



## Program Guidelines

# SUPPLEMENT FOR TOURISM ACCOMMODATION RELIEF (STAR) PROGRAM

April 1, 2021 to March 31, 2022

# Contents

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|                             |   |
|-----------------------------|---|
| Purpose.....                | 1 |
| Eligibility.....            | 2 |
| How to apply .....          | 3 |
| Determining break-even..... | 4 |
| Eligible costs.....         | 4 |
| Ineligible costs.....       | 5 |
| Funding allocation.....     | 5 |
| Reporting requirements..... | 6 |
| Appeal.....                 | 7 |
| Contact.....                | 8 |

## Purpose

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The Supplement for Tourism Accommodation Relief (STAR) Program provides funding relief to accommodation providers offering three (3) or more rooms in the Northwest Territories (NWT) who have been and/or are being negatively impacted by the COVID-19 pandemic. Administered by the Department of Industry, Tourism and Investment (ITI) with assistance from the NWT Business Development and Investment Corporation (BDIC), the supplement will help ensure that accommodation providers in the NWT remain operational through to March 31, 2022.

**The STAR Program provides accommodation providers with a contribution up to \$400 per room per month up to the point of breaking even (e.g. not suffering a loss, but not making a profit).**

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## Eligibility

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This program is open to accommodation providers offering three (3) or more rooms in the NWT including sole-proprietors, partnerships, and incorporated companies, who meet all of the following criteria:

- have been in operation prior to April 1, 2020, and is open to guests and operational during the entire time period for which support is being requested;
- have not filed for bankruptcy;
- are operating, and will continue to operate at a loss over the period of the program (e.g. to incur ongoing expenses that are higher than incoming revenues) as a direct result of travel restrictions; and,
- providing accommodations is the primary source of income for the owner.
- **Note:** remote lodges with a valid tourism operator licence (TOL) are eligible for support under the Pandemic Relief Extension Program (PREP) only.

In addition to the above, to be eligible for the STAR Program, accommodation providers offering three (3) or more rooms must meet **three** (3) of the following conditions:

- have a physical address in the Northwest Territories;
- have a valid municipal or Municipal and Community Affairs business licence;
- be registered as per the *Business Corporations Act*, where applicable; and/or
- be subject to the *Northwest Territories Income Tax Act*.

Ineligible applicants include:

- franchisees or subsidiaries of larger corporations where financial support can be provided by the franchisor, parent or holding company or trust fund;
- territorial, municipal or other governments, agencies of government and crown corporations;
- not-for-profit organizations, societies, co-operatives, unincorporated associations;
- accommodation providers that have defaulted on a GNWT repayment plan or BDIC loan that is owing at the time of applying to the STAR Program; and,
- unregulated accommodation providers (e.g. Airbnb).

## How to apply

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Eligible accommodation providers will be required to complete, sign and submit an Application Form and provide supporting documentation.

Applicants will need to ensure that they provide all required supporting documentation as indicated below. Applications cannot be processed until deemed complete and all required documentation has been provided.

### DOCUMENTATION REQUIRED WITH THE APPLICATION

1. Completed application form including:
  - business number
  - number of rooms available to guests
  - forecasted revenues and expenses for the time period for which funding is requested
  - declaration of accuracy of information provided (check box on the application form)
  - signature of the applicant
2. Complete profit and loss worksheet which shows break-even calculation by month (forecast or actual revenues and expenses by month for the period for which funding is requested)
3. Detailed General Ledger OR other documentation that can substantiate expenses being claimed (e.g. copies of March 2021 monthly invoices)
4. 2019 Income Statement or 2019 General Ledger Summary, if applicable
5. 2020 Income Statement or 2020 General Ledger Summary
6. A copy of the funding agreement for Northern Business Relief Fund (NBRF) and/or Regional Relief and Recovery Fund (RRRF), if applicable
7. A copy of the funding agreement for the Canada Emergency Wage Subsidy (CEWS), if applicable
8. Certificate of incorporation or letter of good standing from Corporate Registries
9. Lease/mortgage agreement for commercial space, where applicable
10. Franchise agreement, where applicable

The ITI regional office will send an email to confirm an application has been received, within two (2) business days of the email being received. If you do not receive an acknowledgement within the two (2) business days, please contact the ITI regional office.

