

**BUFFALO ERIE NIAGARA LAND  
IMPROVEMENT CORPORATION**

*Financial Statements, Supplementary Information and  
Other Information for the Years Ended December 31, 2017  
and 2016 and Independent Auditors' Reports*



**BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION**  
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**Years Ended December 31, 2017 and 2016**

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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 Financial Statements**

We have audited the accompanying 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.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2017 and 2016, and the 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.

## ***Other Matters***

### ***Other Information***

Our audits were 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.

The Schedule of Corporation Investments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit 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, the Schedule of Corporation Investments is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Real Property Listing has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2018 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 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 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.



March 22, 2018

**BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION**  
**Statements of Financial Position**  
**December 31, 2017 and 2016**

|                                       | <b>2017</b>      | <b>2016</b>      |
|---------------------------------------|------------------|------------------|
| <b>ASSETS</b>                         |                  |                  |
| Current assets:                       |                  |                  |
| Cash and cash equivalents             | \$ 2,122,071     | \$ 1,824,488     |
| Receivables                           | 5,407            | -                |
| Prepaid expenses                      | 3,784            | 4,310            |
| Total current assets                  | 2,131,262        | 1,828,798        |
| Noncurrent assets:                    |                  |                  |
| Security deposit                      | 1,856            | 1,856            |
| Assets held for sale                  | 985,997          | 1,258,242        |
| Total noncurrent assets               | 987,853          | 1,260,098        |
| <br>Total assets                      | <br>\$ 3,119,115 | <br>\$ 3,088,896 |
| <br><b>LIABILITIES AND NET ASSETS</b> |                  |                  |
| Current liabilities:                  |                  |                  |
| Operating accounts payable            | \$ 32,802        | \$ 54,433        |
| Amounts due to municipalities         | 411,608          | 397,804          |
| Unearned revenue                      | 30,752           | 210,096          |
| Accrued liabilities                   | 722              | 629              |
| Total current liabilities             | 475,884          | 662,962          |
| Net assets:                           |                  |                  |
| Unrestricted                          | 2,643,231        | 2,425,934        |
| Total net assets                      | 2,643,231        | 2,425,934        |
| <br>Total liabilities and net assets  | <br>\$ 3,119,115 | <br>\$ 3,088,896 |

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, 2017**

|                            | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|----------------------------|---------------------|-----------------------------------|---------------------|
| Revenues:                  |                     |                                   |                     |
| Grant revenue              | \$ 674,241          | \$ -                              | \$ 674,241          |
| Property sales             | 1,015,900           | -                                 | 1,015,900           |
| Miscellaneous revenue      | 7,226               | -                                 | 7,226               |
| Interest income            | 100                 | -                                 | 100                 |
| Total revenues             | <u>1,697,467</u>    | <u>-</u>                          | <u>1,697,467</u>    |
| Expenses:                  |                     |                                   |                     |
| Cost of sales              | 1,159,938           | -                                 | 1,159,938           |
| Salary expenses            | 194,084             | -                                 | 194,084             |
| Retirement contributions   | 12,360              | -                                 | 12,360              |
| Professional services      | 16,696              | -                                 | 16,696              |
| Office expenses            | 56,363              | -                                 | 56,363              |
| Other expenses             | 10,829              | -                                 | 10,829              |
| Demolition charges         | 29,900              | -                                 | 29,900              |
| Total expenses             | <u>1,480,170</u>    | <u>-</u>                          | <u>1,480,170</u>    |
| Change in net assets       | 217,297             | -                                 | 217,297             |
| Total net assets—beginning | <u>2,425,934</u>    | <u>-</u>                          | <u>2,425,934</u>    |
| Total net assets—ending    | <u>\$ 2,643,231</u> | <u>\$ -</u>                       | <u>\$ 2,643,231</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, 2016**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|---|---------------------|-----------------------------------|---------------------|
| Revenues:   |                     |                                   |                     |
| Grant revenue   | \$ 1,398,456        | \$ -                              | \$ 1,398,456        |
| Donation revenue  | 528,000             | 958                               | 528,958             |
| Property sales  | 739,953             | -                                 | 739,953             |
| Miscellaneous revenue                                       | 3,964               | -                                 | 3,964               |
| Interest income   | 253                 | -                                 | 253                 |
| Total revenues  | <u>2,670,626</u>    | <u>958</u>                        | <u>2,671,584</u>    |
| Net assets released from restrictions:                      |                     |                                   |                     |
| Expiration of purpose restrictions                          | <u>5,692</u>        | <u>(5,692)</u>                    | <u>-</u>            |
| Total revenues and net assets<br>released from restrictions | <u>2,676,318</u>    | <u>(4,734)</u>                    | <u>2,671,584</u>    |
| Expenses:   |                     |                                   |                     |
| Cost of sales   | 926,331             | -                                 | 926,331             |
| Salary expenses   | 145,509             | -                                 | 145,509             |
| Retirement contributions                                    | 12,046              | -                                 | 12,046              |
| Professional services                                       | 13,227              | -                                 | 13,227              |
| Office expenses   | 32,230              | -                                 | 32,230              |
| Other expenses  | 13,219              | -                                 | 13,219              |
| Demolition charges  | <u>128,690</u>      | <u>-</u>                          | <u>128,690</u>      |
| Total expenses  | <u>1,271,252</u>    | <u>-</u>                          | <u>1,271,252</u>    |
| Change in net assets  | 1,405,066           | (4,734)                           | 1,400,332           |
| Total net assets—beginning                                  | <u>1,020,868</u>    | <u>4,734</u>                      | <u>1,025,602</u>    |
| Total net assets—ending                                     | <u>\$ 2,425,934</u> | <u>\$ -</u>                       | <u>\$ 2,425,934</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, 2017 and 2016**

