

**BUFFALO ERIE NIAGARA LAND
IMPROVEMENT CORPORATION**

*Financial Statements, Supplementary Information and
Other Information for the Years Ended December 31, 2022
and 2021 and Independent Auditors' Reports*

BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION
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Years Ended December 31, 2022 and 2021

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Buffalo Erie Niagara Land Improvement Corporation (the "Corporation"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and the respective changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Corporation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Corporation Investments and the Real Property Listing are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for that

portion marked “unaudited,” on which we express no opinion nor any assurance, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023 on our consideration of the Corporation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation’s internal control over financial reporting and compliance.

Druecher & Malecki LLP

March 9, 2023

FINANCIAL SECTION

BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION
Statements of Financial Position
December 31, 2022 and 2021

| | 2022 | 2021 |
|-----------------------------------|--------------|--------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,038,262 | \$ 3,332,821 |
| Investments | 987,190 | - |
| Receivables | 10,521 | 32,884 |
| Prepaid expenses | 4,542 | 3,588 |
| Total current assets | 3,040,515 | 3,369,293 |
| Noncurrent assets: | | |
| Security deposits | 1,856 | 1,856 |
| Assets held for sale | 1,316,124 | 1,703,836 |
| Total noncurrent assets | 1,317,980 | 1,705,692 |
| Total assets | \$ 4,358,495 | \$ 5,074,985 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Operating accounts payable | \$ 96,445 | \$ 152,816 |
| Amounts due to municipalities | 442,229 | 273,745 |
| Unearned revenue | - | 80,715 |
| Total liabilities | 538,674 | 507,276 |
| Net assets: | | |
| Without donor restrictions | 3,819,821 | 4,567,709 |
| Total net assets | 3,819,821 | 4,567,709 |
| Total liabilities and net assets | \$ 4,358,495 | \$ 5,074,985 |

The notes to the financial statements are an integral part of these statements.

BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION
Statement of Activities
Year Ended December 31, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Revenues: | | | |
| Grant revenue | \$ 199,530 | \$ - | \$ 199,530 |
| Property sales | 1,441,755 | - | 1,441,755 |
| Miscellaneous revenue | <u>2,103</u> | <u>-</u> | <u>2,103</u> |
| Total revenues | <u>1,643,388</u> | <u>-</u> | <u>1,643,388</u> |
| Expenses: | | | |
| Cost of sales | 1,825,738 | - | 1,825,738 |
| Salary expenses | 338,748 | - | 338,748 |
| Retirement contributions | 23,416 | - | 23,416 |
| Professional services | 129,648 | - | 129,648 |
| Office expenses | 53,074 | - | 53,074 |
| Other expenses | <u>11,808</u> | <u>-</u> | <u>11,808</u> |
| Total expenses | <u>2,382,432</u> | <u>-</u> | <u>2,382,432</u> |
| Change in net assets from operating activities | (739,044) | - | (739,044) |
| Nonoperating activities: | | | |
| Unrealized loss on investments | <u>(8,844)</u> | <u>-</u> | <u>(8,844)</u> |
| Total nonoperating activities | <u>(8,844)</u> | <u>-</u> | <u>(8,844)</u> |
| Change in net assets | (747,888) | - | (747,888) |
| Total net assets—beginning | <u>4,567,709</u> | <u>-</u> | <u>4,567,709</u> |
| Total net assets—ending | <u>\$ 3,819,821</u> | <u>\$ -</u> | <u>\$ 3,819,821</u> |

The notes to the financial statements are an integral part of this statement.

BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION
Statement of Activities
Year Ended December 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Revenues: | | | |
| Grant revenue | \$ 558,197 | \$ 59,169 | \$ 617,366 |
| Property sales | 980,927 | - | 980,927 |
| Total revenues | <u>1,539,124</u> | <u>59,169</u> | <u>1,598,293</u> |
| Net assets released from restrictions: | | | |
| Expiration of purpose restrictions | <u>59,169</u> | <u>(59,169)</u> | <u>-</u> |
| Total revenues and net assets released from restrictions | <u>1,598,293</u> | <u>-</u> | <u>1,598,293</u> |
| Expenses: | | | |
| Cost of sales | 1,066,412 | - | 1,066,412 |
| Salary expenses | 303,783 | - | 303,783 |
| Retirement contributions | 21,140 | - | 21,140 |
| Professional services | 42,371 | - | 42,371 |
| Office expenses | 60,562 | - | 60,562 |
| Other expenses | <u>20,328</u> | <u>-</u> | <u>20,328</u> |
| Total expenses | <u>1,514,596</u> | <u>-</u> | <u>1,514,596</u> |
| Change in net assets from operating activities | 83,697 | - | 83,697 |
| Nonoperating activities: | | | |
| Contribution to City | <u>(100,000)</u> | <u>-</u> | <u>(100,000)</u> |
| Total nonoperating activities | <u>(100,000)</u> | <u>-</u> | <u>(100,000)</u> |
| Change in net assets | (16,303) | - | (16,303) |
| Total net assets—beginning | <u>4,584,012</u> | <u>-</u> | <u>4,584,012</u> |
| Total net assets—ending | <u>\$ 4,567,709</u> | <u>\$ -</u> | <u>\$ 4,567,709</u> |

The notes to the financial statements are an integral part of this statement.

BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets from operating activities | \$ (739,044) | \$ 83,697 |
| Adjustments to reconcile change in net assets from operating activities to net cash (used for) provided by operating activities: | | |
| Decrease in receivables | 22,363 | 64,970 |
| (Increase) in prepaid expenses | (954) | (80) |
| Decrease in assets held for sale | 387,712 | 13,622 |
| (Decrease) increase in operating accounts payable | (56,371) | 90,805 |
| Increase (decrease) in amounts due to municipalities | 168,484 | (193,885) |
| (Decrease) increase in unearned revenue | <u>(80,715)</u> | <u>80,715</u> |
| Net cash (used for) provided by operating activities | <u>(298,525)</u> | <u>139,844</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | <u>(996,034)</u> | <u>-</u> |
| Net cash (used for) investing activities | <u>(996,034)</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contribution to City | <u>-</u> | <u>(100,000)</u> |
| Net cash (used for) financing activities | <u>-</u> | <u>(100,000)</u> |
| Net (decrease) increase in cash and cash equivalents | (1,294,559) | 39,844 |
| Cash and cash equivalents—beginning | <u>3,332,821</u> | <u>3,292,977</u> |
| Cash and cash equivalents—ending | <u>\$ 2,038,262</u> | <u>\$ 3,332,821</u> |

The notes to the financial statements are an integral part of these statements.

BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

1. DESCRIPTION OF THE ORGANIZATION

The Buffalo Erie Niagara Land Improvement Corporation (“the Corporation”) was organized on June 6, 2012, pursuant to Article 16 of the Not-for-Profit Corporation Law of the State of New York. The Corporation was formed through a joint venture of the County of Erie and Cities of Buffalo, Lackawanna, and Tonawanda. The Corporation was created to confront and alleviate the problems distressed properties cause to communities by supporting municipal and regional revitalization efforts and strategically acquiring, improving, assembling, and selling distressed, vacant, abandoned, and/or tax-delinquent properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The Corporation prepares its financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for not-for-profit organizations. The significant accounting and reporting policies used by the Corporation are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting—The accounts of the Corporation are maintained on the accrual basis of accounting. As such, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. The significant accounting and reporting policies used by the Corporation are described below to enhance the usefulness and understandability of the financial statements.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Corporation’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Corporation’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets—The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as presented below:

Net Assets Without Donor Restrictions—Resources available to support the mission and general operations of the Corporation and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions—The Corporation reports gifts of cash and other assets as restricted support if they are received with donor-imposed restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Corporation released \$0 and \$59,169 from restrictions for eligible expenses during the years ended December 31, 2022 and 2021, respectively. The Corporation reported \$0 of net assets with donor restrictions at December 31, 2022 and 2021.

Cash and Cash Equivalents—Cash and cash equivalents include cash on hand, cash on deposit with financial institutions and other highly liquid investments with maturities at the date of purchase of three months or less and are carried at cost, which approximates fair value.

