



Dave Yost • Auditor of State

**CUYAHOGA ARTS & CULTURE
CUYAHOGA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cuyahoga Arts & Culture
Cuyahoga County
Bulkley Building, Suite 407
1501 Euclid Avenue
Cleveland, Ohio 44115

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and the general fund, of Cuyahoga Arts & Culture, Cuyahoga County, Ohio, (CAC) as of and for the year ended December 31, 2010, which collectively comprise CAC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of CAC's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund, of Cuyahoga Arts & Culture, Cuyahoga County, Ohio, as of December 31, 2010, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2011, on our consideration of CAC'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 testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and the *budgetary comparison for the General fund*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

May 5, 2011

Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis

For the Year Ended December 31, 2010

Unaudited

The discussion and analysis of Cuyahoga Arts & Culture (CAC) financial performance provides an overall review of CAC's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at CAC's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of CAC's financial performance.

Financial Highlights

Key Financial highlights for 2010 are as follows:

- Cuyahoga Arts & Culture has completed its fourth year of operations with an increase in net assets from the prior year. Even though cigarette tax collections decreased, expenses were adjusted to reflect the change in revenue flow.
- Investment revenues continued to decrease as a result of lower interest rates due to the current economic conditions.
- The general fund had an increase in fund balance mainly due to reductions in expenditures outpacing decreases in cigarette tax collections.
- Expenditures decreased due to several reasons. The CAC changed the Project Support grant cycle to align with its fiscal year and other grant programs. This decreased grants issued during the second half of 2010. There were also decreases in legal fees and marketing costs.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand CAC as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the CAC, presenting both an aggregate view of CAC's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net assets related to each department of CAC. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Reporting on the Cuyahoga Arts & Culture as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report CAC's net assets and the changes in those assets. The change in net assets is important because it tells the reader whether, for CAC as a whole, the financial position of the CAC has improved or diminished.

Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis

For the Year Ended December 31, 2010

Unaudited

All of CAC's programs and services are reported as Governmental Activities in the Statement of Net Assets and the Statement of Activities. Governmental Activities consist of functions that are principally supported by excise tax revenues. Activities include arts and cultural grantmaking and administration.

Reporting on the Most Significant Fund

Governmental Fund

The presentation for CAC's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of CAC's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our users. The relationship (or difference) between governmental activities (reported on the Statement of Net Assets and the Statement of Activities) and the general fund is reconciled in the financial statements.

Cuyahoga Arts & Culture as a Whole

Recall that the Statement of Net Assets looks at CAC as a whole. Table 1 provides a summary of CAC's net assets for 2010 as compared to 2009.

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Assets			
Current and Other Assets	\$23,030,354	\$22,573,839	\$456,515
Depreciable Capital Assets	37,329	44,133	(6,804)
<i>Total Assets</i>	<u>23,067,683</u>	<u>22,617,972</u>	<u>\$449,711</u>
Liabilities			
Current and Other Liabilities	26,760	24,360	(2,400)
Long-Term Liabilities:			
Due Within One Year	2,577	2,165	(412)
Due in More than One Year	5,635	6,549	914
<i>Total Liabilities</i>	<u>34,972</u>	<u>33,074</u>	<u>(1,898)</u>
Net Assets			
Invested in Capital Assets	37,329	44,133	(6,804)
Unrestricted	22,995,382	22,540,765	454,617
<i>Net Assets</i>	<u>\$23,032,711</u>	<u>\$22,584,898</u>	<u>\$447,813</u>

Unrestricted net assets are primarily attributed to the collection of the County levied cigarette tax on the sale of cigarettes. At the election held on November 7, 2006, the electors in the County approved the levy of a tax on the sale of cigarettes at wholesale at the rate of 15 mills per cigarette (amounting to 1-1/2 cents per cigarette) for a period of ten years beginning February 1, 2007. The tax is collected at the wholesale level by the Excise and Motor Fuel Tax Division of the Ohio Department of Taxation. Tax revenues are remitted monthly to CAC.

Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis

For the Year Ended December 31, 2010

Unaudited

Current assets increased due mainly to an increase in cash and cash equivalents due to reductions made to expenditures outpacing the decrease in cigarette tax collections. The increase was partially offset by a decrease in cigarette tax receivable due to declining collections.

Total liabilities increased during 2010 due to increases in accrued wages and intergovernmental payable which were offset by a decrease in accounts payable.

Table 2 shows the changes in net assets for the year ended December 31, 2010 as compared to 2009.

Table 2
Changes in Net Assets

	2010	2009	Change
Revenues			
General Revenue			
Cigarette Tax	\$17,456,610	\$18,222,183	(\$765,573)
Intergovernmental Revenue	31,490	31,490	0
Investment Earnings	19,963	50,002	(30,039)
Total Revenues	17,508,063	18,303,675	(795,612)
Program Expenses			
Arts and Culture Grantmaking	16,588,336	17,166,598	(578,262)
General Government	471,914	519,347	(47,433)
Total Program Expenses	17,060,250	17,685,945	(625,695)
Change in Net Assets	447,813	617,730	(169,917)
Net Assets Beginning of Year	22,584,898	21,967,168	617,730
Net Assets End of Year	\$23,032,711	\$22,584,898	\$447,813

The main revenue for CAC is the collection of the County levied cigarette tax. Collections have declined over the last few years as more individuals continue to smoke less. The purpose of the cigarette tax is to support the operating or capital needs of arts or cultural organizations located in the County. Investment earnings have also been declining due to low interest rates.

Expenses are primarily for the operations associated with the making of grants to area arts or cultural organizations. Funding for the Project Support program initially crossed fiscal years and was not in alignment with other grant programs. In order to align the timing of all grant programs with CAC's fiscal year, new Project Support grants were approved for the period starting January 1, 2011 rather than July 1, 2010. The impact of this transition was a decrease in grantmaking expenses during 2010. The decrease in general government can be contributed to several decreases in contractual services. The CAC had significant decreases in legal fees and marketing costs compared to the prior year. Some marketing and advertising expenses were delayed until 2011. During 2009, the CAC hired a search firm to assist with the search for the new Executive Director which was a onetime expense. These decreases were offset by increases in personal services during the year to staff receiving a 3 percent raise and increases to health insurance costs.

Cuyahoga Arts & Culture Fund

Information about CAC's governmental fund begins on page 10. This fund is accounted for using the modified accrual basis of accounting. CAC had governmental revenues of \$17,508,063 and expenditures of \$17,053,948. Revenues are primarily attributable to levied County cigarette tax dollars which are tax

Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis

For the Year Ended December 31, 2010

Unaudited

revenues to Cuyahoga Arts & Culture. The increase in fund balance can be contributed to decreases in expenditures outpacing the decline in tax revenue collections.

Budgeting Highlights

Although CAC is not legally required to file a budget, the Board of Trustees does appropriate funds annually. The general fund is monitored closely looking for possible revenue shortfalls or any over spending.

Actual revenues for the general fund were slightly more than original and final budgeted revenues due to conservative estimates for cigarette tax collections for the year. Actual expenditures were less than the original and final budget expenditures due to constant monitoring of expenditures throughout the year to remain below the budgeted amounts. Specifically, marketing and advertising costs were lower than budgeted for due to the CAC's decision to move marketing plans to the following year.

Capital Assets

Table 3 shows the changes in capital assets for the years ended December 31, 2010 and 2009.

Table 3
Capital Assets at December 31
(Net of Depreciation)

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Furniture and Equipment	\$37,329	\$40,775	(\$3,446)
Software	0	3,358	(3,358)
<i>Totals</i>	<u>\$37,329</u>	<u>\$44,133</u>	<u>(\$6,804)</u>

Capital assets decreased due to an additional year of depreciation outpacing additions. During 2010, new office furniture and two laptops were purchased. Software is fully depreciated. See note 7 of the basic financial statements for additional information on capital assets.

