November 2026

SPECIAL FINANCIAL ANALYSIS

SENECA-BABCOCK COMMUNITY ASSOCIATION, INC.

Review of Financial Administration and County Funding
Selected Records, 2014–2026

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Erie County Legislature
92 Franklin Street, Fourth Floor
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Dear Honorable Members:

At the request of the Erie County Legislature, the Erie County Comptroller's Office, Division of Audit & Control, conducted a Special Financial Analysis of Seneca-Babcock Community Association, Inc. (SBCA). This report presents the results of the review, including County funding eligibility, financial reporting, organizational governance, banking and accounting records, capital project oversight, and purchasing controls.

The analysis identified significant weaknesses in financial documentation and oversight. These deficiencies limit the ability to establish whether all funds were properly recorded, supported, and used for their intended purposes. The report includes recommendations intended to strengthen accountability and County funding oversight.

This analysis was conducted as a special financial analysis, not as a financial audit, performance audit, or attestation engagement under Government Auditing Standards. No audit opinion or assurance conclusion is expressed. The findings are limited to the records and procedures described, and do not constitute determinations of criminal wrongdoing.

The organization's financial difficulties and changes in community services underscore the importance of reliable financial oversight. The Division did not independently establish the extent to which the identified deficiencies caused any particular funding loss, program discontinuation, or transfer of services.

Respectfully submitted,

Kevin Hardwick
Erie County Comptroller

OBJECTIVE

The objective of the Special Financial Analysis was to assess selected aspects of SBCA's financial administration, including the reliability of financial records, compliance with applicable County funding requirements, documentation supporting transactions, and the adequacy of organizational financial oversight.

SCOPE AND METHODOLOGY

The Division reviewed available bank statements, general-ledger and transaction records, County grant and contract records, IRS filing information, organizational records and Board minutes, and information obtained through interviews. The matters reviewed span different periods: County funding arrangements from May 2020 through March 2026, Schiller Park payments from 2015 through 2021, selected building fund activity from 2015 through 2020, and accounting transactions from 2021 through 2025. Procedures were limited by incomplete records and unavailable supporting documentation.

BACKGROUND

SBCA is a community-based organization associated with programs and services in Erie County. The Division's analysis was requested in the context of questions about the organization's financial administration and County support. This report addresses the financial and governance issues documented during the review. The available records did not support a comprehensive determination of the number of programs discontinued, the services assumed by other organizations or the County, or the reasons for those changes.

FINANCIAL ANALYSIS

The following observations summarize the results of the procedures performed. Each includes recommendations directed to the organization and, where appropriate, County funding agencies.

Finding 1. Tax-Exempt Status and County Funding

The Internal Revenue Service (IRS) revoked SBCA's federal tax-exempt status in May 2020. Despite this revocation, SBCA continued to receive Erie County funding through various grants and contracts.

The Division identified 39 County funding arrangements between May 2020 and March 2026. Of these, at least 25 contained eligibility requirements relating to charitable nonprofit status, federal 501(c)(3) recognition or both. The Division could not conclusively determine the applicable eligibility requirements for the remaining 14 arrangements based on the documentation available for review. Of the 39 arrangements, 35 were initiated after May 15, 2020. In nine grant application files obtained by the Division, SBCA affirmatively represented that it maintained valid federal 501(c)(3) status despite the IRS revocation.

These representations were inconsistent with SBCA's revoked federal tax-exempt status and raise questions regarding whether the County was provided accurate information when determining the organization's eligibility for funding.

The Division could not determine from the available records whether the County independently verified SBCA's tax-exempt status before approving the affected applications or whether the representations changed funding decisions. Additionally, the Division could not establish whether SBCA satisfied all applicable grant and contract requirements, including the submission of audited financial statements and Single Audit reports, when required. The available documentation was insufficient to determine which funding arrangements required audited financial statements, whether SBCA met the applicable federal expenditure thresholds requiring a Single Audit, whether the required reports were submitted, or whether the County verified compliance before authorizing funding.

Recommendations

SBCA's Board should maintain a grant compliance register identifying each award, its precise eligibility criteria, required certifications, reporting deadlines, and responsible officials. All future applications should be reviewed by an independent Board designee against current IRS status and applicable program rules; subsequently, applications

should be approved by the full board of directors. The County should independently verify eligibility where federal tax-exempt status is a condition of funding and document the verification before award or payment.

