

# Accounting for the Value of Volunteer Contributions

Laurie Mook, Jorge Sousa,  
Susan Elgie, Jack Quarter

*There is a need for an accounting paradigm that properly illustrates the value that nonprofits generate. Much of that value comes from volunteer contributions, which are significant but for the most part are not included in financial accounting statements, even though our research indicates that they account for almost a third of the value added by these organizations. This article reports the results of two studies related to measuring volunteer value in the accounting of nonprofits and then draws some policy implications from the research. The first study, a survey of 156 nonprofits in Canada, found that although about one-third of the sample kept records of volunteer hours, only 3 percent included a value for them in their accounting statements. The second study, of nonprofit accountants, found that they did not feel that financial accounting statements properly represented the contribution of their organizations. A series of policy recommendations are presented, including suggestions for revising the regulations of accounting bodies for imputing volunteer value and creating accounting statements that better represent the contribution of nonprofits.*

**T**HE LIMITATIONS of financial accounting for nonprofit organizations are well known and particularly problematic for the subset of nonprofits that are donative organizations; that is, rather than earning their revenues from the market, they rely heavily on grants or donations from such external sources as government and from individuals, corporations, and foundations. For organizations of this sort, conventional financial statements—that is, financial statements prepared in accordance with current accounting

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standards—document their costs without assessing their benefits (Anthony and Young, 1988; Henke, 1989). These organizations are portrayed as users of resources rather than as creators of value through their services to society. Their financial accounts are one-sided and lack information on which to base decisions affecting the organizations and the communities they serve. Additional information is required to assess the impact of individual nonprofits as well as the sector as a whole, and new accounting tools are needed that include this information.

In our previous research, we developed several social accounting models that include volunteer contributions and applied these to several North American organizations as case studies (Quarter, Mook, and Richmond, 2003). For example, the adaptation of a value-added statement, referred to as an expanded value-added statement (EVAS), which was developed by Laurie Mook, allows nonprofits to estimate their economic and social value-added, including the value of their volunteer contributions (Mook, Richmond, and Quarter, 2003; Quarter, Mook, and Richmond, 2003). This is a departure from more conventional approaches to accounting that focus on the entity's cost of service and how that cost was funded (Canadian Institute of Chartered Accountants, 2001).

A significant amount of the value generated by nonprofits comes from volunteer contributions, which, because they are not exchanged in the market, are not reflected in conventional accounting statements. In Canada, volunteer contributions to the sector are considerable; a recent national survey found that Canadians aged fifteen and older contributed over 1 billion hours in 2000, or 549,000 full-time year-round job equivalents (Hall, McKeown, and Roberts, 2001). To put this in context, the nonprofit sector employs just over 2 million people, with annual wages and salaries totaling over \$48 billion (in Canadian dollars), about 13.5 percent of the wage bill for the Canadian economy (Statistics Canada, 2004a, 2004b). At an hourly rate of \$13.35, the rate used by Statistics Canada in the Satellite Account of Nonprofit Institutions and Volunteering, volunteer contributions are estimated to have a value of over \$14 billion, two and a half times more than individual financial donations to these organizations (Statistics Canada, 2004b). Yet volunteer contributions of time are not recognized, even though they amount to over 22 percent of the value added they contribute to society.

This is not an isolated case. The Johns Hopkins Comparative Nonprofit Sector project has collected data in twenty-two countries on the nonprofit sector, and for those countries where the value of paid employment in the nonprofit sector is 5 percent or higher of the total nonagricultural employment, the value added by volunteers not reported in the national accounts ranges from 16 to 51 percent of the total value added attributed to the nonprofit sector for those countries (see Table 1) (Salamon and others, 1999). With the introduction of satellite accounts for nonprofits, these contributions are

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**Table 1. Value Added by Paid Employees and Volunteers in the Nonprofit Sector of Selected Countries, 1995**