Investments—Consists of amounts invested in United States treasury securities. Investments are recorded at fair value, as determined by quoted market prices at the balance sheet date.

Receivables—Receivables include amounts due from New York State for grant reimbursable expenses incurred by the Corporation. The Corporation reported grants receivables of \$10,521 and \$32,884 at December 31, 2022 and 2021, respectively.

Prepaid Expenses—Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The cost of prepaid expenses is recorded as expenses when consumed rather than purchased. The Corporation reported prepaid expenses of \$4,542 and \$3,588 at December 31, 2022 and 2021, respectively.

Security Deposits—Represents the security deposit paid by the Corporation related to their office space rental. The Corporation reported a security deposit of \$1,856 at December 31, 2022 and 2021.

Assets Held for Sale—Properties acquired by the Corporation for sale are recorded at the lower of cost or fair market value upon acquisition, plus any related capital improvement costs. Mark to market adjustments are made upon sale of individual properties.

Amounts Due to Municipalities—Represents amounts due to municipalities for certain estimated back taxes and fees on acquired property held for sale, which are expected to be paid to the appropriate municipalities upon sale of property. The Corporation reported amounts due of \$442,229 and \$273,745 at December 31, 2022 and 2021, respectively.

Grant Revenue—The Corporation receives grant revenue from New York State and other agencies. Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. The Corporation reported \$199,530 and \$617,366 of grant revenue for the years ended December 31, 2022 and 2021, respectively.

Tax Status—The organization is incorporated exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code (“IRC”), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). All applicable tax forms for the Corporation have been filed and accepted by the Internal Revenue Service through the year ended December 31, 2021. The tax years ended December 31, 2021, 2020 and 2019 are still open to audit for federal purposes.

Nonoperating Activities—Certain contributions and unrealized losses on investments are considered nonoperating activities in the accompanying Statements of Activities.

Contribution to City—The Corporation contributed \$100,000 to the City of Buffalo for the year ended December 31, 2021 in support of the City’s Homegrown Program. The program is designed to assist income eligible first-time low-income homebuyers with the purchase and rehabilitation of an affordable home.

3. LIQUIDITY AND AVAILABILITY

For the years ended December 31, 2022 and 2021, the Corporation reported cash and cash equivalents of \$2,038,262 and \$3,332,821 and receivables of \$10,521 and \$32,884, respectively, as financial assets available for general expenditures that are without donor or other restrictions limiting their use, within one year of the balance sheet date.

4. CONCENTRATIONS OF RISK

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation (“FDIC”) and Securities Investor Protection Corporation limits. The Corporation has entered into custodial agreements with the banking institution which holds their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2022 as follows:

| | Bank Balance | Carrying Balance |
|--|---------------------|---------------------|
| FDIC insured | \$ 250,000 | \$ 250,000 |
| Uninsured: | | |
| Collateral held by pledging bank's agent in entity's name | <u>1,788,262</u> | <u>1,788,262</u> |
| Total | <u>\$ 2,038,262</u> | <u>\$ 2,038,262</u> |

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Corporation’s deposits may not be returned to it. At December 31, 2022 the Corporation’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the Corporation’s name.

The Corporation’s investments are subject to various risks, such as interest rate, credit, and overall market volatility risk. Because of the level of risk inherent in most investments, it is reasonably possible that change in the values of these investments could occur in the near term. Management is of the opinion that the diversification of its invested assets and their investment strategy should mitigate the impact of such changes.

5. FAIR VALUE MEASUREMENTS

The Corporation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Center has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves; and
 - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

6. INVESTMENTS

Investments consisted of the following at December 31, 2022 and 2021.

| | 2022 | | 2021 | |
|-----------------------------------|-------------------|-------------------|-------------|-------------|
| | Fair Value | Cost | Fair Value | Cost |
| Treasury bills maturing 9/30/2023 | \$ 987,190 | \$ 996,034 | \$ - | \$ - |
| Total investments | <u>\$ 987,190</u> | <u>\$ 996,034</u> | <u>\$ -</u> | <u>\$ -</u> |

All of the Corporation's investments were considered to be Level 1 measurements.

