ERIE CANALWAY HERITAGE FUND, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

CUSACK & COMPANY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Erie Canalway Heritage Fund, Inc.

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Erie Canalway Heritage Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Erie Canalway Heritage Fund, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Erie Canalway Heritage Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Erie Canalway Heritage Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Erie Canalway Heritage Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Erie Canalway Heritage Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of Erie Canalway Heritage Fund, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Erie Canalway Heritage Fund, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Erie Canalway Heritage Fund, Inc.'s internal control over financial reporting and compliance.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
March 25, 2025

ASSETS

	2024	2023
Current Assets		
Cash	$ 681,322	$ 688,086
Accounts and Grants Receivable	611,179	95,374
Prepaid Expenses	10,887	9,576
Total Current Assets	1,303,388	793,036
Fixed Assets		
Equipment, Net	14,101	-
Other Assets		
Right-of-Use Asset	18,162	24,088
Total Assets	$ 1,335,651	$ 817,124

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities		
Lease Payable - Current Portion	$ 12,045	$ 11,855
Accounts Payable and Accrued Expenses	314,372	40,183
Refundable Advances	437,586	252,212
Total Current Liabilities	764,003	304,250
Lease Payable, net of Current Portion	6,117	12,233
Net Assets		
Without Donor Restrictions	565,531	500,641
Total Liabilities and Net Assets	$ 1,335,651	$ 817,124

	2024	2023
Public Support and Revenue:		
Contributions and Gifts	$ 204,692	$ 162,552
Federal Grants	1,000,590	875,938
State and Local Grants and Contracts	845,248	435,264
Contributed Goods and Services	82,920	72,332
Program Fees	20,500	6,306
Interest Income	28,792	6,948
Other Revenue	4,029	8,026
Total Public Support and Revenue	2,186,771	1,567,366
Expenses:		
Program	1,882,456	1,298,894
Management and General	150,223	93,063
Fundraising	89,202	78,101
Total Expenses	2,121,881	1,470,058
Change in Net Assets	64,890	97,308
Net Assets, Beginning of Year	500,641	403,333
Net Assets, End of Year	$ 565,531	$ 500,641

ERIE CANALWAY HERITAGE FUND, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
Change in Net Assets	$ 64,890	$ 97,308
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Depreciation	3,404	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts and Grants Receivable	(515,805)	346,110
Prepaid Expenses	(1,311)	(67)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	274,189	(109,442)
Refundable Advances	185,374	234,166
Net Cash Provided By Operating Activities	10,741	568,075
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(17,505)	-
Cash Flows from Financing Activities		
Payments on Note Payable	-	(175,000)
Increase in Cash	(6,764)	393,075
Cash, Beginning of Year	688,086	295,011
Cash, End of Year	$ 681,322	$ 688,086
Supplemental Disclosure of Cash Paid for Interest	$ -	$ 3,953

	Program Services	Management and General	Fundraising	2024 Total
Direct Program Expenses:				
Ticket to Ride/Education	$ 90,216	$ -	$ -	$ 90,216
Water Trail Development	169,764	-	-	169,764
Grants and Awards	204,926	-	-	204,926
Matton Shipyard	242,649	-	-	242,649
Canalway Challenge	61,435	-	-	61,435
World Canals Conference	156,231	-	-	156,231
Economic Heritage	5,120	-	-	5,120
Total Direct Program Expenses	930,341	-	-	930,341
Salaries	628,560	88,621	37,684	754,865
Payroll Tax and Benefits	136,544	25,224	5,720	167,488
Professional Fees	47,938	10,707	28,262	86,907
Printing	20,970	1,105	7,786	29,861
Travel	10,471	1,314	252	12,037
Postage	7,876	742	1,895	10,513
Website and Technology Services	15,194	2,527	98	17,819
Advertising	16,462	3,419	-	19,881
Occupancy	9,080	2,404	188	11,672
Telephone	9,334	2,431	189	11,954
Supplies	18,732	4,473	337	23,542
Repairs and Maintenance	5,960	1,578	122	7,660
Dues and Subscriptions	3,318	727	53	4,098
Fundraising	-	-	3,501	3,501
Conferences and Meetings	8,715	2,420	2,473	13,608
Insurance	1,924	463	33	2,420
Bank Charges	5,976	1,410	481	7,867
Depreciation	3,120	284	-	3,404
Miscellaneous	1,941	374	128	2,443
Total Expenses	$ 1,882,456	$ 150,223	$ 89,202	$ 2,121,881

