

Funding Request – December 15, 2014

To: Strategic Planning & Policy Committee and City Council

From: The Board of Directors – Orchestra London Canada Inc.

DEC 16 2014

- FOR ACTION
- FOR INFORMATION
- FOR REPORT
- FILE
- B.F.
- OTHER _____

Please accept this letter as a request from the Board of Directors of Orchestra London Canada Inc., to the Strategic Planning & Policy Committee and City Council – for funding in the amount of \$375,000.

The funds requested are to be used to pay the following:

Amount: - \$215,000

Purpose - Salaries of Musicians and Staff for the pay periods covering the month of December 2014, including benefits.

Rationale for Request – The root cause of the current cash flow crisis with the Orchestra, is the failure to realize a pledged donation of \$350,000. These funds formed a critical component of the annual budget of the Orchestra for the year ended June 30, 2014. Despite efforts to realize the funds, a final negative decision was advised to the Executive Director of the Orchestra on Monday December 8, 2014. The cash shortage resulted in the Orchestra having insufficient cash to pay the payroll for December 9th nor the subsequent payroll for December 23rd.

The musicians and staff played the Unity project concert on December 10th, without confirmation they would be paid their contractual salaries. They were also prepared to play two concerts on December 12th and 13th, however circumstances prevented their participation. These concerts concluded the concert schedule for the month of December.

This amount represents the final payment to the Orchestra and staff, as the Orchestra will have insufficient cash to deliver the balance of the 2014/2015 season.

Amount - \$110,000

Purpose – To bring current the amounts owed to the CRA for source deductions.

Rationale for Request– the Board of Directors was unaware that these amounts were unpaid. They represent priority payables.

Amount - \$50,000

Purpose – To Pay for BDO Insolvency practitioners to manage a voluntary bankruptcy of Orchestra London Canada Inc. Our Board and staff have had a preliminary meeting with BDO. They have confirmed that subject to satisfactory conflict checks for the Board members, a retainer of \$25,000, and

a source of guaranteed payment of their total fees, they are willing to accept an engagement as detailed above. An additional \$25,000 would be set aside to cover the balance of BDO's fees and anticipated small expenses related to payroll which are as yet undetermined but which we expect will be uncovered as the Board works with BDO.

Total - \$375,000

The Board will consult with BDO through the process of an involuntary bankruptcy, on the disposition of the balance of payables, including amounts that are owed to season subscribers for tickets to concerts which at this stage the Board expects will not be delivered.

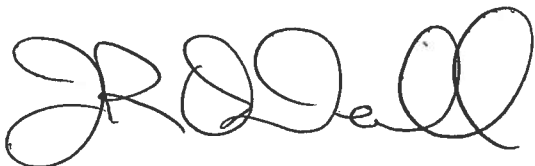
Audited Financial Statements for Orchestra London Canada Inc. – June 30, 2014.

Included in the financial package are the DRAFT audited financial statements as at June 30, 2014.

The Board has reviewed the financial information and believes the Statement of Financial Position, (Balance Sheet), Statement of Changes in Deficit, Statement of revenue and Expenditures and Statement of Cash flows, to reflect accurately the financial position of the Orchestra as at June 30, 2014. – Except for note three, (Going Concern) which reflects an inaccurate statement of the deficit position as at June 30, 2014, indicating a deficit position of \$932,758. For clarity, this would have been the deficit position if the \$350,000 pledge donation had been received.

Notwithstanding the aforementioned, the Board of Directors has not approved the draft audited financial statements as we have not had an opportunity to meet with our auditors to discuss the results and ask questions as it pertains to the operation, including, the going concern status of the corporation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. R. O'Neill', with a stylized, cursive script.

Joseph R. O'Neill

Chair – Orchestra London Canada Inc.