



# Private Equity Funding Guide

## Finding backers in a post-COVID world

COVID-19

# CONTENTS

## Private Equity Funding Guide

<b>INTRODUCTION</b>	<b>04</b>
Preparing for a deal	06
What are you looking to achieve—and when?	07
Know what a PE can offer	08
Know what a PE firm expects	09
Know your worth	10
Negotiating with a PE firm	11
What PE firms are looking at	12
Prepare for due diligence questions	13
Understand how COVID-19 has changed the deal process	14
Define your earnout goals and targets	15
Start preparations early	16
Collaborating post-deal	17
Plan for your after-acquisition life	18
Set clear targets	19
End note	20
Get the right advice—and advisors	21



# INTRODUCTION

Two columns dominate to-do lists for company founders: addressing the short-term challenges created by 2020, and grasping medium- to long-term opportunities.

BDO has developed [RETHINK COVID resource hub](#) to assist companies with their response to the global pandemic.

Businesses can use the RETHINK resources to shape how to optimally react to the fallout of COVID-19, increase resilience to weather challenges, and position themselves to realize their full potential.

Funding for growth will be critical for many companies looking to reach their full potential.

Messages and calls from interested investors, including private equity firms (PE), might include the perfect opportunity to raise capital and take your company to the next level (or toward an exit).

But how do you identify the best opportunities? How do you prepare for negotiations? How do you work effectively with a PE firm? How do you achieve earn-out target? This guide has answers.

## **PE CAN BE AN ATTRACTIVE SOURCE OF FUNDING**

PE-backed businesses grew revenues by 53% and hired 43% more people over the last five years.

While the global pandemic has temporarily slowed investments, deal flow will likely return to high levels in the near future. PE firms across the globe are sitting on large amounts of capital and have a short window to deploy it. Simultaneously, the need and demand for software companies' solutions look set to increase rapidly, as the need for accelerated digital transformation is evident across all industries.

## **PE INVESTMENT CAN ALSO BE RISKY**

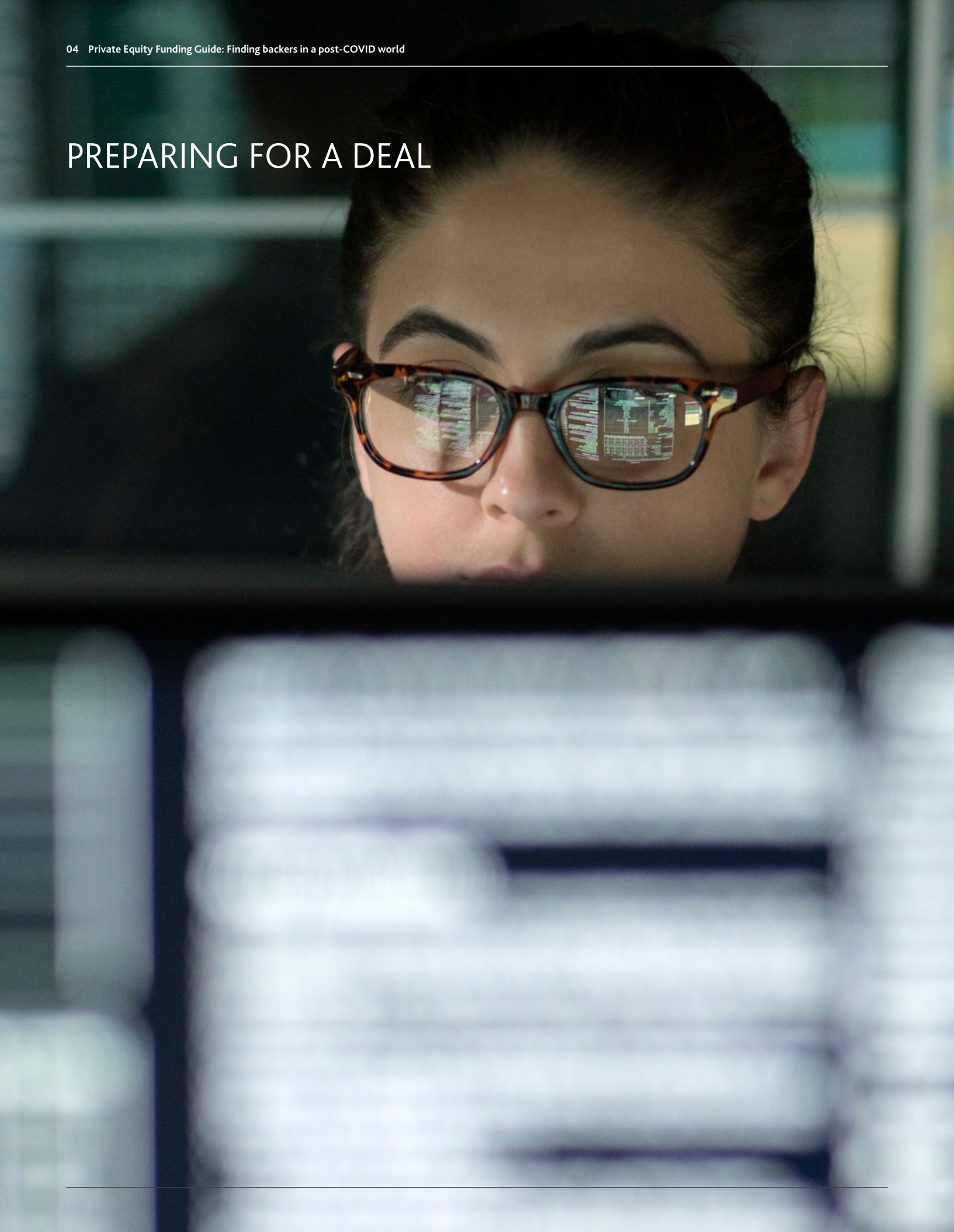
PE firms have goals that can differ from other investors—and potentially yours.