|   | <b>2017</b>  | <b>2016</b>  |
|---|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |              |              |
| Change in net assets  | \$ 217,297   | \$ 1,400,332 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |              |              |
| Decrease (increase) in prepaid expenses   | 526          | (4,310)      |
| (Increase) in security deposit  | -            | (1,856)      |
| (Increase) in receivables   | (5,407)      | -            |
| Decrease (increase) in assets held for sale   | 272,245      | (485,762)    |
| (Decrease) increase in operating accounts payable   | (21,631)     | 4,827        |
| Increase in amounts due to municipalities   | 13,804       | 224,999      |
| (Decrease) increase in unearned revenue   | (179,344)    | 31,321       |
| Increase (decrease) in accrued liabilities  | 93           | (323)        |
| Net cash provided by operating activities   | 297,583      | 1,169,228    |
| Net increase in cash and cash equivalents   | 297,583      | 1,169,228    |
| Cash and cash equivalents—beginning   | 1,824,488    | 655,260      |
| Cash and cash equivalents—ending  | \$ 2,122,071 | \$ 1,824,488 |

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, 2017 and 2016**

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**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.

***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 Corporation’s preparation of the 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 follows:

***Unrestricted Net Assets***—Resources available to support the mission of the Corporation.

***Temporarily Restricted Net Assets***—The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Corporation released \$0 and \$5,692 from restrictions for eligible expenses during the years ended December 31, 2017 and 2016, respectively.

**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.

**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 \$3,784 and \$4,310 at December 31, 2017 and 2016, respectively.

**Receivables**—Receivables includes amounts due from New York State for grant reimbursable expenses incurred by the Corporation.

**Assets Held for Sale**—Properties acquired by the Corporation for sale are recorded at the lower of cost of acquisition or fair market value. Capital improvements made to properties held for sale are recorded at cost.

**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.

**Unearned Revenue**—Revenue from grants are recognized as earned; that is, as the related costs are incurred under the grant agreements. Amounts received in advance are reported as unearned revenue. The Corporation reported unearned revenues of \$30,752 and \$210,096 at December 31, 2017 and 2016, respectively.

**Grant Revenue**—The Corporation receives grant fund revenue from 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 \$674,241 and \$1,398,456 of grant revenue for the years ended December 31, 2017 and 2016, respectively.

**Donation Revenue**—Revenue from donated assets are recorded at the fair market value of the asset, and revenue from cash donations are recorded as the amount received. The Corporation reported \$0 and \$528,958 of donation revenue for the years ended December 31, 2017 and 2016, respectively.

**Demolition Charges**—Expenses incurred by municipalities for demolition services performed are submitted to the Corporation for reimbursement. Upon their approval, subject to grant restrictions, they are recorded as demolition charges by the Corporation. The Corporation has incurred \$29,900 and \$128,690 of demolition charges for the years ended December 31, 2017 and 2016, 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, 2016. The tax years ended December 31, 2017, 2016 and 2015 are still open to audit for federal purposes.

### 3. ASSETS HELD FOR SALE

Assets held for sale consists of the following components at December 31, 2017 and 2016:

|                         | <u>2017</u>       | <u>2016</u>         |
|-------------------------|-------------------|---------------------|
| Cost of properties held | \$ 374,884        | \$ 473,923          |
| Property improvements   | <u>611,113</u>    | <u>784,319</u>      |
| Total                   | <u>\$ 985,997</u> | <u>\$ 1,258,242</u> |

### 4. NET ASSETS

*Unrestricted Net Assets*—Include resources available to support operations. At December 31, 2017 and 2016, the Corporation reports \$2,643,231 and \$2,425,934, respectively, in unrestricted net assets.

