

## Canadian Pro Sport Teams and their Charities

*Advice from the Coach's Corner – Keep your stick on the ice and your wallet in your pocket when it comes to giving to professional sports foundations.*



**Be a fan, cheer your favourite team. Yet be careful not to confuse supporting your team with donating to your team. The way professional sports foundations raise money, giving to them should be thought of as primarily entertainment, not intelligent giving.**

Donating to professional sports teams is not a “centre ice” issue for most Canadian donors. Fan participation is primarily playing the 50/50 draws while attending a game, not making a charitable donation. Corporate sponsors pay to play in celebrity golf matches. These donations and contributions add up. The associated charities of Canada’s professional sports teams get millions of dollars each year. As big, registered Canadian charities, pro sports team charities also need to be transparent and accountable. Most are not.

Since the Calgary Flames launched a charity foundation to compliment its hockey team in 1983, other professional sports teams have jumped on the philanthropy bandwagon – the Vancouver Canucks in 1986, the Blue Jays in 1992, the Winnipeg Jets in 1996, the Ottawa Senators in 1998, Montreal Canadiens in 2000, and the Edmonton Oilers in 2001. Newly amalgamated in 2009, MLSE Foundation represents the Maple Leafs, Raptors, and Toronto Football Club (soccer).

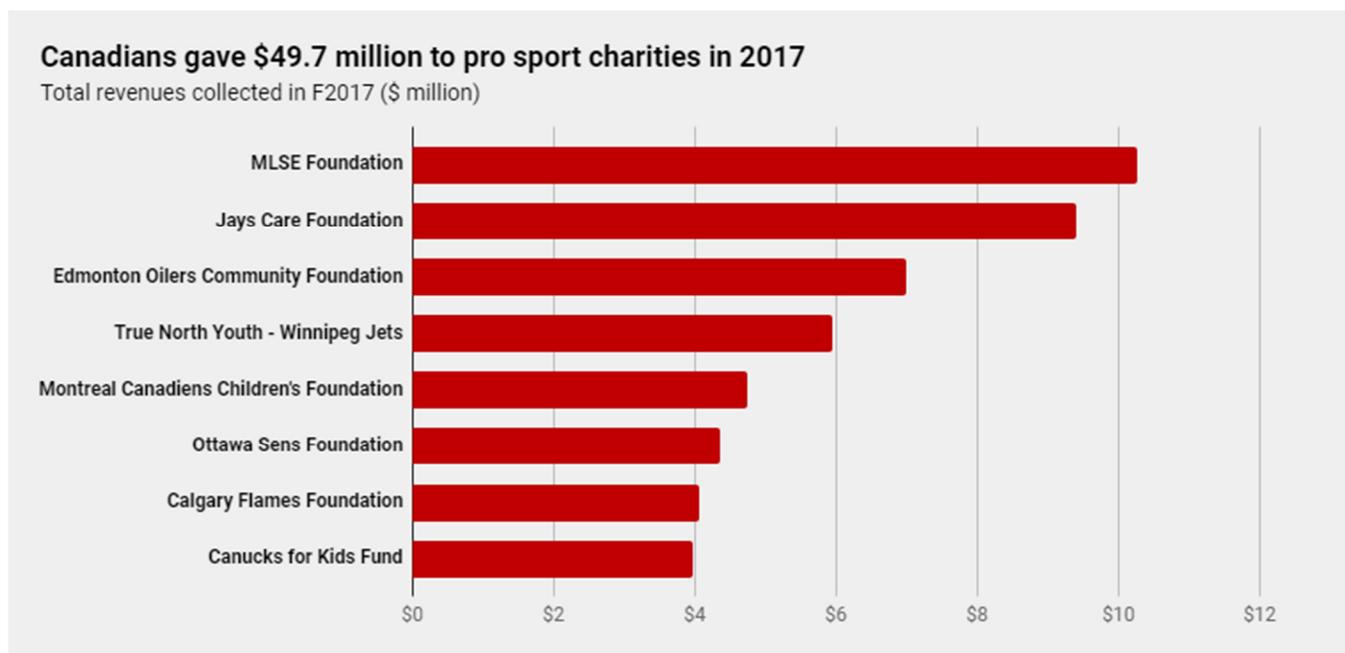
Having a charity attached to a professional sports team offers a way to build the team’s brand in the community. Athletes give their time to do community service, and sometimes allocate a portion of their signing bonus to the

team's charity. With the donations, corporate sponsorships and money raised from 50/50 draws, the pro team charities fund a variety of charities. Grants mostly go towards other kid and sport focused charities.

