

## Chapter 7

# Volunteer Value Added: Five Nonprofits

Even though volunteers in the United States and Canada contribute the equivalent full-time work of almost 10 million people per year (Hall et al. 2001; Independent Sector 2001a), the value of this work, estimated to be over \$250 billion, is not recognized in conventional accounting. This chapter presents an empirical study that measured the impact of volunteers on the value added created by five nonprofit organizations and that accounted for this value added in an Expanded Value Added Statement (EVAS). Each of the organizations studied has a strong volunteer base without which the mission of the organization could not be fulfilled. As a detailed explanation of the Value Added Statement was already provided in Chapter 6, this chapter will not repeat the procedures in the same detail. Rather, it will highlight the creation of value added by and for volunteers in these organizations.

The Volunteer Value Added project started as a one-year International Year of the Volunteer (IYV) research project that was sponsored by a Canadian federal government department, Human Resources Development Canada, in conjunction with the Canadian Centre for Philanthropy (forerunner to Imagine Canada), the primary advocacy organization for nonprofits in Canada. Four nonprofit organizations were initially researched—the Jane/Finch Community and Family Centre, the Toronto Region of the Canadian Red Cross, Canadian Crossroads International, and the Ontario Chapter of the Canadian Breast Cancer Foundation. The research was then extended to another nonprofit organization, Junior Achievement of Rochester, New York, Inc. In addition, we have conducted workshops on social accounting and the Expanded Value Added Statement with more than 700 staff and Board members of nonprofits and cooperatives. The principal objectives of the project were to assess the value of volunteer contributions and to demonstrate how the Value Added Statement could be adapted for use by nonprofits. It follows the general framework outlined in the previous chapter; however, the focus of the study was on measuring the contributions of volunteers to the value added created by each organization as well as on exploring the benefits that volunteers received from their efforts. This impact is presented in a partial Expanded Value Added Statement. (The statement is partial as it only focuses on the impact of volunteer contributions and does not show a full comparative market valuation of all outputs.)

As defined in Chapter 6, value added is a measure of wealth that an organization creates by “adding value” to externally purchased raw materials, products, and services through the use of labor and capital. In a conventional Value Added Statement, the only labor considered is that of paid employees. However, volunteers constitute a major portion of the workforce of a voluntary organization, and it seems absurd to report that they have zero impact on the value added by that organization simply because their service does not involve a monetary transaction.

This study addresses this inequity by measuring the contributions given and received by volunteers and by including this value in the Expanded Value Added Statement. The strength of the EVAS lies in its ability to take a broader look at the organization and the role of volunteers within it and to put this in a larger social-economic perspective. The challenges faced by the EVAS are shared by other forms of alternative accounting and economics—quantifying and placing a value on goods and services that are seen as “free.” And yet, as the EVAS shows, free goods and services are utilized and produced in large measure by the organization and, therefore, need to be accounted for if the whole performance story is to be told. The EVAS attempts to integrate financial information, for which there are strict methods of accounting, with non-financial or social information, and to develop a methodology that supports this.

Another important feature of the Value Added Statement is the assumption that value is created by and distributed to many stakeholders, including volunteers. Therefore, it differs from the income statements used in conventional accounting that focus on one stakeholder, the shareholders, and the return on their investment. The EVAS in this chapter shows how the value added by volunteers and the organization they volunteer for is distributed both to the recipients of the nonprofit’s services and also to the volunteers themselves.

In these five voluntary organizations, the EVAS tells a much different story than the financial statements alone—and to a different audience. The EVAS helps various stakeholders, particularly volunteers, see what value they have added to their organization—in these five cases, increases of between 40 to 233 percent over the value added calculated using only financial variables. The EVAS also makes explicit the value received by volunteers as a result of their volunteer activities. This chapter presents the EVAS for each of the five voluntary organizations and also draws out lessons that are special to each case.

## **CASE ONE:**

### **JANE/FINCH COMMUNITY AND FAMILY CENTRE**

The Jane/Finch Community and Family Centre, located in a low-income area of Metro Toronto, serves an ethnically and racially diverse community of people, many of whom are recent immigrants to Canada. In many respects, it is typical of community-based organizations serving low-income communities and relying upon a combination of government grants, United Way and other donations, and volunteer contributions

from area residents. The stereotype of such organizations is that they are users of public funds. However, the EVAS that follows tells a different story.

The Jane/Finch Community and Family Centre was founded in 1976 when it received a three-year government grant. By 1980, it had received United Way membership. Over the next 20 years, the centre expanded greatly, and it currently operates the following programs and services, either independently or in partnership with other community organizations:

- child–parent programs—creative arts, nurseries, child care, Tiny Tots;
- parent support programs—a resource center, home visiting, parenting workshops;
- Cambodian, Vietnamese, and Spanish-speaking women’s groups;
- community mental health programs—women’s wellness workshops, health fairs;
- youth substance abuse—Glue Sniffing Prevention Committee;
- community development programs—support for neighborhood and tenant groups;
- community office programs—résumé writing, photocopying, referrals.

Each of the programs also does outreach in the community. In addition, the Jane/Finch Community and Family Centre runs a Volunteer Coordination program to recruit and place volunteers and students for many of the foregoing services. For these initiatives, in partnership with other local organizations, the Jane/Finch Community and Family Centre received the prestigious 1998 Caring Communities Award from the Ontario Trillium Foundation.

### **Human Resources**

As with all of the organizations in this study, the human resources at Jane/Finch consist of both volunteers and paid staff. Volunteers make up the governance structure as well as contributing to programs and the organization in general.

The board of directors of Jane/Finch is made up of volunteer members of the community and consists of the president, vice president, treasurer, and secretary, and six members-at-large. They are elected by nomination for a three-year term. The board meets at least 11 times a year and also holds retreats once or twice a year for the purpose of strategic planning and skills building. New members also attend training programs where they are introduced to the centre and its programs as well as to the policy governance model.

In addition to the board of directors, volunteers also contribute hours to all of the programs at Jane/Finch as well as to the community office. A breakdown of the number of volunteers and the hours they contributed for a one-year period is shown in Table 7.1. For the purposes of the Expanded Value Added Statement, these hours were adjusted to reflect contributions for nine months, the period of time covered by its financial statements.<sup>1</sup>

The Jane/Finch Community and Family Centre also has a paid staff of 40, comprising an executive coordinator, a volunteer coordinator, and 5 office and 33

program staff. In addition, a number of students are hired to help out with each of the programs, especially Child-Parent and Mental Health.

**Table 7.1 Staff Estimate of Volunteer Hours for the Year 2000**  
*Jane/Finch Community and Family Centre*

Area	Number of Volunteers	Volunteer Hours	Average Hours
Mental Health	15	3120	208
Mental Health practicum	3	1800	600
Cambodian Youth Group	25	7200	288
Community Development	76	15448	203
Community Office	2	600	300
Child-Parent Program	10	3000	300
Board	8	670	84
Total	139	31838	229

One way of looking at the significance of volunteer contributions is to examine the proportion of human resources that volunteers contribute to the total human resource base of the organization. For Jane/Finch, volunteer activities accounted for 30 percent of its human resources, corresponding to 17.5 full-time equivalent (FTE) positions. This means that Jane/Finch had the equivalent activities of a total FTE workforce of 57.5, not just those of the paid staff FTE of 40. Furthermore, when considering the financial and in-kind resources of the organization, volunteer hours accounted for 27 percent of the total. (This estimate is based on the value for volunteer activities as detailed further on in this chapter.) Therefore, volunteer contributions provide the organization with a significant resource that should be counted in its overall performance.

## COLLECTING THE INFORMATION FOR THE EVAS

Information needed to create the EVAS was collected through a variety of methods: the review of documents, including audited financial statements; interviews with staff and volunteers; and surveys administered to volunteers (see Chapter 8 for examples of the survey questions). Collecting information at Jane/Finch presented a challenge in that for many of the residents, English or French (the languages used in the surveys) is not their first language. Group sessions for conducting surveys proved most effective. Surveys were also handed out at a board meeting, and a focus group was held with a cross section of staff, volunteers, and board members.

Our goal was to include the value added of volunteers in the performance story of the organization. The next section details the impact of volunteer contributions on the value of the primary and secondary outputs of the organization.

### **Primary Outputs**

As mentioned in the previous chapters, primary outputs are directly related to the mission of the organization. In the case of Jane/Finch, these are the programs it offers. To establish a market value for its programs, two sources of inputs were considered: (1) financial expenditures and (2) volunteer hours contributed (see also Chapter 8 for more details on assigning a comparative market value to outputs). For Jane/Finch, financial expenditures totaled \$866,641 from the audited financial statements, as they related to primary outputs for the nine-month period under study. This was the first component of the value of primary outputs.

However, these expenditures did not include any value for volunteer contributions. These contributions were measured and added to the financial expenditures to arrive at a total value of primary outputs. As is detailed next, the estimated value of the volunteer contributions was \$324,077, which was added to the amount of expenditures to end up with a total of \$1,190,718 (an increase of over 37%).