SBCA and the County should review the affected funding application, resolve unsupported eligibility representations, determine whether required audited financial statements or Single Audit reports were applicable and submitted, and document any necessary corrective action. The County should consider implementing more stringent monitoring procedures for organizations whose grant applications are incomplete at the time of funding approval. These procedures should include requiring the submission and review of all outstanding documentation before grant funds are disbursed. Strengthening these controls would help ensure compliance with County funding agreements, promote accountability for public funds, and support the continued delivery of essential community services.

Finding 2. Questionable IRS Forms 990 Submitted to the County

The Division reviewed IRS Forms 990 and related documentation submitted with County funding applications, including applications for Summer Primetime and youth sports programs. Documents presented as returns for 2019, 2020, and 2021 could not be matched to filings in the IRS information reviewed or through publicly available sources. Accordingly, the Division could not verify that these documents represented returns filed with the IRS for the respective tax years.

Financial Information Duplicated from the 2017 Return

The documents presented as 2019, 2020, and one version of the 2021 Form 990 contained financial information identical to SBCA's 2017 return filed with the IRS. The repeated reporting of the same revenue, expenses, assets, liabilities, and net assets across multiple tax years raises concerns regarding the accuracy and reliability of the financial information provided in support of County funding applications.

Financial Category	2017 IRS-Filed Return	Purported 2019, 2020, and 2021 Returns
Revenue	$1,491,508	$1,491,508
Expenses	$289,451	$289,451
Assets	$1,409,288	$1,409,288
Liabilities	$85,801	$85,801
Net Assets	$1,323,487	$1,323,487

The Division could not establish from the available records that these amounts accurately reflected SBCA's financial activities and financial position for the respective reporting years.

Conflicting 2021 Financial Information

The Division identified two different documents presented as SBCA's 2021 Form 990 that reported substantially different financial information. Return A duplicated the figures appearing on the 2017 IRS filed return, while the other reported significantly different amounts, as summarized below.

Financial Category	2021 Return A	2021 Return B
Revenue	$1,491,508	$1,668,406
Expenses	$289,451	$1,591,263
Assets	$1,409,288	$1,256,818
Liabilities	$85,801	$1,660,469
Net Assets	$1,323,487	($403,651)

Neither version of the 2021 Form 990 was found in the IRS filing records reviewed by the Division, nor could the Division reconcile the conflicting financial information to SBCA's accounting records. These discrepancies raise concerns regarding the reliability of financial information submitted to the County and the procedures used to review financial documentation accompanying funding applications.

Grant Applications Submitted with Extensions Rather Than Filed Returns

The Division also identified County grant applications submitted with IRS Form 8868, Application for Extension of Time To File an Exempt Organization Return, in place of the required Form 990. These documents represented requests for an extension; however, the Division could not verify whether the IRS had granted the extensions. The Division's review of available IRS and New York State Charities Bureau filing information did not identify subsequent filings of the applicable annual returns for the reporting years associated with these extensions.

An extension provides additional time to submit an annual information return; it does not replace the return or demonstrate that the organization's financial information has been reported to the appropriate regulatory agency. Furthermore, an extension application does not contain the financial information necessary to evaluate an organization's revenues, expenditures, assets, liabilities, or overall financial condition.

The Division could not establish whether the County required SBCA to subsequently provide the completed annual returns, whether the returns were received after the applications were approved, or whether the County independently verified the filing status before awarding or disbursing grant funds.

Accepting extension documentation without subsequently obtaining and reviewing the required annual returns limits the County's ability to evaluate the financial condition of grant applicants and determine whether organizations have satisfied applicable financial reporting requirements.

Reliability of Reported Financial Information

As discussed in Finding 5, the Division identified 3,871 transactions totaling $4,808,983.09 that were omitted from the accounting records reviewed for 2021 through 2025. These omissions raise additional concerns regarding the completeness and reliability of SBCA's financial reporting, including information presented on Forms 990 submitted to the County.

Although the identified omissions extend beyond the tax years addressed in this section, the incomplete accounting records prevented the Division from determining whether the financial information presented on the purported returns accurately reflected SBCA's financial activities and financial position.

Without a complete reconciliation of the underlying financial records, the Division could not determine the extent to which the omitted transactions affected the amounts reported on the documents submitted to funding agencies.

Use in County Funding Applications

The questionable Forms 990 and extension documentation were submitted in connection with County funding applications. The Division could not establish from the available records whether application reviewers verified the filing status, completeness, and accuracy of the documents or required additional documentation to resolve inconsistencies.

The submission of conflicting financial information and extension forms without corresponding verified annual returns raises concerns regarding the adequacy of the County's application review procedures and whether sufficient financial information was available to evaluate SBCA's eligibility for funding.

These deficiencies also limited the Division's ability to determine whether SBCA satisfied applicable financial reporting requirements associated with County grants and contracts.

