

PARO CENTRE FOR WOMEN'S ENTERPRISE

MEASURING SOCIAL IMPACT



Prepared for the
Community Economic Development Technical Assistance Program
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INTRODUCTION

Across Canada, community-based organizations are engaging in diverse economic development activities with the goal of building profitable businesses *and* healthy communities with strong social indicators. They are practicing Community Economic Development (CED), which is growing in importance in disadvantaged communities throughout Canada. The PARO Centre for Women's Enterprise, with headquarters in Thunder Bay, Ontario, is a part of this movement, providing micro-enterprise development training and support to women in the northern Ontario region. As this sector grows, so does the interest in evaluating the impacts of CED activities. The following report describes the findings of impact research on PARO, through the lens of an Expanded Value Added Statement. This report was conducted on behalf of the Community Economic Development Technical Assistance Program (CEDTAP), a funding partner of PARO.

BACKGROUND

The PARO Centre for Women's Enterprise is located in Thunder Bay, Ontario, and provides training and support to women around northern Ontario who are interested in starting a micro-enterprise, or improving on an existing small business. PARO's primary mandate is to assist women in achieving more economic independence through developing their own micro-enterprises. The Centre offers a series of programs designed for women who are at different stages in developing or implementing business ideas. PARO also offers financial leverage and mentorship through Peer Lending Circles, groups of four to seven women who support fellow Circle members in obtaining small loans for business purposes. The need for these kinds of services stems from the economic challenges facing northern Ontario: a high rate of unemployment amidst a struggling resource-based economy. In addition to these challenges, women face a double burden of limited access to better-paying, traditionally 'male' jobs, while facing gender barriers in starting a business. It is this challenge that PARO is designed to address.

The Community Economic Development Technical Assistance Program (CEDTAP) is Canada's largest non-profit granting agency in the field of CED. In addition to having made approximately 500 grants to CED organizations since 1997, CEDTAP promotes activities that enhance the legitimacy and effectiveness of community organizations engaged in CED. With this goal in mind, the impacts of CEDTAP's partner organizations and projects are being examined through a limited series of case studies, of which this report forms a part. Together, these case studies provide an opportunity to contribute to the body of knowledge

on CED policy and practice, and to assist with policy advocacy in the sector. PARO has received three CEDTAP grants since 2002.

OBJECTIVES OF THIS STUDY

The objective of this study was to quantify some of the impacts of PARO on the community through members and participants of PARO's programs. How can we assess the added social value of this organization's work for the community and individual members? This study sought to help answer these kinds of questions for the organization, other CED practitioners, and funders examining these kinds of issues. To accomplish this, the study has applied a method of social value accounting called an Expanded Value Added Statement, described below. Individuals interested in applying the Expanded Value Added Statement method to their non-profit or co-operative organization may also find this example useful.

Limitations

This report provides a brief examination of PARO's social impacts based on evidence gathered on a part-time basis over the period of a few months, and estimates made from sometimes incomplete information. More in-depth studies could provide more detailed information and analysis on the full social and economic impacts of PARO's activities. Participant interviewees were limited to current board members who have also been participants in PARO programs and who are currently PARO members. There may be a diversity of views from past participants who are no longer involved in PARO, or in business, which are not represented.

METHODOLOGY

This study has applied the method of social value accounting called the Expanded Value Added Statement, which seeks to calculate values for typically non-monetized social values, which are not included in conventional accounting statements. The research reflected in this report was conducted between January and April 2007 under the direction of Ted Jackson, Chair of the Carleton Centre for Community Innovation. Information was gathered through a review of PARO documents including financial statements, public relations material, reports prepared for funders, strategic planning documents, and research papers prepared by, or in association with, PARO. To gain additional perspectives on the work of PARO from a client and staff perspective, a site visit was made to the PARO offices in Thunder Bay. On-site interviews were conducted with board members, who include past and present participants of PARO programs, and staff, including program coordinators and the Executive Director. Data on volunteering and sales at *PARO Presents* was gathered from their retail software program. This information was used to describe the basis of PARO's program theory, and to estimate added social value for PARO using the EVAS model.

