

OPINION

Commentary and Letters

Volunteers Belong on the Balance Sheet

FOR MONTHS, non-profit leaders have been complaining loudly about the Financial Accounting Standards Board's efforts to impose strict new accounting standards on non-profits. One of the proposals that have drawn the harshest opposition would require non-profits to count contributed services, including the help of volunteers, as assets on their financial statements. As someone who feels that volunteers have been taken for granted for too long, let me offer a voice in support of the accounting board's proposals.

We live in a culture that uses financial terms to assign value to many things. A piece of art is considered successful when Sotheby's can obtain millions of dollars at auction for it. A rain forest appears on the accounting ledgers in terms of its value if it were to be chopped down into "products." Caring for children or aged parents becomes part of the economy only when someone from the outside is paid a salary to do what a family member might have done. In short, until a dollar value can be assigned to an activity or product, it is invisible to society's decision makers.

Non-profit organizations have long debated whether to assign a dollar value to volunteer time. Apart from any consideration of the difficulties of collecting data or of finding appropriate dollar amounts, the arguments against measuring volunteer contributions by a monetary standard boil down to "it doesn't feel right." Many non-profit executives believe that the value of volunteering is intrinsic and that any attempt to measure it—particularly with as crass a tool as money—would devalue the activity.

I would like to live in a world in which human activities were assessed and esteemed on the basis of their contributions to others. But we don't live in such a world today. Unless something is shown in dollars and cents, it cannot be brought to the attention of decision makers. The result of the unwillingness to assign a dollar value to volunteer services is a pervasive and consistent undervaluing of the contributions of volunteers and of the resources necessary to make the most of their contributions.

A home-winterization company may charge \$800 to insulate a house. A non-profit program that receives donated supplies and does the work with volunteers reports to the public that its "cost" was only \$125. But what is the value of the newly winterized home? What did it cost those who gave supplies, time, and effort? The resources "used" by the non-profit have been misrepresented if only cash is shown in the accounting.

Since many non-profits manage their volunteers in ways that waste time and energy, it is possible that the actual cost of providing the insulation services was higher than it would have been if it had been provided by the for-profit company. When the labor is free, non-profits often don't seem to care whether the task is done in the most efficient way.

Because so many organizations do not bother to collect meaningful data on the accomplishments of volunteers and to consider the financial worth of such activities, volunteers are often viewed as ancillary to the work done by the non-profit. That has until now been perpetuated by the accounting profession, which has let non-profits off the hook by not requiring them to report

MY VIEW

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volunteer contributions. Accountants reasoned that volunteers were so supplemental to an organization's services that they did not represent a "substantial" asset or concern. That's nonsense. Where would the Boy Scouts or Girl Scouts be without volunteers? How about Meals on Wheels or the American Red Cross? Or Big Brothers/Big Sisters (note that this organization is not called "Little Brothers/Little Sisters")? All of those non-profits include in their annual reports glowing descriptions of the contributions made by volunteers, but, on their financial statements, the groups relegate volunteers to a standardized footnote which explains that "no objective basis is available to measure the value of volunteers."

WHILE MANY NON-PROFITS SAY it is impossible or too time-consuming to calculate the value of volunteer services, that is not the case. It may take some work, but there are certainly ways to evaluate volunteer activities.

Complaints about record keeping are something of a red herring.

Procedures for tracking the hours of volunteer workers—regardless of whether they come to a non-profit's headquarters to do their work, or perform volunteer work elsewhere—have existed for a long time. What it takes is the will to use these systems. Once a data-gathering process has been established, the time required to maintain it is not necessarily onerous. Also, just because it may be hard to track every contributed minute does not mean that organizations cannot record a large percentage of volunteer time. It's better to record the value of at least some of the time than none of the time.

But perhaps we now can start using more creative ways of measuring the value of a volunteer's contribution. Instead of using an hourly wage to determine how much a volunteer's time is worth, organizations could fix a dollar amount for, say, each tutoring session conducted, each baseball game coached, or each meal delivered. That would make record keeping about volunteers much more

meaningful than a method that is based simply on the number of hours spent volunteering.

It is not just the contributions of volunteers that non-profits ignore on their financial statements. The costs to the organization of maintaining a volunteer corps are understated, as well. The major reason that non-profit organizations don't budget enough for the support of volunteers is that they do not comprehend the value of volunteers to them.

Try suggesting to leaders of a hospital, zoo, or social-service agency that they do not need a paid fund raiser on their staff. Their reaction would be a long list of reasons why "you have to spend money to make money." So why do these same groups balk at hiring a director of volunteers (often, ironically, while calling for more free labor from volunteers)? Because, they argue, it seems illogical to spend money on something unconnected to money.

Whether we are talking about our own families, the government, or non-profits, we all spend money on what we value—by our own standards. So we buy cigarettes or opera tickets if that's what we crave, and skimp on something else. We buy military armaments, child care. And we pay for computers, mass mailing, and public relations, instead of support for volunteers.

All the "thousand points of light" rhetoric is focused on urging citizens to volunteer. But how many non-profits actually want more volunteers, have prepared for them, and have allocated the resources necessary to support their work? Not one penny has been designated so far to help non-profits and volunteers get the work done, so how will the costs of staff time, supplies, or insurance for volunteers be covered? Perhaps if accountants, and therefore administrators, begin to think about volunteers in terms of dollars and cents, more support will be found to maximize the enormous resource volunteers represent.

Susan Ellis is president of Energize, a consulting company in Philadelphia that assists non-profits in recruiting and retaining volunteers.

portant part of their story, but perhaps not the most important part.

The donor-charity-recipient relationship lacks much of the feedback inherent in commercial transactions. That feedback, combined with the individual's freedom to choose

nors to worry less about abuses (real or feared), and to shift their focus to what is right about the non-profit sector—to shift from problems to opportunities. Opportunities to become more involved, not only with the non-profit agency but with the issues. Opportunities to make a

most visible, but Independent Sector is only one of many forces working for the health of the non-profit community.

There is a place for legislation, for self-regulation, for outside standards, and for individual choices by informed donors.

In the long term, the voluntary and philanthropic community is best protected by its diversity and its willingness to openly discuss the issues. PAUL TIERNEY

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