

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

May 3, 2017

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Auditor of State Mary Mosiman today released an audit report on America's Agricultural Industrial Heritage Landscape, Inc., d/b/a Silos and Smokestacks National Heritage Area (Silos and Smokestacks) and Silos and Smokestacks National Heritage Area Foundation (Foundation) in Waterloo, Iowa for the years ended December 31, 2016 and 2015.

Silos and Smokestacks was organized in 1991 as a non-profit corporation for charitable and educational purposes. The mission of Silos and Smokestacks is to preserve and tell the story of American agriculture and its global significance through partnerships and activities which celebrate the land, people and communities of the area. The Foundation was organized in January 2011 to raise money to support the programs of Silos and Smokestacks.

Mosiman reported Silos and Smokestacks' public support and revenues totaled \$850,371 for the year ended December 31, 2016, a 6.33% increase over 2015. Public support and revenue consisted primarily of an \$808,050 federal grant, provided through the National Park Service, for conserving, interpreting and developing the historical, cultural, natural and recreational resources related to the industrial and cultural heritage of Northeast Iowa. Expenses totaled \$859,793 for the year ended December 31, 2016, a 5.07% increase over 2015, and included \$743,053 of project expenses, \$59,535 of administration expenses and \$57,205 of fundraising expenses.

A copy of the audit report is available for review in the office of the President of Silos and Smokestacks, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1633-0011-B000>.

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**AMERICA'S AGRICULTURAL
INDUSTRIAL HERITAGE LANDSCAPE, INC.
D/B/A SILOS AND SMOKESTACKS NATIONAL HERITAGE AREA**

**INDEPENDENT AUDITOR'S REPORTS
CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

DECEMBER 31, 2016 AND 2015

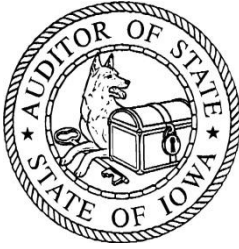
Table of Contents

		<u>Page</u>
Board of Trustees		3
Independent Auditor's Report		5-6
Consolidated Financial Statements:	<u>Exhibit</u>	
Consolidated Statements of Net Assets	A	9
Consolidated Statements of Activities	B	10
Consolidated Statements of Cash Flows	C	11
Notes to Consolidated Financial Statements		12-14
Supplementary Information:	<u>Schedule</u>	
Consolidating Schedule – Statement of Net Assets Information	1	17
Consolidating Schedule – Statement of Activities Information	2	18-19
Schedule of Expenditures of Federal Awards	3	20
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		21-22
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		23-24
Schedule of Findings and Questioned Costs		25-27
Staff		28

**Silos and Smokestacks National Heritage Area
Board of Trustees**

<u>Name</u>	<u>Title</u>
Dan Schurr	Chair
Ron Birkenholz	Vice Chair
Audrey Savage	Secretary
Soo Greiman	Treasurer (through 11/30/16)
Trish Cook	Treasurer (as of 11/30/16)
Michael Naig	Member
Kendra Vansloten	Member
Beth Hansen	Member
Maureen Hanson	Member
Rose Rohr	Member
Jeffrey Westoff	Member
Jim Hoyt	Member
Glen Keppy	Member
Doug Reimer	Member
Ray Steffens	Member
Ron Birkenholz	Public Relations and Marketing Committee Chair
Trish Cook	Finance and Human Resources Committee Chair
Rose Rohr	Partnership Panel Chair
Audrey Savage	Fund Development Committee Chair
Cara Miller	President

Silos and Smokestacks National Heritage Area



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Independent Auditor's Report

To the Board of Trustees of Silos and Smokestacks National Heritage Area:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of America's Agricultural Industrial Heritage Landscape, Inc., d/b/a Silos and Smokestacks National Heritage Area (Silos and Smokestacks), as of and for the years ended December 31, 2016 and 2015, and the related Notes to Consolidated Financial Statements, which collectively comprise Silos and Smokestacks' consolidated financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Silos and Smokestacks' preparation and fair presentation of the consolidated financial statements 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 Silos and Smokestacks' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of Silos and Smokestacks as of December 31, 2016 and 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters


Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Silos and Smokestacks' consolidated financial statements. The supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 26, 2017 on our consideration of Silos and Smokestacks' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Silos and Smokestacks' internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

April 26, 2017

Consolidated Financial Statements

Silos and Smokestacks National Heritage Area

Silos and Smokestacks National Heritage Area

Consolidated Statements of Net Assets

December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 267,991	215,558
Grants receivable	159,087	143,188
Prepaid expenses	2,703	2,837
Equipment, less accumulated depreciation of \$59,905 in 2016 and \$52,657 in 2015	16,705	21,375
Total assets	\$ 446,486	382,958
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 4,214	3,106
Payroll tax payable	5,110	4,807
Compensated absences	15,455	9,671
Advances from others	87,943	22,142
Deposits held in custody for others	-	100
Total liabilities	112,722	39,826
Net assets:		
Net investment in capital assets	16,705	21,375
Unrestricted	317,059	321,757
Total net assets	333,764	343,132
Total liabilities and net assets	\$ 446,486	382,958

See notes to consolidated financial statements.

Exhibit B

Silos and Smokestacks National Heritage Area

Consolidated Statements of Activities

Years ended December 31, 2016 and 2015

	2016	2015
Public support and revenues:		
Public support:		
Contributions	\$ 36,983	86,938
Federal support	808,050	703,900
Total public support	845,033	790,838
Revenues:		
Conference and workshop income	3,705	2,805
Advertisement sales	1,587	5,958
Miscellaneous	46	144
Total revenues	5,338	8,907
Total public support and revenues	850,371	799,745
Expenses:		
Project	743,053	708,472
Administration	59,535	109,797
Fundraising	57,205	-
Total expenses	859,793	818,269
Operating loss	(9,422)	(18,524)
Non-operating revenue:		
Interest income	54	52
Change in net assets	(9,368)	(18,472)
Net assets beginning of year	343,132	361,604
Net assets end of year	\$ 333,764	343,132

See notes to consolidated financial statements.

Silos and Smokestacks National Heritage Area

Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from federal sources	\$ 792,150	730,049
Contributions received	102,784	48,738
Cash received from miscellaneous sources	5,338	8,906
Cash paid for goods and services	(395,403)	(361,377)
Cash paid to employees for services	(449,812)	(453,966)
Net cash provided (used) by operating activities	55,057	(27,650)
Cash flows from non-capital financing activities		
Funds held for others payments	(100)	-
Cash flows from capital financing activities:		
Acquisition of equipment	(2,578)	(16,707)
Cash flows from investing activities:		
Interest received	54	52
Net increase (decrease) in cash and cash equivalents	52,433	(44,305)
Cash and cash equivalents beginning of year	215,558	259,863
Cash and cash equivalents end of the year	\$ 267,991	215,558
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (9,422)	(18,524)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	7,248	3,859
Decrease in grants receivable	(15,899)	26,149
Decrease (increase) in prepaid expenses	134	(258)
Increase (decrease) in accounts payable	1,108	1,522
Increase (decrease) in payroll tax payable	303	(689)
Increase (decrease) in compensated absences	5,784	(1,509)
Increase (decrease) in advances from others	65,801	(38,200)
Net cash provided (used) by operating activities	\$ 55,057	(27,650)

See notes to consolidated financial statements.

Silos and Smokestacks National Heritage Area

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(1) Summary of Significant Accounting Policies

A. Reporting Entity

America's Agricultural Industrial Heritage Landscape, Inc., d/b/a Silos and Smokestacks National Heritage Area (Silos and Smokestacks), was organized in 1991 as a non-profit corporation for charitable and educational purposes. Silos and Smokestacks provides technical assistance, youth education opportunities and grant funding to communities and partner sites in the heritage area. Silos and Smokestacks encompasses a 37 county region in northeast Iowa and is federally designated as a National Heritage Area and operates as an affiliate of the National Park Service. The primary source of public support is a grant from the National Park Service.

