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# Sports Philanthropy at an Inflection Point: Will the Pandemic Change How We Fund Community Athletics?

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Author: John Lorinc

Published in: *The Philanthropist*

ISSN: 2562-1491

Date: August 19, 2020

Original Link: <https://thephilanthropist.ca/2020/08/sports-philanthropy-at-an-inflection-point-will-the-pandemic-change-how-we-fund-community-athletics/>

Date of PDF Download: September 14, 2020

Over the first several months of the COVID-19 pandemic, Fabrice Vil, co-founder and president of Pour 3 Points (P3P), came face to face with a stark insight about coaching in a crisis. The 10-year-old Montreal charity specializes in mentoring the men and women who coach youth in lower-income neighbourhoods, providing them with the skills and resources they need to do these critical jobs effectively.

As the lockdown wore on, Vil could see that some coaches were interested only in the competitive aspects of the job and had tuned out after organized activities were cancelled. Others took a different approach, taking care to continue working with cooped-up kids even after games, meets, and practices had been put on hold indefinitely. Some organized online competitions or remote workouts to keep them engaged, and one even set off on foot to find those teens on one local team whose families, as this coach knew from previous experience, couldn't afford internet access. All these coaches, Vil says, recognized the risk of underestimating the pandemic's devastating influence on young people.

The confluence of COVID-19, with its disproportionate impact on poor and racialized families, and the outpouring of public attention about issues of anti-Black racism, has dramatically re-framed the significance of sports in marginalized communities. "I basically see a lot of coaches reflecting on how to adapt within the current context," Vil observes. "I believe that the pandemic has made us ready to see and fully hear the depth of certain social issues."

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The question, however, is whether policymakers, funders, and other institutions in Canada's competition-focused sports sector see what Vil sees.

For decades, the lion's share of funding to amateur sports in Canada has pooled with those organizations that support high-performance athletes. National and provincial sports associations have long enjoyed access to an opaque charity-like status – Registered Canadian Amateur Athletic Associations (RCAAA) – that allowed them to fundraise and issue tax receipts.

But most community sports organizations – those serving ordinary kids, and which aren't fixated on producing Olympians – have received the dregs. They depend heavily on user fees, volunteers, and access to municipally-owned facilities that face their own financial shortfalls. Often forced to compete with adult leagues for access to rinks, fields, and other amenities, these bare-bones non-profits don't qualify for charitable status, despite the well-recognized role that organized physical activity plays in community development, mental wellbeing, and the long-term sustainability of the healthcare system.

What's more, the pandemic has further exposed what many community sports advocates have long recognized: that in a primarily market-driven system, the residents of lower-income neighbourhoods are frequently excluded from the wide-ranging benefits of local sports that aren't delivered in a school setting. "The value of participation is becoming even more evident when people have not been able to take part," says Jamie Ferguson, CEO of Sports Nova Scotia, an umbrella group that [distributes funds to a range of community organizations](#).

Doug Gore, the Ontario Trillium Foundation's partnership development lead, says it's time governments turned their attention to "the kids who aren't playing . . . I think we're at a fork in the road, and it's time to blow up [the existing system]." He, and others, point to Norway, where the 2007 [Children's Rights in Sports](#) doctrine has produced a health-focused society in which 93% of children grow up participating in organized sports. Says Gore: "We do precisely the opposite."

Perhaps unsurprisingly, adult sports participation rates in Canada have been declining steadily for years, as a [Community Foundations of Canada Vital Signs report recently](#) noted, with fewer than 30% involved in sports as of 2013.

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The 1601 English statute that represents the policy ancestor of Canada's charitable system includes a lengthy roster of legitimate philanthropic activities, but sports is not one of them. Nor were sports mentioned when a British court in 1891 narrowed that Elizabethan shopping list into four broad categories: poverty relief, education, religion, and a catch-all of other activities deemed to be beneficial to the community. Over many decades, this last bucket came to include groups whose focus was culture and environmental advocacy, for example. But "mere sport," a phrase that shows up in legal rulings, never made the cut, at least not in Canada.

