

FINANCE

Money for something

What you need to know to start navigating the world of association finance.

Finance can often be complex for associations, whose not-for-profit structure combined with a diverse range of needs often does not always fit neatly into standard financial models.

Deciding which type of financing is right for your association is not always clear cut and, for this reason, Jeff Suter of Dark Horse Financial recommends seeking out professional financial advice. “Frequently the right solution for an organisation with complex needs might be one that is provided by more than one lender,” he said.

For many associations, funding for buildings, customer management systems and motor vehicles is a priority. Suter said each of these areas required a slightly different financial approach. “Finance for buildings,” he said, “will often be subject to an annual review by the lender.” To avoid these additional costs, associations might want to look into alternative options.

“An association may prefer a finance product that is essentially set and forget after settlement, where the monthly instalment can be paid and you can focus all your energy on other matters,” he said.

Meanwhile, funding for motor vehicles and office equipment – even lighting and upgrades – to features like gas systems and air conditioning can be obtained through bespoke options that are available for not-for-profit associations.

Beyond the banks

In addition to seeking professional advice, there are other steps that associations can take to achieve their financial goals. “Having up-to-date financials and communicating

honestly and openly go a long way to a successful finance outcome,” Suter said.

“In addition to this, the absolute best way an association can position itself for funding is by engaging with a finance broker as a partner to their business.

“It’s crucial that their finance partner understands their needs, their customers, their purpose and their future goals. By taking a holistic approach to funding, an association can build a strong relationship, not only with their finance partner but also with the lenders that are the best fit for their needs.”

Furthermore, while traditional banks offer a wide range of services and can be an excellent source of finance for associations, Suter said it can be beneficial for associations to look further afield.

“Banks will usually require security that some organisations, particularly not-for-profit organisations, simply won’t have access to,” he said.

“The number of lenders outside the major banks that have responded to the challenges faced by organisations seeking finance has risen significantly over recent years.

“With offerings that are specifically tailored to fill the policy gaps left by the big banks the best solution to a finance need may well sit with an alternative funder.”

Dark Horse Financial

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