BOARD MANUAL

SUBJECT: Borrowing	NO.: 2-C-36
SECTION: Corporate Performance and Oversight	
APPROVED BY: Board of Directors	DATE: May 25, 2022

Policy

The Board sets borrowing limits and approves any changes to these limits. Cambridge Memorial Hospital (the Hospital) (maintains a Board approved long term cash strategy plan that strives to eliminate the reliance on debt. Annually, this strategy is assessed in the context of the organization's operating and capital planning cycle.

Guideline

1. The Hospital will only borrow money for the following purposes:
   (a) To secure bridge financing for working capital requirements;
   (b) To secure operating financing (line of credit) to fund normal operating requirements arising from timing differences between cash inflows and expenditures;
   (c) To secure capital project financing to support a capital project or major renovation;
   (d) To lease or finance capital equipment that is part of the organization's Board-approved capital project plan;
   (e) To lease or finance the purchase of land or property consistent with the Hospital's Master Plan and/or space planning needs; or
   (f) To support an expenditure justified by a business case with an acceptable financial return.

2. The Hospital will maintain a line of credit to cover short-term funding requirements subject to the following:
   (a) Board approval is obtained for the establishment of the line of credit and any other debt instruments.
   (b) Any changes to these limits will require Board approval that will be linked to a business case and a repayment strategy.
   (c) The Chief Executive Officer and Chief Financial Officer may use the line of credit or any other debt instruments.
   (d) The Chief Executive Officer will inform the Resources Committee and the Board of the use of the line of credit at their next regularly scheduled meeting.