	<i>Full-Time Equivalents</i>		<i>% of Nonagricultural Employment</i>		<i>Value Added<sup>a</sup></i>	
	<i>Paid Staff</i>	<i>Volunteers</i>	<i>Paid Staff</i>	<i>Volunteers</i>	<i>Reported</i>	<i>Not Reported</i>
Japan	2,287,993	850,264	3.7%	1.3%	74.0%	26.0%
France	974,867	1,114,816	5.0	5.1	49.5	50.5
Germany	1,480,850	1,211,474	5.1	3.8	57.3	42.7
United Kingdom	1,473,443	1,664,003	6.4	6.4	50.0	50.0
Australia	415,651	218,352	7.5	3.5	68.2	31.8
United States	9,634,600	7,246,856	8.8	5.7	60.7	39.3
Israel	147,166	32,405	9.3	1.8	83.8	16.2
Belgium	358,853	100,686	10.5	2.6	80.2	19.8
Ireland	125,584	33,690	12.2	2.8	81.3	18.7
Netherlands	660,299	425,554	12.7	6.6	65.8	34.2

<sup>a</sup>For nonprofit organizations, value added can be calculated by adding together wages and salaries for paid employment, plus an imputed value for volunteer hours contributed (Salamon and others, 1999).

beginning to appear in the national accounts. However, this value added is not reported at the organizational level in conventional accounting statements.

### **Current Accounting Standards on Volunteer Contributions**

Accounting regulations in Canada and the United States permit the reporting of an imputed value for volunteer contributions under limited circumstances when “contributed materials and services” (for example, volunteering) would have otherwise been purchased. For many nonprofits, however, this is overly restrictive, as most volunteer-based organizations may not be in a position to purchase these goods and services if they are not donated. In Canada, the accounting standards guiding the recognition of volunteer contributions are found in the *Handbook* of the Canadian Institute of Chartered Accountants (CICA) and date back to April 1997:

4410.16 An organization may choose to recognize contributions of materials and services, but should do so only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the organization’s operations and would otherwise have been purchased.

4410.17 Organizations may receive substantial contributed materials and services. Often these contributions are not recorded because of record-keeping and valuation

difficulties. For example, it may be impractical to record the receipt of contributed services where the organization depends heavily on the use of volunteers to provide services. Where contributed materials and services meet the criteria in paragraph 4410.16, recording their value would provide useful information [CICA, 2001, p. 4106].

This means that the CICA recognizes that making a dollar estimate of the value of volunteer contributions could provide useful information and that the reason many organizations may not be recording this information is difficulty in keeping records and assigning a value to them. However, the CICA restricts what can be recognized by saying that in order to be allowed on the accounting statement, these volunteer contributions would have to be otherwise purchased by the organization, a criterion that would eliminate most volunteer contributions to nonprofits. This is a key point: for nonprofits, volunteer services may be essential, but the organization may still lack the funds to pay employees to do this work.

The U.S. Financial Accounting Standards Board (FASB) provides a similar definition of what can and cannot be recognized as contributed services in its *Statement of Financial Accounting Standards No. 116: Accounting for Contributions Received and Contributions Made* (1993):

9. Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen. Contributed services and promises to give services that do not meet the above criteria shall not be recognized.
10. An entity that receives contributed services shall describe the programs or activities for which those services were used, including the nature and extent of contributed services received for the period and the amount recognized as revenues for the period. Entities are encouraged to disclose the fair value of contributed services received but not recognized as revenues if that is practicable [p. 1].

According to the FASB, this restrictive definition of what can and cannot be recognized as contributed services came about because of practical, not conceptual, reasons. It states that concerns over the reliability and cost of getting this information led it to limit recognition “to only those services that will provide information that is clearly relevant, clearly measurable, and obtainable at a cost that does not exceed the benefits of the information provided” (FASB, 1993, p. 121; Vargo, 1995).

