Drescher & Malecki LLP
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Certified Public Accountants

March 18, 2015

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, 2014 and 2013, and have issued our report thereon dated March 18, 2015. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 30, 2014, 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 conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit 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 findings and comments regarding significant deficiencies over financial reporting and other matters noted during our audit in separate communications to you dated March 18, 2015.

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, 2014. 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 estimate affecting the financial statements for the year ended December 31, 2014 were determining the cost basis of property held for sale and the amount recorded as other liabilities to municipalities.

Management's estimates of the cost of property held for sale is based on the lessor 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 other liabilities to municipalities is based on the amount of back taxes the Corporation 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 the estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

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 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. Management has corrected all identified misstatements.

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, 2014, are attached to the management representation letter dated March 18, 2015 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 18, 2015.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

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, operating and regulatory conditions affecting the entity, and operational 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 18, 2015

March 18, 2015

Drescher & Malecki LLP
3083 William Street, Suite 5
Cheektowaga, 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 comprise the statement of financial position as of and for the years then ended December 31, 2014 and 2013, and the related statements of activities and cash flows for the year 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 that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

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 December 31, 2014:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 30, 2014, 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.
- 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 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 in amounts 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 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 disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.

- 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.

Other Specific Representations

- The Corporation agrees with the proposed adjusting journal entries as presented in Exhibit I.

- The Corporation is eligible to receive financial assistance from federal and state governmental agencies in the form of grants. During October 2014, the Corporation finalized a grant agreement for $2,500,000 with the New York State Office of the Attorney General to carry out community revitalization activities in Erie and Niagara Counties.

- Management estimates the cost of property held for sale based on the lessor 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 on market data and past trends.

- Management estimates amounts recorded for other liabilities 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.

- 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.

- Management has evaluated subsequent events through March 18, 2015, 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.

- The Corporation's management understands the 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.

- In addition to the audit services, Drescher & Malecki LLP has assisted the Corporation in compiling the Corporation's financial statements for the year ended December 31, 2014. In conjunction with the compilation of the financial statements, the Corporation has performed the following functions:

- Made all management decisions and performed all management functions.

- Designated Jocelyn Gordon, Executive Director, whom we believe has suitable skill, knowledge, and/or experience who has overseen this service.

- Evaluate the adequacy and results of the services performed.

- Accepted responsibility for the results of these services.

In connection with your audit of the financial statements of the Corporation as of December 31, 2013 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in financial positions, and cash flows of the Corporation in conformity with U.S. GAAP you were previously provided with a representation letter under date of March 21, 2014. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

To the best of our knowledge and belief, no events have occurred subsequent to December 31, 2013 and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Jocelyn Gordon, Executive Director

Joseph Maciejewski, Treasurer

Buffalo Niagara Land Improvement Corporation
Proposed Adjusting Journal Enties
Year Ended December 31, 2014

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To adjust property to the lower of cost or FMV.			
110.01	Cost of Properties Held - 39 Fowler	$ 909	
110.04	Cost of Porperties Held - 235 W Royal	910	
110.15	Cost of Properties Held - 79 Ellen	49,000	
110.20	Cost of Property Held - 3048 William	3,635	
600.1	Accounts Payable - Erie County	20,487	
600.2	Accounts Payable - Town of Tonawanda	25	
600.4	Accounts Payable - Town Amherst	1,407	
600.7	Accounts Payable - City Ton.	24,123	
110.02	Cost of Properties Held - 45-55 Pyle		$ 60
110.05	Cost of Properties Held - 257 Callodine		14,604
110.06	Cost of Properties Held - 290 Atlantic		5,965
110.16	Cost of Properties Held - 585 Morgan		4,108
110.17	Cost of Properties Held - 272 Kohler		11,889
110.18	Cost of Properties Held - 465 Broad		14,727
2700	Donated Property		49,000
600.5	Accounts Payable - V. Sloan		41
600.8	Accounts Payable - Cheektowaga		102
Total		**100,496**	**100,496**
Adjusting Journal Entries JE # 2			
To adjust accounts payable as of 12/31/2014.			
110.035	Property Improvements - 1745 Abbott	4,600	
110.065	Property Improvements - 290 Atlantic	80	
110.155	Property Improvements - 79 Ellen	12,056	
5100	Cost of Sales - Demolition	492,661	
600	Accounts Payable - General		16,736
600.3	Accounts Payable - City La		100,000
600.9	Accounts Payable - Buffalo		392,661
Total		**509,397**	**509,397**

Adjusting Journal Entries JE # 3

To reclassify property improvements.

