Drescher & Malecki LLP
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Certified Public Accountants

March 22, 2018

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, 2017 and 2016, and have issued our report thereon dated March 22, 2018. 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 February 16, 2018, 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 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 comments regarding other matters noted during our audit in a separate communication to you dated March 22, 2018.

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, 2017. 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 estimates affecting the financial statements for the year ended December 31, 2017 and 2016 were determining the cost basis of property held for sale, fair market value of donated properties, and the amount recorded as 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 the fair market value of donated properties is based on appraisal reports from a third party specialist. Management's estimate for amounts due 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 these 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, 2017, including those material misstatements that we identified as a result of our audit procedures attached to the management representation letter dated March 22, 2018 as Exhibit I, were brought to the attention of, and corrected by, management.

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 22, 2018.

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.

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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 22, 2018

The Land Bank
Buffalo Erie Niagara Land Improvement Corporation

March 22, 2018

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

This representation letter is provided in connection with your audits of the financial statements of the Buffalo Erie Niagara Land Improvement Corporation ("the Corporation"), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 present 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 March 22, 2018:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 16, 2018, 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.

- 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.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

- We have reviewed, approved, and taken responsibility for the financial statements and related notes.

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- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- There are no identified material uncorrected misstatements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets necessary to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- 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.
- Deposit and investment risks have been properly and fully disclosed.

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 no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing the financial statements.
- We 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

- We have reviewed and approved the adjusting journal entries that were proposed by you for recording in our books and recorded and reflected in the financial statements. The proposed adjusting journal entries are presented in Exhibit I.
- We elect to present the Real Property Listing schedule as Other Information within the financial statements.
- Management estimates the cost of property held for sale based on the lesser of: the estimated amount of back taxes expected to be paid; or the estimated selling price of the property less any improvement costs, which is estimated on market data and past trends.
- Management estimates the fair market value for donated properties using the appraised value. During the year ended December 31, 2017 the Corporation did not receive any donated properties.
- 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.
- 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 22, 2018, 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 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.

- In addition to the audit services, Drescher & Malecki LLP has assisted the Corporation in compiling the Corporation's financial statements for the years ended December 31, 2017 and 2016. 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, 2016 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 20, 2017. 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, 2017 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 Erie Niagara Land Improvement Corporation

Proposed Adjusting Journal Entries

Year Ended December 31, 2017

Exhibit I

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To reverse prior year closing of accounts.			
940	Retained earnings	$ 12,650	
701	Unearned revenue		$ 12,650
Total		**12,650**	**12,650**
Adjusting Journal Entries JE # 2			
To record omitted prior year journal entries.			
701	Unearned revenue	2,881	
2805	Reimbursed expense revenue	2,881	
2900	Unearned revenue		2,881
940	Retained earnings		2,470
6330	Website services		311
7100	Interest and earnings		100
Total		**5,762**	**5,762**
Adjusting Journal Entries JE # 3			
To record accounts payable.			
126.5	Cost of properties held - Improvements Wabash	7,500	
600	Accounts payable		9,356
6310	Office expenses	1,856	
Total		**9,356**	**9,356**
Adjusting Journal Entries JE # 4			
To record reimbursement for AmeriCorp LISC grant expenses.			
380	Receivables	1,300	
2036	Contribution revenue - Government Grants - LISC AmeriCorp		1,300
Total		**$ 1,300**	**$ 1,300**
Adjusting Journal Entries JE # 5			
To adjust prepaid expense.			
6905	Excess liability insurance	116	
6901	Business office insurance	134	
6903	Directors & Officers insurance	200	
6910	Auto insurance	44	
6350	Dues & subscriptions	32	
480	Prepaid expenses		526
Total		**526**	**526**
Adjusting Journal Entries JE # 6			
To recognize revenue previously recorded within unearned revenues.			
380	Due from other governments	4,107	
701	Unearned revenue	12,005	
2035	Contribution revenue - Government Grants - LISC		16,112
Total		**$ 16,112**	**$ 16,112**