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Although the accounting criteria of CICA and FASB are restrictive, they still provide some opportunity for nonprofits to include volunteer value within their statements. However, there is no systematic research of the extent to which nonprofits include volunteer value within their financial statements. Our research provides a first step in this direction in addressing this issue with a sample that surpasses anecdotal evidence. This article is based on these two empirical studies.

## Study 1

The first study was a national online survey of Canadian nonprofit organizations that examined the extent to which nonprofits kept records of their volunteer contributions and estimated a financial value for them. The survey also looked at the barriers they faced in doing so.

### Methodology

To create a sampling frame, we used *Associations Canada 2002*, a directory of nonprofit organizations containing 19,213 listings of Canadian associations and international associations relevant to Canadians. This directory appeared to be the most comprehensive list of nonprofits available in that it contains a range of organizations, including those with charitable status, in different fields and of different sizes from across Canada. However, it does not include all nonprofits in Canada and so may not be representative. We therefore refer to our sampling as purposive.

We selected 640 organizations from the directory by choosing every thirtieth entry. We then eliminated 32 organizations, either because they were cooperatives or because they were located in another country. This left 608 organizations. We mailed surveys, 529 of them in English and 79 in French, to these organizations. Organizations from every province in Canada were included in our mailing list. Two weeks after the mailing, the organizations were called by a group of four students trained in completing the surveys over the telephone. Two of these students were fluent in French. In total, 156 surveys were completed (119 in English and 37 in French), not including several that came in after the deadline for data entry. Half of the surveys were returned by mail, and the other half were completed by telephone interview. Of the 608 organizations that were sent the survey, 152 either did not receive it because of faulty contact information or could not respond because they were so small that they did not maintain an office. If these organizations are eliminated from our calculation, the response rate (returns from organizations that actually received the survey and had the capacity to respond) was 34 percent. If these organizations were included, the response rate would be 26 percent.

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The survey solicited information on the characteristics of the responding organization: its accounting practices, including whether it estimated the financial value of its volunteer contributions and reported that value in its financial statements, and why the organization either did or did not report on the value of its volunteer contributions. If the organization included the value of its volunteer contributions, the procedure for doing so was explored. The research team designed the survey for this study. After the initial draft was developed, the survey was pilot-tested with representatives of several nonprofit organizations. It was finalized based on their feedback.

### Findings

The sample of 156 organizations had the following characteristics:

- Eighty-nine percent were incorporated nonprofits; 10 percent were unincorporated associations.
- Their mean age was 34.8 years; the median was 30.0.
- Fifty-four percent had a charitable status; the rest did not.
- They had a mean of 10.8 full-time employees; the median was 3.0.
- They had a mean of 250.6 volunteers; the median was 32.0.
- They had mean revenues of \$1.08 million; the median was \$223,527.

The discrepancy between the means and medians reflects that the results are skewed and a relatively small number of large organizations are weighting the mean.

To analyze the data, we focused on three questions:

1. Does your organization keep records of volunteer contributions?
2. As part of your record keeping, does your organization estimate a financial value for volunteer contributions?
3. In your accounting statements, does your organization include a financial value for volunteer contributions?

Just over one-third (37 percent) of respondents indicated that their organizations kept records of the volunteer contributions. Only 7 percent estimated the financial value of the volunteer contributions, and only 3 percent reported this value in their accounting statements. In other words, the data support what the anecdotal evidence suggested: a small number of nonprofits estimate a value for their volunteers and include it within their accounting statements.

Next, we wanted to see if there were identifiable organizational characteristics associated with keeping volunteer value. Given that only 3 percent of organizations included volunteer contributions within their financial statements and only 7 percent estimated a value for volunteer contributions apart from their financial statements, the conditions were not ideal for identifying the characteristics of organizations that were more likely to undertake this activity. Although

we nevertheless carried out some tests, we found nothing of statistical significance. However, we were able to determine whether organizational characteristics were related to keeping records of volunteer contributions reported by 37 percent of respondents. Although this criterion is not the same as including a value for volunteer contributions within financial statements, it nevertheless is a first step in the process.

