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To the Board of Commissioners
Rhode Island Convention Center Authority
Providence, Rhode Island

We have audited the financial statements of the Rhode Island Convention Center Authority, a component unit of the State of Rhode Island for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Rhode Island Convention Center Authority are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was as follows:

> Management's estimate of the useful lives of capital assets, which are used in computing depreciation in the financial statements. We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of the failure to meet the operating reserve requirement for the Rhode Island Convention Center (RICC) and the Dunkin' Donuts Center (DDC) for fiscal years ended June 30, 2018 and 2017, and the renewal and replacement component of the DDC of the restrictive debt covenants for fiscal year ended June 30, 2017 in Note 6 to the financial statements is sensitive as it shows the Authority is not in full compliance with its debt covenants.

The disclosure of the State of Rhode Island and Providence Plantations' (State) ability to continue operations is dependent upon the receipt of the annual State appropriation of lease revenue in Note 7 to the financial statements is sensitive as these appropriations are dependent on the State's general financial resources and factors affecting such resources. State appropriations were $19,363,912 and $22,464,524 for the years ended June 30, 2018 and 2017, respectively.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 27, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In connection with the audit, we have issued a management letter with suggestions for improvements to controls surrounding timely processing of event settlements, record retention policy, travel and entertainment policy, vacation time and information technology controls.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Commissioners and management of the Rhode Island Convention Center Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
September 27, 2018

AUDIT DIFFERENCE EVALUATION FORM
RHODE ISLAND CONVENTION CENTER AUTHORITY
YEAR ENDED JUNE 30, 2018

					Adjustment to correct Dr/(Cr)			
Description (Nature) Of Misstatement	**Cause**	**Amount**	**Total Assets**	**Total Liabilities**	**Net Assets**	**Revenues**	**Expenses**	**Change in Net Position**
Report Balance Without Adjustments Below			**$190,171,663**	**$ (245,355,138)**	**$54,746,187**	**$ (52,246,718)**	**$52,684,006**	**$437,288**
Current Year Audit Differences:								
Overstatement of opening net asset deficiency and understatement of FY18 food and beverage expense due to correcting entry recorded by management in FY18.	Prior year misinterpretation and misapplication of the food & beverage reserve clauses (11.3.2 & 11.3.3) in SMG's management contract, which caused an overstatement of expenses in prior years.	$ 360,465			$ (360,465)		$ 360,465	$ (360,465)
Overstatement of opening net asset deficiency and understatement of FY18 management incentive fee expense due to adjusting entry recorded by management in FY18.	Accumulation of conservative estimates in prior years. The FY18 adjustment reduced accrued management incentive fees to an amount that reflects the Authority's best estimate of its contractual obligation to SMG for fees earned in the current and prior years.	$ 251,150			$ (251,150)		$ 251,150	$ (251,150)
Understatement of opening net asset deficiency and understatement of FY18 net State appropriations revenue.	Prior year treatment as an appropriation instead of an advance, which was repaid in FY18.	$ 483,698			$ 483,698		$ (483,698)	$ 483,698
Total Effect of Audit Differences			**$0**	**$0**	**$ (127,917)**	**$0**	**$127,917**	**$ (127,917)**
Potential Report Balances After Adjustments			**$190,171,663**	**$ (245,355,138)**	**$54,618,270**	**$ (52,246,718)**	**$52,811,923**	**$309,371**
Audit Differences as a % of FS Balances			**0.00%**	**0.00%**	**-0.23%**	**0.00%**	**0.24%**	**-29.25%**