April 26, 2013

Board of Directors
Committee of Management for the William H. Bolton Arena
40 Rossmore Road
Toronto, ON
M6G

Ladies and Gentlemen:

In connection with our audit of William H. Bolton Arena (the “Arena”) financial statements as of December 31, 2012 and for the year then ended, the Canadian Auditing Standards require that we advise management and the audit committee hereinafter referred to as “those charged with governance” of the following internal control matters identified during our audit.

Our responsibilities
Our responsibility, as prescribed by the Canadian Auditing Standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes consideration of internal control over financial reporting (hereinafter referred to as “internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of identifying deficiencies in internal control or expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we express no such opinion on internal control effectiveness.

Identified deficiencies in internal control
We identified the following internal control matters that are of sufficient importance to merit your attention. The matters discussed herein are those that we noted as of April 26, 2013 and we did not update our procedures regarding these matters since that date to the current date.

Significant deficiencies
Our consideration of internal control would not necessarily identify all deficiencies in internal control that, individually or in combination, may be material weaknesses or significant deficiencies.

A deficiency in internal control (“control deficiency”) exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis. A significant
deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting (also referred to as those charged with governance).

Our audit was also not designed to identify deficiencies in internal control that, individually or in combination, may be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting (also referred to as those charged with governance).

We consider the following identified control deficiencies to be significant deficiencies.

In our letter dated April 21, 2008, we communicated the following significant deficiency that has not been remediated.

1. **Lack of segregation of duties at the arena**, ie. All the accounting and financial reporting functions are performed by the manager. As the Arena has employed a bookkeeper to do the monthly accounting and reporting, the lack of segregation of duties has been mitigated somewhat. We still recommend the board review the financial information monthly and continue to review back up for all cheques as they are signed (below).

   **Recommendation** - In our letter we had recommended that the board continue to provide oversight by reviewing the monthly financial results and by continuing to be the second signatory on all cheques.

In addition, during the audit of the 2012 records we noted the following significant deficiency:

2. **Ice rental invoices**.

   During the course of the audit, we noted that sales invoices are no longer posted to the accounts receivable subledger. Invoices are created the client’s records only (ie. “dummy” invoices are prepared for the client). The lack of a subledger and control over invoices and receivables could result in unrecorded revenue for the arena.

   **Recommendation**

   We recommend that invoices are created and posted to the accounts receivable subledger for all booked ice time at the beginning of each month. Related cash receipts will be recorded by the bookkeeper through “receive payment” in the accounting software and any mispostings or uncollected amounts can be followed up and accounted for.
Management’s response:

This communication is intended solely for the information and use of management and those charged with governance and is not intended to be and should not be used by anyone other than these specified parties.

Yours sincerely,

Grant Thornton LLP

Donnie Morris, CA
Principal

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