Net income (unrealized loss) from investments is summarized as follows for the years ended December 31, 2022 and 2021:

| | 2022 | 2021 |
|------------------------------------|-------------------|-------------|
| Net unrealized loss on investments | \$ (8,844) | \$ - |
| Total | <u>\$ (8,844)</u> | <u>\$ -</u> |

7. ASSETS HELD FOR SALE

Assets held for sale consists of the following components at December 31, 2022 and 2021:

| | 2022 | 2021 |
|-------------------------|---------------------|---------------------|
| Cost of properties held | \$ 397,161 | \$ 198,743 |
| Property improvements | <u>918,963</u> | <u>1,505,093</u> |
| Total | <u>\$ 1,316,124</u> | <u>\$ 1,703,836</u> |

8. NET ASSETS

Without Donor Restrictions—Include resources available to support operations. At December 31, 2022 and 2021, the Corporation reported \$3,819,821 and \$4,567,709, respectively, in net assets without donor restrictions.

With Donor Restrictions—Include resources of the Corporation whose use is limited by time or purpose stipulations that can be fulfilled and removed by actions of the Corporation, pursuant to contractual agreement. As of December 31, 2022 and 2021, the Corporation reported \$0 of net assets with donor restrictions.

9. FUNCTIONAL EXPENSES

A summary of the Corporation's operating expenses for the years ended December 31, 2022 and 2021, classified by function, are as follows:

| | 2022 | | |
|--------------------------|-------------------|---------------------|---------------------|
| | Support | Program | Total |
| | Activities | Activities | |
| | Management & | Property | |
| Administration | Management | | |
| Cost of sales | \$ - | \$ 1,825,738 | \$ 1,825,738 |
| Salary expenses | 163,511 | 175,237 | 338,748 |
| Retirement contributions | 11,303 | 12,113 | 23,416 |
| Professional services | 129,648 | - | 129,648 |
| Office expenses | 53,074 | - | 53,074 |
| Other expenses | 6,104 | 5,704 | 11,808 |
| Total | <u>\$ 363,640</u> | <u>\$ 2,018,792</u> | <u>\$ 2,382,432</u> |

| | 2021 | | |
|--------------------------|-------------------|---------------------|---------------------|
| | Support | Program | Total |
| | Activities | Activities | |
| | Management & | Property | |
| Administration | Management | | |
| Cost of sales | \$ - | \$ 1,066,412 | \$ 1,066,412 |
| Salary expenses | 161,319 | 142,464 | 303,783 |
| Retirement contributions | 11,226 | 9,914 | 21,140 |
| Professional services | 42,371 | - | 42,371 |
| Office expenses | 60,562 | - | 60,562 |
| Other expenses | 17,150 | 3,178 | 20,328 |
| Total | <u>\$ 292,628</u> | <u>\$ 1,221,968</u> | <u>\$ 1,514,596</u> |

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Corporation. Those expenses include salary expenses, retirement contributions, and other expenses. The natural classifications of salary expenses and retirement contributions are allocated based on estimates of time and effort.

10. CONTINGENCIES

In the normal course of operations, the Corporation receives grant funds from State and other agencies. These grant programs are 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.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2023, 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.

* * * * *

SUPPLEMENTARY INFORMATION

BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION
Schedule of Corporation Investments
Year Ended December 31, 2022

Annual Investment Report - §2925(6) of Public Authorities Law of the State of New York requires that each public authority must annually prepare an investment report which shall include (a) investment guidelines, (b) amendments to such guidelines since the last investment report, (c) an explanation of the investment guidelines and amendments, (d) results of the annual independent audit, (e) the investment income record of the corporation, and (f) a list of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Corporation since the last investment report.

- a. Investment guidelines—The Corporation’s investment policies are governed by State statutes. All investments are maintained in bank deposit accounts which are federally insured. The Corporation’s deposits are held at quality institutions.
- b. Amendments to guidelines—None.
- c. Explanation of guidelines and investments—These guidelines restrict investment of the Corporation’s funds to deposits in federally insured banks. The Corporation has not made any amendments to its investment policy.
- d. Results of the annual independent audit—The independent auditors have issued an unmodified opinion on the Corporation’s financial statements for the year ended December 31, 2022.
- e. Investment income (loss) record— Investment income (loss) for the year ended December 31, 2022 consisted of:

| | |
|--------------------------------|-------------------|
| Unrealized loss on investments | \$ (8,844) |
| Total | <u>\$ (8,844)</u> |

- f. List of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Corporation since the last investment report—No such fees, commissions, or other charges were paid during the year ended December 31, 2022.

