Drescher & Malecki LLP
3083 William Street, Suite 5
Buffalo, New York 14227
Telephone: 716.565.2299
Fax: 716.565.2201

Certified Public Accountants

March 7, 2022

To the Board of Directors of the Buffalo
Erie Niagara Land Improvement Corporation:

We have audited the financial statements of the Buffalo Erie Niagara Land Improvement Corporation (the "Corporation") as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated March 7, 2022. Professional standards require that we advise you of the following matters relating to our audits.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 5, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audits of the financial statements do not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audits to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding other matters noted during our audit in a separate letter to you dated March 7, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Corporation is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements for the years ended December 31, 2021 and 2020 were assets held for sale and the amounts due to municipalities.

Management's estimate of the cost of property held for sale is based on the lesser of the estimated amount of back taxes expected to be paid; or the estimated selling price of the property less any improvement costs, which are estimated based on market data and past trends. Management's estimate for amounts due to municipalities is based on the amount of back taxes the Corporation reasonably expects to pay upon sale of the property, based on past trends and other available information. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Alternative Accounting Treatments

We discussed with management an alternative method of recording assets held for sale. Upon acquisition of individual properties, the Corporation evaluates the basis to be the lower of cost or fair market value, which is consistently applied year to year. Further, U.S. GAAP requires that assets held for sale be recorded at the lower of cost or fair market value as of the reported balance sheet date. However, properties acquired by the Corporation are recorded at the lower of cost or fair market value upon acquisition, plus the cost of related capital improvements. Mark to market adjustments are not considered until the sale of individual properties. The net effect of this alternative method is not presently determinable; in the opinion of management, the net effect is not anticipated to be material to the Corporation's financial statements.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We did not identify any significant unusual transactions during our audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The Corporation did not report an estimated balance of compensated absences at December 31, 2021 in the amount of $3,092. The effects of this misstatement in the current period, as determined by management, is immaterial to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The proposed adjusting journal entries for the year ended December 31, 2021 were brought to the attention of, and corrected by, management, are attached to the management representation letter dated March 7, 2022 as Exhibit I (copy attached).

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Corporation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 7, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. During the years ended December 31, 2021 and 2020, the Corporation consulted with Lumsden & McCormick, LLP, a hired outside accounting firm, regarding day to day operations and bookkeeping assistance. Management informed us that, and to our knowledge, none of their consultations with other accountants regarding auditing and accounting matters were significant to our performance of the audit of the financial statements.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Corporation's auditors.

* * * * *

This report is intended solely for the information and use of the Corporation's Board of Directors and management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Drescher & Malecki LLP

March 7, 2022

March 7, 2022

Drescher & Malecki LLP
3083 William Street, Suite 5
Buffalo, New York 14227

This representation letter is provided in connection with your audit of the financial statements of the Buffalo Erie Niagara Land Improvement Corporation (the "Corporation"), which comprises the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 7, 2022:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 5, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- There are no identified material uncorrected misstatements.

- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

- We have complied with all contractual agreements, grants, and donor restrictions.

- We have maintained an appropriate composition of assets needed to comply with all donor restrictions.

- We have accurately presented the entity's position regarding taxation and tax-exempt status.

- The bases used for allocation of functional expenses are reasonable and appropriate.

- We have included in the financial statements all assets and liabilities under the entity's control.

- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.

- Reclassifications between net asset classes are proper.

- The governing board's interpretations concerning whether laws place restrictions on net appreciation of donor-restricted endowments are reasonable and have been disclosed to you.

- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have provided to you our analysis of the Corporation's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.

- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing the financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Supplementary Information in Relation to the Financial Statements as a Whole

- We acknowledge our responsibility for the presentation of the Schedule of Corporation Investments in accordance with §2925(6) of Public Authorities Law of the State of New York.
- We believe the Schedule of Corporation Investments, including its form and content, is fairly presented in accordance with §2925(6) of Public Authorities Law of the State of New York.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the Schedule of Corporation Investments is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the Schedule of Corporation Investments no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Other Specific Representations

- We have elected to present the Real Property Listing schedule as Other Information within the financial statements.
- Management estimates the cost of property held for sale based on the lesser of: the estimated amount of back taxes expected to be paid; or the estimated selling price of the property less any improvement costs, which is estimated on market data and past trends.
- Management has not identified any assets with donor restrictions received by the Corporation during the year ended December 31, 2021.

- Management estimates amounts recorded for amounts due to municipalities based on the amount of back taxes the Corporation expects to pay upon the sale of property, based on past trends and other available information.

- The Corporation records properties at the lower of cost or fair market value upon acquisition, plus the cost of related capital improvements. Mark to market adjustments are not considered until the sale of individual properties. U.S. GAAP requires that assets held for sale be recorded at the lower of cost or fair market value as of the reported balance sheet date. While the net effect of this alternative method from U.S. GAAP is not presently determinable, management expects such amounts, if any, to not be material to the Corporation's financial statements.

- Management believes that all expenses from grant proceeds are for eligible costs. The grant program is subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenses resulting from such audits could become a liability to the Corporation. While the amount of any expense that may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

- We have received and approved the adjusting journal entries that were proposed by you for recording in our books and recorded in the financial statements. We have posted these adjusting journal entries to our records. The proposed adjusting journal entries are presented in Exhibit I.

- Management has evaluated subsequent events through March 7, 2022, which is the date the financial statements are available for issuance, and have determined there are no subsequent events, that require disclosure under generally accepted accounting principles.

- In addition to the audit services, Drescher & Malecki LLP has assisted the Corporation in preparing the Corporation's financial statements for the years ended December 31, 2021 and 2020. With respect to the nonattest services provided, the Corporation has performed the following:

    - Made all management decisions and performed all management functions.
    - Designated Jocelyn Gordon, Executive Director, who we believe has suitable skill, knowledge, and/or experience to oversee this service.
    - Evaluated the adequacy and results of the services performed.
    - Evaluated and accepted responsibility for the results of the services performed.
    - Established and maintained internal controls, including monitoring ongoing activities.

- The Corporation's management understands that Drescher & Malecki LLP has not performed any management functions or made management decisions on behalf of the Corporation. Any nonattest services were performed in accordance with the applicable professional standards issued by the American Institute of Certified Public Accountants.

- We affirm the representation made to you in our letter dated March 4, 2021 related to the financial statements as of and for the year ended December 31, 2020, and to the best of our knowledge and belief, no events have occurred subsequent to March 4, 2021 that would require adjustment to, or disclosure in, the aforementioned financial statements.

Jocelyn Gordon, Executive Director

Donna Estrich, Audit and Finance Committee Chair

Buffalo Erie Niagara Land Improvement Corporation **Exhibit I**

Proposed Adjusting Journal Entries

For the Year Ended December 31, 2021

Account Number	Description	Debit	Credit
Adjusting Journal Entry JE # 1			
To reclassify revenue from the sale of 178 Mapleview to Property Sales account.			
2045	Contribution Revenue - Government Grants:Grant - Enterprise	$ 201,500	$ -
2601	Property Sales	-	201,500
Total		201,500	201,500
Adjusting Journal Entry JE # 2			
To remove insurance expense from 9406 Jamestown after the sale of property.			
5500	Cost of Property Sold	159	-
1011	Cost of Properties Held:CoP Held - Improvements:CoP Held - Insurance	-	159
Total		159	159
Adjusting Journal Entry JE # 3			
To remove rent payment for January 2022 from 2021 Accounts Payable.			
600	Accounts Payable (A/P)	2,008	-
5900	Office Rent	-	2,008
Total		$ 2,008	$ 2,008