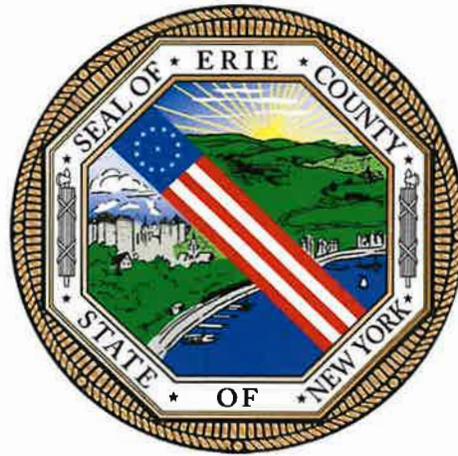


January 2026

**Erie County Cultural Funding Grant Monitoring Program
Alleyway Theatre Inc.
January 1, 2020 through December 31, 2022**



**HON. KEVIN R. HARDWICK
ERIE COUNTY COMPTROLLER**

**HON. KEVIN R. HARDWICK
ERIE COUNTY COMPTROLLER'S OFFICE
DIVISION OF AUDIT & CONTROL
95 FRANKLIN STREET
BUFFALO, NEW YORK 14202**



January 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, 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, 2023.

2023 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.

ALLEYWAY THEATRE INC.

BACKGROUND

Alleyway Theatre, Inc. (ATI) is a 501(c)(3) nonprofit professional theatre company founded in 1980 by Neal Radice and incorporated in 1981. ATI was established to serve as a collaborative incubator for bold, visceral new theatrical works.

ATI's mission is to educate and develop innovative theatrical programs while fostering the talents of emergent artists from Western New York and beyond. The organization supports the creation and production of plays and musicals that embrace fearless theatricality, humanity, and authenticity.

Alleyway Theatre, Inc. (ATI) received 8,500 in Cultural Grant Funding (CGF) in both 2020 and 2021. ATI was also awarded \$11,000 in 2022.

AUDITOR'S OBSERVATION

Alleyway Theatre, Inc. (ATI) serves as a hub of authentic connectivity where history and innovation converge through a dynamic community of storytellers and theatre-makers. ATI energizes Western New York by producing bold, thought-provoking work that challenges the status quo and engages diverse audiences.

The organization is deeply committed to active community engagement, elevating ATI and Western New York within the national theatre conversation. ATI collaborates with artists at the highest professional level. Through this work, ATI brings new ideas and fresh perspectives to the regional cultural landscape. Audiences are drawn to Alleyway Theatre for its reputation for excellence and innovation and leave inspired and transformed invited to reflect on their own lives and the lives of their neighbors in new and meaningful ways.

For the years under review, grants, contributions, and donations represented ATI largest source of revenue, comprising more than 50% of total organizational revenue. Additional revenue was generated through program service activities, including ticket sales, entry fees, facility rentals, concessions, and tuition.

The COVID-19 pandemic significantly impacted ATI's operations. ATI was required to suspend in-person programming for approximately 18 months; however, the organization quickly adapted by launching virtual programming, including online play presentations beginning in April 2020 and a full season of virtual theatre during Fall 2020.

Throughout the pandemic, ATI maintained organizational stability by retaining two staff members and providing employment opportunities for more than 100 artists. ATI responsibly leveraged pandemic-related financial assistance to sustain operations, including Payroll Protection Program (PPP) funding totaling \$29,800 (Round 1) and \$36,715 (Round 2). In addition, ATI received a Shuttered Venue Operators Grant (SVOG) of \$62,237 and Employee Retention Tax Credits (ERTC) totaling \$61,995.

Primary expenses of ATI during the review period were salaries and wages, advertising and promotion, occupancy costs, costumes, sets, props and general office expenses. In accordance with its contract CGF was allocated toward general operation expenses.

AUDITOR'S CONCLUSION

During the Cultural Grant Funding (CGF) review period, ATI provided adequate and appropriate documentation to support the expenditure of CGF funds for all years under review. Documentation examined included IRS Forms 990 and 1099, bank and credit card statements, receipts, general ledger records, payroll

reports, copy of employee handbook and Board of Directors meeting minutes. In each year reviewed, total eligible expenses incurred and paid exceeded the amount of CGF funding awarded.

As part of the grant review process, the Auditor reviewed the organization's financial records and transactions conducted for the years under review. Based on a review of the organization's records, no unusual or questionable operational expenses were identified.

A review of the Executive Director's compensation for the period 2020–2022 found that salary increased by an average of approximately 26.5% annually, well above the national average annual salary increase of 3% to 5%. These increases reflect a planned, board-approved adjustment to bring compensation to a living-wage level following a leadership transition. All compensation reported reflects Executive Director duties only; any teaching performed after the promotion was included within the scope of the position and was not compensated separately.

ATI is governed by a Board of Directors consisting of 9 members and 4 executive members. Board terms are limited to two consecutive three-year terms for Board of Directors, after which members must step down for at least one year for re-election. The Executive Director and Board Treasurer are responsible for reviewing and approving the draft IRS Form 990 prior to filing with the IRS and for New York State CHAR500 reporting requirements. Board members are required to complete annual conflict-of-interest disclosures.

Based on our review of the documentation provided by ATI, internal control procedures related to governance structure and financial oversight appear to be adequate.

At the conclusion of the grant review, the Auditor determined that ATI was in compliance with IRS Form 990 and New York State Form CHAR500 filing requirements for the years 2020, 2021, and 2022. No instances of noncompliance with applicable federal or state laws and regulations were identified during the review period.