



# HUDSON REPORT

# Alberta's Primary Agricultural Societies 2015

# **Alberta Association of Agricultural Societies**

## **Alberta's Primary Agricultural Societies, 2015 - Community and Economic Benefits**

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## **Alberta Association of Agricultural Societies**

### **Alberta's Primary Agricultural Societies, 2015 - Community and Economic Benefits**

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## Executive Summary

The attached document reports on research conducted on behalf of the Alberta Association of Agricultural Societies (“AAAS”) in 2017. The report describes the 2015 financial and operational performance of the Primary Agricultural Societies, also noting trends from 1997 and 2009.

Alberta’s 284 Primary Agricultural Societies are not for profit societies, operated as social enterprises by volunteer Boards of Directors and, in many cases, entirely volunteer staff resources. They serve urban and rural populations throughout the province, delivering events and programs and providing facilities that contribute significantly to the healthy and economic growth of their communities and rural areas.

The research examined the 2015 financial statements and activity reports of the Primary Agricultural Societies, adding focus group discussions and interviews with Agricultural Societies and the AAAS Board and a 2017 survey of Primary Agricultural Societies for further insight.

## Financial Operations – 2015

A cumulative Balance Sheet for the Primary Agricultural Societies reveals satisfactory working capital (current assets: current liabilities = 4:1) and limited long-term debt compared with the cumulative value of property and equipment. The declining value of investments reported suggests some Agricultural Societies would not be able to withstand a financial emergency. The cumulative insured value of assets owned or operated by the Primary Agricultural Societies has been reported by Foster Park Brokers to be \$1.14 Billion.

### 2015 Revenue

The Primary Agricultural Societies reported cumulative gross revenue from operations, grants and other sources of \$57.7 Million and cumulative expenses of \$48.9 Million (85% of gross revenue), not including amortization and capital expenditures. Revenue remaining after all expenses (including amortization and capital expenditures) was 2.0 Million, or 3.4% of gross revenue.

Two thirds of gross revenue resulted from operating activities, comprising:

- \$22.3 Million earned from activities and programming
- \$10.0 Million from facility rentals,
- \$4.5 Million from donations, sponsorships and fundraising
- \$1.3 Million from interest income, membership fees and other sources.

The research reveals that since 2009 rental revenue and facility costs have both increased – but fiscal responsibility is growing and the Agricultural Societies are doing more with less.

The Primary Agricultural Societies reported receiving a cumulative \$18.92 Million in grants and contributions during 2015, including:

- \$8.67 Million from the Agricultural Society Grant (Funded by the Alberta Lotteries Fund “ALF”),
- \$3.8 Million from Local Government sources (possibly under-stated due to reporting)
- \$60,000 from Federal Government sources
- \$6.8 million from sources not specified in the Agricultural Societies’ financial statements. Likely sources include unspecified Local Government and Alberta Government programs. Several “ALF”-funded programs such as Community Facilities Enhancement Program, Agricultural Initiatives, Community Initiatives, Alberta Historical Resources Foundation and Alberta Foundation for the Arts) contributed.

In 2015 Agricultural Societies generated:

- \$4.00 in active non-grant revenue from each \$1.0 of grant funding provided from the Agricultural Societies Grant program
- \$9.90 from each \$1.00 of grant funding from local government sources.

### Expenses

Direct expenses of a cumulative \$20 Million were incurred in order to deliver programming and events, accounting for 41% of total expenses, which amounted to \$48.9 Million not including amortization and capital expenditures. Expenses in two categories, Administration and Human Resources and Utilities, Repairs and Maintenance each consumed \$12 Million, thus each accounting for 25% of total expenses or 21% of gross revenue. External expenses for items such as professional fees, insurance, interest, etc., consumed \$4.6 Million or 9% of expenses. Several key expenses categories have increased over amounts reported in 2009.

### Community Transactions

In addition to grant receipts, Agricultural Societies are strongly supported by businesses, local government and individuals in their communities. In 2015, two thirds of the Agricultural Societies received “in kind” goods and services valued at a cumulative \$4.1 Million, contributed by their local community partners. This illustrates the strong support for Agricultural Societies by local individuals, businesses, municipalities and community organizations.

Thus, community support for the Agricultural Societies, including grants from local government and valuable “in-kind” contributions amounted to a cumulative \$7.9 Million – approaching the \$8.67 Million value of the Agricultural Society Grant. Many Agricultural Societies could not offset the value of these essential in-kind goods and services with cash.

Agricultural Societies contributed a cumulative \$1.3 Million to other community organizations to support community initiatives, including \$880,000 paid to other community organizations to motivate or compensate them for providing their own volunteers to support functions such as security, gate, etc., at Agricultural Society events.

A cumulative \$1.8 Million was distributed in prizes and awards at events staged by the Agricultural Societies, funding this essential component of agricultural competition. Further,

more than 50% of Agricultural Societies deliver scholarship and bursary programs estimated to be valued at \$311,000 and benefitting an estimated 1,200 students.

### Human Resources

Cumulative employment was estimated to total 1,148 including 272 full time, 488 part-time, casual or seasonal and 388 contracted employees. Cumulative expenditure on payroll and contracted employees was \$10.7 Million, including salaries and wages for management and operations employees (\$8.9 Million) and contracted management, operational or event-specific employees (\$1.8 Million).

Only 42% of the Agricultural Societies reported they have at least one employee focused on general management, administrative support, bookkeeping or operations. Less than two thirds of the Agricultural Societies have at least one part-time, casual or seasonal employee. Further, 90% of respondents reported about the same number of employees in 2015 as in 2009.

Most Agricultural Societies have invested in training or skill development for their Board members and/or employees. They identified clearly their broad benefits from these training initiatives. Total investment in training exceeded \$590,000 including a significant investment by Alberta Agriculture and Forestry through its leadership program.

The activity reports show that more than 52,000 volunteers contributed nearly 590,000 hours in 2015 to support their local Agricultural Society. Agricultural Societies would not be able to fund the estimated \$8.9 Million value of voluntarism if volunteers were replaced by employees.

### Activities and Events

Primary Agricultural Societies staged nearly 3,400 events in 2015, focused on agriculture, community leadership, economic growth, healthy community development and agricultural society sustainability. On average, the Primary Agricultural Societies deliver an average of one event or activity per month. However, it is believed this level of activity is under-stated in the activity reports. Agricultural Society Boards of Directors should prioritize full reporting in order to optimize the benefit of communicating the contribution of their society in their community.

The Primary Agricultural Societies reported cumulative attendance of 1.66 Million in 2015, primarily for agricultural and community-focused events. This number is generally equivalent to the entire population of Alberta, not including large cities that are home to the seven Regional and two Major Agricultural Societies. The Agricultural Societies estimate that 81% of their attendees have to travel less than one hour to attend their events.

Based on attendance estimates and Alberta Culture and Tourism published data, attendees spent \$87 Million (including \$39.9 Million by non-local residents) in connection with events staged directly by the Primary Agricultural Societies.

Agricultural Societies generated \$10 Million in revenue from rental of their facilities to other individuals and organizations. Rental revenue reported by Agricultural Societies in 2015 was 57% higher than in 2009. This increased revenue results partly from an increased number of rentals and consequently results in increasing attendee spending.

. The report projects attendance of a further 2.3 million at events staged by tenants and others in the Agricultural Society facilities. Their cumulative total spending is estimated to be \$119 Million.

Many of the events staged by others could not take place in the community if the Agricultural Society's facilities were not available. Further, most Agricultural Societies support their communities by providing facilities free or at discounted rental rates for selected community organizations (often focused on children). Agricultural Societies should record the full value they contribute through these beneficial rentals to inform stakeholders about this value.

## Economic Benefits

Economic impact was estimated by applying multipliers provided by Alberta Treasury Board and Finance to direct spending reported by the Agricultural Society and to estimates of visitor spending by local and non-local residents attending all events in the Agricultural Society facilities. The following table summarizes the resulting calculations.

Overall summary of estimated economic impacts	Initial Spending	Increase in GDP	Wages and Salaries	Employment Impacts	Gross Output or Production
Direct spending by the Agricultural Societies on operations and administration	\$36,652,687	\$31,833,051	\$22,396,659	235	\$66,722,110
Spending by the Agricultural Societies on construction-related projects	\$14,339,236	\$11,336,654	\$6,490,037	92	\$25,429,837
Visitor spending in connection with all events at the Agricultural Society facilities	\$94,464,707	\$103,583,323	\$62,425,569	1,308	\$240,528,228
Spending by local residents in connection with all events at the Agricultural Society facilities	\$84,609,715	\$92,777,036	\$55,913,047	1,172	\$215,435,220
Portion of onsite spending by local residents not accruing to Agricultural Societies (50%)	\$13,450,277	\$14,748,623	\$8,888,411	186	\$34,247,407
<b>Cumulative estimated economic impacts</b>	<b>\$243,516,622</b>	<b>\$254,278,687</b>	<b>\$156,113,722</b>	<b>2,993</b>	<b>\$582,362,803</b>

## Local Community Benefits

Almost all of the Agricultural Societies' cumulative expenditure of \$51 Million is spent in Alberta and most is spent directly in the local community. Construction projects generally employ local businesses and residents. Attendees spend significantly in the community in connection with their visit. However, the local community benefits are much broader and include:

- Business development for local agricultural and other businesses
- Access to entertainment events and to activities not otherwise available locally
- Reduced or free rental rates for eligible events in the Agricultural Society facilities
- Positive public relations exposure for the community.



Significantly, local spending by the Agricultural Society is directly supported by grants from Alberta Government sources and spending by non-local residents attending events at the Agricultural Society facilities. Thus, externally-sourced funds contribute significantly to making facilities and events available locally.

## Key Trends

Comparison of financial data reported for 2009 and for 2015 for a control sample of 186 of the Agricultural Societies indicates several key trends:

- Overall, excess of revenue over expenses (not including amortization and capital projects) has eroded by 10% since 2009 as Gross Revenue increased by 11% but Expenditures increased by 16%.
- Active income generation (from events and activities, facility rental, etc.) has increased by 10% since 2009 (significantly driven by increased rental revenue, up by 57%).
- Overall, grant revenue has increased by 12% since 2009 as new grant opportunities arise and Agricultural Societies become more creative in pursuing grant opportunities. However, the Agricultural Society grant has remained unchanged for many years.
- Expenses related to programs and activities are relatively stagnant (up by 5% since 2009).
- Internal support expenses for human resources, office expenses, etc., are up by 35% since 2009.
- External expenses for items such as insurance, interest and professional fees are up by 43%.
- Facility operation and maintenance expense has increased by 11% since 2009.

## Opportunities

Analysis of financial performance reported in the 2009 and 2015 financial statements of 186 comparable Agricultural Societies indicated that:

- 68% of those Agricultural Societies delivered positive revenue after expenses
- 47% showed positive growth in 2015 over 2009
- 40 showed both positive revenue after expenses and positive growth over 2009.

Tables in the report segment the financial results achieved by those included positively in each of those three groups and those that were not.

The “most progressive” of the Agricultural Societies show a clear business focus and have developed stronger teamwork with their community stakeholders. They delivered more events, motivated greater attendance and generated significantly more revenue from both operations and grants in 2015 than the “least progressive”. Interestingly, their rental revenue was comparable, suggesting little difference in their facilities. They received significantly more in contributed, unpaid goods and services from their community partners.

Despite their more extensive operations and programming, their overall expenses were better controlled, even though they spent a third more on programming and operational activities and supplies.

Agricultural Societies must grow in order to keep up with their continually evolving communities. Even the least productive Agricultural Societies could deliver significantly greater benefits for their communities (which is, after all, their primary priority) with commensurately increased financial support and results if their Boards of Directors pursued three key priorities:

- Build a new vision and direction for the Agricultural Society integrating the vision, goals and opportunities of other community leaders, champions and stakeholders
- Actively enhance partnerships and maintain strong communication with other community leaders and key stakeholders
- Produce and promote more events and activities with support from an expanded and visionary team of enthusiastic and capable volunteers and partners.

Focused discussion with Agricultural Societies and the AAAS Board of Directors identified the opportunity for Agricultural Societies to expand the benefits they drive for their communities and for Alberta. AAAS can facilitate that progress. The report summarizes strategies for individual Agricultural Societies and for AAAS on a broader scale to pursue that direction.

## A Broader Perspective

While this research focused on Alberta's Primary Agricultural Societies, similar research was also conducted recently (in 2014 - *ibid*) for the seven Regional Agricultural Societies. With the permission of the Regional Agricultural Societies, key data from their research is included in this report. While data from the two studies are not directly comparable due to different timing and methodologies, it appears that overall:

- Primary and Regional Agricultural Societies together generated more than \$101 Million in gross revenue, spending \$86 Million on operations and administration, not including amortization and capital projects. They spent more than \$60 Million directly in their own communities.
- Direct revenue-seeking activities generated 62% of the revenue of the Primary and Regional Agricultural Societies and grants contributed 24%.
- Cumulative attendance at events and activities staged by the Primary and Regional Agricultural Societies and by others using their facilities may be 7.5 Million.
- Spending by attendees in connection with their attendance likely exceeds \$230 Million.
- The combined insured value of the assets they own or manage is \$1.4 Billion.
- Primary and Regional Agricultural Societies supported a cumulative annual payroll of nearly \$23 Million
- A total of 57,000 volunteers contributed 680,000 hours, valued at perhaps more than \$10.0 Million, to support the administration, operations and events of the Primary and Regional Agricultural Societies
- Driven by \$386 Million in initial spending by the Primary and Regional Agricultural Societies and by their attendees, these Agricultural Societies stimulated an increase in

Alberta's GDP of \$404 Million and Gross Output, (sales made at every level of activity - including duplication) of \$915 Million.

## Conclusion

The research shows that Alberta's Primary Agricultural Societies are valued assets for Alberta. They contribute to the pride, health and economy of their local communities, delivering important events, entertainment, agricultural support and facilities that are directly relevant and measurably beneficial to local residents, businesses and visitors.

Community-focused, volunteer Boards of Directors drive the Agricultural Societies, building innovative strategies to deliver these benefits. They continually challenge limited resources and higher expenses relative to their traditional business and revenue streams.

Many have developed valuable community partnerships and alliances to pursue excellence in their planning and delivery and to meet new challenges and opportunities. Agricultural Societies that are not so productively focused have the opportunity to take steps to enhance the benefits they deliver for their own stakeholders.

AAAS provides counsel, communication, promotion and training to support the continuing evolution of Agricultural Societies as key members of the leadership team in their communities. Agricultural Societies are able to define benefits accruing from their membership in AAAS.

Alberta's Primary Agricultural Societies are at the core of their communities - and they make a difference.

## Introduction and Methodology

This document reports on analysis conducted for the Alberta Association of Agricultural Societies ("AAAS") to update to 2015, research conducted in 2009 with respect to data from financial statements and activity reports provided by Alberta's Primary Agricultural Societies.

The research focused on Alberta's 284 Primary Agricultural Societies but includes perspectives, provided with permission, from research conducted for Alberta's seven larger Regional Agricultural Societies. The Regional Agricultural Societies, are strategically located to serve major regions of Alberta.

The 284 Primary Agricultural Societies are located in communities throughout Alberta. Alberta's rural population in 2015 was 1.63 million and cumulative attendance at all events staged by these Agricultural Societies was 1.66 million. Thus, attendance at events staged by these rurally focused Agricultural Societies is equivalent in volume to the entire population of Alberta outside the major cities.

- The Government of Alberta's Municipal Affairs Population List suggests Alberta's population in 2015 was 4.049 million. The population tables in that list indicate that Alberta's population, not including the cities where Major and Regional Agricultural Societies are located is 1.639 million, or 40.5% of Alberta's population.
- The Activity Reports of these rural-focused Agricultural Societies, provided annually to the Government of Alberta, show the Agricultural Societies delivered a cumulative 3,400 events in 2015. The Activity Reports also report cumulative attendance at all of the events they delivered is 1.66 million.

Alberta's rural Agricultural Societies touch most rural Albertans. Attendees are mostly Albertans who attend their local fairs and other activities regularly as important community events. Many Primary Agricultural Societies report their attendance includes residents of Edmonton, Calgary and other urban centres who come to experience rural life, for nostalgia, or are motivated to attend specific business, entertainment, agricultural or community or personal events.

- The Agricultural Societies report that some 81% of the attendees at events they stage reside in their local community or the surrounding rural area. Most of the remaining attendees are Albertans motivated to attend the events or who are travelling through Alberta.

Agricultural Societies are at the core of their communities. They have traditionally been a central focus to provide facilities, to stage agricultural and other events and entertainment and to facilitate opportunities for gathering in their community.

## Source of Data for this Research

The financial data used in the research are based on the 2015 financial statements of the Agricultural Societies. In all, 283 of the 284 financial statements were examined. All of the

financial statements were re-stated into a common format for analysis and comparison. The format followed the approach employed in 2009.

In the 2009 study only 188 financial statements were provided for the analysis. Agricultural Societies were required to volunteer their financial statements for the analysis. All financial statements were included in the 2015 research.

AAAS and individual Agricultural Societies are committed to progress and they use the results of research of this nature to provide a basis for communication and to enhance the benefits they deliver for their stakeholders. Further, it is noted that 53 of the Agricultural Societies contributed a cumulative \$15,000 towards funding for this 2015 research.

In the 2015 research, analysis of trends in financial operations and performance employed comparison of the 2009 and 2015 financial statements of the 186 Agricultural Societies for which directly comparable financial statements for both 2009 and 2015 were available.

Two additional approaches were employed to address key research issues directly with Agricultural Societies:

- At the AAAS 2017 Annual Convention a program of focus group discussions engaged the AAAS Board of Directors and groups of Agricultural Society representatives. They were supplemented by individual interviews with Agricultural Society representatives. These discussions added focus to the research by clarifying and exploring trends, challenges and opportunities for Agricultural Societies.
- In the fall of 2017, Agricultural Societies were invited to participate in an online survey staged to explore a selection of issues raised in those qualitative discussions, to gain additional depth on key topics and to identify key trends and data that could not be observed through the financial statements and activity reports. A total of 169 responses were received, representing 60% of all of the Primary Agricultural Societies.

Additional sources of data included Alberta Government published data concerning population statistics and economic impact estimates (Alberta Treasury Board and Finance) and tourism (Alberta Culture and Tourism).

## Financial Review

Alberta's Primary Agricultural Societies employ a combination of revenue, including:

- Revenue earned from operations, fundraising activities and community support, and
- Grant revenue, predominantly provided by the Alberta Government, Alberta Lottery Fund, local government and other local organizations and by the Government of Canada.

It is important to acknowledge that despite the magnitude of their financial operations and the depth of engagement of Agricultural Societies in their communities, Agricultural Societies are volunteer-driven social enterprises. They are motivated by the drive of their Boards of Directors, employees and volunteers to generate benefits for the residents and businesses of their communities and agricultural sector participants.

The following discussion summarizes the cumulative financial performance of the 284 Agricultural Societies based on their 2015 financial statements. Notably, many approaches are used to prepare the financial statements of Agricultural Societies and their charts of accounts and level of detail reported also vary significantly. Therefore, to conduct this review the financial statements of each of the Agricultural Societies were re-stated into a common format.

### Cumulative Balance Sheet

A cumulative Balance Sheet for all reporting Agricultural Societies (N=284) is presented below.

<b>Assets</b>	<b>\$</b>
Current Assets	49,628,363
Property and equipment	169,816,069
Investments	7,427,443
<b>Total Assets</b>	<b>226,871,875</b>
<b>Liabilities</b>	
Current Liabilities	12,488,886
Long Term Debt	2,070,911
Deferred contributions and grants	17,876,612
<b>Total Liabilities</b>	<b>32,436,409</b>
<b>Members' Equity</b>	
Invested in Capital Assets	119,810,100
Other Restricted	4,601,520
Unrestricted	70,023,846
<b>Total Member's Equity</b>	<b>194,435,466</b>
<b>Total Liabilities and Members' Equity</b>	<b>226,871,875</b>

The financial statements of Agricultural Societies use different accounting rules for reporting, notably with respect to capital assets and cash vs. accrual methods.

The summary above indicates that overall, on a current basis there was financial security in 2015. However, it is of concern that the value of investments (representing assets not defined

as Current Assets or Property and Equipment) was quite limited. At \$7.4 million – or less than \$20,000 per reporting Agricultural Society, these Investments constitute just 3.8% of Members' Equity. Agricultural Societies may have difficulty in surviving a significant financial emergency by liquidation of these investments. Further, the research shows that the value of investments has declined since 2009.

## Revenue and Expenses, 2015

Overall, in 2015 Agricultural Societies generated gross revenue of \$57.7 million. They consumed \$48.9 million in operating and administrative expenses. The following table summarizes cumulative gross revenue and expenses reported in the financial statements of the 284 Agricultural Societies.

