

June 22, 2022

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

This representation letter is provided in connection with your audit of the consolidated financial statements of the Batavia Development Corporation and its wholly owned subsidiary Creek Park LLC (collectively referred to as the "Corporation"), which comprise the statements of financial position as of March 31, 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, for the purpose of expressing an opinion on whether the consolidated 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 such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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 June 22, 2022:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 20, 2022, for the preparation and fair presentation of the consolidated 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 consolidated 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.
- 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 consolidated financial statements and the related notes.
- 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.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All 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 consolidated 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.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All components of net position are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- All interfund and intra-equity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- All required supplementary information is measured and presented within the prescribed guidelines.

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 consolidated 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 consolidated financial statements.
- We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud.

- We have provided to you our analysis of the Corporation's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- 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 consolidated financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's consolidated 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 consolidated financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the consolidated financial statements.
- 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.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Corporation has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Corporation is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statement as a Whole

With respect to the Supplementary Information accompanying the consolidated financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
- We believe that the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are reasonable in the circumstances.

- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited consolidated financial statements or, if the supplementary information will not be presented with the audited consolidated financial statements, to make the audited consolidated financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the required supplementary information accompanying the consolidated financial statements:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are reasonable and appropriate in the circumstances.

Other Specific Representations

- The Corporation has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 87, *Leases*; No. 91, *Conduit Debt Obligations*; and No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending March 31, 2023, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*, and No. 99, *Omnibus 2022*, effective for the year ending March 31, 2024, No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, and No. 101, *Compensated Absences*, effective for the year ending March 31, 2025. The Corporation is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 91, 93, 94, 96, 96, 100 and 101 will have on its financial position and results of operations when such statements are adopted.
- Management agrees with the proposed adjusting journal entries as presented in Exhibit I.
- Management has evaluated subsequent events through June 22, 2022, which is the date the consolidated financial statements are available for issuance, and have determined there are no subsequent events, that require disclosure under generally accepted accounting principles.
- The Corporation has determine that they are not a component unit of the City of Batavia, New York.

- During the year ended March 31, 2022, the Corporation coordinated a reimbursable pass-through grant agreement with the New York State Office of Community Renewal. The Corporation passed-through \$27,200 and \$137,600 to Vance Group, LLC and AGRV Properties, Inc., respectively, which are reported as non-operating revenues and expenses. The Corporation did not have pass-through revenues or expenses during the year ended March 31, 2021.
- In addition to the audit services, Drescher & Malecki LLP has assisted the Corporation in preparing the Corporation's consolidated financial statements for the years ended March 31, 2022 and 2021. With respect to the nonattest services provided, the Corporation has performed the following:
 - Made all management decisions and performed all management functions.
 - Designated Lisa Neary, City of Batavia Deputy Director of Finance, who we believe has suitable skill, knowledge, and/or experience to oversee this service.
 - Evaluated the adequacy and results of the services performed.
 - Evaluated and accepted responsibility for the results of the services performed.
 - Established and maintained internal controls, including monitoring ongoing activities.
- 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 connection with the audit of the consolidated financial statements of the Corporation, which comprise the statement of financial position as of March 31, 2021 and the related statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, for the purpose of expressing an opinion as to whether the Corporation present fairly, in all material respects, the financial position, results of operations, and cash flows of the Corporation in conformity with U.S. GAAP the predecessor auditor was previously provided with a representation letter under date of June 24, 2021. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.



Tammy Hathaway, Director of Economic Development
Batavia Development Corporation