

February 2024

**Erie County Cultural Funding Grant
Monitoring Program
Arts Service Initiative of Western New York, Inc.
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**



February 22, 2024

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, and a second batch was sent in early October 2023. The review of all agencies is expected to be completed by May 31, 2024.

2023 – 2024 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 &				
517125	Dog Ears Bookstore	152183	\$ 28,600.00	\$ 36,600.00	\$ 55,000.00
518004	African American Cultural Center	112604	\$ 275,450.00	\$ 311,950.00	\$ 200,000.00
513012	Alleyway Theatre	109340	\$ 8,500.00	\$ 3,500.00	\$ 11,000.00
519016	American Legion Band of	100379	\$ 7,500.00	\$ 7,500.00	\$ 45,000.00
518017	Amherst Symphony Orchestra	100475	\$ 32,500.00	\$ 26,750.00	\$ 28,740.00
518019	Arts Services Initiative of WNY Inc.	147159	\$ 26,050.00	\$ 26,050.00	\$ 30,000.00
518028	Ballet Artists Of WNY (Neglia)	100794	\$ 24,000.00	\$ 24,000.00	\$ 30,000.00
	Buffalo Arts Studio (Arts Studio of				
518040	Western New York, Inc)	101244	\$ 38,000.00	\$ 45,500.00	\$ 53,000.00
518044	Buffalo Inner City Ballet Co. Inc	108597	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00
519050	Buffalo Music Hall of Fame	113142	\$ 4,500.00	\$ -	\$ 5,900.00
518051	Buffalo Heritage Carousel	167829	\$ 30,000.00	\$ 30,000.00	\$ 35,000.00
518074	Colored Musicians Club	130377	\$ 5,000.00	\$ -	\$ 12,900.00
518084	El Museo Gallery	109836	\$ 12,385.00	\$ 8,545.00	\$ 11,000.00
518100	Grandstaff Conservancy	103197	\$ 59,200.00	\$ 59,200.00	\$ 60,000.00
518113	Hull House Foundation	143473	\$ 15,375.00	\$ 5,375.00	\$ 7,500.00
	Jewish Community Center Cultural				
518119	(Jewish Ctr of Greater Buff)	111239	\$ 13,500.00	\$ 8,750.00	\$ 13,300.00
518120	Iust Buffalo Literacy Center	108577	\$ 78,100.00	\$ 78,100.00	\$ 83,500.00
518132	Loosest St Neighborhood Art Classes	109985	\$ 29,250.00	\$ 25,250.00	\$ 28,500.00
518136	Martin House Restoration	104863	\$ 175,500.00	\$ 175,500.00	\$ 190,000.00
518139	Music is Art	139615	\$ 48,000.00	\$ 48,000.00	\$ 39,000.00
518148	Polish Arts Club Of Buffalo Inc	106112	\$ 7,000.00	\$ 7,000.00	\$ 3,800.00
518147	Preservation Buffalo Niagara	147509	\$ 4,615.00	\$ 4,615.00	\$ 6,000.00
518160	Springville Center For The Arts	113308	\$ 30,505.00	\$ 20,505.00	\$ 36,000.00
518184	Squeaky Wheel	101268	\$ 20,920.00	\$ 20,920.00	\$ 27,000.00
518172	Theodore Roosevelt Inaugural Site	106552	\$ 32,320.00	\$ 32,320.00	\$ 37,000.00
518176	Ujima Company	101047	\$ 83,000.00	\$ 83,000.00	\$ 57,714.00
518180	Western New York Artists Group	108295	\$ 6,275.00	\$ 6,275.00	\$ 7,500.00
518181	WNY Book Arts Collaborative, Inc	135959	\$ 4,640.00	\$ 4,640.00	\$ 6,000.00
518184	Young Audiences Of WNY	109818	\$ 10,500.00	\$ 10,500.00	\$ 14,000.00
518196	Buffalo Niagara Heritage Village	151996	\$ 18,500.00	\$ 18,500.00	\$ 24,500.00
518200	Michigan Sur African Amer Heritage	152578	\$ 15,000.00	\$ 15,000.00	\$ 32,500.00
518201	General Pulaski Association	103060	\$ 10,000.00	\$ 11,000.00	\$ 12,500.00
518204	Brighton Place, Inc	156194	\$ 10,000.00	\$ 16,000.00	\$ 20,000.00
518211	Hispanic Heritage Council of WNY Black Rock Historical Society (Black	159305	\$ 12,000.00	\$ 20,000.00	\$ 24,500.00
518216	Rock-Riverside Alliance)	170369	\$ 22,500.00	\$ 7,500.00	\$ 10,000.00
518233	Centro Culturale Italiano di Buffalo	167500	\$ 25,000.00	\$ 20,000.00	\$ 15,000.00
518259	South Buffalo Irish Fets/Can You Dig	113051	\$ 18,000.00	\$ 15,000.00	\$ 15,000.00