Using chi-square and Mann-Whitney tests, we assessed a number of organizational characteristics for significant relationship with record keeping. Because of the large number of potential predictors and relatively small number of responding organizations, we then entered just the significant variables into a logistic regression to establish independence of prediction. We used the forward stepwise Wald method, and the resulting model was significant ( $\chi^2(3) = 18.75, p < .001$ ).

Organizations most likely to keep records of volunteer contributions had a female accountant, a charitable status, and a large number of volunteers relative to the rest of the sample. These three predictors were significant, independent, and positive predictors of record keeping, as shown in Table 2. The predictors included in the final model were significant using both the Wald test and the increase in chi square at each step.

### Reasons for Not Estimating and Reporting on Volunteer Value

Ninety-three percent of respondents to our survey indicated that their organizations did not estimate the financial value of volunteer contributions, and 97 percent indicated that they did not report on this value in their financial accounts.

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**Table 2. Summary of Logistic Analysis Predicting Record Keeping About Volunteers**

		<i>B</i>	<i>SE</i>	<i>Wald</i>	<i>df</i>	<i>Significance</i>	<i>Odds Ratio</i>
Step 1 ( $\chi^2(1) = 8.45^{**}$ )	Number of volunteers	0.19	0.07	8.14	1	0.004	1.21
Step 2 increase ( $\chi^2(1) = 5.10^*$ )	Charitable registration	0.84	0.38	4.97	1	0.026	2.31
	Number of volunteers	0.18	0.07	6.53	1	0.011	1.19
Step 3 increase ( $\chi^2(1) = 5.20^*$ )	Gender of accountant	0.97	0.44	4.87	1	0.027	2.64
	Charitable registration	0.93	0.39	5.85	1	0.016	2.54
	Number of volunteers	0.15	0.07	4.15	1	0.042	1.16

*Note:* Two variables, region of the country and type of organization, did not enter the model due to correlations (and thus redundancy) with the three predictors.

\* $p < .05$ . \*\* $p < .01$ .

Table 3. Reasons for Not Estimating and Reporting on Volunteer Value

	Number of Organizations	Not Applicable	Haven't Considered	Lack of Resources	Not Desirable	No Support	Credibility of Data	Unknown
Why value of volunteers is not estimated	122	59.8%	19.7%	18.9%	14.8%	4.9%	3.3%	1.6%
Why financial value for volunteer contributions is not included in Financial Statement	114	61.4	19.3	10.5	14.9	8.8	10.5	0.9

*Each respondent had the opportunity to provide the reasons for or an explanation of his or her responses to questions that asked whether the organization estimated the financial value of volunteer contributions and whether it reported on that value in its financial accounts.*

On the survey, each respondent had the opportunity to provide the reasons for or an explanation of his or her responses to questions that asked whether the organization estimated the financial value of volunteer contributions and whether it reported on that value in its financial accounts (see Table 3). Some respondents provided several reasons, so the tabulations that follow are not mutually exclusive. Nevertheless, they give some insight into the thinking of respondents with regard to these issues. Two independent raters categorized the qualitative information, and the interrater reliability was .82.

Sixty percent of respondents reported that they did not estimate a value because they did not consider these activities as applicable to their organization; 61 percent considered it “not applicable” to include this value in their financial accounts. Some of the components of “not considered applicable” are “not useful,” “not interested,” “not required by funder,” “not required by accountant,” “not required by Canada Customs and Revenue Agency [now called Canada Revenue Agency],” and “not applicable because of low numbers of volunteers so no reason to do it.” Respondents made comments such as: “It is not a funding requirement for our major funder” and “information is not required,” indicating that funders and external agencies can shape this decision.

The second most frequently mentioned reason for not undertaking either activity was that the organization had never considered it. Twenty percent indicated that they had never considered estimating the financial value of volunteer contributions; 19 percent never considered including this value in their financial accounts.

