



A Social Accounting Framework for Cooperatives

The Expanded Value Added Statement

Laurie Mook

ACE Institute

Madison, Wisconsin

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Outline

- ◆ General overview of the value added framework
- ◆ The case of WCRI (Housing co-operative)



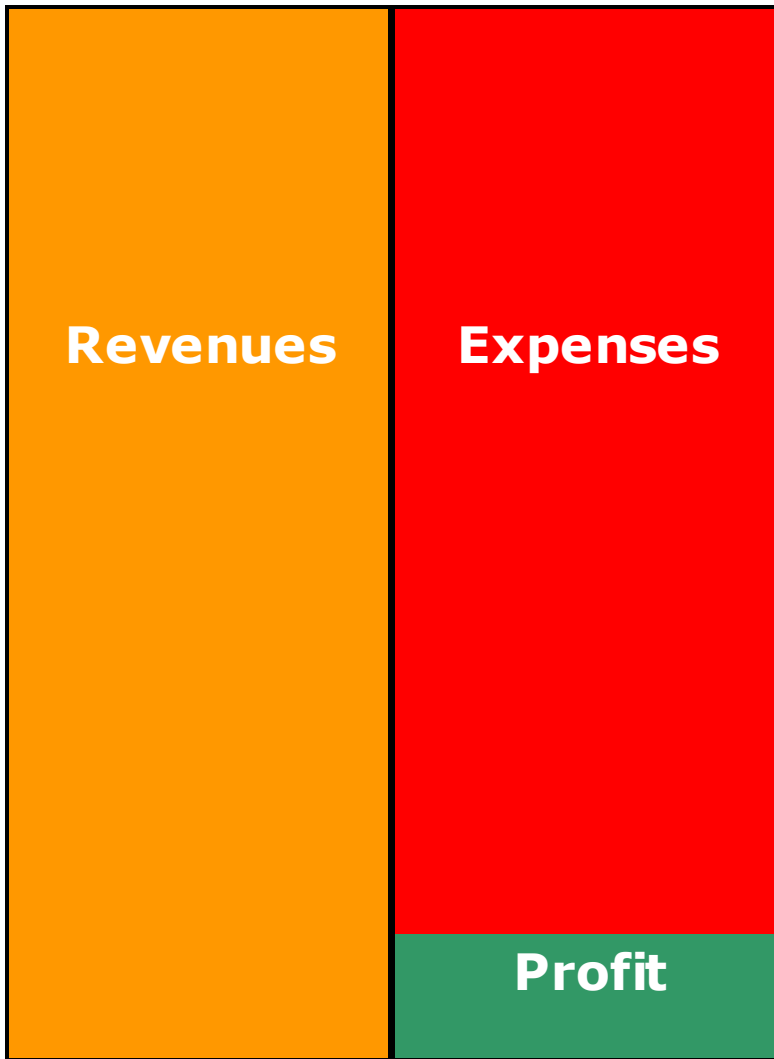
What is value added?

- ◆ Measure of wealth that an organization creates by ‘adding value’ to raw materials, products and services through the use of labour and capital
- ◆ In contrast to profit created only for owners or shareholders in a profit organization, value added is the wealth created for a larger group of stakeholders