**In 2017, Canadians gave \$49.7 million to the eight charity foundations associated with professional sports teams.** Having three teams under one charity foundation makes Toronto's Maple Leaf Sports Foundation the league leader by size, with revenues in 2017 at \$10.3 million.

Baseball tops all the hockey team charity foundations with Jays Care Foundation raising \$9.4 million in 2017. Being a national team with 81 home games in a large stadium with division leading average attendance of 39,555 (twice the average attendance in hockey, twice the number of home games) has material fundraising advantages.

The hockey teams' charities raise between \$4 million and \$7 million making them among the largest 3% of donor-supported charities in Canada.



Popular 50/50 draws held during games bring in 32% of revenue across all teams. With the introduction of mobile apps betting, revenues from 50/50 draws have increased 32% to \$15.9 million since 2015.

For Calgary Flames and Edmonton Oilers charity foundations, net profits from 50/50 draws are the largest source of funding. At these charities, 50/50 draw profits account for 65% and 49% of revenues respectively. The rest of the revenues coming into these team foundations is public donations and sponsorships. Maple Leaf Sports Foundation and Montreal Canadiens Children's Foundation get a higher proportion from public donations and corporate sponsorships, 82% and 79% respectively of revenues.

## Financial Transparency – Financial playbooks are mostly closed

What happens with this money? Sports teams mostly keep their books closed. Few publicly disclose their finances. Kudos to MLSE Foundation. It is the only foundation that posts audited financial statements on its website.

Jays Care Foundation and Calgary Flames Foundation provide financial information when requested. For the other hockey charities, donors and sponsors must resort to filing a request for information with the Charities Directorate in Ottawa.

**Closed books**  
Little financial transparency among pro sports charities

Canucks for Kids Fund			
Calgary Flames Foundation			
Edmonton Oilers Community Foundation			
Jays Care Foundation			
MLSE Foundation			
Montreal Canadiens Children's Foundation			
Ottawa Sens Foundation			
True North Youth – Winnipeg Jets			

Key:

Full financial transparency – financial statements on website			
Partial – most recent year's financial statement on website			
On request only – contact the charity to receive financials			
Not available – file for information with Charities Directorate			

This lack of financial transparency may not be entirely the foundations' fault. Inside sources whisper that NHL or MLB policy may restrict these Canadian registered charities from publicly disclosing audited statements.

If so, how ironic. The National Hockey League itself is an American tax-exempt not-for-profit 501 (c)(6) organization.<sup>1</sup> It files its reports with the IRS. The NHL is the last professional sports association to cling to its not-for-profit status, surely one of the most baffling corporate tax breaks in the not-for-profit sector. In 2015, the NFL dropped its tax-exempt status that it had enjoyed since 1942<sup>2</sup>. Major League Baseball opted to forgo its non-profit status in 2007. The NBA and NASCAR both file as for-profit companies.

