



TO:	CHAIR AND MEMBERS INVESTMENT AND ECONOMIC PROSPERITY COMMITTEE MEETING ON JANUARY 28, 2013
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	ORCHESTRA LONDON 2011-2012 FINANCIAL RESULTS

RECOMMENDATION

That, on the recommendation of the Deputy City Treasurer, the following actions be taken with respect to funding assistance for Orchestra London:

- (a) The 2011-2012 results of Orchestra London **BE RECEIVED** for information; and
- (b) Orchestra London's updated Business Plan **BE RECEIVED** for information; and
- (c) Funding continue to **BE PROVIDED** in 2013 to Orchestra London subject to, approval of the 2013 budget, review of Orchestra London's financial results to ensure it is operating in keeping with its business plan and subject to a monthly monitoring of cash flow by the Civic Administration; and
- (d) Notwithstanding that the 2013 budget will not be approved until February 28, 2013, a pro-rated amount equivalent to the January and February monthly instalments of the proposed 2013 funding for Orchestra London **BE APPROVED** for release to Orchestra London, subject to review and authorization by Civic Administration, with release of the balance of the 2013 funding approved as part of the 2013 budget deliberations.

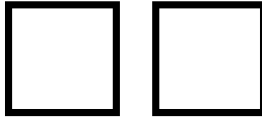
PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Board of Control Report, October 21, 2009, September Cash Flow Analysis for Orchestra London
- Board of Control Report, November 10, 2010, Orchestra London 2009-2010 Financial Results
- Investment and Economic Prosperity Committee, January 23, 2012, Orchestra London

BACKGROUND

In February 2012, Council provided Orchestra London with a grant of \$482,688 in lieu of the Community Arts Investment Program, Category #1 funding. This pro-rated grant is sent monthly to the Orchestra after the cash flow analysis is reviewed by the Deputy City Treasurer to assess performance. The purpose of this report is to provide the Investment and Economic Prosperity Committee and Council with an update on the Orchestra's financial performance for the 2011-2012 season and also provide Orchestra London's updated business plan.

Joseph O'Neill, Director Business Development at PwC, is the new Chair of the Board of Orchestra London and has been reviewing the financial results on a monthly basis. Maestro Alain Trudel is the new Music Director and will lead all artistic programming.



Financial Results

For the third consecutive year the Orchestra achieved a profit. In the 2011-2012 season, the Orchestra achieved a profit of \$5,330, which was a decrease from 2010-2011 season which had a profit of \$67,784. This further reduced the fiscal year end accumulated deficit to \$981,508. At the end of the fiscal year, the bank indebtedness was up to \$371,498, an increase of \$169,203. This was due to two factors: a significant decrease in the accounts payable and accrued liabilities of \$87,598 and \$60,000 in pledges receivable at year end, which have since been received. The Financial Statements (attached) were presented at the annual general meeting on November 8, 2012.

Orchestra London will not be eligible to apply to the CAIP – Category #1 Program for a number of years and the recommended funding will likely be required for the period of the Loan Guarantee.

Orchestra London is adhering to the previous report submitted outlining their business plan for a sustainable future. Results for the first six months of the Orchestra’s 2012-2013 season has their operating results below budget by \$94,221 and the forecast to the end of the June 30, 2013 fiscal year is \$31,596 below budget, however they are still forecasting to have a profit of \$5,581 at the end of the 2012-2013 season.

Business Plan Update

The Orchestra’s business plan continues to strive for reducing the accumulated deficit and moving towards relieving the City of the guarantee on the line of credit.

In 2012, a new public/private partnership called Music London was established. The new entity of Orchestra London has been given the mandate to be a “prosperous facility and event management company that will focus on the creation, development and advancement of the music and entertainment industry in London.”

The Orchestra has been dealing with some operational changes that are affecting the business plan. The updated business plan (attached) has identified these areas, specifically in the Fund Raising category where they have lost \$80,000 in Corporate Sponsors and the cancellation of a major fund raising event by one of their partners which resulted in the loss of \$60,000 in donation revenues. However, through funding from the Ontario Arts Council they have hired additional fund development support and a new campaign helped replace these funds and a plan is in place to further develop their donor and corporate sponsorship programs.

The second major change is related to the Red Hot series, where the Jeans and Classics band were replaced by original artists. This has lead to a decrease in the annual subscription ticket sales, but this has been offset by growth in single and group tickets.

The OLC Board and Music London are initiating a campaign through the OLC Foundation for a \$40 million capital and a \$5 million endowment fundraising plan to enable the building of the new “Celebration Centre” concert hall by 2017.

2013 Budget

Funding for Orchestra London in the amount of \$482,688 has been included in the proposed 2013 budget.

RECOMMENDED BY:
MIKE TURNER DEPUTY CITY TREASURER

- c. M. Hayward
- H. Filger