FINDINGS

The PARO Centre for Women's Enterprise was established in 1995 in Thunder Bay, Ontario, and has expanded to serve communities across the northern Ontario region. PARO's primary mandate, as described in the Annual Report for 2006, is "delivering programs to enhance micro-enterprise development and to provide for the development and support of peer lending circles".¹ The organization is involved in a range of programming and event planning to carry out this mission. Their in-depth entrepreneur training programs (listed below) assist women at various stages of business development, while the new Enhanced Women's Enterprise Program with the "NOW (Northern Opportunities for Women) On the Road" comprises a regional outreach program to bring PARO's business development services in person, and through the innovative use of technology, to women in small communities across northern Ontario. These services are complemented by the *PARO Presents* store, PARO Peer Lending circles, and 'e-learning' opportunities.

- "Making a Difference" is a 52-week program providing women who are unemployed or underemployed with information, training, and support to start a business and/or find a job.
- "Gateway: A Path to Self-Employment" is a 30-48 week program for EI-eligible women offering weekly self-employment benefits for women to research their business ideas and develop a viable business plan.
- The "Business Accelerator and Incubator" program is for women who wish to enhance the growth of their businesses. This program offers more advanced workshops, coaching, and access to legal, accounting, marketing, life skills, and technology professionals, at a reduced rate.
- The new "Enhanced Women's Enterprise Centre" program provides increased business support services to women living in northern communities. Partnering with various regional agencies and using the "PARO On Wheels" mobile training van, staff visit outlying communities from Wawa to Kenora on a regularly scheduled basis.
- NOW or "Northern Opportunities for Women", is a regional outreach program to provide advice and referrals to the many small communities in the northern Ontario region. The NOW program provides start-up counselling and on-going support for established Peer Lending Circles (described below). This program uses the "PARO On Wheels" van to visit outlying communities on a regularly scheduled basis.
- The "Women's Community Loan Fund", supporting 30 Peer Lending Circles, is a long-standing program of PARO. Under the umbrella of PARO,

¹ [PARO Annual Report 2006](#) 4

groups of four to seven women organize themselves into ‘loan circles’ and agree to guarantee loans taken out by members of the group. The loan funds come from Thunder Bay Ventures or other Community Futures Development Corporations, with PARO and the loan circles acting as a kind of intermediary for approval of the loan requests. The loans are a maximum of \$5000, and come with an established payment schedule and an emergency fund paid into by the women of the Circle to cover missed payments. Although the loans are small, they are sufficient for many of the women to start up their business plan, and this method offers a viable option for a woman with a poor or absent credit history. The women, who often meet once a month, also gain mentorship, support, and networking from their fellow circle members.

PARO also opened a retail store outlet in 2002, in order to 1) provide an outlet to promote the creations of local women artisans, and 2) give women practical training and experience in retailing and marketing their products. The store is staffed by some of the store artisans and other program participants, who volunteer at the store while learning about retailing, marketing, using consignment software, and promoting their products. 62 women artisans sold through the store in 2006, with nine women artisans contributing the majority of staffing hours. In exchange for their volunteer work in the store, and for participating in the training program, the artisans receive improved rates of consignment on their products sold through the store. The rate of consignment is based on the level of participation.

In addition to these programs, PARO organizes networking and training events (which are open to the public) on a weekly and monthly basis, bringing in speakers on topics such as risk management, business trends, and personal management. As well, the Executive Director of PARO provides mentoring and advocacy support for the CED sector generally, especially through the Canadian Women’s CED Council and other CED networks. In addition to these activities, PARO has undertaken other CED initiatives such as the Thundering Women Festival and the Thunder Bay Community Mentoring Program.

PROGRAM THEORY

PARO has adopted the Sustainable Livelihoods model² as a framework for describing and evaluating their approach to building women’s ability to develop economic choices. The Sustainable Livelihoods model is based on the idea of five asset areas which are all essential components of a balanced and resilient livelihood: financial, human, social, physical, and personal. Financial assets include income, savings, debt and attitude toward money. Human assets focus on health, ability to work, and skills. Social assets speak to family or community support and the ability to lead or advocate for change. Physical assets include housing, food, childcare, and information. Personal assets are more intangible: valuing oneself, motivation, spirituality, and control over one’s life.³ These assets, or resources, will vary throughout a woman’s life as her economic, personal, and family circumstances change. The strength or

² The Sustainable Livelihoods model originated with the Institute for Development Studies in the U.K., and has been adapted for this use by the Canadian Women’s Foundation, in consultation with their grantees and consultants *Eko Nomos*.