Income Statement

For the fiscal year

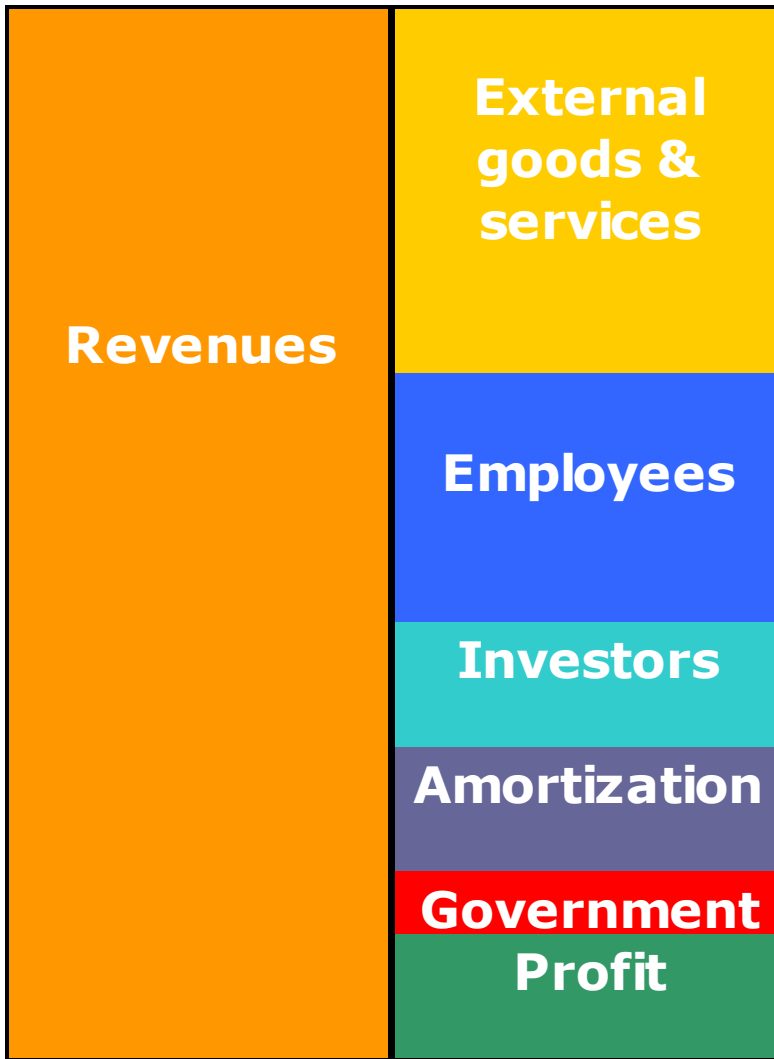
Revenues	100
Expenses	<u>(85)</u>
Profit	15

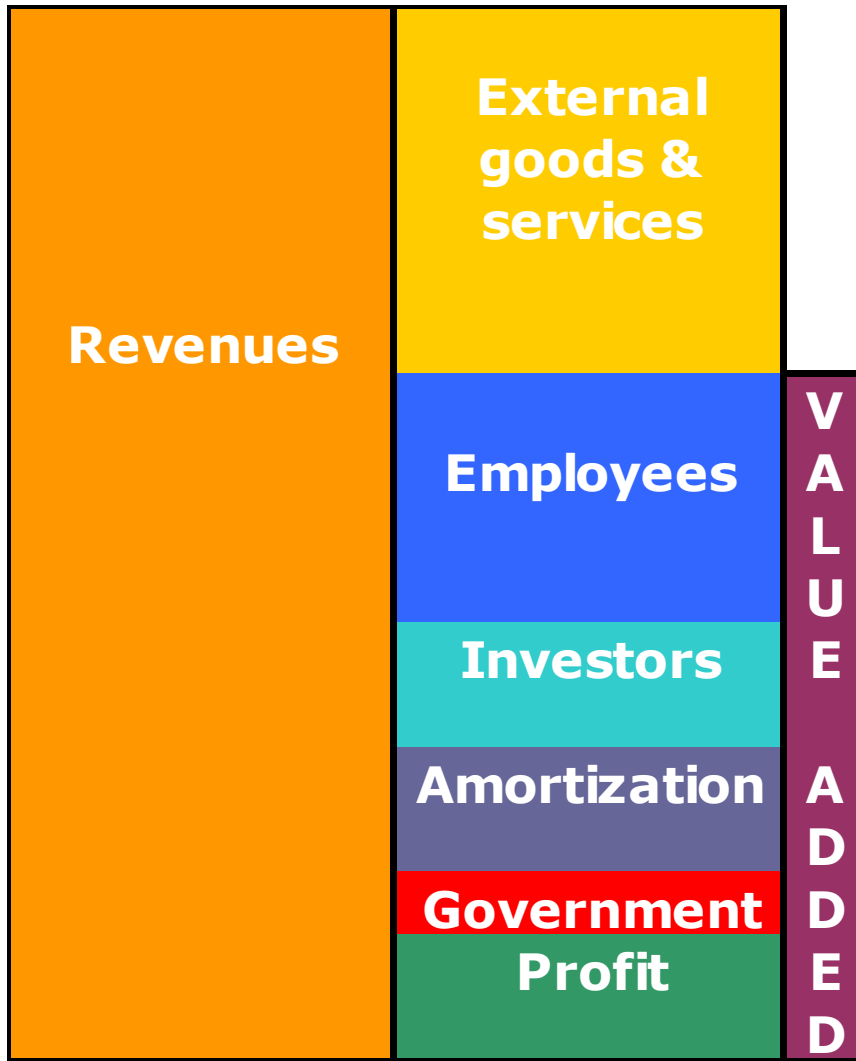


Income Statement

For the fiscal year

Revenues	100
Ext. G&S	(35)
Employees	(25)
Investors	(10)
Amortization	(10)
Govt.	<u>(5)</u>
Profit	<u>15</u>





Value Added Stmt

For the fiscal year

Revenues	100
Ext. G&S	<u>(35)</u>
Value Added	<u>65</u>
Employees	25
Investors	10
Govt.	5
Org.	<u>25</u>
VA Dist.	<u>65</u>



What is Expanded Value Added?

