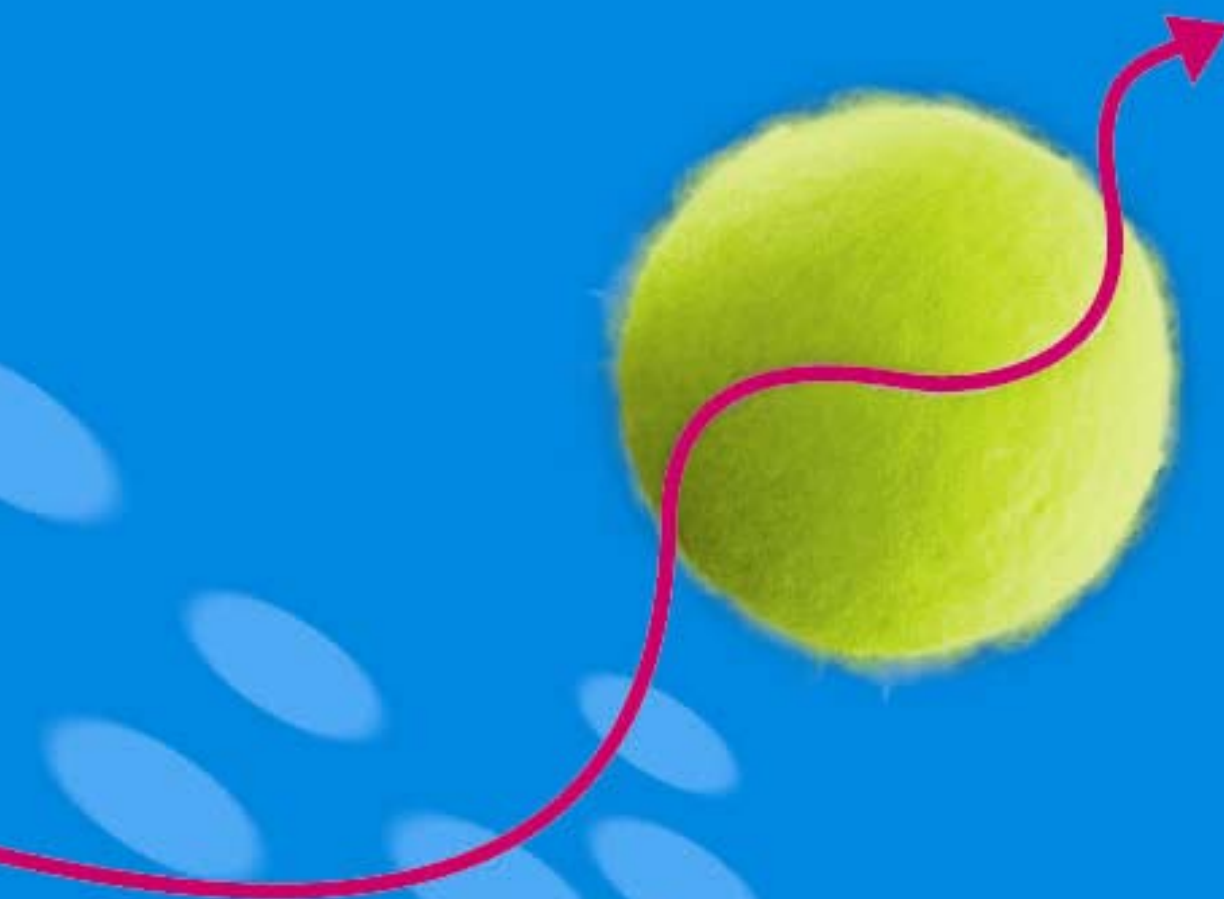


Facility Loans Scheme



Guidelines for Applications

FACILITY LOAN SCHEME

Guidelines for Loan Application

and

completion of Application Form

PLEASE READ THESE GUIDELINES BEFORE COMPLETING THE FACILITY LOAN APPLICATION FORM.

