

Alberta Association of Agricultural Societies

Community Benefits, Economic Stimulation,  
and Sustainability

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## Executive Summary

This analysis is part of a qualitative and quantitative review conducted by the Alberta Association of Agricultural Societies to explore opportunities for enhanced strategic direction of its members, Alberta's Agricultural Societies. The attached report addresses quantitative aspects of the research. A companion report, entitled "Within Reach – Strategic Direction for Alberta's Agricultural Societies" addresses qualitative aspects of the research.

This component of the research focuses on community benefits, economic stimulation, and sustainability associated with Alberta's 286 smaller Agricultural Societies. The research was conducted by reviewing and analyzing the 2009 financial statements and activity reports published by the Agricultural Societies. The following notes summarize highlights of the findings and conclusions drawn from the quantitative research.

## Key Findings

- The balance sheets of these Agricultural Societies show that current assets significantly exceed current liabilities plus long term debt and deferred capital. More than \$135 million is reported held in land, buildings, and equipment, or is in restricted accounts. Approximately \$33.8 million is in unrestricted funds. In most cases, the unrestricted equity is retained to support future capital, programming, or other major projects and to provide security for the aging capital assets maintained by the societies
- Total, overall income was projected to be \$42.2 million, of which two thirds (65.1%) resulted from active business operations and one third (33.8%) from grants.
- Alberta Agriculture and Rural Development is a vital partner for the Agricultural Societies.
  - Through the funding agreement with ARD grant, each Agricultural Society received \$17,500, amounting to a total of \$5.005 million. Agricultural Societies may also apply for additional grants within an additional ARD grant program budget of \$3.665 million.
  - Granting criteria for these funds have changed significantly since 1992. In 1992 the equivalent ARD budget was \$7.15 million and in 2009 it was \$8.67 million, an increase of 21%. However, other grant funding opportunities have been eliminated or reduced.
- More than one third (37.9%) of revenue was used for expenses related to delivering programs and activities. Facility operation and maintenance consumed a further 23.8% of revenue and a further 12.9% of revenue was used for capital programs. Just 15.5% of revenue funded internal support expenses (e.g., payroll and office expenses) and 7.2% was consumed by externally levied charges, such as insurance and accounting fees.
- The financial statements indicate that in 2009, revenue exceeded expenses by 2.8%. However, while Agricultural Societies with facilities retained 4.4% of their revenue after expenses, for those without facilities their expenses exceeded revenue by 6%.
- Financial statements for the year ending 2009 showed that Agricultural Societies retained \$1.2 million. In 2008, overall revenue exceeded expenses by \$7.9 million and many new projects were initiated.
- A special Government of Alberta grant of \$16,608 was provided to each of the Agricultural Societies in 2008. Expenditures related to that special grant will take place in 2008, 2009, and subsequent years and the grant is reflected as revenue as funds are used.
- More than 65,000 volunteers contributed 640,000 hours of service to their Agricultural Societies. Wrestling with challenging personal priorities, these active supporters of the Agricultural Societies clearly prioritize the important contribution of the Agricultural Society to

their community. However, it is noted that the number of hours contributed by volunteers has decreased by one third since 1992, with a notable reduction in the number of hours contributed to the administration of the Agricultural Society.

- Consistent with the increasing cost of operations experienced by Agricultural Societies:
  - Attendance at events staged by the Agricultural Societies, reported as 1.6 million in 2009, has doubled since 1992
  - Attendance at events staged in the Agricultural Society facilities by other organizations (i.e., tenants), reported as 2.1 million in 2009, has also almost doubled since 1992.
- Attendees reported by the Agricultural Societies are estimated to have spent more than \$580 million in connection with their attendance at Agricultural Societies' events and facilities. Approximately half of that spending results from attendance by non-residents of the communities.

## Discussion

Agricultural Societies are challenged by their increasingly fragile financial circumstances. Agricultural Societies face the demand of changing demographics and often changing population, increasing financial and governance rigor, and the impact of increasing costs associated with aging facilities that require increasing operation and maintenance expenses.

The Agricultural Societies' financial statements reviewed in this research were presented in many different forms, leading to difficult comparison. For future comparability, it is recommended that more standardized reporting methods are used in financial statements. A common chart of accounts for Agricultural Societies would be a valuable enhancement for the industry. Accounting methods employed also influence understanding of the industry's financial status.

In the 18 years since 1992, total grant revenue has increased by 32% while the operating expenses of the Agricultural Societies have almost doubled. While Agricultural Societies have doubled their non-grant revenue during this time period, the security for facilities and programming afforded by retained income has decreased.

Agricultural Societies must be innovative to increase their income to fund the expectations of their local and visitor populations and to maintain the safety and utility of their facilities. Enhanced relationships within the community and within sub-regions may lead to improved financial performance, as may innovative partnerships and delivery methods.

Decreasing voluntarism relative to the continuing growth of the Agricultural Societies is also particularly challenging. Additional human resources are required to support the growth of the Agricultural Societies as attendance and operating expenses have doubled between 1992 and 2009, placing increasing demand on human resources. Innovative approaches are recommended to offset this challenge.

Clearly attendance at Agricultural Society events and facilities motivates significant spending that benefits the community and contributes to funding the Agricultural Societies. It is perceived that this provides a significant growth opportunity. However, the challenging financial circumstances of the Agricultural Societies constrain this potential community and population benefit.

Significant economic benefits for Alberta and Canada, including support for wages and salaries, taxes, and other value added benefits, are stimulated by attendee spending and by the operation of the Agricultural Societies. The gross output of the industry may have exceeded \$99 million in 2009.

## Conclusions

The quantitative research shows that despite increasing financial challenges, Alberta's Agricultural Societies continue to deliver essential benefits for their communities and for rural development.

- They directly attract non-resident spending, which benefits their local business community
- They provide a wide range of programming to engage the local and regional populations in activities focused on rural, community, and agricultural development
- They motivate local populations to join in the development and delivery of programming and the maintenance and operation of community facilities
- They stage events that bring the community together
- They provide facilities and events for the community and the rural area that would not be able to take place otherwise.

As recommended in the qualitative research, innovative approaches to strategic direction are expected to yield further growth and enhanced positioning for the Agricultural Societies that will expand the benefits for their communities.

Alberta's Agricultural Societies are significant and vital contributors to the health of their province, their rural areas, and their communities.