

<b>Document Name:</b>	Borrowing		
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<b>Review Period:</b>	<input checked="" type="checkbox"/> 3 years <input type="checkbox"/> 1 year	<b>Manual:</b> Governance Policy Manual	
<b>Classification:</b>	Board of Directors	<b>Section:</b> Financial and Organizational Viability	
<b>Owner:</b> President & CEO	<b>Signing Authority:</b> Board of Directors		

## POLICY STATEMENT:

The Hospital is committed to maintaining prudent financial management and responsible use of debt to support its operational and strategic objectives. Borrowing will be undertaken only when necessary to ensure effective delivery of patient care, support capital development, or manage cash flow requirements. All borrowing must be approved by the Board of Directors and comply with applicable legislation, Ministry of Health requirements, and internal financial policies.

### Guiding Principles

- Borrowing must not compromise the Hospital's ability to meet operational, capital, or regulatory requirements established by the Ministry of Health or other governing bodies.
- All borrowing must align with the Hospital's strategic plan, capital plan, and financial sustainability goals.
- The Hospital will seek the most cost-effective financing available while maintaining prudent risk management practices.

## PROCEDURE:

### 1. Authorized Purposes for Borrowing

The Hospital may borrow funds or enter into lease or financing arrangements only for the following purposes:

- To secure bridge financing for working capital requirements;
- To secure operating financing (line of credit) to fund normal operating requirements arising from timing differences between cash inflows and expenditures;
- To secure capital project financing to support Board-approved capital initiatives;
- To lease or finance capital equipment that is part of the Hospital's approved capital expenditure plan;
- To lease or finance land or property consistent with the Hospital's Master Plan;
- To support an expenditure justified by a business case demonstrating acceptable financial return or operational necessity.

### 2. Procedures and Responsibilities

- The VP of Corporate Services & Chief Financial Officer (CFO) will
  - Prepare a detailed report for the Finance, HR and Audit Committee outlining:
    - The purpose of the borrowing;

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- Cash flow and balance sheet impacts;
- Repayment capacity and terms of financing; and
- Compliance with Board policies and Ministry requirements.
- Seek financing from:
  - A Schedule I Canadian bank under the *Bank Act*;
  - The Ministry of Health or Ministry of Finance, where eligible; or
  - Reputable financial or leasing institutions offering competitive rates.
- All borrowing arrangements must be reviewed by the VP of Corporate Services & CFO and the CEO and be approved by the Board of Directors prior to execution.
- Designated Signing Authorities may execute Board-approved borrowing agreements in accordance with the Signing Authority and Approval Policy.
- The Hospital will adhere to any conditions or requirements stipulated by the Ministry of Health or other governing agencies when receiving financial assistance.

### **3. Reporting**

An annual borrowing report will be presented to the Finance, HR and Audit Committee summarizing:

- The total outstanding debt and credit limits;
- Purpose and terms of all borrowings; and
- Any changes to existing financing arrangements.

### **REFERENCES:**

1. Public Hospitals Act
2. Ministry of Health Guidelines on Borrowing and Financial Assistance
3. Mississippi River Health Alliance Borrowing Policy (IV-7 February 2023)
4. Health Sciences North Borrowing Policy (IV-4 September 2018)
5. Trillium Health Partners – Borrowing Policy (IV-5)