Current Financial Related Activities

Beginning in 2011, the CAC will continue to be governed by a five member Board of Trustees which will be appointed by the Cuyahoga County Executive rather than the Cuyahoga County Commissioners. There is a new board member for 2011 who will not receive a salary. In addition, the new position of Director of External Affairs has been created and hired for 2011.

Contacting the Cuyahoga Arts & Culture Fiscal Office

This financial report is designed to provide our citizenry with the general overview of CAC's finances and show CAC's accountability for all money it receives, spends or invests. If you have any questions about this report or need financial information, contact Karen Gahl-Mills, Executive Director, Cuyahoga Arts & Culture, 1501 Euclid Avenue, Suite 407, Cleveland, Ohio 44115.

Cuyahoga Arts & Culture, Cuyahoga County

Statement of Net Assets

December 31, 2010

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$21,538,209
Cigarette Tax Receivable	1,487,645
Prepaid Items	4,500
Capital Assets, Net of Accumulated Depreciation:	
Furniture and Equipment	<u>37,329</u>
<i>Total Assets</i>	<u>23,067,683</u>
Liabilities	
Accounts Payable	1,401
Accrued Wages and Benefits	12,871
Intergovernmental Payable	12,488
Long-Term Liabilities:	
Due Within One Year	2,577
Due In More Than One Year	<u>5,635</u>
<i>Total Liabilities</i>	<u>34,972</u>
Net Assets	
Invested in Capital Assets	37,329
Unrestricted	<u>22,995,382</u>
<i>Total Net Assets</i>	<u><u>\$23,032,711</u></u>

See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County

Statement of Activities

For the Year Ended December 31, 2010

	<u>Governmental Activities</u>
Expenses:	
Arts & Culture Grantmaking:	
Personal Services	\$232,246
Contractual Services	16,345,984
Depreciation	10,106
	<hr/>
Total Arts & Culture Grantmaking	16,588,336
	<hr/>
General Government:	
Personal Services	258,808
Materials and Supplies	95,143
Contractual Services	114,594
Depreciation	3,369
	<hr/>
Total General Government	471,914
	<hr/>
<i>Total Program Expenses</i>	17,060,250
	<hr/>
General Revenue:	
Cigarette Tax	17,456,610
Intergovernmental Revenue	31,490
Interest	19,963
	<hr/>
<i>Total General Revenues</i>	17,508,063
	<hr/>
<i>Increase in Net Assets</i>	447,813
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<i>Net Assets Beginning of Year</i>	22,584,898
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<i>Net Assets End of Year</i>	\$23,032,711
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See accompanying notes to the basic financial statements

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Cuyahoga Arts & Culture, Cuyahoga County

Balance Sheet

Governmental Fund

December 31, 2010

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$21,538,209
Cigarette Tax Receivable	1,487,645
Prepaid Items	<u>4,500</u>
<i>Total Assets</i>	<u><u>\$23,030,354</u></u>
Liabilities	
Accounts Payable	\$1,401
Accrued Wages	12,871
Intergovernmental Payable	<u>12,488</u>
<i>Total Liabilities</i>	26,760
Fund Balance	
Unreserved, Undesignated	<u>23,003,594</u>
<i>Total Liabilities and Fund Balance</i>	<u><u>\$23,030,354</u></u>

See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County
*Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
December 31, 2010*

Total Governmental Fund Balance \$23,003,594

*Amounts reported for governmental activities
in the statement of net assts are different because:*

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the funds. 37,329

Long-term liabilities, such as compensated absences,
are not due and payable in the current period
and therefore are not reported in the funds. (8,212)

Net Assets of Governmental Activities \$23,032,711

See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County
Statement of Revenues, Expenditures and Changes
in Fund Balance
Governmental Fund
For the Year Ended December 31, 2010