Once an application has been reviewed and an amount deemed eligible by the ITI regional office, the applicant will receive a contribution agreement for review and signature. The applicant will return a signed copy to the ITI regional office for the signature of the regional Superintendent. A signed copy of the contribution agreement will be returned to the applicant indicating the final amount that has been approved for funding as well as the reporting requirements.

In conjunction with ITI, BDIC staff may provide support when reviewing applicant submissions and assist with analysis.

## Determining break-even

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The STAR Program provides accommodation providers with a contribution up to \$400 per room per month up to the point of breaking even (e.g. not suffering a loss, but not making a profit).

In conjunction with ITI, BDIC staff may provide support when reviewing applicant submissions and assist with analysis to determine break-even. Applicants must provide a forecast (or actuals) of monthly revenues and expenses for the period they are applying for funding. Revenues must include revenue from all sources including all COVID-19 relief programs, insurance companies and deposits. For the purpose of revenue calculation, payments from governments will be considered revenue in the month in which it is received.

All monthly expenses may be included **with the exception** of any expenses associated with capital assets purchased on or after April 1, 2021, debt servicing or marketing (e.g. purchase, payment on assets, interest charges and/or amortization/ depreciation). The expectation is that the business has done its best to reduce or eliminate any discretionary expenses. Eligible business costs will be pro-rated on a monthly basis if they are paid annually or quarterly (e.g. insurance).

Notes: For home-based accommodation providers, (e.g. bed and breakfasts with individual rooms, suites, or cabins), eligible expenses must be proportioned between personal and business uses at the same rate as used in the applicant's 2019 tax return.

For applicants based outside of the NWT, ITI will prioritize eligible expenses that are NWT-based.

## Eligible costs

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The STAR Program will provide qualifying accommodation providers with support for eligible costs in the form of a contribution. The STAR Program will only support eligible costs where these costs are not already covered by other federal, territorial or municipal programs. In conjunction with ITI, BDIC staff may provide support when reviewing applicant submissions and assist with analysis.

Eligible costs under the STAR Program may include but are not limited to:

- staff costs (e.g. employee wages/expenses, contractors, owner salary, administration, professional development, bookkeeping/accounting);
- business expenses (e.g. rent, electricity, heating, fuel, phone, water/ sewage, maintenance/repairs, banking fees); and,
- debt servicing (e.g. mortgage, insurance, vehicle insurance/leasing, marketing, consumable suppliers, subscriptions).

\*Note: For applicants based outside of the NWT, ITI will prioritize eligible fixed costs that are NWT-based.

## Ineligible costs

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The following costs are deemed ineligible for support under the STAR Program:

- costs covered by business continuity insurance;
- interest on BDIC loans;
- mortgage for property(ies) other than the primary business location OR residential properties used for unregulated income generation (for example, Airbnb);
- capital expenditures;
- any expenses associated with capital assets or expenditures purchased on or after April 1, 2021, debt servicing or marketing (e.g. purchase, payment on assets, interest charges and/or amortization/ depreciation); and,
- other costs that may be deemed ineligible and/or are not deemed by ITI to be required during the period of business closure or reduced operations..

The STAR Program has been designed to provide support to accommodation providers with a demonstrated need for financial support for eligible costs. Applicants will be required to guarantee that the amount of support being requested from this and any other federal, territorial, municipal or other COVID-19 relief program (e.g. Indigenous Tourism Association of Canada) is not expected to allow the applicant to generate a profit from participation in this program.

In conjunction with ITI, BDIC staff may provide support when reviewing applicant submissions and assist with analysis.