GUIDELINES FOR LOAN APPLICATION

The Tennis Australia Facility Loan Scheme is available to State/Territory Member Association affiliated Clubs / Centres / Associations (here after called the Applicant) for the purpose of developing or upgrading facilities.

The Facility Loan Scheme is primarily to assist in shortfalls an Applicant may have in funding after other avenues of funding have been pursued.

The amount of the loan is generally limited to a maximum of one third of the cost of the project with the maximum amount available being \$80,000. The period of loan repayment is determined by the amount of the loan with the maximum loan repayment period being eight years.

To be eligible for financial assistance, an Applicant must be affiliated to its State/Territory Member Association and meet all the conditions as follows.

If the Applicant terminates its affiliation for any reason during the period of the loan, the loan will become immediately repayable in full, together with interest.

As the State/Territory Member Association will be investigating all applications for these loans, it is recommended that the Applicant seek their advice at the very early stage in the consideration of the project.

No application will be considered unless it is made on an official loan application form. All sections must be completed and **all** supporting documentation included.

PROCEDURE

An Applicant wishing to make an application must complete the loan application form, preferably with assistance from its State/Territory Member Association's Facility Development representative.

To enable completion the following steps need to be taken:

- (a) A Purchasing Specification complete with drawings and annexes, must be approved by the relevant State/Territory Member Association as a suitable document for the calling of competitive tenders.
- (b) Following approval by the State/Territory Member Association the Applicant must then go to tender.
- (c) The eventual assessment of tenders by the Applicant, including reasons for selection of the successful tenderer, must be viewed by the State/Territory Member Association.

In some cases an application may be approved prior to tenders being received, subject to an estimate of costs in relation to the project being supplied by the State/Territory Member Association Facilities Development representative (Note: formal tenders still need to be provided after approval of the project). Loan amounts approved on this cost estimation basis will **not** be increased in the event of the actual project tender amount being higher than the cost estimation.

The loan application must be applied for through the Applicant's respective State/Territory Member Association. All communications regarding an application are to be through the State/Territory Member Association. There is to be no communication with Tennis Australia regarding a loan application.

Upon receipt, the State/Territory Member Association will review the loan application in relation to project and financial viability. Generally there is a degree of interaction between the Applicant and their respective State/Territory Facilities Development representative in refining the application prior to forwarding it to Tennis Australia with their assessment review.

After examination, Tennis Australia shall then determine the success of the application, including the final amount, period of the loan and any other relevant special conditions.

Unless a loan is taken up within six months of approval, a new application may be required.

An Applicant should not proceed with a project committing itself to expenditure before receiving formal notification of approval of its loan application. Doing so will result in Tennis Australia not being responsible for any action initiated by the Applicant with respect of the proposed expenditure. In cases of difficulty, such as quotations with a short time limit, the Applicant must contact its State/Territory Association without delay, informing them of any conditions that may affect the financial viability of the project.

SUPPORTING DOCUMENTATION

Delays will occur in assessing loan applications where there is insufficient supporting documentation.

To ensure your application is not unduly delayed, ensure that as a minimum, all requested supporting documentation is included when submitting your Application.

LENDING LEVELS

The amount of the loan will generally be limited to a maximum of one third of the cost of the project with a maximum amount of loan capped at \$80,000.

The maximum period for repayment of both Capital and Interest is as follows:

Loan amount up to	Maximum repayment period
\$10,000	1 Year
\$20,000	2 Years
\$30,000	3 Years
\$40,000	4 Years
\$50,000	5 Years
\$60,000	6 Years
\$70,000	7 Years
\$80,000	8 Years

Tennis Australia may, at its own discretion, approve a longer repayment period in extenuating circumstances.

Tennis Australia will endeavour to support as many worthwhile schemes as it can; however it does have a ceiling for loans in operation.

CRITERIA

Satisfactory Tenure

The Applicant must hold the freehold or lease of the land on which it is situated.