Nineteen percent of organizations said that they lacked the resources to estimate the financial value of volunteer contributions; 10 percent said that they lacked the resources to report on this value. Among the components of “lack of resources” are “lack of human resources [to do it or to supervise how it’s being done],” “lack of financial resources,” “lack of technological resources (e.g., software,



computers, etc.),” and “lack of appropriate tools/information (e.g., toolkits, access to appropriate rates, etc.)” Respondents made comments such as, “Our record keeping is done by volunteers, so we keep it to a minimum” and “No time. No resources.”

Other reasons given were, “Not desirable,” cited by 15 percent of organizations for not estimating the financial value of volunteer contributions and for not reporting on that value. Components of this reason are “not appropriate to value volunteers this way,” “philosophical objections,” and “don’t want to burden volunteers.” Respondents made such comments as, “A volunteer’s contribution is time, not money,” and “We volunteer because we want to do it. We do not want to really keep track.”

“No organizational support” was cited by 5 percent of organizations for not estimating the financial value of volunteer contributions and 9 percent of organizations for not reporting on that value. Components of this reason are “no leadership,” “no champion taking up the issue,” and “not required by board.” Respondents made such comments as, “This has not been a practice of this organization until now” and “Never required by head office.”

“Difficult to gather credible information” was cited by 3 percent of organizations for not estimating the financial value of volunteer contributions and 10 percent of organizations for not reporting on that value. Components of this reason are “difficult to track hours” and “difficult to determine the accuracy of the numbers.” Respondents made such comments as, “We would have difficulty in collecting reliable data.”

## Study 2

The second study asked a sample of nonprofit accountants about their views on whether conventional accounting captures the performance of nonprofit organizations in accordance with their missions. It also asked them about the appropriateness and viability of including volunteer contributions in accounting statements that reflect the performance of nonprofit organizations.

### Methodology

The persons answering the survey in the first study varied, but in most cases the respondent was either the executive director or someone in a similar role. The second study was of forty-nine nonprofit accountants who attended a workshop on how to measure volunteer contributions and how to include them within an expanded value-added statement. Although they were a self-selected group who already had an interest in the topic, their perceptions are still insightful. The sample has the following characteristics: 53 percent were women, who on average had worked eleven years for nonprofits; and 69 percent had an accounting degree, on average for fifteen years. Prior to the workshop, the participants were sent an electronic survey

consisting of the following five items on a five-point scale, ranging from strongly disagree to strongly agree:

1. Conventional financial statements appropriately reflect the performance of nonprofit organizations in accordance with their missions.
2. Including the value of volunteer contributions in financial statements provides a more complete picture of a nonprofit's performance story.
3. It is a bad idea to attempt to quantify volunteer contributions.
4. It is impossible to quantify volunteer contributions.
5. My accounting education trained me adequately to prepare accounting statements that reflect the performance of nonprofit organizations.

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*The data indicate that the respondents . . . believe that volunteer contributions can be included in financial statements.*

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### Findings

As shown in Table 4, the data indicate that the respondents have reservations regarding the appropriateness of financial accounting for nonprofits and believe that volunteer contributions can be included in financial statements. Only 31 percent of the sample feels that financial statements appropriately reflect the performance of nonprofits. Fifty-five percent were in disagreement with this statement.

Table 4 also shows that 68 percent agree that including the value of volunteer contributions in financial statements provides a more complete picture; only 8 percent disagree.

Only 8 percent of the sample feels that it is a bad idea to attempt to quantify volunteer contributions, whereas 70 percent are in disagreement. Only 6 percent agree that it is impossible to quantify volunteer contributions, whereas 62 percent disagree. Only 38 percent

