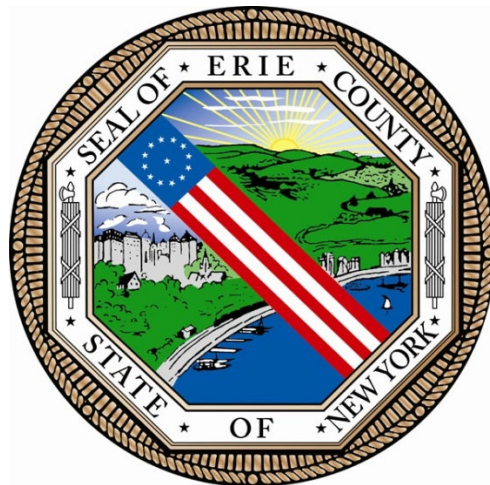


**August 2025**

**Erie County Cultural Funding Grant Monitoring Program  
Enlightenment Bookstore and Literary Center Inc.  
(known as Dog Ears Bookstore)  
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**



August 22, 2025

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, 2025.

### **2023 Program**

During the interview phase, the Auditor identifies use of funding to narrow down the expenses to be verified. If an organization does not respond to the Auditor's request for documentation, they will be deemed non-responsive. If an organization refuses to provide some or all requested documentation, it will be deemed non-compliant. Either designation will be considered when CGF is allocated in future years. 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
517533	Buffalo Olmsted Parks Conservancy	140237	\$ 25,910.00	\$ 25,910.00	\$ 35,000.00
518008	Albright-Knox Art Gallery	108707	\$ 575,000.00	\$ 575,000.00	\$ 675,000.00
518009	Albright-Knox Public Art Curator	147228	\$ 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	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
518052	Buffalo & Erie County Naval & Servicemans 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	\$ 5,355.00
518068	Burchfield Penney Art Center	101004	\$ 155,000.00	\$ 155,000.00	\$ 160,000.00
518072	Center for Exploratory and Perceptu	109934	\$ 55,000.00	\$ 55,000.00	\$ 63,000.00
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	\$ 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	\$ 98,314.00	\$ 96,314.00	\$ 96,314.00
518116	Irish Classical Theatre Company	103727	\$ 83,500.00	\$ 83,500.00	\$ 93,500.00
518124	D'Youville College Kavinsky Theater	109341	\$ 11,750.00	\$ -	\$ 9,500.00
518128	Lancaster Opera House	111681	\$ 45,300.00	\$ 30,300.00	\$ 35,000.00
518140	Musicalfare Theatre	105308	\$ 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 Corporation	118213	\$ 50,000.00	\$ 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	\$ 6,000.00
518202	Buffalo Opera Unlimited Incorporated	155973	\$ 2,300.00	\$ 2,300.00	\$ 10,000.00
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
518219	Amherst Male Glee Club dba Red Blazer Men's Chorus	162045	\$ 3,000.00	\$ 3,000.00	\$ 6,000.00
518221	Buffalo Center for Arts and Technology	152207	\$ 3,000.00	\$ 3,000.00	\$ 7,500.00
518226	Cheektowaga Historical Association	163121	\$ 3,250.00	\$ 6,250.00	\$ 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
518515	Clarence Museum (Historical Soc. of the Town of Clarence)	113067	\$ 5,500.00	\$ -	\$ 6,000.00

## Monitoring Program – Phase II

ACT #	APPROPRIATION	VENDOR NUMBER	TAX YEAR 2020	TAX YEAR 2021	TAX YEAR 2022
517125	Enlightenment Literary Arts Center & 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
518012	Alleyway 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 (Neglia)	100794	\$ 24,000.00	\$ 24,000.00	\$ 30,000.00
518040	Buffalo Arts Studio (Arts Studio of 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
518050	Buffalo Music Hall of Fame	113142	\$ 4,500.00	\$ -	\$ 5,500.00
518051	Buffalo Heritage Carousel	167829	\$ 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	Graycliff 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
518119	Jewish Community Center Cultural (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	\$ 175,500.00	\$ 175,500.00	\$ 190,000.00
518139	Music Is Art	139615	\$ 48,000.00	\$ 48,000.00	\$ 39,000.00
518146	Polish Arts Club Of Buffalo Inc	106132	\$ 7,000.00	\$ 7,000.00	\$ 8,800.00
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
518164	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 Str 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	159305	\$ 12,000.00	\$ 20,000.00	\$ 24,500.00
518216	Rock-Riverside Alliance (Black Rock Historical Society (Black 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
518549	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

## 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.

## **ENLIGHTENMENT LITERACY** ***dba Dog Ears Bookstore***

### **BACKGROUND**

Enlightenment Bookstore and Literary Arts Center, Inc. (ELA), known as the Dog Ears Bookstore, is a 501(c)(3) non-profit organization established in 2002 for the stated purpose of providing an atmosphere which promotes quiet reading time, group discussions, writing workshops, and children's literacy programs. The stated mission of ELA is to establish programs dedicated to developing skills through reading, encouragement, facilitation, and education while offering a bookstore to cultivate and support the reading and writing process.

Between 2020 and 2022, ELA received Cultural Grant Funding (CGF) as follows:

- \$28,600 in 2020 (including \$22,000 over the executive recommendation)
- \$6,600 in 2021
- \$55,000 in 2022 (including \$45,000 over the executive recommendation)

In addition to these funds, ELA received payments from the County's Department of Social Services - Youth Services for programming outside the scope of this review.