If the Applicant owns the freehold to its ground, a formal valuation of the land, as prepared by a chartered valuer, together with information concerning any changes to the property is to be provided with the Application.

If the Applicant holds a lease over its ground, the lease should cover the term of the loan plus two years. Should the lease not cover this period, then a supporting letter from the local government authority acknowledging the loan application and commitment to the Applicant's security of tenure for a minimum of at least the term of the loan will be accepted.

If the Applicant does not own the freehold or a formal lease over its ground, then a supporting letter from the local government authority acknowledging the loan application and commitment to the Applicant's security of tenure for a minimum of at least the term of the loan, must accompany the Application.

Club/Association Contribution

As the primary purpose of the Tennis Australia Facility Loan Scheme is to assist affiliated Applicants in shortfalls of funding after other avenues of funding have been pursued; it is suggested that an Applicant seeking financial assistance from Tennis Australia should also apply for grants/loans from other sources, such as its local Council and its State and/or Federal Government, sponsorship from commercial organisations. Whilst it is not necessary to know the outcome of other applications, the approval of a Tennis Australia loan may be conditional on their result. It is therefore essential, upon application, to indicate what additional/alternative funding for the project will be available in the event that these applications fail, wholly or in part.

Part of the assessment will be the financial contribution of the Applicant to the cost of the project.

National Court policy

Any application that relates to court surface works will need to comply with the Tennis Australia National Court Surface Policy. The National Court Surface Policy can be found on the Tennis Australia website.

Management

It is essential that the Applicant has prudent and sound management and organisation practices; these need to be demonstrated within the application in either the application form or supporting material.

Providing copies of the Applicant's recent Annual Reports to members and a list of the Applicant's executive positions and holders (including vacancies) can help to demonstrate the activities and organisational management practices.

Business Plan / Facility Plan

A Business Plan helps to clarify what an organisation is, what it sees itself being in several years and provides a focus on how the organisation will achieve its aims. These will help crystallise what facilities are needed and help in formulating plans and strategies to achieve the aims. Within the Business Plan there should be a section covering Facilities (the physical things needed, e.g. clubrooms, court, fence, maintenance, upgrade, etc) identifying future facility needs, upgrades, projects, indicative timeframes and indicative costs.

The Business Plan should be developed in open discussions, be realistic and agreed by the Applicant's committee of management.

The application must include a 3-5 year Business Plan and a Facility Development Plan, the latter may be in integral part of the Business Plan or a separate document. Accompanying this there is to also be evidence (i.e. minutes of meeting) of it, or both, being accepted by the Applicant's committee of management.

The content of the Business Plan and Facilities Development Plan is an excellent way for the Applicant to demonstrate good management and planning/forethought.

Financial Policy

The Applicant must demonstrate that it has a prudent and sound financial management to support the total cost of the scheme. Particular note of current financial levels and future projections will be taken. This is to see if they will provide adequate funds, not only to ensure the repayment of all borrowings but at the same time to build up reserves to cover long term expenses and particularly the periodic cost of resurfacing tennis court surfaces. The Financial Accounts must show evidence of an ongoing Capital Reserve Fund (sinking fund) for the improvements, maintenance and ultimate replacement of facilities.

The application must display cash flows to demonstrate that loan repayments and contributions to the facility improvement sinking fund can be maintained during the loan repayment period.

Capital Reserve / Sinking Fund

The Capital Reserve Fund (Sinking Fund as it is sometimes known) is simply the provision of funds, usually in a separate investment account, to pay for the future maintenance, repair, replacement, upgrade or development of facilities. It is usually the setting aside of some of the Applicant's operating surplus for future needs.

Generally speaking, if an Applicant is allowing for the accounting book entry of Depreciation (a non-cash item) a similar amount of funds would be expected to be included in the cash-flow transferring funds to the Capital Reserve Fund. The amounts and the interrelationship involved will depend on circumstances.

The history of past transfers to the Capital Reserve Fund and projected forecast transfers, are to be shown in the Application in section 5.6 'Financial History & Forecast' data.