Instead, the federal government in 1996 established the RCAAA designation, which now applies to about 200 organizations. Most are national or provincial sports organizations (NSOs and PSOs) that focus on an official Olympic sport. As documents gathered by researchers for Canadian Charity Law's [RCAAA Transparency Project](#) reveal, many sports associations with RCAAA status don't do a whole lot of fundraising, as the bulk of their revenues come from

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other sources, such as government grants, team fees, sponsorships, or merchandise sales.

A few, like KidSport Canada – which distributes funds to allow low-income children to get involved in organized sports – aren't focused on specific or competition-grade athletics. But the RCAA's primary legislative purpose is to promote high-performance athletes. Indeed, the origins of this tax shelter trace to two seminal Olympic moments: Canada's poor showing in the 1968 Mexico City summer games and the announcement that the 1976 Olympics was to be held in Montreal. Most public and philanthropic dollars that flow into the Canadian sports world end up with high-performance athletes and the organizations that support them.

Sport Canada, a federal agency, [last year spent](#) \$234 million on assistance to 1900 elite athletes, support for NSOs and PSOs, and hosting international events. By contrast, Ottawa will allocate \$30 million over three years to improving gender equity and an unspecified portion of the Sports Canada budget for programs focused on underrepresented children and youth. [Just \\$3.4 million](#) went to groups, like KidSport, that aim to boost participation – less than 10 cents per capita. Even the [most recent tranche of emergency pandemic funding](#) – \$72 million – went entirely to NSOs and PSOs, i.e. groups that can issue tax receipts and focus on Olympic sports.

The discrepancy is glaring. “The body that is responsible in our country for the sports system and [to] enable a viable sports system has almost no connection to the vast majority of people,” says Gore, who points out that Canada's investment in amateur sport is “at the bottom of the G20.”

Fundraising consultant Samantha Rogers, principal at Relate Social Capital, adds that conversations about the broader social and health benefits of sports tend to be disconnected from public concern over Canada's performance in global events. “We always talk about how important mental and physical health is,” she says. “Sports is a simple solution, but we don't even link up the two.”

In a [brief](#) presented to the Senate's special committee on the charitable sector in 2018, Rogers argued that the federal government should widen the rules governing charities to recognize sports as a charitable purpose. “There is a crisis in sport funding in Canada,” the brief stated. “Even though the government has declared sport a priority, Canadians and sports organizations have indicated that one of the major barriers in access to, promotion of, and programming in sport is a lack of funding.”

The Senate's [final report](#), however, stopped short of urging the federal government to take this particular step. Rather, as Senator Ratna Omidvar points out, the committee recommended that a proposed charitable sector advisory group work with federal officials on updating or expanding the Canada Revenue Agency's qualified donees list to include “new categories” of groups that can issue tax receipts. “As you can imagine every sector in Canada has its own issues,” she says. “It was never going to be possible to address each of these.”

The most commonly expressed concern about charitable status for local sports organizations is that the tax exemption doesn't end up allowing parents to defray the cost of signing their kids up to do sports by donating to the club and getting a tax receipt. “You have to make sure the money flows to the community and is not self-interested,” says Erin Kasungu, a former official with Community Foundations of Canada who oversaw its sports philanthropy program. “I think there's a lot of work that has to be done around sport for development.”

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Other OECD countries have tackled these questions and seem to be far less reticent when it comes to recognizing certain types of sports-related activities as charitable objects. In a [2003 review](#), for example, the UK's Charity Commission ruled that organizations that promote community participation in healthy recreation or the advancement of physical education for young people not in the school system can be recognized as charitable.

While the Commission took care to point out that “the promotion of any particular sport for its own sake isn't a charitable activity,” efforts to get young people involved should qualify. “We have taken account of the enormous public interest in sport as a means of promoting health and the vital role that sport plays in improving the health of the nation,” the authors noted. “We have concluded that, within the law as it stands, we can properly recognise as charitable bodies that set out to encourage community participation in healthy sports.”

Fifteen years later, the sports sector has seen the benefits of this decision. According to a [2018 assessment of charitable giving](#), about 2% of the £10.3 billion raised philanthropically that year went to sports and recreation groups. That works out to about C\$350 million, or \$5.25 per capita. (That level of giving would generate about \$173 million in Canada.)

