ISSUED BY:	**Board of Directors**		
AUTHORIZED BY:	Board of Directors	**NUMBER:**	**IV-4**
ISSUE DATE:	July 8, 2003	**REVISION DATE:**	September 26, 2023
		REVIEW DATE:	**April 16, 2026**
CATEGORY:	Part IV – Ensure Financial Viability	**PAGE:**	1 of 2
SUBJECT:	**BORROWING**		

Purpose and Application

To ensure that any borrowing by the Hospital is prudent, necessary, affordable, and aligned with the Hospital's strategic plan, financial plan, and capital plan, and is approved in accordance with this policy.

For the purposes of this policy, "borrowing" includes loans, lines of credit, bridge financing, lease financing, capital financing arrangements, and any renewal, refinancing, extension, or material amendment of such arrangements.

Routine operating leases, rentals, and service agreements entered into in the ordinary course of business and within approved operating budgets are governed by applicable procurement, budget, and signing authority policies and are not subject to this policy unless they are material or strategic in nature as determined by applicable Board policies.

Policy

Board approval is required before the Hospital enters into any borrowing arrangement or materially amends, renews, refinances, or extends an existing borrowing arrangement, unless expressly authorized by the Board in accordance with Board policy IV-2, Board Delegation of Signing Authority.

The Hospital may only borrow for the following purposes:

a. To provide **temporary bridge financing** for working capital requirements;

b. To establish or maintain an **operating line of credit** to address normal cash flow timing differences between receipt and expenditures;

c. To **finance capital projects** included in the Hospital's Board-approved capital expenditure plan;

d. To lease or **finance capital equipment** included in the Hospital's Board-approved capital plan; and

e. To **finance land or property acquisitions** consistent with the Hospital's Master Plan.

All borrowing must:

- Comply with applicable legislation, regulations, funding agreements, and other legal obligations;
- Be supported by appropriate financial analysis, due diligence and a documented business case where appropriate;
- Demonstrate affordability, a clear source of repayment, and acceptable financial and operating risk;
- Be within Board-approved limits;
- Comply with Board policy IV-2 "*Board Delegation of Signing Authority*"; and
- Be administered in a manner that supports prudent financial stewardship and ongoing compliance to the terms and conditions of the borrowing agreement.

Monitoring Procedures

The Hospital will report to the Board, at least annually, and more frequently as required, on the Hospital's borrowing position, including:

- Authorized borrowing limits;
- Outstanding balances and available capacity:
- The purpose and status of each borrowing arrangement;
- Key terms and maturity dates; and
- Financial risk considerations.

<u>Policy Review Log</u>

Date	**Activity**
July 8, 2003	Issued
April 8, 2008	Revised
September 25, 2018	Revised
June 2, 2020	Reviewed
September 26, 2023	Revised