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Drescher & Malecki

Certified Public Accountants

February 28, 2020

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 year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, 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 opinion 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.

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 reasonably possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined below:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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 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.

During our audit we identified certain matters involving the internal control, other operational matters, and future reporting requirements that are presented for your consideration. This letter does not affect our report dated February 28, 2020 on the financial statements of the Corporation. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized in Exhibit I.

This communication is intended solely for the information and use of management and those charged with governance, and is not intended to be, and should not be, used by anyone other than these specified parties.

Drescher & Malecki LLP

February 28, 2020

Bank Reconciliations

The Corporations should continue to develop and improve its internal controls surrounding bank reconciliations. During our audit it was noted that not all bank reconciliations were completed in a timely manner after the end of each month.

We recommend that the Corporation consider implementing additional control procedures to ensure that cash balances are properly reconciled on a monthly basis. Also, the preparation of each reconciliation should be reviewed by a separate individual.

Disaster Recovery Plan

As the Corporation continues to grow, risks related to data back-ups and disaster recovery, such as losing data files in the event of a disaster or improperly disposing of sensitive data that could result in potential harm for the Corporation, that were previously deemed to be acceptable should be reassessed. Currently, the Corporation risks the possibility that back-ups of key data files are not properly performed, or become damaged and unable to be recovered.

We recommend that the Corporation consider implementing a formalized back-up policy that states the procedures involved in backing up data files. The Corporation should also implement a disaster recovery plan that will detail procedures to protect the Corporation's data and minimize the risk of unplanned interruptions. These procedures should clearly identify the individuals who have authority to declare a disaster, the responsibilities for designated staff, and actions to be taken in specific emergency situations.

New Reporting Standards

The Financial Accounting Standards Board ("FASB") released Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which will have an impact on the Corporation's financial statement presentation for the year ending December 31, 2020.

The objective of ASU 2016-02 is to establish the principles that lessees and lessors should apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. The main difference between current practice is the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases with a term greater than twelve months. In addition, ASU 2016-02 requires disclosures of qualitative and quantitative information to supplement the amounts recorded on the financial statements so that users can understand more about the Corporation's leasing activities.