

*ERIE CANALWAY HERITAGE FUND, INC.*

*FINANCIAL STATEMENTS*

*SEPTEMBER 30, 2022 AND 2021*

**ERIE CANALWAY HERITAGE FUND, INC.**

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SEPTEMBER 30, 2022 AND 2021

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Erie Canalway Heritage Fund, Inc. and  
Waterford, New York

**Opinion**

We have audited the accompanying financial statements of Erie Canalway Heritage Fund, Inc. (a nonprofit organization) (the "Fund"), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Erie Canalway Heritage Fund, Inc. as of September 30, 2022 and 2021, 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 of 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 opinion.

**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 the Fund'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 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, including omissions, 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 access 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 the Fund'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 the Fund'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.

## **Other Matters**

### *Other Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the funds basic financial statements. The accompanying schedule of expenditures of federal awards on page 21, 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 basic 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 information 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 reports dated February 10, 2023 on our consideration of the Fund'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 those reports is 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
February 10, 2023

**ERIE CANALWAY HERITAGE FUND, INC.**

## STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2022 AND 2021

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	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 295,011	\$ 204,516
Grants Receivable	441,484	381,028
Prepaid Expenses	<u>9,509</u>	<u>10,028</u>
Total Current Assets	746,004	595,572
Fixed Assets		
Equipment, Net	<u>-</u>	<u>10,577</u>
Total Assets	<u>\$ 746,004</u>	<u>\$ 606,149</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities		
Note Payable	\$ 175,000	\$ -
Accounts Payable and Accrued Expenses	149,625	55,840
Refundable Advances	<u>18,046</u>	<u>99,420</u>
Total Current Liabilities	342,671	155,260
Net Assets		
Without Donor Restrictions	<u>403,333</u>	<u>450,889</u>
Total Liabilities and Net Assets	<u>\$ 746,004</u>	<u>\$ 606,149</u>

**ERIE CANALWAY HERITAGE FUND, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

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	<u>2022</u>	<u>2021</u>
<b>Public Support and Revenue:</b>		
Contributions and Gifts	\$ 149,380	\$ 102,234
Federal Grants	840,829	739,285
State and Local Grants and Contracts	721,814	407,045
Contributed Goods and Services	104,673	177,959
Program Fees	2,791	5,149
SBA Loan Forgiveness	-	123,837
Other Revenue	<u>3,636</u>	<u>7,297</u>
Total Public Support and Revenue	<u>1,823,123</u>	<u>1,562,806</u>
<b>Expenses:</b>		
Program	1,694,917	1,361,711
Management and General	110,621	109,829
Fundraising	<u>65,141</u>	<u>46,153</u>
Total Expenses	<u>1,870,679</u>	<u>1,517,693</u>
Increase (Decrease) in Net Assets	(47,556)	45,113
Net Assets, Beginning of Year	<u>450,889</u>	<u>405,776</u>
Net Assets, End of Year	<u>\$ 403,333</u>	<u>\$ 450,889</u>

**ERIE CANALWAY HERITAGE FUND, INC.**  
*STATEMENTS OF CASH FLOWS*  
 FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

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	<u>2022</u>	<u>2021</u>
Change in Net Assets	\$ (47,556)	\$ 45,113
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Depreciation	10,577	20,434
Changes in Operating Assets and Liabilities:		
Increase in Grants Receivable	(60,456)	(187,313)
Decrease in Prepaid Expenses	519	1,342
Increase (Decrease) in Accounts Payable and Accrued Expenses	93,785	(2,487)
Increase (Decrease) in Refundable Advances	<u>(81,374)</u>	<u>53,588</u>
Net Cash Used In Operating Activities	(84,505)	(69,323)
Cash Flows from Financing Activities		
Proceeds from Note Payable	<u>175,000</u>	<u>-</u>
Increase (Decrease) in Cash	90,495	(69,323)
Cash, Beginning of Year	<u>204,516</u>	<u>273,839</u>
Cash, End of Year	<u>\$ 295,011</u>	<u>\$ 204,516</u>
Supplemental Disclosure of Cash Paid for Interest	<u>\$ 1,870</u>	<u>\$ 1,067</u>



**ERIE CANALWAY HERITAGE FUND, INC.**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<b><u>Program</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Direct Program Expenses:				
Ticket to Ride/Education	\$ 165,789	\$ -	\$ -	\$ 165,789
Water Trail Development	135,091	-	-	135,091
Grants and Awards	207,116	-	-	207,116
Matton Shipyard	294,211	-	-	294,211
Canalway Challenge	97,329	-	-	97,329
World Canals Conference	855	-	-	855
Economic Revitalization and Heritage Development	8,037	-	-	8,037
Total Direct Program Expenses	<u>908,428</u>	<u>-</u>	<u>-</u>	<u>908,428</u>
Salaries	504,545	74,595	31,876	611,016
Payroll Tax and Benefits	103,966	19,621	2,455	126,042
Contributed Services	59,166	1,996	-	61,162
Professional Fees	19,293	3,464	1,574	24,331
Printing	22,461	1,143	6,684	30,288
Travel	9,239	1,051	457	10,747
Depreciation	10,577	-	-	10,577
Postage	6,178	530	1,762	8,470
Website and Technology Services	11,509	939	166	12,614
Occupancy	8,767	1,863	329	10,959
Telephone	12,428	2,577	455	15,460
Supplies	3,661	618	132	4,411
Repairs and Maintenance	5,038	1,071	189	6,298
Dues and Subscriptions	2,410	393	69	2,872
Fundraising	-	-	16,312	16,312
Conferences and Meetings	204	51	2,556	2,811
Insurance	3,090	339	60	3,489
Bank Charges	325	61	11	397
Interest Expense	1,870	-	-	1,870
Miscellaneous	1,762	309	54	2,125
Total Expenses	<u>\$ 1,694,917</u>	<u>\$ 110,621</u>	<u>\$ 65,141</u>	<u>\$ 1,870,679</u>