	<u>General Fund</u>
Revenues	
Cigarette Tax	\$17,456,610
Intergovernmental Revenue	31,490
Interest	19,963
	<u>17,508,063</u>
<i>Total Revenues</i>	<u>17,508,063</u>
Expenditures	
Current:	
Arts & Culture Grantmaking:	
Personal Services	232,371
Contractual Services	16,345,984
	<u>16,578,355</u>
Total Arts & Culture Grantmaking	<u>16,578,355</u>
General Government:	
Personal Services	259,185
Materials and Supplies	95,143
Contractual Services	114,594
	<u>468,922</u>
Total General Government	<u>468,922</u>
Capital Outlay	<u>6,671</u>
<i>Total Expenditures</i>	<u>17,053,948</u>
<i>Net Change in Fund Balance</i>	454,115
<i>Fund Balance Beginning of Year</i>	<u>22,549,479</u>
<i>Fund Balance End of Year</i>	<u><u>\$23,003,594</u></u>

See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2010*

Net Change in Fund Balances - Total Governmental Fund	\$454,115
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*Amounts reported for governmental activities in the
statement of activities are different because*

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which
depreciation exceeded capital outlay in the current
period.

Capital Outlay	6,671
Depreciation	<u>(13,475)</u>

Total	(6,804)
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Some expenses reported in the statement of activities, such as
compensated absences, do not require the use of current
financial resources and therefore are not reported as
expenditures in governmental funds.

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<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$447,813</u></u>
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See accompanying notes to the basic financial statements

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Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

Note 1 - Reporting Entity and Basis of Presentation

Cuyahoga Arts & Culture (CAC) is a political subdivision of the State and a body corporate, established June 16, 2005, by the Cuyahoga County Commissioners, under the authority of Section 3381.04, Ohio Revised Code.

CAC's governing body is a five member Board of Trustees (the Trustees), who are appointed by the Cuyahoga County Commissioners. Trustees serve staggered terms of one, two and three years. Trustees serve a term of three years from the date of their appointment by the Cuyahoga County Commissioners and until their replacement has been appointed. CAC is classified as a related organization of Cuyahoga County.

CAC is dedicated to making grants to support the operating or capital expenses of arts and culture organizations located within the County, or acquiring, constructing, equipping, furnishing, repairing, remodeling, renovating, enlarging, improving, or administering artistic or cultural facilities. These activities are directly controlled by the Trustees through the budgetary process and are included within this report.

In evaluating how to define CAC for financial reporting purposes, management has considered all agencies, departments and organizations making up Cuyahoga Arts & Culture and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity."

Component units are legally separate organizations for which CAC is financially accountable. CAC is financially accountable for an organization if CAC appoints a voting majority of the organization's governing board and (1) CAC is able to significantly influence the programs or services performed or provided by the organization; or (2) CAC is legally entitled to or can otherwise access the organization's resources; CAC is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or CAC is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on CAC in that CAC approves the budget, the issuance of debt, or the levying of taxes. CAC has no component units.

Note 2 - Summary of Significant Accounting Policies

The financial statements of CAC have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. CAC also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its governmental activities provided they don't conflict with or contradict GASB pronouncements.

Basis of Presentation

CAC's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about CAC as a whole.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

The statement of net assets presents the financial condition of the governmental activities of CAC at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of CAC's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of CAC, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of CAC.

Fund Financial Statements

During the year, CAC accounts for its financial activities in a single governmental fund. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. CAC's only governmental fund is the general fund which accounts for all financial resources. The general fund balance is available to CAC for any purpose provided it is expended according to the general laws of Ohio.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of CAC are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For CAC, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which CAC receives value without directly giving equal value in return, include grants. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which CAC must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to CAC on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: cigarette tax and interest.

Expenses/Expenditures

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

During 2010, CAC's investments were limited to STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office. STAR Ohio allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for at year-end.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund amounted to \$19,963 during 2010.

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

Capital Assets

CAC's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the general fund. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the financial statements of the general fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The CAC maintains a capitalization threshold of five hundred dollars for furniture and equipment and software.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Furniture and Equipment	5 - 7 years
Software	3 years

Accrued Liabilities

All payables and accrued liabilities are reported in the government-wide financial statements.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund.