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
517133	Buffalo Olmsted Parks Conservancy	140237	\$ 35,910.00	\$ 25,910.00	\$ 35,000.00
518068	Burns-Knox Art Gallery	108267	\$ 575,000.00	\$ 575,000.00	\$ 675,000.00
519009	Albright-Knox Public Art Curator	147238	\$ 68,250.00	\$ 68,250.00	\$ -
518025	Assembly House 150, Inc	167747	\$ 1,000.00	\$ 1,000.00	\$ 6,500.00
518034	Buffalo & Erie County Botanical Garden	106743	\$ 102,000.00	\$ 125,000.00	\$ 150,000.00
518036	Buffalo & Erie Co Historical Society	308772	\$ 417,000.00	\$ 667,000.00	\$ 417,000.00
	Buffalo & Erie County Naval & Servicemans				
518052	Park	109739	\$ 35,000.00	\$ 35,000.00	\$ 50,000.00
518080	Buffalo Philharmonic Ouch Society	103093	\$ 926,000.00	\$ 926,000.00	\$ 840,000.00
518061	Buffalo Philharmonic Chorus	109796	\$ 14,500.00	\$ 34,500.00	\$ 35,000.00
518064	Buffalo Society Natural Sciences	106767	\$ 955,000.00	\$ 955,000.00	\$ 955,000.00
518065	Buffalo String Works, Inc	167353	\$ 3,500.00	\$ 3,500.00	\$ 3,353.00
518068	Burchfield Penney Art Center	101094	\$ 153,000.00	\$ 155,000.00	\$ 180,000.00
518072	Center for Exploratory and Perceptu	109934	\$ 53,000.00	\$ 53,000.00	\$ 63,000.00
518082	Danceability	156639	\$ 2,000.00	\$ 5,500.00	\$ 3,000.00
518096	Estrope & More Children's Museum	107758	\$ 42,000.00	\$ 42,000.00	\$ 78,000.00
518108	Healtharts Contemporary Arts Center	108598	\$ 57,000.00	\$ 57,000.00	\$ 60,000.00
518112	Hamburg Nat Hist Society/Penn-Delire	103182	\$ 98,314.00	\$ 96,314.00	\$ 95,115.00
518136	Irish Classical Theatre Company	104727	\$ 83,500.00	\$ 83,500.00	\$ 95,900.00
518124	O'Connell College Kavinsky Theatre	105341	\$ 11,750.00	\$ -	\$ 9,500.00
518128	Lancaster Opera House	113661	\$ 45,800.00	\$ 30,300.00	\$ 35,000.00
518120	MusicalFare Theatre	105705	\$ 61,523.00	\$ 51,523.00	\$ 66,000.00
518142	New Phoenix Theatre	109262	\$ 7,500.00	\$ 7,500.00	\$ -
518148	Road Less Travelled Productions	111043	\$ 63,500.00	\$ 63,500.00	\$ 67,000.00
518152	Roycroft Campus Cooperation	114211	\$ 50,000.00	\$ 40,000.00	\$ 50,000.00
518156	Shakespeare In The Park	109675	\$ 95,000.00	\$ 95,000.00	\$ 93,000.00
518188	Theatre Of Youth	109886	\$ 69,400.00	\$ 69,400.00	\$ 74,000.00
518173	Town Space Theatre	143873	\$ 20,460.00	\$ 15,460.00	\$ 29,500.00
518188	Zoological Society Of Buffalo	108621	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,700,000.00
518192	Orlando Park Symphony Orchestra	142745	\$ 4,813.00	\$ 4,813.00	\$ 6,000.00
518202	Buffalo Opera Unlimited Incorporated	155971	\$ 2,800.00	\$ 2,800.00	\$ 10,000.00
518203	Buffalo/Toronto Public Media WNED/W5FO	172905	\$ 3,750.00	\$ -	\$ 3,000.00
518205	Cheerzowaga Comm Symphony Orchestra	109177	\$ -	\$ 7,500.00	\$ -
518209	Newstead Historical Society	105318	\$ 3,500.00	\$ 3,500.00	\$ 5,000.00
518213	O'Connell & Company Productions	156162	\$ 23,100.00	\$ 23,300.00	\$ 13,900.00
	Amherst Male Glee Club dba Leo Bracer				
518219	Men's Chorus	162545	\$ 1,000.00	\$ 1,000.00	\$ 6,000.00
518221	Buffalo Center for Arts and Technology	152207	\$ 1,000.00	\$ 1,000.00	\$ 7,500.00
518226	Cheerzowaga Historical Association	161121	\$ 1,250.00	\$ 6,250.00	\$ 5,100.00
518229	Second Generation Theatre Company	164957	\$ 1,020.00	\$ 2,020.00	\$ 5,000.00
518230	Steel Plant Museum of Western New York	147740	\$ 2,020.00	\$ 2,020.00	\$ 3,000.00
518263	African Christian Theater Society	114356	\$ 10,000.00	\$ -	\$ 5,000.00
518314	Clarence Concert Association	101713	\$ 3,500.00	\$ -	\$ 5,000.00
518315	Clarence Museum (Historical Soc of the Town of Clarence)	113967	\$ 5,560.00	\$ -	\$ 6,800.00