CERM® Performance Benchmarks

Applicants will need to support the Tennis Australia benchmarking program and complete the survey and provide data to CERM® as part of the application process. Further information including guidelines and data entry forms can be accessed from the Tennis Australia website.

TERMS AND CONDITIONS

Affiliation

If the Applicant terminates its affiliation with its respective State/Territory Member Association for any reason during the period of the loan, the loan will become immediately repayable in full, together with interest.

Eligibility

To qualify for the loan, an applicant must

- Be affiliated with a Tennis Australia Member Association and continue affiliation for the life of the loan.
- Have a current documented business plan which demonstrates the future benefits of any projected works.
- Agree to implement, conduct and be supportive of Tennis Australia National initiated business improvement tools, research, programs and services.
- Be developing or conducting works that align with Tennis Australia's national court policy.
- Be agreeable to provide court testing data and /or feedback to Tennis Australia staff or representatives when requested.
- Have secured funds from a number of other sources for the works.
- Have works carried out by a member of the Sports Contractors Association of Australia
- Be prepared to have works signed off by Member Association Technical Services Officers
- Repay the loan immediately if any of the terms or conditions are found to be breached.

Purpose of Loan

The loan shall only be used solely for the purposes of which it was granted.

Loan Drawdown

Unless a loan is taken up within six months of approval, a new application may be required.

Interest

The interest rate to be charged on the loans will be the Commercial Bill 180 day SWAP rate The rate shall be updated at six monthly intervals on 30th June and 31st December each year. Should the rate increase by 1% or more from the original approved rate then the repayments will be adjusted and advised to the Applicant. If the rate continues to increase by 1% or more from the adjusted rate, the repayments will again increase.

Capital and Interest Repayments

Repayments are to be made in equal quarterly instalments by bank direct payment system, directly to Tennis Australia from a nominated bank account of the Applicant.

Annual General Meeting

If the loan is approved the Applicant is to advise Tennis Australia that the loan agreement has been placed on the Agenda of their next Annual General Meeting (AGM), and has been adopted as an agreement with Tennis Australia, to repay Principal and Interest. Notification as to when the next AGM is to be held and confirmation after that AGM, that this was minuted is a requirement of this Facility Loan.

GUIDELINES FOR THE COMPLETION OF THE APPLICATION FORM

Information Entry

The Facility Loan Scheme Application Form can be completed by either printing a blank copy and completing by hand or completing electronically and then the completed form. The latter is preferred.

If the form is completed electronically the 'Tab' key can be used to navigate between input fields. To complete the form electronically, Excel97 or later should be used. Fields in Red text are intended for overwriting. A limited number of Headings are in Red text, where applicable they can be updated from their drop down selection.

If there is insufficient space on the Application Form, continue on a separate sheet and include with the submitted Application. Ensure that both the Application Form and the attachment are adequately cross-referenced to each other. Additional supporting documentation should be attached as appropriate.

Project

In section 3.6 briefly explain how the project works are going to be overseen and managed, from the Applicant's perspective, to ensure that the contractor(s) undertake the required scope of works.

Good project management oversight is essential in ensuring that the Applicant's interests are protected.

Financial Information

Financial information is required from the Applicant to demonstrate their financial viability and their ability to repay the loan, at the same time this information also shows an insight into their financial management.

It is essential that the financial information within and accompanying an application demonstrates that the Applicant is adopting prudent and sound financial practices.

In addition to the financial data requested within the loan application form, financial statements of accounts for the previous three financial years are required. Whilst it is understood that not all Incorporated organisations are required to have their accounts audited, having the accounts audited is a requirement of the loan application. Whilst it is preferable that all the years be audited, at least the most recent Statement of Accounts **must** be audited to provide an independent assurance that they represent a true and fair representation of the Applicant's financial affairs and management. The audit should be undertaken by a recognised accounting professional who is independent of the Applicant's financial management and can provide an audit opinion on the accuracy of the financials.

