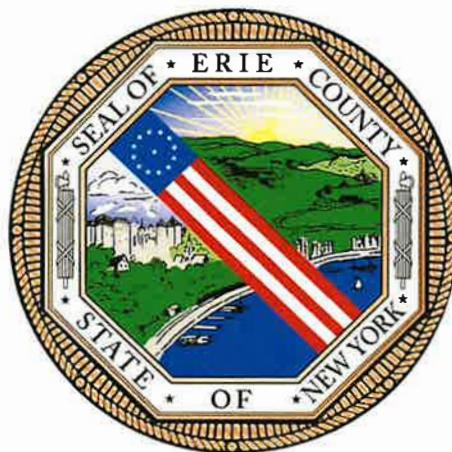


January 2026

ED LEG JAN 9 '26 PM1:41

**Erie County Cultural Funding Grant Monitoring Program
Albright Knox Art Gallery
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

ACCT #	APPROPRIATION	VENDOR NUMBER	TAX YEAR 2020	TAX YEAR 2021	TAX YEAR 2022
Enlightenment Literary Arts Center &					
517125 Dog Ear Bookstore	151183	\$ 28,500.00	\$ 36,600.00	\$ 35,000.00	
518004 African American Cultural Center	112694	\$ 275,450.00	\$ 311,950.00	\$ 200,000.00	
518012 Alleyway Theatre	109140	\$ 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	100415	\$ 12,150.00	\$ 26,750.00	\$ 25,740.00	
518019 Arts Services Initiative of WNY Inc	147159	\$ 26,050.00	\$ 26,050.00	\$ 30,000.00	
518028 Ballet Artists Of WNY (Negras)	100794	\$ 24,000.00	\$ 24,000.00	\$ 30,000.00	
Buffalo Arts Studio (Arts Studio of					
518040 Western New York, Inc)	101244	\$ 38,000.00	\$ 45,500.00	\$ 53,000.00	
518043 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	\$ 555.00	\$ 11,000.00	
518104 Graybill 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	
Jewish Community Center Cultural					
518119 Jewish Ctr of Greater Buff	111239	\$ 13,500.00	\$ 8,750.00	\$ 13,500.00	
518120 Just Buffalo Literacy Center	105577	\$ 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 Marin House Restoration	104563	\$ 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	113305	\$ 30,507.00	\$ 20,505.00	\$ 36,000.00	
518164 Squeaky Wheel	101268	\$ 20,920.00	\$ 20,920.00	\$ 27,000.00	
518172 Theodore Roosevelt Inaugural Site	106812	\$ 32,320.00	\$ 32,320.00	\$ 37,000.00	
518176 Ujima Company	101047	\$ 83,000.00	\$ 63,000.00	\$ 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	135999	\$ 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	\$ 16,500.00	\$ 16,500.00	\$ 24,500.00	
518200 Michigan Str African Amer Heritage	152378	\$ 15,000.00	\$ 15,000.00	\$ 32,500.00	
518201 General Putsaki 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	
Black Rock Historical Society (Black Rock-Riverside Alliance)	170369	\$ 22,500.00	\$ 7,500.00	\$ 10,000.00	
518223 Centro Culturale Italiano di Buffalo	167500	\$ 25,000.00	\$ 20,500.00	\$ 15,000.00	
518549 South Buffalo Irish Fers/Can You Dig	113041	\$ 18,000.00	\$ 15,000.00	\$ 15,000.00	
518566 Net Positive DBA The Foundry	168005	\$ 5,000.00	\$ -	\$ 5,000.00	