Knowing how to prepare for PE acquisition and how to negotiate/ collaborate with the PE firm post-investment is crucial.

In this guide, we break down how to achieve the best results.



# PREPARING FOR A DEAL





# WHAT ARE YOU LOOKING TO ACHIEVE—AND WHEN?

Across the economy, COVID-19 has led to re-examining business models, solutions, and market prospects. Plans have been and are being laid to increase resilience, expand market positions—or work towards an exit.

The short answer to whether you need external capital to achieve your goals, especially during a particularly eventful year, will often be yes.

PE is not the only avenue to raise capital. Debt, family offices, and public markets are other options. Both have advantages and drawbacks. Consult your business advisors and discuss the potential opportunities and challenges of each.

Looking inward at your position and ideal direction is good for identifying a PE deal worth pursuing.

A thorough look at your current situation—strengths, weaknesses, threats, opportunities, and medium and long-term goals—will also put you in good stead when it comes to negotiations.

## Consider the following questions. These can be a helpful start.

- ▶ Are you looking for an exit or to take your company to the next level?
- ▶ If so, what is your timeline?
- ▶ How can funding help you build on strengths and mitigate weaknesses?
- ▶ What are your core strengths and weaknesses?
- ▶ Why should you choose PE investment over other kinds of funding?
- ▶ How will you invest the raised capital?
- ▶ How much control are you willing to cede to a PE investor?
- ▶ How do you see your position as founder or management team post-deal?
- ▶ How can you work with a PE firm to achieve the best possible results?

The list of questions goes on, and each item needs detailed answers to determine whether PE is the best option for raising capital. Many of the answers may already be front-of-mind after COVID-19-related reviews of mission statements, targets, SMART goals, SWOT analysis, and other similar strategy documents.

Going through this process has positive side effects—whether or not it leads to negotiations with a PE firm and potentially a deal. For example, it can teach you valuable lessons about the current state of your business and its future potential.



# KNOW WHAT A PE CAN OFFER

Deciding whether PE investment is the right fit for you and your company involves knowing what PEs can offer. The list of potential benefits from working with a PE firm includes:

## Market expertise:



PE firms often have extensive market expertise. They have a track record of collaborating with companies on achieving growth.