<b>2015 Revenue and Expenses</b>	<b>Cumulative</b>	<b>% of Gross Revenue</b>	<b>Median</b>
	<b>\$</b>	<b>%</b>	<b>\$</b>
<b>Total Gross Revenue from Operations, Grants and Other Sources</b>	<b>57,725,963</b>	<b>100.0%</b>	<b>122,988</b>
<b>Total Expenses not including Amortization or Capital Expenditures</b>	<b>48,850,999</b>	<b>84.6%</b>	<b>104,608</b>
<b>Revenue remaining after expenditures, not including amortization and capital expenditures</b>	<b>8,874,964</b>	<b>15.4%</b>	<b>11,128</b>
Amortization <sup>1</sup>	4,752,455	8.2%	20,140
Capital expenditures <sup>2</sup>	2,140,924	3.7%	10,693
<b>Revenue remaining after all expenses</b>	<b>1,981,585</b>	<b>3.4%</b>	<b>5,718</b>

<sup>1</sup> Only 125 of the Agricultural Societies reported amortization or depreciation

<sup>2</sup>. Only 49 of the Agricultural Societies reported Capital Expenditures

It is evident that Agricultural Societies operate on slim budgets. Their motivation is generally to deliver programs and facilities. Their focus on revenue generation is to secure sufficient revenue to be able to do that job. Although these are substantial “businesses”, they are “not for profit” social enterprises and their motivation is not on generating profit.

It is of concern that less than 5% of Gross Revenue remains after settlement of all expenses and capital allocations. Also, later comments will show that nearly \$600,000 of reported revenue results from amortization of deferred capital contributions. The following notes address revenue and expenses in further detail.

## Gross Revenue

Overall gross revenue reported by the Agricultural Societies in their 2015 financial statements includes revenue from operating activities, grant revenue and revenue from other sources.

<b>Gross Revenue Analysis 2015</b>	<b>Number of Agricultural Societies reporting</b>	<b>Cumulative Gross Revenue</b>	<b>Category % of Total Gross Revenue</b>	<b>Average per Agricultural Society Included</b>
	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>
<b>Gross revenue from operating activities</b>	281	<b>38,201,244</b>	<b>66.2%</b>	135,947
<b>Grant Revenue</b>	280	<b>18,917,551</b>	<b>32.8%</b>	67,563
<b>Revenue from other sources or allocations</b>	65	<b>607,168</b>	<b>1.1%</b>	9,341
<b>Cumulative Gross Revenue 2015</b>	<b>281</b>	<b>57,725,963</b>	<b>100.0%</b>	

The table above shows that overall, the Agricultural Societies generated more than \$2.00 in revenue from their operating activities for every \$1.00 in total grant assistance provided. The following discussions address details of gross revenue by category.

## Non-Grant Revenue

Non-grant revenue results predominantly from the direct programming, facility and event-related activities of the Agricultural Societies. The following table details sources of revenue reported by the Agricultural Societies in their 2015 financial statements.

<b>Analysis of Revenue from Operating Activities 2015</b>	<b>Number of Agricultural Societies reporting</b>	<b>Cumulative Gross Revenue</b>	<b>Category % of Total Gross Revenue</b>	<b>Category % of Revenue from Operating Activities</b>	<b>Average per Agricultural Society Included*</b>
	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>\$</b>
Earned revenue from activities and programming	266	<b>22,289,337</b>	<b>38.6%</b>	58.3%	83,795
Rental income (Including advertising revenue)	226	<b>10,073,280</b>	<b>17.5%</b>	26.4%	44,572
Donations, Sponsorships, Fundraising	205	<b>4,509,422</b>	<b>7.8%</b>	11.8%	21,997
Interest/Dividend Income	234	<b>421,191</b>	<b>0.7%</b>	1.1%	1,800
Membership fees	175	<b>369,589</b>	<b>0.6%</b>	1.0%	2,112
Other revenue	99	<b>538,425</b>	<b>0.9%</b>	1.4%	5,439
<b>Gross revenue from operating activities*</b>	<b>281</b>	<b>38,201,244</b>	<b>66.2%</b>	<b>100.0%</b>	135,947

\* Averages will not add to gross revenue from operating activities as not all Agricultural Societies reported each category of revenue.

## Earned Revenue from Activities and Programming

A cumulative \$22.3 million, or nearly 60% of the total revenue reported from all operating activities, is generated as a result of programs, events and activities delivered by the Agricultural Societies. Discussion with Agricultural Societies and examination of their financial statements reveals extraordinary creativity as their volunteer Boards of Directors, their



Committees and their few employees conceive and deliver programming, events and activities that engage their local and visiting audiences and fund their ongoing operations. A later section of this report describes the very wide range of activities with which Agricultural Societies engage their communities, their audiences and their suppliers.

It is notable that in 2015 the cumulative revenue earned just from programming, events and activities alone exceeded the total value of all grant revenue the Agricultural Societies received. Agricultural Societies continue to fund their operations by creating and delivering innovative events and activities for their communities and agricultural sector participants. Customers of the Agricultural Societies confirm with their spending that they strongly support the events, activities made available by the Agricultural Societies.

Agricultural Societies learn about new ideas for events, activities and revenue generation from each other at events such as the Annual Convention of AAAS and the Regional Meetings staged by AAAS Regional Directors and AAAS Staff and informal local liaisons. They also learn from their community partners and stakeholders.

### Rental Revenue

Agricultural Societies own or operate a wide range of facilities, including agricultural event facilities and equipment, barns, equestrian facilities, indoor and outdoor facilities for agricultural, industrial and community events, ice arenas for hockey and curling, facilities for other sports, meeting and event facilities, exhibition halls for shows, space for parking, etc. The facilities are used for events conducted by the Agricultural Societies and by others who rent them or, subject to eligibility, use them free. Additionally, many of the Agricultural Societies also house their office, meeting space or storage in their facilities.

Agricultural Societies report cumulative rental revenue of \$10.1 million, constituting more than one quarter of cumulative revenue reported from operating activities. Rental revenue results from use of the Agricultural Societies' facilities and rental of signage in the Agricultural Societies' facilities. Rental charges are paid by local businesses, local governments, community organizations, sports clubs, individuals or other users.

Rental revenue is limited by the extent to which the facilities are not occupied by events the Agricultural Societies themselves stage.

More than 90% of Alberta's Agricultural Societies own facilities and several more operate them under contract for their municipality. Tenants paying rent and/or other fees to use the facilities include a wide selection of local and external organizations and individuals. Prior research has shown that in many communities the facilities of the Agricultural Societies are often the largest such facilities or the only purpose-built facilities of their kind available in the community and they are only available in the community because the Agricultural Society has provided them.

It is evident from prior research and from information provided directly by Agricultural Societies that in many cases facilities are provided free of charge or at discounted rates for selected community organizations. Through this benefit the Agricultural Societies provide a community service that enables the broadest possible participation and inclusiveness for youth and for agricultural groups and other users meeting priorities important in the community.

In addition to buildings, nearly all Agricultural Societies own or lease land appropriately prepared for agricultural, community and other outdoor events. The land is used for events staged by the Agricultural Societies, events staged by other organizations, who usually pay rent. It is also used for parking for major events.

In 2016 AAAS conducted a small survey of Agricultural Societies addressing issues of land and buildings that received a total of 71 responses. The survey suggested that 51% of respondents own land for their events and activities and two thirds of the remainder lease the land they use. Some of the Agricultural Societies that reported owning land also lease additional land to accommodate their needs. Others use land provided free or at a rental fee by local government or other local owners for events.

The facilities operated by Agricultural Societies are vital to the communities in which they are located. Agricultural Societies must secure the financial resources necessary to provide the facilities safely and in good condition and to update them on an ongoing basis. This is essential to provide facilities to the standards of function and safety expected by their community users.

Events staged directly by the Agricultural Societies consume much of the available use of the facilities. Rental revenue contributes financial support for the ongoing availability and operation of the facilities.

Costs of operation and maintenance are an ongoing challenge for the Agricultural Societies operating these facilities. This report will show later that expenses for repairs, maintenance, utilities and insurance, mostly associated with the provision of these facilities, consume \$14.5 million annually. That is nearly 50% more than the rental revenue generated by the Agricultural Societies. Further, this report will show that perhaps \$2.0 million in 2015, or 20% of all human resources expenditure, was also associated directly with the operation and maintenance of these facilities.

In 2016, Insurance Brokers Foster Park Brokers Inc., of Edmonton AB provided a statement indicating that the insured value of assets owned or operated by the Primary Agricultural Societies was \$1.14 Billion, not including land value and not accounting for depreciation. This constitutes 63% of the cumulative insured value of all insured assets of Alberta's Major, Regional and Primary Agricultural Societies.

### Donations, Sponsorships and Fundraising

The financial statements show that \$4.5 million, or 12% of gross revenue from operating activities, results from donations, sponsorships and other support provided by individuals, businesses and organizations in the local community or through "fundraising" activities. It should be noted that some of the financial statements may have reported revenue earned from programming, events and activities as "fundraising".

This is a particularly important category of revenue. It demonstrates the direct support provided by community residents, businesspeople, local government and community organizations for their Agricultural Society and the importance of the relationship between them. However, Agricultural Societies often do not fully assess the value of this contribution and many do not acknowledge clearly it in their communication.

The focus group discussions held at the 2017 AAAS Convention revealed that many Agricultural Societies receive unpaid "in-kind" contributions of goods and services from their stakeholders in the community. This issue was explored through the survey of Agricultural Societies conducted in late 2017.

The survey asked the question: *"During 2015, did your agricultural society receive "in kind" goods or services at no cost or significantly discounted cost that were provided by municipalities, local suppliers or contractors, your members or your volunteers as a gesture of support for your Agricultural Society?"*

More than two thirds (68%) of the 167 valid responses reported they had received such a benefit in 2015. Discussion with Agricultural Societies shows that these contributions fall into many categories, including heavy equipment operation, facility maintenance, transportation, administrative support, marketing and communication, etc.

Asked to estimate the value of the contributed goods and services they received in 2015, 89 of the 113 Agricultural Societies that had responded positively indicated they had received an average of \$20,975 per society. Extending this proportion and value to a projection for all Agricultural Societies included in this research suggests that in 2015, \$4.0 million was contributed to the Agricultural Societies by local individuals, businesses, municipalities and community organizations in "In-Kind" goods and services that does not appear in their financial statements. In this revenue category (Donations, Sponsorships and Fundraising) the total value of benefit may be \$8.5 million, rather than the \$4.5 million reported in financial statements.

This is just one indicator that Agricultural Societies and their communities are entwined in a joint mission to support and provide for local residents, community organizations and businesses. While most of these local supporters likely provide this contribution as a "favour", not necessarily expecting any reward, it is logical for Agricultural Societies to acknowledge their supporters. Discussion with Agricultural Societies suggests that many (but certainly not all)

Agricultural Societies actively promote their local supporters. This is an extremely important contribution and should be acknowledged appropriately.

It is likely these contributors are current or potential partners in growth. They assist the Agricultural Society to meet its goals through their contribution. They may also be expected to participate in activities that would result in growth for the Agricultural Society and the community – and themselves. Agricultural Societies should consider prioritizing growth in order to maintain their role as a partner in progress in their community.

### Interest, Dividend Income, Membership Fees and Other Income

Additional revenue totalling nearly \$1.3 million, or 2.4% of total revenue from operating activities, is derived through interest and dividend income, membership fees and other income.

In many cases, "Other Income" was not otherwise defined in the financial statements. Interest and dividend income, reported to be \$421,000, results mostly from investments and various dividend programs. At \$370,000, membership fees remain an important source of revenue.

### Grant Revenue

The second, but equally important, major category of revenue for Agricultural Societies is grant revenue, reported to amount to \$18.92 million in 2015. This was equivalent to one third (32.8%) of gross revenue, or an average of \$67,600 per Agricultural Society. The following table summarizes grant revenue reported for 2015.

Total Grant Revenue reported on Financial Statements, 2015	Number Reporting this Source	Cumulative Grant Revenue	% of Grant Revenue	% of Gross Revenue	Average per Agricultural Society reporting this source
	#	\$	%	%	\$
Agricultural Society Grant (Alberta Gov't, ALF)	283	8,674,030	46	15	30,650
Grant Revenue Local Government	101	3,805,442	20	7	37,678
Grant Revenue Federal	8	59,828	0.3	0.1	7,479
Unspecified Grant Revenue*	196	6,378,251	34	11	32,542
<b>Cumulative Grant Revenue</b>		<b>18,917,551</b>	<b>100</b>	<b>33</b>	

*\* Includes unspecified Alberta Government/ALF, local government, corporate, etc..*

Various reporting approaches are employed by Agricultural Societies to document their grant revenue in a particular year. Some Agricultural Societies detailed their grant revenue. However, many of Agricultural Society financial statements simply reported a cumulative amount for "Grants" or did not identify the source, amount received and application for grants received.

It is important to note that one Agricultural Society reported a single grant (reported above in the category "Unspecified") valued in excess of \$1 Million and amounting to 16% of the entire category. Thus, ratios in this report will be significantly impacted by that inclusion.

To compile comparable data for the analysis presented in the above table:

- Alberta Lottery Fund published data for 2015-6 were used to present the Agricultural Societies' revenue from the Agricultural Society Grant. This important annual program has remained unchanged for several years.
- Local Government Grants and Government of Canada Grants were as reported in the Agricultural Societies' Financial Statements. These amounts may be understated as many Agricultural Societies do not specify the source of grants in their financial statements. Unspecified grants from local government are included in the category "Unspecified Grant Revenue".
- The category "Unspecified Grant Revenue" presented in the above table was compiled by first adding together all grants reported in the financial statements. Then, grants detailed in the financial statements and specified to be from Local Government and the Government of Canada plus grants from the Agricultural Society Grant program (using ALF published data) were deducted, leaving the category "Unspecified Grant Revenue".
  - Grants in that category resulted from several sources, including unspecified grants from several Alberta Government/ALF sources, as well as Local Government, Government of Canada, corporate or other sources.

It is strongly recommended that Agricultural Societies clarify and publish the source and amount of their financial support, including grants, to enhance stakeholder engagement.

### Local Government Grants

The financial statements show that \$3.8 million is contributed by local and regional governments and other local organizations to support Agricultural Societies. These funds are granted for many purposes, including agreements to operate facilities, grants for events, administration and operations support, new initiatives, new building development, facility upgrading, etc.

A total of 101 Agricultural Societies reported receiving grants from local or regional governments or organizations.

### Grants from the Government of Canada

The Agricultural Societies reported that in 2015 they received a cumulative \$60,000 in grants from the Government of Canada. Notably just eight of the Agricultural Societies reported receiving grants from the Government of Canada and most of those appeared to be employment-related.

### Unspecified Grants

"Unspecified" grant revenue amounting to \$6.4 million includes grants reported in the financial statements that were not specified in the Agricultural Societies' financial statements and were in excess of grants they reported from the Alberta Society Grant and grants from Local Governments and the Government of Canada.

Alberta Association of Agricultural Societies  
Community and Economic Benefits of Alberta's Primary Agricultural Societies, 2015

Based on analysis presented below, perhaps some \$2.6 Million of this \$6.4 Million may have resulted from Alberta Lottery Fund grant programs other than the Agricultural Society Grant. The remaining approximately \$3.8 million was most likely distributed between unspecified grants received from a combination of sources, including Local Governments, Local Community Organizations, Corporation and the Government of Canada.

#### Alberta Government/Alberta Lotteries Fund

The primary source of grants that accrued to Agricultural Societies in 2015 was the broad program of grants delivered by the Alberta Lottery Fund ("ALF") for several Alberta government programs. This discussion addresses grants provided by ALF programs in its Fiscal Year 2015-6, which is the ALF Fiscal Year that best represents when cash from ALF grants flowed.

Agricultural Societies received \$11.3 million from ALF funds in 2015-6, constituting 60% of all grant funding received by Agricultural Societies in 2015-6. Although the Fiscal Year-Ends for Agricultural Societies and for ALF are different, greater clarity about grant revenue is provided in ALF records than in the financial statements of the Agricultural Societies.

Some Agricultural Societies defer grant funding receipts, for example, when amassing funds for a future capital project, reporting them as deferred revenue when they are eventually used. Others report their grant revenue as revenue in the years in which it is received. Others do not clarify the source or further detail of grants received.

The following table shows that in 2015-6 the Agricultural Society Grant was the primary ALF program source for grant revenue received by the Agricultural Societies.

Grant Revenue funded by Alberta Lotteries Fund - 2015-6	Number of Agricultural Societies Receiving this Category	Grand Total Grant Revenue	Category % of Total Gross Revenue	Percentage of Total Grant Revenue contributed by this source	Average per Agricultural Society Included
	#	\$	%	%	\$
<b>Alberta Lotteries Funded Grants</b>					
Agricultural Support Initiatives - Agricultural Society Grant	283	8,674,030	15.0%	45.9%	30,650
Community Facilities Enhancement Program	24	1,400,154	2.4%	7.4%	58,340
Agricultural Initiatives Program	17	777,508	1.3%	4.1%	45,736
Community Initiatives Program	11	329,033	0.6%	1.7%	29,912
Alberta Historical Resources Foundation - Heritage Awareness	2	18,160	0.0%	0.1%	9,080
Alberta Foundation for the Arts	9	85,137	0.1%	0.5%	9,460
<b>Alberta Lotteries Funded Grants (Lotteries data, 2015-2016)</b>	<b>283</b>	<b>11,284,022</b>	<b>19.5%</b>	<b>59.6%</b>	<b>39,873</b>

#### The Agricultural Society Grant

In 2015-6 (and previous years) Agricultural Societies received a cumulative \$8.67 million from the Agricultural Society Grant. This long-standing program has remained unchanged for years. The Agricultural Society Grant comprises a base operating grant of \$17,500 per Agricultural Society and a supplementary grant based on eligible activities. It provides ongoing core support for the Agricultural Societies.

In 2015, the Agricultural Society Grant constituted 46% of all grant funding received by Agricultural Societies and 15% of total gross revenue from all sources. The research shows this support is essential to the survival of many Agricultural Societies. Without it, or with significant reduction, many would likely fail, with significant loss to their communities.

#### Additional Grants funded by ALF Programs

In addition to the Agricultural Society Grant program, records published by ALF show that Agricultural Societies received \$2.6 million from other ALF programs, amounting to some 23% of the total amount of grant revenue ALF provided to Agricultural Societies. This additional support is focused on a selection of creative specific initiatives and capital projects.

Grant funding obtained from ALF-funded programs in addition to the Agricultural Society Grant responds to specific applications. Resulting grants supported facility enhancement, special agricultural and community initiatives and programs related to tourism, arts, and heritage. Communities benefit significantly from this funding support, as shown in the above table.

ALF records reveal that only about 10% of the Agricultural Societies take advantage of opportunities to access these funds. However, some communities access similar grant opportunities through applications submitted to grant sources by other local organizations.

#### Expenditures

The following table summarizes the cumulative expenses the Agricultural Societies reported in their 2015 financial statements.

<b>Agricultural Society Expenses 2015</b>	<b>Cumulative Total Expenses</b>	<b>% of Total Gross Revenue</b>	<b>% of Total Expenses (not including Amortization or Capital Expenditures)</b>
<b>Expense Category:</b>	<b>\$</b>	<b>%</b>	<b>%</b>
Programming and Operations	20,074,302	34.8%	41.1%
Administration and Human Resources	11,971,686	20.7%	24.5%
Utilities, Repairs and Maintenance	12,198,312	21.1%	25.0%
External Expenses	4,606,699	8.0%	9.4%
<b>Total Expenses not including Amortization or Capital Expenditures</b>	<b>48,850,999</b>	<b>84.6%</b>	<b>100.0%</b>
<b>Revenue remaining after expenditures, not including amortization and capital</b>	<b>8,874,964</b>	<b>15.4%</b>	
Amortization	4,752,455	8.2%	
Capital expenditures	2,140,924	3.7%	
<b>Total expenses after Amortization and Depreciation</b>	<b>53,603,454</b>	<b>1.5%</b>	

The cumulative operating and administrative expenses of the Agricultural Societies are summarized in this table in four major expense categories, which are explored in turn below. Amortization and Depreciation and Capital Expenditures are addressed separately as they are more dependent on the accounting method used to prepare the financial statements.

Direct expenditure on programs and activities, administration and human resources, utilities, repairs and maintenance and external expenses for items such as insurance, professional fees, etc. amounted to \$48.85 million in 2015. This consumed 85.6% of total gross revenue.