#### *Volunteer Hours Contributed*

The volunteer contributions to the primary outputs consisted of the hours volunteers contributed to the organization: For the year 2000, this was estimated to be 31,838 hours (Table 7.1). These hours were adjusted to reflect a nine-month reporting period. Thus, the total hours became  $31,838 \times 9/12 = 23,879$ .

The comparative market rates used in this study were obtained from Statistics Canada, which provided hourly wage rates organized according to the North American Industry Classification System (NAICS). This classification system (jointly developed by the statistics agencies of Canada, the United States, and Mexico) classifies organizations such as businesses, government institutions, unions, and charitable and nonprofit organizations according to economic activity. The activities of the majority of the volunteers of the Jane/Finch Community and Family Centre were classified as NAICS sub-sector 624, social assistance. This sub-sector includes organizations engaged in a variety of services such as food and housing within the community and emergency and other forms of relief both to the individual and family. The NAICS classification combines all the tasks for a sub-sector such as social services (including executive and administrative) and puts forward an average wage rate for all levels of occupation in that category, making its subsequent use straightforward. For the nine months ending December 31, 2000, the hourly wage rate in this category for Ontario, the province where the organization is located, was \$13.38.<sup>2</sup>

However, the NAICS rates do not take into consideration governance tasks such as those performed by the board of directors. Therefore, a second source of wage rates was chosen as an equivalent for the hours contributed by the Jane/Finch board of

directors. These hours were valued separately at an hourly rate of \$22.50, based on responses by board members to the Volunteer Value Added survey as to what hourly rate they perceived their contributions were worth. While such estimates should not be accepted uncritically, given the nature of the services provided, this rate was determined to be reasonable.

The total comparative market value for the hours contributed by core volunteers through specific programs of the Jane/Finch Community and Family Centre is presented in Table 7.2. The total of \$324,076 is obtained by taking the total hours contributed by volunteers within a program and multiplying them by the appropriate hourly rate.<sup>3,4</sup>

**Table 7.2 Calculation of Market Value of Volunteer Hours Contributed**  
*Jane/Finch Community and Family Centre*

	Hours	Rate	Amount
Board	502.5	\$22.50	\$11,306
Community Office	450	13.38	6,021
Subtotal administrative	952.5		17,327
Mental Health	2,340	13.38	31,309
Mental Health Practicum	1,350	13.38	18,063
Cambodian Youth Group	5,400	13.38	72,252
Community Development	5,793	13.38	77,510
Child-Parent Program	2,250	13.38	30,105
Subtotal programs	17,133		229,239
Community Development	5,793	13.38	77,510
Subtotal volunteers	5,793		77,510
Total	23,878.5		\$324,076

## Secondary Outputs

Secondary outputs are those that are not directly related to an organization's mission but, nonetheless, are important and should be considered as part of the value added of an organization. For example, as part of volunteering, participants develop skills and other strengths that are of value to them and to wider society. In some respects, estimating the value of these benefits is more challenging than attributing a value to volunteer tasks. However, we would have been remiss to ignore this form of value.

### *Personal Growth and Development*

Our survey included a section on benefits received by volunteers from their volunteering experiences. It included choices regarding the development of new skills,

the strengthening of existing skills, social interaction, improvement in well-being, and opportunities to try new things. At least one of these benefits was chosen by 92.3 percent of the respondents, and 76.9 percent chose at least three out of five of these benefits. The high rates of response indicated that volunteers perceived themselves as receiving strong positive benefits through helping others and that this aspect of volunteering should be included in the Expanded Value Added Statement (EVAS).

### **Estimating the Market Value for Personal Growth and Development**

To calculate the market value of volunteer personal growth and development, the total number of volunteers (139) was multiplied by the 76.9 percent of respondents who indicated strongly that they had benefited. After determining how many volunteers had benefited from their experience, it was necessary to assign a surrogate value (see Chapter 3). The surrogate value selected was the average cost at the time the study was done of a community college course for personal growth and development (\$151.50). This seemed a conservative estimate of the market value of the volunteers' personal benefits and resulted in a total value of  $139 \times 76.92\% \times \$151.50 = \$16,198$ . This calculation assumes that the personal growth and development experienced by the respondents to the survey reflects the experience of volunteers as a whole at Jane/Finch. This figure was then adjusted to reflect the nine-month term for the statement— $\$16,198 \times 9/12 = \$12,149$ .

### **Calculating Volunteer Value Added**

The value added by the Jane/Finch Community and Family Centre for the nine-month term is presented in Table 7.3. As discussed in Chapter 6, one method of calculating the value of the outputs of an organization is to use the following three components:

- total expenditures for the fiscal period (for Jane/Finch this was \$866,641 for primary outputs such as labor and external purchases and \$1,746 for secondary outputs such as staff training);
- comparative market value of volunteer contributions (\$324,077); and
- the social component of the comparative market value of secondary outputs such as personal benefits. This is the total comparative market value of personal benefits adjusted for financial expenditures for training (\$12,149 less \$1,746 = \$10,403). Jane/Finch's expenditure on training is subtracted from the comparative market value for personal benefits because it is an investment by the organization in its volunteers and their development.

This resulted in a total value of outputs of \$1,202,867. In order to determine the value added that an organization creates, it is necessary to measure the increase in the value of its expenditures on goods and services purchased externally in relation to the value of its total outputs. Therefore, to arrive at this amount, the goods and services

that were purchased externally (\$127,549) were subtracted from the total outputs, resulting in a total value added of \$1,075,318 (column labeled “combined”).<sup>5</sup> Note that if the value added were based on the audited financial statements only, it would have been \$740,838. However, volunteer contributions for which market values were estimated (social value) added another \$334,480, to arrive at the total of \$1,075,318.

As the bottom row in Table 7.3 indicates, there is another piece to the Value Added Statement—that is, presenting the value added that the organization creates as a ratio to the goods and services purchased externally. For Jane/Finch, the ratio indicates that for every dollar spent on external goods and services, the organization generated value added of \$8.43. If this calculation were based on the financial statements only, the ratio would be 5.81. However, by including the volunteer contributions, the ratio increases by 45 percent. This ratio presents a very different picture of Jane/Finch and illustrates that it generates much value for the resources that are invested in it.

**Table 7.3 Expanded Value Added Statement (Partial)**  
*Jane/Finch Community and Family Centre*

<b>Value Added</b>		<b>Financial</b>	<b>Social</b>	<b>Combined</b>
Outputs	Primary	\$866,641	\$324,077	\$1,190,718
	Secondary	1,746	10,403	12,149
	Total	868,387	334,480	1,202,867
Purchases of external goods and services		127,549		127,549
<b>Value added</b>		<b>\$740,838</b>	<b>\$334,480</b>	<b>\$1,075,318</b>
<b>Ratio of value added to purchases</b>		5.81	2.62	8.43

Note: For the nine months ended December 31, 2000.

## **DISTRIBUTION OF VALUE ADDED**

The value added created by the organization is distributed in its entirety to its primary stakeholders. These stakeholders may vary according to the nature of the organization’s services, but for Jane/Finch those that seemed most appropriate were employees, volunteers, society (recipients of its services), and the organization itself. Table 7.4 presents the Distribution of Value Added for these four stakeholders and also lists the items associated with each stakeholder.

For the stakeholder employees, value added is received in the form of wages and benefits in the amount of \$724,583. For the volunteers as a stakeholder group, the value added distributed to them is based on what they receive from the experience. In the case of Jane/Finch, the amounts distributed to volunteers were \$4,054 on recognition and awards and \$12,149 representing the value of their personal growth and development. In addition, there was one other item.



The value added associated with volunteer hours generally is not distributed back to the volunteers but rather to other stakeholders—primarily, society. However, there was one exception—the \$155,020 of comparative market value generated by tenant groups volunteering for Jane/Finch. The members of that group felt that their hours were contributing both to the broader community and to themselves personally. The tenant group participants felt that the hours they contributed for personal benefit assisted those who otherwise would have had to pay on the market. Therefore, in this case, the volunteer contribution was analogous to social labor, as in the student-housing cooperative in Chapter 6. To recognize that the hours from tenant group participants differed from the other volunteers at Jane/Finch, these were split 50/50 between the volunteer and stakeholder society. Therefore, for the contribution by tenant group volunteers, \$77,510 was distributed to the stakeholder volunteers and an equal amount to the stakeholder society. In Table 7.4, that \$77,510 brings the total distribution to the stakeholder volunteer to \$93,713 and the total to the stakeholder society to \$229,240. Although the stakeholder society receives much more value from the organization as a whole, this portion is the amount contributed by volunteers directly. All of the components in the \$229,240 allocation also appear in Table 7.2.