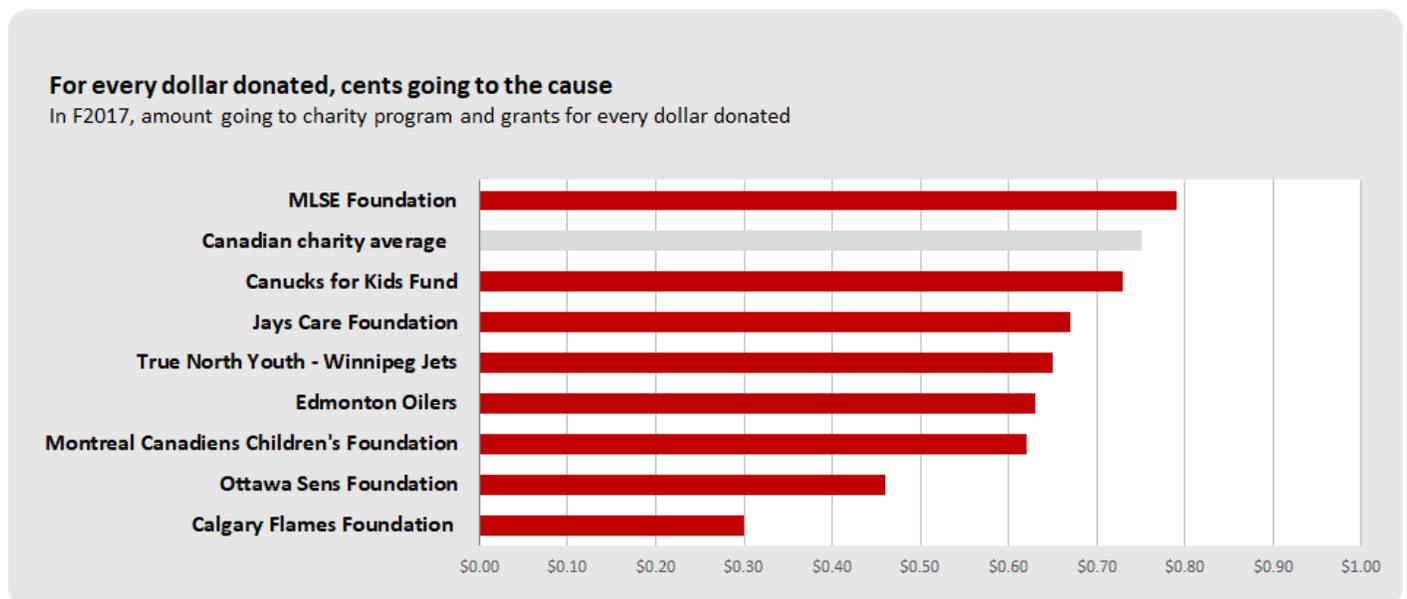
**Why does financial transparency matter?** There is no public expectation for private corporations to disclose financial statements. Team owners do not have an obligation to report. However, registered charities that receive millions in donations and significant tax concessions in exchange for providing a public benefit, arguably have a different obligation to be transparent. Also, how charities spend money is the number one question asked by donors; 98% of Canadians expect charities to be financially transparent.<sup>3</sup>

Poor financial transparency is particularly curious at Edmonton Oilers Foundation and Calgary Flames Foundation. Financial transparency is a best practice, widespread among many other Western Canadian charities, particularly in Alberta.

Financial transparency is a core value in Charity Intelligence’s objective rating. If these team foundations simply posted audited financial statements for the two most recent years, overall star ratings would likely increase 1 star.

### Poor cost efficiencies due to high fundraising costs

Perhaps there is a reason these charities do not disclose their financial information. Half the teams’ foundations have high fundraising costs. At Calgary Flames Foundation and Ottawa Sens Foundation, 30 cents on the dollar and 46 cents on the dollar go to the cause, respectively, due to very high fundraising costs. MLSE Foundation and Canucks for Kids Fund are around the Canadian average of 75 cents going towards the cause at 79 cents and 73 cents respectively.



For fundraising charities, these are high costs. For the most part, these sports teams are not running charity programs. Rather, they raise money from fans and give it to other charities - passing the puck, so to speak. For comparison, other “middlemen” like United Ways, typically pass on 80 to 90 cents to the cause.