Both the US and Australia also use a broader definition. In the US, organizations involved in delivering sports education to youth or preventing “juvenile delinquency” through sports participation qualify for 501.3c status. Down under, the Australian Sports Foundation, which raises money for high-performance athletes, distributed almost 40% of its fundraising to grassroots organizations, [according to its 2016 financial statements](#). What's more, the ASF board authorized a strategic plan in 2016 to boost its donations to sports groups by \$100 million by 2020. One of its key goals was to “increase donations to mass participation sports” with a new philanthropy option called “Community Giving.”

Efforts to broaden the definition of charitable objects to include sports-related activities certainly predate Rogers's testimony to the Senate committee. In the early 1980s, [the Laidlaw Foundation went to court](#) to challenge a decision by Ontario's public trustee to disallow about \$260,000 in donations to various amateur athletic organizations. The [Ontario Superior Court upheld](#) Laidlaw's donations, and the ruling served to widen the definition of charitable object in Canada. (A decade later, the federal government responded by establishing the RCAA designation.)

In the mid-2000s, several groups, including the McConnell Foundation and the Canadian Centre for Philanthropy, sought intervener status in another [court challenge](#) that ended up going to the Supreme Court. In that case, AYSA, a local amateur soccer association, applied for charitable status and was turned down by the CRA, which ruled that RCAA status only applied to national organizations. While the justices upheld the CRA's decision in their 2007 verdict, they hinted that Ottawa could create a designation allowing sports-oriented groups to register as charities, but that this policy shift would have to come from Parliament, and not the courts.

Omidvar concedes the point. “In reading through the ruling,” she says, “I must agree with the logic of the court. Sport may have an ancillary benefit that is societally charitable but that does not qualify every sports organization for charitable status.” The federal courts that hear CRA appeals don't weigh evidence, and only make decisions about whether tax officials applied existing rules in a reasonable way, she points out. “Canada is out of step with other jurisdictions which increasingly allow appeals *de novo*.”

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It's worth noting that recent public opinion polls have shown broad support for increased funding for community-based sports activities. A [2016 Abacus Data](#) survey found that "Canadians are generally supportive of public funds being used for a variety of sport initiatives but are more inclined to support initiatives that have the greatest reach and encourage sport participation among Canadians."

The poll revealed that 85% of the 2,200 respondents believed that spending public money on sport infrastructure for recreational use is a good or acceptable use, while 84% felt the same way about using public money to promote sport participation.

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Each year, KidSport, which has chapters in every province, puts about 40,000 kids into organized sports. The 27-year-old organization, which has an RCAA designations, [achieves this goal with grants](#) that cover registration fees for children and teens whose families face financial barriers. KidSport also supports organizations that provide young people with a "sustained" sports experience overseen by qualified instructors. According to national manager Bryan Ezako, KidSport pulled in \$8.7 million across Canada in 2019 through donations, government grants, events, and sponsorships. (By way of comparison, the Toronto Symphony Orchestra in [2018 recorded \\$9.9 million](#) in fundraising revenue alone.)

From his vantage point in the Winnipeg head office, Ezako hears about all sorts of organizations putting together so-called "return to play" plans. These involve practices with sufficient distancing and other tweaks to long-established sports. As Jamie Ferguson, KidSports' board chair, says, "The focus right now is to get the kids back on the fields."

Like everyone in the sports world, Ezako and Ferguson know demand this year was intense and made more complex by economic barriers: parents who've lost jobs or are returning to part-time employment. Ezako adds that in normal years, KidSport completes about half its annual fundraising in the spring – about \$4 to \$5 million – so it can be ready for summer enrollments. "This has been a critical time period. It is also a time when we would have been granting out those funds."

Rogers says "KidSports should be one of the top charities in Canada because it's all about kids and health." While Ezako insists the organization is "fortunate" to have the RCAA status, and evidently does a huge amount of good work, the reality is that it's not one of Canada's top charities, and its reach barely scratches the surface. As [Statistics Canada reported in 2017](#), about 1.2 million Canadian children aged 18 and younger lived in low-income households as of 2015 – about one quarter of all low-income persons in Canada.