³ Murray and Ferguson 32

weakness of these asset areas is seen as both determinants and indicators of vulnerability or success.

The underlying assumption beneath PARO's programming is that developing a small business helps women achieve economic independence. This is based in the economic and social context of the northern Ontario region, where it is thought that women have less access to better-paying jobs found in traditionally male occupations. The region also suffers from an increasing unemployment rate as the resource-based economy declines. Furthermore, the remoteness and small size of many of the communities in the region provide limited employment opportunities.⁴

PARO intends to build up the five asset areas, and a sustainable livelihood, by helping women to develop their own small businesses. At the same time, it is often necessary to strengthen these assets to enable a woman to even start this process. This may begin with the personal assets of self-esteem and self-confidence, which almost all of the women interviewed for this research described as a barrier to starting a business. They noted that the women-centred environment at PARO provided role models that helped to build their confidence to pursue their business ideas. These observations reflect PARO's philosophy of the importance of having business development programs specifically designed for, and provided by, women.

While personal assets are often the foundation to further success, other asset areas become equally important. The Financial Asset area is addressed in part by access to loans through the Peer Lending/Loan Circle model, though this is limited to a maximum loan size of \$5,000. Building money management and financial literacy skills also plays an important role in developing financial acumen. Social Assets can be increased through networking (provided by the loan circles and personal connections made through involvement in PARO programs and events) as well as increased self-confidence. Human Assets such as leadership and business development skills are addressed in part by the training programs and the informal skill development of volunteers. Physical Assets are increased in part by PARO through access to child care subsidies for events, assistance with travel to workshops, access to equipment and office space as part of the "Incubator" program, loaning of computers to those most in need, access to reclaimed clothing from the "Fashion Swap", and the Emergency Food Cupboard.

⁴ Lockyer, Milne, and Robinson

An incalculable value: a women-centred environment

It is important to note that all the program participants interviewed mentioned that they found added value from learning in PARO's women-friendly, women-centered environment. A similar program to PARO's "Gateway" is offered by another institution in Thunder Bay, that accepts male and female participants. However, the women noted that the challenges faced by men and women entering a business venture often vary by gender, and they appreciated the ability of PARO's structure and curriculum to address their particular needs and provide a supportive environment which they felt would be lacking in a conventional setting. Some participants emphasized that this supportive atmosphere made the difference between 'success' and 'failure' for them - in terms of acquiring the confidence to pursue their business idea despite the obstacles involved. A key factor in this confidence was self-esteem. The women mentioned that a lack of self-esteem was an inhibiting factor for them in starting their own business, and they felt that there was a lack of societal support for female entrepreneurship - that women's business ideas were often not taken seriously.

The value of a women-centered environment is clearly high for these participants, but an attempt has not been made to quantify a value for this intangible factor.

THE EXPANDED VALUE ADDED STATEMENT

An Expanded Value Added Statement (EVAS) is a method of accounting that includes both data from audited financial statements as well as monetized social factors. Unlike a for-profit business, whose success is judged by the difference between the revenue and expense lines, non-profit organizations and co-operatives are primarily attempting to fulfill a social purpose. To judge their success in achieving this purpose, it is appropriate to include the value of the social benefits that they create for all their stakeholders, rather than just revenue and expenditures. To do so, financial values must be assigned to social contributions and benefits such as volunteer hours, informal skill development, and other benefits that would not be part of a conventional accounting statement. The end result is a better picture of the social value that the organization contributes to the community, as well as the distribution of those benefits amongst stakeholders.⁵ The following is the summary of findings of the EVAS. For detailed calculations, see Appendix 1.

There are two components to the EVAS: calculating the value added, and then calculating the distribution of total benefits to all the stakeholder groups. 'Value added' refers to the wealth created for a wide group of stakeholders, such as employees, funders, government, participants, and society. It can be "thought of as revenues less purchases of external goods and services".⁶ An EVAS is usually calculated for one 12-month fiscal year. In the case of PARO, the fiscal year ending March 31st, 2006 has been used. However, this fiscal year was only 11 months long, as PARO was changing the end date of their fiscal year

⁵ Quarter, J., et al. What Counts 2003. Chapter 6: An Expanded Value Added Statement.