**Table 7.4 EVAS (Partial)—Distribution of Value Added**  
*Jane/Finch Community and Family Centre*

Distribution of Value Added		Financial	Social	Combined
Employees	Wages and benefits	\$724,583		\$724,583
Volunteers	Personal growth and development	1,746	10,403	12,149
	Recognition and awards	4,054		4,054
	Tenant volunteers		77,510	77,510
		5,800	87,913	93,713
Society	Recipients (from volunteer hours)		229,240	229,240
Organization	Amortization of capital assets	10,455		10,455
	Programs (from volunteer hours)		17,327	17,327
		10,455	17,327	27,782
<b>Value Added</b>		<b>\$740,838</b>	<b>\$334,480</b>	<b>\$1,075,318</b>

Note: For the nine months ended December 31, 2000.

Organization is the other case where some volunteer hours were distributed to a stakeholder other than society. For organization, the allocation includes volunteer contributions that were specifically administrative. Two volunteer roles are included for the distribution of volunteer hours to the stakeholder organization—\$11,306 (the

comparative market value for the services of the board of directors) and \$6,021 (the comparative market value of services of volunteers who undertake administrative tasks in the community office). Together these amounts come to \$17,327, the value of the volunteer contribution to the stakeholder organization. In addition, as shown in Table 7.4, the stakeholder organization also received value added from the amortization of its capital assets in the amount of \$10,455, bringing to \$27,782 the total distributed to it.

Overall, the total value added distributed corresponds to the value added created. Where the items are limited to those on audited financial statements, the amount is \$740,838; where the items are expanded to include non-monetized social contributions, the amount is \$1,075,318.

The Expanded Value Added Statement (Tables 7.3 and 7.4) indicates that by including the contribution from Jane/Finch volunteers, the reported amount of value added created by the organization increased by over 45 percent as compared to the amount calculated using financial information only. Thus, the EVAS shows that the financial information without the social misses part of the organization's performance story.

## **CASE TWO: CANADIAN RED CROSS, TORONTO REGION**

The inspiration for the Red Cross began in 1859 when Henry Dunant, a Swiss businessman and philanthropist (and winner of the first Nobel Peace Prize), helped the wounded from three armies at an Italian battlefield (Solferino) using volunteers. Over the next five years, Dunant and his friends developed the idea of a humanitarian volunteer group to provide relief to the wounded during a time of war. As a result of their efforts, the International Red Cross was formed in 1864, and that same year the first Geneva Convention was approved outlining humanitarian principles for the treatment of wounded soldiers during war. Today, throughout the world, there are Red Cross/Red Crescent societies—both national societies and regional affiliates—which, according to the International Federation, have 97 million members and volunteers, and 300,000 employees, assisting 233 million beneficiaries (International Federation of Red Cross and Red Crescent Societies 2006).

As with Red Cross Societies throughout the world, the Canadian Red Cross, Toronto Region (hereafter referred to as the Red Cross), focuses on one goal: to improve the situation of the most vulnerable. Programs include:

- International Services—tracing and reunion, fund-raising, educational programs;
- Community Services—Meals on Wheels, transportation, home health care;
- First Aid and Safety Services—education in CPR, water safety, first aid;
- Disaster Services—emergency response team, fire recovery program, hot lunch;
- Community Initiatives—food bank, child drop-in, emergency needs program.

The Red Cross office receives funding from a variety of sources—primarily the United Way but also program fees, donations, grants, and government contracts. The procedure in putting together an Expanded Value Added Statement for the Red Cross was similar to Jane/Finch. However, at least one feature of the Red Cross differed. Volunteers, in addition to contributing hours, also paid for expenses related to their volunteering and sometimes were not reimbursed. These contributions become an important source of value added.

### Estimating the Volunteer Hours

Making an estimate of the volunteer hours is the first step in expanding the Value Added Statement beyond the information from the audited financial statements. For the Red Cross fiscal period, April 1, 1999, to March 31, 2000, staff estimated from volunteer tracking sheets that 1,506 volunteers contributed 63,568 hours (Table 7.5). Based on this estimate, volunteers contributed 32.6 full-time equivalent (FTE) positions, which, in addition to the Red Cross's paid staff FTE of 62, means that there was a total workforce FTE of 94.6. Thus, volunteer activities accounted for over one third of the organization's human resources. Furthermore, when considering the financial and in-kind resources of the organization, volunteer hours and non-reimbursed out-of-pocket expenses together accounted for 15 percent of the total. Again, volunteer contributions, both monetary and non-monetary, provide the organization with a significant resource that should be counted in its overall performance.

**Table 7.5 Estimate of Volunteer Hours for the Social Accounting Year**  
*Canadian Red Cross, Toronto Region*

Estimated Number of Volunteer Hours	Number of Volunteers	Volunteer Hours
Congregate Dining	20	340
Community Services	772	9,680
Disaster and Emergency Services	150	2,800
Transportation	113	14,574
Fun and Fitness	2	1,716
First Aid	3	1,464
Employee and Volunteer Resources	2	350
Summer Students	110	6,800
International Services	40	320
Home Health Care and Equipment Services	21	1,586
Finance and Administration	2	1,856
Meals on Wheels	260	20,982
Regional Council (Board)	11	1,100
Total	1,506	63,568

### Determining a Comparative Market Value

In determining a comparative market value for volunteer contributions for the Red Cross, the activities were broken into two broad groupings: council (board of directors) and programs. For the council, the volunteer hours were valued at a midpoint hourly rate of \$40.24 for senior managers of health, education, social and community services, and membership organizations (Standard Occupational Code 0014), as determined by Human Resources Development Canada (HDRC) for the York region.<sup>6</sup> Hours contributed to the programs and administrative departments were valued at the rate for North American Industry Classification System (NAICS) sub-sector category 624, social assistance (the same as for Jane/Finch). For the year ending March 31, 2000, the hourly wage rate in Ontario for this sub-sector was \$14.33. The value of these volunteer contributions is shown in Table 7.6.

### Out-of-Pocket Expenses

Red Cross volunteers also contributed to the organization by paying for items out of their own pocket and not requesting reimbursement. These included travel, meals, supplies, and parking expenses related to volunteering. The amount of these out-of-pocket expenses was determined from the responses to a survey in which volunteers were asked to indicate whether or not they had non-reimbursed out-of-pocket expenses and to break this amount down into categories on the survey. The total of these non-reimbursed out-of-pocket expenses is shown in Table 7.7. Overall, excluding 110 summer-student volunteers, 56 percent of the volunteers had expenses averaging \$125.64 each, or a total of \$98,218, as shown in Table 7.7.<sup>7</sup> In making this calculation, it is important to exclude expenses reimbursed by the organization.

**Table 7.6 Calculation of Market Value of Volunteer Hours Contributed**  
*Canadian Red Cross, Toronto Region*

	<b>Number of Volunteers</b>	<b>Rate</b>	<b>Amount</b>
Council	1,100	\$40.24	\$44,264
Office	2,206	14.33	31,612
			75,876
Programs	60,262	14.33	863,554
Total	63,568		\$939,430

**Table 7.7 Calculation of Volunteer Out-of-Pocket Expenses**  
*Canadian Red Cross, Toronto Region*

	<b>Number of Volunteers</b>	<b>% with Expenses</b>	<b>Amount per Volunteer with Expenses</b>	<b>Totals</b>
Community Services	772	40	\$75.00	\$23,160
Disaster and Emergency Services	150	84	111.19	13,956
Transportation	113	92	235.92	24,438
Home Health Care and Equipment Services	21	33	163.26	1,143
Meals on Wheels	260	68	145.00	25,582
Finance and Administration	2	50	105.00	105
Council	11	67	225.00	1,650
Other	67	75	163.26	8,183
Summer Students	110	NA	NA	0
<b>Total</b>	<b>1,506</b>			<b>\$98,218</b>

### Estimating the Market Value for Personal Benefits

Just over half of the respondents (53.38%) to the survey indicated that their volunteering activities benefited them in terms of personal growth and development. Assuming that the personal growth and development experienced by the respondents to the survey reflected the experience of volunteers as a whole at the Red Cross, the value of this benefit was determined to be \$121,791 (1,506 volunteers  $\times$  53.38%  $\times$  \$151.50). As with Jane/Finch, the survey established that the surrogate value of \$151.50 for this benefit was based upon the average cost of a community college course in personal development.

### Calculating Volunteer Value Added

Overall, volunteer contributions of hours and out-of-pocket expenses and the benefits received by volunteers resulted in an increase of value added of \$1,154,349—from \$2,812,517 to \$3,966,866. Of this increase, \$939,430 came from hours contributed by volunteers, \$98,218 additional from non-reimbursed out-of-pocket expenses, and another \$116,701 from secondary value added through personal growth and development. As a result, the value added due to these contributions was over 40 percent more than would have been reported using financial information only (Table 7.8).

