



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE

March 25, 2008

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Iowa Corn Promotion Board for the years ended August 31, 2007 and 2006.

The purpose of the Board is to develop and carry out research, education and promotion programs to maintain present corn and corn products markets, to assist in developing new or larger domestic and foreign markets and to work for the prevention, modification or elimination of trade barriers which obstruct the free flow of corn and corn products to market.

Vaudt reported the Board's net operating revenues totaled \$9,176,886 for the year ended August 31, 2007, a 12% increase over 2006. Operating expenses for the year ended August 31, 2007 totaled \$9,553,485, a decrease of 0.3% from the prior year. The increase in revenues was primarily due to the increase in the number of bushels of corn sold in the current year as compared to the prior year and revenue from a new federal grant.

A copy of the audit report is available for review at the Iowa Corn Promotion Board, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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IOWA CORN PROMOTION BOARD

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

AUGUST 31, 2007 and 2006

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Iowa Corn Promotion Board

Officials

Name	Title	
State		
Honorable Chester J. Culver	Governor	
Charles J. Krogmeier	Director, Department of Management	
Dennis C. Prouty	Director, Legislative Services Agency	
Board		
Kyle Phillips	Chairperson	District 8
Julius Schaaf	Vice Chairperson	District 7
Darrel McAlexander	Secretary/Treasurer	District 7
Richard Harves	Member	District 1
Larry Peelen	Member	District 1
Pam Johnson	Member	District 2
Deb Keller	Member	District 2
Nick Leibold	Member	District 3
Tim Burrack	Member	District 3
Cliff Smith	Member	District 4
Dan Brutsche	Member	District 4
Gordon Wassenaar	Member	District 5
Kevin Remp	Member	District 5
Larry Beyer	Member	District 6
Larry Jons	Member	District 6
Bert Vandenberg	Member	District 9
Merle Unkrich	Member	District 9

Ex-Officio Members

Honorable Bill Northey	Secretary of Agriculture
Wendy K. Wintersteen	Senior Associate Dean, College of Agriculture, Iowa State University
Dick Vegors	Marketing Manager, Grain and Grain Co-Products, Iowa Department of Economic Development
Larry Sterk	General Manager, State Line Cooperative
Russ Leuck	General Manager, Pattison Brothers

Agency

Craig Floss	Chief Executive Officer
Julie Kirby	Director of Finance and Business Operations

Iowa Corn Promotion Board



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To the Members of the
Iowa Corn Promotion Board:

We have audited the accompanying financial statements of the Iowa Corn Promotion Board as of and for the years ended August 31, 2007, and 2006. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Iowa Corn Promotion Board at August 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 19, 2008 on our consideration of the Iowa Corn Promotion Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. Other supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 19, 2008

Iowa Corn Promotion Board

Financial Statements

Exhibit A

Iowa Corn Promotion Board

Statements of Net Assets

August 31, 2007 and 2006

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,993,166	7,671,852
Assessments receivable	638,987	987,859
Notes receivable	16,667	16,667
Grant receivable	188,602	29,839
Loan receivable	65,000	65,000
Prepaid expenses	4,193	5,464
Total current assets	8,906,615	8,776,681
Property and equipment, net	265,666	330,733
Total assets	\$ 9,172,281	9,107,414
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 60,114	55,321
Due to Iowa Corn Growers Association	247,926	245,207
Capital leases	13,041	22,291
Total current liabilities	321,081	322,819
Long-term liabilities:		
Capital leases	7,387	20,428
Total liabilities	328,468	343,247
Net assets - unrestricted	8,843,813	8,764,167
Total liabilities and net assets	\$ 9,172,281	9,107,414

See notes to financial statements.

Iowa Corn Promotion Board

Statements of Revenues, Expenses and Changes in Net Assets

Years ended August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Assessments	\$ 9,398,279	8,946,560
Less refunds	(746,744)	(770,202)
Grants	525,351	-
Net operating revenues	<u>9,176,886</u>	<u>8,176,358</u>
Operating expenses:		
Administration	1,663,185	805,726
Market development	2,802,610	3,590,929
Research	3,009,141	2,756,479
Education	2,078,549	2,428,759
Total operating expenses	<u>9,553,485</u>	<u>9,581,893</u>
Operating loss	(376,599)	(1,405,535)
Non-operating revenue:		
Interest income	456,245	435,845
Gain on sale of capital asset	-	650
Changes in net assets	79,646	(969,040)
Net assets beginning of year	<u>8,764,167</u>	<u>9,733,207</u>
Net assets end of year	<u>\$ 8,843,813</u>	<u>8,764,167</u>

See notes to financial statements.