**ERIE CANALWAY HERITAGE FUND, INC.**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct Program Expenses:				
Ticket to Ride/Education	\$ 74,834	\$ -	\$ -	\$ 74,834
Water Trail Development	79,315	-	-	79,315
Grants and Awards	83,000	-	-	83,000
Matton Shipyard	204,328	-	-	204,328
Canalway Challenge	87,492	-	-	87,492
Milestone Celebration	22,700	-	-	22,700
Economic Revitalization and Heritage Development	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>2,100</u>
Total Direct Program Expenses	553,769	-	-	553,769
Salaries	476,200	69,620	24,215	570,035
Payroll Tax and Benefits	85,443	17,430	3,118	105,991
Contributed Services	130,461	5,034	-	135,495
Professional Fees	15,852	4,781	7,662	28,295
Printing	18,299	1,192	7,149	26,640
Travel	7,167	232	-	7,399
Depreciation	20,434	-	-	20,434
Postage	8,042	663	1,348	10,053
Website and Technology Services	3,881	894	-	4,775
Occupancy	7,964	2,655	-	10,619
Telephone	11,769	3,923	-	15,692
Supplies	5,723	1,679	-	7,402
Repairs and Maintenance	4,328	1,443	-	5,771
Dues and Subscriptions	2,985	791	-	3,776
Fundraising	-	-	2,661	2,661
Conferences and Meetings	406	135	-	541
Insurance	3,241	1,080	-	4,321
Bank Charges	196	57	-	253
Interest Expense	1,067	-	-	1,067
Miscellaneous	<u>4,484</u>	<u>(1,780)</u>	<u>-</u>	<u>2,704</u>
Total Expenses	<u>\$ 1,361,711</u>	<u>\$ 109,829</u>	<u>\$ 46,153</u>	<u>\$ 1,517,693</u>

**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.

*Grant Receivables*

The Fund utilizes the allowance method to determine the allowance for doubtful accounts. At September 30, 2022 and 2021, management determined no allowance was necessary based upon their review of the specific receivables. Substantially all grant receivables are from state and federal agencies.

*Property and Equipment*

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 \$146,968 and \$147,207 for the years ended September 30, 2022 and 2021, respectively.

## 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 \$18,046 and \$99,420 for the years ended September 30, 2022 and 2021, 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, 2022 and 2021, the Fund received contributed goods and services from the National Park Service, the New York State Canal Corporation 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 2022 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 2019 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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.

*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).

*Subsequent Events*

Management has evaluated subsequent events or transactions as to potential impact on operations or financial position occurring through February 10, 2023, the date the financial statements were available to be issued. No such events or transactions were noted.

**ERIE CANALWAY HERITAGE FUND, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022 AND 2021

**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, 2022:

		<u>Total Grant</u>	<u>Term</u>	<u>2022 Receivables</u>	<u>2022 Revenue</u>
<b>National Park Service</b>					
Cooperative Agreement	P20AC00378	\$ 745,685	5/11/20 to 9/30/22	\$ 12,567	\$ 99,341
Cooperative Agreement	P21AC10545	\$ 824,848	4/01/21 to 6/30/23	62,840	741,062
Cooperative Agreement	P22AC01573	\$ 851,910	8/15/22 to 6/30/24	<u>426</u>	<u>426</u>
Total Federal Grants				<u>75,833</u>	<u>840,829</u>
<b>NYS Canal Corporation</b>					
Matton Shipyard Preservation	4400000755	\$ 148,170	1/1/17 to 12/30/22	20,384	138,846
Matton Shipyard Preservation	4400002076	\$ 150,000	1/1/18 to 12/30/22	77,808	68,908
Marketing and Promotion	4400003630	\$1,005,000	2/1/19 to 12/30/22	187,004	418,653
<b>NYS Office of Parks, Recreation and Historic Preservation</b>					
Matton Shipyard Preservation	PRK01- C73297GG	\$ 223,400	12/17/17 to 12/12/22	38,690	1,632
Marketing and Promotion	PRK01 015705	\$ 38,642	10/1/21 to 9/30/22	16,365	38,642
<b>Montgomery County</b>				22,926	22,926
<b>Empire State Development Corporation</b>					
Erie Canalway 200 Accessibility Tourism Working Capital	MNYAW- 133.451	\$ 124,166	8/20/20 to 4/1/23	<u>-</u>	<u>32,207</u>
Total State and Local Grants and Contracts				<u>362,177</u>	<u>721,474</u>
<b>Other</b>				<u>2,134</u>	<u>-</u>
Total Grants and Contracts				<u>\$ 441,484</u>	<u>\$ 1,562,643</u>

**4. EQUIPMENT**

Equipment is comprised of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Office Equipment	\$ 79,452	\$ 79,452
Less: Accumulated Depreciation	<u>(79,452)</u>	<u>(68,875)</u>
	<u>\$ -</u>	<u>\$ 10,577</u>

Depreciation expense was \$10,577 and \$20,434 for the years ended September 30, 2022 and 2021, respectively.