**Table 7.8 Expanded Value Added Statement (Partial)**  
*Canadian Red Cross, Toronto Region, for the Year Ended March 31, 2001*

<b>Value Added</b>		<b>Financial</b>	<b>Social</b>	<b>Combined</b>
Outputs	Primary	\$5,741,634	\$1,037,648	\$6,779,282
	Secondary	5,090	116,701	121,791
	Total	5,746,724	1,154,349	6,901,073
Purchases of external goods and services		2,934,207		2,934,207
<b>Value added</b>		<b>\$2,812,517</b>	<b>\$1,154,349</b>	<b>\$3,966,866</b>
<b>Ratio of value added to purchases</b>		0.96	0.39	1.35

## DISTRIBUTION OF VALUE ADDED

As with Jane/Finch, the value added created by the organization was distributed in total, as shown in Table 7.9. The same set of stakeholders was used as with Jane/Finch, and the distribution followed the same pattern. Therefore, the details are not repeated. However, it should be noted that, unlike Jane/Finch, no volunteer hours were distributed to the stakeholder volunteer. The distribution of a portion of the hours to the stakeholder volunteer was anomalous. Normally, volunteer hours are distributed to the stakeholder society, since these involve a service to the community; or if the volunteer were engaged in administration, the volunteer hours would be distributed to the stakeholder organization.

**Table 7.9 EVAS (Partial)—Distribution of Value Added**  
*Canadian Red Cross, Toronto Region, for the Year Ended March 31, 2001*

<b>Distribution of Value Added</b>		<b>Financial</b>	<b>Social</b>	<b>Combined</b>
Employees	Wages and benefits	\$2,608,957		\$2,608,957
Volunteers	Personal growth and development	5,090	\$116,701	121,791
	Recognition and awards	8,515		8,515
		13,605	116,701	130,306
Society	Recipients (from volunteer hours)		863,554	863,554
Organization	Amortization of capital assets	189,955		189,955
	Programs (from volunteer hours)		75,876	75,876
	Programs (from volunteer out-of-pocket expenses)		98,218	98,218
		189,955	174,094	364,049
<b>Value Added</b>		<b>\$2,812,517</b>	<b>\$1,154,349</b>	<b>\$3,966,866</b>

The other way in which the Red Cross's distribution of value added differed from Jane/Finch is that the out-of-pocket expenses that were not reimbursed are shown under the stakeholder organization. In other words, this is value that the volunteers added to augment the organization's services.

### **CASE THREE: CANADIAN CROSSROADS INTERNATIONAL**

Canadian Crossroads International (CCI) is an international nonprofit that recruits, trains, and places volunteers from Canada and over 15 "partner" countries in international development projects and internships in those countries as well as in community development projects within Canada. CCI is funded primarily through the Canadian International Development Agency (CIDA) and through fund-raising.

CCI grew out of its American counterpart, Operation Crossroads Africa, founded by Dr. James H. Robinson in the 1950s. Robinson believed that all people are "fundamentally more similar than dissimilar" and that by living and working together could create a "crossroads" of cultures and personal experience leading to individual and societal change. This ideal led Robinson to develop a volunteer work program for Americans in Africa, one of the first programs of its kind (Canadian Crossroads International 2002).

Robinson's vision received international recognition and quickly caught on in Canada. Throughout the 1960s, small groups of Canadian volunteers who shared the objective of creating a more equitable and sustainable world coordinated international placements. In 1969, CCI became an independent, federally chartered organization. Ever since then, CCI has pursued Robinson's "one world" vision, arranging two-way volunteer placements and internships in more than 70 Canadian communities and over 15 countries in Africa, Asia, South America, and the Caribbean.

Each year, CCI recruits, trains, and sends over 300 volunteers on international development projects and internships in partner countries and Canada. Participants are matched to a variety of community-based activities run by local non-governmental organizations working to address community needs in the areas of health (HIV/AIDS), basic education, sustainable resource management, youth/children, and capacity building of local organizations. Pre-departure orientation, post-placement debriefing and reentry training, fund-raising, civic engagement, and education on development issues are all integral components of a CCI placement or internship. Travel, accommodation, and related costs are paid by CCI.

Volunteers also serve as animateurs (trainers), on the board of directors, and on 80 different national, regional, local, and country committees governing the various programs. A breakdown of the number of volunteers and the hours they contributed for the 15-month fiscal period studied is shown in Table 7.10.<sup>8</sup> In addition to its volunteers, CCI has a paid staff of 27: nine in its national office and from three to nine in each of its four regional offices.

Six hundred and nine (609) volunteers contributed 67 full-time equivalent (FTE) positions for the 15 months ending December 31, 2001. This was based on an estimate of 152,643 volunteer hours (see Table 7.10). This means that CCI had the equivalent of a total workforce FTE of 94, not just the paid staff FTE of 27. In other words, volunteers contributed over 70 percent of Canadian Crossroads International's human resources. Furthermore, when considering the financial and in-kind resources of the organization, volunteer hours and non-reimbursed out-of-pocket expenses together accounted for almost 50 percent of the total.

### **Primary Outputs**

Creating an Expanded Value Added Statement for CCI involved steps similar to Jane/Finch and the Red Cross. Therefore, we will skip over some of the details and highlight issues unique to this organization. As with the two other cases, once the expenditures were taken from the audited financial statements, a key step was estimating the volunteer hours and establishing a comparative market value using the North American Industry Classification System (NAICS).<sup>9</sup>

The activities of the majority of the volunteers of CCI were classified under NAICS sub-sector 54, "professional, scientific and technical services." This category includes organizations engaged in activities in which knowledge and skills are the major input and in which much of the expertise requires a university or college education. For the 15 months ending March 31, 2001, the wage rate for hourly paid employees in this category for Canada was \$19.08. For salaried employees in this job category, the hourly equivalent was \$25.85. For volunteer activities requiring a high level of professional skills, the rate for salaried employees was used. For those activities requiring basic skills, the rate for hourly employees was used. For those activities using a mixture of skills, the two rates were averaged at \$22.465.

As the NAICS rates do not take into consideration governance tasks performed by boards, a different source of market comparisons was used for these. Volunteer board service was valued at a midpoint hourly rate of \$28.39 for "senior managers of health, education, social and community services and membership organizations" (Standard Occupational Code 0014), as determined by Human Resources Development Canada (HDRC).<sup>10</sup> Based on interviews with staff, this rate best reflected the type of leadership and management skills that were required by board members responsible for governance of the organization.

Using these rates, the total value of hours contributed by CCI volunteers was \$3,618,772 (Table 7.10). For those volunteers who participated in placements (in Canada or overseas), travel, accommodation, and related expenses are provided by CCI. The total of these expenditures was \$818,961. There are different ways to handle these costs on the EVAS, depending on the assumptions made. If these expenditures are considered as a partial "wage" paid to these volunteers, then the total value for volunteer hours used in the EVAS needs to be adjusted to reflect only the "free" contribution of hours—in other words, the total value of \$3,618,772 less \$818,961 = \$2,799,811. Alternatively, if these costs are considered as external expenses of the



program (in other words, purchases of external goods and services), then the full value of the hours contributed is used in the EVAS. Both scenarios will be considered later in the section “Calculating Volunteer Value Added.”

**Table 7.10 Hours Contributed and Market Value, by Volunteer Task**  
*Canadian Crossroads International*

	<b>Number of Hours</b>	<b>Rate</b>	<b>Amount</b>
Board	2,048	\$28.39	\$58,129
Committees	45,990	22.47	1,033,165
Animateurs	1,750	19.08	33,390
Subtotal	49,788		1,124,684
Overseas	69,400	25.85	1,793,990
To Canada	23,645	19.08	451,147
Interflow	685	19.08	13,070
Net Corps	9,125	25.85	235,881
Subtotal programs	102,855		\$2,494,088
Total	152,643		\$3,618,772

Sources: Hours: staff estimates. Rates: board—HDRC;  
Others—CANSIM database.

### *Out-of-Pocket Expenses*

CCI volunteers had sizable out-of-pocket expenses and substantial portions were not reimbursed. Based on survey results, 71 percent of board members indicated that they had non-reimbursed expenses, and these averaged \$638 in the year under consideration. Similarly, 81 percent of the remaining volunteers spent an average of \$204.23 in the year. These figures were adjusted to reflect expenditures for 15 months, resulting in a total of \$131,029.

In addition, there were host families who supplied accommodation for the volunteers on placements and who also spent money out of their own pocket that was not reimbursed. This non-reimbursed portion was estimated conservatively at \$36,143 by taking the number of weeks that a family served as a host and by allocating a value of \$20 per week for those in Canada and of \$10 per week for those overseas.

### **Secondary Outputs: Personal Benefit**

For secondary outputs, just over 80 percent of respondents indicated strongly that they benefited in terms of personal growth and development by volunteering for CCI. Assuming that the personal growth and development of the surveyed volunteers

reflects the experience of all CCI volunteers and using a surrogate measure of a community college course, this secondary output was valued at \$74,263 (609 volunteers  $\times$  0.8049  $\times$  \$151.50). This figure was then adjusted to reflect 15 months, resulting in a value of \$92,829. The financial cost of training in this period was \$34,028, so the social value added by CCI for volunteer personal development becomes the difference (\$92,829 less 34,028 = \$58,801).

