



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CLEVELAND SUPERIOR ARTS IMPROVEMENT DISTRICT  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Statements of Financial Position – As of June 30, 2021 and 2020 .....	3
Statements of Activities – For the Years Ended June 30, 2021 and 2020.....	4
Statements of Changes in Net Assets – For the Years Ended June 30, 2021 and 2020 .....	5
Notes to Financial Statements – For the Years Ended June 30, 2021 and 2020 .....	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings.....	11

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Cleveland Superior Arts Improvement District  
Cuyahoga County  
1717 Euclid Avenue  
Cleveland, Ohio 44115

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Cleveland Superior Arts Improvement District, Cuyahoga County, Ohio (the District), (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2021 and 2020, the related statements of activities and changes in net assets for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2021 and 2020, and the statements of activities and changes in its net assets for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 5 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 14, 2022

CLEVELAND SUPERIOR ARTS IMPROVEMENT  
STATEMENTS OF FINANCIAL POSITION

	June 30, 2021	June 30, 2020
<b>ASSETS</b>		
Current Assets		
Cash	\$ 8,770	\$ 124,060
Property and Equipment		
Equipment	-	-
Accumulated depreciation	-	-
Net Property and Equipment		
<b>TOTAL ASSETS</b>	<b>\$ 8,770</b>	<b>\$ 124,060</b>
 <b>LIABILITIES &amp; NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ -	\$ 119,007
Total Current Liabilities	-	119,007
Net Assets		
Without donor restrictions	8,770	5,053
With donor restrictions	-	-
Total Net Assets	8,770	5,053
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 8,770</b>	<b>\$ 124,060</b>

CLEVELAND SUPERIOR ARTS IMPROVEMENT  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30

	<u>2021</u>	<u>2020</u>
Income and Support		
Property owner assessments	\$ 107,584	\$ 240,521
Interest income	<u>301</u>	<u>52</u>
Total Income and Support	107,885	240,573
 Program Expenses		
Contractual Expenses	104,104	220,837
Bank service charges	<u>64</u>	<u>-</u>
 Total Expense	<u>104,168</u>	<u>220,837</u>
 Net Change	<u>\$ 3,717</u>	<u>\$ 19,736</u>



CLEVELAND SUPERIOR ARTS IMPROVEMENT  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30

	<u>2021</u>	<u>2020</u>
Net Assets Beginning of Period	\$ 5,053	\$ (14,683)
Change in net assets	<u>3,717</u>	<u>19,736</u>
Net Assets End of Period	<u>\$ 8,770</u>	<u>\$ 5,053</u>

CLEVELAND SUPERIOR ARTS IMPROVEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1- Description of Organization

- A. Cleveland Superior Arts Improvement (CSAI) is an Ohio not-for-profit local business improvement district established March 27, 2018. Its mission is to promote and provide clean, safe, marketing, and business development services in the downtown Cleveland's Superior Arts District.
- B. CSAI is tax exempt under Internal Revenue Service Code Section 501(c) (3).

NOTE 2- Summary of Significant Accounting Policies

- A. General Methods- The accompanying financial statements have been prepared as prescribed in the American Institute of Certified Public Accountants' Guide for Not-For-Profit Organizations.
- B. Accrual Basis- The organization records transactions on an accrual basis. Revenue (if any) is recognized when earned, support is recognized when receivable, and expenses are recognized when incurred.
- C. Statements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC)

CSAI complies with ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which requires a not-for-profit (NFP) to present on the face of the statement of financial position amounts for two classes of net assets (without donor restrictions and with donor restrictions) rather than the previously required three classes. The amendments also enhance disclosures about the amount and purposes of board designations, appropriations, and similar actions and qualitative and quantitative information that communicates how an NFP manages its liquid resources available to meet cash needs within one year of the statement of financial position date. Additional disclosures are required surrounding the amounts of expenses by both their natural classification and the method(s) used to allocate costs among program and support functions.

As required by ASU No. 2016-14, contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. For the years ended June 30, 2021 and 2020, net assets with donor restrictions were \$0

CLEVELAND SUPERIOR ARTS IMPROVEMENT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2- Summary of Significant Accounting Policies (Continued)

There were no net assets released from restrictions in fiscal years ended June 30, 2021 or 2020.

