



COVID-19: Navigating our new world



With you today



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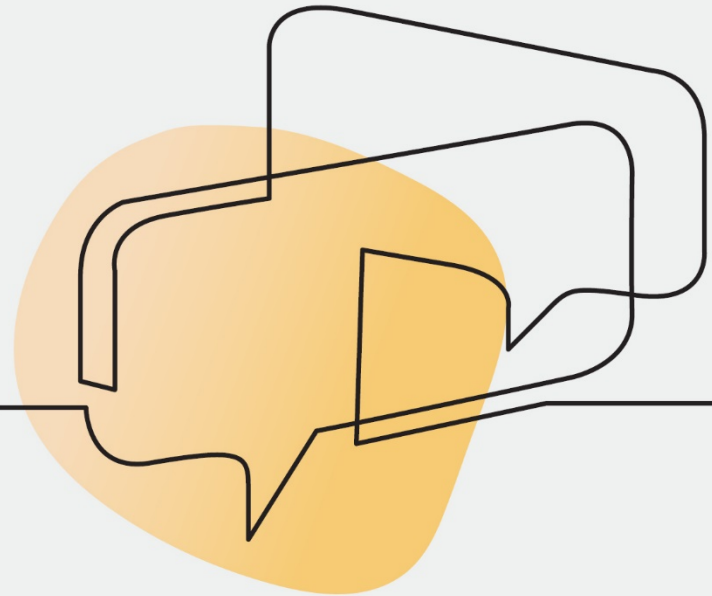


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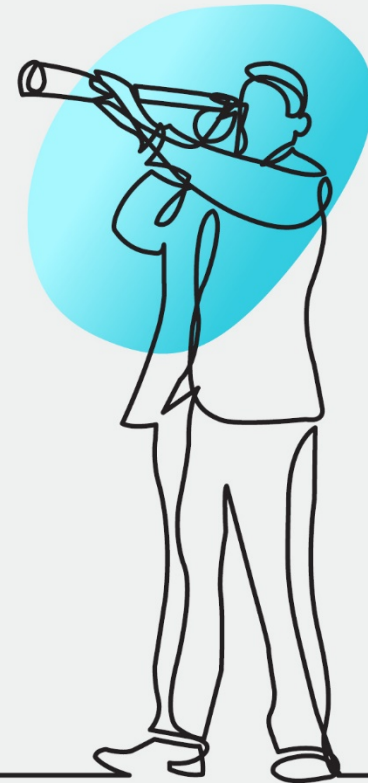
What we'll cover today:

- ▶ **Cash Flow Management**
- ▶ **Government Assistance**





Cash flow management



Planning Tools: Cashflow Dashboard

Standard Accounting Management

	Actual	Target
Sales	\$ 495,000	\$ 450,000
Accounts receivable	850,000	750,000
Accounts payable	225,000	225,000
EBITDA	74,250	67,500

When assessing the financial health of your business, it is standard to look at accounting metrics such as sales, accounts receivable and EBITDA, however during times of financial distress these metrics may not tell the full story...

Cash Flow Management

	Actual	Target
Cash receipts	\$ 250,000	\$ 275,000
Cash disbursements		
Payroll	49,500	49,500
Supplier payments	190,000	200,000
Rent	20,000	20,000
Other	30,000	20,000
Total cash disbursements	289,500	289,500
Net monthly cash inflow (outflow)	(39,500)	(14,500)
Cash on hand	225,000	225,000
Months of cash	5.70	15.52

While standard accounting metrics may indicate your business operations are in good health, a detailed analysis of Company cash flows may tell a different story.

Cash flows analysis allows business owners to assess the true financial health and longevity of their business' operations.

Cash flows are the oxygen of any business and a financial model or projection is the core information tool required in any banking or credit process.

Cashflow Tool: Calculate Cash Conversion Cycle

Cash Conversion Cycle: A metric which shows the amount of time it takes a company to convert its investments in inventory into cash.

$$\text{Cash Conversion Cycle ("CCC")} = \text{Days Inventory Outstanding ("DIO")} + \text{Days Sales Outstanding ("DSO")} - \text{Days Payable Outstanding ("DPO")}$$

$$\text{DIO} = \frac{\text{Inventory}}{\text{Cost of Goods Sold}} \times \text{Days}$$

$$\text{DSO} = \frac{\text{Accounts Receivable}}{\text{Revenue}} \times \text{Days}$$

$$\text{DPO} = \frac{\text{Accounts Payable}}{\text{Revenue}} \times \text{Days}$$

Example – Average Annual Cash Conversion

	Pre Covid-19	During COVID-19
Days	365	365
Average Inventory	1,000,000	1,500,000
Average Cost of Goods Sold	7,500,000	7,500,000
Average Accounts Receivable	1,000,000	2,500,000
Average Revenue	10,000,000	9,000,000
Average Accounts Payable	500,000	1,000,000

	Pre Covid-19	During COVID-19
Days Inventory Outstanding	49	73
Days Sales Outstanding	37	101
Days Payable Outstanding	18	41
Cash Conversion Cycle (Days)	67	134

Delays in payment from customers causes a significant increase time required for a company to convert investments in inventory to cash.

Liquidity Assistance programs



Canada Emergency Business Account

- Up to \$40,000
- 0% interest for first year
- Eligible if your annual payroll is <\$1.0 million
- Available through select Canadian financial institutions



BDC Working Capital Loan

- Up to \$2,000,000
- 3 Year Term, first twelve month principal deferment
- Flexible repayment terms



EDC BCAP Loan Guarantee

- Up to \$6.25 million
- Available through select Canadian financial institutions

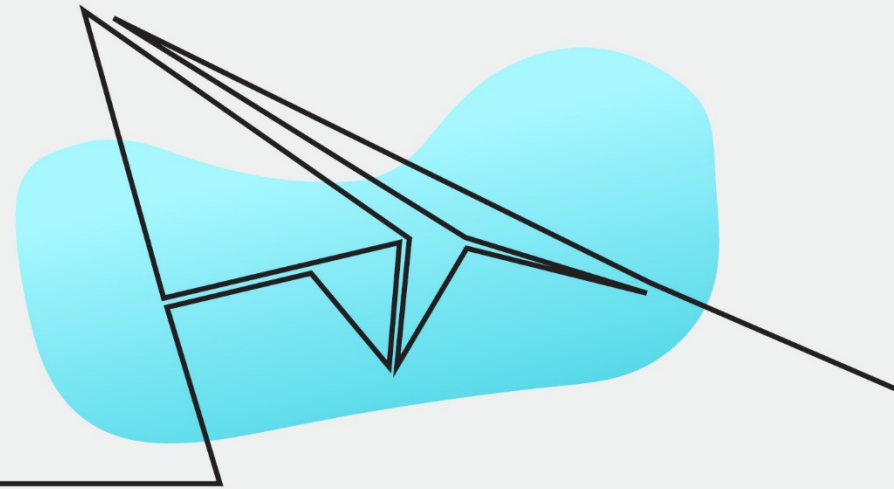


BDC Co-Lending Program

- Up to \$6.25 million
- Commercial interest rate
- 10-year repayment period
- Available through select Canadian financial institutions



Government and lending programs



Government assistance



SR&ED
Claims



Supplemental
Unemployment
Benefit Plan
(SUBP)



Extending
Work-Sharing
Program



Canada
Emergency
Response
Benefits
(CERB)



Wage
Subsidies



Our KPMG team is ready to help



Thank you.



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