## Funding allocation

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A total of \$3,200,000 has been allocated under the STAR Program in order to help support accommodation providers offering three (3) or more rooms in the NWT.

Payments will be issued in two installments: a first payment upon determination of eligibility and application approval of 75% of eligible costs, and a subsequent payment, after the invoices and receipts for the first installment are reviewed.

The applicant will be responsible for informing the ITI regional office of any change in circumstances/financial situation that might affect their eligibility for the STAR Program funding over the course of the agreement period.

**Applicants that are unable to clearly demonstrate that they meet all eligibility requirements and provide required documentation will be declined.**

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## Reporting requirements

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The ITI regional office responsible for your application will require a mid-term “check in” on how funds received are being spent. This date will be included in the reporting requirements in the contribution agreement. In conjunction with ITI, BDIC staff may provide support when reviewing applicant reporting and assist with analysis.

The purpose of the mid-term “check in” is to determine the amount the successful applicant has spent to date and to review the eligibility of the expenses. Successful applicants will be required to submit **an updated profit and loss worksheet, receipts, and invoices** to demonstrate how the funding has been spent and ensure no profit is being generated.

Credit card statements are not accepted for reporting expenses; original invoices and receipts are required.

The outcome of the “check in” may change the amount of the payout of the second installment (the remaining 25% of the eligible funding allocated upon signing the contribution agreement, or portion of the 25%).

Successful applicants are responsible for informing the ITI regional office of any change in circumstances/financial situation materially change, that might affect their eligibility for the STAR Program funding over the course of the agreement period. This includes decisions about re-opening or permanently closing their business before the expiry of the agreement.



ITI reserves the right to request additional information from a successful applicant in order to confirm that it meets all eligibility requirements. Applicants that are unable to clearly demonstrate that they meet all eligibility requirements will be required to return funds for the unsubstantiated amount.

**Successful applicants will be required to repay any amounts paid under the STAR Program that are deemed by the ITI regional office not to meet the eligibility requirements.**

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## **Appeal**

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In the event an applicant is unsuccessful in their application and/or is not satisfied with the decision presented by the ITI regional office, they can appeal in writing to the Assistant Deputy Minister, Economic Development, Department of Industry, Tourism and Investment, Government of the Northwest Territories.

Appeals may be sent by email to [parksandtourism@gov.nt.ca](mailto:parksandtourism@gov.nt.ca)

**Appeals should outline the reasons why the applicant is appealing the decision.**

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ITI reserves the right to:

- Amend these guidelines at any point in time, including the list of eligible and ineligible applicants and costs.
- Make exceptions to these guidelines in order to account for special circumstances or where a doubt remains as to a business' eligibility or need for relief funding.
- Conduct an audit of recipients, including in cases of suspected fraud. Legal remedies for fraudulent claims could include reimbursement, prosecution of criminal charges, and fines. These consequences could apply to any accommodation provider that engages in artificial transactions to reduce revenue or inflate costs for the purpose of claiming funds from the STAR Program.

## Contact

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For more information or to apply, please contact the Tourism Development Officer in your region:

### Beaufort Delta

**E-mail:** [Tourism\\_BeaufortDelta@gov.nt.ca](mailto:Tourism_BeaufortDelta@gov.nt.ca)

### Dehcho

**E-mail:** [Tourism\\_Deicho@gov.nt.ca](mailto:Tourism_Deicho@gov.nt.ca)

### Sahtu

**E-mail:** [Tourism\\_Sahtu@gov.nt.ca](mailto:Tourism_Sahtu@gov.nt.ca)

### North Slave

**E-mail:** [Tourism\\_NorthSlave@gov.nt.ca](mailto:Tourism_NorthSlave@gov.nt.ca)

### South Slave

**E-mail:** [Tourism\\_SouthSlave@gov.nt.ca](mailto:Tourism_SouthSlave@gov.nt.ca)