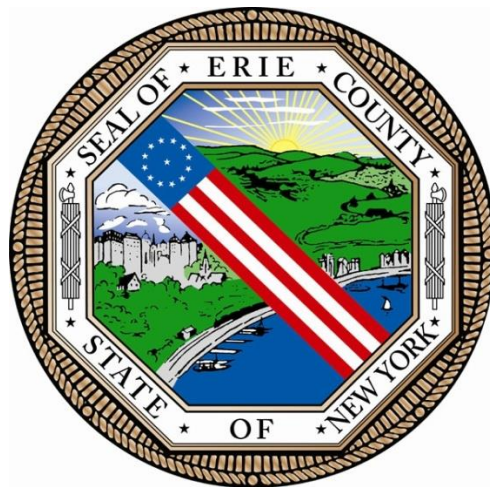


October 2023

**Erie County Cultural Funding Grant
Monitoring Program
Hull House Foundation
January 1, 2020 through December 31, 2022**



**HON. KEVIN R. HARDWICK
ERIE COUNTY COMPTROLLER**

**HON. KEVIN R. HARDWICK
ERIE COUNTY COMPTROLLER'S OFFICE
DIVISION OF AUDIT & CONTROL
95 FRANKLIN STREET
BUFFALO, NEW YORK 14202**



October 18, 2023

Erie County Legislature
92 Franklin Street, Fourth Floor
Buffalo, New York 14202

Dear Honorable Members:

In 2023, the Erie County Comptroller's Office, Division of Audit & Control initiated a regular Monitoring Program of Erie County Cultural Funding Grants. The Erie County Cultural Funding program provides annual grants to non-profit arts and cultural organizations operating within the County. County funds are intended to be limited in their use to current operating expenses including salaries, program costs, fringe benefits, rents, utilities, office supplies, and equipment. Grant funds may not be used for or applied towards capital projects or physical improvements of buildings or facilities, nor as a revenue offset against accounts receivable. No funds received shall be used for any services provided or activities performed outside Erie County. The County's Department of Environment and Planning executes contracts with organizations and is the primary agency charged with monitoring.

Objective

The objective of the Cultural Funding Monitoring Program is to verify that the recipients have utilized County funds according to the terms and conditions associated with the Erie County Cultural Funding grant process and the recipient's contract with the County. In order to verify the proper use of the grant award, a number of agencies were selected in order to review their expenses and financial records.

Scope and Methodology

Approximately 120 different organizations receive funding annually from Erie County. The Comptroller's Cultural Funding Grant Monitoring Program is intended to review organizations that received a minimum of \$5,000 in funding during any of the three prior years. Approximately 80 agencies were identified as receiving \$5,000 or more in grant funding. The list of recipient organizations was split into two groups of approximately 40 agencies. The first batch of letters announcing the commencement of a review was sent to the selected non-profit organizations during mid-February 2023, with a second batch scheduled to be sent in early October 2023. The review of all agencies is expected to be completed by December 31, 2023.

2023 Program

During the interview phase, the Auditor identifies use of funding to narrow down the expenses to be verified. A table of agencies which meet the criteria for review along with the amount of grant awards can be found on the following page.

