



ASSOCIATION LOANS TO CENTRES POLICY

November 2012

Purpose:

To provide guidelines to the Management Team and centres as to when the North Shore Playcentre Association Inc may grant loans to its affiliated Playcentres, and the general nature and requirements of any such loan. To ensure equitable access and use of Association funds by centres and ensure the financial sustainability of Centres and the Association cash reserves.

Loans to Centres:

The NSPCA may grant loans to affiliated Playcentres to assist centres to undertake projects in a timely manner. Generally loans will only be granted to cover small shortfalls in project funding that could have a detrimental effect on the overall project if the shortfall would result in delays or loss of funding. Short term loans (up to 1 year) can also be applied for, in exceptional circumstances, for centres who are experiencing unexpected emergency funding shortfalls.

Non-negotiable:

- The Management Team must consider that it is financially viable to do so. Loans will not be granted if it results in the Assn going into overdraft or will negatively impact the Assn's financial position.
- Loans will not be granted to centres that have existing outstanding loans to Assn, or overdue levies.

Negotiable – under extreme circumstances:

- Loans will only be granted for 10 – 15% of the total project value.
- Centres must have already raised 85% of the total project cost before a loan will be considered.
- The repayment of the loan must be made within 6 years from the date the loan is granted.
- The repayment of the loan must be a priority for the centre.
- Provisions for the repayment of the loan must appear in the centres Annual Plan and Annual Budget.
- Rates will be set at the term deposit rate currently offered by the Association's bank for the equivalent (or nearest) loan period and amount. Rates and payment amounts will be reviewed annually,
- Interest will be calculated monthly at the agreed rate.
- In exceptional circumstances with the agreement of MT and the Assoc, loans may be granted interest free for a term of no longer than 5 years
- Repayments are to be made monthly, by direct debit or automatic payment.
- Additional lump-sum repayments are encouraged when a centre is able to do so.

Process to apply for a Loan :

- If a centre thinks they are in a position that requires a loan from the Association, the following needs to be discussed and approved at a centre meeting.
 - the reason for the loan and background to the situation
 - the amount of loan required
 - and the amount the centre believes it can afford, on a monthly basis, to repay the loan
- If the centre agrees to the application for the loan to Association - the above information should be forwarded to the Management Team for review.
- If the Management Team believes that the loan is justified and the conditions of the policy above have been met, then the application will be tabled at an Association meeting.
- Once the loan, conditions of the loan and repayment schedule have been approved, a letter outlining these will be sent to the centre.
- Once this has been accepted by the centre at a business meeting the loan will be advanced to the centres bank account and payments must then be set up to the nominated Association bank account.
- Interest will be calculated monthly but added to the loan balance annual on balance date – the 31 August
- Annually the Association finance team will provide a summary of payments made and outstanding balances on loans to each centre to be included in their annual accounts and for the centre to review outstanding amounts and payments.
- The Management Team will review the outstanding balance, payment terms and financial situation of the centre and Association each year and discuss and agree any changes to the repayment terms with the centre as required.

Policy Accepted: Association Meeting, November 2012

Review Date: Next review due 2015.