Expanding product portfolios, entering new markets, and building out new business opportunities are some of the areas where their expertise can be invaluable.

## Access to new markets and customers:



Raising capital often coincides with a desire to grow your customer base and expand into new markets. PE

firms will have a keen understanding and interest in seeing you achieve rapid growth. They will have expertise and contact networks that can assist you in identifying and engaging with new potential customers.

## Streamlining operations:



PE firms habitually employ experts in the organizational and financial sides of running a business and can assist with process

optimization, accounting practices, and daily management.

## Objective insight:



Your enthusiasm and technical know how have guided innovation and been the fuel for growth.

However, it can be challenging to combine passion and objectivity. PE firms can offer an objective and data-driven evaluation of your business and help identify areas needing improvement.

## Higher profitability:



The likely result of PE investment and assistance is that your business will grow revenue and become more profitable.

## Exit options:



PE investment is an opportune avenue for founders and management teams who are looking to exit the company and reap the monetary reward of many

years' hard work.

## Funding levels:



Going with a PE firm often enables companies to raise large amounts of capital.

When considering PE investment, and what a PE firm can offer, it is also important to consider where a PE firm's and your interests align—and where they may differ. Many potential challenges to a smooth collaboration (described in detail later in the guide) arise due to interests not being aligned early in the negotiation process. Initiating the alignment process can begin before negotiations take place.



# KNOW WHAT A PE FIRM EXPECTS



The PE ecosystem has changed a lot over the last ten to 15 years—not to mention during 2020.

An increasing number of PE firms look at companies already in the start-up and scale-up phases. Today, anything past series A funding rounds may pique the interest of some firms.

PE firms have different focus areas and interests. Some will be generalists, others have a regional focus, and others again will be sector specialists. Investment preferences may also differ, ranging from minority stakes in pre-profit, growth-stage companies to billion-dollar acquisitions of mature multinationals. Some will want your company to expand market shares aggressively—perhaps including through bolt-on acquisitions. Other PE firms specialize in rolling up several companies into one to bundle solutions, generate cross-sales, etc.

Well-defined strategic goals for raising capital can help you identify the optimal potential investors. It is advisable to find at least three or four interested parties whose profiles and plans for your company, post-deal, match yours. Thanks to extensive experience and contact networks, consultants can help you identify the optimal firms.

Founders will often prefer to work with investors focused on their industry. In some cases, it can be advantageous, but if, for example, your ambition is increasing international sales

and optimizing business processes, industry expertise becomes somewhat less important.

Common for almost all PE investors is that they are looking to maximize returns within a timeframe of three to five years—or a maximum of seven, through selling their stake in the business. This means that profit and revenue generation is at the heart of their goals. How they intend to reach said goals might vary.

Due to a strong focus on achieving growth, PE firms will be focused on your scalability. In other words, how can your solutions scale either vertically or horizontally. This scalability can refer to either geography, language, verticals, horizontals, your go-to-market approach, monetization opportunities, ability to enter new markets, and more. A prime example of the latter is Uber Eats, which uses the same software platform as Uber's car-hailing services for food delivery.

To achieve growth and keep your company operating smoothly, many PEs will prefer existing management remain on-board. If your goal is to exit the company, setting earn-out targets will often revolve around the buyer's business objectives. In this case, achieving set growth targets for revenues, sales, and profit are likely going to be focal points for PE firms during target negotiations. Among COVID-19's effects on deals are that PEs may look to secure longer-term seller participation through higher earn-out targets and deferred consideration to manage cash flow.



# KNOW YOUR WORTH

Finding the value of your company will often rely on projections of future earnings and market growth. COVID-19 has thrown something of a wrench into the works for many such valuation processes. However, companies can, with the help of their advisors, produce good value estimations.

The process includes appraising material and immaterial assets, your code and systems, ongoing R&D, and future potential, among other things. Analysis of past deal values and deal structures in your industry will also help you.

