

# CAs AND CHARITIES: THE VALUE OF VOLUNTEERING

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## YOU CAN'T PUT A PRICE ON GOOD WORKS

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*"Much is required from the person to whom much is given; much more is required from the person to whom much more is given."*  
(Luke 12:48)

A NEW ERA OF SOCIAL RESPONSIBILITY has emerged and with it new demands. As accountants, we are being called on to define, measure and report on the social responsibility of our clients — "on those parts of a company's activities that have a social impact."<sup>1</sup>

But what of our own personal social responsibility? Are we, as CAs, acting as socially responsible individuals in our society? Are we using our skills to benefit society in general as well as the clients and employers who pay for our expertise? Are we displaying good citizenship by actively participating in nonprofit social and cultural organizations that are working to ameliorate some of society's ills and improve the quality of life, or are we merely satisfying a "moral minimum," ensuring that our actions do no harm to others and correcting any injury we may inadvertently cause?<sup>2</sup>

At no time have our abilities been more urgently required. Government cutbacks, increased costs, a greater demand for services and a decrease in available volunteer time are threatening the very survival of many charitable organizations. With our training and background, we can help nonprofit organizations manage their resources more effectively.<sup>3</sup>

There are two excellent reasons why CAs should make every effort to exceed the moral minimum by actively participating in nonprofit organizations — the first being that they desperately need our expertise. But just as important are the benefits we will gain as individuals and as a profession.

### The high cost of cutbacks

An article that appeared in *The Globe and Mail* recently, "A crisis for charities," sug-

gested that the one thing Canadian charities have in common is the financial crisis they are all experiencing.<sup>3</sup> Why has this happened? Much of it has to do with the hard times our entire economy is undergoing and with the spirit of belt-tightening — of cutting costs to make ends meet — that has taken hold. The provincial and federal governments have the deficit to worry about and are trying to call a halt to the rampant increase in government spending that has occurred over the past decade. Although John Crosbie in 1979 referred to budget cuts as "short-term pain," the cry for deficit reduction is still being heard in 1985.

The CICA and the provincial institutes have also contributed to the mushrooming demand for the balancing of government budgets. Bill Grace, last year's CICA president, repeatedly hammered home the message that Canada must start spending within its means. And Mike Ashby, immediate past president of the BC Institute, described the national deficit as "bankrupting Canada's future" and urged everyone to demand that our elected representatives take action.<sup>4</sup>

Organizations such as the C.D. Howe Institute have suggested that social programs be examined in determining how to attack the deficit.<sup>5</sup> In fact, funding for social programs is being reviewed. Surely nonprofit organizations will continue to feel the pinch.

Depending on the nature of the organization, financial pressures may mount — with or without a decrease in government funding. Unemployment, one consequence of economic instability, may mean an in-

creased demand for the services of altruistic organizations such as shelters for battered women and their children, rape crisis and other crisis intervention centres, as well as clothing banks and soup kitchens.

As government funding dries up, private donors may also find it more difficult to give. Efforts to cut deficits affect all of us in countless ways. Wage controls, for example, and user fees for programs previously offered at no charge by the government take their toll on our disposable incomes.

Nonprofit agencies have also been hit hard by the decrease in the number of volunteers. One estimate suggests that, in recent years, the number of people doing volunteer work in Canada has dwindled to half its former level.<sup>6</sup> This drop is largely due to the trend toward dual-income and single-parent families. Two paying jobs, plus responsibility for child-rearing and housework, leave a couple little discretionary time. Single parents have even less.

### Good works: their own reward?

If we, as a profession, call for action to reduce the deficit, we must be willing to assist the social and cultural agencies that are so vital to the quality of life in this country. These organizations need the kind of financial and management tools that we can provide, particularly now when they can ill afford to purchase them in the marketplace. But are we willing to assist them voluntarily?

Robert Fulford, in an article in *Saturday Night*, suggests that Canadians no longer have an inherent sense of altruism: "For the most part we have handed over our innate instinct toward goodness — our intuitive feeling that a strong member of the human species owes something to the weak — to governments." If that is true, an appeal purely to our altruism is not enough to



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motivate us to volunteer our services.

What about an appeal, then, to our more selfish motives? Let's look at how our tax dollars are being spent. There are 51,000 registered charities in Canada and their numbers are reported to be growing at the rate of 4,000 a year. Many receive funds directly from the government through grant programs or per diem rates for services provided. All, of course, receive tax expenditure benefits — tax revenues foregone as a result of allowing donations to be deducted from taxable income.