Exhibit C

Iowa Corn Promotion Board

Statements of Cash Flows

Years ended August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from assessments	\$ 9,000,407	7,884,303
Cash received from grants	366,588	-
Cash paid to suppliers	(1,569,114)	(1,372,128)
Cash paid for operating grants and contracts	(7,890,300)	(8,718,490)
Net cash used for operating activities	<u>(92,419)</u>	<u>(2,206,315)</u>
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(20,221)	(237,028)
Proceeds from sale of equipment	-	650
Principal paid on capital lease	(22,291)	(21,550)
Net cash used for capital and related financing activities	<u>(42,512)</u>	<u>(257,928)</u>
Cash flows from investing activities:		
Interest received	456,245	435,845
Net increase (decrease) in cash and cash equivalents	321,314	(2,028,398)
Cash and cash equivalents beginning of year	7,671,852	9,700,250
Cash and cash equivalents end of year	<u>\$ 7,993,166</u>	<u>7,671,852</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (376,599)	(1,405,535)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	85,288	61,803
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	(158,763)	57,677
(Increase) decrease in assessments receivable	348,872	(292,055)
Decrease in prepaid expenses	1,271	11,309
Increase (decrease) in accounts payable	4,793	(476,836)
Decrease in salaries payable	-	(92,726)
Increase (decrease) in due to Iowa Corn Growers Association	2,719	(48,648)
Decrease in compensated absences	-	(21,304)
Total adjustments	<u>284,180</u>	<u>(800,780)</u>
Net cash used for operating activities	<u>\$ (92,419)</u>	<u>(2,206,315)</u>

Non-cash investing, capital and financing activities:

During the year ended August 31, 2006, computer equipment with a cost of \$24,732 was acquired through lease purchase agreements.

See notes to financial statements.

Iowa Corn Promotion Board

Notes to Financial Statements

August 31, 2007 and 2006

(1) Summary of Significant Accounting Policies

The purpose of the Iowa Corn Promotion Board is to develop and carry out research and education programs directed toward better and more efficient production, marketing and utilization of corn and corn products; to provide public relations and other promotion techniques for the maintenance of present markets; to assist in the development of new or larger domestic and foreign markets; and to work for prevention, modification or elimination of trade barriers which obstruct the free flow of corn and corn products to market. The Board collects assessments based on the number of bushels of corn marketed in the state to a first purchaser (currently the assessment rate is one half of one cent per bushel). Statutory authority for the Iowa Corn Promotion Board is established under Chapter 185C of the Code of Iowa.

- A. Reporting Entity – For financial reporting purposes, the Iowa Corn Promotion Board has included all funds, organizations, agencies, boards, commissions and authorities. The Board has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Board to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Board. The Iowa Corn Promotion Board has no component units which meet the Governmental Accounting Standards Board criteria.
- B. Basis of Accounting – The financial statements of the Board are prepared on the accrual basis.
- C. Cash and Cash Equivalents – For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than six months.
- D. Budgetary Control – Budgetary control is exercised over the Iowa Corn Promotion Board by the Board of Directors, which approves, reviews and revises the budget. Formal budgetary control is based on total operating expenses.
- E. Property and Equipment – Property and equipment is capitalized at cost. Expenses for repair and maintenance are charged against operations. The estimated lives for office and computer equipment range from three to twelve years, is five years for vehicles and is ten years for leasehold improvements.

- F. Depreciation – Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets.
- G. Income Taxes – The Board is exempt from taxation under Section 501(c) of the Internal Revenue Code.

(2) Deposits

The Board's deposits throughout the period and at August 31 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Board's deposits at August 31, 2007 and 2006 consist of cash in bank of \$7,933,166 and \$7,671,852, respectively.

(3) Promotional Development

Section 185C.29 of the Code of Iowa states, in part:

“After the costs of elections, referendum, necessary board expenses, and administrative costs have been paid, at least seventy-five percent of the remaining moneys from a state assessment deposited in the corn promotion fund shall be used to carry out the purposes of this chapter as provided in section 185C.11.”