Generally, revenue or EBITDA multiples are used as yardsticks. Note that average multiples may not apply due to COVID-related changes in the market. For example, average multiples for EdTech software deals will likely be higher while hospitality deals are likely going to be lower—at least for the short term.

**Many other factors can affect your valuation, both positively and negatively, including, but not limited to, the list below:**

## Technology:



Including your products, services, intellectual property, and R&D.

## Industry trends:



Macro- and micro-trends that directly and indirectly affect your company and solutions.

## Potential future buyers:



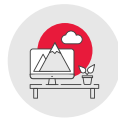
Who might be interested in acquiring you in the future, or your potential to IPO within a set timeframe?

## Growth potential:



Your potential for growing revenue and profitability; includes potential untapped markets or customer bases, as well as growth strategy diversity.

## Software stack:



What are the unique aspects and competitive advantages of your business—and how long can they remain your competitive advantage?

## Revenue to cash flow:



Turning revenue into positive cash flow is a key metric for PE firms, as it indicates the ability to grow your liquid assets.

## Revenue:



Your current revenue and historical growth, retention rates, annual recurring revenue, and customer

acquisition cost. Also covers what percentage of your revenue is recurring or project-based, and the size of your customer base.

## Sales:



Includes customer stickiness, historical sales growth, and sales team performance.

The valuation of each part is not based solely on a picture of current and past performance but will include an analysis of what your material and immaterial assets (especially IP) will be worth over time. Companies should be prepared to extensively quantify and document those that are most applicable to your company.

In situations where you and your advisors feel that your company is not valued fairly, the general advice is to try and extend

runways. Taking on investment when presented with terms and valuations that do not seem to value your company and products reasonably may be a short-term challenge. Said differently, the low valuation can be a sign of the short-term abundance of distressed companies currently looking for funding more than an objective analysis of your actual potential and worth.

# NEGOTIATING WITH A PE FIRM





# WHAT PE FIRMS ARE LOOKING AT

Traditionally, PE firms have a set goal for an investment: a substantial return in three (double) to five (triple) years. Even before COVID, PE firms were preparing for longer holding periods, but likely not much beyond a maximum of seven years.

A time-constrained, returns-focused approach means that PE firms are acutely focused on specific growth scenarios; like if your company's solutions have high growth potential in new markets or industries, or if bolt-on acquisitions can markedly increase your short to medium-term profitability. Other options

include the potential roll-up of your company, along with several others, into one to create economy of scale.

Companies must be aware of the focus on growth and create detailed plans and strategies for how those short to medium-term goals can be realized without jeopardizing long-term growth and the company's future vision.

**During negotiations, PE firms will, amongst other areas, be focused on:**

## Technology:



Including your products, services, IP, and R&D. IP rights and future potential in a changing market will be key areas for PE firms during negotiations.

## Management/employees:



Management and employees' ability to deliver on business strategy, overcome challenges, create new solutions, and grow the business.

## Succession planning:



Whether your company has a pipeline of talent and a strategy in place for replacing key employees if they retire or leave.

## Contingency plans:



Your resiliency to industry ups and downs—and macroeconomic trends.

## Market trends:



Changing customer demands, new technological developments, macro-economic developments, and similar trends can all influence your market position and service portfolio.

## Cash flow:



Documenting recurring cash flow and ability to expand sales to both new and existing customers can go a long way towards securing a PE deal.

## Investments:



What you are going to be using the money from the deal for and how it helps you achieve growth.

## Exit strategy:



What happens with the company, and funds raised, through a future sale or IPO. Also, if you as an owner or management team is looking to exit the company, post-deal.



Before negotiations, PE firms will have mapped out their take on various aspects of your company and used it to form an outline of deal terms. Carrying out a similar process and preparing your arguments—based on detailed data and documents to support them—will give you a strong starting position for negotiations and help speed up the process.

# PREPARE FOR DUE DILIGENCE QUESTIONS



One of the most critical factors in a deal negotiations process is knowing the other party's focus points. This insight will help you discern what negotiation tactics will be effective, while also enabling you to prepare ahead of time.

