



# MATERIALS RESEARCH SOCIETY

*Advancing materials. Improving the quality of life.*

**3.3.3.7. Line of Credit Usage** Purpose: This policy sets forth the process for accessing the MRS Line of Credit

Applies to: Board, HQ, Volunteers

## Background

In the course of business, there may be times when cash flow diminishes to an unacceptable level. This is particularly true of an organization that receives the major portion of its revenues on a cyclical basis. MRS's major revenue stream has been from the Spring and Fall Meetings, which has resulted in periods of time when cash flow became a concern. Holding a "Line of Credit" ensures that if similar events occur in the future, funds are available to the Society as needed, and the purpose of this policy is to set forth the process for transacting a loan from the Line of Credit.

In 1999, the MRS Council approved "an appropriate financial instrument to supplement cash flow up to \$500k for the Society in Q3-Q4 of FY99, subject to ExCom approval at the time of obligation." (Motion C:99:28) Accordingly, HQ established a \$500k Line of Credit with its primary bank. In 2011, the Board approved a \$250k increase to the Line of Credit to \$750k (Motion B:2011:31)

## Policy

The Materials Research Society shall maintain a line of credit to mitigate the issue of diminished cash flow at various times throughout the fiscal year.

**Accessing Funds:** When business conditions warrant and the Society's cash position needs supplemented, the Executive Director or the Director of Finance shall request the Finance Committee's approval to access funds from the Line of Credit. The request shall include the dollar amount and the estimated payback period. Following the Finance Committee's approval, the Executive Director and/or Director of Finance shall be authorized to execute the appropriate banking documents to complete the transaction. The transaction shall then be immediately reported to the Board of Directors by email. The Finance Committee shall be kept informed about the payback status of the loan and any issues that may arise. Significant deviations from the approved payback schedule require prior approval by Finance Committee.

**Amending the Line of Credit:** Amendments to the Line of Credit contract shall be approved by the Board, upon the recommendation of the Executive Director, Treasurer, and Director of Finance. Subsequent to approval, the Executive Director or the Director of Finance is authorized to enter into, execute, and deliver on behalf of the Society the approved amendments.

**Deliverables:** N/A; Review every three years or as needed

**Who:** Treasurer