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OTHER INFORMATION

BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION
Real Property Listing (Unaudited)
Year Ended December 31, 2022

1. **Real Property List** – §2896(3) of Public Authorities Law of the State of New York requires that each public authority must publish, at least annually, a report listing all real property of the authority. At December 31, 2022, the Corporation owned the following real property:

| Date Acquired | Section/Block/Lot Identification | Property Address | Municipality | Recorded Value * |
|----------------------|---|-----------------------------|---------------------|-------------------------|
| 10/27/2016 | 104.19-3-13 | 27 Aurora Street | Lancaster, NY | \$ 13,779 |
| 11/24/2017 | 205.03-1-9 | 0 Lake Crest Drive | Evans, NY | 20,068 |
| 11/24/2017 | 92.17-2-17 | 257 Chapel Avenue | Cheektowaga, NY | 922 |
| 11/24/2017 | 101.28-13-8 | 27 Alpine Place | Cheektowaga, NY | 846 |
| 11/24/2017 | 90.76-5-2 | 86 Carol Drive | Cheektowaga, NY | 911 |
| 11/25/2017 | 102.53-4-7 | 40 Reo Avenue | Cheektowaga, NY | 922 |
| 11/27/2017 | 92.17-3-4 | 195 Northcrest Avenue | Cheektowaga, NY | 921 |
| 10/22/2018 | 115.25-3-13 | 26 E. Garfield Street | Lancaster, NY | 3,527 |
| 10/24/2018 | 193.13-2-1 | 0 South Creek Road | Evans, NY | 712 |
| 10/24/2018 | 103.760-2-17 | 25 A-D Glenwood Court | Cheektowaga, NY | 4,562 |
| 10/24/2018 | 26.15-3-30 | 44 Sunset Court | Amherst, NY | 15,792 |
| 11/12/2019 | 250.07-4-26.1 | 9644 Jamestown Street | Evans, NY | 4,646 |
| 11/12/2019 | 250.17-7-3 | 139 Rosewood Avenue | Evans, NY | 2,178 |
| 11/12/2019 | 250.17-7-5 | 147 Rosewood Avenue | Evans, NY | 4,040 |
| 11/12/2019 | 235.07-3-6.2 | 1035 Eden Evans Center Road | Evans, NY | 828 |
| 11/12/2019 | 250.09-3-1.11 | 9579 Lake Shore Road | Evans, NY | 1,454 |
| 11/12/2019 | 250.11-8-45 | 0 Ivanhoe Street | Evans, NY | 643 |
| 11/12/2019 | 250.17-6-37 | 0 Lancaster Avenue | Evans, NY | 654 |
| 11/12/2019 | 79.29-3-15 | 15 Edgewood Avenue | Tonawanda, NY | 2,144 |
| 11/12/2019 | 285.08-1-3 | 2076 Langford Road | North Collins, NY | 3,619 |
| 8/14/2020 | 133.70-2-10 | 385 Marilla Street | Buffalo, NY | 388,432 |
| 8/14/2020 | 101.35-6-6 | 109 Humason Avenue | Buffalo, NY | 206,800 |
| 8/14/2020 | 88.75-2-30 | 172 Garner Avenue | Buffalo, NY | 200,472 |
| 2/18/2021 | 77.83-3-2 | 95 Grote Street | Buffalo, NY | 23,903 |
| 2/18/2021 | 123.34-3-20 | 273 Cable Avenue | Buffalo, NY | 3,419 |
| 2/18/2021 | 101.53-1-5 | 55 Urban Street | Buffalo, NY | 2,915 |
| 2/18/2021 | 133.71-2-39 | 486 Marilla Street | Buffalo, NY | 2,164 |
| 8/3/2022 | 92.15-5-9 | 305 Hyland Avenue | Cheektowaga | 1,032 |
| 8/3/2022 | 112.44-3-11 | 11 Halstead Avenue | Sloan | 1,032 |
| 8/3/2022 | 112.28-1-1 | 288 Lackawanna Avenue | Sloan | 1,032 |
| 8/3/2022 | 92.150-5-47 | 0 Hyland Avenue | Cheektowaga | 2,058 |
| 8/3/2022 | 92.15-5-10 | 0 Carl Street | Cheektowaga | 3,000 |
| 8/3/2022 | 101.6-7-19 | 1182 Walden Avenue | Cheektowaga | 1,032 |

