

## **LUTHERAN WOMEN'S MISSIONARY LEAGUE GLOSSARY OF FINANCIAL TERMS**

**Accrual method of accounting:** Generally accepted accounting principles. Income and expenses are applied to the period in which they occur.

**Assets:** Cash, savings accounts, certificates of deposit, investments, bonds, accounts receivable, inventory, prepaid expenses.

**Biennium:** A period of two years. The LWML operates on a biennium that begins April 1, the year the national convention is held, and ends two years later on March 31.

**Endowment Fund:** A fund that maintains the principal and uses only the interest that accrues from it. The interest is used to encourage mission education, inspiration, and service, and to also improve the LWML's ministry into the future.

**Fiscal:** Relating to financial matters.

**Fiscal year:** A 12-month period of time when speaking of financial matters. The financial year could begin and end any time during the calendar year but always includes 12 months.

**Funds Available for Mission Grants:** This amount begins with 70% of the approved mission goal for the biennium. It can also include 70% of Mites received in excess of the Mission Goal for the previous biennium, and/or 100% of any unused grant funds from a previous biennium.

**Gifts of Love Ministry:** An estate-planning ministry for LWML women who want to incorporate their wishes and desires to make the best possible gift(s) to family and to their ministries of choice.

**Joyful Response:** A service provided by Lutheran Church Extension Fund (LCEF) that provides the ability for members and supporters to give their mite offering through an electronic and automated method. LCEF pays all transaction fees.

**Liabilities:** Debts owed such as accounts payable.

**Memorials/Honorariums:** Donations that are given in memory or in honor of a loved one. The gift can be restricted to the Mission Goal and/or the Endowment Fund. If the gift is not restricted, the donation is used for general operation expenses of the LWML.

**Mission Goal:** A financial goal adopted by the convention voting body in odd-numbered years to fund mission grants and other operating expenses for the biennium.

**Mission Grants:** Mission opportunities that are approved by delegate vote at each convention in odd-numbered years. The districts also approve their own mission grants at their conventions in even-numbered years.

**Mites:** Voluntary contributions given by LWML supporters to promote the work of the LWML. The mites can be given directly to the LWML, and the entire donation is used for national grants and programs. The offering can also be given through the district whereby the district keeps 75% to support its mission grants and programs and sends 25% to national to support those grants and programs. All donations given directly to national or from districts are divided in this manner: 70% is temporarily restricted for mission grants and 30% is used for operating expenses.

**Permanently Restricted Funds:** Donations that are given to the Endowment Fund are permanently restricted as the principal remains untouched.

**Prepaid Income and Expenses:** Income and expenses received or paid but entered on the financial reports at a later date when the event occurs. Example: convention income and expenses are received and paid prior to the convention. By holding these funds in a prepaid account, they can be shown later on financial statements during the period of time the event occurred.

**Temporarily Restricted Funds:** Donations that are given for a specific purpose such as mites. These funds are held "temporarily" until a need for these funds is evident, such as a grant requesting funding. Donations given specifically to support the Gifts of Love Ministry are held "temporarily" for payment of development staff expenses.

**Unrestricted Funds:** Donations that are used for the operation of the LMWL.