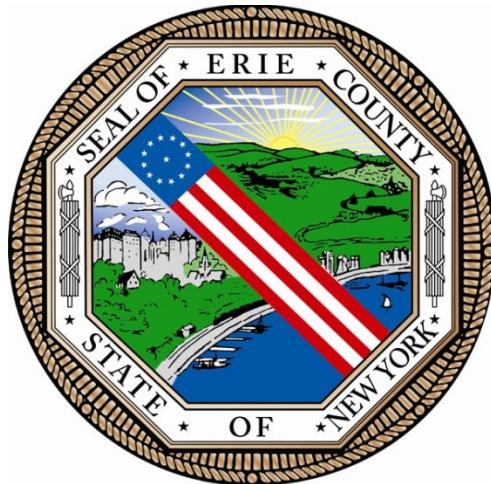


January 2026

Erie County Cultural Funding Grant Monitoring Program
Martin House Restoration Corporation
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 30, 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	TAX YEAR 20		TAX YEAR 21		TAX YEAR 22	
			NUMBER	2020	2021	2022	2022	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 St African Amer Heritage	152578	\$ 15,000.00	\$ 15,000.00	\$ 32,500.00			
518201	General Pulaski Association	103064	\$ 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	TAX YEAR 20		TAX YEAR 21		TAX YEAR 22	
			NUMBER	2020	2021	2022	2022	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 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	101034	\$ 926,000.00	\$ 926,000.00	\$ 940,000.00			
518061	Buffalo Philharmonic Chorus	109794	\$ 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 History Society/Penn-Dixie	103282	\$ 96,314.00	\$ 96,314.00	\$ 96,314.00			
518116	Irish Classical Theatre Company	103277	\$ 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	MusicMakers 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	Rocycroft 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	\$ 2,900.00	\$ 2,900.00	\$ 10,000.00			
518203	Buffalo-Toronto Public Media WNET/WBFO	172909	\$ 3,750.00	\$ -	\$ 5,000.00			
518205	Cheektowaga Community 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	\$ 25,100.00	\$ 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 Aldren 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.

MARTIN HOUSE RESTORATION CORPORATION

BACKGROUND

Martin House Restoration Corporation (the Corporation) was established in 1992 and is recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Corporation's mission is to preserve, interpret, promote, and sustain Frank Lloyd Wright's Darwin D. Martin House Complex and to operate the site as a museum of architecture, design, and landscape.

The Darwin D. Martin House Complex is managed pursuant to a cooperative agreement with the New York State Office of Parks, Recreation, and Historic Preservation (OPRHP) and the State University of New York at Buffalo (SUNY Buffalo). Under the terms of the agreement, upon substantial completion of the restoration project, title to Martin House is intended to be transferred to New York State, which would then assume responsibility for capital maintenance. The Corporation would retain an exclusive license to manage and operate Martin House. While restoration was completed during the year ended December 31, 2019, legal title of Martin House has not yet transferred to New York State and the asset remains recorded on the Corporation's financial statements. According to management, the transfer of ownership is pending resolution at the State level. In 2021, the organization formally changed its name to Frank Lloyd Wright's Martin House Corporation.

The Complex occupies approximately 1.5 acres and consists of the Martin House, pergola, conservatory, carriage house, Barton House, and Gardener's Cottage. In addition, the Corporation owns and operates the Eleanor & Wilson Greatbatch Pavilion, a visitor center located on an adjoining parcel.

During the period under review, Martin House Restoration Corporation received Cultural Grant Funding (CGF) from Erie County in the following amounts:

- \$175,500 in 2020
- \$175,500 in 2021
- \$190,000 in 2022

AUDITOR'S OBSERVATIONS

The Darwin D. Martin House, designed by architect Frank Lloyd Wright and completed in 1905, is widely recognized as a significant example of Prairie-style architecture. Following the death of Darwin D. Martin in 1935, the property fell into disrepair and remained largely vacant for several decades. In 1992, preservation advocates secured National Historic Landmark designation and initiated a comprehensive restoration effort intended to repurpose the site as a cultural and architectural destination within the City of Buffalo.

For the years under review, the Corporation relied primarily on grants, contributions, and donations as its principal sources of revenue, collectively accounting for more than half of total annual revenues. Programming revenue primarily generated through guided tours declined significantly in 2020 due to COVID-19-related closures, representing 3.8 percent of total revenue. As operations gradually resumed, programming revenue increased to 14.4 percent in 2021 and 29.2 percent in 2022. Additional revenues were generated through mission-related activities, including membership sales and facility rentals. The Corporation also conducted an annual fundraising event, which generated approximately \$30,000 in 2020, \$40,000 in 2021, and \$80,000 in 2022. Preliminary review of the organization's 2023 IRS Form 990 indicates continued recovery from pandemic-related disruptions.