On January 27, 2011, Silos and Smokestacks organized the Silos and Smokestacks National Heritage Area Foundation (Foundation), a not-for-profit corporation. The Foundation is governed by a separate Board of Directors which includes members of Silos and Smokestacks Trustees. The purpose of the Foundation is to obtain resources from gifts, grants and bequests to support programs of Silos and Smokestacks.

Silos and Smokestacks and the Foundation are exempt from tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for charitable, religious or educational purposes.

B. Principles of Consolidation

The consolidated financial statements include the accounts of Silos and Smokestacks and the Foundation. Silos and Smokestacks is the sole beneficiary of the resources of the Foundation and is presumed to control the activities of the Foundation in accordance with applicable accounting guidance, thereby requiring consolidation.

Silos and Smokestacks accounts for all resources over which it has discretionary control to use in carrying out the operations of the organization in accordance with the limitations of its charter and bylaws.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when the liability is incurred.

Purchases of equipment providing future benefits are capitalized and depreciated.

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Silos and Smokestacks and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related net assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

E. Assets, Liabilities and Net Assets

Cash and Cash Equivalents – Silos and Smokestacks considers savings accounts and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Equipment – Purchased equipment is stated at cost. Donated capital assets are valued at the estimated fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of 3 to 7 years. No interest costs were capitalized since there were no qualifying assets.

Compensated Absences – Employees accumulate a limited amount of earned but unused vacation benefits payable. Amounts representing the cost of compensated absences are recorded as liabilities and have been computed based on rates of pay in effect at December 31, 2016 and 2015.

(2) Equipment

A summary of equipment is as follows:

	December 31,	
	2016	2015
Equipment	\$ 76,610	74,032
Accumulated depreciation	(59,905)	(52,657)
Equipment, net	\$ 16,705	21,375

(3) Employee Benefit Plan

Silos and Smokestacks offers a SIMPLE IRA plan. Under the plan, an employee can defer up to \$12,500 for the year ended December 31, 2016 and \$12,500 for the year ended December 31, 2015 to their SIMPLE IRA. In addition, employees over 50 years of age can defer an additional \$3,000 per year for the years ended December 31, 2016 and 2015 to their SIMPLE IRA. Investments grow tax-deferred, along with employer contributions. Silos and Smokestacks provides a dollar for dollar match for each participating employee's deferral, up to 3% of the employee's compensation. Plan expenses incurred by Silos and Smokestacks during the years ended December 31, 2016 and 2015 were \$10,280 and \$9,706, respectively.

(4) Risk Management

Silos and Smokestacks is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(5) Matching Grant Activity

Silos and Smokestacks entered into an agreement with the U.S. Department of the Interior, National Park Service (NPS) to receive up to \$15 million of grant funds during the period June 2000 through September 2021, as amended.

In 2013, President Obama signed a continuing resolution reinstating Federal funding through September 2014 allowing Silos and Smokestacks to continue its programs. Subsequent legislation changed the date from 2014 to 2021. The current agreement with the NPS continues to require a dollar for dollar match of Federal funds with non-Federal funds. The match can be leveraged by contributing to projects of other organizations and individuals. During the year ended December 31, 2016, federal funds were over 95% of total revenues.

(6) Foundation

During the year ended December 31, 2016, the Foundation received no contributions. Silos and Smokestacks did not incur any administration or program expenses to aid in the continuing operations of the Foundation. The Foundation plans to cease operation in calendar year 2017.

Supplementary Information

Silos and Smokestacks National Heritage Area

Silos and Smokestacks National Heritage Area
Consolidating Schedule – Statement of Net Assets Information

December 31, 2016

	Silos and Smokestacks	Foundation	Subtotal	Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$ 267,810	181	267,991	-	267,991
Accounts receivable	77,856	-	77,856	(77,856)	-
Grants receivable	159,087	-	159,087	-	159,087
Prepaid expenses	2,703	-	2,703	-	2,703
Equipment, less accumulated depreciation of \$59,905	16,705	-	16,705	-	16,705
Total assets	\$ 524,161	181	524,342	(77,856)	446,486
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 4,214	77,856	82,070	(77,856)	4,214
Payroll tax payable	5,110	-	5,110	-	5,110
Compensated absences	15,455	-	15,455	-	15,455
Advances from others	87,943	-	87,943	-	87,943
Total liabilities	112,722	77,856	190,578	(77,856)	112,722
Net assets:					
Net investment in capital assets	16,705	-	16,705	-	16,705
Unrestricted	394,734	(77,675)	317,059	-	317,059
Total net assets	411,439	(77,675)	333,764	-	333,764
Total liabilities and net assets	\$ 524,161	181	524,342	(77,856)	446,486

See accompanying independent auditor's report.

