

## What the BDC is offering in the wake of COVID-19

The economic aid by the Government of Canada included \$10 billion to establish a Business Credit Availability Program (BCAP). The program will be deployed by the Business Development Bank of Canada (BDC) and Export Development Canada (EDC). Their goal is to help small and medium-sized organizations directly impacted by the COVID-19 crisis by providing them with short-term, low-interest rate loans to bridge them through this difficult period.

BDC is making available working capital loans of up to \$2M to individual businesses with flexible repayment terms such as principal postponements. These loans are intended to provide working capital, not to pay down existing debt. To access these loans it is advised that businesses seek support through their normal financial institutions for an assessment of their situation; however this will not always be possible. The financial institutions will then make a referral to BDC whose needs extend beyond what their financial institution can offer. As well, if you have an existing relationship with BDC as some of our clients do then a direct contact of your representatives is a very good idea.

Pre-screening requirements include:

- An outline of how the COVID-19 crisis has created a business challenge
- Confirmation that the funds will be used to support ongoing operations and not pay existing debt
- An overview of the financial needs of your business for the next six months and how they will be covered
- What your existing financial institution has been able to do in order to help

Items you should expect to provide to both your financial institution and BDC

- Financial statements for the three most recent years
- Notice of assessments for corporate taxes for the three most recent years
- Interim financial statements for the current period
- Revenue and cash flow projections

All of these should be ready to go.

Some questions that BDC will ask include:

- At what capacity do you expect to operate over the next six months?

- What are the business's key carrying costs for the next six months (this would include rent, salaries, insurance etc.)
- With the loan from BDC, will this cover your cash needs for the next six months? Should it not be enough, what other sources of funding are available to the business
- What are the agreements with key suppliers, and have adjustments been made or requested as a result of the change in business needs for the next six months

If you need additional financial assistance and believe that you are eligible for the loans under the BCAP from BDC, start to gather the necessary financial information.

If you require assistance, please reach out to [one of our partners](#) for more information.