The purposes specified in section 185C.11 include market development, research and education and development of new or larger markets, all of which the Board may carry out directly or through contract with other recognized and qualified organizations. For the years ended August 31, 2007 and 2006, the Board expended 83% and 92%, respectively, for market development, education, research and grants and contracts with other organizations to carry out the purposes of Chapter 185C.

(4) Related Party Transactions

The Board has contracted with the Iowa Corn Growers Association to develop, maintain and expand markets for U.S. corn and to work toward a better public understanding of corn and agriculture in order to achieve increased profitability for corn growers. Expenses under these contracts totaled \$8,392,224 and \$8,776,167 for the years ended August 31, 2007 and 2006, respectively.

In addition, certain administrative expenses are paid by the Iowa Corn Growers Association for the Board under a contractual agreement. The contract provides for the Board to make two equal payments to the Association totaling \$960,600 for the year ended August 31, 2007 and \$832,000 for the year ended August 31, 2006 to cover the estimated cost of Association administrative expenses incurred for the Board. Actual administrative expenses incurred by the Association on behalf of the Board, totaled \$986,804 and \$924,172 for the years ended August 31, 2007 and 2006, respectively. Current year administrative expenses include \$20,221 of capitalized equipment purchases.

(5) Property and Equipment

Property and equipment activity for the year ended August 31, 2007 was as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets being depreciated:				
Office equipment	\$ 396,817	20,221	-	417,038
Computer equipment	87,978	-	-	87,978
Vehicles	70,253	-	-	70,253
Leasehold improvements	15,053	-	-	15,053
Total capital assets being depreciated	570,101	20,221	-	590,322
Less accumulated depreciation for:				
Office equipment	168,091	49,981	-	218,072
Computer equipment	52,931	20,007	-	72,938
Vehicles	9,367	14,051	-	23,418
Leasehold improvements	8,979	1,249	-	10,228
Total accumulated depreciation	239,368	85,288	-	324,656
Capital assets, net	\$ 330,733	(65,067)	-	265,666

Property and equipment includes \$52,733 of office and computer equipment acquired under capital leases.

(6) Capital Leases

The Iowa Corn Promotion Board has entered into five agreements to lease computer equipment for periods ranging from two years to three years at interest rates ranging from 7.000% to 23.356% and an agreement to lease a copy machine for a period of four years at an interest rate of 12.235%. Four leases expire in fiscal year 2008 and the remaining two leases expire in fiscal year 2009. Total future minimum lease payments are as follows:

Year Ending August 31,	Principal	Interest	Total
2008	\$ 13,041	2,068	15,109
2009	7,387	395	7,782
Total	\$ 20,428	2,463	22,891

Payments under these agreements for the year ended August 31, 2007 totaled \$27,270, including interest of \$4,979.

(7) Operating Leases

The Iowa Corn Promotion Board has leased two automobiles. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2008 and 2010 and require various minimum annual rentals in addition to payment of excess mileage over contractually allowable mileage. Management expects the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of August 31, 2007:

Year Ending August 31,	Amount
2008	\$ 13,997
2009	9,062
2010	5,286
Total	<u>\$ 28,345</u>

Rents for the year ended August 31, 2007 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$18,045.

(8) Notes Receivable

During fiscal year 1998, the Iowa Corn Promotion Board loaned \$50,000 to PGT Investors, LLC (PGT). The terms of the agreement are as follows: No interest will accrue on the loan until the end of the "Evaluation Period" (which ended May 30, 1998) and simple interest will then accrue on the loan at an interest rate equal to the prime rate plus 3% per annum. The "prime rate" will be the base rate on corporate loans posted by at least 75% of the nation's largest banks as published in the Wall Street Journal on the first publication date after the end of the evaluation period. The borrower shall repay the loan in three equal payments within 18 months after the end of the evaluation period. Payments totaling \$33,333 have been received, leaving a balance of \$16,667 outstanding at August 31, 2007. In January 2000, MBA Poultry, LLC, a Nebraska company in which PGT has invested, filed for protection under Federal Chapter 11 bankruptcy. Due to its loss, PGT has been unable to repay the balance of the loan. As of August 31, 2007, the Board believes payment from PGT remains uncertain.