Alberta Association of Agricultural Societies  
Community and Economic Benefits of Alberta's Primary Agricultural Societies, 2015

The table shows that 41% of expenditure is consumed by delivering events and activities and 25% each by utilities/repairs/maintenance and by administration and human resources. External expenses, accounting for such charges as insurance, professional fees, etc., accounted for the remaining 9%. Additionally, a further 8.2% of gross revenue was allocated to amortization. Capital expenditure of 2.4 million, reported by just 17% of the Agricultural Societies, amounted to a further \$2.1 million.

### Expenditure Profile

The following table provides a cumulative statement of expenditures reported in their financial statements by all Agricultural Societies (n=283).

Agricultural Society Expenses 2015	Cumulative Total Expenses	% of Total Gross Revenue	% of Total Expenses (not including Amortization or Capital Expenditures)	% of Expense Category	Average Expenditure per Agricultural Society
Expense Category:	\$	%	%	%	\$
<b>Programming and Operations</b>					
Programming and Operations incl. concessions	13,316,826	23.1%	27.3%	66.3%	50,634.32
Donations to other organizations	2,237,628	3.9%	4.6%	11.1%	10,757.83
Awards, Prizes, Scholarships, Bursaries	2,107,044	3.7%	4.3%	10.5%	15,962.45
Supplies	1,158,154	2.0%	2.4%	5.8%	8,392.42
Advertising and Promotion	860,742	1.5%	1.8%	4.3%	3,912.46
Fundraising	230,910	0.4%	0.5%	1.2%	7,215.94
Rural Development, Leadership and Training	162,998	0.3%	0.3%	0.8%	4,405.35
<b>Programming and Operations</b>	<b>20,074,302</b>	<b>34.8%</b>	<b>41.1%</b>	<b>100.0%</b>	<b>70,684</b>
<b>Administration</b>					
Human Resources, contracted svc, judges, janitorial, Volunteer Support (incl. bookkeepin	10,658,367	18.5%	21.8%	89.0%	44,783
Office and Admin	734,100	1.3%	1.5%	6.1%	2,856
Other Expenses incl travel and freight	268,288	0.5%	0.5%	2.2%	2,255
Training	210,821	0.4%	0.4%	1.8%	2,480
Meetings	100,110	0.2%	0.2%	0.8%	2,328
<b>Administration and Human Resources</b>	<b>11,971,686</b>	<b>20.7%</b>	<b>24.5%</b>	<b>100.0%</b>	<b>42,154</b>
<b>Utilities, Repairs and Maintenance</b>					
Repairs and Maintenance, supplies and small tools	5,917,464	10.3%	12.1%	48.5%	23,576
Utilities and Telephones (includes fuel, ice)	6,280,848	10.9%	12.9%	51.5%	25,123
<b>Utilities, Repairs and Maintenance</b>	<b>12,198,312</b>	<b>21.1%</b>	<b>25.0%</b>	<b>100.0%</b>	<b>42,952</b>
<b>External</b>					
Insurance	2,327,788	4.0%	4.8%	50.5%	8,686
Professional Fees and Accounting	1,101,261	1.9%	2.3%	23.9%	4,125
Leases and Rentals	422,840	0.7%	0.9%	9.2%	7,047
GST Expense	290,504	0.5%	0.6%	6.3%	2,120
Interest and Bank Charges	143,397	0.2%	0.3%	3.1%	732
Interest on LTD	130,728	0.2%	0.3%	2.8%	6,225
Other payments to government	101,130	0.2%	0.2%	2.2%	1,053
Memberships	89,051	0.2%	0.2%	1.9%	487
<b>External Expenses</b>	<b>4,606,699</b>	<b>8.0%</b>	<b>9.4%</b>	<b>100.0%</b>	<b>16,221</b>
<b>Total Expenses not including Amortization or Capital Expenditures</b>	<b>48,850,999</b>	<b>84.6%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>172,011</b>

The following discussion addresses key detail revealed in each of the four primary categories of expenditure in turn.

### Programming and Operations Expenses 2015

The Agricultural Societies spent nearly \$20.1 million to deliver their wide range of programs and activities. This consumed more than a third (35%) of total gross revenue and 41% of total expenses (not including amortization or capital expenditures).



This expenditure category reports a significant component of the expense incurred directly in order to earn \$22.3 million in Earned Revenue from Operations (addressed previously in this report).

Leading the expenses reported in this category is the direct expense of \$13.3 million, or 23% of gross revenue, associated with delivering Programs, Events, Concessions, etc.

The second largest component of this category is "Donations to other organizations", reported as \$2.2 million, or 3.9% of gross revenue in 2015. This expense element contains two main components:

- Donations to other local organizations, paid as motivation or compensation for providing volunteers to the Agricultural Society to assist in delivering events and activities.
  - This expense is projected from survey data to account for \$880,000, or 39% of all donations to other local organizations
- Contribution to other local organizations
  - The remaining \$1.3 million in this category was distributed to other organizations as part of the community's support of ongoing community initiatives

The survey explored the Agricultural Societies' use of donations to other community organizations to motivate them to provide their own volunteers to assist with items such as gate and ticket operations, parking management, security, etc. at major events staged by the Agricultural Society. Survey respondents were asked: *"Does your Agricultural Society make contributions or donations to local clubs, societies or other local organizations to compensate or motivate them to provide volunteers that assist in staging your events (for example, to staff ticket sales, beer garden, security, clean-up, etc.)?"*

- Overall 103, or 70% of the 147 Agricultural Societies answering this question replied in the affirmative.

Respondents answering "Yes" were then asked: *During 2015, what was the approximate total, cumulative amount of contributions or donations you made to other local clubs, societies or other local organizations to compensate or motivate them to provide volunteers for your facilities or events?*

- A total of 84 of the 103 Agricultural Societies responding positively were able to provide an estimate of the total amount they spent in this category in 2015. Their cumulative response was \$370,292, or an average of \$4,400 per Agricultural Society responding.

Based on the responses to the survey this leads to a projection of \$880,298 for all Agricultural Societies if the response of these 147 respondents represents the response that would have resulted had all 284 Agricultural Societies responded.

Continuing with the examination of expense categories, Awards, Prizes, Scholarships and Bursaries accounted for \$2.1 million in expenditure and 4.3% of cumulative gross revenue. This category combines two key priorities focused on the community. Again, this category contains two elements:

- Prizes and awards associated with a wide variety of event competitions, amounting to 1.8 million
  - Prizes and awards are an essential component of motivating agricultural and other competition at events staged by the Agricultural Societies.
- Scholarships and bursaries that support students and education, projected from survey responses to contribute a cumulative \$311,177 across all Agricultural Societies.

The Agricultural Societies' provision of scholarships and bursaries was also explored in the survey. Respondents were asked: "*In 2015, did your Agricultural Society fund a program of scholarships, bursaries or other education gifts?*"

Those responding positively were then asked three questions about their program:

1. "Which of the following best describes the main focus of your program of scholarships, bursaries or other education gifts?"
2. "In total, how many students benefited from this program in 2015?"
3. "What was the total amount of all scholarships, bursaries or education gifts you provided in 2015?"

Overall, 78 (or 55%) of the 141 Agricultural Societies responding indicated they delivered an organized program to grant scholarships, bursaries, etc. All but one of the 78 responding that they delivered such a program were able to provide details of their program's benefit. They reported their programs were focused as follows:

- 44% General education
- 43% Agricultural education
- 11% Other, specialized
- 3% Business studies.

The respondents indicated that a cumulative 582 students benefited from their scholarship/bursary programs. Presuming the response would be consistent among all Agricultural Societies leads to a projection that 1,192 Alberta students directly received financial assistance through the activities of their local Agricultural Society. The projected value for the recipients of these scholarships and bursaries across all Agricultural Societies is \$311,177.

#### Administration and Human Resources Expenses

In 2015 Agricultural Societies' administrative and human resource-related expenses approached \$12.0 million, accounting for nearly 21% of gross revenue and 25% of total expenses (not including amortization or capital expenditures).

A later section of this report explores the topic of human resources through detailed analysis of human resource expenditures and data revealed in the 2017 survey of Agricultural Societies. Therefore, human resources expenditure is not addressed in detail here.

Overall, however, office-related, administrative and other general expenses consumed approximately \$1.0 million, or 1.8% of cumulative gross revenue. At an average of \$5,000 per Agricultural Society this illustrates again that Agricultural Societies are frugal stewards of the cash they manage.

#### Training and Human Resources Development

The financial statements show that Agricultural Societies directly invested a cumulative \$211,000 in 2015 in training and skill development.

Most of this training is for their own Board of Directors, their few employees and their volunteers. AAAS training programs, often focused on Board Development, enhancement of Governance and Strategic Business Planning were delivered to many Agricultural Societies. A further \$100,000 was spent on meetings, many of which may have been AAAS events such as the AAAS Annual Convention and AAAS Regional Meetings, both of which have a strong educational component.

Part of the overall investment in training in 2015 was eligible for inclusion in the leadership program of Alberta Agriculture and Forestry. Cumulative investment in that specific training initiative is estimated to have been \$590,000, of which 75% was contributed by Alberta Agriculture and Forestry through its Leadership Training fund. It appears only the portion of AAF Leadership fund that was paid by the Agricultural Societies was included in the financial statements.

The 2017 survey explored training undertaken by the Agricultural Societies. The Agricultural Societies responding identified clearly the benefit they received from their investment in training and human resources development initiatives. Respondents were asked: *"In 2015, did your Agricultural Society provide organized training courses for your Board of Directors, senior staff or volunteers? For example, attending the AAAS convention, other conventions, regional meetings, governance or Board training, strategic planning, etc."*

The data show that 89 (or 63%) of the 141 Agricultural Societies answering this question had participated in organized training programs. This leads to the suggestion that nearly two thirds of Alberta's (mostly volunteer) Agricultural Societies are focused on enhancing their performance on behalf of their community and other stakeholders. Using a multiple response question, they rated their benefit from this engagement in training as follows:

- 41% Better awareness of the trends, challenges and opportunities experienced by other Agricultural Societies
- 31% Better engagement or communication with community
- 29% More productive Board Meetings
- 18% Better financial performance
- 18% Better engagement or communication with attendees
- 17% Better events for attendees
- 2% No change

Thus 98% of the respondents were able to directly associate an improvement in insight or relevant skills or knowledge with their having participated in training event(s).

Respondents were given the opportunity to express in their own words the benefit of training in which they had participated. The following verbatim list of their responses adds further insight.

- "(Agricultural Society) led the charge on combining all community groups to meet quarterly for the benefit of the community."
- "Better understanding of the wide range of activities and things that other societies are involved with or put on."
- "Board governance"
- "Gain networking and learn what is working at other communities."
- "Learning how other Ag Societies do things."
- "Motivation for attendees to do another year of volunteering."
- "Motivation to provide more services to the community."
- "Networking at convention."
- "Networking opportunities with other societies & possible supporters."
- "Networking with other ag societies (2)"
- "Safe operations practices / Agricultural education."

#### Utilities, Repairs and Maintenance Expenses

In 2015, Agricultural Societies spent a cumulative \$12.2 million on utilities, repairs and maintenance, consuming 21% of gross revenue and fully a quarter of all expenses (not including amortization or capital expenditures).

Repairs, maintenance and utilities are essential to keeping the facilities safe and in good condition. This category is a major expense for Agricultural Societies and one that cannot readily be constrained as most of the input costs are essential and often externally controlled. Utilities expenses are also a significant burden, despite the fact that most Agricultural Societies actively conserve energy and water (for ice, etc.) in order to control their costs.

It is of concern that the 2015 cost of maintaining and servicing the facilities of the Agricultural Societies was larger than the rental revenue received for the facilities and in fact consumed nearly 40% of the total revenue received from a combination of programming and operations plus rental revenue.

This situation is somewhat alarming if all costs primarily associated with facility operations are included in the equation. In 2015 the Agricultural Societies spent a cumulative \$18.3 million on repairs and maintenance, utilities, human resources dedicated to facility operations and insurance, together consuming 56% of the \$32.4 million cumulative revenue earned from operations and rentals and one third (32%) of gross revenue from all sources. Providing facilities in good order is essential for most Agricultural Societies to be able to deliver the comprehensive program of events, activities and facilities their communities expect.

### External Expenses

External expenses include expenses related to the administration and security of the society, such as insurance, professional fees, interest payments, key memberships, etc. These expenses amounted to a cumulative \$4.6 million, consuming 8% of gross revenue and more than 9% of total expenses (not including amortization or capital expenditures).

The largest expense of this nature incurred by the Agricultural Societies in 2015 was for Insurance, which consumed \$2.3 million or 4% of cumulative gross revenue. This is closely followed in magnitude by payment of \$1.1 million for Professional Fees, which includes mainly fees for external accounting services, although some other professional fees are also included.

It is suggested Agricultural Societies explore with their external accountants, opportunities to enhance their accounting systems and financial reporting to optimize their value in decision making and communication and to control related expenses.

### Amortization/Depreciation and Capital Expenditures

Due to varying acceptable accounting approaches leading to presentation of financial statements some societies report amortization and some do not. Amortization was reported to be \$4.8 million in 2015. Capital expenditures are similar. Agricultural Societies reporting on a cash basis reported capital expenditures as \$2.1 million.

## Activities and Events

Each Agricultural Society provides an annual Activity Report listing the activities and events they stage or in which they participate, along with volunteer time and attendance relevant to each event or activity. In 2015 the Agricultural Societies reported a cumulative 3,381 activities. As the Agricultural Societies are operated by volunteer Boards of Directors and, in many cases, also staffed by volunteers, this illustrates the extent of their commitment to their mission in their communities. This includes only events staged directly by the Agricultural Society.

The Activity Reports show clearly that the focus of Agricultural Societies is on agriculture and their community, as well as their own sustainability. This focus has been evident for many years, as noted in previous research. The following table summarizes the cumulative intensity of the activities of the Agricultural Societies in these primary areas.

Activity Focus	Agricultural Societies Reporting These Activities	Number of Activities
Agricultural	248	1080
Community Leadership	127	277
Economic Growth	58	183
Healthy Community Development	243	1144
Agricultural Society Sustainability	165	582
Miscellaneous	32	115
Grand Total	283	3381

Increasing activity levels drives sustainability and growth, which in turn leads directly to stronger community support for progress and new developments and to increased revenue generation. The extent to which Agricultural Societies drive and achieve growth is an indicator of their participation as key players in community leadership. It also respects and supports the continuing progress expected by community supporters and other partners.

However, it is clear that some Agricultural Societies are more engaged than others. The following table shows that overall, 13 of the Agricultural Societies reported a cumulative total of nearly 600 activities, an average of 90 activities in 2015 for the most productive, and an average frequency of more than one event or activity every two weeks. At the other end of the scale 59 Agricultural Societies reported one activity every two months or less.

2015 Activities	Agricultural Societies included	Total # of activities reported	Average per Agricultural Society included	Annual Median in group
Total 50-120 activities (One or more per week)	3	264	88	90
More than 1 every two weeks, less than weekly	10	334	33	31
More than 1 per month, less than 2 per month	97	1411	15	14
One activity per month	15	180	12	12
More than one activity every two months, less than one per month	99	900	9	9
One activity every two months or less	59	292	5	5
Overall	283	3381	12	11

Alberta Association of Agricultural Societies  
Community and Economic Benefits of Alberta's Primary Agricultural Societies, 2015

There is notable difference in the intensity of involvement in activities and events by different Agricultural Societies. The following table, extracted from their Activity Reports, shows that overall, Agricultural Societies are involved in about 11-12 activities per year – equivalent to one per month. Further, it must be acknowledged that in some communities the Agricultural Society simply stages a very small number of local events as its part of the overall range of activities staged in the community.

The following table details the activities delivered by the Agricultural Societies in 2015, showing that the total 3,381 activities attracted cumulative attendance of 1.66 million local and non-resident attendees.

Activity Focus	Agricultural Societies Reporting These Activities	Number of Activities	Cumulative Attendees
Farmers Market	58	72	138,878
Rodeo	84	132	136,061
Horse Events	91	197	49,055
4-H	112	218	28,086
Farm Safety	35	42	18,428
Meetings (Agriculture)	131	230	9,929
Ag Education	52	84	8,207
Livestock Shows	24	38	8,097
Horticulture	29	36	5,945
Cowboy Poetry	4	8	3,933
Agricultural Issues (e.g., BSER, Ag. Awareness, Consumerism, Drought)	20	23	1,873
<b>Total Agricultural Activities</b>	<b>248</b>	<b>1080</b>	<b>408,492</b>
Awards, Appreciation Nights	67	92	10,016
Youth/Adult training	55	100	7,116
Scholarships, Sponsorships	42	85	3,459
<b>Total Community Leadership Activities</b>	<b>127</b>	<b>277</b>	<b>20,591</b>
Craft Fairs and Sales	60	71	27,162
Trade Shows	28	34	18,120
Community/Economic Development	33	78	9,607
<b>Total Community Economic Growth Activities</b>	<b>58</b>	<b>183</b>	<b>54,889</b>
Sports activities	99	272	400,175
Fairs	105	142	195,636
Meetings (Non-agriculture, e.g., weddings, funerals,	83	205	115,221
Miscellaneous Community Events (non-agriculture)	126	230	93,576
Seasonal celebrations	99	153	54,404
Dances/Dinners	102	142	46,836
<b>Total Healthy Community Development Activities</b>	<b>243</b>	<b>1144</b>	<b>905,848</b>
Operate/maintain facilities	79	242	184,446
Fundraising	81	149	45,172
Bingos and Casinos	35	67	13,700
Capital Development	10	41	350
AAAS	41	83	4,566
<b>Total Agricultural Society Sustainability Activities</b>	<b>165</b>	<b>582</b>	<b>248,234</b>
<b>Miscellaneous</b>	<b>32</b>	<b>115</b>	<b>22,474</b>
<b>Grand Total</b>	<b>283</b>	<b>3381</b>	<b>1,660,528</b>

The table shows the breadth of engagement of the Agricultural Societies in their communities and the wide range of activities in which Agricultural Societies are involved.

Detailed examination of the reported activity levels suggests not all events are counted. In some cases, this is to do with the interpretation of the category descriptions. For example, if an Agricultural Society holds a weekly Farmers Market throughout the year, some count that activity as one activity and some 52.

However, in some cases this may be simply inaccurate reporting. For example, AAAS registration records indicate that in 2015, 100 Primary Agricultural Societies registered for the 2015 AAAS Convention and 122 Primary Agricultural Societies attended Regional Meetings. Removing duplication reveals that 158 Agricultural Societies attended these events in 2015 – but only 41 Agricultural Societies included these events in their Activity Reports.

It is really important for community and other stakeholder engagement that the Agricultural Societies are able to report complete and accurate data. The extent of activity helps others to understand the true contribution of the Agricultural Societies in their communities.

#### Events staged by other organizations

In addition to events staged by the Agricultural Societies themselves, other community organizations, businesses, local government and individuals stage events using, and generally paying rent for, the facilities of the Agricultural Societies. Data are not available for 2015 to indicate the magnitude of this use. However, in both 2009 and 1992 the Agricultural Societies estimated that attendance at events staged in their facilities by other organizations resulted in cumulative annual attendance at those events that is 50% larger than the volume of attendance at the Agricultural Societies' own events.

In 2009, for example, Agricultural Societies reported a total of 1.563 million attendees and estimated that attendance at events staged by their tenants was an additional 2.140 million, resulting in cumulative gross attendance of 3.7 million.

If that ratio continued in 2015, total attendance at events staged by the Agricultural Societies or in their facilities would be an estimated \$3.93 million.

- Events staged by Agricultural Societies – 1.66 million attendees
- Events staged by others in Agricultural Society facilities – projected to be 2.27 million attendees
- Total attendees – 3.93 million.

It should be noted that rental revenue has increased dramatically and at least part of that increase is believed to be due to increased numbers of rentals. Therefore that estimate may be understated.



## Measuring Attendance

Overall attendance at events staged by the Agricultural Societies includes attendance at events by local residents and visitors to the community ("non-residents"). It also includes attendance by local volunteers (including Board Members) involved in staging the event. However, most attendees are people who attend events for their own interest and enjoyment as participants.

The 2017 survey of Agricultural Societies asked Agricultural Societies how they measure attendance. Their response to a survey question (n=143) indicates they are diligent in producing attendee counts:

- 40% "We count attendance using ticket counts of receipts"
- 24% "We count or estimate attendance using gate counts"
- 15% "We estimate attendance based on "how it looks"
- 10% "We estimate or count attendance based on other means"
- 4% "We estimate attendance based on revenue reported by exhibitors or concessions"

Only 7% of the Agricultural Societies responding indicated they do not count or estimate attendance. These are important values as they dictate the validity of attendance estimates.

Estimating attendance has consistently challenged smaller Agricultural Societies. This response indicates that since 2009, an increasing proportion of Agricultural Societies have become more diligent in counting attendance.