	Program Services	Management and General	Fundraising	2023 Total
Direct Program Expenses:				
Ticket to Ride/Education	$ 152,798	$ -	$ -	$ 152,798
Water Trail Development	66,223	-	-	66,223
Grants and Awards	187,178	-	-	187,178
Matton Shipyard	(10,848)	-	-	(10,848)
Canalway Challenge	58,989	-	-	58,989
World Canals Conference	38,583	-	-	38,583
Total Direct Program Expenses	492,923	-	-	492,923
Salaries	542,387	68,720	31,236	642,343
Payroll Tax and Benefits	121,374	14,813	6,734	142,921
Contributed Services	29,709	-	-	29,709
Professional Fees	26,299	2,810	27,777	56,886
Printing	22,818	727	7,072	30,617
Travel	9,606	682	310	10,598
Postage	4,235	379	1,803	6,417
Website and Technology Services	8,335	266	121	8,722
Advertising	176	34	-	210
Occupancy	9,500	1,244	565	11,309
Telephone	10,499	1,235	618	12,352
Supplies	4,147	485	221	4,853
Repairs and Maintenance	4,209	551	251	5,011
Dues and Subscriptions	3,623	380	173	4,176
Fundraising	-	-	401	401
Conferences and Meetings	242	46	-	288
Insurance	1,734	227	103	2,064
Bank Charges	1,576	190	150	1,916
Interest Expense	3,953	-	-	3,953
Miscellaneous	1,549	274	566	2,389
Total Expenses	$ 1,298,894	$ 93,063	$ 78,101	$ 1,470,058

1. ORGANIZATION

Erie Canalway Heritage Fund, Inc. (the "Fund") is a non-profit organization incorporated in the State of New York in 2006. The Fund works closely with the Erie Canalway National Heritage Corridor Commission to preserve the Canal Corridor heritage, to promote the Corridor as a world class tourism destination, and to foster vibrant communities connected by the waterway.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting

The financial statements of the Fund have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. The basis of accounting is in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Accounts and Grant Receivables

The Fund utilizes the allowance method to determine the allowance for doubtful accounts. At September 30, 2024 and 2023, management determined no allowance was necessary based upon their review of the specific receivables. Typically, substantially all grant receivables are from state and federal agencies.

Fixed Assets

The Fund follows the practice of capitalizing all expenditures of furniture and equipment in excess of $500 at cost. Donated fixed assets are similarly capitalized, but at fair market value at the time of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of three to five years.

Net Assets

Net assets of the Fund, and changes therein, are classified and reported as follows:

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Fund and/or the passage of time.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and reported as an increase in net assets. The Fund reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Fund reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Fund reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when earned or as performance obligation(s) are satisfied

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. Contract assets were $390,801 and $30,755 for the years ended September 30, 2024 and 2023, respectively, and are included in accounts and grants receivable in the statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers (Continued)

Contract Liabilities

Contract liabilities (refundable advances) consist of payments made by funding and other sources for the Fund's contracts for services not yet performed that are expected to be performed within the next fiscal year. Contract liabilities were $437,586 and $252,212 for the years ended September 30, 2024 and 2023, respectively.

Program fees for service are recognized when the service is completed and billed.

The Fund receives substantially all of its grant and contract revenue from Federal and State agencies. The Fund recognizes grant revenue (up to the grant ceiling) based on eligible expenses incurred.

Contributed Goods and Services

For the years ended September 30, 2024 and 2023, the Fund received contributed goods and services from the National Park Service and the private sector, which met the requirements for recognition.

Income Taxes

The Fund qualifies for an exemption under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Accounting for Uncertainty in Income Taxes

The Accounting Standards Codification ("ASC") requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The Fund has not recognized any benefits or liabilities from uncertain tax positions in 2024 and believes it has no uncertain tax positions for which are reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine the Fund's tax returns for three years from the date of filing; consequently, income tax returns for the years prior to 2021 are no longer subject to examination by tax authorities.