Recommendations

SBCA:
The Division recommends that the SBCA Board of Directors arrange for an independent reconciliation of the IRS Forms 990, financial statements, and supporting schedules submitted to the County and other funding agencies against verified filing records and the organization's accounting records. All identified discrepancies should be documented, investigated, and corrected with the appropriate regulatory agencies and funding entities, as necessary.

The Board should also ensure that all required federal and New York State annual filings are completed accurately and submitted within the applicable filing deadlines, including approved extensions. Copies of filed returns, acknowledgments of acceptance, and supporting financial schedules should be retained in the organization's records.

Finally, procedures should be established requiring independent review and approval of all financial statements, tax returns, extension applications, and other financial documentation before submission to funding agencies. The Board should approve filings and receive periodic confirmation that regulatory filings have been properly submitted.

Erie County:
The Division recommends that the County strengthen grant application review procedures to require verification of the filing status and completeness of IRS Forms 990 and applicable New York State Charities Bureau filings when those documents are required under the funding program. The departments should establish procedures for applications submitted with extension documentation. Where extensions are permitted under applicable program requirements, the County should require subsequent submission of the completed annual returns, establish a deadline for follow-up, and document whether the required returns were received and reviewed.

The Division also recommends that policies require grant administrators to identify and resolve material inconsistencies in financial information submitted by applicants, including differences between annual returns, financial statements, and prior-year submissions. Unresolved discrepancies should be documented and considered in funding eligibility and award decisions. Establish a centralized process for monitoring outstanding financial documentation and regulatory filing requirements. Applicants with unresolved reporting deficiencies should be subject to additional review before subsequent funding is approved, consistent with applicable grant and contract requirements.

Finding 3. Schiller Park Community Services – Financial Records and County Payments

Schiller Park Community Services, later associated with SBCA's George K. Arthur Community Center, had its federal tax-exempt status revoked in 2018. The Division could not locate a corresponding filed Form 990 in the IRS information reviewed.

County records indicate that Schiller Park received $1,530,631.67 in payments between 2015 and 2021 under contracts with a combined maximum value of approximately $2.5 million.

SBCA Board minutes from January 2020 describe Schiller Park and other community centers as operating under the umbrella of SBCA. The Division did not obtain sufficient formal documentation establishing approval of the consolidation or identifying how financial oversight and responsibility for the former organization were assigned.

The Division was unable to obtain sufficient documentation establishing when or how Schiller Park's operations, assets, liabilities, and bank accounts were transferred to or consolidated with SBCA.

County Payments and Bank Reconciliation

The Division examined three County checks issued in 2019 to Schiller Park Community Services or Seneca Babcock, totaling $327,600.46. The available financial records did not allow the Division to reconcile these sampled payments fully to the organization's accounting records. The table below identifies the sampled disbursements.

Check Number	Check Date	Payee	Amount
0445652	05/10/2019	Schiller Park Community Services	$38,382.98
0453593	08/21/2019	Seneca Babcock	$131,046.00
0464037	12/27/2019	Seneca Babcock	$158,171.48
Total			$327,600.46

Two of the three checks reviewed, totaling $289,217.48, were payable to Seneca-Babcock Community Association (SBCA) and were processed through KeyBank, rather than M&T Bank, where SBCA maintained its disclosed operating accounts. However, the Division could not determine the accounts into which the funds were ultimately deposited or whether the proceeds were recorded as financial activity attributable to Schiller Park.

Although Schiller Park operated under the umbrella of SBCA following the reported consolidation, separate financial records for Schiller Park were not provided to the Division. Furthermore, the financial records available for review did not establish a complete audit trail connecting the sampled County payments to bank deposits and corresponding general ledger entries. As a result, the Division could not determine whether the funds were properly recorded, accounted for, or used for their intended purposes.

The reported dissolution of Schiller Park's Board further raises concerns regarding financial oversight following the consolidation. The Division was not provided documentation establishing who assumed responsibility for Schiller Park's financial operations, including the authorization of expenditures, maintenance of accounting records, and independent review of financial activity. Without separate financial reporting or a documented process for incorporating Schiller Park's activity into SBCA's financial records, the Division could not determine whether SBCA's Board exercised adequate oversight of these funds.

The three checks represented a limited sample of County payments and not the entire population of disbursements. Accordingly, the Division could not draw conclusions regarding the disposition of all County funds provided for Schiller Park's operations without a comprehensive reconciliation of payments, deposits, expenditures, and accounting records.