**ERIE CANALWAY HERITAGE FUND, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022 AND 2021

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**5. 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 4.0%. The loans were obtained for the purpose of cash flow relative to the Matton Shipyard Preservation Project. The Fund had \$175,000 outstanding as of September 30, 2022.

**6. CONTRIBUTED GOODS AND SERVICES**

Contributed goods and services consist of the following:

	<u>2022</u>	<u>2021</u>
National Park Service Salaries and Benefits	\$ 61,162	\$ 88,338
NYS Canal Corporation Salaries and Benefits	-	47,157
Other Goods and Services	43,511	42,464
	<u>\$ 104,673</u>	<u>\$ 177,959</u>

**7. PPP LOAN FORGIVENESS**

As part of the CARES Act, the Paycheck Protection Program (PPP) provides 100% federally guaranteed loans to small businesses, designed to help small businesses keep workers employed amid the pandemic and economic shutdown. The loan may be forgiven if the borrower is qualified and maintains their payroll during the crisis or restores their payroll afterwards and uses the funds to cover payroll, certain related costs, rent, and utilities during a twenty-four week period receiving the loan, as outlined in the PPP. The Fund applied for a PPP loan and received \$123,837, all of which was forgiven in 2021.

**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 \$28,243 and \$24,656 for the years ended September 30, 2022 and 2021, respectively.

**9. CONCENTRATION OF RISK**

The Fund receives a majority of its revenue from grants and contributed services provided by the National Park Service (50% and 53% in 2022 and 2021, 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.

### *Lease Commitments*

In April 2016, the Fund entered into a lease for its office location in Waterford, New York which has been extended through March 2026. Occupancy expense under this lease was \$10,959 and \$10,619 for the years ended September 30, 2022 and 2021, respectively. The future payments under the terms of this lease are \$11,310 for 2023, \$11,672 for 2024, \$12,044 for 2025 and \$6,116 for 2026.

## 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	\$ 295,011
Grants receivable	<u>441,144</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 736,155</u>

## 12. UNCERTAINTY

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Fund and its future financial position and results of operations is not presently determinable.

**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***

Board of Directors  
Erie Canalway Heritage Fund, Inc. and  
Waterford, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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. (the “Fund”) (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, cash flows and functional revenues and expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund’s internal control over financial reporting (internal control) as a basis for designing the auditing 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 Hertigate 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 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.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from direct and 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 determination of financial statement amounts. 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 Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York  
February 10, 2023

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

Board of Directors  
Erie Canalway Heritage Fund, Inc. and  
Waterford, New York

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Erie Canalway Heritage Fund, Inc.'s (the "Fund") 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 the Fund's major federal program for the year ended September 30, 2022. The Fund's major federal program is identified in the summary of auditor's results section on the accompanying schedule of findings and questioned costs.

In our opinion, the Fund 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 program for the year ended September 30, 2022.

***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 the Fund 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 the Fund'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 the Fund'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 the Fund'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 a material noncompliance 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. 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 the Fund'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 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 the Fund's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Fund'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 the Fund'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 described 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.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
February 10, 2023

**ERIE CANALWAY HERITAGE FUND, INC.**  
*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2022*

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<b><u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Passed Through to Subrecipients</u></b>	<b><u>Federal Expenditures</u></b>
U.S. Department of the Interior			
Direct:			
National Heritage Area Federal Financial Assistance	15.939	\$ <u>      -</u>	\$ <u>    840,829</u>



**1. SUMMARY OF CERTAIN 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**

Erie Canalway Heritage Fund, Inc. has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. 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.

**ERIE CANALWAY HERITAGE FUND, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**SECTION I — SUMMARY OF AUDITOR’S RESULTS**

*Financial Statements*

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

*Federal Awards*

Internal control over major programs:		
• Material weakness(es) identified?	___ Yes	<u> X </u> No
• Significant deficiency(ies) identified?	___ Yes	<u> X </u> No
Type of auditor’s report issued on compliance for major programs:		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	___ Yes	<u> X </u> No

Identification of major programs:

<u>CFDA Number(s)</u> 15.939	<u>Name of Federal Program or Clusters</u> National Heritage Area Federal Financial Assistance
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Dollar threshold used to distinguish between type A and type B programs:		<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	___ Yes	<u> X </u> No

**SECTION II — FINANCIAL STATEMENT FINDINGS**

There were no current year recommendations.

**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.