Monitoring Program – Phase I

ACT #	APPROPRIATION	VENDOR NUMBER	TAX YEAR 2020	TAX YEAR 2021	TAX YEAR 2022
	Enlightenment Literary Arts Center &	152183	\$ 28,600.00	\$ 36,600.00	\$ 55,000.00
517125	Dog Ears Bookstore	112694	\$ 275,450.00	\$ 311,950.00	\$ 200,000.00
518004	African American Cultural Center	109340	\$ 8,500.00	\$ 8,500.00	\$ 11,000.00
518012	Alleway Theatre	100379	\$ 7,500.00	\$ 7,500.00	\$ 45,000.00
518016	American Legion Band of	100475	\$ 32,500.00	\$ 26,750.00	\$ 28,740.00
518017	Amherst Symphony Orchestra	147159	\$ 26,050.00	\$ 26,050.00	\$ 30,000.00
518019	Arts Services Initiative of WNY Inc	100794	\$ 24,000.00	\$ 24,000.00	\$ 30,000.00
518028	Ballet Artists Of WNY (Neglia)				
	Buffalo Arts Studio (Arts Studio of	101244	\$ 38,000.00	\$ 45,500.00	\$ 53,000.00
518040	Western New York, Inc)	108597	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00
518044	Buffalo Inner City Ballet Co, Inc.	113142	\$ 4,500.00	\$ -	\$ 5,500.00
518050	Buffalo Music Hall of Fame	167829	\$ 30,000.00	\$ 30,000.00	\$ 35,000.00
518051	Buffalo Heritage Carousel	130377	\$ 5,000.00	\$ -	\$ 12,500.00
518074	Colored Musicians Club	109896	\$ 12,585.00	\$ 8,585.00	\$ 11,000.00
518084	El Museo Gallery	103197	\$ 59,200.00	\$ 59,200.00	\$ 60,000.00
518104	Graycliff Conservancy	143473	\$ 15,375.00	\$ 5,375.00	\$ 7,500.00
518113	Hull House Foundation				
	Jewish Community Center Cultural	111239	\$ 13,500.00	\$ 8,750.00	\$ 13,500.00
518119	(Jewish Ctr of Greater Buff)	108577	\$ 78,100.00	\$ 78,100.00	\$ 83,500.00
518120	Just Buffalo Literacy Center	109985	\$ 29,250.00	\$ 25,250.00	\$ 28,500.00
518132	Locust St Neighborhood Art Classes	104863	\$ 175,500.00	\$ 175,500.00	\$ 190,000.00
518136	Martin House Restoration	139615	\$ 48,000.00	\$ 48,000.00	\$ 39,000.00
518139	MUSIC IS Art	106132	\$ 7,000.00	\$ 7,000.00	\$ 3,800.00
518146	Polish Arts Club Of Buffalo Inc	147509	\$ 4,615.00	\$ 4,615.00	\$ 6,000.00
518147	Presentation Buffalo Niagara	113308	\$ 30,505.00	\$ 20,505.00	\$ 36,000.00
518160	Springville Center For The Arts	101268	\$ 20,920.00	\$ 20,920.00	\$ 27,000.00
518166	Squeaky Wheel	106553	\$ 32,320.00	\$ 32,320.00	\$ 37,000.00
518172	Theodore Roosevelt Inaugural Site	101047	\$ 83,000.00	\$ 83,000.00	\$ 57,714.00
518176	Ujima Company	108295	\$ 6,275.00	\$ 6,275.00	\$ 7,500.00
518180	Western New York Artists Group	135959	\$ 4,640.00	\$ 4,640.00	\$ 6,000.00
518181	WNY Book Arts Collaborative, Inc	109818	\$ 10,500.00	\$ 10,500.00	\$ 14,000.00
518184	Young Audiences Of WNY	151996	\$ 16,500.00	\$ 16,500.00	\$ 24,500.00
518196	Buffalo Niagara Heritage Village	151378	\$ 15,000.00	\$ 15,000.00	\$ 32,500.00
518200	Michigan St African Amer Heritage	103060	\$ 10,000.00	\$ 11,000.00	\$ 12,500.00
518201	General Pulaski Association	156194	\$ 10,000.00	\$ 16,000.00	\$ 20,000.00
518204	Brighton Place, Inc	159305	\$ 12,000.00	\$ 20,000.00	\$ 24,500.00
518211	Hispanic Heritage Council of WNY				
	Black Rock Historical Society (Black	170969	\$ 22,500.00	\$ 7,500.00	\$ 10,000.00
518216	Rock-Riverside Alliance)	167500	\$ 25,000.00	\$ 20,000.00	\$ 15,000.00
518225	Centro Culturale Italiano di Buffalo	113041	\$ 18,000.00	\$ 15,000.00	\$ 15,000.00
518549	South Buffalo Irish Feis/Can You Dig				
518596	Net Positive DBA The Foundry	168005	\$ 5,000.00	\$ -	\$ 5,000.00