Due diligence will see a PE firm closely examine and evaluate many different parts of your business. Some of the areas have been described previously in the guide, including your products—as well as financial and managerial aspects of your business.

To add more detail, some of the questions that a PE firm will ask include:

## **Sales and forecasts:**

What are your sales channels? Do you rely on a few large customers or many smaller ones? Do you have economic or product moats that give you advantages? How is your customer service and related customer retention/loyalty?

## **Products, product strategy, and portfolio:**

What solutions do you currently offer? What are their competitive advantages? What are your plans to upgrade or evolve them? What other products are you developing? How will they help you achieve the PE firm's growth benchmarks?

## **Market situation:**

What is your current market? How is it developing? Are there other areas or verticals where you can increase sales? What other geographic regions are well-suited for your solutions?

## **Technology:**

What kinds of software do you use? How are your solutions deployed and upgraded? How do your solutions scale? Are there third-party dependencies? What is the cybersecurity situation?

## **Taxes and legal:**

What are your non-income-based taxes? What is your potential exposure? What is your sales tax situation? How is your company incorporated? What shareholder agreements are already in place?

## **Management team and key employees:**

Do you and the management team have the right skill set to guarantee growth? What is your track record with growth? Do you or your team have skill gaps? Who are the critical employees? How can you ensure they remain with the company post-acquisition?

For most companies, it can be advisable to undertake a vendor due diligence process. This is a due diligence carried out by a financial advisor ahead of negotiations to identify and mitigate any potential issues. Such a process can, among other things, identify areas where your reporting may be lacking and areas where attention and work ahead of negotiations may help improve your end result.



# UNDERSTAND HOW COVID-19 HAS CHANGED THE DEAL PROCESS



The global pandemic has changed parts of M&A negotiations and specific contract terms.

For example, companies looking to sign a deal with a PE will want to look closely at Material Adverse Effects (MAE), which covers situations where a buyer is no longer obligated to close a deal because of substantial threats to the overall earnings potential of an acquisition target. While some countries have extremely high thresholds for invoking MAE conditions, COVID-19 has increased the risks of altering the outcome of a deal process.

One reason is that securing regulatory approval is generally taking longer than before. Reduced office hours, remote working, video conferencing, and no face-to-face interaction at the government level have all contributed to longer than usual regulatory approval times for deals. As market and business conditions remain volatile, risks of unforeseen changes to your potential earnings remain. Working closely with legal and financial advisors when negotiating MAE terms help guard against such issues.

Deal and payment structures may also have changed. COVID-19 has rattled equity and debt providers, as well as acquirers and target companies. Changes are appearing faster, and there is a bigger risk of a deal's proposed capital structures and earnout targets changing during—and after—negotiations.

**Other areas of deals and negotiations that may be affected by COVID-19 include:**

**Due diligence:**

PEs will pay extra close attention to projections and business plans, as well as business continuity plans, actual and potential liability exposure that is yet to be captured by financial forecasts. Also expect a focus on the pandemic's current and potential impacts on customers, suppliers, and collaborators.

**Risk exposure:**

Exposure to increased privacy, HR, and cybersecurity risks. Also covers supply chains, customer bases, and key facilities that may be disproportionately affected by COVID-19. PEs will want to see detailed plans for how you are mitigating such risks.

**Anti-trust clearance:**

Your increased market share, should competitor businesses be failing under the strain of COVID-19, might raise risks of anti-trust clearance issues.

**Negotiation process:**

Populating and updating data rooms can be more time-consuming while operations are disrupted. Face-to-face meetings of senior individuals on the buy- and sell-side, as well as in-person lawyer/client team negotiations, may have to be replaced with calls.