The COVID-19 pandemic had a significant impact on operations, resulting in temporary facility closures and the cancellation or postponement of events, educational programming, and public activities. Staffing levels were reduced in both headcount and hours worked during 2020 and 2021. To mitigate revenue losses, the

Corporation applied for and received various forms of federal assistance, including two rounds of Paycheck Protection Program funding totaling approximately \$392,445, a Shuttered Venue Operators Grant of \$1,004,347, an Economic Injury Disaster Loan of \$150,000, and Employee Retention Credits totaling \$71,860. These funding sources were nonrecurring in nature and are not considered part of the organization's ongoing operating revenues.

Salaries, compensation, and benefits for paid staff members represent the Corporation's largest expense category. Repairs and maintenance constitute the next largest expense, followed by office expenses, insurance, and professional services such as accounting, legal, and information technology services. According to board meeting minutes, reduced staffing levels in 2020 and 2021 contributed to lower payroll costs during those periods, as retained staff worked reduced hours.

In 2022, as the organization returned to normal hours and staffing levels, the Executive Director, who had served since 2006, announced her intention to retire at the end of the year. Consequently, the Board of Directors engaged an external recruitment firm to assist in the search for a new Executive Director, resulting in an additional expense of \$79,804, which is reflected in the increase in other operating expenses. In addition, the outgoing Executive Director received a combined bonus exceeding \$119,000, consisting of both cash and deferred compensation. These costs were one-time, non-recurring expenses associated with executive transition activities and were not indicative of the organization's ongoing cost structure; as such, they should have been considered and appropriately disclosed when subsequent grant funding requests were submitted. Documentation reviewed by the Auditor evidenced executive session approval of the bonus in the Fall of 2022 and notification to the full board in February 2023.

Regarding the allocation of CGF funding, for the years under review, the funds were applied toward various operating expenses, including insurance, utilities, software/hardware, technology services, and legal and accounting services. The organization provided invoices and general ledger reports summarizing these expenses. Total expenses exceeded the amount of CGF funding received and the invoices appeared reasonable and in line with the intended use of funds under the agreement.

AUDITOR'S CONCLUSION

During the grant monitoring review, Martin House Restoration Corporation provided adequate documentation to substantiate its use of the CGF award. Documentation reviewed included IRS Forms 990, audited financial statements, bank and credit card statements, board of directors' meeting minutes, detailed general ledger reports, and invoices supporting operating expenses incurred. For each year under review, the organization's total operating expenses exceeded the amount of CGF funding awarded by the County, indicating that grant funds were not the sole source of operational support. No misuse of CGF resources was identified.

A review of the organization's IRS Form 990 filings indicated that the total reported compensation of the Executive Director increased substantially over the review period, from \$121,831 in 2020 to \$263,000 in 2022. This increase significantly exceeds typical national nonprofit executive compensation growth rates, which generally range from 3 to 5 percent annually. The increase in 2022 was attributable to a bonus paid to the Executive Director upon retirement. Board approval of the bonus was documented in the February 2023 meeting minutes. Supporting documentation for the bonus is maintained in a locked personnel cabinet due to confidentiality and was made available to the Auditor for review. Based on the documentation examined, the Auditor found sufficient evidence of appropriate governance and approval for this one-time payment, which was made in recognition of the former Executive Director's contributions, including her leadership during the COVID-19 pandemic.

Based on a review of the general ledger, the organization made payments exceeding \$600 to several vendors for professional and other services, including accounting, printing, shipping, information technology, snow

removal, and pest control. Under IRS information reporting requirements, organizations are generally required to issue Forms 1099-NEC for payments of \$600 or more made in the course of business to non-employee service providers that are not exempt from reporting. Payments to corporations are generally exempt, subject to limited statutory exceptions. While the Corporation provided 1099-NEC and 1099-MISC documents for the review period, Forms 1099 were not issued for two entities. Although the related expenses were reasonable in nature and adequately supported, the absence of required vendor tax documentation represents potential administrative control weakness.

Management stated that the Corporation has since implemented processes requiring receipt of a completed Form W-9 from all vendors prior to issuing payment. The current Executive Director indicated that an internal review is underway and expressed confidence that current procedures would prevent a recurrence of this issue. While the review confirmed that Form 1099 were missing for the two noted entities during the period examined, the Corporation's current practices indicate steps toward strengthening controls in this area.

Martin House is governed by a board of directors authorized for up to 30 members, with an average of approximately 25 members serving during the review period. Ex-officio members representing key stakeholders, including Martin House volunteers, the University at Buffalo, the Parkside Community, and New York State OPRHP, regularly participate in board activities, and staff members frequently attend meetings, supporting informed oversight and communication. The organization's IRS Form 990 is prepared by its accounting firm and is reviewed internally before submission to the Board's Finance Committee for review and approval. In addition, the Board reviews and updates organizational policies on an annual basis. Based on a review of the Board's meeting minutes, these practices demonstrate generally sound governance and oversight structures.

At the conclusion of the grant monitoring review, the Auditor determined that Martin House Restoration Corporation complied with IRS Form 990 and New York State Form CHAR500 filing requirements for the years 2020, 2021, and 2022. Based on the procedures performed and documentation reviewed, the organization was in compliance with other relevant federal and state requirements applicable to the scope of this review, with the noted governance and administrative areas identified for improvement.