**Table 4. Preworkshop Responses of Accountants (N = 49)**

	<i>Strongly Disagree</i> 1	<i>Slightly Disagree</i> 2	<i>Neutral</i> 3	<i>Slightly Agree</i> 4	<i>Strongly Agree</i> 5	<i>Mean</i>	<i>Median</i>	<i>Mode</i>
1. Financial statement appropriate	8.2%	46.9%	14.3%	28.6%	2.0%	2.69	2	2
2. Include volunteer value	2.0	6.1	24.5	38.8	28.6	3.86	4	4
3. Not desirable to quantify	38.8	30.6	22.4	6.1	2.0	2.02	2	1
4. Impossible to quantify	30.6	30.6	32.7	6.1	—	2.14	2	3
5. Accounting education inadequate	6.1	36.7	18.4	18.4	20.4	3.10	3	2

*Note:* Responses are on a scale of 1 to 5, with 1 = strongly disagree to 5 = strongly agree.

of the sample defends the preparation that they received in their accounting education and perceives the training as adequate. Forty-three percent are in disagreement with this statement.

During the workshop discussions, participants from nonprofits noted that including volunteer contributions in the financial statements provided a more complete picture of an organization's performance story. There was a consensus that the challenges facing the inclusion of volunteer contributions and other social impacts in accounting statements are not ideological and do not arise from a perceived impossibility of the task. Rather, the challenges are seen to be primarily of a technical nature. In other words, there is a general agreement that reporting volunteer contributions is both desirable and possible, but there is a lack of appropriate methods and tools to ensure accurate reporting. As more and more nonprofits collect these data and more funders request them, organizations are looking for technical guidance in order to report this information in a consistent, uniform, and reliable way that allows comparability and auditability.

Some participants suggested that nonprofit accountants and financial officers come together in a network or association in order to work on issues relevant to nonprofit accounting. They also felt it was important to create spaces for executive directors, accountants, and volunteer managers to discuss these issues. Others suggested that accounting associations could provide guidance in putting procedures in place that would ensure consistency, uniformity, and reliability.

Finally, education and awareness of social accounting for all stakeholders was seen as crucial in order for social accounting to become accepted and implemented on a wider scale, a point that we address here under policy recommendations.

## Discussion

These two studies indicate that a relatively small number of nonprofits estimate a value for volunteer contributions and include that value within their accounting statements. They also suggest that nonprofit accountants believe that including volunteer contributions within accounting statements would result in a fuller picture of the organization. In this section, we present some policy recommendations for consideration that would address the issues raised in these studies.

### Accounting Regulations

Accounting regulations for volunteer value in Canada and the United States are based on the premise that it is appropriate to impute a monetary value where volunteers are viewed as replacing paid labor. Therefore, if an organization would normally not pay for the task undertaken by a volunteer or, put differently, if volunteers supplement rather than substitute for paid labor, then it is inappropriate to include an estimate of their value within accounting statements.

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There are at least two problems with this distinction. First, the line between substituting and supplementing is not always clear (Brudney, 1990). For many organizations, it is a judgment call as to whether they would normally pay someone for a particular task. Nonprofit revenues are often unstable, and the same is true of their staffing.

The other problem with this distinction is that it is insensitive to the nature of nonprofits as having a workforce of which volunteers are often a substantial part. Let us illustrate this point with an example. Habitat for Humanity puts up homes for low-income families using a large cadre of volunteer workers that supplements a small paid staff. Habitat is providing a service that is of economic value not only for the recipients of the homes but also for the volunteers in that they develop human capital. If Habitat normally paid for the labor in full, it could not provide its service to low-income families; in other words, its social purpose would be defeated. Therefore, the heart of the problem with accounting regulations is that they are set up for profit-oriented firms, and nonprofits are taken as a variant of the same logic. Moreover, the logic of accounting is to limit itself to economic items as defined by market transactions. Volunteers therefore are categorized either as extensions of the market, where the service would normally be paid for, or as external to the market, as in organizations where they normally supplement the paid labor force. As the Habitat example illustrates, volunteers who supplement paid labor can create economic value.

