Welch LLP®

June 2, 2016

Toronto Atmospheric Fund
75 Elizabeth Street
Toronto, Ontario
M5G 1P4

PRIVATE AND CONFIDENTIAL

Attention: Ms.Julia Langer

Dear Madam:

Re: Audit of the December 31, 2015 Financial Statements

During the course of our audit of the financial statements for the year ended December 31, 2015, we identified some matters which may be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have outlined matters below along with some suggestions for your consideration.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff. We have discussed the matters in this report with Richard Rysak and received his comments thereon.

OTHER REPORTABLE MATTERS

Issue – Provision for ESPA Credit

TAF has historically taken a provision on the total ESPA capital asset balance for possible uncollectible amounts from customers. The credit/provision applied is in regards to potential uncollectible accounts receivable; however since there has been no A/R balance reported at year-end for ESPA equipment rented out to customers, having a provision would not be allowed. There is no A/R balance reported in the financial statements for which the provision could be applied against. TAF should reverse these provision in the 2016 fiscal year and cease further accruals.

Management's Comments

Management will reverse provisions for 2016 and revisit policy.

Issue – Provision for ESPA Warranty

TAF has historically taken a provision on the total ESPA capital asset balance for warranty. However, GAAP do not allow for for accruals of warranty provisions to be taken on capital assets for expected future maintenance. Since it is expected that capital assets will require on-going maintenance from wear-and-tear of the equipment, an accrual for these expenses is not allowed to be incurred. TAF should reverse these provision in the 2016 fiscal year and cease further accruals.

Management's Comments

TAF will reverse these provisions and revist policy to better reflect a reserve for ESPA warranty.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from management and their staff.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

Welch LLP

Per: Bryan Haralovich, CA, CPA, CPA (Illinois)
Partner