NAME OF CHARITY

Policy on the Line of Credit

The NAME OF CHARITY Board of Directors has secured a $xxx Line of Credit with NAME OF BANK, using XXX as collateral.

The general purpose of the line of credit is to provide short-term working capital for NAME OF CHARITY. This policy was developed to further define the appropriate uses of the line of credit, to establish the approval process to draw upon the line of credit, and to establish a reporting and review process to keep the Board of Directors informed of the activity on the line of credit.

Purposes of the Line of Credit:

1. To cover short-term cash flow needs in advance of a future inflow of cash.
2. For any other purpose which the Board of Directors deems appropriate and prudent.

Approval Process for the Line of Credit:

1. The Finance & Audit Committee shall review all proposed draws on the line of credit and shall provide a recommendation regarding the proposed draw to the Board of Directors.
2. All draws on the line of credit must be approved by a majority of the full Board of Directors.
3. Once approved by the Board, signatures for at least two of the current authorized signers shall be required to effectuate the draw.

Reporting and Review Process:

1. The Board of Directors shall receive a statement of the activity at each regular Board meeting for any period in which there is an outstanding balance on the line of credit.
2. The Finance & Audit Committee shall perform an annual review of the activity on the line of credit to ensure compliance with this policy and shall submit a report to the Board of Directors regarding its findings and any recommendations which the Committee deems appropriate.

*Date of Adoption:*