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## Hopedale community and CoCoA

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little man who hid the deluded and rapacious mind of a "liberal" behind reassuring spectacles and immaculate cravats. That morning he looked brisker than usual; obviously, the same news which had depressed Father Pirrone (the spiritual advisor to the Prince) had acted as a tonic on him. "Sad times, Your Excellency," he said after the usual ritual greetings. "Big troubles ahead, but after a bit of bother and a shot or two things will turn out for the best; then glorious new days will dawn for this Sicily of ours; if it weren't that so many fine lads are sure to get killed, we should be really pleased."

The Prince grunted and expressed no opinion. "Don Ciccio," he said then, "the Querceta rents needs looking into; we haven't had a thing from them for two years."

"The books are all in order, Excellency." It was the magic phrase. "I only have to

write to Don Angelo Mazza to send out collectors; I will prepare the letter for your signature this very day."

He went to turn over the huge registers. In them, with two year's delay, were inscribed in minute writing all the Salina accounts, except for the really important ones. When he was alone again, the Prince waited a little before soaring back through the clouds. He felt irritated not so much by the events themselves as by the stupidity of Don Ciccio, whom he sensed at once to represent the class which would now be gaining power. "What the fellow says is the very contrary of the truth. Regretting the fine lads who're sure to die!"

Lampedusa refers to the battles led by Garibaldi, who is usually given much credit for unifying Italy. The interpretation of this scene regarding the character of the Don Ciccio and Fabrizio is of course left to you.

## THE HOPEDALE COMMUNITY AND COCOA

by

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There have been numerous publications providing historical support for Professor Ray Chambers' proposed means of asset valuation — CoCoA (Continuously Contemporary Accounting). Wells and Dean [1982] compiled an anthology of writings from the Twentieth Century and some earlier works, which advocate the adoption of selling price valuations. Chambers and Wolnizer [1991] provide evidence that during the early Nineteenth

Century in the United Kingdom, selling prices were considered paramount to providing a "true and correct view" of financial affairs. In addition, several publications have provided a historical view of accounting methods utilized by religious communes. Faircloth's article about the importance of accounting to the Shakers [1988] and the expose by Flesher and Flesher on the managerial accounting of the Rappites [1979] are examples. This note shall attempt

to connect these two areas of research by directing attention to the valuation methods adopted by the Hopedale Community.

The Hopedale Community was established in January, 1841, based on the principles of practical Christian ethics, amidst an era described as being full of "enthusiasm for humanity." [Heywood, 1987, p. iii] Amongst its most well known members was Adin Ballou who was initially elected the Secretary and later President of the Fraternal Community. The first annual meeting in January, 1842, included an address by the President. The address included financial reports for the previous year, a forecast for the coming quarter, and a general overview of segmental financial performance.

In the thirteenth annual report on January, 1854, it was noted that "... a new basis for valuation for Community property was established at this time, the former one being adjudged too high as compared with that upon which the estimates of similar property similarly conditioned elsewhere were made." [Heywood, 1987, p. 250] This prelude was deemed necessary to explain the decline in community wealth (due to the valuation method adopted), despite claims from the Executive that most of the interests had performed well. "It simply is due to the fact that inflated values - values determined by regarding simply the relation of property to business - what it would be worth to use - gave place to market values - what it would bring if offered for sale." [Heywood, 1987, p. 250] The President's Report also included an assessment of the change in asset values over the previous decade, and despite the deflating effect of valuing property at selling prices, healthy gains were still reported. In light of the fact that it diminished from the attractiveness of the content of the financial reports, the decision to implement at

Hopedale a valuation method similar to that of CoCoA may be considered a bold one. According to the constitution, the stockholders were also entitled to a dividend of up to four percent per annum, depending on the financial results. Attempts to rationalize valuation methods in what was seemingly a turbulent environment should be commended, to ensure that dividends were not paid out of profits that did not exist.

The Hopedale Community was dissolved in January, 1868. Valuation of assets at selling prices enabled the Executive and community members to have an up to date view of their affairs, to aid and facilitate decision making, which was considered important even in a communistic society. The importance of which is indicated in President E. D. Draper's comments in his annual report on January 9, 1856, that every family should know "... just where they stand in respect to the means and resources of substance, and to their worldly possessions." [Heywood, 1987, p. 285]

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