Functional Expenses

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services using specific allocation methods.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value

The Accounting Standards Codification requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the Fund would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Adoption of Lease Standard

The Fund adopted Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) on October 1, 2022. The new standard requires a lessee to recognize a liability for lease obligations, representing the discounted obligation to make minimum lease payments, and a corresponding right-of-use asset on the statements of financial position for all leases with a term longer than 12 months.

The Fund recognized right-of-use assets and lease liabilities of $18,162, based on the present value of remaining minimum rental payments discounted at the Fund's incremental borrowing rate. Adoption of this ASU did not materially impact the financial statements.

Subsequent Events

Management has evaluated subsequent events or transactions as to potential impact on operations or financial position occurring through March 25, 2025, the date the financial statements were available to be issued. No such events or transactions were noted.

3. ACCOUNTS AND GENERAL RECEIVABLE/FEDERAL, STATE AND LOCAL GRANT AND CONTRACT REVENUES

Federal, state and local grant and contract revenues consisted of the following for the year ended September 30, 2024:

		Total Grant	Term	2024 Receivables	2024 Revenue
National Park Service					
Cooperative Agreement	P22AC01573	$ 851,910	8/15/22 to 6/30/24	-	60,490
Cooperative Agreement	P23AC01625	$ 933,291	8/15/23 to 9/30/25	69,777	867,436
Cooperative Agreement	P23AP02100	$ 750,000	9/1/23 to 8/31/26	3,575	9,207
Cooperative Agreement	P24AC02300	$ 976,395	9/3/24 to 9/30/26	2,794	2,794
Department of Housing and Development					
Matton Shipyard Preservation and Adaptive Reuse Initiative	B-23-CP-NY-1169	$ 505,359	6/8/23 to 8/31/31	60,918	60,663
Total Federal Grants				137,064	1,000,590
NYS Canal Corporation					
Marketing and Promotion	4400003630	$ 1,005,000	2/1/19 to 7/30/22	-	73,388
Programs and Promotion	4400007467	$ 347,097	1/1/23 to 12/31/23	-	99,582
Programs and Promotion	4400007556	$ 37,500	7/1/23 to 12/31/23	-	17,690
Programs and Promotion	4400007680	$ 1,058,063	1/1/24 to 12/31/26	20,000	87,772
Programs and Promotion	4400007889	$ 360,000	1/1/24 to 12/31/26	77,471	96,221
NYS Empire State Development					
Bicentennial Marketing and Events Tourism Working Capital	135.449	$ 82,240	3/23/23 to 12/31/24	41,467	41,467
World Canals Conference 2025	13848	$ 250,000	7/1/23 to 10/31/25	101,920	201,446
NYS Department of Environmental Conservation					
Amenities Study	T01583GG	$ 50,000	7/1/23 to 6/1/25	45,695	45,695
NYS Office of Parks, Recreation, and Historic Preservation	219809GG	$ 484,481	12/14/21 to 12/13/26	181,987	181,987
Total State Grants and Contracts				468,540	845,248
Pledges Receivable				5,575	-
Total Grants and Accounts Receivable/Revenue				$ 611,179	$ 1,845,838

4. FIXED ASSETS

Fixed Assets is comprised of the following at September 30, 2024 and 2023:

	2024	2023
Office Equipment	$ 96,957	$ 79,452
Less: Accumulated Depreciation	(82,856)	(79,452)
	$ 14,101	$ -

Depreciation expense was $3,404 for the year ended September 30, 2024.

5. RIGHT-OF-USE ASSET AND LEASE PAYABLE

The Fund has entered into a lease for its administrative office. The lease terminates March 31, 2026.

Amounts recognized as right-of-use asset and lease payable included in the statements of financial position are as follows:

	2024	2023
Right-of-Use Asset	$ 18,162	$ 24,088
Current Portion of Lease Payable	$ 12,045	$ 11,855
Long-Term Portion of Lease Payable	6,117	12,233
	$ 18,162	$ 24,088

Rent expense was $11,672 and $11,309 for the years ended September 30, 2024 and 2023, respectively.

6. NOTE PAYABLE

The Fund was approved for a series of term loans from M&T Bank for up to $250,000 with an interest rate of 9.25% (prime plus 1.25%). The Fund also has a general business line of credit, up to $125,000, with a local bank with an interest rate of 9% (prime plus 1%). The loans were obtained for the purpose of cash flow relative to the Matton Shipyard Preservation Project and general operations. The Fund had $0 outstanding as of September 30, 2024 and 2023.