### **AUDITOR'S OBSERVATIONS**

ELA serves dual purposes as a literary arts center and a community bookstore. The organization aims to "maximize the impact of literature throughout South Buffalo and Western New York by working in conjunction with schools, community centers, and publishing companies". The bookstore operates at a brick-and-mortar location, where it offers a range of titles for a range of audiences, and proceeds are funneled back into the programs promoting children's creativity and literacy throughout Western New York. As part of its programming, ELA offers free literacy summer camps for students, adult writing workshops, and book author hosting events.

In addition to the bookstore and literary arts center, ELA also operates the Dog Ears Café. The Café is a neighborhood business established to support the mission of ELA. The Dog Ears Cafe is not a separate legal entity, and it is operated as part of the non-profit organization. The organization indicates the revenue generated from Dog Ears Café is considered unrelated business income, and proceeds are used to support the mission.

For the years under review, grants, contributions, and donations served as the organization's largest source of revenue, comprising more than half of total income. ELA generated approximately 30% of its revenue from programming and sales revenue, which amounted to its second largest source. ELA also generates additional operating revenue from mission related activities including fundraising events such as the Lucky Dog Gala and tiered sponsorship levels.

The COVID-19 pandemic impacted ELA's operations, requiring the temporary closure of part of its facilities. Workshops, classes, literacy camps, and other educational initiatives were either canceled or rescheduled,

and in-person activities were restricted. The Covid-19 pandemic also affected the operations of the Dog Ears Café and resulted in a decrease in revenue. The organization was able to retain administrative staff, but instructors were not retained during periods when instructional programming was not conducted. ELA applied for and received Paycheck Protection Program (PPP) funding during both rounds of federal distribution. Funding received by the organization allowed the organization to help offset pandemic related revenue losses.

The primary operating expenses incurred by the organization during the review period included salaries and wages, occupancy costs, supplies, insurance cost and expenses for contracted instructors. Per the contract executed between ELA and the County of Erie, Cultural Grant Funding (CGF) received for the years under review was to be allocated towards the cost of books for its literacy programs.

### **AUDITOR'S CONCLUSIONS**

During the grant monitoring review, ELA provided partial substantiation for its use of CGF for each year under review. Supporting documentation included IRS Form 990s, bank statements, credit card statements, ledgers, and payroll reports. However, requested invoices were not furnished as of the issuance of this report. While documentation substantiates the purchase of books, the Auditor could not determine which purchases were directly related to literacy programming versus bookstore inventory.

A review of ELA's executive compensation found that the average salary increase for the years under review was approximately 3.2%, which is within the national average of 3% to 5% for nonprofit executives. The Auditor was not able to conduct an accurate salary expense analysis in relation to the different operations of the non-profit as the amount of wages reported as paid on the organization's tax return showed large fluctuations for each of the years under review.

ELA is currently governed by a Board of Directors consisting of nine members. According to the organization, the Board plays an active role in governance and oversight. Once IRS Form 990 is completed and reviewed by the Executive Director, it is submitted to the full Board for final review and approval prior to filing. The Board also reviews and approves key employee compensation packages and monitors member activity in accordance with the organization's conflict of interest policy. However, the Auditor was not provided with Board meeting minutes for the period under review which limited the ability to independently verify the organization's internal controls and oversight practices as described.

During the grant review, the Auditor identified that Dog Ears Café, a self-sustained, for-profit operation is managed by ELA as part of its broader mission. While the Café generates unrelated business income (UBI), which is appropriately reported on IRS Form 990 and 990-T, expenses associated with its operation were not consistently reported across the years under review. Instead, Café related costs appear to be commingled with general nonprofit expenditures, including staffing and supplies tied to literacy programming. Financial documentation and historical records indicate that the Café operated at a net loss during the review period, as well as in prior and subsequent years. No clear financial separation or accounting safeguards were in place to ensure that unrelated business activities were not subsidized by nonprofit program funds,

Of particular concern, ELA's original grant scope submitted to the County included the purchase of furniture for Dog Ears Café, which constitutes a capital expense and is therefore not eligible under the terms of the County's Cultural Grant Funding (CGF) program. While the organization did not provide receipts or documentation confirming such a purchase took place, the inclusion of ineligible items in the proposed scope reflects a failure in both organizational compliance and County grant oversight. The grant agreement prohibits

the use of CGF for capital expenditures, and the County's internal vetting process should have identified the inclusion of café furniture as a disallowed expense and required a revision to the scope of work prior to approval.

This lack of financial delineation, combined with the proposed use of public funds for a self-sustained for-profit operation historically operating at a loss, raises concerns about whether Dog Ears Café is providing financial support or whether the bookstore is supporting the café which could lead to noncompliance with IRS regulations governing UBI.

Additionally, while ELA reported UBI on IRS Form 990 and 990-T, it did not provide financial documentation to reflect café related expense allocations. As such, the Auditor was unable to confirm full compliance with federal reporting obligations related to unrelated business income, particularly in years when losses were incurred and carried forward, resulting in a negative unrelated business taxable income.

The Auditor was also unable to verify compliance with IRS requirements regarding the issuance of information returns for non-employee compensation. Based on a review of the organization's records, ELA made payments in excess of \$600 to individuals qualifying as independent contractors during each of the years under review, but IRS Forms 1099-NEC and/or 1099-MISC were not issued. Per §6041 of the Internal Revenue Code (IRC), any person or entity engaged in a trade or business that makes payments of \$600 or more in a calendar year for services, including compensation, fees, or other income to a nonemployee must file an information return with the IRS. These forms must be filed by January 31 of the year following the payment year under IRC §6071.