Recommendations

SBCA should obtain and retain complete documentation of any consolidation or transfer of Schiller Park Community Services operations, assets, liabilities, contracts, and bank accounts, including the required organizational approvals. The Board should formally designate responsibility for the administration and reconciliation of transferred activities and ensure that all accounts and transactions are incorporated into the organization's financial records.

SBCA and the County should reconcile all relevant County disbursements to organizational deposit records, accounting entries, and supported expenditures, beginning with the three sampled checks totaling $327,600.46. Unreconciled items should be investigated and resolved through a documented independent review, with corrective action and grantor notification where warranted.

Finding 4. Building Fund, Capital Projects, and Donations

The Division reviewed available records concerning SBCA’s building fund, capital projects, and related contributions between 2016 and 2020. The records revealed gaps in documentation of account oversight, capital spending, and the recognition of donations.

2017 – Building Fund and Reported Contributions

In 2017, the Board was informed of a reported $1,000,000 donation to the building fund. The Division was unable to obtain sufficient financial documentation to reconcile this contribution to SBCA's accounting records or determine how the funds were subsequently used.

2018 – Construction Activities and Changes in Financial Control

In 2018, the Board was informed that construction was beginning and that planning approvals were being pursued. The records reviewed did not clearly establish how project oversight responsibilities and approval authority were assigned. An August 2018 Board motion approved an individual to maintain the books, but the documentation reviewed did not define that person's responsibilities, financial authority, or independent oversight arrangements for the building fund. No other approvals were found in the Board minutes.

Building Fund Account Control and Financial Oversight

During the period reviewed, the building fund was maintained separately from SBCA's regular accounting records, and changes occurred in the persons associated with its banking and recordkeeping. The Division could not establish from the available records whether all such changes were formally authorized and reported to the Board.

The Division could not establish whether the separately maintained building fund activity was fully incorporated into SBCA's financial statements, Forms 990, or other financial reporting due to the incomplete financial recordkeeping in SCBA accounting system.

Additionally, the Board minutes reviewed contained no documented reporting of building fund financial activity. Consequently, the Division could not determine whether the Board received sufficient financial information to exercise oversight over the account, approve expenditures, or monitor the use of donated funds.

Contractor Selection, Contract Administration, and Payment Authorization

The Division was unable to obtain sufficient documentation establishing how contractors and subcontractors were selected for SBCA's capital projects, who negotiated and approved construction contracts, or whether the Board authorized the related expenditures. The Board minutes reviewed did not document contractor selection, approval of construction contracts, or regular reporting of project expenditures.

The documentation available did not allow the Division to determine whether project payments were independently approved, adequately supported by contracts and evidence of work performed, or reviewed for potential related-party relationships.

Oversight of Professional Services and Related-Party Arrangements

The available records showed overlapping roles in project management, bookkeeping, and professional services. The Division did not obtain sufficient documentation to assess whether these arrangements were disclosed, independently approved, and supported by evidence of services provided. These gaps do not, by themselves, establish improper conduct, but they limit the Board's ability to demonstrate independent review of financial decisions and stewardship of donated funds.

Tax and Vendor Reporting Reconciliation

An accounting report concerning Forms 1099 identified a reporting entity different from the organization shown in the related banking records. Without complete records, the Division could not determine whether the vendor reporting and corresponding expenditures were accurately reflected in SBCA's financial records or with the IRS.

Recommendations

SBCA should require formal Board authorization for all organizational bank accounts, signatory changes, and delegation of authority over restricted or capital funds. The Board should receive periodic building fund statements and reconciliations, and the fund's activity should be incorporated into the organization's financial recordkeeping.

The Board should adopt written capital project procedures requiring documented contractor selection, conflicts-of-interest disclosures, contract approval, change orders, evidence of work performed, and independent payment authorization. Professional service engagements and invoices should be supported by written scopes of work and reviewed by individuals independent of the service providers.

SBCA should reconcile cash and in-kind contributions to donor acknowledgments, bank deposits, valuation support, and the financial statements; resolve material differences; ensure consistent reporting on Forms 990 and applicable information returns. The Board should oversee a documented review of capital project activity, financial transactions, and related-party disclosures.

Finding 5. Incomplete Accounting Records and Unreconciled Financial Activity

The Division identified significant deficiencies in SBCA's accounting records, including omitted transactions, incomplete banking documentation, inconsistencies between bank statements and the organization's general ledger, and inadequate controls over organizational purchases.

