

**February 2024**

**Erie County Cultural Funding Grant  
Monitoring Program  
Steel Plant Museum of Western New York  
January 1, 2020 through December 31, 2022**



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

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**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	\$ 35,000.00
518004	African American Cultural Center	112604	\$ 275,450.00	\$ 311,950.00	\$ 200,000.00
518012	Alleway Theatre	109340	\$ 8,500.00	\$ 8,500.00	\$ 11,000.00
518016	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 (Negra)	100794	\$ 24,000.00	\$ 24,000.00	\$ 30,000.00
	Buffalo Arts Studio (Arts Studio of				
518040	Western New York, Inc)	101344	\$ 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
518050	Buffalo Music Hall of Fame	113342	\$ 4,500.00		\$ 5,500.00
518051	Buffalo Heritage Carousel	167819	\$ 30,000.00	\$ 30,000.00	\$ 35,000.00
518074	Colored Musicians Club	130377	\$ 5,000.00		\$ 12,500.00
518084	El Museo Gallery	109836	\$ 12,585.00	\$ 8,585.00	\$ 11,000.00
518104	Grayliff 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	\$ 13,500.00
518120	Just Buffalo Literacy Center	108577	\$ 78,100.00	\$ 78,100.00	\$ 83,500.00
518132	Locust St Neighborhood Art Classes	109985	\$ 29,250.00	\$ 25,250.00	\$ 28,500.00
518136	Martin House Restoration	104863	\$ 175,300.00	\$ 175,300.00	\$ 190,000.00
518139	Music Is Art	139615	\$ 48,000.00	\$ 48,000.00	\$ 39,000.00
518148	Polish Arts Club Of Buffalo Inc	106132	\$ 7,000.00	\$ 7,000.00	\$ 3,000.00
518147	Preservation Buffalo Niagara	147509	\$ 4,615.00	\$ 8,815.00	\$ 6,000.00
518140	Springville Center For The Arts	113308	\$ 30,505.00	\$ 30,505.00	\$ 36,000.00
518164	Soueaky 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	\$ 97,714.00
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
518181	Young Audiences Of WNY	109818	\$ 10,300.00	\$ 10,300.00	\$ 14,000.00
518196	Buffalo Niagara Heritage Village	151996	\$ 18,500.00	\$ 18,500.00	\$ 26,500.00
518200	Michigan St 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
518213	Hispanic Heritage Council of WNY Black Rock Historical Society/Black	159305	\$ 12,000.00	\$ 20,000.00	\$ 24,500.00
518216	Rock-Riverside Alliance	110369	\$ 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
518249	South Buffalo Irish Feis/Can You Dig	113041	\$ 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
517533	Buffalo Olmsted Parks Conservancy	140237	\$ 25,910.00	\$ 25,910.00	\$ 33,000.00
518008	Albright-Knox Art Gallery	108707	\$ 575,880.00	\$ 575,000.00	\$ 675,000.00
518009	Albright-Knox Public Art Curator	147228	\$ 63,250.00	\$ 58,250.00	\$
518025	Assembly House 158, Inc	167747	\$ 1,000.00	\$ 1,000.00	\$ 6,300.00
518034	Buffalo & Erie County Botanical Garden	108743	\$ 101,000.00	\$ 125,000.00	\$ 150,000.00
518036	Buffalo & Erie Co Historical Society Buffalo & Erie County Naval & Seemcans	108772	\$ 417,800.00	\$ 667,000.00	\$ 617,000.00
518052	Park	109239	\$ 35,000.00	\$ 35,000.00	\$ 50,000.00
518060	Buffalo Philharmonic Oem 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 Spring Works, Inc	167353	\$ 3,500.00	\$ 3,500.00	\$ 3,352.00
518068	Buncheville Penney Art Center	107086	\$ 155,000.00	\$ 155,000.00	\$ 160,000.00
518072	Center for Exploratory and Perceptu	109914	\$ 53,000.00	\$ 53,000.00	\$ 61,000.00
518082	Danceability	156639	\$ 2,500.00	\$ 5,500.00	\$ 3,000.00
518096	Explore & More Children's Museum	102758	\$ 42,000.00	\$ 42,000.00	\$ 73,000.00
518100	Hallealla Contemporary Arts Center	106598	\$ 57,000.00	\$ 57,000.00	\$ 60,000.00
518112	Hamburg Nat Hist Society/Penn-Dive	101282	\$ 98,311.00	\$ 98,311.00	\$ 96,311.00
518116	Irish Classical Theatre Company	103727	\$ 83,500.00	\$ 83,500.00	\$ 93,500.00
518124	O'Quinn College Talenkov Theater	111234	\$ 11,750.00		\$ 3,500.00
518128	Lancaster Opera House	113681	\$ 45,300.00	\$ 30,300.00	\$ 35,000.00
518140	Musicalfare Theatre	105308	\$ 61,523.00	\$ 61,523.00	\$ 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	Rosecroft Campus Cooperation	118211	\$ 60,000.00	\$ 40,000.00	\$ 50,000.00
518156	Shakespeare in The Park	109679	\$ 33,000.00	\$ 33,000.00	\$ 35,000.00
518168	Theatre Of Youth	109868	\$ 69,400.00	\$ 69,400.00	\$ 74,000.00
518173	Terri Space Theatre	143673	\$ 20,260.00	\$ 15,460.00	\$ 25,500.00
518188	Zoological Society Of Buffalo	108623	\$ 1,500,800.00	\$ 1,500,600.00	\$ 1,700,000.00
518195	Orchard Park Symphony Orchestra	147747	\$ 4,615.00	\$ 4,615.00	\$ 3,000.00
518202	Buffalo Opera Unlimited Incorporated	155973	\$ 2,300.00	\$ 2,300.00	\$ 10,000.00
518203	Buffalo-Toronto Public Media WNEP/W2PC	172309	\$ 3,750.00	\$ 3,750.00	\$ 3,000.00
518205	Cheektowaga Comm Symphony Orchestra	109777		\$ 2,500.00	\$
518219	Historical Historical Society	105318	\$ 3,500.00	\$ 3,500.00	\$ 3,000.00
518218	O'Connell & Company Productions Amherst Male Glee Club dba Red Blazer	159162	\$ 21,100.00	\$ 23,300.00	\$ 31,500.00
518219	Men's Chorus	162045	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
518221	Buffalo Center for Arts and Technology	152207	\$ 3,000.00	\$ 1,000.00	\$ 7,800.00
518226	Cheektowaga Historical Association	163123	\$ 3,250.00	\$ 8,150.00	\$ 5,100.00
518229	Second Generation Theatre Company	164927	\$ 3,020.00	\$ 2,020.00	\$ 5,000.00
518230	Steel Plant Museum of Western New York	147740	\$ 2,020.00	\$ 2,020.00	\$ 3,000.00
518253	Alden Onassis Theatre Society	114358	\$ 10,000.00		\$ 3,000.00
518214	Clarence Concert Association Clarence Museum (Historical Soc of the	103171	\$ 3,500.00		\$ 3,000.00
518215	Town of Clarence)	113867	\$ 3,500.00		\$ 6,882.00