### Calculating Volunteer Value Added

To determine the organization's value added, first the value of outputs has to be calculated. Two examples are provided, depending on how the expenditures for travel, accommodation, and related items for placement volunteers are handled. As noted, one way is to consider them as a partial wage for the volunteers; the second is as an external expense of the program.

In the first example (Table 7.11) where these expenses are considered as a partial wage payment, the expenditures (\$3,912,720) are added to the social contributions (\$2,799,812 in hours contributed, \$131,029 in out-of-pocket expenses from volunteers, \$36,143 in out-of-pocket expenses from host families, and \$58,801 from secondary outputs) to arrive at a total of \$6,938,504. From this total is subtracted the goods and services that are purchased externally, \$1,436,883, leading to a total of value added of \$5,501,621 (column labeled "combined").

**Table 7.11 Expanded Value Added Statement (Partial)—Example 1**  
*Canadian Crossroads International*

Value Added		Financial	Social	Combined
Outputs	Primary	\$3,878,692	\$2,966,983	\$6,845,675
	Secondary	34,028	58,801	92,829
	Total	3,912,720	3,025,784	6,938,504
Purchases of external goods and services		1,436,883		1,436,883
<b>Value added</b>		<b>\$2,475,837</b>	<b>\$3,025,784</b>	<b>\$5,501,621</b>
<b>Ratio of value added to purchases</b>		1.72	2.11	3.83

Note: For the 15 months ended March 31, 2001.

In the second example (Table 7.12), where these expenses are considered as purchases of external goods and services, the expenditures (\$3,912,720) are added to the social contributions (\$3,618,773 in hours contributed, \$131,029 in out-of-pocket expenses from volunteers, \$36,143 in out-of-pocket expenses from host families, and \$58,801 from secondary outputs) to arrive at a total of \$7,757,465. From this total is

subtracted the goods and services that are purchased externally, \$2,255,844, leading to a total of value added of \$5,501,621 (column labeled “combined”).

In both examples, the combined value added is the same (\$5,501,621). However, the ratio of value added to external goods and services differs because, in the first example, the \$818,961 for travel, accommodation, and related expenses is considered as a payment for labor and, thus, a distribution of value added to volunteers, while in the second example, these expenditures are considered as an external program expense. Since the ratio of value added is based on the value added created divided by the amount of external goods and services, the change in the latter figure affects the ratio.

In the first example, the ratio of value added to purchases indicates that for every dollar expended on goods and services, the organization generated \$3.83 in value added. If the market estimate of non-monetized items such as volunteer contributions and personal growth and development had not been included, the ratio of value added to purchases would be 1.72, as indicated in the “financial” column (Table 7.11). Therefore, the inclusion of non-monetized items increases this ratio by over 122 percent. In the second example (Table 7.12), the ratio of value added to purchases is \$2.44, whereas if only the financial contributions had been considered, it would have been \$0.73.

**Table 7.12 Expanded Value Added Statement (Partial)—Example 2**  
*Canadian Crossroads International*

<b>Value Added</b>		<b>Financial</b>	<b>Social</b>	<b>Combined</b>
Outputs	Primary	\$3,878,692	\$3,785,944	\$7,664,636
	Secondary	34,028	58,801	92,829
	Total	3,912,720	3,844,745	7,757,465
Purchases of external goods and services		2,255,844		2,255,844
<b>Value added</b>		<b>\$1,656,876</b>	<b>\$3,844,745</b>	<b>\$5,501,621</b>
<b>Ratio of value added to purchases</b>		0.73	1.70	2.44

Note: For the 15 months ended March 31, 2001.

## **DISTRIBUTION OF VALUE ADDED**

In contrast to the stakeholders for the two previous organizations, CCI has a fifth stakeholder—the CCI Foundation to which loan interest is paid. Therefore, the CCI Foundation is analogous to an investor in the organization’s services. For the other stakeholders—employees, volunteers, society (including government), and the organization itself—the distribution is similar to the two other case studies.

Again, the two scenarios are presented. Table 7.13 presents the Distribution of Value Added for the first example. In this scenario, as payments for travel, accommodation, and related items (\$818,961) are considered as a partial wage, this amount is considered as a distribution of value added to volunteers, similar to the payment of wages and benefits to employees. The remaining “free” labor contributions (\$2,494,088 less 818,961 = \$1,675,127) are distributed to the stakeholder society (that is, partner organizations where the volunteers provide their services).

In the second scenario (Table 7.14), the payment for travel, accommodation, and related items is treated as a purchase of external goods and services. Thus, the full value of volunteer hours contributed by placement volunteers (\$2,494,088) is distributed to the stakeholder society (partner organizations). Therefore, in the first case, \$947,933 is distributed to the stakeholder volunteer because the reimbursement for expenses is treated as a payment similar to wages allocated to volunteers. In the second case, without the distribution of \$818,961, the stakeholder volunteer is allocated only \$128,972 of the value added. In the second case, the \$818,961 is distributed to the stakeholder society, and the total distribution to that group increases from \$1,712,579 to \$2,531,540.

**Table 7.13 EVAS (Partial)—Distribution of Value Added—Example 1**  
*Canadian Crossroads International*

Distribution of Value Added		Financial	Social	Combined
Employees	Wages and benefits	\$1,491,450		\$1,491,450
Volunteers	Personal growth and development	34,028	\$58,801	92,829
	Travel, accommodation, allowances, etc.	818,961		818,961
	Host families (out-of-pocket expenses)		36,143	36,143
		852,989	94,944	947,933
Society	Recipients (from volunteer hours)		1,675,127	1,675,127
	Government (GST)	37,452		37,452
		37,452	1,675,127	1,712,579
FCCF	Loan interest	46,604		46,604
Organization	Amortization of capital assets	47,342		47,342
	Programs (from volunteer hours)		1,124,684	1,124,684
	Programs (from volunteer out-of-pocket expenses)		131,029	131,029
		47,342	1,255,713	1,303,055
<b>Value Added Distributed</b>		<b>\$2,475,837</b>	<b>\$3,025,784</b>	<b>\$5,501,621</b>

Note: For the 15 months ended March 31, 2001.

Is one of these procedures preferable to the other? There isn't a simple answer to this question. Creating an EVAS requires following rules, but it also involves judgments where differing interpretations are possible. For Jane/Finch, that was the case when the tenant volunteers claimed that not just the community centre benefited from their contribution but that they also grew personally. Therefore, those particular volunteer hours were divided 50/50 between the stakeholder groups, society and volunteer rather than allocating them in total to society. Similarly, for CCI, as shown, the expenditure made by the organization for travel, accommodation, and related items for placement volunteers can be interpreted differently. Our inclination is to favor the interpretation that treats this expenditure as the purchase of external goods and services because, if paid employees were in a similar circumstance, they would not be expected to pay for their own travel and living expenses. Their employer would normally cover them. Although volunteers are not employees, given the circumstances, it is likely that most employers would interpret such items as an organizational expense.

In both examples, the total value added distributed corresponds to the value added created. Where the items are limited to those on audited financial statements, that amount is \$2,475,837; where the items are expanded to include non-monetized social contributions, the amount is \$6,320,582.

**Table 7.14 EVAS (Partial)—Distribution of Value Added—Example 2**  
*Canadian Crossroads International*

Distribution of Value Added		Financial	Social	Combined
Employees	Wages and benefits	\$1,491,450		\$1,491,450
Volunteers	Personal growth and development	34,028	\$58,801	92,829
	Host families (out-of-pocket expenses)		36,143	36,143
		34,028	94,944	128,972
Society	Recipients (from volunteer hours)		2,494,088	2,494,088
	Government (GST)	37,452		37,452
		37,452	2,494,088	2,531,540
FCCF	Loan interest	46,604		46,604
Organization	Amortization of capital assets	47,342		47,342
	Programs (from volunteer hours)		1,124,684	1,124,684
	Programs (from volunteer out-of-pocket expenses)		131,029	131,029
		47,342	1,255,713	1,303,055
<b>Value Added Distributed</b>		<b>\$1,656,876</b>	<b>\$3,844,745</b>	<b>\$5,501,621</b>

Note: For the 15 months ended March 31, 2001.

**CASE FOUR:  
CANADIAN BREAST CANCER FOUNDATION—ONTARIO CHAPTER**

The fourth organization is the Ontario Chapter of the Canadian Breast Cancer Foundation (hereafter referred to as the Breast Cancer Foundation). The Canadian Breast Cancer Foundation is the largest charitable organization in Canada dedicated exclusively to the support and advancement of breast cancer research, education, diagnosis, and treatment. The Breast Cancer Foundation is an example of a “voluntary” organization in that it is funded almost entirely through fund-raising or donors and its volunteers heavily outweigh the paid staff.