Monitoring Program – Phase II

ACT #	APPROPRIATION	VENDOR NUMBER	TAX YEAR 2020	TAX YEAR 2021	TAX YEAR 2022
517533	Buffalo Olmsted Parks Conservancy	140237	\$ 25,910.00	\$ 25,910.00	\$ 35,000.00
51806	Albright-Knox Art Gallery	108707	\$ 575,000.00	\$ 575,000.00	\$ 675,000.00
518009	Albright-Knox Public Art Curator	147228	\$ 68,250.00	\$ -	\$ -
518025	Assembly House 150, Inc	167747	\$ 1,000.00	\$ 1,000.00	\$ 6,500.00
518034	Buffalo & Erie County Botanical Garden	108743	\$ 102,000.00	\$ 125,000.00	\$ 150,000.00
518036	Buffalo & Erie Co Historical Society	108772	\$ 417,000.00	\$ 667,000.00	\$ 417,000.00
	Buffalo & Erie County Naval & Servicemans				
518052	Park	109339	\$ 35,000.00	\$ 35,000.00	\$ 50,000.00
518060	Buffalo Philharmonic Orch Society	101032	\$ 926,000.00	\$ 926,000.00	\$ 940,000.00
518061	Buffalo Philharmonic Chorus	109796	\$ 34,500.00	\$ 34,500.00	\$ 35,000.00
518064	Buffalo Society Natural Sciences	109767	\$ 955,000.00	\$ 955,000.00	\$ 955,000.00
518065	Buffalo String Works, Inc	167853	\$ 3,500.00	\$ 3,500.00	\$ 4,355.00
518068	Burchfield Penney Art Center	101004	\$ 155,000.00	\$ 155,000.00	\$ 165,000.00
518072	Center for Exploratory and Perceptu	109934	\$ 55,000.00	\$ 55,000.00	\$ 63,000.00
518082	Danceability	156639	\$ 2,500.00	\$ 3,500.00	\$ 3,000.00
518095	Explore & More Children's Museum	102750	\$ 42,000.00	\$ 42,000.00	\$ 78,000.00
518108	Hallwalls Contemporary Arts Center	108598	\$ 57,000.00	\$ 57,000.00	\$ 60,000.00
518112	Hamburg Nat Hist Society/Penn-Dixie	103282	\$ 96,314.00	\$ 96,314.00	\$ 96,314.00
518116	Irish Classical Theatre Company	108727	\$ 83,500.00	\$ 83,500.00	\$ 93,500.00
518124	O'Flouville College Ravinwky Theater	109341	\$ 11,750.00	\$ -	\$ 9,500.00
518128	Lancaster Opera House	111683	\$ 45,800.00	\$ 30,300.00	\$ 35,000.00
518140	MusicalFare Theatre	103508	\$ 61,525.00	\$ 61,525.00	\$ 66,000.00
518141	New Phoenix Theatre	109342	\$ 7,500.00	\$ 7,500.00	\$ -
518148	Road Less Traveled Productions	121043	\$ 63,500.00	\$ 63,500.00	\$ 67,000.00
518152	Roycroft Campus Cooperation	118233	\$ 40,000.00	\$ 40,000.00	\$ 50,000.00
518156	Shakespeare In The Park	109675	\$ 95,000.00	\$ 95,000.00	\$ 95,000.00
518168	Theatre Of Youth	109888	\$ 69,400.00	\$ 69,400.00	\$ 74,000.00
518173	Torn Space Theatre	143673	\$ 20,460.00	\$ 15,460.00	\$ 29,500.00
518188	Zoological Society Of Buffalo	108623	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,700,000.00
518195	Orchard Park Symphony Orchestra	147747	\$ 4,615.00	\$ -4,615.00	\$ 4,000.00
518202	Buffalo Opera Unlimited Incorporated	155973	\$ 2,300.00	\$ 2,300.00	\$ -
518203	Buffalo-Toronto Public Media WNED/WBFO	172909	\$ 3,750.00	\$ -	\$ 5,000.00
518205	Cheektowaga Comm Symphony Orchestra	109177	\$ -	\$ 7,500.00	\$ -
518209	Newstead Historical Society	105518	\$ 5,500.00	\$ 3,500.00	\$ 5,000.00
518213	O'Connell & Company Productions	159162	\$ 23,100.00	\$ 23,100.00	\$ 31,500.00
	Amherst Male Glee Club dba Red Blazer				
518219	Men's Chorus	162045	\$ 3,000.00	\$ 3,000.00	\$ 6,000.00
518221	Buffalo Center for Arts and Technology	152007	\$ 3,000.00	\$ 3,000.00	\$ 7,500.00
518224	Cheektowaga Historical Association	161121	\$ 4,250.00	\$ 4,250.00	\$ 6,100.00
518229	Second Generation Theatre Company	164957	\$ 2,020.00	\$ 2,020.00	\$ 5,000.00
518230	Steel Plant Museum of Western New York	147740	\$ 2,020.00	\$ 2,020.00	\$ 5,000.00
518503	Alden Christian Theater Society	114358	\$ 10,000.00	\$ -	\$ 3,000.00
518514	Clarence Concert Association	101711	\$ 3,500.00	\$ -	\$ 5,000.00
	Clarence Museum (Historical Soc. of the				
518515	Town of Clarence)	118067	\$ 5,500.00	\$ -	\$ 6,000.00

BEST PRACTICES

Over the course of the Monitoring Program, the Division of Audit found a number of problematic practices and questionable expense categories on a recurring basis. In order to address issues pertaining to a large number of organizations, certain generally applicable best practices and recommendations are included here.

Alcohol

Several organizations used or appeared to use CGF funds to obtain alcohol. While the Division of Audit does not recommend that CGF awards be made contingent on the absence of alcohol from events hosted by the organization, alcohol should not be purchased with CGF funds. The Division of Audit found dozens of alcohol purchases that appeared to be personal in nature and several more which likely violated NYS Alcoholic Beverage Control Laws. Furthermore, the NYS Comptroller has long held that alcohol is not a "lawful county charge", meaning that government officials and employees may not use taxpayer funds to purchase alcohol. The Division of Audit sees no reason that organizations receiving taxpayer funds should be treated differently.