Incomplete Accounting Records

During the review, the Auditor compared available bank statements and transaction records to SBCA's accounting records and identified 3,871 transactions totaling $4,808,983.09 that were omitted from the accounting records reviewed for 2021 through 2025, as summarized below:

Year	Omitted Transactions	Amount
2025	719	$536,123.15
2024	668	$970,827.82
2023	707	$1,522,107.25
2022	778	$923,027.36
2021	999	$856,897.51
Total	**3,871**	**$4,808,983.09**

The $4,808,983.09 represents the aggregate value of transactions identified as omitted from the accounting records reviewed and should not be interpreted as an established loss or misappropriation of funds. Further examination is necessary to determine the nature of the transactions, including whether they represent receipts, disbursements, transfers, or other financial activity, and whether any transactions were recorded elsewhere in SBCA's financial records.

Due to the extent of the omissions, the Auditor reconstructed portions of SBCA's general ledger using available bank statements, transaction records, and QuickBooks. This process allowed the Auditor to reconcile certain reconstructed account balances; however, it did not establish the completeness or accuracy of SBCA's original accounting records.

The extent of the omitted transactions raises significant concerns regarding the accuracy and reliability of SBCA's financial reporting. Financial statements, reports presented to the Board of Directors, IRS Forms 990, and financial information submitted to County and other funding agencies that relied on these records. Without complete and accurate financial records, the Board could not reasonably rely on such reports to assess the organization's financial condition, monitor expenditures, or exercise effective financial oversight.

Furthermore, the incomplete records prevented the Division from determining whether all organizational revenues, including County grant proceeds and other contributions, were properly recorded, whether expenditures were authorized and supported, or whether funds were used for their intended purposes.

Purchases Through Amazon, eBay, and PayPal

The records reviewed indicated substantial purchasing through Amazon, eBay, and PayPal, with increases in activity over the period examined. The Division could not quantify the complete purchases by item or verify the organizational purpose of all transactions because detailed purchasing records were not available.

The Division was unable to obtain sufficient transaction level documentation to determine the specific items purchased, the business purpose of the expenditures, the individuals authorizing the purchases, or whether the goods were received and used for organizational purposes.

SBCA did not have adequate documented procedures for purchasing, receiving merchandise, or maintaining inventory records to account for items acquired through these platforms. The absence of these controls prevented the Division from determining whether purchases were appropriately authorized, whether merchandise was delivered to the organization, or whether the items remained in SBCA's possession and were used for their intended purposes.

The Division identified multiple online purchasing accounts associated with the organization, but the records did not clearly establish how account ownership, purchasing authority, and access to transaction histories were controlled.

Following a change in organizational leadership, SBCA lost access to the Amazon purchasing account and its historical transaction information. This limited the organization and the Auditor's ability to determine what was purchased, where merchandise was delivered, and whether the purchases served organizational purposes.

The loss of access illustrates the need for online purchasing accounts to be registered and controlled by the organization rather than dependent on an individual's credentials or continued involvement.

Sales Tax Exemption Controls

The Division could not establish whether organizational sales tax-exempt purchasing privileges were applied to online transactions or whether all such transactions qualified for exemption. Without itemized purchasing records and receiving documentation, the Division could not determine whether tax-exempt purchasing privileges, if used, were applied only to eligible organizational purchases.

Recommendations

SBCA should complete a year-by-year reconciliation of bank activity and its general ledger, classify the 3,871 omitted transactions, identify transfers and possible duplication, and document the disposition of unreconciled items. The Board should oversee this work and obtain independent verification of material adjustments. The $4,808,983.09 is the aggregate value of identified omissions, not a proven loss.

SBCA should implement purchasing procedures requiring advance authorization, itemized invoices, documented business purpose, proof of receipt, independent payment review, and inventory or asset tracking where appropriate. Purchases through Amazon, eBay, and PayPal should be reviewed using the same controls as other organizational expenditures.

The Board should seek complete historical purchasing records, restore organizational control over vendor accounts, and require that all online accounts, payment methods, administrator access, and tax-exemption settings remain under SBCA control. Periodic independent reviews should compare orders, delivery records, and payments, including refunds and returns.

The County should require adequate expenditure support when recipients have incomplete accounting records. SBCA should reconcile County grant proceeds to deposits and documented program expenditures and promptly address unsupported items.

Overall Conclusion

The Auditor identified substantial weaknesses in SBCA's financial reporting, grant compliance, bank reconciliation, building fund oversight, and purchasing controls. These conditions impaired the ability of the Board and County funding agencies to verify how organizational and public resources were managed. The review did not establish that the aggregate omitted transaction value represented lost funds or determined that any individual committed wrongdoing. Stronger oversight and independently verifiable records are necessary to restore accountability. The effect of these deficiencies on specific program closures, funding losses, or transfers of services was not established by this analysis and should be evaluated separately using grantor and program records.