- ◆ Value added by itself does not tell the whole story
- ◆ Members add value too
- ◆ Expanded Value Added combines financial and social data to give a fuller picture of the social and economic impact of an organization



The Expanded Value Added Statement

- ◆ Includes both monetary and non-financial inputs and outputs
- ◆ Looks for ‘surrogates’ in the market in order to assign comparative market value to non-financial inputs and outputs



Waterloo Co-operative Residence Inc. (WCRI)

- ◆ Incorporated in 1965 with 140 members and 10 houses
- ◆ Now is the largest student housing co-operative in Canada, and the second largest in North America housing over 900 resident members with a paid staff of 31 FTE



Waterloo Co-operative Residence Incorporated

Consolidated Statement of Operations

For the year ended April 30, 1999

Revenues		Division expenses	
Accommodation	\$3,353,201	Variable	\$1,434,207
Food	75,273	Fixed	648,765
Utilities	86,112		\$2,082,972
Parking, laundry and	68,085	Administrative expenses	
Other income	64,908	Variable	\$453,882
	\$3,647,579	Fixed	548,772
Weaver's Arms	316,452	Co-operative development	92,410
	\$3,964,031		\$1,095,064
		Weaver's Arms Expenses	\$368,744
		Total expenses	\$3,546,780
		Operating surplus	\$417,251



Revenues	\$3,964,031
Social labour	244,128
Donation of accommodation	2,000
Total primary outputs	\$4,210,159
Skills development	
Total secondary outputs	\$ 490,000
Consultation to other co-ops	
Total tertiary outputs	\$ 2,500



External Goods & Services

Expenditures per audited financial statements	\$3,546,780
Less: Employee wages and benefits	838,222
Municipal property taxes	216,586
Loan interest	519,961
Amortization of capital assets	433,450
Purchases of external goods and services	\$1,538,561



Waterloo Co-operative Residence Incorporated

Expanded Value Added Statement (Partial)

For the year ended April 30, 1999

Value Added Created		Financial	Social	Combined
Outputs	Primary	\$3,964,031	\$246,128	\$4,210,159
	Secondary	65,192	424,808	490,000
	Tertiary		2,500	2,500
	Total	4,029,223	673,436	4,702,659
Purchases of external goods and services		1,538,561		1,538,561
Value Added Created		\$2,490,662	\$673,436	\$3,164,098
Ratio of Value Added to Purchases		1.62	0.44	2.06



Waterloo Co-operative Residence Incorporated

Expanded Value Added Statement (Partial)

For the year ended April 30, 1999

Distribution of Value Added		Financial	Social	Combined
Employees	Wages and benefits	\$838,222		\$838,222
Residents	Value from social labor		\$244,128	244,128
	Skills development	65,192	424,808	490,000
	Property tax credit		141,800	141,800
		65,192	810,736	875,928
Society	Government: municipal property taxes	216,586		216,586
	Government: property tax credit		(141,800)	(141,800)
	Government: housing of war refugees		2,000	2,000
	Cooperative sector: consultations		2,500	2,500
		216,586	(137,300)	79,286
Capital	Loan interest	519,961		519,961
Organization	Amortization of capital assets	433,450		433,450
	Operating surplus	417,251		417,251
		850,701		850,701
Value Added Distributed		\$2,490,662	\$673,436	\$3,164,098