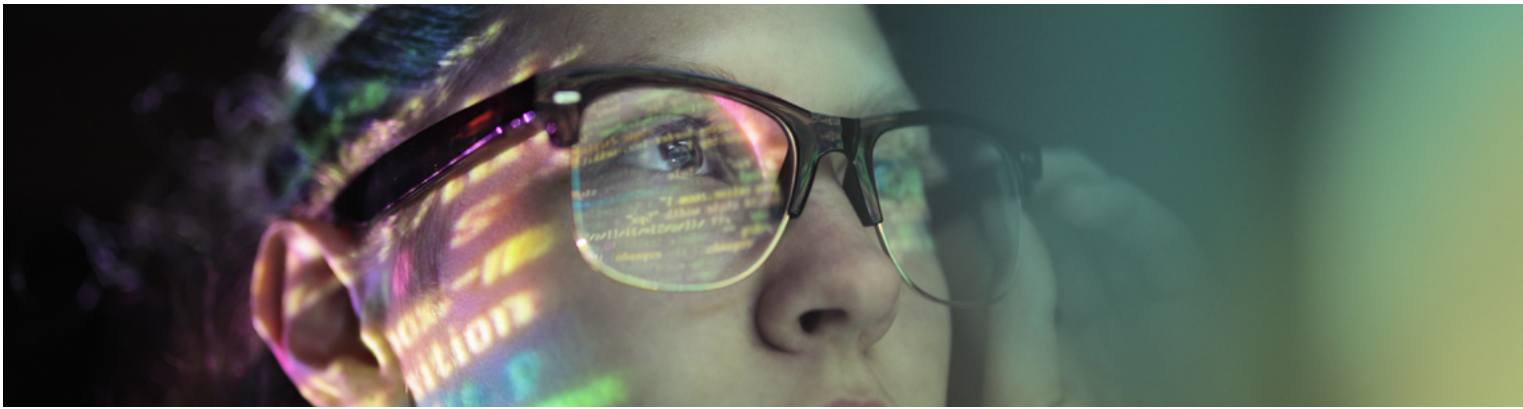
**Interim operating covenants:**

Often, a buyer will try to ensure that a company maintains smooth operations between signing and closing a deal. During COVID-19, it may be necessary to insert deal terms that allow for responses to rapid changes.

**Earnouts:**

Targets may be changed to ensure stability and sell-side's services for longer to maintain stable operations.

## DEFINE YOUR EARNOUT GOALS AND TARGETS



PE deals are an excellent way to exit your company and ensure its continued, successful development. If your goal is an exit, chances are that you will be presented with earnout clauses.

Earnout clauses divide the purchase price into fixed and variable components. While the fixed part(s) are usually paid upon completing the deal, the variable parts will be delayed and often delivered in segments over one to three years. The variable amount can be adjusted in relation to earnings, or other factors, and may depend on certain conditions.

For a buyer, the clauses are often used to ensure a smooth leadership transition and to support continuous company growth. Both are often dependent on the management team staying on for a period. Furthermore, it can be a guarantee against unexpected situations like the acquired company's failure to live up to the expected performance.

COVID-19 has led to wider adoption of earnout clauses due to the uncertainty surrounding future business operations, market developments, consumer behaviour, and revenue predictions. Earnout clauses can be a tool to reconcile different views on the above to settle differences between buyer and seller's valuation and to share future performance risks. Due to COVID-19, there is a trend of longer earnout periods. While earnouts can work well for both parties, there are several risk factors to address. Without proper planning, you risk post-closing disputes.

One example is calculation methods. Financial performance indicators like consolidated net income and EBITDA (earnings before interest, taxes, depreciation, and amortization) are often used to define earnout targets.

Basing targets on EBITDA can be difficult if your company will not continue as a stand-alone basis, post-acquisition. If the PE plans to roll up several companies, including yours, into one, establishing accurate targets based around EBITDA becomes challenging.

Different forms of nonrevenue/EBITDA metrics can be used as a stand-alone alternative or in conjunction with revenue or EBITDA. Examples include, but are by no means limited to, sales targets or customer acquisition figures. Defining such milestones requires developing specific, clearly described goals and targets, and the language should be agreed upon during negotiations.

Earnouts can result in material tax consequences to both seller and buyer, which are heavily dependent on terms and applicable legislation. The most important for you as a seller is often income tax issues regarding how earnout payments are treated. For example, if an earnout is defined as compensation for services rendered, they may be viewed as taxable income. In other words, your decisions regarding payment form for earnout targets will have an impact on future tax liabilities.