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### Accounting Statements

In our second study, only a minority of the nonprofit accountants felt that existing financial statements appropriately reflect the performance of nonprofits. One of the difficulties with current accounting frameworks, as applied to nonprofits, is that they account for the costs but not for the value they create (Richmond, 1999). This imbalance is particularly applicable to nonprofits that exchange their services on the market. Financial statements show how they spend the funds they are granted but not the value they create.

This problem has been noted for the accounting profession from at least the early 1970s (Henke, 1972). To address the problem, Laurie Mook adapted a Value Added Statement so that it included a market value for volunteer contributions and also a market value for some nonmonetized social outputs (see Mook, Richmond, and Quarter, 2003; Quarter, Mook, and Richmond, 2003). This statement, referred to as an expanded value-added statement, permits nonprofits to make an estimate of the value added they create and to include estimates of volunteer contributions and other items not normally involving financial transactions within an accounting framework.

## Political Processes

Accounting regulations for nonprofits are subsumed within the bodies that govern the profession in general, which view nonprofit accounting largely as an extension of that for profit-oriented firms. In our second study, only a minority of the nonprofit accountants felt that the education they received prepared them properly for their task. The difficulty is that neither nonprofit accountants nor nonprofits in general are organized as an effective political force to lobby for their interests, though for nonprofit organizations, that is changing. In Canada, the United States, and the United Kingdom, organizations are forming and speaking out on behalf of the sector. The Independent Sector in the United States, the National Council of Voluntary Organisations in England, and the Canadian Centre for Philanthropy in Canada have the potential to influence the policy of the governing bodies of accounting with respect to issues such as the preparation of nonprofit accountants and the accounting formats that are used. They also have the potential to help nonprofit accountants organize to provide guidelines for addressing issues unique to nonprofits, for example, some generally agreed-on procedures for applying an imputed value to volunteer contributions. Even if nonprofits are reluctant to do this for their financial statements, it can be done for supplementary reports to funders and for a more complete statement of social impact.

## Software for Record Keeping

One reason that nonprofits do not keep records of volunteer contributions is that it is time-consuming and they lack the resources to invest in the process. Software packages assist with this process, but they are expensive and beyond the means of some nonprofits. With the cooperation of the Ontario Institute for Studies in Education, University of Toronto, we are in the process of putting together a software package that will be available at a nominal cost. In addition, apex organizations for nonprofits need to assist with guidance on best practices.

## Education

There is a need for increased educational resources that address accounting practices for nonprofits. Following a suggestion at the workshop reported under study 2, we have started a certificate program on social accounting for nonprofits at the University of Toronto. This program introduces the participants to different approaches to valuing volunteer contributions and to differing accounting formats, including the expanded value-added statement, which includes volunteer value and the value of volunteer skills development and has the potential to include other social outputs. In addition, we conduct regular workshops on these issues with nonprofit organizations and

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are converting the workshop into an online format that will be widely accessible, along with a software package for keeping records of volunteer value.

## Conclusion

The research presented in this article indicates that contributions by volunteers are significant; however, nonprofits rarely estimate the value of their volunteer contributions and even more rarely include these in financial statements. We have made a series of policy recommendations related to modifying regulations for imputing a value to volunteer contributions, the need for accounting statements that take into consideration volunteer value and the impact of nonprofits, and the need for nonprofit apex organizations to assist nonprofit accountants to engage in greater self-regulation and to lobby the accounting profession for policies that are more in tune with the needs of nonprofits.

*LAURIE MOOK is a Social Sciences and Humanities Research Council of Canada doctoral fellow at the Ontario Institute for Studies in Education of the University of Toronto.*

*JORGE SOUSA is a doctoral candidate in the department of Adult Education and Counseling Psychology at the Ontario Institute for Studies in Education of the University of Toronto.*

*SUSAN ELGIE is part of the Statistical Consulting Service of the Ontario Institute for Studies in Education of the University of Toronto and specializes in statistical applications for educational and social research.*

*JACK QUARTER is a professor at the Ontario Institute for Studies in Education of the University of Toronto, specializing in the study of nonprofits, cooperatives, and community development.*

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