

Financial Support Resources for Cooperatives during Covid-19

Agenda

1. Resources available to assist through Covid-19
2. Overview of Government programs
3. How to engage with your Credit Union

Resources Available:

We have seen a variety of resources emerge to help various parts of our economy since the Covid-19 situation began. These can be broadly separated into the following categories:

1) Credit Union

- Payment deferrals

2) Government Programs

- Canadian Emergency Business Account (CEBA) program
- Business Credit Availability Program (BCAP) - EDC Guarantee
- Business Credit Availability Program (BCAP) - BDC Co-lending
- Work Share Program and Canada Emergency Wage Subsidy
- Ontario-Canada Emergency Commercial Rent Assistance Program

3) Other stakeholders

- Discussions between landlords and tenants
- Insurers, merchant service providers, other suppliers

Canada Emergency Business Account (CEBA)

- Purpose: to support non-deferrable operating expenses thereby addressing short term liquidity
- Loan Amount: \$40,000
- Size of Business: \$20k-\$1.5 million in 2019 Payroll Expenses
- Must be a registered business as of March 1, 2020 and can only apply thru primary credit union or financial institution
- Term Loan with 0% interest until Dec. 31, 2022. Then converts to a 3-year Term Loan @ 5% interest
- Loan forgiveness Option: possible 25% loan forgiveness provided 75% of the outstanding amount on Jan. 1, 2021 is repaid on or before Dec. 31, 2022
- Digital application

Business Credit Availability Programs (BCAP) - EDC

- Purpose – to address short term liquidity
- No minimum size
- Operating Line or Cash Flow Term Loan
- Standard adjudication process
- Government Loan Guarantee of 80% up to 1 year maximum with 1 year renewal option.
- Interest only during initial term
- Cost: standard interest rates apply plus a fee of 1.8% payable to EDC (can be deferred for 6 months)

Business Credit Availability Programs (BCAP) - BDC

- Purpose – addresses longer term needs
- Co-lending arrangement: Participation: BDC - 80%; Credit Union – 20%
- No Minimum size
- Normal adjudication process
- Maximum loan amount:
 - Max \$312,500 with less than \$1 million in revenue
 - Max \$3.125 Million with between \$1-50 million in revenue
 - Max \$6.25 Million with greater than \$50 million in revenue
- Loans up to a max of 10-year terms and 20-year amortization, on an exceptional basis.
- Interest only during the first year; Monthly principal and interest thereafter
- Standard loans and fees apply and shared with BDC and Credit Union

Work Share Program and Canada Emergency Wage Subsidy

- **Work Sharing Program**
 - What is it
 - Eligibility
- **Canada Emergency Wage Subsidy**
 - What is it
 - Eligibility

Ontario-Canada Emergency Commercial Rent Assistance Program (OCECRA)

- Partnership with Ontario and Federal Government to provide financial assistance to small businesses and their landlords
- Provides forgivable loans to eligible commercial property owners
- Shared costs between small business tenants and landlords
- To receive the loan, property owners will be required to reduce the rental costs to small business tenants for April-June by at least 75 percent.
- Program administered by Canadian Mortgage Housing Corporation

How to engage with your Credit Union

- Multi-stakeholder approach
- Proactive and well organized
- Be upfront and transparent
- Create COVID-19 financial forecasts and be realistic; create multiple cases, ie best/med/worst
- Highlight changes to business and impact – customers, employees, technology, supply chain

Thank-you.....Questions?