The Breast Cancer Foundation was established in 1986 by a group of eight community leaders, and since its inception it has awarded grants and fellowships in excess of (Cdn.) \$9.6 million for breast cancer research and educational initiatives in Canada. In order to achieve its goals, the Breast Cancer Foundation raises funds in many ways, including several high-profile fund-raising events such as its annual Run for the Cure and its awareness days. The first run took place in 1992 with 1,500 participants and raised \$83,000. It has since grown to be Canada’s largest single-day fund-raising event, with more than 170,000 participants in 51 communities.

In addition to funding research initiatives, the Foundation funds many community-based breast cancer projects and programs through its chapters and branches across Canada. The Ontario Chapter also provides Research and Advanced Practice Fellowship Awards for physicians and health care professionals in related disciplines.

For the fiscal year ending March 31, 2001, staff estimated that the chapter was assisted by the efforts of 2,564 core volunteers. These served on regional committees and boards, standing committees that reported to the board (such as grant review committees), as well as in planning and organizing special events. In total, they contributed 38,891 hours. In addition, an estimated 41,000 runners participated in the Run for the Cure in Ontario, contributing over 83,000 hours to this event. Including run-day participants, a total of 44,303 volunteers contributed an estimated 122,361 hours to the Breast Cancer Foundation, Ontario. Table 7.15 shows the estimates of volunteer numbers and hours by role.

Based on this estimate, volunteer activities accounted for 84 percent of the Breast Cancer Foundation’s human resources and contributed 67 full-time equivalent (FTE) positions for the fiscal year ending March 31, 2001. Thus, the Breast Cancer Foundation, Ontario, had the equivalent of a total workforce FTE of 80, not just the paid staff FTE of 13. Furthermore, when considering the financial and in-kind resources of the organization, volunteer hours and non-reimbursed out-of-pocket expenses together account for 30 percent of the total.

**Table 7.15 Staff Estimate of Volunteer Hours**  
*Canadian Breast Cancer Foundation, Ontario Chapter*

<b>CBCF Ontario</b>	<b>Number of Volunteers</b>	<b>Volunteer Hours</b>
Board of directors	16	1,369
Committees	77	1,876
Subtotal BOD/Committees*	89	3,245
Office administration	24	900
Regional offices	76	8,250
Run planning	212	11,450
Run day	1,999	13,707
Other events	164	1,339
Subtotal events	2,375	35,646
Subtotal (without runners)	2,564	38,891
Runners	41,735	83,470
<b>Total</b>	<b>44,299</b>	<b>122,361</b>

Source: Staff and regional director interviews.

\* Subtotal is adjusted for four committee chairs also on the board of directors.

### **Comparative Market Value for Volunteers**

As with the other cases presented in this chapter, establishing a comparative market value for the volunteers was an important piece of the EVAS. As shown in Table 7.14, volunteer hours contributed were valued primarily according to NAICS sub-sector 813 “grant-making, civic, professional and similar organizations.” This sub-sector includes organizations engaged primarily in awarding grants from trust funds, or in soliciting contributions on behalf of others, to support a wide range of health, educational, scientific, cultural, and other social welfare activities. For the year ending March 31, 2001, the wage rate for hourly paid employees in this category for Ontario was \$14.51. For salaried employees it was \$19.72, and the midpoint of the two rates was \$17.11. Committee members and run-day planning organizers were assigned the \$19.72 value, based on salaried employees. Office administration, run-day volunteers, and runners were allocated a comparative market value of \$14.51, based on hourly paid employees. Volunteers in regional offices or those assisting with awareness days and other special events were assigned a value of \$17.11, based on the average of hourly paid and salaried employees.

For the volunteers who were members of the board of directors, the rate was taken from Human Resources Development Canada (HDRC) Standard Occupational Code 0014, “senior managers of health, education, social and community services and

membership organizations.” For the time period studied, the midpoint hourly rate for this category was \$35.56 per hour.

The total comparative market value for the hours contributed by core volunteers through specific programs is presented in Table 7.16. These values were obtained by taking the total hours contributed by volunteers within a program and multiplying them by the appropriate hourly rates. As seen, the estimated market value of these contributions is \$1,898,635.

### **Out-of-Pocket Expenses**

Breast Cancer Foundation volunteers also incurred out-of-pocket expenses that were not reimbursed. Based on survey responses, 86 percent of board and committee members indicated non-reimbursed expenses of \$402.12 per year, while 83 percent of office administration and regional office volunteers indicated average expenses of \$75. Seventy-seven percent of the remaining volunteers indicated having out-of-pocket expenses averaging \$75 for event planners and \$12.50 for event-day assistants and participants. The total of all these expenses amounted to \$481,112.

### **Secondary Outputs: Personal Benefits**

Sixty percent of survey respondents (excluding runners) indicated strongly that they benefited in terms of personal growth and development by volunteering for the Breast Cancer Foundation. This percentage was multiplied by the core volunteer base of 2,564 and the value of a community college course (\$151.50) to arrive at a value of \$233,068.

**Table 7.16 Calculation of Market Value of Volunteer Hours Contributed**

	<b>Number of Hours</b>	<b>Rate</b>	<b>Amount</b>
Board of directors	1,369	\$35.56	\$48,682
Committees	1,876	19.72	36,995
Office administration	900	14.51	13,059
Regional offices	8,250	17.11	141,158
	12,395		239,893
Run planning	11,450	19.72	225,794
Run day	13,707	14.51	198,889
Runners	83,470	14.51	1,211,150
Awareness day	498	17.11	8,521
Great White North	841	17.11	14,390
	109,966		1,658,743
<b>Total</b>	<b>122,361</b>		<b>\$1,898,635</b>



### Calculating Volunteer Value Added

As in the other four nonprofits presented in this chapter, to calculate the organization's outputs, the expenditures (\$5,319,931) are added to the social contributions (\$2,612,815) to arrive at a total of \$7,932,746. Then, in order to measure the value added by the organization, the goods and services that were purchased externally, \$1,350,453, are subtracted from the total outputs of \$7,932,746, leading to a total of value added of \$6,582,293 (column labeled "combined"). The ratio of value added to purchases, indicated in the final row of Table 7.17, is established by dividing the value added by the cost of external goods and services. This ratio indicates that for every dollar expended on goods and services, the organization generated \$4.87 in value added. Without the social contributions, the value-added ratio would have been \$2.94 for every dollar expended. In other words, by including the volunteer contributions and the benefits they receive, the value-added ratio is increased by almost 66 percent.

As noted, the Expanded Value Added Statement includes a market estimate of non-monetized items such as volunteer contributions and personal growth and development—one of the benefits that the Breast Cancer Foundation volunteers indicated strongly that they had received. If those items had not been included, the ratio of value added to purchases would have been 2.94, as is indicated in the "financial" column of Table 7.17. The inclusion of non-monetized items increases this ratio by almost 66 percent.

**Table 7.17 Expanded Value Added Statement (Partial)**  
*Canadian Breast Cancer Foundation, Ontario Chapter*

<b>Value Added</b>		<b>Financial</b>	<b>Social</b>	<b>Combined</b>
Outputs	Primary	\$5,319,931	\$2,379,747	\$7,699,678
	Secondary		233,068	233,068
	Total	5,319,931	2,612,815	7,932,746
Purchases of external goods and services		1,350,453		1,350,453
<b>Value added</b>		<b>\$3,969,478</b>	<b>\$2,612,815</b>	<b>\$6,582,293</b>
<b>Ratio of value added to purchases</b>		2.94	1.93	4.87

Note: For the year ended March 31, 2001.

### DISTRIBUTION OF VALUE ADDED

The distribution of value added to the primary stakeholders of the Breast Cancer Foundation is shown in Table 7.18. The value added distributed to employees

represents their wages and benefits of \$571,656. For volunteers, the value added distributed was the \$2,241 expended on recognition and awards and \$233,068 representing the value of their personal growth and development.

The stakeholder referred to as society received value added from the programs of the organization—for example, grant disbursements for research totaling \$3,034,217. The national office received value added in the amount of \$344,762 for support of core programs. Value added distributed to the stakeholder organization was for three items: \$16,602 for the amortization of capital assets; \$1,898,635 from volunteer contributions of hours; and \$481,112 for out-of-pocket expenses not reimbursed. In total, the value added distributed corresponds to the value added created. Where the items are limited to those on audited financial statements, that amount is \$3,969,478; where the items are expanded to include non-monetized social contributions, the amount is \$6,582,293.

### Fund-Raising: A Different Perspective

It is also possible to create an EVAS based on individual program or activity, as shown in Table 7.19. In the case of the Breast Cancer Foundation, the major activities of the organization are fund-raising and program delivery, including community awareness, grant allocation, volunteer development, and chapter/branch development.