Compensated Absences

Exempt and non-exempt staff are eligible for paid time off (PTO). Full-time and part-time staff are granted 25 days or more based on years of service, on a pro-rated basis, per year at the beginning of the calendar year. PTO accruals are pro-rated by the month of employment for people joining CAC during the fiscal year. In the event of separation, employees are paid their accrued PTO in their last paycheck if they provide a written notice prior to separation. Current year accruals are paid out at the rate of 50 percent if employment terminates between January 1 and June 30 and at 100 percent thereafter.

If an employee does not use their PTO time in a given year, they will lose all but the equivalent of two week's time (10 days) unless the Executive Director approves additional carryover.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

Budgetary Process

The CAC is not required under State statute to file budgetary information with the County Auditor. However, the CAC does follow the budgetary process for control purposes. The Trustee's set limits on expenditures plus encumbrances at the program level.

The Executive Director reviews the prior year's revenues and factors in the wages expected to be charged and the intergovernmental revenue anticipated to be received in order to determine the estimated resources for the current year. The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Executive Director. The amounts reported as the original budgeted amounts in the budgetary statements reflect amounts of the estimated resources approved by the Trustees when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts of the estimated resources that were in effect at the time the final appropriations were passed by the Trustees.

Note 3 - Change in Accounting Principle

For 2010, CAC has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Reporting for Intangible Assets." GASB 51 Statement No. 51 establishes accounting and financial reporting of such assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the CAC's financial statements.

Note 4 - Deposits and Investments

CAC has chosen to follow State statutes and classify monies held by CAC into two categories, active and inactive. Active monies are public monies determined to be necessary to meet current demand. Active monies must be maintained either as cash in the treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of CAC's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Executive Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Monies held by CAC, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury Bills, Notes, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposits or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which CAC lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of CAC's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase.
10. Fifteen percent of CAC's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase.
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper.
12. One percent of CAC's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of CAC. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

Investments are reported at fair value. As of December 31, 2010 CAC's only investment was STAR Ohio with a fair value of \$21,340,771 and 58.0 day average maturity.

Credit Risk. STAROhio carries a rating of AAAM by Standards and Poor's. CAC has no investment policy that addresses credit risk.

Interest Rate Risk. CAC has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of CAC, and that an investment must be purchased with the expectation that it will be held to maturity.

Note 5 – Public Funding

At the election held on November 7, 2006, the electors in Cuyahoga County approved the levy of a tax on the sale of cigarettes at wholesale at the rate of 15 mills per cigarette (amounting to 1-1/2 cents per cigarette) for a period of ten years, beginning February 1, 2007, for the purpose of making grants to support the operating or capital expenses of arts and cultural organizations located in Cuyahoga County, to defray the costs of acquiring, constructing, equipping, furnishing, improving, enlarging, renovating, remodeling, or maintaining an artistic or cultural facility, and to meet the operating expenses of CAC. This is a County tax authorized by Section 5743.021, Ohio Revised Code. The expenditures of the collections from the tax are limited by Section 3381.17, Ohio Revised Code, as follows:

1. The tax must be expended for the purpose of making annual grants to support operating or capital expenses of arts or culture organizations located within the County as the Board of Trustees shall determine;
2. Not more than ten percent of the amount granted in any calendar year from the tax is permitted to be granted to arts or culture organizations that are not qualifying arts or cultural organizations;
3. Prior to making grants in any calendar year, the Board of Trustees shall afford an opportunity for the presentation, either in person or in writing, of the suggestions of the Area Arts Council;
4. Any grant to an arts and cultural organization shall be on such terms and conditions as the Board of Trustees considers advisable.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

The purpose of the cigarette tax is to make grants to qualifying arts or cultural organizations in accordance with the investment models prepared by the Trustees and to provide funds to support the operations of CAC. Use of the cigarette tax collections for purposes not included in the investment models may be authorized by the Board of Trustees, to the extent permitted by Ohio Revised Code, Chapter 3381, following a public hearing held not earlier than 30 days following the mailing of notice of the hearing and a description of the proposed use to the County Commissioners, the Area Arts Council and any committee established by the Board of Trustees to advise on grant making matters.