Schedule 2

Silos and Smokestacks National Heritage Area

Consolidating Schedule – Statement of Activities Information

Year ended December 31, 2016

	Silos and Smokestacks	Foundation	Subtotal	Eliminations	Consolidated
Public support and revenues:					
Public support:					
Contributions	\$ 36,983	-	36,983	-	36,983
Federal support:					
National Park Service grant	808,050	-	808,050	-	808,050
Total public support	845,033	-	845,033	-	845,033
Revenues:					
Conference and workshop income	3,705	-	3,705	-	3,705
Advertisement sales	1,587	-	1,587	-	1,587
Miscellaneous	46	-	46	-	46
Total revenues	5,338	-	5,338	-	5,338
Total public support and revenues	850,371	-	850,371	-	850,371
Expenses:					
Project:					
Personnel	368,959	-	368,959	-	368,959
Consultants	60,550	-	60,550	-	60,550
Grant and loan projects	80,804	-	80,804	-	80,804
Printing and postage	52,161	-	52,161	-	52,161
Occupancy	37,010	-	37,010	-	37,010
Travel, mileage and lodging	34,898	-	34,898	-	34,898
Meetings and registrations	30,921	-	30,921	-	30,921
Education and promotion projects	32,308	-	32,308	-	32,308
Information technology	4,682	-	4,682	-	4,682
Website maintenance	1,555	-	1,555	-	1,555
Accounting	6,356	-	6,356	-	6,356
Depreciation	5,506	-	5,506	-	5,506
Insurance	6,975	-	6,975	-	6,975
Dues, memberships and subscriptions	281	-	281	-	281
Public awareness and promotion	9,614	-	9,614	-	9,614
Training and education	475	-	475	-	475
Legal services	216	-	216	-	216
Other	9,782	-	9,782	-	9,782
Total project expenses	743,053	-	743,053	-	743,053

Silos and Smokestacks National Heritage Area
 Consolidating Schedule – Statement of Activities Information
 Year ended December 31, 2016

	Silos and Smokestacks	Foundation	Subtotal	Eliminations	Consolidated
Administration:					
Personnel	46,476	-	46,476	-	46,476
Consultants	194	-	194	-	194
Printing and postage	88	-	88	-	88
Occupancy	4,451	-	4,451	-	4,451
Travel, mileage and lodging	18	-	18	-	18
Meetings and registrations	30	-	30	-	30
Information technology	1,195	-	1,195	-	1,195
Accounting	1,623	-	1,623	-	1,623
Depreciation	1,406	-	1,406	-	1,406
Insurance	1,533	794	2,327	-	2,327
Dues, memberships and subscriptions	72	-	72	-	72
Public awareness and promotion	124	-	124	-	124
Other	1,506	25	1,531	-	1,531
Total administration expenses	58,716	819	59,535	-	59,535
Fundraising:					
Personnel	40,465	-	40,465	-	40,465
Consultants	46	-	46	-	46
Printing and postage	4,870	-	4,870	-	4,870
Occupancy	1,986	-	1,986	-	1,986
Travel, mileage and lodging	259	-	259	-	259
Meetings and registrations	47	-	47	-	47
Education and promotion projects	7,511	-	7,511	-	7,511
Information technology	285	-	285	-	285
Accounting	388	-	388	-	388
Depreciation	336	-	336	-	336
Insurance	365	-	365	-	365
Dues, memberships and subscriptions	17	-	17	-	17
Public awareness and promotion	30	-	30	-	30
Other	600	-	600	-	600
Total fundraising expenses	57,205	-	57,205	-	57,205
Total expenses	858,974	819	859,793	-	859,793
Operating loss	(8,603)	(819)	(9,422)	-	(9,422)
Non-operating revenue:					
Interest income	54	-	54	-	54
Change in net assets	(8,549)	(819)	(9,368)	-	(9,368)
Net assets beginning of year	419,988	(76,856)	343,132	-	343,132
Net assets end of year	\$ 411,439	(77,675)	333,764	-	333,764

See accompanying independent auditor's report.