*Temporarily Restricted Net Assets*—Include resources of the Corporation whose use is limited by stipulations that can be fulfilled and removed by actions of the Corporation, pursuant to contractual agreement. As of December 31, 2017 and 2016, the Corporation reported no temporarily restricted net assets.

### 5. 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.

### 6. SUBSEQUENT EVENTS

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.

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## SUPPLEMENTARY INFORMATION





**BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION**  
**Schedule of Corporation Investments**  
**Year Ended December 31, 2017**

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**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, 2017.
- e. Investment income record—Investment income for the year ended December 31, 2017 consisted of:

|          | <u>Interest<br/>Earned</u> |
|----------|----------------------------|
| M&T Bank | <u>\$ 100</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 or commissions were paid during the year ended December 31, 2017.

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## OTHER INFORMATION



**BUFFALO ERIE NIAGARA LAND IMPROVEMENT CORPORATION**  
**Real Property Listing**  
**Year Ended December 31, 2017**

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, 2017, the Corporation owned the following real property:

| <b>Date Acquired</b> | <b>Section/Block/Lot Identification</b> | <b>Property Address</b>   | <b>Municipality</b> | <b>Recorded Value *</b> |
|----------------------|---|---------------------------|---------------------|-------------------------|
| 10/15/2015           | 65.84-4-20                              | 332 Wabash Avenue         | Kenmore, NY         | \$ 121,527              |
| 10/15/2015           | 112.27-1-15                             | 310 Wagner Avenue         | Sloan, NY           | 88,988                  |
| 1/14/2016            | 90.71-2-27                              | 898 Delavan East          | Buffalo, NY         | 89,816                  |
| 9/19/2016            | 90.26-1-6                               | 179 Westminster Avenue    | Buffalo, NY         | 14,262                  |
| 9/19/2016            | 90.77-5-18                              | 72 Schauf Avenue          | Buffalo, NY         | 140,675                 |
| 10/24/2016           | 53.75-5-19                              | 286 Pilgrim Road          | Tonawanda, NY       | 73,193                  |
| 10/24/2016           | 53.75-5-38                              | 284 Pilgrim Road          | Tonawanda, NY       | 3,852                   |
| 10/27/2016           | 91.18-7-14                              | 138 Toelsin Road          | Cheektowaga, NY     | 33,502                  |
| 10/27/2016           | 235.15-6-23                             | 93 Lake Street            | Angola, NY          | 6,723                   |
| 10/27/2016           | 250.07-2-37                             | 9389 Orange Street        | Evans, NY           | 10,321                  |
| 10/27/2016           | 133.35-1-33                             | 66 Burch Avenue           | West Seneca, NY     | 4,645                   |
| 10/27/2016           | 90.84-1-26                              | 77 East End Avenue        | Cheektowaga, NY     | 8,996                   |
| 10/27/2016           | 250.08-5-31                             | 0 Peach Street            | Evans, NY           | 1,790                   |
| 10/27/2016           | 151.46-5-1                              | 166 Pearl Avenue          | Blasdell, NY        | 26,472                  |
| 10/27/2016           | 195.08-9-5                              | 50 Scott Street           | Hamburg, NY         | 1,589                   |
| 10/27/2016           | 195.08-9-4                              | 64 Scott Street           | Hamburg, NY         | 3,530                   |
| 10/27/2016           | 115.06-2-25                             | 24 Miller Street          | Depew, NY           | 21,904                  |
| 10/27/2016           | 104.19-3-13                             | 27 Aurora Street          | Lancaster, NY       | 11,295                  |
| 10/28/2016           | 80.17-14-4                              | 309 Cleveland Drive       | Cheektowaga, NY     | 12,704                  |
| 10/28/2016           | 90.84-1-18                              | 51 East End Avenue        | Cheektowaga, NY     | 26,914                  |
| 12/6/2016            | 101.21-1-10                             | 107 Longview Avenue       | Buffalo, NY         | 15,392                  |
| 12/6/2016            | 90.71-5-55                              | 375 Northumberland Avenue | Buffalo, NY         | 10,627                  |
| 12/6/2016            | 90.78-1-15.1                            | 234 Carl Street           | Buffalo, NY         | 17,706                  |
| 12/6/2016            | 79.74-2-29                              | 652 Lisbon Avenue         | Buffalo, NY         | 30,069                  |
| 11/21/2017           | 142.37-4-25                             | 86 Caldwell               | Lackawanna, NY      | 14                      |
| 11/24/2017           | 118.00-4-38.21                          | 0 Fairview                | Alden, NY           | 233                     |
| 11/24/2017           | 16.01-2-23                              | 2880 Tonawanda Creek      | Amherst, NY         | 3,353                   |
| 11/24/2017           | 101.28-1-2                              | 38 Barbara                | Cheektowaga, NY     | 2,615                   |
| 11/24/2017           | 101.28-13-8                             | 27 Alpine                 | Cheektowaga, NY     | 138                     |
| 11/24/2017           | 101.36-3-12                             | 78 Avery                  | Cheektowaga, NY     | 18,841                  |
| 11/24/2017           | 101.36-3-7                              | 52 Olcott                 | Cheektowaga, NY     | 11,323                  |
| 11/24/2017           | 101.60-4-3                              | 74 Hoerner                | Cheektowaga, NY     | 203                     |
| 11/24/2017           | 101.60-5-23                             | 1112 Walden               | Cheektowaga, NY     | 203                     |
| 11/24/2017           | 102.16-4-22                             | 1 Schlenker               | Cheektowaga, NY     | 16,298                  |
| 11/24/2017           | 102.53-4-7                              | 40 Reo                    | Cheektowaga, NY     | 203                     |