⁶ Quarter, J., et al. What Counts 2003. Chapter 6: An Expanded Value Added Statement.108

during that period. The social value added figures have been adjusted accordingly to apply to an 11-month period. Table 1 shows the results from the first step of the EVAS.

PART I: THE CALCULATION OF ‘VALUE ADDED’ BY PARO

An EVAS begins with information from the audited financial statements of the organization. The Financial column in Table 1 includes figures from PARO’s 2006 financial statement (a total of \$439,493 in expenditures). However, we want to determine what the ‘value added created’ was based on these expenditures. Based on the definition of value added provided above, we subtract purchases of external goods and services from these total expenditures. All expenditures except for employee wages and benefits are considered to be external purchases. The remainder of expenditures is deducted from total expenditures to arrive at a figure of \$254,364.00 in ‘value added created’.

Table 1: Expanded Value Added Statement (Partial) for PARO for the Year Ended Mar 31, 2006

Value Added Created		Financial	Social	Combined
Outputs	Primary	\$435,892.00	\$93,860.00	\$529,752.00
	Secondary	\$3,601.00	\$3,575.00	\$7,176.00
	Tertiary		\$35,200.00	\$35,200.00
	Total	\$439,493.00	\$132,635.00	\$572,128.00
Purchases of external goods and services		\$185,129.00		\$185,129.00
Value Added Created		\$254,364.00	\$132,635.00	\$386,999.00
Ratio of value added to purchases		1.37	0.72	2.09

The Social column expands on this financial data. It incorporates estimates of social value added that would not normally be quantified or included in a conventional accounting statement, even though they provide value to the community or to members of an organization. It is often difficult to quantify these kinds of values, as there may not be a direct market (price) comparison, but in many cases estimates can be made by finding some kind of proxy value in the market.

In addition, the EVAS divides these factors into Primary, Secondary, and Tertiary values according to their relationship with the organization’s mandate. Social value added factors that relate directly to this mandate appear under Primary, while Secondary outputs are considered to be “indirect outputs that accrue to the organization’s members”.⁷ Tertiary outputs are also indirect outputs that benefit parties external to the organization (or their members and participants). In any case, they all contribute to total outputs in the Social column.

⁷ Quarter, J., et al. What Counts 2003. Chapter 6: An Expanded Value Added Statement. 115

PARO's primary mandate is "delivering programs to enhance micro-enterprise development and to provide for the development and support of peer lending circles".⁸ The organization is involved in a range of programming and event planning to carry out this mission. As well, they provide mentoring and advocacy support for the CED sector generally, especially women's CED. In PARO's case, social value added factors which could be quantified were considered to be:

- The value of hours spent **volunteering** by members of the Board of Directors, other PARO members, and members of the community external to PARO (Primary outputs);
- **Skill development** for volunteers such as the Board of Directors and artisans, resulting from training received in their volunteer positions (Secondary and Primary outputs, respectively);
- **Financial return to artisans** volunteering in PARO Presents in return for a lower commission rate (Secondary output);
- **Mentorship** received by Loan Circle members (Primary output);
- Unpaid **consultations with the CED sector** from the Executive Director of PARO (Tertiary output).

Estimates of value were assessed for these factors and input into the Social column of Table 1.⁹ Since there were no external purchases involved in creating these social values, no purchases have been subtracted. The Combined column is simply the addition of the Financial and Social columns, to arrive at the combination of the conventional accounting figures and the social value added figures, to create the EVAS.

⁸ PARO Annual Report 2004 6

⁹ Detailed calculations are available in Appendix A

Other social values which have not been monetized or included in the EVAS

There are other kinds of social values created by PARO which have not been included in the EVAS due to the difficulty in finding appropriate proxy market values. Although these values have not been monetized, it is helpful to be aware of them in order to appreciate all the kinds of social value created by this organization:

- While the loans received by members of the loan circles must be paid back, and cannot be considered in the EVAS itself, these small loans can enable women to make critical investments in their small business. Without the loan circles, some members would not otherwise be able to access loans at all due to a poor or absent credit history, or other issues. The loans the women obtain through PARO from Thunder Bay Ventures and other Community Futures Development Corporations, has a slightly lower rate of interest than a typical business line of credit;¹
- The provision of a crib and rocking chair at PARO to assist mothers with infants – while these facilities are not often used, they occasionally make it possible for women to participate in events at the PARO office, who might not otherwise have done so;
- PARO sometimes rents surplus office equipment to members with small businesses at very low cost, resulting in a savings to the members;
- While most women who attend PARO short events such as ‘Leads and Links’ and ‘Biz and Bagels’ are PARO members, members of the public are also welcomed at these low-cost events and can receive skill development;
- Volunteer out of pocket expenses have not been calculated for this EVAS, although they can also be considered a social value added;
- The presence of a women-centred environment which provides female mentorship and training and support designed specifically for women (for a further discussion of this, please see sidebar “An incalculable value: a women-centred environment”).

¹For example, Alterna Savings offers an April 2007 line of credit for small business at 11% (5% over prime) (which would be higher for a start-up), compared to 10% through the Peer Lending Circles.

PART 2: CALCULATING THE DISTRIBUTION OF BENEFITS TO THE STAKEHOLDERS

The second part of the EVAS demonstrates how the value added of PARO, described above, was distributed amongst their stakeholders. Stakeholders are considered to be groups with a “contribution to the viability of the organizations and its values”.¹⁰ For the purposes of an EVAS, stakeholders are considered to include such groups as funders, members, clients, employees, the organization itself, the ‘providers of capital’, and society, including government entities. The four main stakeholder groups of PARO who received benefits from the organization in the 2006 fiscal year are:

- **Employees**, who received \$254,364.00 of value added through wages and benefits;

¹⁰ Quarter, J. et al. 121

- **PARO members, program participants, and volunteers**, who received a total of \$75,095 of value added;
- The **organization** itself, which received value added of \$22,340;
- And the **CED sector**, which received value added of \$35,200.

Table 2: *Distribution of Value Added: Expanded Value Added Statement (Partial) for PARO for the Fiscal Year ending March 31st, 2006 (11 months from April 30th, 2005-March 31st, 2006)*

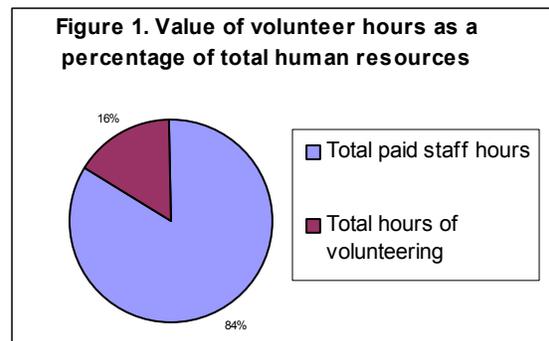
Stakeholders	Distribution of Value Added			
		Financial	Social	Combined
Employees	Wages and benefits	254,364.00		254,364.00
		254,364.00		254,364.00
Members, Program Participants, and Volunteers				
	Value from volunteer labour:			
	Board members		3,640.00	3,640.00
Program Participants	Value from volunteer labour:			
	other (non-Board)		10,905.00	10,905.00
	Donated speaker time		20,000.00	20,000.00
Loan Circle Members	Mentorship from loan circles		34,500.00	34,500.00
Volunteers	Skills development: Board & PARO Presents volunteers		4,950.00	4,950.00
	Financial return for store volunteers (reduction in commission)		1,100.00	1,100.00
			75,095.00	75,095.00
Organization				
	Value from volunteer labour:			
	Board members		8,480.00	8,480.00
	Value from volunteer labour for PARO Presents		13,860.00	13,860.00
			22,340.00	22,340.00
CED Sector				
	Unpaid consultations with CED sector		35,200.00	35,200.00
Value Added Distributed		254,364.00	132,635.00	386,999.00

IMPLICATIONS

In comparing the \$386,999 of combined social value added in this 11-month period to the \$254,364 of value added based on the audited financial statements, we can see that PARO created at least \$132,635 in additional social value. This additional social value would not normally be recognized in financial statements, but it is a more accurate reflection of the value PARO creates with the resources available to it.