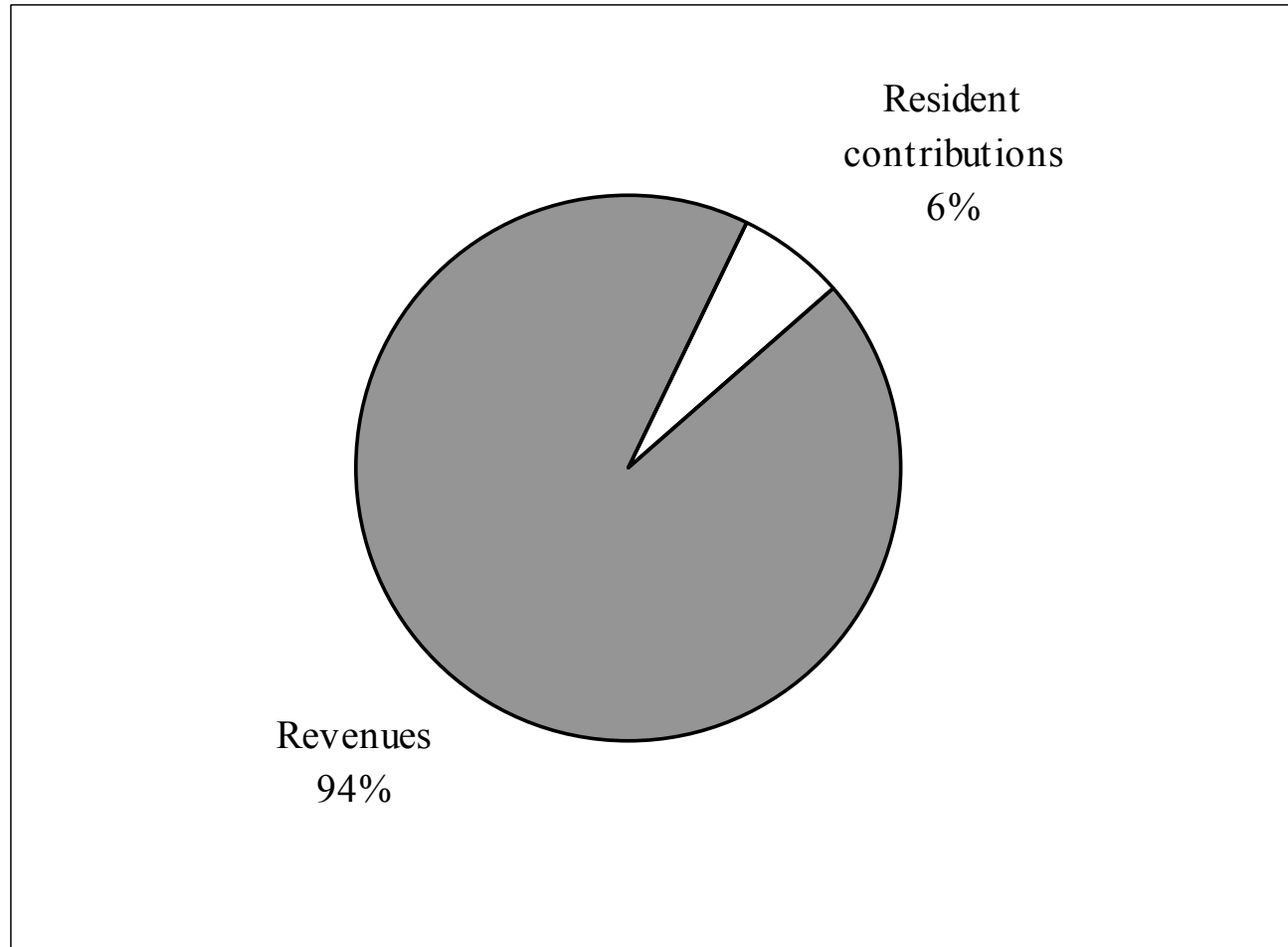
Findings

- ◆ Restricted Value Added \$2,490,662
- ◆ Expanded Value Added \$3,164,098
- ◆ Increase of \$673,436 or 27%

- ◆ Over 30,500 social labour hours contributed
- ◆ 17 FTE performed by over 800 people