Monitoring Program – Phase II

ACCT #	APPROPRIATION	VENDOR NUMBER	TAX YEAR 2020	TAX YEAR 2021	TAX YEAR 2022
517533 Buffalo Olmsted Parks Conservancy					
518008 Albright-Knox Art Gallery	108707	\$ 575,000.00	\$ 575,000.00	\$ 675,000.00	
518009 Albright-Knox Public Art Curator	147128	\$ 64,250.00	\$ 64,250.00	\$ 64,250.00	
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	
Buffalo & Erie County Naval & Servicemen's					
518052 Park	109239	\$ 35,000.00	\$ 35,000.00	\$ 50,000.00	
518060 Buffalo Philharmonic Orch Society	109102	\$ 926,000.00	\$ 926,000.00	\$ 949,000.00	
518061 Buffalo Philharmonic Chorus	109795	\$ 34,500.00	\$ 34,500.00	\$ 35,000.00	
518064 Buffalo Society Natural Sciences	109787	\$ 355,000.00	\$ 355,000.00	\$ 355,000.00	
518065 Buffalo String Works, Inc	167593	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	
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	\$ 35,000.00	\$ 63,000.00	
518082 Dancability	156539	\$ 3,500.00	\$ 3,500.00	\$ 3,000.00	
518096 Explorare & More Children's Museum	102758	\$ 42,000.00	\$ 42,000.00	\$ 78,000.00	
518108 Haywalls Contemporary Arts Center	108589	\$ 57,000.00	\$ 57,000.00	\$ 60,000.00	
518112 Hamburg Natl. Hist Soc/Penn Dixie	101182	\$ 98,314.00	\$ 96,314.00	\$ 96,314.00	
518116 Irish Classical Theatre Company	109727	\$ 83,500.00	\$ 83,500.00	\$ 93,500.00	
518124 O'Youngville College Knavery Theater	109341	\$ 11,750.00	\$ 9,500.00	\$ 9,500.00	
518128 Lancaster Opera House	111681	\$ 45,300.00	\$ 30,300.00	\$ 35,000.00	
518140 Musical Fare Ensemble	108308	\$ 61,525.00	\$ 61,525.00	\$ 66,000.00	
518144 New York State Theater	109842	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	
518148 Round Less Traveled Productions	121043	\$ 63,500.00	\$ 63,500.00	\$ 67,000.00	
518152 Roychuck Campus Corporation	118213	\$ 50,000.00	\$ 40,000.00	\$ 50,000.00	
518156 Shakespeare In The Park	109575	\$ 95,000.00	\$ 95,000.00	\$ 95,000.00	
518168 Stagecoach Of Youth	109848	\$ 69,400.00	\$ 69,400.00	\$ 74,000.00	
518173 Tom Space Theatre	143573	\$ 20,460.00	\$ 15,460.00	\$ 29,500.00	
518188 Zoological Society Of Buffalo	108623	\$ 1,300,000.00	\$ 1,500,000.00	\$ 1,700,000.00	
518195 Orchard Park Symphony Orchestra	155973	\$ 2,300.00	\$ 2,300.00	\$ 10,000.00	
518203 Buffalo Opera Unlimited Incorporated	172909	\$ 3,750.00	\$ 3,750.00	\$ 5,000.00	
518205 Cheektowaga Comm Symphony Orchestra	109177	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00	
518209 Newstead Historical Society	105518	\$ 5,500.00	\$ 3,500.00	\$ 5,000.00	
518209 O'Connell & Company Productions	159162	\$ 23,100.00	\$ 23,100.00	\$ 31,500.00	
518211 Theatrical Male Chorus Club aka Red Blazer					
518219 Men's Chorus	102045	\$ 3,000.00	\$ 3,000.00	\$ 6,000.00	
518222 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	
518303 Steel Plant Museum of Western New York	157740	\$ 2,020.00	\$ 2,020.00	\$ 5,000.00	
518503 Alden Christian Theater Society	114358	\$ 10,000.00	\$ 3,500.00	\$ 3,000.00	
518512 Clarence Concert Association	101171	\$ 3,500.00	\$ -	\$ 5,000.00	
Clarence Museum (Historical Soc of the					
518515 Town of Clarence)	113067	\$ 5,500.00	\$ -	\$ 16,000.00	

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.

ALBRIGHT KNOX ART GALLERY

BACKGROUND

The Albright-Knox Art Gallery (AKG) is a 501(c)(3) nonprofit organization classified as a public charity under Section 509(a)(1). The Gallery's mission is to collect, exhibit, and preserve significant works of modern and contemporary art. In support of this mission, AKG provides exhibitions, educational programming, publications, and public events that serve residents of Erie County and the broader community.

AKG received Cultural Grant Funding (CGF) totaling \$575,000 in each of calendar years 2020 and 2021. The award increased to \$675,000 in 2022.

In addition, AKG received \$68,250 in CGF in both 2020 and 2021 for the Public Art Curator program.

AUDITOR'S OBSERVATIONS

The Albright-Knox Art Gallery was founded in 1862 by the Buffalo Fine Arts Academy to promote, cultivate, and foster the arts in all their forms.

AKG's programming is largely categorical and event-based, consisting of exhibitions and activities in visual and media arts, music, performance, literature, and other special events. The Gallery also functions as a cultural tourism destination and collaborates with local arts, cultural organizations, and community partners to support this role.

During the review period, contributions and grants represented the organization's primary source of revenue, accounting for the majority of total income. Investment income was the second-largest source of revenue. Additional revenue was generated through membership sales, educational activities, auxiliary services, exhibitions, and fundraising events. Fundraising and community events generated net income ranging from approximately \$222,385 to \$362,265 during the period under review.

AKG closed to the public in late 2019 for a planned "Bridge Period" associated with major campus construction and expansion, which coincided with the onset of the COVID-19 pandemic. From 2020 through 2022, the museum operated a satellite location, Albright-Knox Northland, and continued to provide public programming, including the Art Truck initiative and the Public Art Initiative. Additional programming was delivered virtually and included lectures, artist talks, workshops, wellness programs, school tours, poetry readings, and family-oriented events.