Returning to these numbers in Table 1 above, a ratio of ‘value added to purchases’ has been determined by 1) taking the difference between Total outputs and purchases of external goods and services (which results in the Value Added Created figure) and 2) dividing that figure by purchases of external goods and services. This ratio describes how much value the organization generated for every dollar expended on goods and services, or in other words, how PARO transforms grants and other sources of income into added value. Using this ratio, it is estimated that the organization generated \$2.09 for every dollar spent on goods and services (as found in the Combined column). The social value added component of this was \$0.72, indicating a large contribution of social value added for every dollar received by PARO from grants and other sources.

These figures can also be used to determine the contribution of volunteer labour to PARO as an organization (Figure 1). As PARO had Full-Time Equivalent (FTE) positions of 10.5 in the 2006 fiscal year, the 3,605 hours of volunteer hours in that time period contributed over 2 FTE positions to the organization.



Calculating social value added is an important exercise in evaluating the contribution that a non-profit organization makes to the community. While the organization may have an implicit understanding of the kinds of benefits they create, but cannot quantify them, it may be difficult for them to communicate this knowledge effectively with external interest groups or the surrounding community. In other cases, an organization may not be aware of the full extent of their impacts, or the contribution made to the organization itself from volunteer labour. An Expanded Value Added Statement can help to articulate and quantify these kinds of social value in a way that can be represented to external parties such as funders, partners, and the local community. Of course, there will still be intangible but important values which cannot be quantified and will not be recognized by an EVAS.

RECOMMENDATIONS

RECOMMENDATIONS FOR FURTHER RESEARCH

While other research on women's CED organizations has concluded that participants benefit from an increase in self-esteem, there has been little research done to quantify the financial impacts on individual women over time. However, PARO is currently participating in a longitudinal study commissioned by the Canadian Women's Foundation, and led by the consulting company *Eko Nomos*, to quantify such impacts. As part of the study, women at eight sites across Canada are being interviewed over a 5-year period to provide detailed information on their progress on a set of indicators representing all aspects of the Sustainable Livelihoods model. In the case of PARO, Business Accelerator participants are the focus of the study. Results are expected by late summer 2007, and should provide a contribution to questions about the impacts of CED and other activities on individual women.¹¹ Continued research such as this will benefit the CED sector as a whole, and women in particular, by quantifying impacts and identifying strengths and gaps in women's micro-enterprise development.

It should also be noted that this study did not attempt to quantify the economic value to the community of the establishment and operation of women-owned businesses. While some of these businesses would have succeeded in any case, others were successful because of PARO's support, and contribute to the community in taxes, services, and employment. In small, isolated communities in northern Ontario, these businesses may also be unique in providing a particular service. A study examining the economic value of women-owned businesses in a particular community, either associated with PARO or not, would make an interesting study in support of women and their involvement in CED.

RECOMMENDATIONS FOR PARO

There is minimal tracking of volunteer hours at PARO, which is the norm amongst busy non-profit organizations whose first priority needs to be delivering the programming that they have committed themselves to. However, recording volunteer hours in a systematic manner would allow PARO to quantify this contribution to the social value of their organization. At PARO Presents, volunteer tracking has been established, since it relates to the increased return on sales that women receive on their own products, depending on the extent of their volunteer hours per month. There are tools available for developing a culture of, and system for, tracking volunteer hours, available online through the Ontario Institute for Studies in Education (OISE) website: <http://home.oise.utoronto.ca/~volunteer/>.

¹¹ Interview with Mary Ferguson, *Eko Nomos*

CONCLUSION

This report has taken a conservative approach to estimating values added by PARO and has not attempted to quantify all the social value added which PARO can lay claim to. Further research is required to delve into the real economic impacts from training women in micro-enterprise development in northern Ontario, some of which has been undertaken by PARO and the Canadian Women's CED Council.

In the meantime, women's CED organizations and other non-profits and co-operatives can benefit from using the Expanded Value Added Statement model to quantify the social value added that they contribute to every dollar that they receive from grants and other sources. As shown in this case study of the PARO Centre for Women's Enterprise, considerable value is created with each dollar that the organization receives. Quantifying these values through an EVAS allows the organization to communicate the full extent of their work, the transformation of each dollar that they receive, and the value that they provide to the community.

