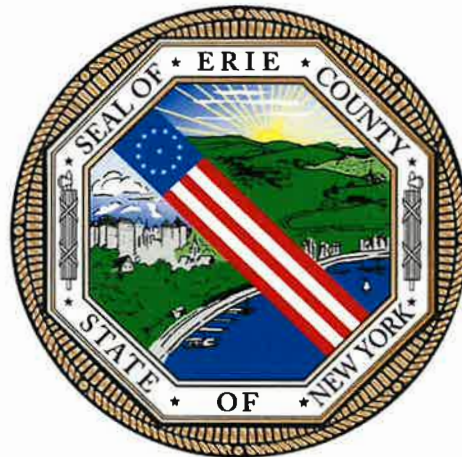


August 2025

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**Erie County Cultural Funding Grant Monitoring Program
Enlightenment Bookstore and Literary Center 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**



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 350, Inc. | 167747 | \$ 1,000.00 | \$ 1,000.00 | \$ 5,500.00 |
| 518034 | Buffalo & Erie County Botanical Garden | 108741 | \$ 102,000.00 | \$ 125,000.00 | \$ 150,000.00 |
| 518035 | 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 | 109794 | \$ 34,500.00 | \$ 34,500.00 | \$ 35,000.00 |
| 518064 | Buffalo Symphony Natural Sciences | 109767 | \$ 955,000.00 | \$ 955,000.00 | \$ 955,000.00 |
| 518065 | Buffalo String Works, Inc. | 147553 | \$ 1,500.00 | \$ 1,500.00 | \$ 3,350.00 |
| 518068 | Burchfield Penney Art Center | 101004 | \$ 155,000.00 | \$ 155,000.00 | \$ 160,000.00 |
| 518072 | Center for Exploratory and Perceptu | 109934 | \$ 35,000.00 | \$ 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 | 103281 | \$ 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 Revinsky Theater | 109541 | \$ 11,750.00 | \$ - | \$ 2,500.00 |
| 518128 | Lancaster Opera House | 111681 | \$ 45,300.00 | \$ 30,300.00 | \$ 35,000.00 |
| 518140 | Musicalcare Theatre | 105306 | \$ 61,525.00 | \$ 61,525.00 | \$ 66,000.00 |
| 518141 | New Phoenix Theatre | 109342 | \$ 7,500.00 | \$ 7,500.00 | \$ - |
| 518145 | Road Less Traveled Productions | 121043 | \$ 63,500.00 | \$ 93,500.00 | \$ 67,000.00 |
| 518152 | Reynolds Campus Corporation | 118213 | \$ 50,000.00 | \$ 40,000.00 | \$ 50,000.00 |
| 518154 | Shakespeare In The Park | 109675 | \$ 95,000.00 | \$ 95,000.00 | \$ 95,000.00 |
| 518168 | Theatre Of Youth | 109886 | \$ 69,400.00 | \$ 69,400.00 | \$ 78,000.00 |
| 518173 | Tom Space Theatre | 143623 | \$ 20,460.00 | \$ 15,460.00 | \$ 29,500.00 |
| 518188 | Zoological Society Of Buffalo | 108523 | \$ 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 | \$ - | \$ 3,000.00 |
| 518205 | Cheektowaga Comm Symphony Orchestra | 109177 | \$ - | \$ 7,500.00 | \$ - |
| 518204 | Newstead Historical Society | 105518 | \$ 5,500.00 | \$ 3,500.00 | \$ 3,000.00 |
| 518213 | O'Connell & Company Productions | 159162 | \$ 23,100.00 | \$ 23,100.00 | \$ 31,500.00 |
| 518219 | Men's Chorus | 162045 | \$ 3,000.00 | \$ 3,000.00 | \$ 8,000.00 |
| 518221 | Buffalo Center for Arts and Technology | 132207 | \$ 3,000.00 | \$ 3,000.00 | \$ 7,500.00 |
| 518226 | Cheektowaga Historical Association | 183121 | \$ 1,250.00 | \$ 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 | \$ 3,000.00 |
| 518503 | Alden Christian Theater Society | 114358 | \$ 10,000.00 | \$ - | \$ 10,000.00 |
| 518514 | Clarence Concert Association | 103721 | \$ 1,500.00 | \$ - | \$ 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 2021 | TAX YEAR 2022 | TAX YEAR 2023 |
|--------|---------------------------------------------------------------|---------------|---------------|---------------|---------------|
| 517125 | Enlightenment Literary Arts Center & Dog Ears Bookstore | 152181 | \$ 28,600.00 | \$ 36,600.00 | \$ 55,000.00 |
| 518004 | African American Cultural Center | 112604 | \$ 275,450.00 | \$ 311,950.00 | \$ 200,000.00 |
| 518011 | Alleyway Theatre | 109340 | \$ 8,500.00 | \$ 8,500.00 | \$ 11,000.00 |
| 518016 | American Legion Band of | 100874 | \$ 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 |
| 518024 | Ballet Artists Of WNY (Negot) | 100794 | \$ 24,000.00 | \$ 25,000.00 | \$ - |
| 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 | 130777 | \$ 5,000.00 | \$ - | \$ 12,500.00 |
| 518084 | El Museo Gallery | 109836 | \$ 12,585.00 | \$ 8,585.00 | \$ 11,000.00 |
| 518104 | Graycliff Conservancy | 101197 | \$ 59,200.00 | \$ 59,200.00 | \$ 60,000.00 |
| 518113 | Hull House Foundation | 143471 | \$ 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 | Jazz Buffalo Literary Center | 108577 | \$ 78,100.00 | \$ 78,100.00 | \$ 83,000.00 |
| 518132 | Louise St Neighborhood Art Classes | 109945 | \$ 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 | \$ 44,000.00 | \$ 39,000.00 |
| 518146 | Polish Arts Club Of Buffalo Inc | 108112 | \$ 7,000.00 | \$ 7,000.00 | \$ 3,800.00 |
| 518147 | Preservation Buffalo Niagara | 147500 | \$ 4,615.00 | \$ 4,615.00 | \$ 6,000.00 |
| 518160 | Springville Center For The Arts | 113103 | \$ 20,505.00 | \$ 29,505.00 | \$ 36,000.00 |
| 518164 | Squeaky Wheel | 101268 | \$ 20,920.00 | \$ 20,920.00 | \$ 27,000.00 |
| 518173 | 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 Rock Arts Collaborative, Inc | 135959 | \$ 4,640.00 | \$ 4,640.00 | \$ 6,000.00 |
| 518184 | Young Audiences Of WNY | 106818 | \$ 10,500.00 | \$ 10,500.00 | \$ 14,000.00 |
| 518196 | Buffalo Niagara Heritage Village | 151996 | \$ 18,500.00 | \$ 18,500.00 | \$ 24,500.00 |
| 518206 | Michigan St African Amer Heritage | 152573 | \$ 15,000.00 | \$ 15,000.00 | \$ 32,500.00 |
| 518207 | General Putaski Association | 103660 | \$ 10,000.00 | \$ 11,000.00 | \$ 12,500.00 |
| 518204 | Brighton Place, Inc | 156154 | \$ 10,000.00 | \$ 18,000.00 | \$ 20,000.00 |
| 518213 | 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 |
| 518544 | South Buffalo Irish Feis/Can You Dig | 113041 | \$ 18,000.00 | \$ 15,000.00 | \$ 15,000.00 |
| 518556 | West 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.