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Certified Public Accountants

March 18, 2015

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

In planning and performing our audit of the financial statements of the Buffalo Erie Niagara Land Improvement Corporation (the "Corporation") as of and for the years then ended December 31, 2014 and 2013, 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, we considered the Corporation's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those 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 have not been identified.

Our audit also was not designed to identify deficiencies in internal control that might be significant deficiencies. 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. We reported a significant deficiency identified during our audit in a separate communication dated March 18, 2015

In addition, during our audit we identified certain matters involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated March 18, 2015 on the financial statements of the Corporation. We will review the status of this comment during our next audit engagement. Our comment and recommendation which has been discussed with the appropriate members of management are intended to improve the internal control or result in other operating efficiencies. Our comment is summarized in Exhibit I.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

March 18, 2015

Strategic Plan

During the prior year the Corporation entered into a service contract that requires a formalized long-term strategic plan. However, the Corporation did not provide us with a formalized long-term strategic plan during our audit.

We recommend that the Corporation finalize a long-term strategic plan. This plan should include an extensive explanation of the processes and the procedures which will allow the Corporation to achieve its long-term goals and objectives. This document should specifically identify the strategy that the Corporation will undertake when acquiring properties and subsequently disposing of them in order to maintain sustainability.

Bank Reconciliations

During our audit, it was found that the Corporation does not have a formalized bank reconciliation policy.

We recommend that the Corporation evaluate its procedures surrounding bank reconciliations and formalized a bank reconciliation policy that appropriately mitigates risk.

Accounting Policies and Procedures

During our audit we found that the Corporation does not have a formalized accounting policies and procedures manual in place.

We recommend that the Corporation establish a formalized accounting manual that informs all employees of desired operating procedures and policies. The manual should include an organizational chart, job descriptions, description of accounting procedures and principles to be followed, a chart of accounts, examples of principle transactions, and any other documentation for which uniformity use is desired.

Property Held for Sale Valuation

During our review of the Corporation's policies and procedures surrounding the properties held for sale, it was noted that a formal policy to determine the basis of property acquired through auction or donations did not exist.

We recommend that the Corporation create a formalized policy to determine the basis of properties acquired.