CREATING THE EXPANDED VALUE ADDED STATEMENT

The following calculation of value added is based on the Expanded Value Added Statement (EVAS) method created by Laurie Mook and described in What Counts: Social Accounting for Nonprofits and Cooperatives by Jack Quarter, Laurie Mook, and B.J. Richmond (2003). The thinking behind this method as it relates to PARO is briefly described under an earlier section of this report (see page 7). There are two components to the EVAS: calculating the value added, and then calculating the distribution of total benefits to all the stakeholder groups.

The focus of this EVAS is PARO's fiscal year ending March 31st, 2006. It should be noted that this fiscal year was only 11 months long (April 30th, 2005-March 31st, 2006), due to a change that year in PARO's fiscal period from April 30th to March 31st. The calculation of non-monetized factors has been adjusted accordingly by removing a proportion of the social value added factors that were spread throughout the year (monthly meetings, time spent volunteering each week by the Executive Director, and one month for volunteer time for *PARO Presents*). Other annual or quarterly social value added factors were assumed to have taken place during the 11 months that are the subject of PARO's 2006 financial statement.

PART I: THE CALCULATION OF 'VALUE ADDED' BY PARO

Financial information from the Financial Statement Summary found in the PARO Annual Report for 2006 indicates that the organization received \$440,019 in revenue from a variety of sources including grants, fee for service income, memberships, sales from their retail store PARO Presents, charitable donations, and loan fees. This revenue, minus the \$525 shortfall for the year and the \$3601 spent on Professional Development, was applied to the Financial column of the EVAS under Primary outputs: \$435,892 (see Table 1 in EVAS section of report). The \$3601 in Professional Development expenses was added to the Financial column under Secondary outputs, for total outputs of \$439,493. Purchases of external goods and services were then subtracted from this figure (see Table 2) to arrive at 'value added created'.

Table 3: Reconciliation of Expenditures on Audited Financial Statements to Purchases of External Goods and Services on the Value Added Statement

Expenditures per audited financial statements	\$439,493.00
Less: Employee wages and benefits	\$254,364.00
Purchases of external goods and services:	\$185,129.00

Calculating social value (non-monetized outputs)

The primary function of PARO is to deliver training and support to women to enhance micro-enterprise development, and to develop peer lending circles in association with that goal. Accordingly, their **primary social added value** is considered to include:

- The hours spent volunteering by the nine members of the **Board of Directors** for meetings, and tasks related to finances and human resources:

Table 4: *Volunteer Hours Contributed by the Board of Directors*

Board Volunteer Activity	Estimated hourly value	Total volunteer hours reported	Total estimated value
Board meetings, Annual General Meeting, Strategic Planning Retreat	Valued at \$15/hr	483 ¹²	\$7,245
Specialized tasks including minute taking, financial and human resource duties	Valued at \$25/hr	119 personnel ¹³ 12 Treasurer 15 Secretary 49 Participant Selection ¹⁴	\$2,975 \$300 \$375 \$1,225
	Totals	678	\$12,120.00

- Other volunteer hours contributed by non-Board members include:

Table 5: *Other Volunteer Hours Contributed (non-Board of Directors)*

Volunteer Activity (non-Board)	Hourly value (estimated)	Total volunteer hours (estimated)	Total value (estimated)
Annual General Meeting, Strategic Planning Retreat	Valued at \$15/hr	564 ¹⁵	\$8460
Accelerator Program: -Selection Committee -Advisory Panel	Valued at \$25/hr	49 ¹⁶ 48 ¹⁷	\$1225 \$1220
	Totals	661	\$10,905.00

- The hours spent **volunteering by artisans** working in the PARO retail outlet, *PARO Presents* (calculated by adding up the number of hours spent

¹² Board meeting hours= (294 for 12 months – 27 hours for one month = 267); AGM= 36; Strategic Planning Retreat= 180 (Board members only)

¹³ 24 hours x 4 members of the Hiring/Personnel Committee + 21 other reported hours on human resource issues

¹⁴ Accelerator Selection Committee: (2 hours x 10 applications x 2 board members on committee) + (committee meetings: 3 x 1.5 hrs x 2 board members on committee)

¹⁵ Strategic Planning Retreat: 20 hours x 16 non-Board participants = 320 hours. AGM = 4 hours x 61 non-Board participants = 244 hours.

