

Executive Summary

The Olympics Games began as a charitable organization with amateur athletes operating with donations from individuals and governments. It is now a multinational non-profit featuring professional and amateur athletes funded entirely by broadcasting and licensing deals with average annual revenues exceeding \$1.4 billion. Its account balances have grown at an average of \$140 million since it began publicly stating its financials in 2014. Yet, many athletes struggle to pay for training and costs associated with the games due to the full-time training necessary to compete and the inability of the non-profit Olympic organizations to pay athletes with salaries.

Although the International Olympic Committee and its affiliates claim non-profit status, the IOC is the only large non-profit to receive no donations or grants, and the combined IOC and National Olympic Committees projected finances from 2013-2016 only received 5.4% of revenues from these sources. The reliance on broadcast and licensing revenues makes the Olympic Movement much more closely resemble an international sports league. Yet, the 5 largest sports leagues in the world paid their athletes between 40-60% of their revenues directly to the players during this time period, meanwhile the IOC and NOCs project to have spent a mere 4.1% on athletes.

While the IOC claims it spends 90% of its total expenditure on the Olympic Games, merely 0.5% of funds were directed towards the athletes directly. During the same time period 41.1% was spent on subsidiaries and operating expenditure, 30.7% was spent on the NOCs and the International Federations, and 27.7% was spent on the Olympic Games Organizing Committees. Although each of these organizations has a specific role within the Olympic Movement, the majority of these were spent on infrastructure, broadcasting costs, salaries, and other costs. Many of these functions could be outsourced more efficiently to other organizations which specialize in these functions.

Despite the inability of the Olympic organizations to pay their athletes and maintain their non-profit statuses as organizations promoting amateur sport, there are other ways to compensate athletes. Although it is difficult to find sources citing exactly how much athletes earn and spend pursuing their Olympic dreams, Canadian athletes in 2013/2014 on average spent approximately \$15,000 annually in excess of their income, of which over a quarter was from employment income, not their sports pursuits. These losses are unacceptable and could be offset through further redistribution of increases in the IOC's account balances through scholarships, training, and reimbursement.

If the IOC and its affiliates are unwilling or unable to compensate its athletes, collective bargaining will change the face of the Olympic Movement. Although there are more hurdles to clear than other sports leagues due to the huge number of nationalities and sports involved as well as the inability of teams to switch teams to pursue higher levels of compensation, collective bargaining exists in every other major sports league. This could begin on a country-by-country or sport-by-sport basis but remains the only reliable way to ensure athletes earn a fair portion of the revenues they help earn.

Conclusion

Despite its charitable roots, the IOC has become a financially successful organization due to its leverage over the athletes and cities which make the games possible. The 2013-2016 quadrennial was the largest and most financially successful in history and the ongoing quadrennial is projected to be even larger. As the IOC continues to increase its fund balances, it is time to question how much liquidity is truly necessary to ensure the success of the games and at what point the athletes deserve to benefit from these ever-growing profits.

Considering the huge costs of training to compete in the Olympics not including the opportunity costs of spending 7 days a week focused on a sport, most Olympians struggle financially, depending on family and part-time work. Although it is difficult to find sources citing exactly how much athletes earn and spend pursuing their Olympic dreams, Canadian athletes in 2013/2014 on average spent approximately \$15,000 annually in excess of their income, of which over a quarter was from employment income, not their sports pursuits (Ekos Research Associates Inc., 2015).

Despite this, based on the amalgamated IOC and NOCs funding, the average athlete during this quadrennial received just over \$5,000 annually throughout their endeavors. Although the IOC insists on maintaining its non-profit status, there is still no reason it spends merely 0.5% of its total expenditures on its athletes. If the IOC simply redistributed its excess revenues to the athletes through reimbursement, scholarships, and training the average annual compensation to athletes would rise to \$11,000, more than double its current level.

The Olympic Games have grown tremendously since they started as a dream of a patriot but most of the athletes themselves have not experienced the benefits. Many athletes in other sports leagues have experienced similar bargaining and leverage issues which almost always ends in collective bargaining. All of the largest sports leagues in the world feature collective bargaining agreements and unions which clearly define the rights' both the players and the leagues, yet these examples feature players in similar geographical locations playing the same sports who have the ability to change teams to increase their ability to negotiate. The difficulties of organizing the thousands of athletes from around the world competing in numerous sports at the Olympics is much more complex by comparison but it is not insurmountable. Organization could begin at a sport or national level in order to level the playing field between amateur and professional athletes in similar situations. In addition, the threat of all the athletes within a sport of National team to abstain from an Olympics would provide similar or greater leverage to the ability of professional athletes to switch team for better compensation.

Athletes should not have to pay to compete in the Olympics. Even if it the IOC was losing money, that fact is undeniable. The athletes should be compensated for the opportunity cost of spending the prime years of their athletic careers training to competing in the Olympic Games. It is not as if the Olympics are unprofitable. If the Olympic organizations are unwilling or unable to compensate its athletes, it falls to the players to stand together for their rights and beliefs. If the IOC is truly against the commercial abuse of athletes, it will find a way to pay its athletes back. If not, it will be up to the athletes themselves.