Non-profit Organization Accounting in the Internet Era

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Abstract: The advent of the Internet era has promoted the continuous development and innovation of public welfare undertakings. The public welfare communication channel has been transformed from a single mode of text, image, audio and video to a new mode of multimedia mixing under the traditional mode; at the same time, new models of new nonprofit organizations and public welfare operations have emerged, and “public welfare entrepreneurship” has arisen and attracted attention. With the rapid spread of Internet applications in recent years, online non-profit organizations and public welfare activities have flourished, decentralization, platforms, crowdfunding and other methods have swept the entire philanthropic community. The accounting environment of non-profit organizations has undergone great changes, and the non-profit organization accounting system. The applicable accounting assumptions face a full challenge. The new changes in public welfare in these Internet eras have placed higher demands on the accounting of non-profit organizations.

1. Introduction

In recent years, with the rapid development of Internet technology, online media has become the main way for most public, corporate and public welfare organizations to disseminate and obtain public information. The development of Internet technology has made the Internet public welfare communication channel have been transformed from a single mode of text, image, video and audio to a new mode of multimedia mixing under the traditional mode.

Further deep analysis, from the traditional public welfare transmission to the Internet's public welfare transmission [1], the source of public welfare information has made a qualitative leap. Its biggest feature is the two-way and even multi-directional interaction of information dissemination. Compared with the traditional model, the status of donors and helpers is more equal, which is conducive to the combing and collection of real help information. The public interest information dissemination under the participation of the whole people has overturned the information barriers of professional information collection and standardization under the traditional mode, making the number of public interest information more abundant, the content closer to the reality of people's livelihood [2], expanding the limitations of traditional communication methods, and expanding the scope of public interest to all levels in the society.

2. The Emergence of New Public Welfare Organizations

“Public Welfare Entrepreneurship” refers to the individual's professionalism in the field of non-profits, pursuing innovation, efficiency and social effects in the non-profit field. It is unique in the competition for charitable funds and makes the public welfare undertaking a sustainable development [3].

Through public welfare entrepreneurship, the incidence of public welfare activities will be increased, and the cost of establishing nonprofit organizations will be reduced, thereby achieving the goal of expanding the number of nonprofit organizations [4]. On this basis, the introduction of competition mechanism in public welfare undertakings, so that those charitable organizations must rely on the professional technology of professional operation and market operation to improve their efficiency, better conduct public welfare services, and obtain long-term social benefits. At the same time, it can also achieve sustainable development.
In 2009, Global Entrepreneurship Watch divided the organizational forms of public welfare entrepreneurship into four types, and investigated the proportion of each type in the total number of public welfare organizations:

- The traditional non-profit organizations, which aim at social responsibility and environmental protection, do not aim at profitability. The ratio of such organizations in all public welfare organizations is 8%.
- Non-profit organizations, which aim at social responsibility and environmental protection, do not aim at profitability, and focus on innovation, with a ratio of 24%.
- Hybrid organizations, which have the main goal of social responsibility and environmental protection, while achieving financial benefits and economic benefits, account for 23%.
- For-profit organizations, which achieve financial gains and economic benefits by addressing social responsibility issues and environmental protection issues, with a ratio of 12% [5].

As can be seen from the above data, although at this stage, non-profit organizations and hybrid organizations are still the main organizational forms of public welfare entrepreneurship, profitable enterprises have infinite potential in public welfare entrepreneurship, especially in China. The profitable organization's finances are more open and transparent, and have better self-healing ability and sustainable profitability. This is far from being comparable to China's non-profit organizations. It is more competitive in the social environment of market competition. And the potential for development. Under this circumstance, the reform of China's non-profit organizations is imminent, and the urgency of such changes is more obvious in accounting.

3. Comparison between Non-profit Organization Accounting and Business Accounting

As a non-profit organization, the traditional non-profit organization recognizes, records, accounts and supervises its economic expenses, which belongs to the category of non-profit organization accounting. Non-profit organization accounting is the accounting work done by non-profit organizations. As a branch of accounting, it has many similarities with corporate accounting in accounting basics such as accounting objects, accounting information quality characteristics, basic principles, basic assumptions, and expression of accounting information, but due to its organizational goals and sources of financial resources. The characteristics of financial resource allocation mechanism, fiduciary responsibility and performance appraisal make non-profit organization accounting have its own particularity [6]. The following is a comparison of non-profit organization accounting with corporate accounting from three aspects:

First, the concept is different. In enterprise accounting, the service object of accounting is enterprise. The accounting concern is only related to the economic benefit of the enterprise. In the accounting of non-profit organizations, because the non-profit organization does not aim at profit, its accounting object is not profitable. Related, resulting in non-profit organization accounting is more biased towards the process of assessment, rather than the final profit. Non-profit organization accounting has strong social attributes.