### Donor Accountability – Results and impact are rarely reported

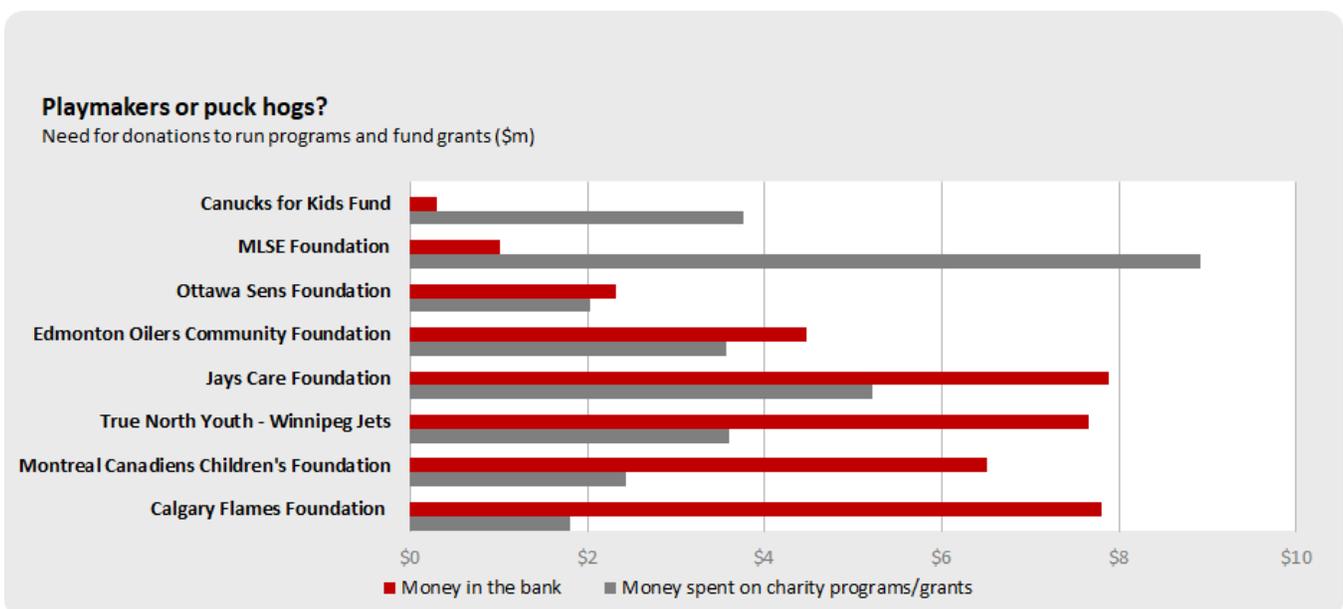
When it comes to the foundation’s bottom line results – the work they do, the grants they make, and the results achieved in helping kids or sports – little information is provided to donors. Only Jays Care Foundation and Ottawa Sens Foundation donor reports earn a B+ grade by Charity Intelligence donor accountability scoring. Other team foundations earn between B and C-. Poor donor reporting on its results holds MLSE Foundation at a 2-star “average” charity rating, rather than a 3-star “good” rating.

	Grade on Donor Reporting – Donor Accountability	Overall Star Rating
Jays Care Foundation	B+	★★
Ottawa Sens Foundation	B+	★
Calgary Flames Foundation	B	★
True North Youth Fund – Winnipeg Jets	B	★
MLSE Foundation	C+	★★
Edmonton Oilers Community Foundation	C+	★
Montreal Canadiens Children’s Foundation	C+	★
Canucks for Kids Fund	C-	★

### Funding Need – A mix of playmakers and puck hogs

Pro sports charity foundations are not “rich” for the most part. MLSE Foundation tops the league with the most money. It has funding reserves of \$10.3 million (see red bar in chart below). But it doesn’t hog the buck. It spent \$8.9 million on its charity programs and grants (see black bar in chart below). Canucks for Kids Fund and MLSE Foundation are both lean. They spend each year the money raised, rather than building up large investment portfolios to manage.

Together, the pro sports foundations have \$38.0 million in the bank. In 2017, combined spending was \$31.4 million. On average, the funds held can cover 1.2 years of charity spending.



Hopefully Canada’s sports teams can improve, and the charities they run can improve too. That would be something worth cheering for!



