



OHIO AUDITOR OF STATE
KEITH FABER



**CLEVELAND SUPERIOR ARTS IMPROVEMENT DISTRICT
CUYAHOGA COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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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 Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District, as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the District, and to meet our other ethical responsibilities, in accordance with the 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 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 District's ability to continue as a going concern for one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

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 GAAS 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 GAAS 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 the District'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 District'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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, 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. 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 the District'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 the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 14, 2023

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Cleveland Superior Arts Improvement District
Statement of Financial Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	<u>\$4,752</u>	<u>\$8,770</u>
<i>Total Current Assets</i>	<u>4,752</u>	<u>8,770</u>
<i>Total Assets</i>	<u><u>\$4,752</u></u>	<u><u>\$8,770</u></u>
Net Assets		
Net Assets Without Restrictions	<u>4,752</u>	<u>8,770</u>
<i>Total Net Assets</i>	<u><u>\$4,752</u></u>	<u><u>\$8,770</u></u>

See accompanying notes to the basic financial statements

Cleveland Superior Arts Improvement District
Statement of Activities

For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Revenue		
Property Owner Assessments	\$232,112	\$107,584
Interest	0	0
<i>Total Revenue</i>	232,112	107,584
Operating Expenses		
Contractual	235,998	104,104
<i>Total Operating Expenses</i>	235,998	104,104
<i>Operating Income (Loss)</i>	(3,886)	3,480
Non-Operating Revenues (Expenses)		
Interest	1	301
Bank Service Charges	(133)	(64)
<i>Total Non-Operating Revenues (Expenses)</i>	(132)	237
<i>Change in Net Assets</i>	(4,018)	3,717
<i>Net Assets Beginning of Year</i>	8,770	5,053
<i>Net Assets End of Year</i>	\$4,752	\$8,770

See accompanying notes to the basic financial statements

Cleveland Superior Arts Improvement District
Statement of Cash Flows

For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Assessments	\$232,112	\$107,584
Cash Payments for Goods and Services	(235,998)	(104,104)
<i>Net Cash Provided by (Used in) Operating Activities</i>	(3,886)	3,480
Cash Flows from Noncapital Financing Activities		
Interest Received	1	301
Bank Service Charges	(133)	(64)
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	(132)	237
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(4,018)	3,717
<i>Cash and Cash Equivalents Beginning of Year</i>	8,770	5,053
<i>Cash and Cash Equivalents End of Year</i>	\$4,752	\$8,770
	2022	2021
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	(\$3,886)	\$3,480
<i>Net Cash Provided by (Used in) Operating Activities</i>	(\$3,886)	\$3,480

See accompanying notes to the basic financial statements

THE CLEVELAND SUPERIOR ARTS IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. NATURE OF OPERATIONS AND MISSION STATEMENT

The Cleveland Superior Arts Improvement Corporation (the Organization) is an Ohio not-for-profit local business improvement district established March 27, 2018.

The Organization's mission is to promote and provide clean, safe, marketing, and business development services in the downtown Cleveland's Superior Arts District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements of the Organization have been prepared on the accrual basis and include the assets, liabilities and financial activities of all program services of the Organization. In accordance with U.S. generally accepted accounting principles, the financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions. Net assets are classified as without donor restrictions or with donor restrictions as described below:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

The Organization's net assets at June 30, 2022 and 2021 are without donor restrictions.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS/CONCENTRATION OF RISK

Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

Primarily all of the Organization's revenues and receivables are from member organizations located within its business improvement district.

RECEIVABLES AND CREDIT POLICY

Receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

THE CLEVELAND SUPERIOR ARTS IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

REVENUE AND REVENUE RECOGNITION

Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. The gifts are reported as either net assets without donor restriction or net assets with donor restriction if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Organization recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Due to the nature of the Organization's activities, donated services exist but are immaterial to these financial statements.

In addition, the Organization receives services from volunteers who give significant amounts of their time to the Organization's programs and management. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

FIXED ASSETS

Fixed assets, if any, are depreciated using the straight-line basis over estimated useful lives.

ACCOUNTING GUIDANCE PENDING ADOPTION

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization expects the standard will have no impact on its financial statements as it is not a party to a lease.

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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 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 (*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, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 the District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 14, 2023



Board of Directors

Karen Perkowski – Chair
Tower Press Development

Edna T. Akrish – Vice Chair
Sole Business Systems

Antonin Robert* – Treasurer
GBX Group

Dan LaGuardia – Secretary
Lake Affect Studios

Robin Brown
City of Cleveland Economic Development

Chad Jones
Cleveland Bricks

Councilwoman Stephanie
Howse-Jones*
Cleveland City Council, Ward 7

Alex Ragon
CrossCountry Mortgage

Ashley Ross
CrossCountry Mortgage

Clark Broida
Harvard Title Agency

Greg Deming
Industrial Commercial Properties

Dominic Ozanne II
Ozanne Construction Company

Michael English
Red Ladder Remodel

Jack Simons
SAIC Resident

* Notes Executive Committee

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material adjustment to the financial statements.	Fully Corrected	None

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 1/4/2024

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