Second, the functions are different. The functions of enterprise accounting mainly focus on reflection and supervision, and provide information for decision-making [7]. Accounting can reflect the whole process of business operations, and on this basis, supervise and manage the process of business operations. In terms of refinement, it can supervise the operation of the enterprise in advance, in the event, and in the post-event. Different accounting information can also be provided to different users for internal supervision and external supervision. Further, the company predicts the future through previously recorded accounting information and makes future accounting budgets, which is beneficial to the company's business decisions. The main function of non-profit organization accounting is to count the income and expenditure of a certain period of time, and summarize the social effects and feedback obtained, but not directly participate in the decision-making. But modern non-profit group accounting also puts certain requirements on its decision-making function. Under market competition, non-profit organizations, especially non-profit organizations, can no longer rely on direct donations from society and unpaid cash
support from enterprises.

The third is that accounting is different. The methods of accounting for non-profit organizations and enterprises are different, mainly because of their different accounting concepts and functions. The accounting methods of enterprise accounting and non-profit organization accounting are different, which are reflected in many aspects. For example, the accounting basis is different - the accrual basis and the payment realization system[8]; the accounting is based on different criteria - "Enterprise Accounting Standards" and "Non-Accounting Rules for Profitable Organizations; the principles of accounting are different. For example, the accounting requirements of corporate accounting follow the principle of prudence, while the principles of non-profit organization accounting are more loose[9].

4. The Future Development of Non-profit Organization Accounting

With the advent of the Internet era, after the emergence and rise of public welfare entrepreneurship, the income and expenditure of private non-profit organizations will involve multiple fields such as products and services, and will no longer receive income through a single acceptance of donations, but will also be served by derivatives generated by social objects are sold to the public or contacted. The operation mode of the new non-profit organizations has brought enormous problems and challenges to the accounting of non-profit organizations. Compared with the increasingly perfect corporate accounting system, China's accounting system in non-profit organizations is far less developed than developed countries[10]. In the long run, this will not be conducive to the survival and development of Chinese non-profit organizations. Therefore, the future accounting of non-profit organizations should be improved from the following aspects:

4.1 Strengthening the construction of the credibility of accounting society in non-profit organizations

Require non-profit organizations to disclose accounting information on a regular basis[11], and make more specific and perfect regulations for accounting information disclosure of non-profit organizations, especially non-profit organizations, so that non-profit organizations can take advantage of their own capital freedom. To attract more attention from the public and enterprises, and to gain social trust[12]. Second, it enables private non-profit organizations to gain more competitive advantage in the wave of public welfare entrepreneurship.

4.2 Adjusting the basis of accounting for non-profit organizations

In the process of expanding the scale of development of the socialist market economy, the development of non-profit organizations, especially non-profit organizations, is increasingly moving closer to the market, and the acquisition and use of funds is becoming more and more complex, helping vulnerable groups and improving ecology. Environment, these projects can only be operated through social support and direct financial support from the state. At present, in the wave of public welfare entrepreneurship, there are different ways. Innovation and entrepreneurship are interpreting different meanings on this land of public welfare and have more diverse expressions. Therefore, it is necessary to re-prudent the accounting basis of non-profit organizations[13].

4.3 Increasing accounting factors and subjects[14], especially profit and loss subjects

Increasing profit and loss subjects can give full play to the role of non-profit organizations in the allocation of social resources. The effective redistribution of social wealth can reduce the gap between the rich and the poor, so that efficiency and fairness can be coordinated through the deployment of non-profit organizations.

4.4 Adjusting the accounting model of non-profit organizations

Not all non-profit organizations need to use budget management to conduct accounting. More non-profit organizations, especially non-profit organizations, need to be close to the accounting model of ordinary commercial enterprises. For government-type non-profit organizations, it is also
possible to adopt a parallel model of budget management and non-budget management. In-depth discussion and research on this issue will greatly benefit the development of non-profit organizations.

5. Summary

Non-profit organizations have sprung up on the land of China. The entrepreneurship of public welfare organizations and the marketization of public welfare activities have become irreversible trends. If we can't fundamentally and institutionally change the embarrassing identity and vague accounting standards of public welfare entrepreneurial organizations, China's public welfare entrepreneurs will lose their competitiveness, and once again lag behind in this respect. Western countries. In history, the development of accounting theory is not only related to accounting theory, accounting involves taxation, and the development of accounting is usually related to the development of finance, the growth of the overall level of the national economy and even the expansion of the economic level of the whole world. The innovation of accounting promotes the development of the economy, and the development of the economy usually causes changes in accounting. The same is true of the development of public welfare entrepreneurship and non-profit organization accounting. Looking forward to more changes in the accounting of non-profit organizations, bringing a spring breeze for the development of public welfare entrepreneurship.

References

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