***[HOSPITAL NAME]***

**ADMINISTRATIVE POLICY**

CATEGORY: Finance **CODE: B-7**

SUBJECT: Borrowing and Lending of Funds **EFFECTIVE:**

**COORDINATOR: Business Manager**

In accordance with Board policy B-7, HOSPITAL will not borrow or lend funds without Board approval. This includes the borrowing or lending of internal and external funds.

1. The request to the Board for borrowing or lending of funds will include the following:
2. The source of the funds including applicable terms of borrowing
3. How the funds will be used and how that use fits into the core mission of the Hospital;
4. How the funds will be repaid and how the repayment fits into the business plan of the Hospital;
5. The effects that the borrowing will have on expectations of granting and other external agencies.
6. If the Hospital has borrowed funds, a debt management plan will be developed and incorporated into the budget. A progress report given at each Board meeting on showing payment progress and remaining balance(s).
7. Lending of funds will be considered on an individual basis including the items listed in item 1 above. Authorization to lend funds must be approved by the Board of Directors.

APPROVED: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

DATE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_