



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 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, 2019 and 2018, the related statements of activities and changes in net assets, for the year ended June 30, 2019 and since inception on March 27, 2018 through June 30, 2018, 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, 2019 and 2018, and the statements of activities and changes in net assets, for the year ended June 30, 2019 and since inception on March 27, 2018 through June 30, 2018 in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020, 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

November 24, 2020

CLEVELAND SUPERIOR ARTS IMPROVEMENT
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
ASSETS		
Current Assets		
Cash	\$ 4,911	\$ 141,125
Property and Equipment		
Equipment	-	-
Accumulated depreciation	-	-
Net Property and Equipment		
TOTAL ASSETS	<u>\$ 4,911</u>	<u>\$ 141,125</u>
 LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts payable	\$ 19,594	\$ -
Total Current Liabilities	19,594	-
Net Assets		
Without donor restrictions	(14,683)	141,125
With donor restrictions	-	-
Total Net Assets	<u>(14,683)</u>	<u>141,125</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 4,911</u>	<u>\$ 141,125</u>

CLEVELAND SUPERIOR ARTS IMPROVEMENT
 STATEMENTS OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019 AND
 SINCE INCEPTION ON MARCH 27, 2018 THOROUGH JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
Income and Support		
Property owner assessments	\$ 152,741	\$ 141,125
Contributions	<u>-</u>	<u>-</u>
Total Income and Support	152,741	141,125
 Program Expenses		
Contractual Expenses	277,686	
Management and General		
Professional fees	30,854	-
Bank service charges	<u>9</u>	<u>-</u>
Total Management and General	<u>30,863</u>	<u>-</u>
 Total Expense	<u>308,549</u>	<u>-</u>
 Net Change	<u>\$ (155,808)</u>	<u>\$ 141,125</u>

CLEVELAND SUPERIOR ARTS IMPROVEMENT
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2019 AND
 SINCE INCEPTION ON MARCH 27, 2018 THROUGH JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
Net Assets Beginning of period,	\$ 141,125	\$ -
Change in net assets	<u>(155,808)</u>	<u>141,125</u>
Net Assets End of Period	<u>\$ (14,683)</u>	<u>\$ 141,125</u>

CLEVELAND SUPERIOR ARTS IMPROVEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019 AND
SINCE INCEPTION MARCH 27, 2018 THROUGH JUNE 30, 2018

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 FASB ASC 958-605-25, which affects the timing of revenue recognition with regard to donor restricted net assets.

CSAI also complies with ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, issued in August 2016 by the FASB, 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.

CLEVELAND SUPERIOR ARTS IMPROVEMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019 AND
SINCE INCEPTION MARCH 27, 2018 THROUGH JUNE 30, 2018

NOTE 2- Summary of Significant Accounting Policies (Continued)

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 periods ended June 30, 2019 and 2018, net assets with donor restrictions are \$0. Releases from restrictions in fiscal year ended June 30, 2019 were \$0. Releases from restrictions for the period since March 21, 2018 through June 30, 2018 were \$0.

In general, CSAI satisfies the conditions of grants it receives prior to the receipt of the grant funds. For this reason, there usually is not a balance of restricted net assets in CSAI's financial statements.

- 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.

CLEVELAND SUPERIOR ARTS IMPROVEMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019 AND
SINCE INCEPTION MARCH 27, 2018 THROUGH JUNE 30, 2018

NOTE 2- Summary of Significant Accounting Policies (Continued)

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, 2019. Management is not aware of any issued but not adopted FASB statements that would have a material effect on the financial statements.

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- Temporarily and Permanently Restricted Net Assets

There are no temporarily or permanently restricted funds as of June 30, 2019 or 2018.

NOTE 5- 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.

CLEVELAND SUPERIOR ARTS IMPROVEMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019 AND
SINCE INCEPTION MARCH 27, 2018 THROUGH JUNE 30, 2018

NOTE 6- Subsequent Events

CSAI has evaluated subsequent events through the date the financial statements were available to be issued. No subsequent events were noted.

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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 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 year ended June 30, 2019 and since inception on March 27, 2018 through June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 24, 2020.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

November 24, 2020

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 12/15/2020

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This report is a matter of public record and is available online at
www.ohioauditor.gov