January 29, 2019

Hon. John Dunne
And Members of the Zoning Board of Appeals
City of Beacon
1 Municipal Plaza
Beacon, New York 12508

Project/Premises: 53 Eliza Street, Beacon, New York 12508
Accountant Statement Regarding Cost Basis

Dear Hon. John Dunne & ZBA Members,

My office has been contacted by PIE Development Company, Inc. ("PDC"), regarding the cost basis of the existing commercial property located at 53 Eliza Street, Beacon, New York. I am a Certified Professional Accountant, with 27 years of experience, and I have handled the accounting needs of PDC for the last two (2) years, including preparing PDC's tax returns.

I understand that the Zoning Board of Appeals has made an inquiry regarding the cost basis that was prepared by PDC and its consultants for the property. Accordingly, I have conducted a thorough review of PDC's prior tax history for the last ten (10) years and I have reviewed a confidential memorandum prepared by PDC dated October 30, 2018 that was used to establish land cost in PDC's financial analysis previously submitted to your Board.

The Premises were purchased in March of 1999 for $161,039. The cost basis allocation was the following:

Building	$145,000
Land	$ 10,000
Closing Costs	$ 6,039

For Income Tax purposes, the building was depreciated over 39 years, as allowed by the Internal Revenue Code. As of December 31, 2017, the building was depreciated $69,867 to date and had a cost basis of $75,133 ($145,000 - $69,867). Improvements made to the Premises over the last thirty (30) years were made but never depreciated in the tax returns.

Accordingly, it is my professional opinion that the current cost basis remains $75,133 ($145,000 - $69,867) plus the cost of improvements ($545,000) for a total of $620,133. This cost basis is consistent with the cost basis provided in PDC's Financial Analysis, only this cost basis also factors in depreciation.

Sincerely,

Kevin M. Davis, CPA