

A photograph of three business professionals in an office setting. On the left, an older man with grey hair and a beard, wearing a light blue shirt and dark tie, looks down at a tablet. In the center, a younger man with dark hair and a beard, wearing a grey suit jacket over a white shirt, points at the tablet. On the right, a woman with long dark hair, wearing a light blue blazer, also looks at the tablet. The background is a blurred office environment with large windows. A semi-transparent dark grey overlay covers the bottom half of the image, with a red vertical bar on the left side.

# **BUSINESS CREDIT AVAILABILITY PROGRAM APPLICATION ASSISTANCE**



# BUSINESS CREDIT AVAILABILITY PROGRAM (“BCAP”)

Support for entrepreneurs impacted by COVID-19 pandemic

## Government of Canada funding

Business Development Bank of Canada (“BDC”) and Export Development Canada (“EDC”) to provide more than \$65B in direct lending to support entrepreneurs impacted by COVID-19.

- ▶ The BCAP program expanded to include loans to be risked-shared between BDC and financial institutions.
- ▶ The programs include:
  - **Working capital loans** - BDC to provide working capital loans up to \$2.0M with flexible payment terms and payment postponements for up to 6 months for qualifying businesses.
  - **Small and Medium-sized Enterprise (“SME”) Loan and Guarantee program** - BDC working with financial institutions to co-lend term loans of up to \$6.25M to SMEs for their operational cash flow requirements.

# WORKING CAPITAL LOANS PROGRAM

## ▶ Working capital loans terms:

- Credit amounts between \$100K to \$2.0M
- Rate is BDC's floating rate minus 1.75%: Currently,  $4.55\% - 1.75\% = 2.80\%$
- Term - 36 month total:
  - 12 months of interest only payments
  - 40% of the loan principal amortized over 24 months
  - 60% of the loan principal due after 36 months from loan acceptance.
- General Security Agreement position (2<sup>nd</sup> position if there is existing debt) and Personal Guarantee required. If the need is greater than \$1.0M and purely unsecured, need to speak with BDC Growth & Transition Group.

# SME CO-LENDING AND GUARANTEE PROGRAM

- ▶ SME terms:
  - Eligible businesses may obtain incremental credit amounts up to \$6.25M, 80% of which would be provided by BDC, with the remaining 20% by a financial institution.
    - Details regarding SME loans have not been finalized yet; BDC expecting details/guidance in approximately 2 weeks from April 1, 2020.
  - EDC will also provide funding to financial institutions so that they can issue new operating credit and cash flow term loans of up to \$6.25M to SMEs, as a result of a new domestic mandate enhancing EDC's role in supporting Canadian businesses through COVID-19 crisis. These loans will be 80 per cent guaranteed by EDC, to be repaid within one year.
  - Flexible terms - work with current financial institution.
- ▶ Eligible companies could obtain up to \$12.5M through these lending streams.




# WHO QUALIFIES FOR BCAP?

- ▶ Strong companies, which demonstrated strong financial performance before the pandemic, and need some financial relief to get them through the pandemic.
  - Start-ups need not apply - if a business started within the last 2 years, it will not be eligible
  - Turnarounds/ need not apply - if a business has losses in its last 2 fiscal years, it will not be eligible
- ▶ Credit-worthy businesses with viable business models whose activities fall within the mandate of either BDC and/or EDC are eligible to benefit from BCAP and encouraged to apply.
- ▶ Companies should be working with their current financial institutions and BDC/EDC advisors.

# BCAP TIMELINE

BDO can assist at every step of the way



Since the announcement on March 18, BDC assisting current clients with deferrals of principal and interest payment on loans.

Starting the week of March 30, BDC will assess prospect requests that are already in the pipeline.

In 2 weeks (starting April 6) new applications will be reviewed and assessed.

# WHAT BDO CAN DO TO ASSIST

## Support loan applications

- ▶ BDC has been inundated with calls regarding credit facilities. A clear and concise loan application form along with the following information is expected:
  - Mini-business plan/pitch deck
  - Capitalization table with ownership %
  - Personal statement of affairs - anyone with greater than 25% ownership and active in the business
  - Six month or more cash flow forecast
  - Financial statements for the last 3 fiscal years along with most recent interim financials with last year comparables
- ▶ BDO can assist with all aspects of the loan application (including the application itself)
  - We have put together an engagement letter template and information request and question list template and can prepare a mini-business plan/pitch deck to be included in the application package.
  - We have a integrated financial model (i.e., 3 way model) template to prepare the financial forecast, which includes a cash flow.



# OTHER GOVERNMENT INCENTIVES

- ▶ As the COVID-19 pandemic continues, Federal and Provincial governments have been implementing programs to support Canadians and Canadian small businesses. We will stay apprised of ongoing developments and keep our clients informed.
- ▶ As of March 30, the Federal government announced the following programs to support businesses:
  - **Avoiding layoffs:**
    - Extending the work-sharing program from 38 weeks to 76 weeks
    - Wage subsidy program for small businesses - 75% wage subsidy for qualifying businesses for up to 3 months, retroactive to March 15, 2020. Employers will have to show revenues have fallen by at least 30% due to COVID-19.
  - **Access to credit:**
    - BCAP - Working capital loans and SME co-lending loan and guarantee
    - EDC to provide banks a guarantee on loans of up to \$5.0M to ensure that companies can access more cash immediately.



## OTHER GOVERNMENT INCENTIVES (CONTINUED)

- ▶ As of March 30, the Federal government announced the following programs to support businesses (continued):
  - **Access to credit (continued):**
    - **New Canada Emergency Business Account** - \$25B new loan program to provide interest-free loans of up to \$40K to small businesses and not-for-profits, to help cover operating costs, where revenues have temporarily reduced. Organizations need to demonstrate they paid between \$50K to \$1M in total payroll in 2019. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to \$10K)
  
- ▶ We will inform the team as more details are provided on these programs.

# BDO CONTACTS

Office	Contact	Email
<b>British Columbia</b>		
Vancouver	Spencer Cotton	scotton@bdo.ca
Vancouver	Keith Jensen	kjensen@bdo.ca
Vancouver	David Spicer	dspicer@bdo.ca
Vancouver	Jervis Rodrigues	JRodrigues@bdo.ca
Langley	George Stefan	gstefan@bdo.ca
Vancouver	Hamid Shekarchi	hshekarchi@bdo.ca
Vancouver & Langley	Wylie Hui	whui@bdo.ca
Kelowna	Michael Smith	mdsmith@bdo.ca
<b>Alberta</b>		
Calgary	Mike Devonshire	MDevonshire@bdo.ca
Calgary	Paul Williams	paulwilliams@bdo.ca
Calgary	Megan Mistry	mmistry@bdo.ca
Calgary	Tyler Regan	TRegan@bdo.ca
<b>Manitoba</b>		
Winnipeg	Dan Bernard	DBernard@bdo.ca