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

Credit cards, particularly with smaller organizations, can provide a critical layer of expense control. The Division of Audit found a large quantity of small-dollar expenses appearing 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 paid and approved by the organization's board of directors.

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.

ARTS SERVICE INITIATIVE OF WESTERN NEW YORK, INC.

BACKGROUND

Arts Service Initiative, Inc (ASI) is a 501(c)3 non-profit organization established in 2011. The mission of ASI is to empower the region's artists and arts organizations with connections to funding, learning opportunities and community access to the arts. The organization serves as a resource hub for the Western New York arts and cultural sectors.

The ASI received \$26,050 in Cultural Grant Funding (CGF) for the years 2020 and 2021, and \$30,000 in CGF for the year 2022.

AUDITOR'S OBSERVATIONS

ASI provides financial and other operating support to many of Western New York's non-profit art organizations as well as local artists. The goal of the organization is to secure long-term sustainability for the arts and creative fields. ASI serves as a hub for the Western New York arts and cultural sector by providing connections to funding, advocacy services and learning opportunities. The ASI serves five counties in Western New York.

The Regrant Program sponsored by the ASI is one of the largest connections to funding the organization makes available to the WNY's arts and cultural sector. Grant funding support to arts and cultural organizations includes project specific grants as well as general operating grants. To fund the Regrant Program, ASI receives financial assistance from organizations such as the New York State Council for the Arts (NYSCA), Fund for the Arts, Erie County Cultural Grant Funding, Ralph Wilson, Jr. Arts & Culture Initiative, Community Foundation for Greater Buffalo, and Rupp Family Foundation amongst others.

ASI relies on corporate sponsorships and public funds as its main source of funding. Contributions from government grants and foundations represent approximately 30% of ASI's operating budget. Other sources of funding for the organization include fundraisers such as the Lawyers for the Arts fundraiser and private donations.

ASI also created the Arts Access Program, which provides entrance passes and transportation assistance to low-income county residents in order to make arts programming more accessible to those with otherwise limited resources.

Other services provided by ASI include pass-through fiscal sponsorship to individuals and organizations, bookkeeping services at reduced cost, grant writing workshops and lunch and learn sessions.

CGF funding received by ASI was allocated to fund the Statewide Community Regrant (SCR) and Give for Greatness programs.

AUDITOR'S CONCLUSION

During the grant monitoring process, ASI was able to provide adequate substantiation for use of CGF amounts. The organization allocates grant funding towards expenses for the Regrant programs. ASI provided documentation including bank statements, financial statements, credit card statements and other financial documentation as substantiation for use of CGF. Further, it was determined that ASI's expenses exceeded CGF amounts for each year reviewed by the Auditor.

In addition to the Regrant program sponsored by ASI, which accounts for approximately 30% of the organization's operating budget, the second largest expense for the organization is for payroll related expenses, which accounts for approximately 40% of ASI's operating budget.

ASI currently has a thirteen-member operating Board of Directors. Board members are limited to two terms, which can be consecutive. Based on information provided by the organization, there appears to be an adequate level of internal controls as the organization segregates duties and responsibilities and performs a review of expenses incurred and income received. The organization has dual signature requirements, but the threshold for a dual signature is set at \$10,000. The Auditor found this amount to be fairly high and could potentially lead to smaller expenses being incurred without dual approval.

Based on a review of the organization's financial documentation, the Auditor identified a larger than average expense for computer equipment incurred during the year 2022. A total of seven laptop computers were purchased, with an average cost of approximately \$1,800 per computer.

Based on additional information obtained during the analysis of the organization's financial records, the organization incurs frequent expenses for lunches and gifts for employee birthdays and similar celebrations. It is recommended that the organization refer to IRS Publications 535 and 463 to ensure that guidelines regarding gifts and other limitations are adequately followed.

ASI is currently in compliance with the filing of all returns and other federal and state obligations.