The survey also asked Agricultural Societies to estimate the proportion of their attendees who have to drive less than one hour's drive of the event they attend. The 141 Agricultural Societies responding indicated that an average of 81% of their attendees drove less than one hour.

Most Agricultural Societies do not actively count the attendance at each event staged by tenants and others in the Agricultural Society facilities. They have previously estimated that attendance based on their own records or by consulting tenants.

## Overall Attendance

The following table shows an estimated cumulative attendance of 3.9 million in 2015, including local residents and non-local residents attending events staged directly by the Agricultural Societies and events staged by others in the Agricultural Society facilities.

Estimated total attendance at Agricultural Society events and events staged by others in Agricultural Society facilities	Events staged by Agricultural Societies	Other Events staged in Agricultural Society Facilities	Estimated Total Attendance
Local Residents	1,345,028	1,840,980	3,186,008
Visitors travelling 1 hour or more	315,500	431,680	747,180
<b>Total</b>	<b>1,660,528</b>	<b>2,272,660</b>	<b>3,933,188</b>

### Attendee Spending

Spending by attendees delivers revenue for the Agricultural Society and benefits the businesses and others in their community. Non-residents spend more in the community in connection with their attendance than do local residents. This research estimates that a cumulative \$206 million is spent by attendees at events staged directly by the Agricultural Societies and events staged by other organizations using the land and facilities owned or managed by the Agricultural Societies.

Alberta Culture and Tourism ("ACT") publishes data on visitor counts, origin and spending, sourced from Statistics Canada data. The estimates are published for six non-overlapping destination regions of Alberta:

- Alberta North
- Alberta Central
- Alberta South
- Calgary Region
- Edmonton Region
- Rocky Mountains Region.

Projections of visitor spending in this research are based on the data published for Alberta North, Central and South only – thus the impact of including visits to Calgary, Edmonton and the Rocky Mountains is avoided. Due to changes in methodology by Statistics Canada, detailed data are not available for 2015. Therefore, 2015 data are projected based on detailed data for 2014 and updated using overall proportions published for 2015. It should be noted that in Alberta in 2015, both overall data for spending and the number of visitors are slightly below those published for 2014 – presumed to be a consequence of economic changes affecting the energy industry.

The following table summarizes cumulative projected visitation and tourism expenditure in the three regions included, showing data for visitors from Alberta, Other Canada, US and Overseas and overall visitors. The table does not include local residents travelling in their own community.

Total Visitation and Tourism Expenditure: Alberta North, Central and South Regions, 2015	Origin of Visitors			TOTAL
	Alberta	Other Canada	US + Overseas	
Person visits '000	13,133	1,048	370	14,551
Tourism Expenditure \$'000	1,660,382	235,116	311,013	2,320,383
Average spending per person	\$126.43	\$224.35	\$840.58	\$159.47

For this research, data are not available that indicate the origin of the non-local residents attending events and activities staged by the Agricultural Societies. It is presumed that most visitors directly motivated to visit by the Agricultural Society are Alberta resident visitors,

although a small proportion, perhaps less than 5%, may be from other parts of Canada and other countries. Therefore, calculations of spending by non-local resident attendees are based on Alberta residents only. Consequently, estimates may be marginally understated.

Applying data from prior research, it is estimated that local residents (travelling less than an hour to attend an event) spend an average of approximately \$15 per person per visit in connection with their attendance, not including spending on site. The prior research suggests on-site spending by attendees is a further \$20 per attendee visit.

It is estimated that approximately half of attendees' onsite expenditure accrues to the Agricultural Society in the form of commissions, rent and similar payments by onsite suppliers and contractors who sell entertainment and goods to attendees. The remaining 50% accrues to the organizations providing onsite entertainment, goods, etc. for attendees.

Attendees at large, multi-day events often attend the same event on multiple occasions. On average, that factor may be as much as 1.5 times. However, as most of the events staged by the Primary Agricultural Societies are of shorter duration, it is presumed that in most cases, most attendees attend each event just once.

Based on Alberta Culture and Tourism published data, the assumptions described above and data provided by the Agricultural Societies, the following table displays the estimated value of spending by attendees at events staged directly by Alberta's Agricultural Societies.

Estimated total spending in 2015 in connection with attendance at events staged directly by Agricultural Societies	Attendance	Average spending per visitor per day*	Estimated total spending
	People	\$	\$
Cumulative total attendance reported by Agricultural Societies at their events <i>- Survey indicates 81% of attendees are local</i>	1,660,528		
<b>Local Attendees (&lt; 1 hour drive)</b>	1,345,028	15	20,175,415
Estimated onsite spending by local residents	1,345,028	20	26,900,554
<b>Non-Residents (One hour or more drive)</b>	315,500	126	39,888,156
<b>Total</b>	<b>1,660,528</b>		<b>86,964,125</b>
<i>* Alberta Culture and Tourism, 2014 data updated to 2015; Alberta residents in Alberta</i>			

The table above shows cumulative estimated spending of \$87 million in connection with events and activities staged directly by the Agricultural Societies, including \$47 million spent by local residents in connection with their attendance and \$40 million spent by non-local residents.

The following table (next page) summarizes additional visitor spending, estimated to be a further \$119 million, associated with attendance at events staged by tenants and other organizations or individuals using the Agricultural Societies facilities.

Estimated additional spending in 2015 by attendees at others' events staged at Agricultural Society facilities	Attendance	Average spending per visitor per	Estimated total spending
	People	\$	\$
Local Attendees (< 1 hour drive)	1,840,980	35.00	64,434,300
Non-Residents (One hour or more drive)	431,680	126.43	54,576,551
<b>Total</b>	<b>2,272,660</b>		<b>\$119,010,851</b>
<i>Assumption: Similar proportions of local/non-local residents attend these events as attend events</i>			
<i>* Alberta Culture and Tourism, 2014 data updated to 2015; Alberta residents in Alberta</i>			

Rental revenue reported by the Agricultural Societies is significantly higher in 2015 compared with 2009. Increased rental revenue may result from increased utilization or increased rental fees, or a combination of both. If increased utilization by tenants is a significant contributor to increased rental revenue, it is possible that attendance, and consequently attendee spending, may be understated in the above table and subsequent calculations.

### Distribution of Visitor Spending

Spending by local residents is generally associated with transportation to and from the events by car/truck or public transportation, plus meals or retail spending offsite.

Applying ratios published by Alberta Culture and Tourism, the following table estimates the distribution of the \$95 million estimated to have been spent in 2015 by non-local residents in connection with their visit to events staged directly by the Agricultural Societies and events staged by others in the facilities owned or managed by the Primary Agricultural Societies.

Expenditures by Non Local Residents, 2015	Alberta Residents visiting North, Central & South Alberta 2015*	Estimated cumulative spending by visitors attending events and activities at Agricultural Society facilities (not including local residents)		
	Spending per visitor per day in North, Central and South Alberta	Events and activities staged by the Agricultural Society	Events and activities staged by others using Agricultural	Total Estimated Cumulative Spending
	N= 14.6 million	N=315,500	N=431,680	N=747,180
Public/Local Transportation	\$11.35	\$3,582,008	\$4,901,044	\$8,483,052
Private/Rental Auto	\$39.84	\$12,570,662	\$17,199,676	\$29,770,338
Accommodation	\$14.33	\$4,522,518	\$6,187,887	\$10,710,405
Food and Beverage	\$35.90	\$11,325,131	\$15,495,491	\$26,820,621
Recreation/Entertainment	\$8.08	\$2,550,061	\$3,489,094	\$6,039,155
Retail/Other	\$16.92	\$5,337,777	\$7,303,358	\$12,641,135
<b>Total</b>	<b>\$126.43</b>	<b>\$39,888,156</b>	<b>\$54,576,551</b>	<b>\$94,464,707</b>

\* Projection based on Alberta Culture and Tourism Publications

While most of these expenditures are self-explanatory, the value of accommodation, at \$14.33 per person per night, is directly impacted by the type of visit and the type of accommodation chosen. Alberta Culture and Tourism statistics show that nearly half of Alberta-resident visitors are travelling to visit friends or relatives and often stay with their hosts. Thus, they do not incur the expense of commercial overnight accommodation.

Alberta Culture and Tourism research reveals that 55% of person-nights spent by Alberta residents travelling in Alberta were spent in private homes or cottages. Just 28% of nights were spent in hotels, motels and resorts and 17% camping or in trailer parks.

Many of the attendees travelling to events staged by Agricultural Societies will stay with locally-resident friends or relatives – often forming a tradition to celebrate their rural heritage together by attending events staged by the Agricultural Societies or other organizations using the Agricultural Society facilities. Many of the remaining visitors bring RV's or other camping equipment for their transportation and accommodation.

## Economic Impacts Associated with Primary Agricultural Societies.

Economic impact analysis estimates of the stimulation of key economic functions that result from initial direct spending. The analysis includes the following key characteristics:

- The value of initial direct spending.
  - This is the direct spending by the Agricultural Societies and their attendees and includes local and other spending
  - On a local community basis, this includes (but is not exclusively) the spending, which results in revenue for local businesses.
- The indirect economic impact reflects the “value added” that is directly stimulated by initial direct spending in Alberta. It is measured in changes in Alberta's Gross Domestic Product.
  - This illustrates, for example, that if an Agricultural Society purchases a product or service, the supplier who sells it to the Agricultural Society must both purchase it and incur the normal costs of running their own business in order to be able to supply it. These benefits are measured at the level of the supplier.
  - These benefits are Alberta-wide or broader.
- The induced economic impact, which is the broader effect of spending in their day-to-day lives by employees whose personal income, results from those business transactions.

Alberta Treasury Board and Finance publishes detailed economic impact ratios for Alberta as multipliers that may be applied to initial spending to estimate economic impacts. These calculations are based on Statistics Canada data. The last year for which multipliers have been published is 2013 and those multipliers are employed to estimate the economic impact of the Primary Agricultural Societies in this case.

## Economic Benefits

The following table summarizes estimates of economic impacts of the Primary Agricultural Societies based on those multipliers.

<b>Overall summary of estimated economic impacts</b>	<b>Initial Spending</b>	<b>Increase in GDP</b>	<b>Wages and Salaries</b>	<b>Employment Impacts</b>	<b>Gross Output or Production</b>
Operations	\$ 36,652,687	\$ 31,833,051	\$ 22,396,659	235	\$ 66,722,110
Construction related	\$ 14,339,236	\$ 11,336,654	\$ 6,490,037	92	\$ 25,429,837
Visitor spending	\$ 39,888,156	\$ 43,738,534	\$ 26,359,483	552	\$ 101,564,148
Local attendee spending	\$ 20,175,415	\$ 22,122,935	\$ 13,332,617	279	\$ 51,371,110
Portion of onsite spending by local residents not accruing to Agricultural Societies (50%)	\$ 13,450,277	\$ 14,748,623	\$ 8,888,411	186	\$ 34,247,407
<b>Cumulative estimated economic impacts</b>	<b>\$ 124,505,771</b>	<b>\$123,779,797</b>	<b>\$ 77,467,207</b>	<b>1,345</b>	<b>\$ 279,334,613</b>

These estimates of economic impact result from application of multipliers for 2013 published by Alberta Treasury Board and Finance to initial spending estimates that include:

- Information published by the Agricultural Societies in their Financial Statements
- Data revealed through the 2017 AAAS survey
- The published data of Alberta Culture and Tourism.

The table shows cumulative overall initial spending of \$125 million, including the Agricultural Societies' expenditure on operations, administration and facilities and spending by local and visiting attendees in connection with their attendance at Agricultural Society events

Data are not available to clarify the proportion of on-site spending that accrues to the Agricultural Society or to entertainers, retailers, craftspeople, concessionaires, exhibitors, etc., who supply attendees on site and are not owned by the Agricultural Society. It would be valuable for Agricultural Societies to be able to include this value in stakeholder engagement.

It should be noted that for events staged by the Agricultural Society, a proportion of the estimated on-site spending by attendees, which prior research has suggested may average \$20 per attendee-visit for a cumulative total of perhaps \$27 million, forms part of the earned program operating revenue of the Agricultural Society. Thus, that portion contributes to the funds indicated for direct spending by the Agricultural Society. To accommodate this factor in economic impact estimates it is presumed that for those events operated by the Agricultural Societies, 50% of estimated on-site spending by local attendees is deducted to avoid double counting of initial direct spending.

As non-local-resident attendee spending is modelled after Alberta Culture and Tourism published data, it is not adjusted for this factor.

#### Economic Stimulation of Tenants' Events

The above table (previous page) does not include the economic impacts associated with events staged in the Agricultural Societies' facilities by others. As noted on previous pages, this report estimates that an additional 2.272 million additional attendees use the facilities. If the ratio of local to non-local residents remained consistent, an additional 1.84 million local residents and 432,000 non-residents would be counted. The additional economic impact associated with those additional visitors would be as follows.

<b>Estimated economic impact of attendees at events staged by others in Agricultural Society facilities</b>	<b>Initial Spending</b>	<b>Increase in GDP</b>	<b>Wages and Salaries</b>	<b>Employment Impacts</b>	<b>Gross Output or Production</b>
Visitor spending	\$ 54,576,551	\$ 59,844,789	\$ 36,066,086	756	\$ 138,964,080
Local attendee spending	\$ 64,434,300	\$ 70,654,101	\$ 42,580,430	892	\$ 164,064,110
<b>Cumulative additional economic impacts</b>	<b>\$ 119,010,851</b>	<b>\$ 130,498,890</b>	<b>\$ 78,646,515</b>	<b>1,648</b>	<b>\$ 303,028,190</b>

## Economic Impacts of Initial Spending

The two preceding tables show cumulative Initial Direct Spending of \$244 Million in 2015, including:

- \$51 Million in initial spending directly by the Agricultural Societies,
- \$74 million spent by attendees in connection with events staged by the Agricultural Societies, and
- \$119 Million of initial direct spending by attendees in connection with events staged by others in Agricultural Society facilities.

Cumulative estimates of economic impact based on all inputs are presented in the following table.

Overall summary of estimated economic impacts	Initial Spending	Increase in GDP	Wages and Salaries	Employment Impacts	Gross Output or Production
Direct spending by the Agricultural Societies on operations and administration	\$36,652,687	\$31,833,051	\$22,396,659	235	\$66,722,110
Spending by the Agricultural Societies on construction-related projects	\$14,339,236	\$11,336,654	\$6,490,037	92	\$25,429,837
Visitor spending in connection with all events at the Agricultural Society facilities	\$94,464,707	\$103,583,323	\$62,425,569	1,308	\$240,528,228
Spending by local residents in connection with all events at the Agricultural Society facilities	\$84,609,715	\$92,777,036	\$55,913,047	1,172	\$215,435,220
Portion of onsite spending by local residents not accruing to Agricultural Societies (50%)	\$13,450,277	\$14,748,623	\$8,888,411	186	\$34,247,407
<b>Cumulative estimated economic impacts</b>	<b>\$243,516,622</b>	<b>\$254,278,687</b>	<b>\$156,113,722</b>	<b>2,993</b>	<b>\$582,362,803</b>

This includes spending reported in their financial statements by the Agricultural Societies on operations, capital projects and repairs and maintenance, plus estimated spending by local residents and visitors in connection with their attendance at events staged by the Agricultural Societies and attendees at events staged in the Agricultural Societies' facilities by tenants and others.

Spending by Agricultural Societies and their attendees is significantly important to local businesses, their employees and other suppliers of goods and services. Cash spent flows through the economy, first as revenue for local businesses and subsequently as revenue for their suppliers as they, in turn, purchase the goods and services that are eventually sold to the Agricultural Society or its attendees and visitors.

Some initial purchases by the Agricultural Society are not made locally as they are for items not available locally. Otherwise, Agricultural Societies indicate that where possible, all of their expenditure is made locally or within their region. It should be noted that many items that are purchased locally are originally sourced elsewhere.

The employees of these various businesses spend their payroll on their day-to-day living, paying for living expenses such as mortgages, automobile purchases, furniture, food and clothing,



hardware supplies, dental care, energy and fuel, insurance, house repairs, etc. A significant proportion of these expenditures are made through local businesses.

The table also shows employment impact based on those factors. The employment impact, shown to be 2,993 jobs, indicating that a total of 2,993 jobs are required to accomplish the economic activity. Most of those jobs are supported, rather than created, by this economic activity, in that the jobs are already there, but part of their payroll is supported by economic activity that is stimulated by Agricultural Society and attendee spending.

This research estimates the Agricultural Societies directly support a cumulative 1,148 directly employees, including full time, part time, seasonal/activity-related employees and contractors. The topic of human resources is addressed in detail in a later section of this report.

Gross output or production may be viewed as the total sales volume driving the impacts at all levels. The value shown for gross production naturally contains duplication as it addresses the sales volume at each level of transactions with no accommodation of expenses.

## Locally-Felt Economic Benefits

The primary focus of the Agricultural Societies drives a broad range of community benefits. As a result of the operation of the Agricultural Societies, local residents are provided with entertainment, events, competition and agricultural and other community benefits.

This contributes to building “healthy communities”, directly promotes the stature and capability of the community and builds community pride. It also contributes to business and population attraction and retention because these factors feature so strongly in competitive decision making for residents and businesses considering moving or a new location.

## Cash Flow in the Community

The operation of Agricultural Societies directly drives significant cash flow in their local communities, resulting from the direct spending of the Agricultural Society on its operations and on spending by local residents and non-residents attending events.

### Local Cash Flow Resulting from Spending by the Agricultural Society

In 2015 the Agricultural Societies spent a cumulative \$51 million, including \$48.6 million on operating expenses and \$2.1 million on capital projects. Almost all of that expenditure occurs in Alberta, either in the local community where possible or in other Alberta communities and cities where the goods or services to be purchased are not available locally.

Agricultural Societies have consistently reported that perhaps 75% or more of their operating expenditure, likely exceeding a cumulative \$37 Million, occurs with local businesses and service providers. Those local businesses are the initial beneficiaries of direct spending by the Agricultural Societies.

Much of the expenditure on capital projects and repairs and maintenance is disbursed locally. Local contractors are hired where possible to undertake capital projects and many goods and services are purchased locally to support maintenance and repair needs. In smaller communities, some larger projects may be contracted to companies that are not local, but even those companies may purchase goods and services from local suppliers and hire local people. Information available does not clarify this proportion.

### Local Cash Flow Resulting from Grants

It is important to acknowledge that \$15.1 million of the total revenue that Agricultural Societies spent in 2015 was attracted to the community in the form of grants from programs supported by the Alberta Lottery Fund, other Alberta Government grants and grants from the Government of Canada. Thus, “imported” grant revenue directly benefits the local community's economy, stimulating local cash flow and wealth.

Grants received by the Agricultural Society directly benefit local residents and local businesses. Examples of these important community benefits include:

- Grants contribute to the ability of the Agricultural Society itself to make local expenditures so local businesses would experience accordingly reduced revenue.
- The cash received from grants significantly contributes to the ability of the Agricultural Society to stage events that benefit the whole residential and business community. Without the grants the scope of the Agricultural Society would be significantly reduced and so would the events.
- Grants often support facility development, repairs and related projects. Without the grants these facility projects would either not be undertaken or they would have to be funded by community investment. Facilities may be lost.
- Some grants support broad community initiatives. Without the grant receipts those initiatives would not proceed or would have to be funded by the community.
- If grants were reduced or not available the Agricultural Society would have to strategically reduce spending – that may include reducing marketing investment, which attracts non-resident spending to the community.
- Without grants it is likely human resources expenditures would be reduced as the Agricultural Society would shrink to accommodate a new economic reality.

#### Cash Flow Resulting from Visitor Spending

In 2015 the Agricultural Societies reported cumulative attendance at their events of 1.66 million and it is estimated a further 2.72 million people attend events staged in the Agricultural Society facilities by tenants and others. The Agricultural Societies estimate that 81% of the visitors are local, travelling less than one hour to attend the events, so 750,000 people who are not resident locally who are attracted to attend the events visit the community and spend money there. Therefore, it is reasonable to conclude that:

- An estimated \$4.2 million, which is 19% of the Agricultural Societies' earned revenue of \$22.3 million from programming, operations and concessions, results directly from the Agricultural Societies' ability to attract non-residents to their events and activities. Most of this is spent directly in the local community
- An estimated \$95 million is spent by non-residents attending events staged by the Agricultural Societies or others staging events at the Agricultural Societies' facilities. A significant proportion of that amount is likely spent in or near the Agricultural Societies' local communities.

Spending by non-locally resident attendees includes expenses of travel to the community and expenses while they are in the community. While the component of their spending that is to get them to their destination may occur elsewhere in Alberta, their local expenses for accommodation, food and beverage, retail and much other spending directly benefit the communities' businesses.