7. CONTRIBUTED GOODS AND SERVICES

Contributed goods and services consist of the following:

	2024	2023
National Park Service Salaries and Benefits	$ -	$ 29,709
Other Goods and Services	82,920	42,623
	$ 82,920	$ 72,332

8. RETIREMENT PLAN

All eligible Fund employees are able to participate in the Internal Revenue Code Section 401(k) deferred compensation plan and are fully vested. The Fund contributes 5% of salary on behalf of all eligible employee salaries. Pension expense was $32,586 and $31,942 for the years ended September 30, 2024 and 2023, respectively.

9. CONCENTRATION OF RISK

The Fund receives a majority of its revenue from grants and contributed services provided by the National Park Service (43% and 56% in 2024 and 2023, respectively).

10. COMMITMENTS AND CONTINGENCIES

Grants

The Fund is subject to audits and reviews of reimbursable costs by the various granting agencies and funding sources. The outcome of these audits and reviews may have the effect of retroactively increasing or decreasing revenue. In the event that a subsequent audit or review determines that an adjustment is required, the amount will be recognized in the period in which it becomes fixed and determinable.

The Fund believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Fund's financial position or results of operations.

11. LIQUIDITY

The Fund's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Fund has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, liabilities and other obligations of:

Financial assets:	
Cash	$ 681,322
Accounts and grants receivable	611,179
Financial assets available to meet cash needs for general expenditures within one year.	$ 1,292,501

ADDITIONAL REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND THE UNIFORM GUIDANCE

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Erie Canalway Heritage Fund, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Erie Canalway Heritage Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Erie Canalway Heritage Fund, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Erie Canalway Heritage Fund, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Erie Canalway Heritage Fund, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Erie Canalway Heritage Fund, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
March 25, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Erie Canalway Heritage Fund, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Erie Canalway Heritage Fund, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Erie Canalway Heritage Fund, Inc.'s major federal programs for the year ended September 30, 2024. Erie Canalway Heritage Fund, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Erie Canalway Heritage Fund, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Erie Canalway Heritage Fund, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Erie Canalway Heritage Fund, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Erie Canalway Heritage Fund, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Erie Canalway Heritage Fund, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Erie Canalway Heritage Fund, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Erie Canalway Heritage Fund, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Erie Canalway Heritage Fund, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Erie Canalway Heritage Fund, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA’S LLC

Latham, New York
March 25, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	**Federal CFDA Number**	**Passed Through to Subrecipients**	**Federal Expenditures**
U.S. Department of the Interior			
Direct:			
Historic Preservation Fund Grants-In-Aid	15.904	$ -	$ 9,207
National Heritage Area Federal Financial Assistance	15.939	-	930,721
Total U.S. Department of the Interior		-	939,928
U.S. Department of Housing and Urban Development			
Direct:			
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	-	60,662
Total Expenditures of Federal Awards		$ -	$ 1,000,590

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by Erie Canalway Heritage Fund, Inc., which is described in Note 1 to the Corporation's general purpose financial statements, using the accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

2. SCOPE OF THE AUDIT PURSUANT TO THE UNIFORM GUIDANCE

Erie Canalway Heritage Fund, Inc. is a tax-exempt organization. All federal grant operations of the Corporation are included in the scope of the Single Audit.

3. SUBRECIPIENTS

Erie Canalway Heritage Fund, Inc. provided federal awards to no subrecipients.

4. INDIRECT COST RATE

The indirect cost rate is established by the United States Department of the Interior.

5. LOANS AND LOAN GUARANTEES

Erie Canalway Heritage Fund, Inc., did not receive any federal assistance in the form of loans or loan guarantees.

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	x No
• Significant deficiency(ies) identified?	___ Yes	x None reported
• Noncompliance material to financial statements noted?	___ Yes	x No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	___ Yes	x No
• Significant deficiency(ies) identified?	___ Yes	x None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	___ Yes	x No

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Clusters*
15.939	National Heritage Area Federal Financial Assistance

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	x Yes	___ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings or matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or matters were reported.

SECTION IV – RESOLUTION OF PRIOR YEAR AUDIT FINDINGS

No findings or matters were reported.