**Table 7.18 EVAS (Partial)—Distribution of Value Added**  
*Canadian Breast Cancer Foundation, Ontario Chapter*

Distribution of Value Added		Financial	Social	Combined
Employees	Wages and benefits	\$571,656		\$571,656
Volunteers	Personal growth and development		\$233,068	233,068
	Recognition and awards	2,241		2,241
		2,241	233,068	235,309
Society	CBCRI	506,000		506,000
	Grant disbursements	2,528,217		2,528,217
		3,034,217		3,034,217
National Programs	Internal transfer	344,762		344,762
Organization	Amortization of capital assets	16,602		16,602
	Volunteer hours (administrative)		239,893	239,893
	Volunteer hours (fund-raising/awareness)		1,658,742	1,658,742
	Programs (from volunteer out-of-pocket expenses)		481,112	481,112
		16,602	2,379,747	2,396,349
<b>Value Added Distributed</b>		<b>\$3,969,478</b>	<b>\$2,612,815</b>	<b>\$6,582,293</b>

Note: For the year ended March 31, 2001.

**Table 7.19 EVAS (Partial)—By Fund-raising and Programs**  
*Canadian Breast Cancer Foundation, Ontario Chapter*

<b>Value Added</b>	<b>Fund-raising</b>	<b>Programming</b>	<b>Combined</b>
Revenues raised	\$5,664,278	\$3,912,521	\$5,664,278
Surplus retained		344,347	344,347
	5,664,278	3,568,174	5,319,931
Volunteer contributions (hours and out-of-pocket expenses)	2,244,106	135,641	2,379,747
	7,908,384	3,703,815	7,699,678
Secondary outputs (volunteer personal growth and development)	225,328	7,740	233,068
	8,133,712	3,711,555	7,932,746
Purchases of external goods and services	1,258,058	92,395	1,350,453
<b>Value Added</b>	<b>\$6,875,654</b>	<b>\$3,619,160</b>	<b>\$6,582,293</b>
<b>Distribution of Value Added</b>			
Employees	\$474,856	\$96,800	\$571,656
Volunteers—recognition	2,241		2,241
Volunteers—personal growth and development	225,328	7,740	233,068
Total volunteers	227,569	7,740	235,309
National office		344,762	344,762
Canadian Breast Cancer Research Initiative		506,000	506,000
Grant disbursements: research		1,585,000	1,585,000
Grant disbursements: education		559,126	559,126
Grant disbursements: other		384,091	384,091
Total programs		3,378,979	3,378,979
Organization: depreciation	16,602		16,602
Organization: volunteer contributions	2,244,106	135,641	2,379,747
Surplus available for programming	3,912,521		
Total organization	6,173,229	135,641	2,396,349
<b>Value Added Distributed</b>	<b>\$6,875,654</b>	<b>\$3,619,160</b>	<b>\$6,582,293</b>

Looking first at fund-raising activities, the Breast Cancer Foundation raised \$5,664,278 and mobilized tens of thousands of volunteers who contributed hours and out-of-pocket expenses valued at \$2,244,106. It also created secondary outputs valued at \$225,328 for personal growth and development of its fund-raising volunteers. The total value of all outputs, therefore, was \$8,133,712. From this total, \$1,258,058 of

external goods and services was subtracted, leaving a total of value added created of \$6,875,654. Of this amount, \$3,912,521 remained as a surplus available for program activities. However, \$344,347 of this surplus was carried forward to the subsequent fiscal year and, therefore, the Breast Cancer Foundation had \$3,568,174 available to spend on programs.

Thus, the EVAS specific to programs, as presented in Table 7.19, starts with the revenues that are transferred from fund-raising to programs and adjusted for the \$344,347 carried forward. The next step is to add the volunteer contributions specific to programs. For hours, these were valued at \$98,725, and for out-of-pocket expenses at \$36,906, resulting in total volunteer contributions to programs of \$135,641. Secondary outputs received by the program volunteers were valued at a total of \$7,740. To arrive at the total program outputs, these amounts—\$135,641 and \$7,740—were added to the total the Breast Cancer Foundation had available for programs—\$3,568,174—resulting in an overall value of \$3,711,555. The purchases of external goods and services specific to programs, \$92,395, was then subtracted from the total outputs to end up with the value added associated with programs of \$3,619,160.

To arrive at the total value added created by the organization, it is necessary to add together the value added from fund-raising and the value added from programs and to subtract any internal transfers. In the case of the Breast Cancer Foundation, the amount of its internal transfer was the surplus resulting from fund-raising that was transferred to programs (\$3,912,521). Thus, for the Breast Cancer Foundation, the total value added created is calculated as \$6,875,654 from fund-raising, plus \$3,619,160 from programs, less the internal transfer of \$3,912,521. This resulted in a final total of value added of \$6,582,293 (see also Table 7.17).

#### **CASE FIVE: JUNIOR ACHIEVEMENT OF ROCHESTER, NEW YORK AREA, INC.**

As mentioned previously in Chapter 5, Junior Achievement of Rochester, a nonprofit franchise of Junior Achievement, Inc., runs 640 economic-education programs yearly in 65 elementary, middle, and high schools using over 480 core volunteers. Details of the calculation of the value of its contributions for the year ended June 30, 2001, were shown previously in Chapter 5, in Tables 5.1 and 5.2. These contributions amounted to \$345,606 for over 12,000 hours contributed and \$12,530 for out-of-pocket expenses.

For the year ended June 30, 2001, Junior Achievement of Rochester volunteers contributed over 51 percent of that organization's human-resource hours and almost 40 percent of the total of financial and social contributions. Contributions by and to volunteers accounted for over 54 percent of the organization's expanded value added. The Expanded Value Added Statement for Junior Achievement of Rochester is presented in Table 7.20.

**Table 7.20 Expanded Value Added Statement (Partial)**  
*Junior Achievement of Rochester, New York Area, Inc.*

<b>Value Added</b>		<b>Financial</b>	<b>Social</b>	<b>Combined</b>
Outputs	Primary	\$630,513	\$358,136	\$988,649
	Secondary		24,232	24,232
	Total	630,513	382,368	1,012,881
Purchases of external goods and services		306,363		306,363
<b>Value added</b>		<b>\$324,150</b>	<b>\$382,368</b>	<b>\$706,518</b>
<b>Ratio of value added to purchases</b>		1.06	1.25	2.31

Note: For the year ended June 30, 2001.

To calculate the value of the organization's outputs, the expenditures for programs, fund-raising, administration, and special events (\$630,513) were added to the social contributions (\$382,368)—representing the value attributed to volunteer hours, out-of-pocket expenses, and the secondary output of personal growth and development—to arrive at a total of \$1,012,881. As in the other cases in this chapter, volunteer personal growth and development was calculated based on survey responses, which indicated that 38.1 percent of respondents felt strongly that they received this benefit. Using an average cost of a community college course of \$100 and a core base of volunteers of 636, the comparative market value of this output was calculated as  $636 \text{ volunteers} \times .381 \times \$100 = \$24,232$ .

Purchases of external goods and services amounting to \$306,363 were then subtracted from total outputs of \$1,012,881, to arrive at a total for expanded value added of \$706,518. The ratio of expanded value added to purchases was 2.31, but when considering only financial items, the ratio was 1.06. This means that volunteer contributions increased the value added of Junior Achievement of Rochester by almost 118 percent.

Table 7.21 presents the Distribution of Value Added for Junior Achievement of Rochester. Four stakeholders are shown—employees, volunteers, creditors, and the organization. The value added distributed to employees represents their wages and benefits of \$304,876. For volunteers, the value added distributed was the \$24,232 representing the value of their personal growth and development. Creditors received \$6,202 in interest payments.

**Table 7.21 EVAS (Partial)—Distribution of Value Added**  
*Junior Achievement of Rochester, New York Area, Inc.*

<b>Distribution of Value Added</b>	<b>Financial</b>	<b>Social</b>	<b>Combined</b>
Employees: wages and benefits	\$304,876		\$304,876
Volunteers: personal growth and development		\$24,232	24,232
Creditors: Interest paid	6,202		6,202
Organization:			
Amortization of capital assets	13,072		13,072
From volunteer hours		345,606	345,606
From volunteer out-of-pocket expenses		12,530	12,530
	13,072	358,136	371,208
<b>Value Added</b>	<b>\$324,150</b>	<b>\$382,368</b>	<b>\$706,518</b>

Note: For the year ended June 30, 2001.

Value added distributed to the stakeholder organization was for three items: \$13,072 for the amortization of capital assets; \$345,606 from volunteer contributions of hours; and \$12,530 for out-of-pocket expenses not reimbursed (Tables 5.1 and 5.2). In total, the value added distributed corresponds to the value added created. Where the items are limited to those on audited financial statements, that amount is \$324,150; where the items are expanded to include non-monetized social contributions, the amount is \$706,518.

