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March 25, 2025

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

We have audited the consolidated financial statements of the Buffalo Erie Niagara Land Improvement Corporation and its Subsidiary (collectively referred to as the "Corporation"), as of and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated March 25, 2025. 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 2, 2025, 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 the system 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 system of 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 25, 2025.

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, 2024. 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 and Related Disclosures

Accounting estimates and related disclosures 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, 2024 and 2023 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.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Corporation's consolidated financial statements relate to significant accounting policies and disclosures relating to fair value estimates, investments, and contingencies as described in Notes 2, 5, 6 and 10 to the financial statements.

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 carrying amount 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 carrying value or fair market value as of the reported balance sheet date. However, properties acquired by the Corporation are recorded at the lower of carrying value 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, 2024 in the amount of \$6,919. 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 entry for the year ended December 31, 2024 was brought to the attention of, and corrected by, management, is attached to the management representation letter dated March 25, 2025 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 25, 2025.

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, 2024 and 2023, 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. However, during the current year audit we became aware of a significant matter discussed below.

During the year ended December 31, 2024, the Corporation formed a single member New York limited liability corporation, the BENLIC Development LLC ("BDLLC"). BDLLC is a wholly owned subsidiary of the Corporation and was formed pursuant to the authority granted to Land Banks in Section 1607 of the New York State Not-For-Profit Law in order to acquire and redevelop properties that might pose potential liability risk. Financial activity for BDLLC, which primarily represents property acquisitions and improvements, is included within the Corporation's financial statements.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Corporation's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

* * * * *

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 25, 2025



March 25, 2025

Drescher & Malecki LLP
2721 Transit Road, Suite 111
Elma, New York 14059

This representation letter is provided in connection with your audit of the financial statements of the Buffalo Erie Niagara Land Improvement Corporation and its Subsidiary (collectively referred to as the "Corporation"), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 25, 2025:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 2, 2025, for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of consolidated 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.
- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- 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 consolidated 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.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the consolidated financial statements.
- We have included in the consolidated financial statements all assets and liabilities under the entity's control.
- Reclassifications between net asset classes are proper.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- We have complied with all contractual agreements, grants, and donor restrictions.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- 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 consolidated 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 consolidated financial statements.
- We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of fraud or noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the consolidated financial statements.
- We have disclosed to you the identity of all 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.

Single Audit

With respect to federal awards, we represent the following to you:

- We are responsible for understanding and complying with and have complied with the audit requirements of Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (“Uniform Guidance”).
- We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
- We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions, interpretations underlying those measurements or presentations are reasonable and appropriate in the circumstances.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- We are responsible for including the auditor’s report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
- We have notified you of federal awards and funding increments that were received before December 26, 2014 (if any) and differentiated those awards from awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
- When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor’s report thereon.
- We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- We have provided to you our interpretations of any compliance requirements that have varying interpretations.

- We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to period covered by the auditor's report.
- We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- The reporting package does not contain personally identifiable information.
- We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.

- We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
- We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- We have a reconciliation of the Schedule of Expenditures of Federal Awards to the Corporation's basic financial statements.

In addition:

- We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
- We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Other Specific Representations

- We have elected to present the Real Property Listing schedule as Other Information within the financial statements.
- Management estimates the carrying amount 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, 2024.
- 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 carrying amount 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 carrying amount 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.
- The Corporation labor agreements provide for sick leave, vacations, and miscellaneous other paid absences. Estimated sick leave, vacation and compensatory time accumulated by employees has been recorded. The value recorded in the statements at December 31, 2024 is \$6,919. This balance was determined as not material to the Corporation's financial statement.
- 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.
- During the year ended December 31, 2024, the Buffalo Erie Niagara Land Improvement Corporation formed a single member New York limited liability corporation, BENLIC Development LLC ("BDLLC"). BDLLC is a wholly owned subsidiary of the Buffalo Erie Niagara Land Improvement Corporation and was formed pursuant to the authority granted to Land Banks in Section 1607 of the New York State Not-For-Profit Law in order to acquire and redevelop properties that might pose potential liability risk. Financial activity for BDLLC, which primarily represents property acquisitions and improvements, is included within the Corporation's financial statements.
- With respect to the preparation of the financial statements, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including a system to monitor 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 11, 2024 related to the financial statements as of and for the year ended December 31, 2023, and to the best of our knowledge and belief, no events have occurred subsequent to March 11, 2024 that would require adjustment to, or disclosure in, the aforementioned financial statements.



Jocelyn Gordon, Executive Director

Adam McNeill, Audit and Finance Committee Chair

Buffalo Erie Niagara Land Improvement Corporation
Proposed Adjusting Journal Entries
For the Year Ended December 31, 2024

Exhibit I

Account Number	Description	Debit	Credit
Proposed Journal Entry JE # 1			
To adjust payroll withholdings at year end.			
3001	NYS Disability Deduction	\$ 1,347	\$ -
6010	Payroll:Payroll - Salary (Gross)	-	1,347
Total		<u>1,347</u>	<u>1,347</u>
Proposed Journal Entry JE # 2			
To adjust unearned revenue at year end.			
649	Deferred Revenue	8,310	-
2601	Property Sales	-	8,310
Total		<u>\$ 8,310</u>	<u>\$ 8,310</u>