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# **Social Accounting for Co- operatives: Methods**

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# Outline

- ◆ Framework
- ◆ Methods
- ◆ Case Example
- ◆ Next Steps



# Framework

- ◆ The Social Economy
- ◆ Social Accounting Definition
- ◆ Social Accounting: Need, Approach



# Framework: The Social Economy

- ◆ From Europe, classification of co-ops as part of a social economy along with nonprofits and mutual benefit organizations:
  - Social mission, democratic functioning, independent from the state
  - Also, have considerable economic impact
- ◆ Co-ops as social and economic players



# Social Accounting Definition

- ◆ Financial information does not tell the whole story; definition of social accounting as referred to earlier:

“systematic analysis of the effects of an organization on its communities of interest or stakeholders, with stakeholder input as part of the data that is analyzed for the accounting statement”



# Need

- ◆ Co-ops add social and economic value:
  - Financial statements limited to presenting economic value
  - Social statements (social audits) reflect social value
  - Need for an integrated account of social and economic value



# Approach

- ◆ Integrate financial and social information
- ◆ Look at resource use and production in a one-year cycle
- ◆ Identify, count and value co-op outputs
- ◆ Calculate the value of social labor contributed by members



# Methods

- ◆ Methods – summary
- ◆ Sources of Information
- ◆ Comparative Market Value
- ◆ Model, Case





# Methods - summary

- ◆ Determine inputs, outputs
- ◆ Verify information by collecting from two or more sources
- ◆ Assign a comparative economic value for non-market items



# Sources of Information

- ◆ **Financial statements**
- ◆ **Quantitative data**
  - Identify, calculate outputs
  - Sources: tracking, surveys
- ◆ **Qualitative data**
  - Identify, describe secondary and tertiary outputs
  - Sources: interviews, open-ended questions on surveys, focus groups



# Comparative Market Value for Outputs

- ◆ Find the closest comparison value for the item:
  - look first to the private sector market
  - then to public or nonprofit comparisons
- ◆ Use reasonable approximation, provide rationale



# Model: Community Social Return on Investment (CSROI)

## Inputs

- ◆ Revenues
- ◆ Social labor (volunteer contributions, if nonprofit)

## Outputs

- ◆ Expenditures
- ◆ Social labor
- ◆ Outputs
  - Primary
  - Secondary
  - Tertiary



# **Case: Waterloo Co-operative Residence Inc. (WCRI)**

- ◆ Second largest student housing co-operative in North America
- ◆ Student Board of Directors
- ◆ Residents contribute social labor in order to live there
- ◆ Active in the co-op community locally and in NASCO



# WCRI Social Labor

- ◆ Board of Directors
- ◆ Committees – including newsletter, orientation etc.
- ◆ Food preparation
- ◆ Serving meals
- ◆ Washing dishes and pots
- ◆ Cleaning
- ◆ Grounds maintenance etc.



# Case: CSROI for Waterloo Co-operative Residence Inc.

## Inputs

Revenues \$3,647,579

Social Labor 244,126

**Total \$3,891,707**

## Outputs

Expenses \$3,178,036

Social Labor 244,126

Outputs:

\*Primary-

residence 3,647,579

\*Second'y & Tert. 4,454,769

**Total \$7,876,033**

Ratio: 1:2



# Outputs and their CMV

◆ Primary: value of high quality co-operative units	◆ \$3,647.579
◆ Secondary	
■ Sense of community	170,890
■ Civics	460,000
◆ Tertiary	
■ Dividend – res tax credit	141,800
■ Refugee housing	2,000
■ Co-op leadership	2,500
■ Community Development	30.000
◆ Total	\$7,876,933





# Next Steps

- ◆ Getting Ready to Calculate
- ◆ Use
- ◆ Further Development



# Getting Ready to Calculate the Value Added by a Co-op

- ◆ Infrastructure Required:
  - Audited financial statements
  - CMV for social labor contributed by members
  - Enumeration of inputs, outputs
  - CMV for as many outputs as possible



# Use

- ◆ Prepare a statement – EVAS (Laurie's presentation) to present along with financial statements at AGM
- ◆ Inform members, the community; to prepare business plans; management information for improvement



# Further Development

- ◆ More case studies, different kinds of co-operatives
- ◆ Identifying additional co-op outputs and imputing a value to them
- ◆ Implementation – use in annual reports alongside financial statements



# Resources

- ◆ **Website:**  
**<http://home.oise.utoronto.ca/~volunteer>**
- ◆ **Richmond, B.J. and Mook, L. 2001. *Social Audit Report for WCRI*. Toronto: Authors.**
- ◆ **Quarter, J., Mook, L., and Richmond, B.J. 2002. *What Volunteers Contribute*. Canadian Centre for Philanthropy.**
- ◆ **2003. Quarter, J., Mook, L., and Richmond, B.J. *What Counts*. Social Accounting for Nonprofits and Co-operatives. Prentice Hall.**



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- ◆ Quarter, Jack. 1992. *Canada's social economy: Co-operatives, non-profits, and other community enterprises*. Toronto: James Lorimer and Company.
- ◆ Metro Credit Union. 1997. *Credit union social audits*. Toronto: Author.
- ◆ VanCity Credit Union. 2000. *The VanCity social report 1998/99*. Vancouver: Author.