## SUMMARY AND CONCLUSION

The EVAS tells a much different story for these five organizations than do the financial statements alone. The EVAS helps various stakeholders, particularly volunteers, to see what value they have added to the organization in which they participate. When viewed in relation to the financial information only, volunteer contributions at Jane/Finch added 44 percent more to the value added created by the organization. For the other organizations, the increases in value added from volunteers were: the Red Cross—37 percent; CCI—118 or 226 percent (depending on the scenario); the Breast Cancer Foundation—60 percent; and Junior Achievement of Rochester—almost 118 percent. In addition, each organization added value by making available opportunities for personal growth and development for its volunteers. In dollar terms, the total of these contributions ranged from \$334,480 for Jane/Finch, to \$1,154,349 for the Red Cross, \$3,844,745 for CCI, \$2,612,815 for the Breast Cancer

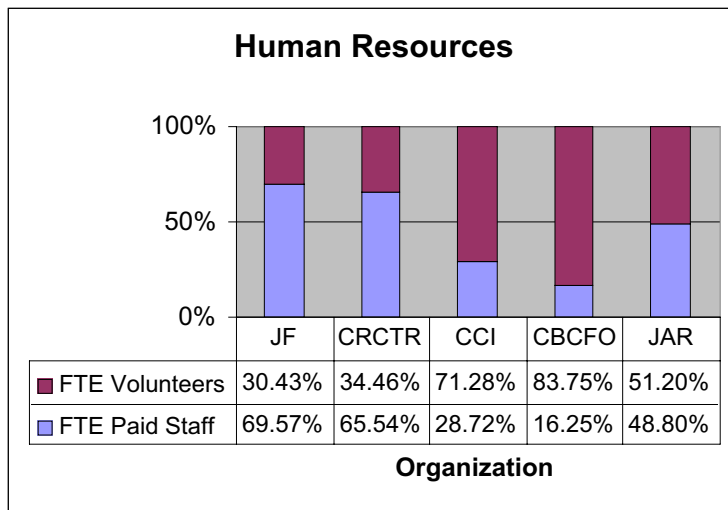
Foundation, and \$382,368 for Junior Achievement of Rochester. In each case, these are significant contributions not accounted for in conventional accounting.

Volunteers account for a major portion of each organization’s human resources (Figure 7.1). In the case of Jane/Finch and the Red Cross, volunteers made up about one third of the labor pool. In the case of the other three organizations, volunteers provided more resources than paid staff—for CCI, volunteers accounted for over 70 percent of the organization’s human resources, for the Breast Cancer Foundation, this contribution was over 84 percent, and for Junior Achievement of Rochester it was over 51 percent. It must also be noted that not only do volunteers contribute significantly, but also these contributions are spread out over hundreds, if not thousands, of people.

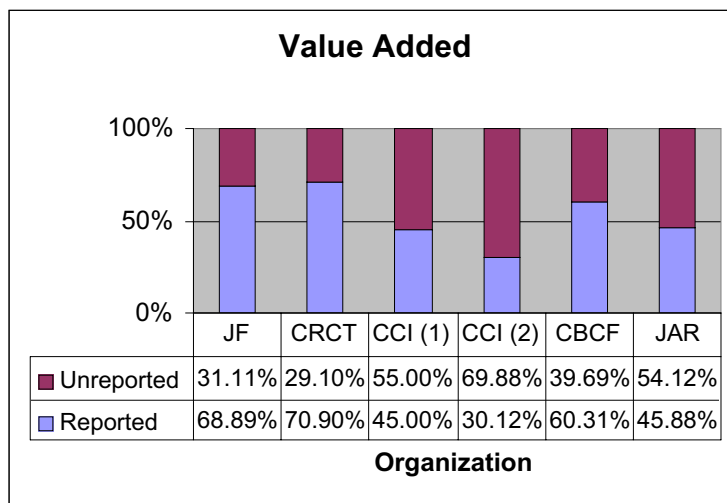
Most of the value added by and for volunteers to voluntary nonprofit organizations go unreported because it is not monetized and, therefore, is not included in conventional accounting statements. For the five organizations discussed in this chapter, the amount of value added that was unreported ranged from about 30 to 70 percent of the total value added calculated (Figure 7.2). As was seen in this chapter, the EVAS is one way for organizations to present the value of this important resource and relate it to their economic performance.

These figures make the assumption that the financial expenditures and volunteer contributions of each organization represent an efficient use of resources. To gauge the accuracy of this valuation, it would be necessary to do a complete assessment of the organization’s outputs, based on similar goods and services in the private sector. While that was beyond the scope of the Volunteer Value Added project, it is one of the next steps in carrying this research forward.

**Figure 7.1 Human Resources**



Legend: JF = Jane/Finch Community and Family Centre; CRCTR = Canadian Red Cross, Toronto Region; CCI = Canadian Crossroads International; CBCF = Canadian Breast Cancer Foundation, Ontario Chapter; JAR = Junior Achievement of Rochester.

**Figure 7.2 Value Added Reported and Unreported**

Legend: JF = Jane/Finch Community and Family Centre; CRCT = Canadian Red Cross, Toronto Region; CCI = Canadian Crossroads International; CBCF = Canadian Breast Cancer Foundation, Ontario Chapter; JAR = Junior Achievement of Rochester.

## QUESTIONS FOR DISCUSSION

1. What are some of the barriers faced by nonprofits and cooperatives to including volunteer contributions and social labor on their financial statements? How can they be overcome?
2. What are some of the barriers faced by accountants and auditors to including volunteer contributions on financial statements? How can they be overcome?
3. “The hours that paid employees may work beyond their regular workday and for which they do not get paid are similar to ‘volunteer time contributed’ and, therefore, should be included in the Expanded Value Added Statement.” Do you agree or disagree with this statement and why?
4. What are the potential risks and benefits of putting a value on volunteer contributions? In your view, do the benefits outweigh the risks?
5. List five benefits that volunteers can gain from volunteering. How would you measure them, and how would you assign a value to them?
6. What additional information does the Expanded Value Added Statement tell us by including volunteer contributions or social labor? How can this information help an organization?
7. Until recently, volunteer contributions to the economy were seldom recognized. Emerging research shows that these contributions are significant. What are the implications of these findings for research, policy, and practice?



8. Which audiences might find it useful to put a value on volunteer contributions and why?
9. Take an existing organization, calculate the volunteer contributions, and include them in an Expanded Value Added Statement. Compare the Expanded Value Added Statement to the income statement of the organization. What new insights arise?
10. Using existing information on the Internet or in annual reports, calculate the number of hours volunteers contribute to two or more nonprofits and compare the full-time equivalents of these hours to the full-time equivalents of the organizations' paid employees. Present the data graphically. What is the impact of knowing this information?

## NOTES

<sup>1</sup> At the time of the study, Jane/Finch was in the process of changing its fiscal year-end; therefore, the period studied was nine months, not the usual 12 months.

<sup>2</sup> These data and all subsequent NAICS data originate from the Statistics Canada CANSIM Data Base. CANSIM is an official Mark of Statistics Canada.

<sup>3</sup> For the four Canadian case studies, fringe benefits were not included in the Expanded Value Added Statement because determining an appropriate percentage was beyond the scope of this project. However, for Junior Achievement of Rochester, an amount equal to 12 percent of wages was included for fringe benefits, as suggested by the Independent Sector (2006) as an appropriate rate for volunteer contributions in the United States.

<sup>4</sup> About half of the volunteers surveyed at the Jane/Finch Community and Family Centre had out-of-pocket expenses, but those participating in the focus groups indicated that all such expenses were reimbursed. Given the practice of reimbursement, out-of-pocket expenses are not included in Expanded Value Added Statement (EVAS) for Jane/Finch (although they have been included for the other sites in this project).

<sup>5</sup> This is still only a partial Value Added Statement, showing the impact of volunteer contributions. A full Value Added Statement would involve a deeper examination of all the outputs of the organization and their comparative market value.

<sup>6</sup> A salary range was not available for the greater Toronto region; so the salary range for a similar region was used. See Web site: [lmi-imt.hrhc-drhc.gc.ca](http://lmi-imt.hrhc-drhc.gc.ca).

<sup>7</sup> To arrive at this figure, the 110 summer-student volunteers were subtracted from the total of 1,506. Then the remaining 1,396 were multiplied by 56 percent (the percentage that had non-reimbursed out-of-pocket expenses) leading to 781.76. That figure was then multiplied by \$125.76, the average out-of-pocket expense, leading to a total of \$98,314.

<sup>8</sup> At the time of the study, CCI was in the process of changing its fiscal year-end date; therefore, the fiscal period studied was 15 months, not the usual 12 months.

<sup>9</sup> Salary ranges were obtained for the following regions: York, London, Quebec, and Nova Scotia. See Web site: [lmi-imt.hrhc-drhc.gc.ca](http://lmi-imt.hrhc-drhc.gc.ca).

<sup>10</sup> Salary ranges were obtained for York and London. See Web site: [lmi-imt.hrhc-drhc.gc.ca](http://lmi-imt.hrhc-drhc.gc.ca).