CSAI also complies with FASB ASC 958-605-25, which affects the timing of revenue recognition with regard to donor restricted net assets. For service contracts, if any, CSAI complies with FASB Topic 606, Revenue from Contracts with Customers.

- D. Depreciation - Property and equipment (if any) are depreciated using the straight-line method over estimated useful lives.
- E. Allocation of Expenses- Expenses are generally charged to the specific program for which they are incurred. In some cases, however, common expenses are incurred which support the work performed under program services as well as for support services. Such expenses are allocated among the various program services and support services based on the relationship of functionalized payroll costs to total payroll.
- F. Use of Estimates- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- G. Contributions and Grants- Unrestricted contributions, if any, are recorded as support when received or receivable. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.
- H. CSAI complies with FASB ASC 740- Accounting for Uncertainty in Income Taxes. FASB ASC 740 details how companies should recognize, measure, present and disclose uncertain tax positions that have been or are expected to be taken. As such, the financial statements would reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts, if they existed. Management believes that there are no uncertain tax positions. The organization's tax returns that remain subject to examination by the Internal Revenue Service are for the fiscal period ended June 30, 2018 and forward.
- I. Unadopted FASB statements- Various statements of the Financial Accounting Standards Board (FASB) have been issued, where compliance is encouraged but not required until years ending after June 30, 2021. Management is not aware of any issued but not adopted FASB statements that would have a material effect on the financial statements.

CLEVELAND SUPERIOR ARTS IMPROVEMENT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2- Summary of Significant Accounting Policies (Continued)

- J. Investments (if any)- Initial valuation- Pursuant to FASB ASC 958-320 and FASB ASC 958-325, CSAI initially measures investments at acquisition cost (including brokerage cost and transaction fees) if they are purchased. If they are received as a donation, they are recorded at estimated fair value.

Subsequent valuation- CSAI complies with FASB ASC 958-320, which requires investments in equity securities with readily determined fair value and all investments in debt securities to be measured at fair value in the statement of financial position. With regard to other investments, such as real estate, CSAI values the investment at lower of cost or managements estimate of fair value.

Valuation hierarchy- FASB ASC 820-10-50 Fair Value Measurements and Disclosures requires categorization of applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For CSAI the financial assets and liabilities reported at fair value are based upon quoted prices for identical assets or liabilities in an active market (Level 1).

- K. Advertising Costs- CSAI expenses advertising cost the first time the cost is incurred.

NOTE 3- Cash and Cash Equivalents

CSAI considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 4- Income Taxes

CSAI is a not-for-profit organization exempt from income taxes under section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been reported in the financial statements.

NOTE 5- Subsequent Events

CSAI has evaluated subsequent events through the date the financial statements were available to be issued. No subsequent events were noted. No events have occurred that require adjustment to or disclosure in these financial statements. Further, although the national crisis related to the COVID-19 pandemic has altered the way CSAI provides its programming, CSAI believes that it has the resources and means to continue its operations and programs throughout the coming years.

# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Cleveland Superior Arts Improvement District  
Cuyahoga County  
1717 Euclid Avenue  
Cleveland, Ohio 44115

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Cleveland Superior Arts Improvement District, Cuyahoga County, (the District) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 14, 2022

CLEVELAND SUPERIOR ARTS IMPROVEMENT DISTRICT  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2021

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2021-001

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In 2021, the following activity was improperly recorded and an adjustment to the financial statements and accounting system was made:

- The District over-reported Accounts Payable in the amount of \$119,007.

Failure to carryover data from the accounting system to the financial statements resulted in errors and inaccurate information reported.

The District should adopt policies and procedures for controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the District and thereby increasing the reliability of the financial data throughout the year.

**Official's Response:** The Superior Arts District changed accounting vendors in the middle of the fiscal year. This issue has been addressed and proper controls have been put in place to ensure data is properly transferred.

# OHIO AUDITOR OF STATE KEITH FABER



**CLEVELAND SUPERIOR ARTS IMPROVEMENT DISTRICT**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 2/1/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)