## START PREPARATIONS EARLY



Most founders will, once due diligence and negotiations begin in earnest, be surprised by some of PE investors' detailed requests. This is often particularly true for financial matters, such as sales metrics and historical financial data.

To have the best possible starting point for the sales process itself, your company will need to start well in advance. If time allows, beginning preparations for investment a year in advance is recommended. This gives you time to both identify possible problem areas and launch initiatives to address them.

During preparations, you will want to look at a wide variety of areas. Company structure, organizational hierarchy, employee contracts, financial, legal and tax issues, business processes, future earning perspectives, and risk factors are among the parts to address.

Preparing for tomorrow, today, most definitely applies to both preparations themselves—and for getting documentation ready ahead of time. It starts on the data level and includes how to structure and present data, information, and documents to PE firms during negotiations. This is particularly pertinent, as the negotiation process itself has changed markedly due to COVID-19 and become more digital.

PE investors will also want to know details about how you plan to deploy raised capital. Will the capital, for example, be used to help grow revenue or boost the development of new services?

Detailed plans for the use of raised funds will be a requirement, and likely an area where the PE firm will want influence. Due to the market uncertainty created by COVID-19, it may be advisable to present plans covering multiple scenarios and growth projections.

PE firms may expect plans to cover non-traditional areas and areas that do not directly contribute to revenue generation. One example is potential value created through non-financial activities such as corporate responsibility and sustainability programmes. Your business' debt capacity is another area that you may not have previously explored in the level of detail that PE firms are likely to do during negotiations.

Preparing documentation for all the areas mentioned above can be a simultaneously arduous and novel task for management teams. Keeping an eye on day-to-day operations during negotiations may require splitting areas of responsibility to free up specific management team members to focus on the negotiation process. Alternatively, senior staff members may be given more responsibility for daily operations while top management focuses more on negotiations.

# COLLABORATING POST-DEAL





## PLAN FOR YOUR AFTER-ACQUISITION LIFE



Signing on the dotted line of a deal agreement is not the end of the story. It is the beginning of a new chapter for you and the PE firm that has just invested in your software company. Establishing the fundamentals of post-deal collaboration should start at the negotiation table.

A good starting point is being open about what you are expecting to get out of the partnership and how it should work in practice. Working together will differ if you are going to be looking at growing your company on its own, if roll-up plans are in place to combine your company with several others—or if you might be looking at achieving earn-out targets and an exit.

There is a saying that PE firms often spend 50% of their time studying a company and the other half looking at how and when they will divest. A PE's exit can take various shapes, including repurchase, secondary sale, trade sale, or an IPO. Working proactively with the PE firm towards a defined exit goal is a core aspect of your collaboration.

PE firms may desire and require involvement in the day-to-day running of your company. However, the level of that involvement will vary. A general rule of thumb is that they will be much more involved than the likes of VCs. Some might want you to consider hiring specific people to work within the

company—or they may leave hiring decisions entirely up to you. Funds may be tied to future bolt-on acquisitions, and defining how to collaborate on such projects is another area to address early on. How collaboration in such areas will work should be outlined during negotiations. However, you and the PE should strive to continually ensure that the actual involvement aligns with the planned involvement.

Compared to VCs, PE firms tend to invest larger sums in fewer companies, and if an investment fails to achieve growth, the financial consequences are therefore higher. PE firms tend to be active members of your company's board and want to stay more closely informed about your business decisions. Aligning expectations regarding communication forms and regularity is essential to ensure smooth collaboration. Selecting the right chairperson to your board is an often-overlooked part of this process.

It is advisable to include clear guidelines for communication in the so-called memorandum of understanding. While the memorandum is not legally binding, it provides an excellent opportunity to agree on general terms for the communication and collaboration between your company and the PE firm.

## SET CLEAR TARGETS

Communication and collaboration issues often arise from misaligned expectations and goals.

