

# G C M A



## RAISING FINANCE THROUGH MEMBER LEVY / LOAN

**There are a variety of ways members can generate cash for the club. The club should ensure it is clear on what it is able to do and how, following a careful check of its articles and by laws, potentially aided by legal advice:**





**One off levy payment** - a single payment, usually added to the annual subscription, which has been previously approved at an official meeting of the club.



**Multiple year levy payments** - as above but spread over a set number of years to spread the investment. This is more ideally suited to a larger investment that is done over a longer period of time and staged, such as a course improvement plan, or on agreement by the members, the funds put into a secure holding, such as escrow, raised over say five years to reduce the annual member outlay, then the project initiated.



**Member loan notes** - this would again be carried out following agreement at an official meeting of the club, with members invited to take out loan notes, repayable annually at an agreed interest rate (usually slightly more than they can receive by personally investing in a savings account) which is preferential for the club versus what it has available on a secured or unsecured loan taken out commercially. Each individual should enter into their own agreement, and this should be drawn up by a legal professional before issuing.



**Capex subscriptions** - a popular option in the USA is to have separate subscription dues for annual subs and capex projects. This is a shift in culture from what is considered usual, and requires more forward planning to offer as accurate a forecast as possible for capital expenditure costs but is being explored more as member demand for upgraded facilities increases.

For all the above, it is vital to ensure planning is in place for meeting repayments and banks or other financial institutions are likely to require return on investment plans before agreeing to any loan applications. Legal compliance is also important, to minimise any risk to the club, so if in doubt we recommend seeking professional advice.