(continued)

(concluded)

| Date Acquired | Section/Block/Lot Identification | Property Address | Municipality | Recorded Value * |
|----------------------|---|-------------------------|---------------------|-------------------------|
| 8/3/2022 | 235.16-2-38 | 25 Center Street | Angola | 1,032 |
| 8/3/2022 | 192.2-6-21 | 6884 Revere Drive | Evans | 1,032 |
| 8/3/2022 | 255-2-33.2 | 9679 Sisson Highway | Eden | 1,032 |
| 8/3/2022 | 269.19-2-32 | 2070 Sherman Avenue | North Collins | 1,032 |
| 8/3/2022 | 246.16-1-8.2 | 0 Hillcrest Drive | Holland | 2,058 |
| 8/3/2022 | 92.18-11-37 | 78 Diane Drive | Cheektowaga | 105,264 |
| 8/3/2022 | 249.2-3-13 | 39 Long Beach Lane | Evans | 42,842 |
| 8/3/2022 | 90.76-4-40 | 29 Marne Road | Cheektowaga | 29,832 |
| 8/3/2022 | 102.18-3-36.1 | 181 Lemoine Avenue | Cheektowaga | 26,772 |
| 8/3/2022 | 100.27-3-36 | 236 Brunswick Boulevard | Buffalo | 754 |
| 8/3/2022 | 88.33-3-37 | 249 East Street | Buffalo | 1,286 |
| 8/3/2022 | 235.15-6-11 | 149 Lake Street | Angola | 35,592 |
| 8/3/2022 | 251.07-4-1 | 92 Railroad Avenue | Angola | 28,053 |
| 8/3/2022 | 250.17-7-18.1 | 146 Potomac Avenue | Evans | 24,749 |
| 8/3/2022 | 250.14-2-21 | 273 Dawn Avenue | Evans | 16,572 |
| 8/3/2022 | 90.4-3-16 | 702 Norfolk Avenue | Buffalo | 2,335 |
| 8/3/2022 | 102.53-1-21 | 1192 Walden Avenue | Cheektowaga | 1,032 |
| 8/3/2022 | 102.53-1-22 | 0 Walden Avenue | Cheektowaga | 1,026 |
| 8/3/2022 | 269.19-8-11 | 10544 Main Street | North Collins | 30,938 |
| 8/3/2022 | 101.3-3-34 | 33 Schuele Avenue | Buffalo | 221 |
| 8/3/2022 | 100.25-4-20 | 149 Northland Avenue | Buffalo | 7,611 |
| 8/3/2022 | 250.140-9-3 | 275 Taft Avenue | Evans | 4,100 |
| 11/16/2022 | 250.14-9-27 | 0 Sterling Avenue | Evans | 2,000 |
| 11/16/2022 | 90.84-3-6.1 | 44 Long Avenue | Cheektowaga | 1,000 |
| 11/16/2022 | 250.08-3-11 | 531 Roanoke Avenue | Evans | 12,500 |
| 11/16/2022 | 250.11-7-13 | 473 Monroe Avenue | Evans | 15,000 |
| | | | Total | \$ 1,316,124 |

* Recorded value is based on lower cost or market value at date of acquisition, plus any property improvement costs. Donated properties are recorded at management's estimated fair value at acquisition.

2. Real Property Acquisitions/Dispositions – During the year ended December 31, 2022, the Corporation acquired 34 real properties and disposed of 19 real properties.

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Buffalo Erie Niagara Land Improvement Corporation (the "Corporation"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daucher & Malecki LLP

March 9, 2023