Thus, though we may give nothing directly to these organizations, our tax dollars are either being spent or the government is foregoing revenue on our behalf. In addition, if we are personally donating money directly to the charities of our choice, our investment can indeed be substantial. Obviously, to ensure that our money is used wisely, it is in our self-interest to become involved in these organizations' decision making.

Another motive is that it makes for good public relations. Because CAs tend to maintain a low profile, the public has a lack of knowledge and understanding of our profession as well as an inability to differentiate between us and our competition. This leaves us open to unfounded criticism such as Robert Fulford's, which suggests that the whole accounting profession (as well as the legal profession) devotes its "efforts to reinforcing the side of . . . [Canadians] that wants to acquire more and share less." Though such a description is largely inaccurate, it clearly illustrates the sort of negative image of us often perpetuated in the media.

Volunteer work offers us an opportunity not only to enhance our visibility, but to do so in a positive light. What's more it provides an opportunity for self-growth.

Most CAs who work with nonprofit organizations will affirm that the rewards

greatly outweigh the efforts involved. Participation sharpens the people skills that are not emphasized in our professional training, teaching us how to: meet and deal with individuals who have very different outlooks and backgrounds from our own; reconcile differing opinions through negotiation and persuasion rather than edict; motivate others; run meetings effectively; deal with the press; and speak in public.

#### **How we can contribute**

How can we go beyond the moral minimum to actively help nonprofit organiza-

tions achieve their goals? The traditional and most obvious way is by serving as treasurers on boards of directors. We must be careful, however, not to become perpetual bookkeepers. Most such jobs, though they can easily be done by nonprofessionals, will automatically be delegated to us unless we make our other skills known.

With time, as our knowledge of a nonprofit organization's aims, purpose and structure increases, we should be willing to graduate to more senior positions. It is at these levels that a broader scope exists to give and receive the benefits discussed here.

Many studies indicate that the credibility and prestige of board members can have positive returns for a nonprofit organization by establishing its legitimacy in the community and by enhancing its fund-raising efforts. As an editorial in *CAMagazine* pointed out, those outside the profession have "tremendous respect" not only for the work we do but also for "the sometimes awesome responsibility they look to us to discharge."<sup>8</sup>

A major cornerstone of our profession is the credibility we bring to management's financial statements in our role as external auditors. Without an independent verification of financial reports, investors would be less inclined to buy shares in or lend money to organizations in which they took no active day-to-day part. Thus, our credibility, our most important asset, can do much to increase the stature and credibility of nonprofit organizations.

Whether in public practice, industry, government or education, we have valuable contacts and information that may be useful to charitable organizations. The organization that has connections with the business community through its board of directors will be in a better position to obtain scarce resources. What can we do?

• In public practice, we have the opportunity to get to know many leaders in the



business community, people whose support is essential if the nonprofit organization is to survive and prosper.

- In government, we can offer help in terms of assisting with grant applications and lobbying.

- In industry, we can encourage our companies to go beyond the moral minimum by getting involved. The assistance they can give demands little out-of-pocket cost but can provide major benefits to nonprofit organizations. It is also good public relations. For example, one business in our community allows various charities holding special events to use its land and warehouse facilities during nonbusiness hours.

- In education, we can tap the expertise of our colleagues to obtain information on marketing, personnel, organizational behaviour, law — the list goes on.

### The value of time

We have been trained since our earliest student days to structure our business lives. We know the value of time — something many nonprofit organizations don't seem to grasp. All of us, at one time or another, have sat on boards where no agendas or data sheets were distributed before meetings. No wonder those meetings usually dragged on and attendance was spotty. Such situations indicate a complete disregard for time.

Volunteers, if used effectively, enable an organization to perform its tasks for less cost than if the same work were done by paid staff. If records were to be kept of all the volunteer time a nonprofit organization used and a value assigned to it, its economic clout would be more obvious. The CICA, for example, is adept at valuing the volunteer time of its members. Its research work is often quoted in terms of millions of dollars worth of volunteer time.

According to Ian Morrison, immediate past chairman of the Coalition of National Voluntary Organizations, Canadians in 1980 volunteered 370 million hours of their time, a figure equal to 220,000 full-time jobs and worth at least \$1.7 billion to the economy.<sup>9</sup> This is the concrete type of data that can be used to inform decision makers of the real impact of the volunteer sector. Seldom, however, do individual nonprofit organizations discuss their impact in these terms.

