**Health care finance module 3: Glossary of terms**

* **Accounting** is the language of business
* **Financial accountant** = designs procedures for the recording of transactions, supervises that record-keeping function, and is responsible for summarizing records in financial statements
* **Managerial accountant** = take information about the costs of doing business from the financial records. Once information is gathered, they analyze it to find out how costs change with changing volume and how well management is doing at controlling costs
* **Auditors** = responsible for verifying that financial statements are prepared with GAAP
* **Internal auditor** = ensure that adequate records are maintained to support the financial statements that the organization presents
* **Assets** = all things (tangible and intangible) that in possession to help run the business
* **Liabilities** = all items that the entity owes to other
* **Owner’s equity** = difference between the value of the entity’s assets and its liabilities. It is what could be claimed were owned that could be liquidated
* **Monetary terms** = all items must be written in terms of money
* **Accounting entity** – Identify what organization you’re talking about
* **Accounting period** 🡪 length of time of the financial statement
* **Accrual principles** = requires that revenues be recorded in the period in which the associated service is performed, and that expenses are recorded in the period in which they incurred, regardless of whether or not cash has changed hands.
* **Financial accounting standards board (FASB)** = principal rule-making body in financial accounting in the US
* **Governmental accounting standards board (GASB)** = principal rule-making body of organizations owned by government agencies
* **Securities and Exchange Commission (SEC)** = Those organizations whose securities (stocks/bonds) are sold to the public are overseen by the SEC
* **Accounting cycle** = steps that lead from the original bookkeeping entries to financial statement constitute the accounting cycle
* **Journal entry** = First step of accounting cycle where equal debit and credit entries are made in the organization’s general journal
* **Posted** = At regular interviews, perhaps daily or weekly, journal entries are posted in account ledgers
* **Trial balance** = After posting, trial balance is computer which is a test for the consistency and accuracy of the bookkeeping process
* **Depreciation** = loss of value
* **Balance sheet =** Snapshot of financial condition at a given time
* **Income statement** = Measures a company’s financial performance over a specific accounting period
* **Statement of cash** flow = Summary of assets and liabilities that caused a change in the main cash balances
* **Charges** = Standard fee for services before any adjustments
* **Adjustments**: Discounts for non-HMO managed care plans
* **Contractual allowance** = difference between the charge and the amount the hospital has agreed to accept from insurance