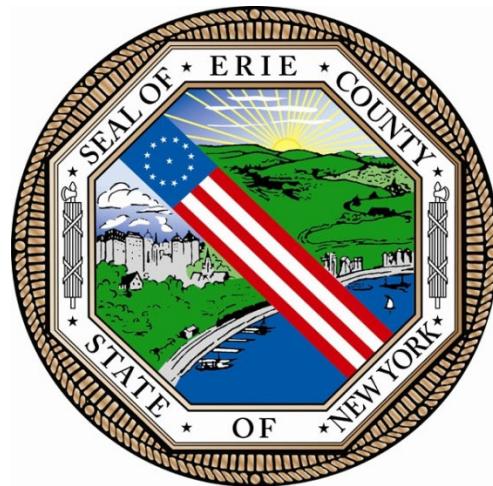


January 2026

**Erie County Cultural Funding Grant Monitoring Program
Second Generation Theater Company, 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**



January 9, 2026

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 December 31, 2025.

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 2021		TAX YEAR 2022	
			2020	2021	2020	2021
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 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	\$ 58,200.00	\$ 60,000.00	
518113	Hull House Foundation	145473	\$ 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	\$ 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	
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	151998	\$ 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	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	

Monitoring Program – Phase II

ACT #	APPROPRIATION	VENDOR NUMBER	TAX YEAR 2020		TAX YEAR 2021	
			2020	2021	2020	2021
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	147223	\$ 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	Halfwails 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 Kavinoky Theater	109341	\$ 11,750.00	\$ -	\$ 9,500.00	
518128	Lancaster Opera House	111681	\$ 45,300.00	\$ 30,300.00	\$ 35,000.00	
518140	Musicalcare Theatre	105908	\$ 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	Recroft 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	109884	\$ 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	

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.

SECOND GENERATION THEATER COMPANY, INC.

BACKGROUND

Second Generation Theatre Company, Inc. (SGT) is a professional 501(c)(3) nonprofit organization founded in 2013 by three female graduates of the University at Buffalo. SGT's mission is to create compelling theatrical experiences that engage and unite a diverse community while fostering appreciation and understanding among audiences of all generations through education and outreach.

SGT received \$2,020 in Cultural Grant Funding (CGF) for each of the years 2020 and 2021 and was awarded \$5,000 in 2022.

AUDITOR'S OBSERVATIONS

SGT was founded by a group who aimed to encourage a new generation of theatregoers to become involved in the arts. Through programming and community engagement SGT offers a diverse range of theatrical productions and educational programs including:

- **Mainstage Productions:** High-quality theatrical performances presented at the Shea's Smith Theatre in downtown Buffalo. SGT produces approximately three productions per year. Annual productions traditionally include two musicals and one play.
- **Educational Programs:** Theatre classes, summer camps, and apprenticeships for youth and adults, aimed at fostering a love for the arts and developing theatrical skills.
- **Community Outreach:** Collaborations with local organizations and schools to make theatre accessible and engaging for all members of the community

For the years under review, grants, contributions, and donations represented the largest revenue source, comprising over 50% of total revenue. Revenue from programming, admissions, and subscriptions ranged from approximately 6% to 29%, representing the second-largest revenue stream. Additional revenue was derived from fundraisers, annual appeals, and collaborative projects. Historically, programming revenue was the primary source, but this shifted due to the COVID-19 pandemic.

The COVID-19 pandemic disrupted the operations of the organization, prompting a shift from in-person events to virtual productions programming. Administrative staff members were able to continue performing functions remotely. Subcontractors and production staff were not employed during the time when no productions were produced. SGT did not receive Paycheck Protection Program (PPP) funding, as payroll was processed through a paymaster service rather than under SGT's EIN. The organization did receive other pandemic-related assistance, including the Shuttered Venue Grant.

Primary expenses during the review period included salaries and wages, production costs, and occupancy related expenses. Under the Erie County grant contract, CGF funds were eligible to offset salaries, programming, and supply costs. In each year reviewed, actual expenses in these categories exceeded the grant funding received.

AUDITOR'S CONCLUSIONS

SGT provided adequate documentation to substantiate the use of CGF awards for all years under review. Documentation included IRS Forms 990, bank records, payroll records, and other financial statements. The organization demonstrated full and appropriate use of grant funds.

The Auditor identified a series of uncategorized expenditures labeled as meals and entertainment, with insufficient documentation to establish a business purpose. Examples included “food for cast” or “opening night round for cast.” Under §162 of the Internal Revenue Code, deductible expenses must be ordinary and necessary in carrying out a trade or business. While such expenditures may support staff morale, they are not considered ordinary and necessary for tax purposes or generating income.

Additionally, certain meals, travel, and entertainment expenses were categorized as “fellowship-related” and claimed as allowable costs under a \$15,000 fellowship grant. The Board minutes did not reflect approval of, or documentation supporting a grant specifically designated for travel-related expenses. Subsequent information provided by the organization indicated that Board approval was not required because the fellowship was awarded to support advancement in education, theater, and the performing arts and that these costs were considered allowable under the terms of the fellowship.

Expenses reported as “other expenses” on Form 990 lacked sufficient detail regarding salaries, wages, rent, insurance, advertising, and similar costs. The lack of categorization limits transparency and does not provide a clear indication of the purpose of these expenses.

SGT’s Board of Directors consists of 11 members. Officer terms are three years, with a maximum of two consecutive terms. Officers must step down for at least one year before being eligible to return. Review of board minutes confirmed active Board oversight, including discussion and approval of compensation, production decisions, and funding allocations.

The Auditor also reviewed SGT’s procurement and reimbursement policies. The policies are ambiguous, notably allowing purchases up to \$10,000 without additional Board approval, a relatively high threshold for an organization of SGT’s size.

At the conclusion of the review, the Auditor determined that SGT complied with IRS Form 990 and New York State Form CHAR500 filing requirements for all years under review. The organization was also found to be in compliance with other applicable federal and state obligations during the period under review.