¹⁶ Accelerator Selection Committee: (2 hours x 10 applications x 2 committee members (FedNor and circle member)) + (committee meetings: 3 x 1.5 hrs x 2 committee members as above)

¹⁷ 6 external (non-staff, non-board) committee members x 8 hours per year (includes three funder representatives, one municipal leader, one loan circle member, and Canadian Women's Foundation board member).

volunteering by the nine artisans (1,512 hours for a 12-month period – 126 hours = 1,386 hours for an 11-month period) valued at a retail wage of \$10/hr = 1,386 hours x \$10/hr = **\$13,860**);

- The **skill development of women artisans** volunteering at *PARO Presents*, (calculated as equivalent to one course each at local Confederation College: \$275 per course x 9 store volunteers = **\$2475**);
- The **mentorship** value loan circle members receive from their loan circle (if we consider this as equivalent to a membership at the Thunder Bay Chamber of Commerce, which for businesses with 1-6 employees costs \$240/year, and then deduct the \$10 annual membership fee paid by each loan circle member to PARO, we arrive at \$230 x 150 loan circle members = **\$34,500** (30 loan circles x 5 member average = 150 members))¹⁸;
- The value of speakers who waived their usual speaking fees to address PARO conferences: in the 2006 fiscal year this amounted to **\$20,000** for two high-profile speakers (assessed at the speakers' usual fee of \$10,000 each).

Secondary social value added was related to:

- Informal **skill development** gained by members of the Board of Directors; (calculated as equivalent to one course each at local Confederation College \$275 per course = 9 x 275 = **\$2475**);
- The **financial return to artisans** who volunteer at *PARO Presents*, who sell their products at a lower rate of commission in exchange for their volunteer time (calculated from data in the *PARO Presents* retail software to be \$1200 for a 12-month period - \$100 = **\$1100** for an 11-month period).

Tertiary social value added was considered to be related to:

- Unpaid **consultations** with and support for other organizations in the CED sector, and advocacy activities for the CED sector, especially women's CED (such as meetings with government representatives), conducted by the Executive Director of PARO (the Executive Director estimates her volunteer time in this area to be at least 20 hours per week. If we value this at the conservative figure of \$40/hr, we arrive at: 20hrs/week x 44 wks/year x \$40/hr = **\$35,200** for the 11-month period).

PART 2: CALCULATING THE DISTRIBUTION OF BENEFITS TO THE STAKEHOLDERS

This calculation shows how the value added of PARO, described above, was distributed amongst their stakeholders. Stakeholders are considered to be groups with a “contribution to

¹⁸ <http://www.tb-chamber.on.ca/uploads/documents/ChamberMembershipFees.pdf>

the viability of the organizations and its values”.¹⁹ For the purposes of an EVAS, stakeholders are considered to include funders, members, clients, employees, the organization itself, the ‘providers of capital’ such as commercial lenders, and society, including government entities (and in this case, the CED sector). The three main stakeholder groups of PARO who received some form of benefits from the organization in the fiscal year ending March 31st, 2006, are listed below.

Employees

The salaries and benefits received by staff in 2006 are listed as \$254,364. ‘Sub-contracting costs’ and ‘professional fees’ (from the Financial Statement Summary), while relating to human resources, are considered part of the purchases of external goods and services of the organization and are thus included with other external purchases.

PARO members and program participants

Loan circle members, who must be members of PARO, have received an estimated \$36,000 in added social value from loan circle mentorship. The volunteer artisans have received \$2475 in training from volunteering in the store, and received \$1100 more in commission for doing that volunteering, for a total of \$3575. If we subtract \$10 memberships for the 159 loan circles members and nine artisans (ignoring likely overlap between these two groups), we arrive at $\$36,000 + \$3575 - (\$10 \times 159) = \$37,985$ of value added benefit for loan circle members and volunteer artisans. Program participants need not be PARO members or Loan Circle members but these groups often overlap considerably.

The benefits received by program participants from the programs themselves are considered to be already included in program expenditures, and are therefore not included as part of the EVAS.

The CED Sector

The CED sector in Canada, and women’s CED in particular, benefited from consultations and advocacy work by PARO worth an estimated \$35,200.

The Organization

The organization itself also benefited from the value of volunteer labour done by Board members and by artisans in *PARO Presents*, for a total of \$22,340.

¹⁹ Quarter, J. et al. 121

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