#### Cash Flow from Locally Resident Attendees

Attendees travelling less than one hour to attend events staged by the Agricultural Societies or other events in the Agricultural Societies' facilities are believed to spend approximately \$15 per person, or a cumulative \$85 million, in the community in connection with their visit, not

including their on-site spending. This is spent on items such as automobile or public transportation, food and beverage, other entertainment or recreation and retail purchases that take place in the community.

Additionally, while visitor spending includes spending directly by the visitors it is supplemented by increased spending by hosts when the visitors are staying with local hosts. This is a good reason for local residents to actively encourage their local customers to invite friends and relatives to visit for Agricultural Society events.

#### New Sales for Local Businesses

Agricultural Society events directly support business opportunities for many businesses. Local, regional and other Alberta businesses benefit directly from their participation in Agricultural Society events and other events at the Agricultural Society facilities through sales of major equipment, agricultural or agri-business products and services and other items.

While new sales often may not take place directly at the events, participation by businesses may contribute to their future sales. Business exhibitors are involved with Agricultural Society events to achieve three goals:

- To present their goods and services to potential clients in order to initiate or reinforce sales. For major purchases the sales may not take place at the event but result from ongoing sales efforts to close a deal.
- To support and maintain contact with their customer base
- To continue their support for their community.

The extent to which local businesses and other exhibitors benefit from their participation at events staged by the Agricultural Societies should be explored to provide valuable data for promotion and other stakeholder engagement.

#### Summary of Local Benefits

In summary, many local (and other) businesses and local residents benefit from the \$244 Million spent directly by Agricultural Societies and their attendees, including:

- Local businesses and individuals that supply the various goods and services consumed by the Agricultural Societies
- Local hospitality, tourism-related and retail businesses, and others, that receive payment from non-local residents and locals in connection with their attendance at events staged by the Agricultural Society.
- Local residents who are employees of the Agricultural Society or local businesses trading with the Agricultural Society
- Businesses outside the community who supply Agricultural Societies or their attendees with goods and services not available locally
- Onsite spending by attendees becomes revenue for the Agricultural Society and the various exhibitors, businesses and concessions at the event.

## Human Resources

Agricultural Societies are community-focused social enterprises. They are operated by local community members from all walks of life who volunteer their time to serve on their Boards of Directors. Some Agricultural Societies have paid employees supporting management, administration or operations and to accomplish event-specific or facility-specific requirements.

The 2015 financial statements show that human resources expenses consume a cumulative \$10.7 million, constituting 18.5% of Gross Revenue and 21.8% of total expenses. This amount accommodates all human resources expenditure, including direct employees for management, administration, operations and janitorial services, contracted employees, judges and other event specialists, volunteer support, etc.

This research explored the paid and volunteered human resources environment of Agricultural Societies in further detail by detailed analysis of the financial statements and the Activity Reports. Questions were included in the 2017 AAAS survey to contribute further insight into human resources and payroll expenditure beyond that provided in the financial statements.

### Paid Human Resources

The following table categorizes human resources expenditures reported in the financial statements. It is clear that Agricultural Societies are significant employers, although average expenditures indicate they remain frugal in their use of payroll.

Human Resources 2015	Agricultural Societies reporting this expenditure	Cumulative Expenditure	Average per Agricultural Society included
	#	\$	\$
Unspecified "Salaries and wages"	118	6,223,285	52,740
Honorarium	18	35,195	1,955
General management	14	541,691	38,692
Administrative support/Bookkeeping	46	295,282	6,419
Operations	30	604,622	20,154
Janitorial/ Caretakers	58	846,076	14,588
Event related, Security	43	331,438	7,708
Volunteer Appreciation	16	35,159	2,197
Contracted - Management	6	110,571	18,429
Contracted - Operations	33	829,720	25,143
Contracted - Event specific	22	688,586	31,299
Judges, Timing, Instruction, etc..	32	116,742	3,648
<b>Total</b>	<b>237</b>	<b>10,658,367</b>	<b>44,972</b>

It is important to note that 48, or 17% of the Agricultural Societies reported no expenditure on human resources. Those 48 Agricultural Societies are driven and operated exclusively by volunteers.

The financial statements show that Agricultural Societies support a cumulative payroll of \$8.9 million for general management, administration/bookkeeping, operations, facility caretakers, janitors, security and employees engaged for specific event-related jobs. This amount is the direct payroll not including contractors.

Payments to contractors related to management, operations and event specific services accounted for a further \$1.6 million. Additionally, \$117,000 was paid to contracted Judges, Timers and Instructors. A cumulative \$35,000 was paid by 16 Agricultural Societies for Volunteer Appreciation and 18 Agricultural Societies paid a similar amount in Honoraria.

### Direct Employment

The financial statements of 118 Agricultural Societies, or 42% of all Agricultural Societies) report a value for an account called "Salaries and Wages", without further definition. The cumulative value of that account is \$6.2 million. Those undefined expenditures are described in the above table as "Unspecified Salaries and Wages".

Detailed examination of the financial statements suggests "unspecified" salaries and wages are associated with management, administration, facility operations and event delivery activities. Agricultural Societies are encouraged to categorize their "unspecified" human resources expenditure to indicate how they consume this important investment. Some financial statements that reported unspecified "Salaries and wages" expenditure also provided details of additional human resources expenditure. However, the amount shown in the account "Unspecified" is not duplicated in the more detailed analysis.

Separate from the "unspecified" human resources expenditure, the financial statements shows that Agricultural Societies spend a cumulative \$2.62 million on general management, administration/bookkeeping, operations, facility caretakers, janitors, security and employees engaged for specific event-related jobs.

It is presumed that the \$6.2 million categorized as "Unspecified Salaries and Wages" may be allocated to general management, administrative support/bookkeeping, operations, janitorial/caretakers, event related and security jobs with similar distribution to the expenditure reported in the financial statements providing more detailed reporting.

The following table (next page) then performs that re-distribution showing the expected allocation of payroll to those specific categories. It is presumed that the amount reported as unspecified Salaries and Wages is not distributed to categories for Honoraria, Volunteer Appreciation, Contracted employees or Judges/Timers/Instructors.

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<b>Human Resources 2015</b>	<b>Cumulative Expenditure Reported in Financial Statements</b>	<b>Distribution after reallocating "Unspecified"</b>
	<b>\$</b>	<b>\$</b>
Unspecified "Salaries and wages"	<b>6,223,285</b>	-
General management	<b>541,691</b>	1,828,807
Administrative support/Bookkeeping	<b>295,282</b>	996,904
Operations	<b>604,622</b>	2,041,269
Janitorial/ Caretakers	<b>846,076</b>	2,856,444
Event related, Security	<b>331,438</b>	1,118,970
<b>Total</b>	<b>8,842,394</b>	<b>8,842,394</b>

### Contractors and Contracted Employees

The overall category of human resources expenditure also includes contracted employees and event specialists such as judges, timers, instructors, etc.

Contracted employees may be engaged for general management, operational management and operation, or event-specific purposes. Often the application for the contracts is not defined in the financial statements. In this table, the total contracted value of \$1.63 million is as reported overall in the financial statements. Each financial statement was examined to suggest the most appropriate allocation of contracted employees to "management", "operations" and "event specific" categories.

In addition to human resources paid for the leadership, management and operation of the Agricultural Society and its facilities, events and activities, Agricultural Societies engage and pay event specialists to authenticate programming, activities and events. A total of 32 Agricultural Societies specified such expenditure. Expenditure compensated judges, timers, announcers, etc. for events as well as instructors for participants in special activities.

### Honoraria

A small number of Agricultural Societies (18 of the 284 Agricultural Societies) award honoraria to their Board Members or others to compensate them for their time and commitment. In some cases, this is to acknowledge an individual for a specific commitment or service. A small number of financial statements, for example, indicated an honorarium was paid to the Treasurer. Total honoraria reported in the financial statements amounted to just \$35,200 and in most cases the recipient(s) or purpose of the honoraria reported was not defined.

### Survey Data concerning Human Resources

The AAAS 2017 survey was employed to explore further dimensions of the 2015 Agricultural Societies' human resources environment. The survey data suggest that:

- 119, or 42% of the Agricultural Societies have at least one full time employee in a combined category including general management, administrative support, bookkeeping or operations.
- 181, or 64% of the Agricultural Societies have at least one part-time, casual or seasonal employee in that same category (general management, administrative support, bookkeeping or operations)

The following questions (related to categories of employment below) were asked in the survey:

1. First, how many full-time employees or positions did your Agricultural Society pay in 2015 in each of the following categories? If you had one position but had changes in staff in that position, that position would count as 1, not a count of the different number of employees in that position.
2. How many Part Time, Casual or Seasonal employees did your Agricultural Society pay in 2015 in each of the following categories?
3. How many Contracted employees or other human resources did your Agricultural Society pay in 2015 in each of the following categories? Please note: a contracted employee may be, for example, a General Manager paid through contract rather than on salary, a bookkeeper contracted to keep your day-to-day bookkeeping up to date, a janitor contracted to keep your facilities cleaned. Please do not include individual or company contractors such as an electrician contracted to fix an electrical problem, your external accountants who prepare your financial statements, a local business contracted to bring dirt or sand, etc.

In each question, the survey asked for responses for each of the following categories:

- General Management
- Administrative assistance or bookkeeping
- Operations
- Janitorial
- Event specific
- Other
- Total number paid in 2015

Also in each question respondents were asked: "Is the total number of (FULL TIME/PART-TIME-SEASONAL-CASUAL/CONTRACTED) employees or suppliers you have entered more, about the same, or less compared to your 2009 year?"

Projection of survey data (N=129) to the 284 Agricultural Societies suggests that:

- Full time employees:
  - 178, or 63% of the 284 Agricultural Societies had at least one full time employee in 2015
  - There may be 272 full time Alberta jobs among all the Agricultural Societies
  - 60% of these jobs are in general management, administration/bookkeeping or operations; the remaining 40% are janitorial or are event specific
- Part-Time, Seasonal, Casual
  - 201, or 70% of the Agricultural Societies engaged part-time, casual or seasonal employees in 2015
  - There may be 488 part-time, casual or seasonal employees among all Agricultural Societies



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- 52% of these jobs are in general management, administration/bookkeeping or operations and the remaining 48% are janitorial or event specific
- Contracted employees
  - 145, or 51% of the Agricultural Societies had contracted employees in 2015
  - There may be 388 contracted jobs among all Agricultural Societies
  - 41% of these jobs are in general management, administration/bookkeeping or operations and the remaining 59% are janitorial or event specific
  - A large proportion of these jobs are for judges, timekeepers, instructors, announcer or other specialists engaged for rodeos, sales, etc.
  - Some societies (perhaps 17%) engage management services by contract rather than as employees and more than a third (35%) engage administrative bookkeeping services by contract.
- It is noted that 173 survey respondents answered the first question in the survey whereas just 129 provided a positive or negative response to the questions concerning human resources. It is possible that a disproportionately large incidence among the "missing" 44, or 25% of respondents, that did not answer this question because they had no employees and thus the employment projections may be overstated. However, this sensitivity may be unfounded as only 140 responses were received to the preceding question regarding whether or not the Agricultural Society has a Strategic Business Plan.

The following table provides further detail of the survey response data resulting from the questions concerning human resources.

Paid Human Resources profile, 2015 (N=129)	Full Time			Part Time, Casual, Seasonal, Event-related			Contracted			All Agricultural Society employment and contractors
	Positive Responses	Jobs - # reported	Projection to all Ag. Societies	Positive Responses	Jobs - # reported	Projection to all Ag. Societies	Positive Responses	Jobs - # reported	Projection to all Ag. Societies	All categories of employment
Full Time Employment	(N=129)		(N=285)	(N=136)		(N=285)	(N=130)		(N=285)	(N=285)
General Management	20	26	57	13	16	34	11	12	26	117
Administrative assistance or bookkeeping	19	21	46	27	30	63	23	23	50	160
Operations	15	27	60	42	76	159	26	38	83	302
Janitorial	22	23	51	42	49	103	28	31	68	221
Event specific	3	24	53	11	36	75	7	62	136	264
Other	2	2	4	15	26	54	8	11	24	83
<b>Total in 2015</b>	<b>44</b>	<b>123</b>	<b>272</b>	<b>91</b>	<b>233</b>	<b>488</b>	<b>66</b>	<b>177</b>	<b>388</b>	<b>1,148</b>

The following table (next page) shows the response received to the survey question asking about employment trends.

Total number of employees in 2015 compared with 2009	Part		
	Full time	Time/Seasonal /Casual	Contracted
2015 more than 2009	6.2	12.5	6.9
2015 about the same as 2009	89.9	83.8	90.0
2015 less than 2009	3.9	3.7	3.1

The table shows little growth in the number of employees in the six years since 2009.

The survey data shows that among those 44 respondents (34%) reporting at least one full time employee, the average number of employees is 2.8. However, only 23 (18%) of the respondents reported more than one full time employee.

Financial challenges have likely caused some Agricultural Societies to look at reducing their payment for employment as a way to constrain costs. It is anticipated that reduction in employment would negatively affect the benefits the Agricultural Societies are able to deliver for their communities and other stakeholders.

## Volunteers

Agricultural Societies are significantly volunteer driven. More than 52,000 volunteers contributed nearly 590,000 hours, valued at approximately \$8.8 million, to support their local Agricultural Society. The Activity Reports define by event, the number of volunteers and the number of hours they contribute.

The following table summarizes the commitment of volunteers to Agricultural Societies in 2015.

Activity Focus	Number of Activities	Number of Volunteers	Total Hours Volunteered	Volunteers per activity	Hours Contributed per Volunteer	Hours Contributed per Activity
Farmers Market	72	548	11,261	8	21	156
Rodeo	132	5,391	69,263	41	13	525
Horse Events	197	3,519	39,155	18	11	199
4-H	218	2,565	20,568	12	8	94
Farm Safety	42	714	8,631	17	12	206
Meetings (Agriculture)	230	3,731	37,909	16	10	165
Ag Education	84	666	4,808	8	7	57
Livestock Shows	38	635	7,047	17	11	185
Horticulture	36	678	6,122	19	9	170
Cowboy Poetry	8	68	548	9	8	69
Agricultural Issues (e.g., BSER, Ag. Awareness, Consumerism, Drought	23	206	1,028	9	5	45
<b>Total Agricultural Activities</b>	<b>1080</b>	<b>18,721</b>	<b>206,341</b>	<b>17</b>	<b>11</b>	<b>191</b>
Awards, Appreciation Nights	92	934	18,673	10	20	203
Youth/Adult training	100	642	12,365	6	19	124
Scholarships, Sponsorships	85	327	1,427	4	4	17
<b>Total Community Leadership Activities</b>	<b>277</b>	<b>1,903</b>	<b>32,465</b>	<b>7</b>	<b>17</b>	<b>117</b>
Craft Fairs and Sales	71	980	5,878	14	6	83
Trade Shows	34	222	2,180	7	10	64
Community/Economic Development	78	740	12,324	9	17	158
<b>Total Community Economic Growth Activities</b>	<b>183</b>	<b>1,942</b>	<b>20,382</b>	<b>11</b>	<b>10</b>	<b>111</b>
Sports activities	272	4,894	62,256	18	13	229
Fairs	142	5,396	53,833	38	10	379
Meetings (Non-agriculture, e.g., weddings, funerals, showers)	205	1,900	13,347	9	7	65
Miscellaneous Community Events (non-agriculture)	230	2,737	21,305	12	8	93
Seasonal celebrations	153	2,265	13,378	15	6	87
Dances/Dinners	142	3,149	17,889	22	6	126
<b>Total Healthy Community Development Activities</b>	<b>1144</b>	<b>20,341</b>	<b>182,008</b>	<b>18</b>	<b>9</b>	<b>159</b>
Operate/maintain facilities	242	3,836	76,743	16	20	317
Fundraising	149	2,795	22,448	19	8	151
Bingos and Casinos	67	1,343	22,162	20	17	331
Capital Development	41	579	7,682	14	13	187
AAAS	83	398	6,349	5	16	76
<b>Total Agricultural Society Sustainability Activities</b>	<b>582</b>	<b>8,951</b>	<b>135,384</b>	<b>15</b>	<b>15</b>	<b>233</b>
Miscellaneous	115	584	12,625	5	22	110
<b>Grand Total</b>	<b>3381</b>	<b>52,442</b>	<b>589,204</b>	<b>16</b>	<b>11</b>	<b>174</b>

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The contribution of volunteers has extraordinary value for the Agricultural Societies. The following table shows the extent of this value to the Agricultural Societies delivering the listed activities.

Activity Focus	Agricultural Societies Reporting These Activities	Number of Volunteers	Total Hours Volunteered	Volunteers per Agricultural Society reporting this Activity	Hours Contributed per Agricultural Society Reporting This Activity
Farmers Market	58	548	11,261	9	194
Rodeo	84	5,391	69,263	64	825
Horse Events	91	3,519	39,155	39	430
4-H	112	2,565	20,568	23	184
Farm Safety	35	714	8,631	20	247
Meetings (Agriculture)	131	3,731	37,909	28	289
Ag Education	52	666	4,808	13	92
Livestock Shows	24	635	7,047	26	294
Horticulture	29	678	6,122	23	211
Cowboy Poetry	4	68	548	17	137
Agricultural Issues (e.g., BSER, Ag. Awareness, Consumerism, Drought	20	206	1,028	10	51
<b>Total Agricultural Activities</b>	<b>248</b>	<b>18,721</b>	<b>206,341</b>	<b>75</b>	<b>832</b>
Awards, Appreciation Nights	67	934	18,673	14	279
Youth/Adult training	55	642	12,365	12	225
Scholarships, Sponsorships	42	327	1,427	8	34
<b>Total Community Leadership Activities</b>	<b>127</b>	<b>1,903</b>	<b>32,465</b>	<b>15</b>	<b>256</b>
Craft Fairs and Sales	60	980	5,878	16	98
Trade Shows	28	222	2,180	8	78
Community/Economic Development	33	740	12,324	22	373
<b>Total Community Economic Growth Activities</b>	<b>58</b>	<b>1,942</b>	<b>20,382</b>	<b>33</b>	<b>351</b>
Sports activities	99	4,894	62,256	49	629
Fairs	105	5,396	53,833	51	513
Meetings (Non-agriculture, e.g., weddings, funerals, showers)	83	1,900	13,347	23	161
Miscellaneous Community Events (non-agriculture)	126	2,737	21,305	22	169
Seasonal celebrations	99	2,265	13,378	23	135
Dances/Dinners	102	3,149	17,889	31	175
<b>Total Healthy Community Development Activities</b>	<b>243</b>	<b>20,341</b>	<b>182,008</b>	<b>84</b>	<b>749</b>
Operate/maintain facilities	79	3,836	76,743	49	971
Fundraising	81	2,795	22,448	35	277
Bingos and Casinos	35	1,343	22,162	38	633
Capital Development	10	579	7,682	58	768
AAAS	41	398	6,349	10	155
<b>Total Agricultural Society Sustainability Activities</b>	<b>165</b>	<b>8,951</b>	<b>135,384</b>	<b>54</b>	<b>821</b>
Miscellaneous	32	584	12,625	18	395
<b>Grand Total</b>	<b>283</b>	<b>52,442</b>	<b>589,204</b>	<b>185</b>	<b>2,082</b>

On average, each Agricultural Society benefited from an average of 185 volunteers who contributed a cumulative average of 2,082 hours to the Agricultural Society.

If the Agricultural Societies were required to replace their team of volunteers they would not be able to do so with paid employees. At a basic rate of \$15.00 per hour, they would need to find a cumulative \$8.84 million, or an average of more than \$31,000 per Agricultural Society, to fund this additional imputed payroll cost. The financial statement analysis shows resources are not available for this purpose.

The strong and ongoing commitment of volunteers provides further evidence of the importance of the Agricultural Societies to their communities and the extent to which the community is prepared to go to support their Agricultural Society.

In addition to contributing their own time, Agricultural Societies report that volunteers also sometimes contribute financially and they actively promote the Agricultural Societies' events locally and among their non-locally resident friends and relatives.

It is clear that volunteer support is first of all essential to the delivery of an Agricultural Society and secondly it is of an irreplaceable value. The financial statements show that a small number of Agricultural Societies (16 of the 284 included) spent a cumulative \$35,200 on volunteer appreciation. That measure again illustrates the strong commitment of the communities to their Agricultural Society – the volunteers ask for little in return for their commitment of time and energy.

## Unpaid Community Support for the Agricultural Society

Agricultural Societies are strongly supported by local residents and businesses, other local organizations and local government. In addition to the grants provided to the Agricultural Societies by their local municipalities and other local organizations, the Agricultural Societies benefit from a wide range of contributed goods, services and volunteer support.

