**Health Care Finance Module 2: Glossary of terms**

1. Valuation = Determining the present value of an asset by one who is authorized to do so
2. Market = Place to exchange goods and services (ex. Grocery store and hospital)
3. Financial markets = are arrangements for the purchase and sale of short-term financial resources
4. Capital markets = are arrangements for the purchase and sale of long-term financial resources
5. Rating agencies = Provide credit analysis for investors
6. Broker = An institution that acts as an agent for investors, making its profit from commissions
7. Supplier = Help organizations to secure supplies/inventories for their business
8. Dealer = An institution that holds an inventory of securities, making its profit by trading “on its own account.”
9. Investment banker = specialists in bringing newly issues securities to market. These are the gatekeeper of external financial resources. Most also serve as market makers for securities they help to create after those securities have been issued.
10. Return on investment = rate of profitability than an investment provides
11. Risk = one faces risk when the outcome that one expects cannot be known with certainty.
12. Risk aversion = one is strictly risk averse if one is unwilling to participate in an actuarially fair lottery
13. Endowment = portfolio of assets
14. Mutual funds = people pool money and a manager buys and sells. Can be a basket of stocks, bonds, or other assets
15. Index funds = company control fund that buys all the shares that make up a particular index or some other similarity (Only S&P 500 companies; Japanese stocks)
16. ETF = Similar to index funds = but instead of a company controlling the fund, the ETF is traded on the market
17. Bond funds = basket of bonds
18. Stocks = share of ownership in a company
19. Dividends = a portion of the profit that you earn
20. Diversification = Variety of investments
21. Bonds = give money to a company or the government in exchange they pay you back the full amount in the future and possible payments along the way.
22. Principal = how much is the bond worth
23. Interest rate = Amount of interest the bond will pay
24. Coupon rate = The amount of interest paid per year
25. T-bills = are short-term government securities with maturities ranging from a few days to 52 weeks. Bills are sold at a discount from their face value.
26. T-notes = are government securities that are issued with maturities of 2, 3, 5, 7, and 10 years and pay interest every six months.
27. T-bonds = pay interest every six months and mature in 30 years.
28. Savings bonds = are a secure savings product that pay interest based on current market rates for up to 30 years.
29. Tax-exempt revenue bonds = in the health care sector, government/nonfederal and NFP organizations have the advantage of being able to obtain funding through the issuance of TERB.
30. Debentures = not backed by an asset
31. Mortgage bonds = Backed by claims on an asset
32. General obligation bonds = in the gov’t and NFP arena, bonds backed by the full faith and credit of a unit of government
33. Hospital revenue bonds = backed only by the revenues of the organization for which the bonds were issued
34. Zero-coupon bond = Bought at lower than face value and repaid at full value
35. Crowdsourcing or Crowdfunding = Eliminate institution (bank or brokerage firm) and directly trade money
36. Heat = legal and regulatory proceedings
37. Actors = People involved in that transaction
38. Facilitator = People that help make the transaction happen
39. FDIC = Federal Deposit Insurance Corporation = Insurance of deposits, only banks
40. FTC = Federal Trade Commission = Consumer protection and eliminate anticompetitive practice (such as monopolies)
41. Securities Act of 1933 = Primary purpose of the ‘33 Act is to ensure that buyers of securities receive complete and accurate information before they invest
42. Full disclosure = Every party should be aware of all the rules, regulations, fees, interest, etc.
43. Due diligence = Trying your best to ensure that you have let someone know about the full disclosure
44. Insider trading = Martha Stewart, An insider has access to financial information the general public does not and then profit from it. Rules regarding insider trading that must be followed.
45. Underwriting = Sign and accept liability, thus guaranteeing payment in case loss or damage occurs
46. Trade credit = credit granted from one business to another
47. COD = Collect on delivery
48. Factoring = selling AR to a financial institution
49. Line of credit = An informal arrangement between a bank and its customers specifying the maximum amount of credit the bank will permit the firm to owe at any one time.
50. Commercial paper = Short-term, unsecured promissory notes, generally issued by large corporations