Debit Cards

The Division of Audit found a large quantity of small-dollar expenses made with debit cards which appeared personal in nature. If a debit card is used, the money is gone by the time statements are typically reviewed, while a credit card bill often needs to be approved and paid by the organization's board of directors. Thus, the use of credit cards, particularly with smaller organizations, can provide a critical layer of expense control.

Alternate Funding Sources and Segregation of Accounts

Organizations may have several sources of governmental or philanthropic funding. One way to ensure that CGF funds go farthest is to tailor awards to the needs of the organization. Such an assessment would require applicants to provide certain financial documents covering prior years and a disclosure of current year funding applications. Furthermore, accounts received from Erie County should not be comingled with the other funds of the organization. Having source information upfront and requiring the segregation of accounts substantially decreases the likelihood of wasted CGF funds.

In addition, if an organization receives a capital improvement grant and operating fund grant those funds should be maintained in segregated accounts and accounted for separately as operating fund grants **cannot** be used for capital improvements.

BACKGROUND

The Hull House Foundation (HHF) is a non-profit organization established in 2005 for the preservation and restoration of the 1810 Hull Family Home and Farmstead. The organization is registered as a 501(c)3 non-profit entity.

The Hull House is the oldest fully restored stone dwelling in Erie County, New York. Built c.1810 by Warren Hull for his wife, Polly, and their children. Warren and his father both served in the Revolutionary War. Soon after, Warren settled in Western New York. Hull played a role in the War of 1812 and the final development of the Erie Canal, drastically changing the economy across New York State.

The abolitionist movement and the Civil War engaged Hull family members in the middle of the 19th century. While Hull family members were part of these dramatic historic events, they also contributed to their communities in more ordinary ways as farmers, teachers, attorneys, printers, artists, business owners and church and government leaders. All these events and contributions are part of the Hull Family legacy, which are taught to visitors in a variety of events and programs at the site.

In 2020, HHF received \$15,375 in County Cultural Grant funding. In 2021, HHF received \$5,375 in CGF funding. In 2022, HHF received \$7,500 in CGF funding.

FINDINGS & RECOMMENDATIONS

HHF did not operate during the pandemic, although the organization continued to incur operating expenses. No virtual tours were provided. HHF continued to have board meetings, either remote or in smaller, socially distant capacity during that period. HHF's primary activities during that time primarily consisted of restoration projects.

HHF is registered with the New York State Department of Education as an educational organization. Its mission shifted from restoration to education. HHF conducts school tours in order to illustrate to students the farmstead living in the 1800s. The organization also hosts a multi-day history camp. HHF currently collaborates with the University at Buffalo's Archeological group.

Most of HHF's fundraising events cater to an adult audience. The organization's biggest fundraising event is a Summer Soire, which takes place outdoors in the form of a summer barbeque. HHF hosts an annual tea party and a formal heritage dinner, which takes places at the historic house. HHF tried to host bridal parties and showers, but the rustic nature of the facilities and the lack of parking posed challenges. Many of the region's Chambers of Commerce use HHF facilities to host networking events. The organization does not charge a fee to any of the Chambers of Commerce that use their facilities. HHF hosts these organizations in the hopes of gaining exposure and possible future funding.

AUDITOR'S COMMENTS

The HHF does not have employees. Everyone involved with the organization is a volunteer. Based on the information provided by the organization, the County Cultural Grant funding is used to cover general operating expenses. A review of the organization's bank statements along with other financial records provided substantiation for expenses related to the day-to-day operation of the organization.

The organization is currently working on the Threshing Barn Project, for which it received a separate capital grant. A review of the expense records and bank statements indicated that all expenses for these projects are commingled with operating expenses. HHF's treasurer was informed that the capital expenses for the Threshing Barn Project should be separate from the operating expenses, as each funding source has a different purpose.

HHF hosts an annual Broad meeting, typically in January or February. A review of HHF's records indicated that this event is normally hosted at a higher-end venue, such as the Buffalo Country Club, and the expense is not a fundraising event.

In 2022, HHF rented its facilities to a third party for the purpose of hosting a series of paranormal activity events. The Auditor inquired about the purpose of those events, as it does not appear to meet their stated missions of restoration or education. HHF's treasurer indicated that the purpose was to generate revenue, and that HHF did not participate in the events. However, the Auditor identified some HHF expenses related to these paranormal functions such as shirts and snacks. In addition, news coverage for the event indicated that information and ticket sale information was available on HHF's website. The Auditor advised the organization of the rules regarding earned income from unrelated activities for a non-profit organization. The organization's treasurer indicated that HHF is no longer involved in the paranormal related functions.

cc: Daniel Castle, Commissioner of Environment and Planning
Robert Keating, Director of Budget and Management