(continued)

(concluded)

| <u>Date Acquired</u> | <u>Section/Block/Lot Identification</u> | <u>Property Address</u> | <u>Municipality</u> | <u>Recorded Value *</u> |
|----------------------|---|-------------------------|---------------------|-------------------------|
| 11/24/2017           | 114.06-4-14                             | 94 Bellevue             | Cheektowaga, NY     | 5,073                   |
| 11/24/2017           | 80.19-3-2                               | 106 Wilshire            | Cheektowaga, NY     | 16,323                  |
| 11/24/2017           | 91.06-14-19                             | 89 Gardenvale           | Cheektowaga, NY     | 4,791                   |
| 11/24/2017           | 92.17-2-17                              | 257 Chapel              | Cheektowaga, NY     | 203                     |
| 11/24/2017           | 26.14-1-2                               | 172 Aegean              | Amherst, NY         | 5,453                   |
| 11/24/2017           | 101.28-2-5                              | 20 Andrews              | Cheektowaga, NY     | 5,388                   |
| 11/24/2017           | 101.60-5-29                             | 25 Hoerner              | Cheektowaga, NY     | 2,315                   |
| 11/24/2017           | 102.21-7-23                             | 129 David               | Cheektowaga, NY     | 203                     |
| 11/24/2017           | 102.37-2-13                             | 166 Straley             | Cheektowaga, NY     | 203                     |
| 11/24/2017           | 205.03-1-9                              | 0 Lake Crest            | Evans, NY           | 19,350                  |
| 11/24/2017           | 102.21-1-20                             | 11 Normandy             | Cheektowaga, NY     | 3,263                   |
| 11/24/2017           | 101.28-8-3                              | 2355 Genesee            | Cheektowaga, NY     | 21,364                  |
| 11/27/2017           | 92.17-3-4                               | 195 Northcrest          | Cheektowaga, NY     | 202                     |
| 11/27/2017           | 104.70-2-2                              | 511 Terrace             | Depew, NY           | 247                     |
| 11/27/2017           | 234.19-5-14.1                           | 9194 Lakeshore          | Evans, NY           | 9,422                   |
| 11/27/2017           | 235.13-2-4                              | 720 Birch               | Evans, NY           | 1,322                   |
| 11/27/2017           | 336.09-1-14                             | 228 Newman              | Springville, NY     | 1,262                   |
| 11/27/2017           | 133.44-2-41                             | 41 Columbia             | West Seneca, NY     | 26,422                  |
| 11/27/2017           | 133.52-3-19                             | 53 Wichita              | West Seneca, NY     | 13                      |
| 11/30/2017           | 90.76-5-2                               | 86 Carol                | Cheektowaga, NY     | 203                     |
| 11/30/2017           | 113.29-1-20                             | 137 Griffith            | Sloan, NY           | 15,656                  |
| 12/11/2017           | 100.63-2-32                             | 22 Coe                  | Buffalo, NY         | 2,293                   |
| 12/11/2017           | 101.33-8-6                              | 2246 Bailey             | Buffalo, NY         | 2,828                   |
| 12/11/2017           | 123.22-2-7                              | 73 Manitoba             | Buffalo, NY         | 2,589                   |
|                      |   |                         | Total**             | <u>\$ 976,304</u>       |

\* Recorded value is based on lower cost or market. Donated properties are recorded at management's estimated fair value at acquisition.

\*\* During the year ended December 31, 2017, the Corporation invested \$9,693 into several real property locations; the Corporation did not yet have title to the real property.

**2. Real Property Acquisitions/Dispositions** – During the year ended December 31, 2017, the Corporation acquired 38 real properties and disposed of 25 real properties.

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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, 2017, 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 22, 2018.

**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") to determine the audit 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 over financial reporting 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 have not been identified.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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.

Handwritten signature in cursive script that reads "Duescher & Malecki LLP".

March 22, 2018