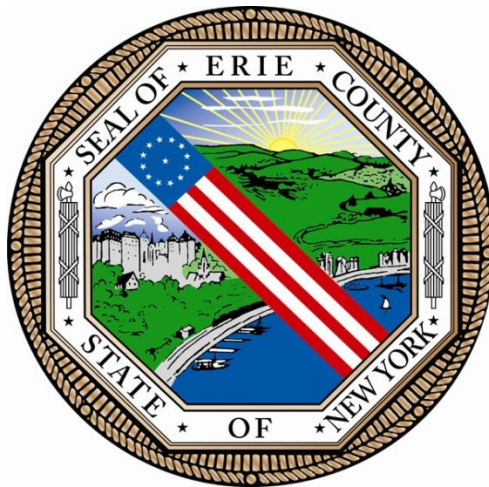


January 2026

**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 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 | \$ 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 | 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 | 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 | 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 | \$ 928,000.00 | \$ 928,000.00 | \$ 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 Kavinoky 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 | 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.