Note 6 - Receivables

Receivables at December 31, 2010 consisted of a cigarette tax receivable of \$1,487,645. The receivable is considered fully collectible and will be received within one year. The cigarette tax receivable represents the proceeds from the County excise tax on the sale of cigarettes. This money is collected and distributed to the County by the State and then to CAC.

Note 7 - Capital Assets

A summary of changes in capital assets during 2010 follows:

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
Governmental Activities				
Depreciable Capital Assets				
Furniture and Equipment	\$59,214	\$6,671	\$0	\$65,885
Software	21,543	0	(12,983)	8,560
<i>Total Capital Assets, Being Depreciated</i>	<u>80,757</u>	<u>6,671</u>	<u>(12,983)</u>	<u>74,445</u>
Less Accumulated Depreciation:				
Furniture and Equipment	(18,439)	(10,117)	0	(28,556)
Software	(18,185)	(3,358)	12,983	(8,560)
<i>Total Accumulated Depreciation</i>	<u>(36,624)</u>	<u>(13,475) *</u>	<u>12,983</u>	<u>(37,116)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>\$44,133</u>	<u>(\$6,804)</u>	<u>\$0</u>	<u>\$37,329</u>

*Depreciation expense for 2010 was charged to arts and culture grantmaking \$10,106 and general government \$3,369.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

Note 8 - Risk Management

CAC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, CAC contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type</u>	<u>Coverage</u>
Hartford Fire and Casualty	General Liability	\$4,000,000
	Automobile Liability	5,000,000
	Employers Liability	500,000
	Accounts Receivable	25,000
	Property	20,000
	Data Processing Equipment	10,000
	Employee Dishonesty	10,000
	Chubb Insurance	Directors and Officers
Ohio Casualty Insurance	Employee Dishonesty Bond	100,000

Workers' compensation coverage is provided by the State. CAC pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 9 - Defined Benefit Pension Plan

Plan Description - CAC participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability and survivor benefits and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10.0 percent of covered payroll.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

CAC's contribution rate for 2010 was 14.0 percent. For the period January 1 through February 28, a portion of the CAC's contribution equal to 5.5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period March 1 through December 31, 2010 this amount was decreased to 5.0 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the CAC of 14.0 percent.

CAC's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007 were \$33,272, \$18,296 and \$18,281, respectively; 80 percent has been contributed for 2010 and 100 percent for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$22,902 made by CAC and \$16,358 made by the plan members.

Note 10 - Postemployment Benefits

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employers contributed at a rate of 14.0 percent of covered payroll. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2010, the portion of the employer contributions allocated to fund post-employment health care was 5.5 percent from January 1 through February 28, 2010 and 5.0 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

CAC's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009 and 2008, were \$18,968, \$14,755 and \$18,281, respectively; 80 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2010

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008. (the latest information available) These rate increases allowed additional funds to be allocated to the health care plan.

Note 11 – Other Employee Benefits

Compensated Absences

The criteria for determining paid time off (PTO) liabilities are derived from negotiated agreements. Full-time and part-time staff are granted 25 days or more based on years of service, on a pro-rated basis, per year at the beginning of the calendar year. PTO accruals are pro-rated by the month of employment for people joining CAC during the fiscal year. In the event of separation, employees are paid their accrued PTO in their last paycheck if they provide written notice to CAC. Current year accruals are paid out at the rate of 50 percent if employment terminates between January 1 and June 30 and at 100 percent thereafter.

If an employee does not use their PTO time in a given year, they will lose all but the equivalent of two week's time (10 days) unless the Executive Director approves additional carryover.