### Unpaid, Contributed Goods and Services

Discussion with AAAS Board Members and with individual Agricultural Societies revealed that many Agricultural Societies benefit from unpaid support provided by their business community, other organizations, members, volunteers or local government but that many Agricultural Societies do not record or actively acknowledge the value of that contribution.

The research shows this contribution of community support is not reflected in their financial statements and it is not reported as volunteered hours. However, to properly understand and acknowledge the comprehensive support of the local community for the mission of the Agricultural Society it is significantly important to record this contributed value and employ it in communication with key stakeholders.

To explore the importance and value of this contribution further, two questions were included in the AAAS 2017 survey:

1. During 2015, did your agricultural society receive "in kind" goods or services at no cost or significantly discounted cost that were provided by municipalities, local suppliers or contractors, your members or your volunteers as a gesture of support for your Agricultural Society?
2. *(if yes)* In 2015, what was the approximate value of contributed goods or services you received from municipalities, local suppliers or contractors, your members or your volunteers?

Survey data ((N=167) revealed that 68% of the responding Agricultural Societies received unpaid benefits of this nature. Discussion with Agricultural Societies indicated this valuable community support can be given in many forms. Examples provided by the Agricultural Societies include delivering, levelling or removing sand or gravel for events, repairs and maintenance costs (e.g., electrical needs, fencing repairs), transportation, administrative assistance and support, etc.

Of the 113 Agricultural Societies that reported they receive this benefit, just 73 were able to identify a value for the benefit they received in 2015. Their cumulative response was \$1.56 million. Extending this to a projection for all 284 Agricultural Societies ( $284 \times 0.677 \times (\$1,561,178 \div 73)$ ) indicates a cumulative value in excess of \$4.1 million was likely contributed to the Agricultural Societies by their communities as a gift, outside of formal business relationships. The Agricultural Societies' financial statements show that this strong contribution could not be offset from their available financial resources.

Adding this unreported value to the value of grants received from Local Government (reported as \$3.8 million in the financial statements) suggests the overall local community contribution may reach \$7.9 million.

Further, the financial statements report an additional \$4.5 million in "Donations, Sponsorships, Fundraising". Therefore, the overall community support accruing to Agricultural Societies in 2015 may have been as high as \$12.4 million.

The survey shows that 24 (21%) of the Agricultural Societies that acknowledged receiving unpaid goods and services of this nature were unable to provide a value for the benefit. It may be appropriate for the Agricultural Societies without that knowledge to consider the value of understanding the real value of their community's contribution in order to enhance communication and build stronger supporting relationships.

## Focus on Growth

Prior notes in this report show that Agricultural Societies deliver programming, facilities and opportunity for the benefit of their communities. That benefit is supported in turn by strong financial contribution and contributed labour and goods and services by individuals, businesses, organizations and local and regional government in their communities. There is a relationship of strong mutual support between Agricultural Societies and their communities. That cements an extraordinary opportunity for the Agricultural Societies to join with their key stakeholders to intensify their focus on growth for the benefit of their communities.

"No-growth" for the Agricultural Society actually constitutes negative economic growth. Local, regional and provincial populations grow and become increasingly mobile and connected with communication. Businesses grow to continue to maintain their market share and to meet ever increasing operating costs. Agricultural Societies should also focus on growth with their community partners in order to keep up and to maintain their stature as one of the leaders in the community. Growth is also essential for Agricultural Societies to maintain satisfactory relationships with their valuable business partners and other stakeholders as they evolve and grow.

Agricultural Societies have good partners in the delivery of their events. The 2017 AAAS survey asked: *"How satisfied do you believe your exhibitors, suppliers and sponsors are with the benefit they gain from participating in your events? Please select one response only"*

The response was positive. Among the 138 responses to this question 123, or 89% of all respondents reported their partners are "Very satisfied" or Somewhat satisfied". Those able to provide an assessment indicated the satisfaction of their partners as follows:

- 56% "Very Satisfied"
- 43% "Somewhat satisfied"
- 1% "Somewhat not satisfied"
- 0% "Not satisfied or complaining"

10% of all responses reported "Don't know". The business partners of the Agricultural Societies can provide valuable insight to operations and planning and it is strongly recommended that Agricultural Societies work actively and enthusiastically with their business partners to integrate their insight and participation into ongoing operations and planning.



## Future Direction

Strategic Business Planning brings focus to defining and pursuing the future direction of the Agricultural Society. It also provides a framework to evaluate how well the organization is taking advantage of its opportunities and addressing its challenges. All Agricultural Societies are required to have a strategic business plan.

The 2017 AAAS Survey asked Agricultural Societies if they have a three year Strategic Plan. Of the 139 responses received to this question 121, or 87%, indicated they have a Strategic Plan. It appears, therefore, that if the remaining 13% of respondents do, indeed have a Strategic Business Plan the plan is not front of mind and likely is not used to set direction and evaluate progress. It is possible that some respondents indicating they do not have a strategic plan do not describe their strategic business plan as a strategic plan.

The survey asked respondents who said they have a Strategic Plan if their Board of Directors actively uses the three-year Strategic Business Plan to guide their direction and priorities and to assess their achievements and progress. Among those 122 respondents, 37% reported they use their plan and 61% said they "sometimes" use their plan for that purpose. Three respondents said they do not use their Strategic Business Plan.

It may be appropriate for AAAS to continue to assist Agricultural Societies to understand the value of focused planning and to take the best advantage of this valuable strategic tool as a way to optimize future direction and address barriers and constraints.

## Discussions with Agricultural Societies and the AAAS Board

During the 2017 AAAS Convention a series of interviews and focus group discussions took place to address qualitative issues that cannot be viewed through the financial statements and activity reports. The 2017 AAAS survey of Agricultural Societies explored some of these issues in further depth and details of the survey response are presented elsewhere in this report.

The following notes summarize key issues raised or explored during these discussions. They provide insight that may lead to further enhancement of the benefits that Agricultural Societies deliver for their communities. Comments below also offer opportunities for AAAS to consider in its ongoing planning on behalf of Agricultural Societies. Several verbatim comments made by participants in these discussions are also included.

These notes are organized into three categories:

- Individual Agricultural Societies
- The Community of Agricultural Societies
- Further perspective.

### Individual Agricultural Societies

This discussion first addresses conclusions from the discussions that may be addressed directly by individual Agricultural Societies.

### Agricultural Society Fears, Concerns, Challenges

Participants discussed the factors that constrain their exploration of new opportunities and their decision making and commitment with respect to new initiatives. Simply put, what holds them back.

Agricultural Societies said they were concerned about lack of confidence that may inhibit their future direction, consequently influencing their ability to optimize their delivery for their communities. They were concerned that financial insecurity resulting from economic changes in Alberta limits investment and decision-making.

They noted that in some cases their own attitudes limit progress. Participants agreed:

*"Shortage of time is NOT an excuse!"*

### Financial/Administrative Challenges and Barriers

Addressing financial and administrative constraints, the participants discussed the crucial importance of building a strong financial model.

A participant described their positioning in their community as the "heart of the community". However, they noted the Agricultural Society needs to be able to operate in a simpler model.

Participants were seriously concerned that they are consumed by more and more paperwork, including lots of overlap. They said an increasing amount of time is spent on government, budgets, etc., and that takes away the time and focus available for the Agricultural Society to pursue its real mission in the community. The Agricultural Society introducing that topic has a staff person, but does not have sufficient resources to deal with the consuming bureaucratic process – and, they say, progress suffers.

Participants debated the position that "Grants are not enough" They discussed the fact that 2/3 of the revenue of most Agricultural Societies is from earned income and 1/3 from grants. They concluded that grants are to sustain the operations of the Agricultural Society and to build awareness; "Grants are like seed money". They agreed they need to focus on expanding their access to earned revenue streams from community stakeholders and audiences.

The participants explored the challenge of motivating the community to participate financially. They agreed it takes the right person from the Agricultural Society and they must engage the right champions in the community to achieve this. A participant had attended a "Strength Finding" workshop and suggested this may be a good way to identify the "right person". They completed a work book and the facilitator analyzed strengths.

Direct, casual contact is the simplest way to initiate relationships in smaller communities where community motivators are well known. Otherwise, referrals or introductions carry weight.

#### Agricultural Society Board Structure and Priorities

The participants agreed the Agricultural Society Board must be structured with appropriately qualified and well-connected members in order to be able to pursue a more focused and intense vision. They agreed it is essential to be strategic in Board recruitment, pursuing specific people with specific strengths to be properly positioned to drive the Agricultural Society's mission.

They agreed this allows for new connections to be made and promotes new vibrancy and visibility for the Agricultural Society in the community. All effort by the Agricultural Society must be focused to pursue advancement of its contribution to the community.

Several of the Agricultural Societies included in these discussions had renovated their Boards of Directors in recent years in order to achieve stronger positioning. A participant illustrated this point by explaining that through six years of persistent focus and consistent teamwork with other community leaders/stakeholders, their Board is now making progress in their community.

The participants agreed that succession planning is essential to the continuing direction of the Agricultural Society, but the Agricultural Society must bring on new Board members before losing the previous ones to avoid losing valuable knowledge and resources.

Further, the participants stressed that the Board must learn from younger generations. They are the future market. They can communicate with their peers and they know what they want. They bring new vision and enthusiasm – but it is essential that they are allowed to be leaders and to participate actively in setting and pursuing new direction.

#### Motivation for Community Financial Support

The participants noted the importance of understanding clearly the nature and motivation of community financial support for the Agricultural Society. They must distinguish between sponsorship and marketing as this affects their ability to motivate contributors.

The participants suggested changing the label “Sponsorship” to “Partnership” in business relationships to elevate importance of pursuing mutual goals. They said it is important to change their sponsorship/partnership package annually to retain these donations.

They also said it is important to address the topic of donations to other organizations. Some of these donations are to compensate other community organizations for providing their volunteers for Agricultural Society events. However, more general donations may affect sponsorship and contributions as some contributors don't like the recipient “re-granting” their contribution. It is important to understand the motivation of donors and other stakeholders to avoid losing them.

### Key Strategies and Priorities for Agricultural Societies

Through these discussions, the participants proposed several key strategic priorities for Agricultural Societies. Several of these priorities focused on stakeholder and community partner engagement:

- Invite Board Members of other orgs to come to Agricultural Society Board Meeting to talk about their vision and priorities, their view of the future direction and needs of the community and their perception of opportunities to be pursued
  - Also reverse this initiative by one or two Agricultural Society Board Members attending the Board Meetings of other organizations for a similar discussion
  - It is acknowledged that many local organization share several members on their Boards of Directors, but those individuals are focused on the “hat they are wearing” at Board Meetings. Therefore, other Board Members should drive this initiative.
- Meet with key stakeholders quarterly to optimize close engagement and mutual support.
  - Stage mini focus group discussions in the community to discuss future needs, opportunities and expectations
  - This will contribute stronger focus to future Strategic Business Planning for the Agricultural Society and elsewhere in the community
  - It will lead to employing joint initiatives and resources to pursue priorities.
- Learn “How things are what they are” through strong engagement with key stakeholders and community organization leaders.
  - Communities that build together stay together. This is a traditional role for Agricultural Societies and should be a future over-riding priority.
- Promote the value of “community” and getting together.
  - The Agricultural Societies should understand the importance of community engagement and promotion of the Agricultural Society and take action to pursue it.
- Open communication and discussion with the key stakeholders in the community.
  - Many stakeholders are not sufficiently aware of the Agricultural Society, its strategic priorities and its capability.
  - Determine who the key stakeholders in the community are (community leaders, politicians, key business people, key communicators, “Champions”, leading organizations, etc.)

### Key Examples

Several examples were provided by Agricultural Societies to illustrate or qualify these notes:

- (*Agricultural Society*) Developed a carefully crafted numerical argument regarding spending at a rodeo event. Gave it to the Chamber of Commerce, who in turn contributed to pursuing the municipality and “the world changed overnight”
- Benefits of a “new” Board for the Agricultural Society are its ability to escape a stagnant mold (*Agricultural Society example*)

- *(Agricultural Society)* Works with lots of community groups to pursue locally important initiatives. Everyone is on multiple Boards. They work together as a one. For example, an Agricultural Society event has 10-12 other groups as partners. The joint projects are generally to do with community events, beautification, quality of life, etc.
- *(Agricultural Society)* Board is making progress since re-starting as an Agricultural Society 8 years ago. After six years of hard work the Agricultural Society is more visible in the community. The Board members were selected because of their "octopus" connections with other community groups. Wide age range. Prior Board had run the Agricultural Society as a festival and used it as a money machine.
- Agricultural Societies bring thousands of people and thousands of dollars to town. For the (Agricultural Society) Rodeo, 60% of attendance is from out of town.

### The Community of Agricultural Societies

The Agricultural Societies discussed several key topics and priorities that may influence the future strategic direction of Agricultural Societies in Alberta. These priorities may be addressed on a province-wide basis.

### Key Industry-Wide Challenges and Strategies

The participants discussed the strategic question: "Does growth matter?"

- Participants agreed growth is crucial. Agricultural Societies must target new populations and opportunities. "Give them what they want".
  - Zero growth constitutes slipping behind
    - Community business partners have to grow to keep up. If the Agricultural Societies want to retain them as partners they must see the Agricultural Society achieving growth too.
    - Costs of operation increase and earned revenue must keep up.
    - The changing nature of population requires Agricultural Societies to pursue new direction in programming and priorities in order to remain inclusive and relevant.
- AAAS can motivate Agricultural Societies to keep focused on key priorities
  - It is suggested AAAS set up a program to remind Agricultural Societies of various regular priorities
    - This may be accomplished by sending a Monthly or Quarterly email to all Agricultural Societies suggesting a current priority for the Board or Administrator to address. It is suggested topics identified could be anything that should be a priority. "That may get them on it."

### Awareness

The participants discussed the important challenge of raising awareness of Agricultural Societies. They agreed this is a most important issue but addressing it is challenging.

- Agricultural Society Boards are made up of humble, rural people who have great pride internally in what they accomplish. They do not boast. It is crucially important to help them see the value of sharing their pride.
  - AAAS can help Agricultural Societies to see why this is important and how to achieve it in a cooperative and positive way in the community.
- Some communities may not know what the Agricultural Society does
  - If the community does not understand the value and benefits delivered by the Agricultural Society, enhanced communication and community teamwork can change that.
- The Agricultural Society is among the larger businesses in many communities but most people are not aware of that. The result is lower esteem and support for Agricultural Society.
  - The Agricultural Society is a significant provider of programming and facilities – and it attracts significant amounts of cash for the benefit of the community
  - Financial and economic benefits for the community result from grants, spending by non-residents attending events, provision of facilities to support local needs, etc.

#### Opportunities for AAAS

The preceding points suggest opportunities for AAAS to develop industry-wide strategies to drive and support progress. Other opportunities and priorities for AAAS were also raised:

- Examine branding to review relevance in today's changing business environment
  - One participant indicated they are concerned at changing identity
- Help Agricultural Societies to conduct fundamental research
- Promote understanding of the importance of growth for Agricultural Societies to maintain their role as community partners
  - Growth must be comprehensive, including vision, creativity, relationships, deliverables, financial resources, etc.
- Set up and promote a Best Practices page on the website and app. Agricultural Societies must share their successful (and not successful) approaches and their achievements.
  - This must be topical and must be accessible to AAAS members.
  - Other Agricultural Societies and community/regional stakeholders and residents will see these announcements and should be encouraged to explore how they may be applied locally.
- Agricultural Societies need an avenue to talk about their successes and learn from the achievements and innovations of other Agricultural Societies:
  - AAAS should establish an approach for Agricultural Societies to provide and communicate this.
  - AAAS should assemble and use this information to motivate Agricultural Societies and for wider scale communication.
- Agricultural Societies must understand and promote “cause and effect” relationships for enhancing community benefits

- Reinststate service partner area or resource page on the AAAS website to promote service partners and provide better access for Agricultural Societies
- Elevate awareness of the AAAS and Agricultural Societies' websites and create apps for various kinds of (potential) users
  - Add an "Accomplishments" segment to the AAAS Website/App/FB page, with direct links from Agricultural Societies websites, and encourage Agricultural Societies to post their major accomplishments regularly.
    - The benefit is that they remind the Board and volunteers of these accomplishments.
  - Community partners and local residents and businesses accessing Agricultural Society website will see innovation and creativity and become more familiar with the opportunities of Agricultural Societies.
  - AAAS may need to actively stimulate use of this tool by Agricultural Societies.
- Agricultural Societies hope to see a more visible AAAS.
  - AAAS should visibly pursue external priorities that help the Agricultural Societies address their local and industry-wide challenges.
  - Examples included communication, local community engagement, province-wide awareness.
- Need to update the reporting system to AAAS and AAAS reporting to members to make it more valuable
  - Update templates - but make sure people use them!
- AAAS is well respected among the Agricultural Societies. The participants in several discussions volunteered comments such as *"Have to take your hats off for Tim and Lisa"*.

#### Regional meetings:

Regional Meetings offer great potential for Agricultural Societies to directly engage both each other and AAAS. AAAS always needs to engage its members about their challenges and opportunities and those of Agricultural Societies in general. The Regional Meetings provide a good opportunity to do this. The participants made several suggestions to associate additional value with the Regional meetings.

- Need to add some key topics on the Regional Meeting agendas (e.g., "how to's" for specific issues, topical reminders and discussions about key industry priorities, etc.).
- Hold focused discussion about how to understand the true extent of the community's contribution to the Agricultural Society.
- Add a component to discuss how to communicate the real value of the economic contribution of the Agricultural Society in the community.
- Add a presentation and facilitate discussion to explore one or two relevant "best practices" at each Regional Meeting.
- To enhance knowledge and expand consolidated teamwork, consider making attendance by a Board Member at a Regional Meeting a condition before receiving the annual grant.



- AAAS may need to discuss with Regional Directors how to optimize the value of these additional facets of Regional Meetings and to motivate Agricultural Societies to participate.

## Quantifying Benefits

Several aspects of the value and contribution of Agricultural Societies to their communities are not well documented at the level of many individual Agricultural Societies. That directly limits the ability of AAAS and the Agricultural Societies to communicate these benefits in community and province-wide engagement. Examples include:

- The number of events reported in the Activity Reports
- The true extent of community support
- Human resources
- Community support delivered by the Agricultural Society by providing facilities at free or at discounted rent for selected community organizations
- Direct expenditure by the Agricultural Society in the community
- Spending by non-residents (including the portion of spending by non-residents that accrues to the Agricultural Society, thus directly contributing to funding the Agricultural Society for the eventual benefit of the local community users
- The way in which grants from the Alberta Government and Government of Canada offset expenses and support capital expenditure for the benefit of the community
- Benefits accruing to tenants and exhibitors using the Agricultural Society facilities
- Etc.

AAAS can help Agricultural Societies understand why it is so important to record and communicate these “lost” measures are. Several opportunities exist to clarify these valuable measures:

- Help Agricultural Societies to understand how to quantify key factors, including
  - Spending of exhibitors, artists, competitors, etc.
  - Spending of setup and tear down crews
  - Major transactions resulting from, or supported by attendance (e.g., equipment sales, etc.)

## Research Needs

New research may be appropriate to explore these topics in order to contribute valuable data to planning, communication, negotiation, stakeholder engagement and partnership development:

- Attendee research
  - Attendee counts
  - Origin of attendees
  - Attendee spending
  - Where people spend money



- Research methods
  - Ways to address lost quantitative measures
- Community Benefits
  - The facilities and programming offered by Agricultural Societies have continued to encourage gatherings and community spirit and cohesiveness.
    - Without the Agricultural Society the community would become increasingly isolated. The Agricultural Society brought and kept the pioneers together.
  - Agricultural Societies need to focus on “how things are what they are” and work on “build together - stay together” philosophies.
- Market knowledge
  - Bring urban and rural communities together to understand more clearly each other's values and aspirations and the difference between them and how the Agricultural Society can build stronger awareness
  - Explore opportunities for the Agricultural Societies and the communities to work together for mutual benefit based on that knowledge.
- Business and other community economic benefits
  - Help Agricultural Societies to measure and report their extensive two-way economic interaction with their community at the local level.

There's a reality: many Agricultural Societies are very small and narrowly focused with perhaps one or two small facilities (e.g. a small community centre and/or a small arena) and believe they have little opportunity to do more than they do and insufficient resources to pursue stronger direction

- But most have some opportunity to increase the benefits they generate for their community simply for the benefit of the Agricultural Society and the community.

## A Broader Perspective

This section of the report incorporates key findings from this research and from similarly-focused 2014 research conducted for Alberta's seven Regional Agricultural Societies (ibid). Alberta's Regional Agricultural Societies are also Not-For-Profit Societies that provide facilities and programming and support a wide range of initiatives for the benefit of their communities, regions and for Alberta.

