**Marine Corps Association**

**Debt Policy**

1. Purpose

The Board of Governor s of the Marine Corps Association (the “Association”) is responsible for the stewardship of Association financial resources. The Association will encourage financial activities that are aligned with its mission, free of conflicts of interest and proportionate to the cost or obligation of the benefit received. On occasion the Association may consider incurring debt with outside financial institutions to be in the best interest of the Association. Any such debt should be incurred only if necessary and according the guidelines established herein.

1. General Guidelines and Authorities
2. Prior to incurring debt from an outside financial institution or equipment vendor, the Chief Financial Officer of the Association or its delegate shall perform a cost/benefit analysis demonstrating 1) the need for such indebtedness, 2) the financial benefit to be gained from such debt versus using internal funds and 3) source and timing of repayment. This analysis will be shared with the President and CEO as well as with the Executive Committee.
3. The President and CEO has the authority to incur loans and leases from a financial institution or equipment vendor in a cumulative commitment amount not to exceed $500,000 per annum, either as a new credit facility or as advances under an existing line of credit. The President and CEO will seek the approval of the Executive Committee and consent of the Executive Committee for any individual loans or leases exceeding $300,000 or when the cumulative new loan or lease commitments exceed $300,000 in any given fiscal year. This applies both to new loans or leases or advances under an existing line of credit. The Executive Committee will seek approval from the board for any debt exceeding $500,000 cumulatively.
4. Reporting Requirements

The President and CEO will inform the Executive Committee of any new credit facilities of $300,000 or less prior to the next scheduled board meeting following the incurrence of any such loans or leases. Any new credit facilities, as well as advances under any existing line of credit in an amount between $300,000 and $500,000, either individually or cumulatively, shall be reported to the full board of the Association at that meeting.

1. Review Responsibilities

This policy shall be reviewed annually. The Finance Committee shall report the status of compliance thereunder to the full board of the Association at the next board meeting following such review.

This Policy replaces and supersedes any prior arrangements of the Association regarding borrowing, approval authorities and reporting requirements.

Approved \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (date)