Schedule 3

Silos and Smokestacks National Heritage Area

Schedule of Expenditures of Federal Awards

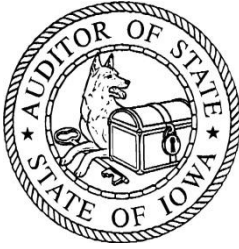
Year ended December 31, 2016

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
National Park Service:			
National Heritage Area Preservation and Conservation Assistance	15.939	P15AC00781	\$ 808,050

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Silos and Smokestacks National Heritage Area under the program for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Silos and Smokestacks has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



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STATE OF IOWA

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Trustees of Silos and Smokestacks National Heritage Area:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the consolidated financial statements of America's Agricultural Industrial Heritage Landscape, Inc., d/b/a Silos and Smokestacks National Heritage Area (Silos and Smokestacks), as of and for the year ended December 31, 2016, and the related Notes to Consolidated Financial Statements, and have issued our report thereon dated April 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Silos and Smokestacks' internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Silos and Smokestacks' internal control. Accordingly, we do not express an opinion on the effectiveness of Silos and Smokestacks' internal control.

A deficiency in internal control exists when the design or operation of the 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 a material misstatement of Silos and Smokestacks' consolidated financial statements will not be prevented or detected and corrected on a timely basis.

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 we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether Silos and Smokestacks' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards.

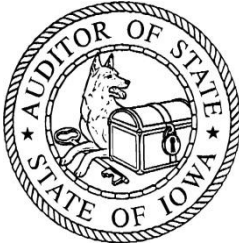
Purpose of this Report

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 Silos and Smokestacks' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Silos and Smokestacks' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Silos and Smokestacks during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State

April 26, 2017



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Mary Mosiman, CPA

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Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Trustees of Silos and Smokestacks National Heritage Area:

Report on Compliance for Each Major Federal Program

We have audited America's Agricultural Industrial Heritage Landscape, Inc., d/b/a, Silos and Smokestacks National Heritage Areas (Silos and Smokestacks), compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended December 31, 2016. Silos and Smokestacks' major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Silos and Smokestacks' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Silos and Smokestacks' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Silos and Smokestacks' compliance.

Opinion on the Major Federal Program

In our opinion, Silos and Smokestacks complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.


Report on Internal Control Over Compliance

The management of Silos and Smokestacks is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Silos and Smokestacks' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Silos and Smokestacks' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program which is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State

April 26, 2017

Silos and Smokestacks National Heritage Area

Schedule of Findings and Questioned Costs

Year ended December 31, 2016

Part I: Summary of the Independent Auditor's Results:

- (a) An unmodified opinion was issued on the consolidated financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the consolidated financial statements.
- (c) The audit did not disclose any non-compliance which is material to the consolidated financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) The major program was CFDA #15.939 – National Heritage Area Preservation and Conservation Assistance.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Silos and Smokestacks qualified as a low-risk auditee.

Silos and Smokestacks National Heritage Area

Schedule of Findings and Questioned Costs

Year ended December 31, 2016

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Silos and Smokestacks National Heritage Area

Schedule of Findings and Questioned Costs

Year ended December 31, 2016

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted

INTERNAL CONTROL DEFICIENCIES:

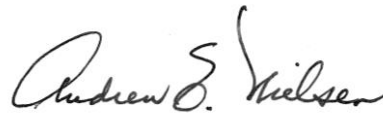
No material weaknesses in internal control over the major program were noted.

Silos and Smokestacks National Heritage Area

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Sarah J. Swisher, Staff Auditor
Alex D. Dau, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State