With the support of the Regional Agricultural Societies, the following table and notes summarizes the combined scope of the Primary plus Regional Agricultural Societies.

The value of Primary and Regional Agricultural Societies to Alberta	Primary Agricultural Societies 2015 data	Regional Agricultural Societies 2014 data	Total*
Number of events staged directly by the Ag. Societies	3,381	235	3,616
Number of events staged by tenants in Agricultural Society facilities	5,072	2,544	7,616
Attendance at events staged directly by the Ag. Societies	1,660,528	1,212,493	2,873,021
Attendance at events staged by tenants at the Agricultural Societies' Facilities	2,272,660	2,384,542	4,657,202
<b>Total attendance at Agricultural Society facilities</b>	<b>3,933,188</b>	<b>3,597,035</b>	<b>7,530,223</b>
Attendee spending in connection with Agricultural Societies' own events	86,964,125	44,223,231	131,187,356
Attendee spending in connection events staged by tenants	119,010,851	94,624,103	213,634,954
<b>Total attendee spending</b>	<b>205,974,975</b>	<b>138,847,334</b>	<b>344,822,309</b>
Number of employees	1,148	1,099	2,247
Number of volunteers	52,442	4,254	56,696
Number of volunteer hours	589,204	89,220	678,424
<b>Human resources expenditure</b>	<b>10,658,367</b>	<b>12,093,803</b>	<b>22,752,170</b>
<b>Replacement value of capital assets</b>	<b>1,140,000,000</b>	<b>260,000,000</b>	<b>1,400,000,000</b>
Revenue earned from programming and activities	22,289,337	23,989,010	46,278,347
Rental revenue earned	10,073,280	6,457,525	16,530,805
Grant revenue secured	18,917,551	4,958,011	23,875,562
Total other revenue	6,445,795	7,966,232	14,412,027
<b>Total revenue</b>	<b>57,725,963</b>	<b>43,370,778</b>	<b>101,096,741</b>
Expenditure on programming and activities	20,074,302	16,527,271	36,601,573
Expenditure on administration and human resources	11,971,686	13,366,547	25,338,233
Expenditure on repairs, maintenance and utilities	12,198,312	5,001,394	17,199,706
Expenditure on external expenses	4,606,699	1,809,965	6,416,664
<b>Total expenditure, not including amortization and capital projects</b>	<b>48,850,999</b>	<b>36,705,177</b>	<b>85,556,176</b>
<b>Estimated direct spending by the Agricultural Society in local communities</b>	<b>36,638,249</b>	<b>26,060,676</b>	<b>62,698,925</b>
<b>Economic Benefits for Alberta</b>			
Total initial spending by Agricultural Societies plus spending by attendees in connection with their events and others' events staged at the Agricultural Society facilities	243,516,622	142,505,731	386,022,353
Estimated increase in GDP stimulated	254,278,687	149,291,254	403,569,941
Gross output	582,362,803	332,846,926	915,209,729

\* NB: Due to differing methodologies and base years the columns may not be directly comparable

## Alberta Association of Agricultural Societies Community and Economic Benefits of Alberta's Primary Agricultural Societies, 2015

The seven Regional Agricultural Societies are:

- Camrose Regional Exhibition & Agricultural Society
- Grande Prairie Regional Agricultural and Exhibition Society
- Lethbridge & District Exhibition
- Lloydminster Agricultural Exhibition Association
- Medicine Hat Exhibition & Stampede
- Westerner Exhibition Association
- Olds Agricultural Society

Alberta's Primary and Regional Agricultural Societies serve residents throughout urban and rural Alberta and visitors from other Provinces, the US and overseas. Significantly, many residents of Edmonton and Calgary attend Agricultural Society events to enjoy the opportunities and experience of less-urban events and activities. Others are motivated to attend by nostalgia, to learn about more rural and agricultural lifestyles or for exhibitions, meetings, trade shows, personal events, competitions or entertainment.

### Events and Facilities

The Primary and Regional Agricultural Societies directly staged a cumulative 3,600 events. Further, other organizations, businesses and individuals staged 7,600 events as tenants in the Agricultural Society facilities.

Cumulative attendance at events staged at the Agricultural Societies' facilities is estimated to be 7.5 million, including attendance at 2.9 million events staged by the Agricultural Societies themselves and 4.7 million at events staged by others, as tenants, using the facilities of the Agricultural Society.

It is estimated that total spending by local residents and visitors attending events at the Agricultural Societies' facilities amounts to a cumulative \$345 million, of which 38% results from events staged directly by the Agricultural Societies and 62% from activities staged in the facilities of the Agricultural Society by a wide range of local, regional and other tenants of the Agricultural Societies' facilities.

In many cases the events delivered by others using the facilities of the Agricultural Society could not take place in the community because alternative facilities are not available. Without these facilities, these organizations and the Agricultural Societies themselves would not be able to be able to stage the events that pursue healthy communities, economic development and business growth. Access to larger events and expanded business opportunity would be lost to the community if these important facilities were not available.

The facilities are valuable infrastructure throughout Alberta. In a 2016 report, Foster Park Brokers Inc. of Edmonton AB stated that the cumulative replacement value of the insured assets of the Primary and Regional Agricultural Societies was \$1.4 Billion. It is of great importance that the Agricultural Societies maintain their focus on delivering the facilities in good and safe condition and that they keep the facilities up to date.

Most Agricultural Societies are important businesses in their marketplace. Overall, the Primary and Regional Agricultural Societies generated cumulative gross revenue of \$101 Million, of which \$46 Million (46%) was generated as earned revenue from programs, events and activities and \$17 Million (16%) was rental revenue, paid by the many tenants of the Agricultural Societies' facilities. Grant revenue, primarily sourced from Alberta Lottery Fund programs and Local Governments, accounted for \$24 Million (24% of gross revenue). Most Agricultural Societies also provide access to their facilities free or at discounted rental rates for eligible community organizations meeting selective criteria.

The Primary and Regional Agricultural Societies spent a cumulative \$37 million to stage programming, events and activities (36% of gross revenue). Other key expenditure categories included maintaining their administration and human resources programs (25% of gross revenue), repairs and maintenance and utilities (17%) and 6% for external expenses such as insurance and professional fees.

The Primary and Regional Agricultural Societies reported a cumulative human resources expenditure of \$22.8 million, supporting 2,300 employees in full time and part time positions focused on management and administration, operations, facility management and events. Further, they estimate a total 57,000 volunteers contribute 680,000 hours to the planning and delivery of the programming and events delivered by the Agricultural Societies.

Estimates of volunteer contribution may be understated due to differing approaches employed to record the number of volunteers provided under agreements with other community organizations to assist the Agricultural Societies to stage their events. Further, while increasing employment may result in the need for less volunteers, the Agricultural Societies are not in a position to hire paid employees to offset the value contributed by their volunteers.

The Agricultural Societies spent a cumulative \$17.2 million on repairs and maintenance and utilities, not including the associated human resources component. That expenditure is to continue providing facilities that are safe and suitable for the needs and expectations of local, regional and other residents and businesses, a very wide variety of community and other organizations, governments and individuals.

The direct expenditure of Agricultural Societies on operations and administration, maintenance and capital projects and spending by local and visiting attendees in connection with their attendance amounted to cumulative \$386 million. Applying Alberta Treasury Board and Finance and Statistics Canada modelling, this is estimated to drive an increase in Alberta's GDP of an estimated \$404 million. Gross production, reflecting the value of sales at both direct and indirect levels of economic impact, is estimated to total \$915 Million.

## Key Trends

This section of the report shows trends observed by comparison of data for 2009 and 2015. This analysis is based exclusively on the 186 Agricultural Societies whose financial statements were provided for both 2009 and 2015. In 2009 Agricultural Societies were required to volunteer their financial statement for analysis but for 2015 all financial statements were included.

Critical changes identified from 2009-2015 among the control group of 186 Primary Agricultural Societies include:

- Current liabilities had increased (by 91%) significantly faster than current assets (by 12%) although liquidity remains.
- Earned revenue generation increased by 10%,
  - Revenue from programs, events and activities increased by only 4%, likely due to only marginally increased estimated attendance
  - Rental revenue increased by 57%
  - Revenue from investments declined by 33%, as the cumulative value of investments has decreased, most likely as a result of Agricultural Societies liquidating investments to keep up
  - Only 68% reported positive revenue remaining after expenses
  - Cumulative excess of gross revenue remaining after operating expenses decreased by 10%
  - Revenue from membership fees doubled.
- Expenditures increased (at 16%) faster than revenue (at 10%)
  - Human resources expenditure was up by 45%
  - Donations to other organizations were up 64%, partly due to motivating community organizations to provide their volunteers for events
  - Repairs and maintenance were up 12%
  - Insurance was up 23%
  - Professional fees and accounting were up by 20%.
- Only 47% showed positive growth in 2015 over 2009.

It appears that the financial security of Agricultural Societies is becoming increasingly challenging. Agricultural Societies must focus increasingly on generating sufficient revenue to maintain their operations and facilities into the future. It is clear that many less "profitable" Agricultural Societies could not withstand reduction in grant support. Those Agricultural Societies with negative revenue remaining after expenses must pursue more aggressive financial strategies.

It is clear from the research that the more progressive Agricultural Societies have built stronger and more productive partnerships with their communities' local government, community

organizations, corporations and businesses and others. Agricultural Societies can't do this alone – they must build strong and clearly focused working relationships with key partners and champions in their communities in order to remain positioned as a part of their community's leadership team.

### Comparative Balance Sheets

Analysis of the cumulative Balance Sheets of these Agricultural Societies for 2009 and 2015 shows that while Current Assets have increased by 12%, Current Liabilities have increased by 91%. Revenue from investments has declined by a third, despite increased bank interest rates. This may be as Agricultural Societies either liquidate investments to fund new facilities or renovations or to offset increasingly challenging financial circumstances. This erosion of liquidity is of concern for future planning.

2015 Financial Statements - Control Group of 186 Agricultural Societies.	2009 Cumulative (N=186)	2009 Average if included	2015 Cumulative (N=186)	2015 Average if included	\$ Change 2009-2015	% Change 2009- 2015
<b>Assets</b>						
Current Assets	24,965,676	141,049	27,844,783	154,693	2,879,107	12%
Capital Assets	96,250,408	673,080	108,720,620	851,323	12,470,212	13%
<b>Total Assets</b>	<b>121,216,084</b>	<b>684,837</b>	<b>136,565,403</b>		<b>15,349,319</b>	<b>13%</b>
<b>Liabilities</b>						
Current Liabilities	3,871,439	25,983	7,411,211	46,032	3,539,772	91%
Long Term Debt, deferred capital	7,357,362	138,818	10,288,629	277,901	2,931,267	40%
<b>Total Liabilities</b>	<b>11,228,801</b>	<b>74,859</b>	<b>17,699,840</b>		<b>6,471,039</b>	<b>58%</b>
<b>Members' Equity</b>						
Invested in Capital Assets	86,006,749	682,593	77,777,748	785,634	- 8,229,001	-10%
Other Restricted	1,959,801	54,439	2,748,060	56,083	788,259	40%
Unrestricted	22,020,733	131,076	38,339,755	229,579	16,319,022	74%
<b>Total Member's Equity</b>	<b>109,987,283</b>	<b>621,397</b>	<b>118,865,563</b>	<b>664,053</b>	<b>8,878,280</b>	<b>8%</b>
<b>Total Liabilities and Members' Equity</b>	<b>121,216,084</b>	<b>684,837</b>	<b>136,565,403</b>		<b>15,349,319</b>	<b>13%</b>

"Long Term Debt and Deferred Capital" has increased by 40%. However, this may be associated with capital grants being deferred for future use. Further, while total Members' Equity has increased by 8% as a proportion of Total Assets it has declined from 91% to 87%.

The value of Capital Assets (including "Property and Equipment" and "Investments") has increased by 13%. Total Assets exceed Total Liabilities by a healthy margin (2.4:1). However, while this ratio appears to have been significantly eroded since 2009 it is likely the main cause is changing treatment of capital as more Agricultural Societies modify their reporting methods. It may also be a function of increasingly professional accounting standards in the 2015 financial statements.

### Statements of Revenue and Expenses

The following table shows changes in the operating performance of Agricultural Societies between 2009 and 2015.

<b>2015 Financial Statements - Control Group of 186 Agricultural Societies.</b>	<b>2009 Cumulative (N=186)</b>	<b>2015 Cumulative (N=186)</b>	<b>\$ Change 2009-2015</b>	<b>% Change 2009- 2015</b>
<b>Revenue</b>				
Active Income Generation	17,885,806	19,634,250	1,748,444	10%
Grant Revenue	10,433,668	11,510,071	1,076,403	10%
Miscellaneous Revenue	335,021	343,069	8,048	2%
<b>Total Revenue*</b>	<b>28,654,495</b>	<b>31,487,390</b>	<b>2,832,895</b>	<b>10%</b>
<b>* Not including deferred contributions</b>				
<b>Expenses</b>				
Expenses Related to Programs and Activities	10,433,327	10,996,637	563,310	5%
Internal Support Expenses	4,218,460	5,687,233	1,468,773	35%
Facility Operation and Maintenance	6,479,538	7,190,207	710,669	11%
Externally Levied Expenses	1,967,727	2,822,175	854,448	43%
<b>Cumulative Expenses (Not including amortization or Capital Expenditures)</b>	<b>23,099,052</b>	<b>26,696,252</b>	<b>3,597,200</b>	<b>16%</b>
<b>Excess of Revenue over Expenses</b>	<b>5,555,443</b>	<b>4,791,138</b>	<b>- 764,305</b>	<b>-14%</b>
<b>Capital Programs</b>	<b>3,591,879</b>	<b>3,948,404</b>	<b>356,525</b>	<b>10%</b>
Capital expenditures	2,553,623	1,458,435	- 1,095,188	-43%
Amortization and Depreciation	1,038,256	2,489,969	1,451,713	140%

The table shows that expenditures have increased faster than revenue. Cumulative revenue (not including deferred contributions) from all sources has increased by 10% while cumulative expenses (not including amortization or capital expenditures) has increased by 16%. Consequently, the excess of revenue after expenses has decreased by 10%

Combined with the erosion of net liquid assets, this decrease is somewhat alarming. It appears Agricultural Societies have been increasingly challenged to fund a combination of increasing external costs over which the Agricultural Societies have little control, coupled with increasing internal support expenses.

Agricultural Societies need to pursue additional revenue from operations to offset these trends. It is suggested Agricultural Society Boards address this critical issue by actively pursuing enhanced engagement with their stakeholders to build strong community participation in driving the Agricultural Society forward. The goal would be to deliver updated, more focused programming resulting from deeper and more visible engagement with local residents and businesses.

The following table presents comparative cumulative Statements of Revenue. The table shows that Active Income Generation and Grant Revenue among this control group have increased at the same rate – both increased by 10% from 2009 to 2015.

<b>2015 Financial Statements - Control Group of 186 Agricultural Societies.</b>	<b>2009 Cumulative (N=186)</b>	<b>2015 Cumulative (N=186)</b>	<b>\$ Change 2009-2015</b>	<b>% Change 2009- 2015</b>
<b>Revenue</b>				
<b>Active Income Generation</b>	<b>17,885,806</b>	<b>19,634,250</b>	<b>1,748,444</b>	<b>10%</b>
Earned Revenue from Operations	11,442,619	11,945,511	502,892	4%
Rental Income	2,781,624	4,365,378	1,583,754	57%
Donations, Sponsorships, Fundraising	3,282,004	2,911,423	- 370,581	-11%
Interest Income	278,537	186,056	- 92,481	-33%
Memberships	101,022	225,882	124,860	124%
<b>Grant Revenue</b>	<b>10,433,668</b>	<b>11,510,071</b>	<b>1,076,403</b>	<b>10%</b>
Ag. Society Grant (ALF)		5,256,376		
Local Government Grants		2,263,132		
Government of Canada Grants		44,462		
Unspecified Grants		3,946,101		
* Sources include Alberta Government, Local Governments, Government of Canada, Corporations, Community Organizations, etc.)				
<b>Miscellaneous Revenue</b>	<b>335,021</b>	<b>343,069</b>	<b>8,048</b>	<b>2%</b>
GST recovery	8,282	17,032	8,750	106%
Other revenue	326,739	326,037	- 702	0%
<b>Total Revenue**</b>	<b>28,654,495</b>	<b>31,487,390</b>	<b>2,832,895</b>	<b>10%</b>
<b>** Not including deferred contributions</b>				

The increase in active revenue generation among this control group was driven predominantly by strongly increased rental revenue, up 57%. A larger number of Agricultural Societies (148 compared with 137 in 2009) reported rental revenue. It is possible that changes in the presentation of the financial statements have newly separated rental revenue from other earned revenue in some cases.

It is surprising that "Earned revenue from operations", that is, revenue from programs, events and activities staged by the Agricultural Societies, is higher in 2015 by only 4% since 2009. However, it is noted that the total number of attendees reported at events staged by the



Alberta Association of Agricultural Societies  
Community and Economic Benefits of Alberta's Primary Agricultural Societies, 2015

Agricultural Societies is almost identical (1.56 million attendees for 2009 and 1.66 million for 2015). Agricultural Societies must pursue increased revenue from their events and activities.

The table shows that earned revenue from operations, including revenue from programming and activities, was equivalent to the total amount of grant revenue received – but that ratio has eroded since 2009 when earned revenue from operations exceeded grant revenue by 10%.

It is interesting that an increasingly large number of Agricultural Societies reported membership revenue in 2015 and the cumulative membership revenue they reported in 2015 is more than double that reported in 2009.

The following table presents a comparison of expense data from 2009 to 2015.

2015 Financial Statements - Control Group of 186 Agricultural Societies.	2009 Cumulative (N=186)	2015 Cumulative (N=186)	\$ Change 2009-2015	% Change 2009- 2015
<b>Expenses</b>				
<b>Expenses Related to Programs and Activities</b>	<b>10,433,327</b>	<b>10,996,637</b>	<b>563,310</b>	<b>5%</b>
Programming and Operational Expenses	7,977,375	7,233,026	- 744,349	-9%
Fundraising		74,353	74,353	
Supplies		656,028	656,028	
Awards, Prizes, Scholarships, Bursaries	899,236	830,587	- 68,649	-8%
Rural Development, Leadership and Training	176,219	68,579	- 107,640	-61%
Donations to Other Organizations	970,357	1,589,015	618,658	64%
Advertising and Promotion	410,140	545,049	134,909	33%
<b>Internal Support Expenses</b>	<b>4,218,460</b>	<b>5,687,233</b>	<b>1,468,773</b>	<b>35%</b>
Human Resources, Volunteer Support	3,324,793	4,836,451	1,511,658	45%
Training		141,581	141,581	
Meetings		65,943	65,943	
Office and Admin	515,167	481,269	- 33,898	-7%
Other Expenses	378,500	161,989	- 216,511	-57%
<b>Facility Operation and Maintenance</b>	<b>6,479,538</b>	<b>7,190,207</b>	<b>710,669</b>	<b>11%</b>
Repairs and Maintenance	3,091,455	3,466,766	375,311	12%
Utilities and Telephones	3,388,083	3,723,441	335,358	10%
<b>Externally Levied Expenses</b>	<b>1,967,727</b>	<b>2,822,175</b>	<b>854,448</b>	<b>43%</b>
Insurance	1,195,158	1,474,577	279,419	23%
Professional Fees and Accounting	591,795	712,636	120,841	20%
Leases and rentals		197,691	197,691	
Memberships	52,941	61,158	8,217	16%
Interest and Bank Charges	127,833	146,145	18,312	14%
GST Expense		185,857	185,857	
Other payments to governments		44,111	44,111	
<b>Cumulative Expenses (Not including amortization or Capital Expenditures)</b>	<b>23,099,052</b>	<b>26,696,252</b>	<b>3,597,200</b>	<b>16%</b>

As noted previously, overall expenses have increased by 16% since 2009. The main culprits of the changing expenditure pattern are:

- Expenditure related directly to the generation of revenue from programming and operations has decreased by 9% although adding back expenditure on Fundraising and Supplies (not separated in 2009), shows this expenditure was equivalent in 2015 to 2009. As many expenses in the marketplace have increased this likely represents a current decline in expenditure on activities and programming.
  - It is possible this “real time” decline may contribute to the decrease in revenue from the same category by 4% reported previously.
- Human resources expenses – up 45%
  - A small proportion of human resources expenses reported in the 2015 analysis were allocated to event support specialists and some contractors – less than 15% of total human resources expenses. Some of these may have been included in financial statements as Program and Operational expenses in 2009. Moving those expenses to expenditure related to programs and activities would marginally increase that category
  - Survey respondents indicated they generally had the same number of employees in 2015 compared with 2009. However, payroll expense may have increased by 2015 in order to compete with other employers for staff.
- Donations to other organizations are up 64%
  - This may result from other community organizations providing volunteers expecting more in compensation.
- Repairs and Maintenance expense is up 12% and utility expenses have increased 10%.
  - This is likely associated with general pricing increases
  - Agricultural Societies should remain focused on providing and updating their facilities in safe working condition to meet the needs and expectations of their users.
- Insurance is up 23%
  - Increased insurance premiums appear to be a national and international trend. Agricultural Societies must continue to protect their liability and facilities from risk.
- Professional Fees and Accounting (not including bookkeeping) is up 20% in 2015 compared with 2009
  - This may be higher as a consequence of the requirement to provide more professional financial reporting.
  - Enhanced bookkeeping procedures, developed in consultation with the professional external accountants, may offer an opportunity to reduce this expense.
- “Other expenses” are significantly down
  - Some expenses may have been reported in other, more detailed categories in 2015

- Rural development, leadership appears to be lower. However, in 2015 "training" was extracted as a new category. If training expenses are re-integrated into the 2009 category "Rural Development, Leadership and Training" that category would have increased by about \$80,000. The Agricultural Societies reported benefits of their additional focus on training, as described elsewhere in this document.