### Introducing a measure of objectivity

Documentation is another essential skill most nonprofit organizations lack. Often they make far-reaching decisions without having much information on which to base them. Take the case of the board member

who made a statement justifying a position with which another disagreed. When asked to be more specific and to support his statement, he was unable to do so. But because he told board members what they wanted to believe, they accepted it as fact.

In that case, our expertise would have proved invaluable. We are trained to ask questions, to analyze both the short and long-term implications of decisions. Moreover, we are accustomed to presenting our conclusions and any underlying assumptions in an organized, rational manner. As board members, we are therefore unlikely to ratify recommendations that have no sound basis.

Our ability to view situations objectively can be particularly beneficial in organizations where board members cannot separate their emotional response to the service demand from the reality of the economic resources available. They may thus commit to worthwhile programs whose financing will threaten the existence of the organization.

Internal control simply doesn't exist in many nonprofit organizations. Established procedures are often circumvented for the convenience of those involved. For example, the two-signature rule on cheques is often ignored for the sake of expediency. "I'll just sign a few cheques in advance in case you have to pay something quickly," is a common excuse. But, as we know all too well, the functioning of an internal control system is the most important factor influencing the extent of an audit.

Since most board members would not consider defrauding their organization, they cannot believe there are others who would. Thus, they often have to be convinced of the need for a good internal control system to safeguard assets. Those of us who have worked with the owners of small businesses should be well qualified to establish and defend an internal control system in a nonprofit organization!

### Communicating the financial realities

Whether or not we function as treasurers, we still remain a board's main source of financial information. Even informed users are sometimes less than knowledgeable about financial information prepared in traditional nonprofit formats. This presents us with a special challenge: for financial information to be useful, it must be understandable. We must therefore resist the temptation to impress and pontificate by using technical accounting terms. Instead, we must become translators. Only then will we become valuable participants in the board's decision-making process.

We must always remember that our pro-

profession's role is really one of communication — the communication of relevant, reliable and timely financial information. Communication implies both a sender and a receiver. If the receiver receives only "noise," then we have failed.

There is also the possibly delicate situation of having to deal with executive directors hired not for their administrative skills but for their ability to realize an organization's humanitarian or cultural goals. Because they are not trained in the efficient use of resources, to rely on their financial decision making may seriously jeopardize an organization's survival. (An organization's size or resources will frequently prohibit the hiring of a professionally trained administrator, even if the board recognizes the need for such a person.)

As CAs and volunteer board members, it is up to us to ensure that financial realities are not ignored. We have a responsibility to communicate the importance of the financial implications of the methods an organization chooses to attain its goals.

### Get involved

Because of our special skills, attributes and experience, it is time more of us volunteered our services to nonprofit organizations. The moral minimum of not "imposing social injury" is insufficient.<sup>10</sup>

If you are not yet involved, get involved. If you are, encourage your colleagues or employees to do the same. The rewards to both the community and the profession will be exceeded only by the personal rewards you're sure to gain. ●

<sup>1</sup>Robert H. Anderson, *The Why, When and How of Social Responsibility Accounting* (Toronto: CICA, 1978), p.6.

<sup>2</sup>John G. Simon, Charles W. Powers and Jon P. Gunneman, "The Responsibilities of Corporations and their Owners," in *Ethical Theory and Business*, 2nd ed., Tom L. Beauchamp and Norman E. Bowie, eds. (Englewood Cliffs, New Jersey: Prentice-Hall, 1983).

<sup>3</sup>June Callwood, "A crisis for charities," *The Globe and Mail* (Feb. 15, 1985) p. L3.

<sup>4</sup>*News and Views*, Institute of Chartered Accountants of British Columbia (October 1984), p. 3.

<sup>5</sup>Canadian Press, "Attack on Federal Deficit Urged," *The Daily Gleaner* (February 19, 1985), p. 32.

<sup>6</sup>Callwood, p. L3.

<sup>7</sup>Robert Fulford, "The Way We Were," *Saturday Night* (March 1985), p. 5.

<sup>8</sup>Nelson Luscombe, "The time of your life," *CAMAGAZINE* (November 1984), p. 3.

<sup>9</sup>Quoted by Bill Turney in "Volunteerism Seminar Attracts 60 Delegates," *The Daily Gleaner* (March 4, 1985), p. 14.

<sup>10</sup>Simon, Powers and Gunneman, p. 87.