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Valerie Johnston Yudell

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Miss Dorothy M. Ottaway of Milwaukee, Wisconsin. Miss Ottaway, a graduate of the University of Wisconsin, is with Marshall & Ilsley Bank in Milwaukee.

HERE AND THERE

Miss Dorothy Wilkerson became the bride of George F. Bertine on June 30th in Dallas, Texas. Mr. Bertine, who recently received his C.P.A. certificate, is with the Houston office of Lybrand, Ross Bros. & Montgomery. Our best wishes to Mr. and Mrs. Bertine!

Congratulations to Mr. and Mrs. Joseph Haggerty—the proud parents of a baby girl born July 2nd. The new arrival was named Mary Margot.

The Indianapolis Star on July 8, 1945, carried an article describing the career of Ida S. Broo of that city who has served both the AWSCPA and the ASWA as national president. Members of both of our societies have long known Mrs. Broo's abilities and accomplishments and we are pleased to learn they are recognized by other people in her own community.

Valerie Johnston Yudell is an Illinois C.P.A. Upon her graduation from Northwestern University School of Commerce she received the Phi Gamma Nu prize for high scholastic average. In addition to her duties with the law firm of Levinson, Becker & Peebles, she keeps house for her husband, also an accountant, and for her 2½ year old son, Barry. She was formerly connected with the Illinois Social Hygiene League. She is a member of Delta Mu Delta, national honorary commerce society, being at present vice-president of Epsilon Chapter. She is also president of the Chicago Chapter of the American Woman's Society of Certified Public Accountants, and is also Technical Editor of THE WOMAN CPA.



Budgeting for a Social Agency

By VALERIE JOHNSTON YUDELL, C.P.A., Chicago

Social agency accounting is built around a budget, approved by the Community Fund Budget Committee if the agency is receiving aid from that source.

Member agencies of the Community Fund are urged to follow a consistent method of classifying income and expense accounts so that comparisons between periods may be made easily. To facilitate this purpose, the Community Fund has prepared a "Standard Classification" of accounts to be used by the agencies participating in the Fund.

The Fund follows sound accounting practice by requiring reports to be made on an accrual rather than a cash basis and urges its agencies to keep their books on the same

basis so that the required monthly reports can be prepared from the books. It also cautions the agencies to keep complete accounting records and working papers available for inspection by the Fund at any time.

Income expectations of a social agency are purely dependent upon the past generosity of the city's well-to-do citizens and the willingness of the Board of Directors to dig into their individual pockets and convince their friends to do likewise. The Community Fund usually requires the agencies to raise half of the income independently. In some agencies, the clients or patients pay for service and privileges if they can afford to do so; the amount of fee depending upon in-

dividual circumstances. If income in general is expected to be low, an increase of even a nickel a visit from those not paying full fees can make a substantial difference in the total income in the budget of an agency—where every penny counts.

Expense estimates in the budget are based upon past experience plus those known facts which will alter circumstances. For instance: rent increases, salary increases, additional personnel, and other contractual obligations must be considered in preparing the expense budget.

If there are any expenses in the budget which are not approved by the Community Fund, they must be met by the agency through an additional drive for funds or by special donations of an interested benefactor or benefactors. However, any such drive for funds must be made during the part of the year in which the Community Fund is not actively raising funds. Since most Community Fund drives are set during the three months from Labor Day to Thanksgiving, special agency drives would be made during the other nine months of the year.

Among the expenses which are not usually approved by the Community Fund are those in the following categories: depreciation charges, capital expenditures for equipment and furniture, major repairs and improvements, payments of loans or mortgages, and amortization of bond premiums.

Depreciation is not considered an operating (and thus approved) expense on the theory that asking the public to provide funds for a facility as well as asking the same public to provide funds to cover the expense for depreciation of that facility is expecting the same generation to provide two facilities. The writer disagrees with that theory and feels that every institution must consider depreciation as an operating expense, in the same manner as an industrial concern does, because then surplus is provided to maintain facilities for future generations who might need the service provided by the agency, but might not be able to supply funds for it. Furthermore, operating expenses of an institution owning its own building compared with one renting a facility would be distorted if depreciation is not considered. It does, after all, replace the rent expense of the other agency.

To operate an institution on its budget, comparison must be made regularly between actual and budgetary income and expense.

The Board of Directors must be constantly aware of how well its members are providing the income. Even the agencies' clients or patients are interested in how they are holding up their share of the burden.

Co-operation of department heads and of every employee—paid or volunteer—must be obtained to keep expenses within or below the budgeted provision, while maintaining high standards of service. In one agency with which the writer was associated, the telephone expense was cut in half when employees were required to pay five cents for each personal call that was made. At first, this rule involved additional bookkeeping, charging for the calls, but soon most personal calls were made from outside phones.

Comparison between actual and budgetary income and expense by the Board of Directors and the employees is facilitated by the preparation of a large board with space on each side for six calendar months; and columns under each month for budgetary and actual figures for each item of income and expense. A third column under each month is provided for differences between these two measures. This "difference" column has black figures for extra income and lowered expenses, red figures for the opposite. All figures are large enough to be seen from a short distance for easy reading.

Patients and clients can be shown their part of the job by using charts with differently colored lines to differentiate between actual and budgetary income from them.

In addition to accounting for funds, a social agency must also account for services rendered to determine its usefulness in a community. Charts and graphs are useful in comparing services of one year with that of another. Costs of individual services of one period compared with those of another period or with those of another agency are also valuable in ascertaining efficiency in the agency and need in the community. Projecting these comparisons into the future will also aid in preparing budgets since they will indicate the probable expansion or contraction in the demand for that particular agency's services.

Publicity of its charts and graphs is sure to bring added income and requests for service to an agency that demonstrates its efficiency and effectiveness in that manner, because an institution run on a businesslike basis is certain to attract business people to its needs.