Keeping your targets and goals realistic is pivotal for all aspects of a deal—especially for the time that you are going to be working together after an acquisition. Unrealistic plans for sales growth, cost cuts, and lack of foresight regarding future challenges can be a red flag for PE firms during negotiations that can create doubts about your management team's business acumen.

Shaping the conversation and collaboration starts during the negotiation process, but it should be a continuous effort. Not everything will be put into the final contract, which could

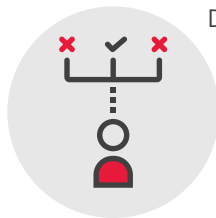
also stifle open dialogue and both parties' ability to optimize collaboration. In a rapidly changing world—and in an industry where technologies move fast—strong communication channels between you and your new collaborator should be a core focus in the days and weeks after a deal is reached. Due in part to the impact of COVID-19 on markets and customers, updating and re-evaluating targets and goals should be an often-recurring point in the agenda.

**While the exact structure, form, and regularity of communication between you and the PE firm will vary, there are guidelines that apply to almost any situation, including:**



Be proactive instead of reactive: Communicate ahead of making important business decisions, including when unforeseen challenges arise. Be clear

about what the problem is and how you are planning to remedy it.



Define the decision-making process: Establish clear guidelines for what business decisions are the remit of your company and which decisions ought to be

discussed with the PE firm before making a final call.



Ask for help when you need it: PE firms can offer valuable insight and assistance. Inform them of business issues, challenges, and opportunities and ask for

guidance or a second opinion.



Set up and update communication schedules: Agree on a format and timetable for communication that keeps your collaborator continually

updated without hindering the efficient day-to-day running of your business.



Avoid surprises. There are various ways of avoiding frustrations arising from a PE firm feeling like you are "springing" new information on them. For

example, it is a good idea to arrange a call with representatives of the PE firm a couple of days ahead of board meetings to lay out what you hope to discuss during the meeting.



# END NOTE





# GET THE RIGHT ADVICE—AND ADVISORS



This guide is only an overview of some of the aspects that a company should look to cover during deal preparation and negotiations. The key takeaway is that preparation is vital. The same goes for setting clear goals. Once you have decided to sell, you need to spell out what your role and responsibilities will be post-sale—or how you wish to exit the company. Otherwise, you will end up in a process that is unnecessarily frustrating and challenging for both sides.

Even during less tumultuous times, an acquisition process is a long-lasting undertaking and involves many novel tasks for company leadership teams. The good news is that there is little reason to undertake all of it on your own. By working with a good advisor team during the entire process, you will likely achieve a better result—and have a better acquisition process—than if undertaking it on your own.

BDO has vast experience with M&A and an extensive worldwide network of investor contacts. Our 90,000 employees are found across 165 countries and territories around the world. Thanks to our on-the-ground presence and experience, we are the best possible partner to develop all kinds of deals.

## **CONTACT:**

### **Jamie Windle**

Partner, National Private Equity and Due Diligence Leader  
416-775-7822  
jwindle@bdo.ca

### **Sunil Sharma**

Partner, M&A and Capital Markets  
416-865-0200  
ssharma@bdo.ca

### **Harry Chana**

Partner, National Transaction Tax Leader  
905-946-5457  
hchana@bdo.ca

### **Danvir Roopra**

Partner, National Tax Due Diligence Leader  
604-688-5421  
droopra@bdo.ca



## ABOUT BDO

BDO is a leading provider of professional services to clients of all sizes in virtually all business sectors. Our team delivers a comprehensive range of assurance, accounting, tax, and advisory services, complemented by a deep industry knowledge gained from nearly 100 years working within local communities. As part of the international BDO network, we're able to provide seamless and consistent cross-border services to clients with global needs.

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO Canada LLP to discuss these matters in the context of your particular circumstances. BDO Canada LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO Canada LLP or any of its partners, employees or agents.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Copyright © June 2020 BDO Canada LLP. All rights reserved. Published in Canada.

**Assurance | Accounting | Tax | Advisory**  
**[www.bdo.ca](http://www.bdo.ca)**