110.015	Property Improvements - 39 Fowler	4,978	
110.025	Property Improvements - 45-55 Pyle	1,762	
110.035	Property Improvements - 1745 Abbott	411	
110.045	Property Improvements - 235 W Royal	180	
110.055	Property Improvements - 257 Callodine	630	
110.065	Property Improvements - 290 Atlantic	180	
110.075	Property Improvements - 8820 State Rd	755	
110.085	Property Improvements - 53 W Main St	455	
110.095	Property Improvements - 3-7 Lardner	630	
110.105	Property Improvements - 28 Browning	755	
110.115	Property Improvements - 58-64 Burnett	755	
110.125	Property Improvements - 32 Browning	755	
110.135	Property Improvements - 20-26 Whittier	755	
110.145	Property Improvements - 100 Sawyer	755	
110.155	Property Improvements - 79 Ellen	472	
110.165	Property Improvements - 585 Morgan	230	
110.175	Property Improvements - 272 Kohler	230	
110.185	Property Improvements - 465 Broad	230	
110.205	Property Improvements - 3048 William	450	
110.01	Cost of Properties Held - 39 Fowler		2,403
110.02	Cost of Properties Held - 45-55 Pyle		450
110.04	Cost of Porperties Held - 235 W Royal		180
110.05	Cost of Properties Held - 257 Callodine		630
110.06	Cost of Properties Held - 290 Atlantic		180
110.07	Cost of Properties Held - 8820 State Rd		755
110.08	Cost of Properties Held - 53 W Main St		505
110.09	Cost of Properties Held - 3-7 Lardner		630
110.10	Cost of Properties Held - 28 Browning		755
110.11	Cost of Properties Held - 58-64 Burnett		755
110.12	Cost of Properties Held - 32 Browning		755
110.13	Cost of Properties Held - 20-26 Whittier		755
110.14	Cost of Properties Held - 100 Sawyer		755
110.16	Cost of Properties Held - 585 Morgan		230
110.17	Cost of Properties Held - 272 Kohler		230
110.18	Cost of Properties Held - 465 Broad		180
110.20	Cost of Property Held - 3048 William		450
200	Checking		109
6600	Property Taxes		3,887
69000	Other Miscellaneous Expense		48
6915	Insurance - Property, Combined Prop. & GL		726
Total		**15,368**	**15,368**

Adjusting Journal Entries JE # 4

To reclassify unearned revenue as of 12/31/2014.

2010	Contribution Revenue - Grants	105,387	
650	Unearned Revenue		105,387
Total		**105,387**	**105,387**

Adjusting Journal Entries JE # 5

To adjust retained earnings to the correct beggining balance

940	Retained Earnings	520	
600.1	Accounts Payable - Erie County		520
Total		**520**	**520**

Adjusting Journal Entries JE # 6

To record expenses that were not recorded at year end.

6040	SEP Contribution	6,563	
200	Checking		6,563
Total		**6,563**	**6,563**

Adjusting Journal Entries JE # 7

To adjust payroll liabilities to the correct amount.

651	Payroll Liabilities - Employee FICA	6	
652	Payroll Liabilities - employee MA		6
Total		**6**	**6**

Adjusting Journal Entries JE # 8

To reclassify insurance costs as property improvements.

110.035	Property Improvements - 1745 Abbott	7	
110.045	Property Improvements - 235 W Royal	6	
110.055	Property Improvements - 257 Callodine	6	
110.065	Property Improvements - 290 Atlantic	6	
110.075	Property Improvements - 8820 State Rd	6	
110.085	Property Improvements - 53 W Main St	6	
110.095	Property Improvements - 3-7 Lardner	6	
110.105	Property Improvements - 28 Browning	6	
110.115	Property Improvements - 58-64 Burnett	6	
110.125	Property Improvements - 32 Browning	6	
110.135	Property Improvements - 20-26 Whittier	6	
110.145	Property Improvements - 100 Sawyer	6	
110.155	Property Improvements - 79 Ellen	6	
110.165	Property Improvements - 585 Morgan	6	
110.175	Property Improvements - 272 Kohler	6	
110.185	Property Improvements - 465 Broad	6	
110.205	Property Improvements - 3048 William	6	
6920	Insurance - Fees, taxes, rewrites		103
Total		**103**	**103**

Adjusting Journal Entries JE # 9

To adjust the property to FMV at the date of sale.

600.1	Accounts Payable - Erie County	637	
110.01	Cost of Properties Held - 39 Fowler		582
600.2	Accounts Payable - Town of Tonawanda		55
Total		**637**	**637**

Adjusting Journal Entries JE # 10

To properly record the property sale.

2601	Property Sales	8,920	
2656	Property Sales - Deposits	100	
110.01	Cost of Properties Held - 39 Fowler		4,042
110.015	Property Improvements - 39 Fowler		4,978
Total		**9,020**	**9,020**