In large urban centres like Greater Toronto, hundreds of community social service agencies receive funding from charities like the United Way, but the ones geared at children and youth tend to be focused on activities like childcare, leadership, homework, job search skills, and so on; sports-related community groups aren't qualified donees and don't receive those annual philanthropic disbursements.

John Cawley, a retired vice-president of the McConnell Foundation, says that between 2006 and 2013 the organization was intensively involved in [granting](#) to non-profits that linked sports, equity, and community development, among them Pour 3 Point; the total investment came to

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\$7.7 million. Part of the program was geared at pushing the federal government to think differently about the broader role of sports.

He came away frustrated with Sports Canada's single-minded focus on high-performance athletes ("ridiculous," as he says; "where do these Olympic athletes come from?"), and also aware of how other departments, like justice and immigration, quietly channelled funding to community sports and recreation non-profits. The reason? Federal immigration officials, Cawley says, understood that if newcomers could get their kids into local leagues or athletic programs, it could help accelerate the integration process, while their parents, watching from the sidelines, would benefit from getting to know other families.

Some municipalities, like the [City of Toronto](#) and the [City of Calgary](#), offer some financial assistance for low-income families seeking to access municipal recreation and fitness programs, such as swimming lessons. A handful of high-profile foundations, including the [MLSE Foundation](#) and Canadian Tire's [Jumpstart](#), provide funding for kids to enroll in low- or no-cost programming as well as refurbished facilities, such as rinks or basketball courts. The number of youths reached, however, remains small compared to the overall need.

Indeed, for the vast majority of organized local sports offerings, the system works mainly on market principles. Leagues, which are primarily run as non-profits, compete for participants, generate additional revenues through merchandise sales, events and sponsorships, and focus almost exclusively on a single sport that depends absolutely on reliable access to municipal facilities.

Because so many are non-profits that cancelled all their spring and summer programming, observers like Marcia Morris, executive director of the Ottawa Sports Council, expect many will vanish in the months to come. "Community sports is in a really tough spot," she says. "Twenty to 30% will be lost unless someone steps up." She continues: "No one really owns or supports community sports. It's all driven from the ground up by volunteers."

But Morris and others say that the system that emerges on the other side needs to look and function very differently – inclusive and diverse as a matter of course, with less focus on competition, more emphasis on soft skills, and restructured to encourage maximum participation, a la Norway.

Some say that community sports groups should look at merging or offering multiple sports with complementary schedules, so families don't face either/or choices. Others want to make sure that the community sports world grows to include new activities aimed at young people, like parkour and skateboarding. "Are we listening to kids who want less structure around sports?" asks Kasungu. "There's a shift happening, and this pandemic is highlighting that for sure."

While many people talk about using the pandemic disruption as a way of re-booting and re-imagining community sports, Gore notes that there are dug-in vested interests that will oppose change, and no obvious forum where advocates, funders, and policymakers can hash out a new vision. "It's so big, and where do you start?"

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Karri Dawson, executive director of True Sports Foundation, which is linked to the Canadian

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Centre for Ethics and Sport and supports values-based programs, offers one answer: an acknowledgment that for many people, including many children, sports is not an edifying experience. The negatives aren't difficult to itemize: concussions, abusive coaches, toxic parents, outrageous fees, crushing practice schedules, bullying teammates, and unrealistic expectations. "To derive all the benefits," says Dawson, "we need to be funding the really good parts."

Through his vision for P3P, Fabrice Vil is one of the rare social entrepreneurs whose organization passes muster with CRA's charity watchdogs, thanks in large measure to its focus on what Dawson describes as "the really good parts." Vil wants Canadians to see this complex moment for what it is – a rare opportunity to fix an amateur and community sports system and, in so doing, surface the positives: personal growth, physical and psychological health, and a truly inclusive outlook.

"The fact that we're so open to anti-racism is not disconnected from the fact that we're in a pandemic," Vil says. "I've never seen in my lifetime such a broad movement against racism. It's mobilized not just Black and Indigenous people. Everybody's come aboard."

Looking ahead to the recovery and the re-opening, he's hoping the denizens of Canada's community sports world will, too. "I'm cautiously optimistic."