; please speak with your primary banker and/or accountant for any questions or further advice. The case study information presented is hypothetical for illustrative purposes only and it should not be regarded as a complete analysis of the subject matter discussed.

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