### Meeting the Challenge

Detailed analysis of the financial statements of the financial performance of the control group of 186 Agricultural Societies revealed some categorical differences within the financial results. The following table shows the segmentation that led to this analysis. In summary, among the control group of 186 Agricultural Societies whose financial statements were provided in both 2009 and 2015:

- 127 (68% of the control group of 186 Agricultural Societies) achieved positive revenue after expenses in 2015, not including amortization or capital items
- 88 (47%) of them showed positive growth over 2009, with revenue after expenses higher in 2015 than 2009
- Further segmentation shows that 75 (40%) of them showed both positive revenue after expenses and positive growth over 2009.

Sadly, forty-six (25% of the control group) reported negative earnings after expenses AND they lost ground in 2015 compared with 2009.

Financial Performance 2015	Reference	Yes - "Included"	No - "Not included"	Total
Positive Revenue remaining after expenses	<i># of Agricultural Societies</i> <i>% of Sample (n=186)</i>	127 68%	59 32%	186 100%
Revenue Remaining after Expenses greater in 2015 than 2009	<i># of Agricultural Societies</i> <i>% of Sample (n=186)</i>	88 47%	98 53%	186 100%
Positive revenue remaining after expenses in 2015 <b>AND</b> positive growth in revenue remaining after expenses in 2015 over 2009	<i># of Agricultural Societies</i> <i>% of Sample (n=186)</i>	75 40%	36 60%	111 100%
Negative revenue remaining (after expenses in 2015 <b>AND</b> lost ground in revenue remaining after expenses in 2015 compared with 2009)	<i># of Agricultural Societies</i> <i>% of sample (n=186)</i>	46 25%	140 75%	186 100%

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### Comparative Balance Sheets

The following table compares average balance sheets for the Agricultural Societies included in each of the three pairings in this segmentation.

Segmentation of profitability and growth trends - 2015 <i>Average per Agricultural Society included in the segment</i>	Positive revenue remaining after expenses	Negative revenue remaining after expenses	Positive growth over 2009	Negative growth over 2009	Positive revenue remaining after expenses and improved over 2009	Negative revenue remaining after expenses and lost ground over 2009
<i>Average per Agricultural Society in the group</i>	<i>\$ - N=127</i>	<i>\$ - N=59</i>	<i>\$ - N=88</i>	<i>\$ - N=98</i>	<i>\$ - N=75</i>	<i>\$ - N=46</i>
<b>Assets</b>						
Current Assets	175,518	94,136	158,643	141,675	174,991	102,559
Capital Assets	697,939	340,378	588,400	581,035	665,226	395,545
<b>Total Assets</b>	<b>873,457</b>	<b>434,514</b>	<b>747,043</b>	<b>722,710</b>	<b>840,216</b>	<b>498,104</b>
<b>Liabilities</b>						
Current Liabilities	30,331	60,326	30,810	47,959	32,229	70,981
Long Term Debt, deferred capital	74,739	13,504	36,539	72,175	40,822	13,977
<b>Total Liabilities</b>	<b>105,070</b>	<b>73,830</b>	<b>67,349</b>	<b>120,134</b>	<b>73,051</b>	<b>84,958</b>
<b>Members' Equity</b>						
Invested in Capital Assets	507,561	225,721	448,057	391,314	513,974	270,361
Other Restricted	15,893	12,367	10,359	18,739	11,076	14,105
Unrestricted	244,934	122,596	221,279	192,523	242,115	128,680
<b>Total Members' Equity</b>	<b>768,387</b>	<b>360,684</b>	<b>679,694</b>	<b>602,576</b>	<b>767,166</b>	<b>413,145</b>
<b>Total Liabilities and Members' Equity</b>	<b>873,457</b>	<b>434,514</b>	<b>747,043</b>	<b>722,710</b>	<b>840,216</b>	<b>498,104</b>

The table presents averages per Agricultural Society included, by segment, to avoid misleading cumulative data due to the different numbers of Agricultural Societies included.

The comparative balance sheets show that in each segmentation the Agricultural Societies showing more positive results have stronger balance sheets than those with negative performance. In each case liquidity is significantly better, the Agricultural Society has more value invested in capital assets and unrestricted members' equity is stronger.

In the following tables, revenue categories do not include deferred capital contributions and expense categories do not include amortization or capital expenditures, although they influence the balance sheets.

### Revenue and Expenditure Comparisons

The following summary (next page) reveals some significant differences between major revenue and expense categories within each of the three segments. This table presents averages observed among the financial statements for the Agricultural Societies included in that segment.

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Segmentation of profitability and growth trends - 2015	Positive revenue remaining after expenses	Negative revenue remaining after expenses	Positive growth over 2009	Negative growth over 2009	Positive revenue remaining after expenses and improved over 2009	Negative revenue remaining after expenses and lost ground over 2009
Average per Agricultural Society by segment	\$ - N=127	\$ - N=59	\$ - N=88	\$ - N=98	\$ - N=75	\$ - N=46
<b>REVENUE</b>						
Active Income Generation	120,107	74,858	119,409	93,125	128,638	77,315
Grant Revenue	70,918	43,494	77,890	48,147	82,203	36,632
Miscellaneous Revenue	1,812	1,920	1,631	2,036	1,815	2,302
Total Revenue*	192,837	120,272	198,930	143,309	212,656	116,248
* Not including deferred contributions						
<b>EXPENDITURE</b>						
Expenses Related to Programs and Activities	63,252	64,577	69,853	57,961	70,188	63,632
Internal Support Expenses	31,079	30,525	27,918	32,964	29,924	34,532
Facility Operation and Maintenance	37,717	41,381	34,499	42,391	36,001	45,775
Total Expenses (Not including Amortization or Capital Expenditures)	147,566	150,962	147,341	148,580	151,914	159,443
Excess of Revenue over Expenses	45,271	-30,690	51,589	-5,271	60,742	-43,194

This table shows that on average, the stronger performing Agricultural Societies generate significantly more revenue than those with lower performance. Their total expenditures appear to be well controlled and are quite similar to those for the Agricultural Societies returning less positive financial performance.

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### Revenue Comparisons

The following table provides expanded revenue analysis per Agricultural Society by segment, comparing the more progressive with the less progressive in each segment.

Segmentation of profitability and growth trends - 2015	Positive revenue remaining after expenses	Negative revenue remaining after expenses	Positive growth over 2009	Negative growth over 2009	Positive revenue remaining after expenses and improved over 2009	Negative revenue remaining after expenses and lost ground over 2009
Average per Agricultural Society by segment	\$ - N=127	\$ - N=59	\$ - N=88	\$ - N=98	\$ - N=75	\$ - N=46
<b>REVENUE</b>						
<b>Active Income Generation</b>	<b>120,107</b>	<b>74,858</b>	<b>119,409</b>	<b>93,125</b>	<b>128,638</b>	<b>77,315</b>
Earned Revenue from Operations	72,830	46,005	72,421	56,862	76,940	45,909
Rental Income	25,663	18,999	21,778	24,989	23,776	21,472
Donations, Sponsorships, Fundraising	18,942	8,611	23,139	8,931	25,730	8,729
Interest Income	1,154	676	1,124	889	1,175	632
Memberships	1,518	567	948	1,454	1,018	573
<b>Grant Revenue</b>	<b>70,918</b>	<b>43,494</b>	<b>77,890</b>	<b>48,147</b>	<b>82,203</b>	<b>36,632</b>
Ag. Society Grant (ALF)	28,803	27,092	27,289	29,132	27,364	27,158
Local Government Grants	13,979	8,269	16,200	8,546	17,314	1,290
Government of Canada Grants	235	248	322	165	378	318
Unspecified Grants	27,902	7,885	34,079	10,305	37,148	7,866
<b>Miscellaneous Revenue</b>	<b>1,812</b>	<b>1,920</b>	<b>1,631</b>	<b>2,036</b>	<b>1,815</b>	<b>2,302</b>
GST recovery	87	102	72	109	57	85
Other revenue	1,725	1,818	1,558	1,928	1,758	2,217
<b>Total Revenue*</b>	<b>192,837</b>	<b>120,272</b>	<b>198,930</b>	<b>143,309</b>	<b>212,656</b>	<b>116,248</b>
* Not including deferred contributions						

Stronger performing Agricultural Societies generated significantly more revenue from both active income generation, the major grant categories and from donations, sponsorships and fundraising. This is driven by staging more events and motivating greater attendance. There is a smaller comparative difference in rental revenue, suggesting the two groups present similar complements of facilities available for rent.

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### Expense Comparisons

The following table compares detailed expenses by segment.

Average profitability and growth trends	Positive revenue remaining after expenses	Negative revenue remaining after expenses	Positive growth over 2009	Negative growth over 2009	Positive revenue remaining after expenses and improved over 2009	Negative revenue remaining after expenses and lost ground over 2009
Average per Agricultural Society in the group	\$ - N=127	\$ - N=59	\$ - N=88	\$ - N=98	\$ - N=75	\$ - N=46
<b>Expenses</b>						
<b>Expenses Related to Programs and Activities</b>	<b>63,128</b>	<b>64,577</b>	<b>69,853</b>	<b>57,961</b>	<b>70,188</b>	<b>63,632</b>
Programming and Operational Expenses	41,734	32,760	44,546	33,806	43,782	28,184
Fundraising	472	245	697	133	757	215
Supplies	4,470	1,497	2,890	4,099	3,330	1,821
Awards, Prizes, Scholarships, Bursaries	6,540	14,078	9,438	8,475	11,074	18,056
Rural Development, Leadership and Training	284	552	273	455	297	670
Donations to Other Organizations	6,441	13,068	8,095	8,946	6,750	12,282
Advertising and Promotion	3,188	2,377	3,914	2,047	4,198	2,404
<b>Internal Support Expenses</b>	<b>30,601</b>	<b>30,525</b>	<b>27,918</b>	<b>32,964</b>	<b>29,924</b>	<b>34,532</b>
Human Resources, Volunteer Support	26,818	24,247	23,451	28,293	25,497	27,807
Training	638	1,027	920	619	779	827
Meetings	402	252	386	326	408	250
Office and Admin	1,854	4,166	2,137	2,992	2,061	4,617
Other Expenses	889	833	1,024	734	1,178	1,030
<b>Facility Operation and Maintenance</b>	<b>37,392</b>	<b>41,381</b>	<b>34,499</b>	<b>42,391</b>	<b>36,001</b>	<b>45,775</b>
Repairs and Maintenance	17,029	22,103	16,248	20,786	16,095	23,510
Utilities and Telephones	20,363	19,278	18,251	21,606	19,906	22,265
<b>Externally Levied Expenses</b>	<b>15,495</b>	<b>14,480</b>	<b>15,071</b>	<b>15,264</b>	<b>15,802</b>	<b>15,504</b>
Insurance	8,067	7,629	7,959	7,900	8,479	8,384
Professional Fees and Accounting	3,960	3,554	3,754	3,901	3,681	3,378
Leases and rentals	1,077	1,031	1,111	1,020	1,212	1,173
Memberships	363	256	355	305	376	263
Interest and Bank Charges	739	887	702	861	797	1,095
GST Expense	1,053	883	949	1,045	984	922
Other payments to governments	236	240	241	233	272	290
<b>Cumulative Expenses (Not including amortization or Capital Expenditures)</b>	<b>146,615</b>	<b>150,962</b>	<b>147,341</b>	<b>148,580</b>	<b>151,914</b>	<b>159,443</b>
<b>Excess of Revenue over Expenses</b>	<b>47,086</b>	<b>-30,900</b>	<b>52,902</b>	<b>-5,087</b>	<b>62,758</b>	<b>-38,514</b>

On average, the more productive Agricultural Societies spend about the same as those perhaps less productive, on the broad category of program and activity-related expenses. On average, the two groups spend about the same on internal support expenses (including human resources) but report somewhat lower expenditure on facility operations. There is little difference in their external expenses for items such as insurance, professional fees, etc. This suggests there is similarity between the Agricultural Societies falling into the two groups in each segment.

However, it is evident that the more progressive Agricultural Societies incur more direct expense actually staging their events and activities. That is likely a function of the larger events they stage, their higher incidence of events and their commensurately larger attendance (see below), which directly drives increased revenue from programs and activities. They also appear to invest more in fundraising although that is a small expense, with commensurately beneficial results reflected in their higher revenue from fundraising. Human resources expenditure and repairs and maintenance, utility and insurance expenses are all quite similar across all groups. Therefore, it is likely similar facilities exist across the groups.

### Comparison of Events and Activities

The following table explores indicators of performance further, comparing selected data from the financial statements, activity reports and survey responses for the 75 Agricultural Societies with the strongest financial performance (positive revenue after expenses in 2015 and growth in net revenue over 2009) with those 46 reporting the weakest performance (negative revenue after expenses in 2015 and lost ground since 2009).

Comparison of Average Activity data per Agricultural Society included in Segment	Positive revenue remaining after expenses AND improved over 2009	Negative revenue remaining after expenses AND lost ground in 2015 over 2009
<b>Number of Agricultural Societies in this group:</b>	<b>75</b>	<b>46</b>
<b>Average number of events staged in 2015 per Agricultural Society</b>	<b>12.3</b>	<b>9.1</b>
Average overall attendance per Agricultural Society	5,038	2,007
Average attendance per event	410	221
<b>Non-Grant community relationship (based on survey data)</b>		
<i>Survey Participants:</i>	<i>44</i>	<i>28</i>
Percent of survey respondents included that indicated they receive contributions of unpaid goods and services from their community partners	72%	36%
Average value of unpaid goods and services contributed by community partners for those receiving this benefit *	\$15,172	\$33,050
Average paid out to other organizations for volunteers	\$4,802	\$1,921
<b>Staged training programs for Board, Committees, staff (Survey data)</b>	<b>70%</b>	<b>64%</b>
<b>Volunteers</b>		
Number of Volunteers	<b>187</b>	<b>139</b>
Hours volunteered	<b>2,157</b>	<b>1,851</b>
Hours volunteered per event	<b>175</b>	<b>203</b>
* See text below to comprehend misleading result reported		



The table above suggests significant difference between the groups in their direct spending on delivering events and activities is associated with a combination of the number of events they delivered and their reported attendance. Just that 44 (72%) of the more progressive 75 Agricultural Societies and 28 (36%) of the less progressive 46 Agricultural Societies in this analysis completed the survey. Small sample sizes must be interpreted with caution.

The more progressive Agricultural Societies stage one third more events and achieve an average of nearly double the attendance per event by comparison with the less progressive Agricultural Societies. This may be perceived as a function of local community size. However, examination of the list of Agricultural Societies included in each grouping reveals no particular overall geographic emphasis that would drive such a conclusion.

Community partnerships are clearly a key factor driving the success of Agricultural Societies. The more progressive Agricultural Societies in this segmentation have stronger business relationships with their communities. The table shows that 72% of the more progressive Agricultural Societies responding to the survey indicated they had received unpaid goods and services from their community partners as a gesture of goodwill, while only 36% of the less progressive Agricultural Societies reported they received such a benefit.

The table above suggests that among the Agricultural Societies benefiting from such a contribution, the less progressive Agricultural Societies receive significantly more on average (\$33,050) than the more progressive Agricultural Societies (\$15,172). However, more detailed analysis reveals skewed data in that respect.

Three of the ten Agricultural Societies included in the "less progressive" analysis that reported a value for this type of contribution, reported they received a cumulative \$300,000 of the \$330,050 total benefit reported for the group. No such emphasis was found among the data reported by the more progressive group of Agricultural Societies, all of which reported receiving benefits significantly closer to the average value reported for the group.

Removing the data reported by the single "less progressive" Agricultural Society that reported uniquely the largest contribution of unpaid goods and services revealed that the yield for the remaining nine of the ten Agricultural Societies in that group was an average of \$14,500, very similar to the average of \$15,172 received by the more progressive group. Removing the data reported by the next two largest less-progressive Agricultural Societies reduces that average to \$4,500. Therefore, it is clear that the more progressive Agricultural Societies are significantly better supported in their communities than are those less progressive.

The more progressive Agricultural Societies engage 74% more volunteers than those less progressive. However, they use less volunteers per event to deliver their activities and programs. The more progressive Agricultural Societies spend more than twice as much on motivating other local organizations to provide volunteers than the others. They may need

more volunteers to handle their larger and more frequent events. They also have deeper business relationships with other organizations in their communities.

## Conclusion and Opportunity

Many of Alberta's Agricultural Societies are deeply entrenched in strong local partnerships and alliances that drive a wide range of benefits for their communities. This research concludes that the extent to which Agricultural Societies are integrated in this critical partnership directly influences the extent of the benefits that accrue to the community – and the ability of the Agricultural Societies to deliver. This community-oriented focus is a primary motivation for the volunteer Boards of Directors of the Agricultural Societies.

Agricultural Societies can measure their success in this respect by their ability to fund and produce more comprehensive programming and activities, to motivate stronger attendance and to drive greater economic benefits.

- Local governments, community leaders, businesses and other community and agriculture partners actively support the Agricultural Societies with financial support and voluntarism. They contribute unpaid goods and services to support Agricultural Societies initiatives and activities.
- They provide this support because of the importance of the benefits that accrue to the residents and businesses of the community and local area from the events and activities staged by the Agricultural Societies and from the availability of specialized facilities for rent.

This research has revealed some critical differences between the more progressive Agricultural Societies that drive stronger community benefits and those that are more challenged to deliver. The analysis concludes that two key factors directly contribute to the relative success of the more progressive Agricultural Societies:

- The Boards of Directors of the most progressive Agricultural Societies actively pursue and facilitate a broader range of benefits for their communities in concert with other community leaders.
  - They have achieved and maintain strong partnerships with their community partners that results in stronger local presence of the Agricultural Society.
  - Consequently, they are likely to be better integrated into the year-round life of their communities and are better positioned to deliver more focused programming and enhanced benefits, with commensurate grant and non-grant funding.
- These more progressive Agricultural Societies are more actively driven, staging one third more events and promoting more than double the attendance at their events.
  - This leads to increased revenue generation that funds the enhanced benefits.
  - They likely take better advantage of opportunities to jointly motivate their audiences along with their community partners.
  - They also spend 74% more on marketing their events and activities.

The Boards of Directors of the Agricultural Societies directly influence the extent to which their Agricultural Society may be considered a progressive contributor to the life and economy of

their community. A Board that has built and actively pursues a strong vision for the future that is integrated with the vision and goals and opportunities of other community and business leaders and local residents and businesses has set direction for progress as a vibrant community partner. Such a Board will be strongly supported by its community partners and will be well positioned to deliver progressive strategies and impressive results focused on meeting or exceeding the needs and expectations of local partners and residents.

On the other hand, a Board that is focused less on progress and more on delivering the same event, more-or-less the same way, year after year will not be as well supported. Over time, it will be increasingly challenged by economic trends such as increasing expenses while gradually losing focus and relevance as the nature of the community and its business and residential populations evolves more broadly.

The Agricultural Societies challenged by weaker financial performance have the opportunity to pursue better results. To do so will require their Boards of Directors to adopt new and more progressive vision for their society and to broaden their business focus, creative scope and level of activity. They will need to build and actively pursue stronger direction, jointly with other community partners.

It is appropriate for AAAS to continue to guide Agricultural Societies towards enhanced performance for the benefit of their communities and to promote and encourage the positioning of Agricultural Societies in Alberta and in their communities as important leaders, motivators and contributors.