If the most recent financial report is more than 6 months old, at the time of the loan application, to Tennis Australia, the loan application should also include a copy of the most recent monthly accounts incorporating year-to-date data. This interim/draft financial reporting does not need to be audited, but must be a true and fair reflection of the Applicant's accounts.

The Section 5.6 'Financial History & Forecast' data, in the application form, is a powerful tool in demonstrating the financial management of the Applicant. Principally it reports two areas of information. Firstly, the past financial facts of where past income was derived and on what, monies were expended (column 1 & 2). Secondly, and quite importantly, it reports the future financial plans of the Applicant and can also directly reflect the effects of the Business Plan implementation. The "Current" column represents the current financial year and is a combination of past facts and

projection for the balance of the current financial year (column 3). The future year's projections are important, they must be realistic and reflect planned and known future influences (columns 4 - 7).

The Forecast is to be completed on the assumption that the Loan has been approved, thus taking into account all additional and realistic Income and Expenditure.

The column headings on the section 5.6 'Financial History & Forecast' are automatically primed with their respective year based on date entered at 'Current Financial Year end date'. The date is to be entered in the format of dd/mm/yyyy, (i.e. day / month / year).

Section 5.7 'Explanatory Notes' is provided to explain significant changes in the year to year figures of items in the Financial History/Forecast. Note – significant is relative to the Applicant's size, as a guide, changes in year to year figures of greater than 10% and \$500 should be explained. Amend the entry heading 'Income/Expenditure: Increase/Decrease' by selecting the heading and select the appropriate entry from the drop-down list (via the down arrow). If there is insufficient space, attach additional notes.

Whilst not specifically requested, nor is it a requirement. The inclusion, with the application, of the assumptions used in determining the forecast figures (i.e. the logic, the degree of detail, the reasonableness) is valuable supporting information.

Furthermore the financial history of an item is viewed as financial performance evidence. If there is a significant financial forecast item, with no history, no explanation or no documented assumptions; that item's forecast may be considered suspect.

An Applicant's approach to their financial forecast, the trends evident and their associated explanation of significant changes can demonstrate sound and prudent financial management practices.

Specification / Tender

The Application is to be accompanied by a Job / Works / Purchasing Specification suitable for calling for competitive tenders and a copy of the successful tender. The Specification should define what works are required to be done, what are the expectations; this provides the basis for ensuring that all contractors are tendering on the same basis and ultimately a check for the works completed. A further benefit of writing a Specification is that the Applicant has to think through what is required to be done, what are the implications, to consider future needs, to collectively agree on the works and to clearly document what is to be done.

Additionally, if the requirements have been specified in an unambiguous way, so that every tenderer interprets the requirements the same way, assessment of a number of tenders is quite easy.

A copy of the successful Tender is to accompany the Application.

In some cases an application shall be approved prior to tenders being received, subject to an estimate of costs in relation to the project being supplied by the State/Territory Member Association Facilities Development representative being included with the loan application. This approach is usually appropriate when applying for a government grant. If this approach is adopted, a copy of the Cost Estimate is to be included with the Application.

ACCOMPANING NOTES

1 Item 5.6 - Income and expense must reconcile to Annual Statements.

- #1 Fundraisers - Raffles, Dinners, etc.
- #2 Sales Revenue - Balls, Racquets, etc.
- #3 Professional Services - Legal Advice, Consultancies, etc.
- #4 Loan Repayments - Existing Loans / Mortgages.
- #5 TA Facility Loan Repay - Use the table below to calculate **approximate** annual repayments.

Annual Loan Repayment Amount per \$1000 of Loan

Principal	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year
\$1,000	\$1,044	\$540	\$372	\$289	\$239	\$206	\$182	\$164

e.g. Repayment on \$15,000 loan over 4 years = \$289 by 15 = \$4,335.

2 Item 5.7

Ensure that any significance variances from year to year (i.e. greater than \$500 or 10%) are explained on the attached Application Form. If not, the application will be delayed until all movements are satisfactorily explained.