## 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 why 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.

### **STEEL PLANT MUSEUM OF WNY BACKGROUND**

The Steel Plant Museum of Western New York (Steel Plant Museum or SPM) is a 501(c)3 non-profit organization established in 1984 in order to document and preserve the memories of the steelmaking industry in Western New York. The Steel Plant Museum showcases artifact collections from the Bethlehem Steel Plant as well as other local steel plants such as Republic Steel and Hanna Furnace. Part of SPM also includes a Reference Library which holds items such as books, manuals, technical papers, steel-related catalogues, union contract booklets, and other employment related documents such as grievance files and correspondence.

The Steel Plant Museum received \$2,020.00 in Cultural Grant Funding (CGF) for tax years 2020 and 2021. SPM received \$5,000.00 in funding for 2022.

### **AUDITOR'S OBSERVATIONS**

The Steel Plant Museum operates as a small museum in a shared space inside the Heritage Discovery Center. The SPM holds exhibits and other events free of charge to the community. In addition to steel-making exhibits, the organization hosts events such as a monthly speaker series and semi-annual fundraisers. Apart from a paid part time curator, members of the Steel Plant Museum's staff are volunteers.

Memberships and donations are the major source of funding for the Steel Plant Museum. The SPM also transfers interest income from their capital investment account and receives corporate sponsorships to support its operations. Grant funding represents a small percentage of the operating budget for the Steel Plant Museum. For the years being monitored, cultural grant funds have represented anywhere between 4% and 12% of the organization's annual operating budget, which is well within the cultural grant program limits. Cultural grant funds received by the Steel Plant Museum are allocated to offset the cost of annual operating expenses. Funds are primarily allocated towards rent and wage expenses for the organization's curator.



The Steel Plant Museum has an online store where merchandise is sold to support its operation. An analysis of the organization's inventory and online transactions confirmed that all merchandise sold is related to the organization and their mission.

In addition to online sales, SPM also has an annual appeal drive, holds semi-annual raffles and miscellaneous events such as pizza sales during their monthly speaker series to raise additional operating funds.

The SPM hosts an annual luncheon as part of their programming. The cost of the luncheon is fully covered by ticket sales and does not require the use of operating funds.

### **AUDITOR'S CONCLUSION**

The Steel Plant Museum was able to provide substantiation for use of cultural grant funds. The organization allocates grant funding towards general operating expenses, with a primary focus towards the cost of rent and wage expenses.

The organization was able to provide documentation to substantiate expenses, including copies of cancelled checks, payroll expense summaries and copies of payroll returns filed on a quarterly basis. The total amount of expenses incurred by the organization exceeds funding amounts received for each year covered by this analysis.

SPM hosts several raffles each year to raise funds for the operation of the organization. The Auditor referenced the New York State Gaming Commission's (NYSGC) guidelines for conducting raffles and games of chance and verified that the organization was in compliance with Part 4620 of the NYSGC Regulations. SPM was not required to obtain a Game of Chance Identification Number or licensing as proceeds generated from the raffles fall well under applicable thresholds.

SPM currently has a seven-member operating Board of Directors. Board terms are currently unlimited as interest and participation has declined over the years. Even though board members are holding positions for many years, there appears to be an adequate level of internal controls as the organization segregates duties and responsibilities, has a requirement for dual signatures and performs adequate review of expenses incurred and income received.

The Steel Plant Museum is currently in compliance with the filing of all returns and other federal and state obligations.