Although the Bridge Period closure was planned prior to the pandemic, AKG furloughed 12 staff members effective April 13, 2020. According to documentation provided by the organization, this action was financially beneficial under provisions of the CARES Act through July 31, 2020. AKG subsequently received Paycheck Protection Program (PPP) loans totaling \$1,110,937 in round one and \$932,965 in round two.

For the years under review, AKG's primary operating expenses included art acquisition and preservation, followed by salaries and employee benefits. CGF funds received from Erie County were applied to salaries, employee benefits and utilities costs.

AUDITOR'S CONCLUSIONS

Based on the documentation provided by AKG, the organization adequately substantiated its use of CGF for each year under review. Documentation reviewed included IRS Forms 990, Forms 1099, audited financial statements, organizational charts, payroll records, bank and credit card statements, general ledger reports, operational policies, and records supporting the Public Art Curator program.

A review of executive compensation for the period 2020 through 2022 indicated that base compensation increased by an average of 13.68 percent annually, while total compensation increased by an average of 12.87 percent annually. The Museum Director's compensation included a \$500,000 bonus distributed over a five-year period, as well as performance bonuses of \$25,000 in 2019 and 2022. The 2019 bonus was structured so that one-half was paid prior to December 31, 2019, with the remainder paid in January 2020. Compensation for the Director of Advancement increased by approximately 29.50 percent between 2020 and 2022, exceeding commonly cited nonprofit benchmark ranges of 3 to 5 percent annually.

In addition, it was noted that in 2013 AKG extended the Executive Director a short-term bridge loan in the amount of \$335,000 to facilitate the purchase of a new residence. The purchase price of the home was approximately \$710,000. To finance the purchase, the Executive Director obtained a mortgage from a traditional financial institution in the amount of \$417,000, which was properly recorded with the Erie County Clerk's Office. The remaining balance of the purchase price was financed through the \$335,000 short-term bridge loan extended by AKG at an interest rate of 0.18 percent, at a time when prevailing residential mortgage interest rates ranged from approximately 4.00 to 4.50 percent.

Documentation reviewed indicates that repayment of the AKG loan was contingent upon the sale of the Executive Director's prior residence. However, rather than being repaid within a short-term period, the loan was converted in 2014 to a 30-year mortgage at the same 0.18 percent interest rate. This mortgage was not filed or recorded with the Erie County Clerk's Office. No evidence was identified indicating that interest was paid or accrued on the loan since its inception.

The structure of this transaction raises concerns under the New York Not-for-Profit Corporation Law, including § 716, which generally prohibits loans by a not-for-profit corporation to its officers except in limited circumstances, and § 715, which governs related-party transactions and requires documented board review and approval. The review did not identify documentation demonstrating that these statutory requirements were satisfied as it fell outside the review period. Because AKG receives funding from Erie County, the use of organizational resources to provide a substantial, below-market loan to a key officer highlights the potential risk that grant funds could be indirectly applied to transactions that do not directly support the organization's contractual obligations or mission, underscoring the importance of strong financial controls and documentation.

Further, to the extent the unrecorded loan was used to finance the real estate purchase, the transaction may have avoided mortgage recording taxes that would ordinarily apply if the full amount of financing had been recorded. Although the review did not include a tax examination, the absence of documentation addressing this issue raises concerns regarding financial transparency and compliance.

Finally, while tax reporting was outside the scope of this review and the auditor did not obtain the Executive Director's Form W-2 or other tax records for the year the loan was secure, the provision of a below-market loan or similar financial benefit could have federal income tax reporting implications if not properly disclosed.

AKG is governed by a 34-member Board of Directors. Officers are limited to two consecutive five-year terms. The Board reviews and approves IRS Form 990 prior to filing and provides financial oversight, including the approval of grant and loan applications and the monitoring of conflict of interest disclosures. The Executive Committee approves the Museum Director's compensation, while the Museum Director approves compensation for members of the leadership team. The Finance Department and the Talent & Culture Department meet annually to establish salary ranges for remaining staff.

Based on the documentation provided by AKG, governance and financial oversight controls appear to be in place. The organization also provided written credit card and reimbursement policies, and no exceptions were identified during the review.

The additional CGF awards of \$68,250 received in 2020 and 2021 under the designation "Albright-Knox Public Art Curator" do not represent a separate legal or financial entity. This designation reflects an internal program administered and overseen by AKG. The Auditor was able to verify that these funds were properly allocated and expended in support of the designated program.

At the conclusion of the review, the Auditor determined that AKG was in compliance with IRS Form 990 filing requirements, New York State Form CHAR500 requirements, and all other relevant federal and state regulatory obligations for all years under review.