Canada's Professional Sports Charities - Summary Sheet 2017

Founded in	Charity Name	Grade for donor reports	Financial transparency	Need for Funding (Yrs of coverage)	Funding reserves (\$000s)	Programs	+ Grants	= Total Charity Work	Cents to the Cause (per \$1 donated)	Revenues (\$000s)				
										Donations	Special Events	50/50 draws	Total	
1992	Jays Care Foundation	★ ★ B+	■	1.5	7,886	3,638	1,587	5,225	\$ 0.67	2,755	3,706	2,933	9,394	31%
2009	MLSE Foundation	★ ★ C+	■	0.1	1,009	4,221	4,705	8,926	\$ 0.79	5,707	2,738	1,813	10,258	18%
1998	Ottawa Sens Foundation	★ B+	■	1.1	2,319	-	2,035	2,035	\$ 0.46	2,168	1,099	1,096	4,362	25%
1983	Calgary Flames Foundation	★ B	■	4.3	7,802	126	1,685	1,811	\$ 0.30	314	1,097	2,641	4,052	65%
1996	True North Youth - Winnipeg Jets	★ B-	■	2.1	7,659	3,113	480	3,593	\$ 0.65	1,445	2,972	1,533	5,950	26%
2000	Montreal Canadiens Children's Foundation	★ C+	■	2.7	6,507	229	2,210	2,439	\$ 0.62	1,945	1,789	1,013	4,747	21%
2001	Edmonton Oilers Community Foundation	★ C+	■	1.3	4,481	999	2,577	3,576	\$ 0.63	1,745	1,816	3,423	6,984	49%
1986	Canucks for Kids Fund	★ C-	■	0.1	302	147	3,620	3,767	\$ 0.73	661	1,832	1,484	3,976	37%
Pro Sport Sector Average				1.2	37,964	12,473	18,899	31,372		16,739	17,049	15,935	49,723	32%

As of August 3, 2018

To read more Charity Intelligence reports on Canadian charities:

- [Hockey charities](#) including Hockey Hall of Fame and Hockey Helps the Homeless
- [Other Canadian sports charities](#) like Special Olympics and KidsSports Calgary
- [A-Z Listing of ALL charity reports on Charity Intelligence’s website](#)
  
- **[Charity Intelligence’s Top 100 Highest Rated Charities in 2018](#)**
  
- Top 10 Highest Impact Charities – **2018 Top Impact charities to be released October 30, 2018.** [For 2017 Top Impact Charities](#)

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This Charity Intelligence report was requested by CBC News.

Analysis on Calgary Flames Foundation by **Greg Thomson**, analysis on Vancouver Canucks for Kids, Maple Leaf Sports and Entertainment Foundation, and Montreal Canadiens Children’s Foundation by **Joeyanne Cheung**, and analysis on Edmonton Oilers Foundation, Jays Care Foundation, Ottawa Sens Foundation and True North Youth Foundation (Winnipeg Jets) done by **Derek Houlberg**. Charity Intelligence has analysed these pro sports team foundations since 2014.

**About Charity Intelligence:** Charity Intelligence researches Canadian charities for donors to be informed and give intelligently. Charity Intelligence’s website posts free reports on 760 Canadian charities, as well as in-depth primers on philanthropic sectors like Canada’s environment, cancer, and homelessness. Today over 263,400 Canadians use Charity Intelligence’s website as a go-to source for information on Canadian charities reading over 1.3 million charity reports. Through rigorous and independent research, Charity Intelligence aims to assist Canada’s dynamic charitable sector in being more transparent, accountable and focused on results.

**Be Informed. Give Intelligently. Have Impact.**

[www.charityintelligence.ca](http://www.charityintelligence.ca)

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Charitable Registration Number: 80340 7956 RR0001

Sources:

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<sup>1</sup> Courtney Cherico, [“4 Famous Organization You Might Not Know Are Nonprofits”](#), Guidestar Blog, October 13, 2016

<sup>2</sup> Drew Harwell and Will Hobson, [“The NFL is dropping its tax-exempt status”](#) Washington Post, April 28, 2015

<sup>3</sup> Muttart Foundation [“Talking about Charities 2013: Canadian’s Opinions on Charities and Issues Affecting Charities”](#), 2013