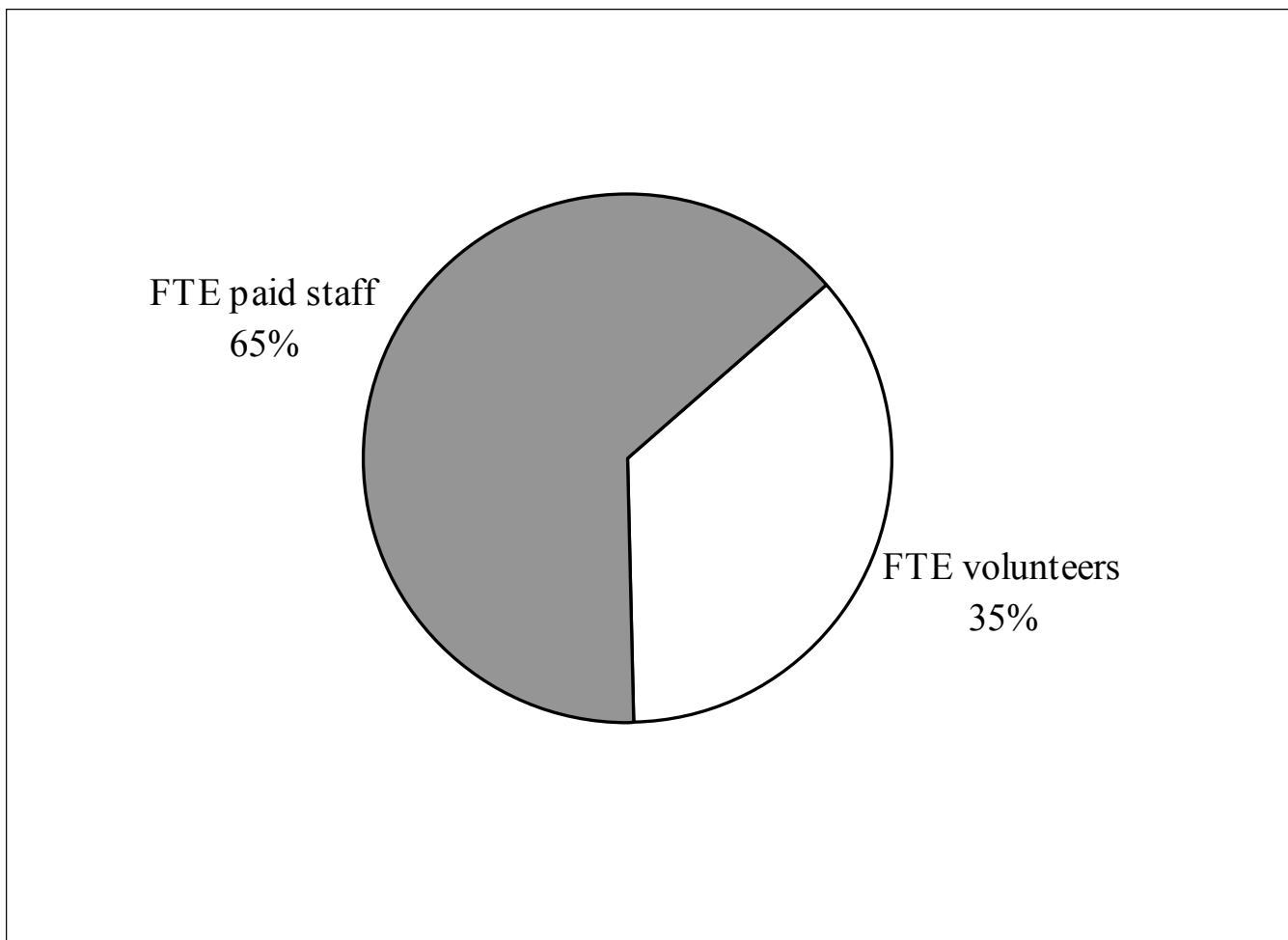


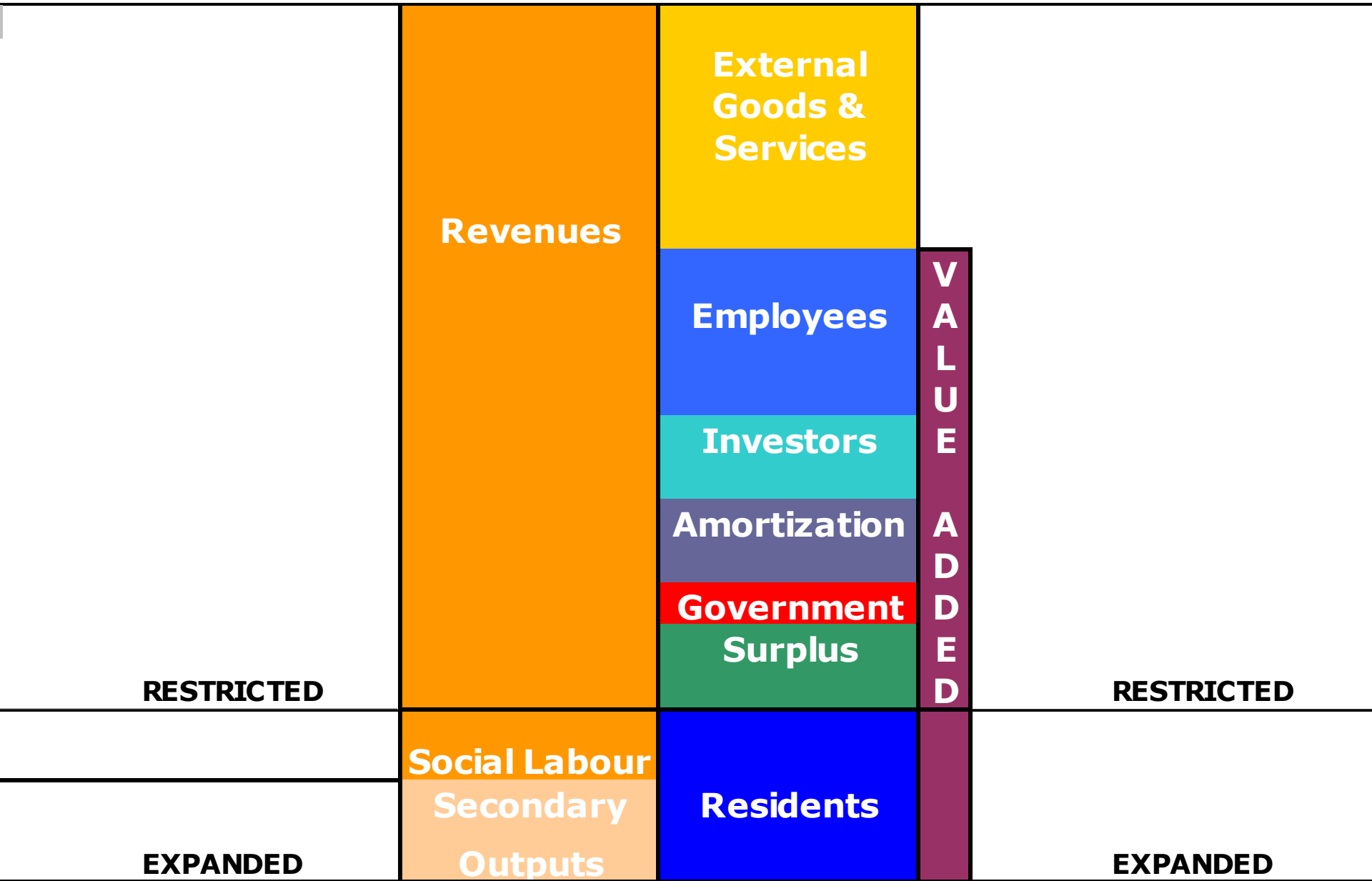
Monetary and Nonmonetary Contributions





Total Activity Hours





Revenues

External Goods & Services

Employees

Investors

Amortization

Government Surplus

**Social Labour
Secondary
Outputs**

Residents

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RESTRICTED

RESTRICTED

EXPANDED

EXPANDED



Expanded Value Added Statement creates greater awareness of:

- ◆ the role of the organization in providing employment;
- ◆ the role of the organization in providing skills training and other indirect outcomes;
- ◆ the impact of social labour contributions;
- ◆ the role of the organization in supporting the co-operative sector; and
- ◆ the role of the organization in contributing to society through donated services.



Some challenges

- ◆ Must also consider 'value subtracted'
- ◆ Lack of established measures for placing a value on goods and services that are seen as 'free'



The Expanded Value Added Statement

- ◆ Integrates financial and non-financial information
- ◆ Offers a beginning step to recognizing the uniqueness of co-operatives
- ◆ Changes 'reality' to include social contributions and multiple stakeholders



Resources

Book

What Counts: Social Accounting for Nonprofits and Cooperatives, Prentice Hall, 2003.

Manual

<http://www.nonprofitscan.ca/pdf/MAN/Quarter-MAN-English-Web.pdf>

Volunteer Value Added Website

<http://home.oise.utoronto.ca/~volunteer>

Social-accounting listserv

<http://listserv.oise.utoronto.ca/mailman/listinfo/social-accounting>



Thank You!

Contact information:

Laurie Mook

**Ontario Institute for Studies in Education
of the University of Toronto (OISE/UT)**

252 Bloor Street West, 7-167

Toronto, Ontario M5S 1V6

Email LMook@oise.utoronto.ca