The table below list the amount of PTO based on years of service:

<u>Full Years of Service</u>	<u>Paid Time Off Annual Accumulation</u>
0 - 5 years	25 Days
6 - 15 years	30 Days
15 or more years	35 Days

The changes in the CAC's compensated absences during 2010 were as follows:

	<u>Balance 12/31/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2010</u>	<u>Due in One Year</u>
Compensated Absences	<u>\$8,714</u>	<u>\$35,913</u>	<u>\$36,415</u>	<u>\$8,212</u>	<u>\$2,577</u>

Medical, Prescription Drug and Dental Insurance

CAC provides medical, prescription drug and dental benefits to all full-time employees and to part-time employees working a minimum of 25 hours per week. Medical and prescription drug benefits are provided through Anthem and dental benefits are provided through Aetna. Due to CAC's small group status, each employee and their spouse receives their own rating based on pre-specified age ranges. CAC's portion of the monthly medical and prescription drug premium ranges from \$312 to \$854 and from \$30 to \$88 for the monthly dental premium.

Note 12 – Subsequent Event

As of January 1, 2011, the Cuyahoga County Commissioners no longer appoint the five members to the Board of Trustees. The Cuyahoga County Executive now makes the appointments.

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Supplemental Information

Cuyahoga Arts & Culture, Cuyahoga County
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Cigarette Tax	\$17,421,295	\$17,421,295	\$17,491,537	\$70,242
Intergovernmental Revenue	0	0	31,490	31,490
Interest	24,000	24,000	19,963	(4,037)
<i>Total Revenues</i>	<u>17,445,295</u>	<u>17,445,295</u>	<u>17,542,990</u>	<u>97,695</u>
Expenditures				
Current:				
Arts & Culture Grantmaking:				
Personal Services	251,261	258,658	226,766	31,892
Contractual Services	15,959,040	16,428,893	16,351,538	77,355
Total Arts & Culture Grantmaking	<u>16,210,301</u>	<u>16,687,551</u>	<u>16,578,304</u>	<u>109,247</u>
General Government:				
Personal Services	329,208	329,208	257,315	71,893
Materials and Supplies	137,354	137,354	93,742	43,612
Contractual Services	177,460	177,460	113,350	64,110
Total General Government	<u>644,022</u>	<u>644,022</u>	<u>464,407</u>	<u>179,615</u>
Capital Outlay	<u>6,671</u>	<u>6,671</u>	<u>6,671</u>	<u>0</u>
<i>Total Expenditures</i>	<u>16,860,994</u>	<u>17,338,244</u>	<u>17,049,382</u>	<u>288,862</u>
<i>Net Change in Fund Balance</i>	584,301	107,051	493,608	386,557
<i>Fund Balance Beginning of Year</i>	<u>21,044,601</u>	<u>21,044,601</u>	<u>21,044,601</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$21,628,902</u>	<u>\$21,151,652</u>	<u>\$21,538,209</u>	<u>\$386,557</u>

See accompanying notes to the supplemental information

Cuyahoga Arts & Culture, Cuyahoga County

*Notes To The Supplemental Information
For The Year Ended December 31, 2010*

Note 1 – Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, general fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis (generally accepted accounting principles) are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$454,115
Net Adjustment for Revenue Accruals	34,927
Net Adjustment for Expenditure Accruals	<u>4,566</u>
Budget Basis	<u><u>\$493,608</u></u>



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Cuyahoga Arts & Culture
Cuyahoga County
Bulkley Building, Suite 407
1501 Euclid Avenue
Cleveland, Ohio 44115

To the Board of Trustees:

We have audited the financial statements of the governmental activities and the general fund of the Cuyahoga Arts & Culture, Cuyahoga County, Ohio, (CAC) as of and for the year ended December 31, 2010, which collectively comprise CAC's basic financial statements and have issued our report thereon dated May 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CAC's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of CAC's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of CAC's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of CAC's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether CAC'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 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the Board of Trustees, the Audit Committee, management, and others within CAC. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 5, 2011



Dave Yost • Auditor of State

CUYAHOGA ARTS AND CULTURE

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 26, 2011**