(9) Loan Receivable

On August 23, 2005, the Iowa Corn Promotion Board approved a loan to the Iowa Renewable Fuel Association to provide the Association the collateral needed to pay Values Fund recipients for expenses until the Association receives payment from the Iowa Department of Economic Development. The Iowa Corn Promotion Board would be reimbursed for all monies provided as collateral. This arrangement would be in place for the length of the Values Fund implementation program, or a maximum of three years. As of August 31, 2007, the Iowa Renewable Fuel Association loan outstanding totaled \$65,000.

(10) Risk Management

The Iowa Corn Promotion Board 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 the purchase of commercial insurance. The Board assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Reclassification

Certain amounts for the fiscal year 2006 were reclassified to conform to current year reporting presentation.

Iowa Corn Promotion Board

Supplementary Information

Iowa Corn Promotion Board

Iowa Corn Promotion Board

Statement of Revenues, Expenses and Changes in Net Assets -
Actual and Budget

Year ended August 31, 2007

	Actual	Budget	Favorable (Unfavorable) Variance
Operating revenues:			
Assessments	\$ 9,398,279	8,775,000	623,279
Less refunds	(746,744)	(789,750)	43,006
Grants	525,351	-	525,351
Net operating revenues	<u>9,176,886</u>	<u>7,985,250</u>	<u>1,191,636</u>
Operating expenses:			
Administration	1,663,185	1,565,389	(97,796)
Market development	2,802,610	2,815,292	12,682
Research	3,009,141	3,173,165	164,024
Education	2,078,549	2,015,068	(63,481)
Total operating expenses	<u>9,553,485</u>	<u>9,568,914</u>	<u>15,429</u>
Operating loss	(376,599)	(1,583,664)	1,207,065
Non-operating revenue:			
Interest income	456,245	400,000	56,245
Changes in net assets	79,646	<u>(1,183,664)</u>	<u>1,263,310</u>
Net assets beginning of year	<u>8,764,167</u>		
Net assets end of year	<u>\$ 8,843,813</u>		

See accompanying independent auditor's report.

Iowa Corn Promotion Board
Statement of Expenses by Activity
Year ended August 31, 2007

	Administration	Market Development
Board Members' per diem	\$ 32,425	-
Administrative:		
Administrative contract expense	986,804	-
Executive committee	-	10,525
Communications administrative program	36,965	-
Administrative programs	4,750	314,500
Operating contract expense	324,800	-
Depreciation	85,288	-
Department of Agriculture audits	19,779	-
Committee Program Activities:		
Animal Agriculture & Environment	26,431	397,652
Usage & Production	26,431	540,988
Exports & Grain Trade	26,431	1,318,931
Research & Business Development	56,679	133,969
Grassroots	36,402	86,045
 Total	 \$ 1,663,185	 2,802,610

See accompanying independent auditor's report.

Research	Education	Total
-	-	32,425
-	-	986,804
-	10,525	21,050
-	279,214	316,179
302,307	407,274	1,028,831
-	-	324,800
-	-	85,288
-	-	19,779
84,100	209,829	718,012
84,100	480,619	1,132,138
86,575	112,020	1,543,957
2,336,231	144,274	2,671,153
115,828	434,794	673,069
<u>3,009,141</u>	<u>2,078,549</u>	<u>9,553,485</u>

Schedule 3

Iowa Corn Promotion Board
Schedule of Expenditures of Federal Awards
Year ended August 31, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Energy:			
Renewable Energy Research and Development (\$525,351 provided to subrecipients)	81.087	68-3A75-6-507	<u>\$ 525,351</u>

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Iowa Corn Promotion Board and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



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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 Members of the
Iowa Corn Promotion Board:

We have audited the accompanying financial statements of the Iowa Corn Promotion Board as of and for the year ended August 31, 2007, which collectively comprise the Board's basic financial statements listed in the table of contents, and have issued our report thereon dated February 19, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Iowa Corn Promotion Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Iowa Corn Promotion Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iowa Corn Promotion Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Iowa Corn Promotion Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Iowa Corn Promotion Board's financial statements that is more than inconsequential will not be prevented or detected by the Iowa Corn Promotion Board's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Iowa Corn Promotion Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Iowa Corn Promotion Board's 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 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 that are required to be reported under Government Auditing Standards.

The Iowa Corn Promotion Board's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the Board's response, we did not audit the Iowa Corn Promotion Board's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of the Iowa Corn Promotion Board and other parties to whom the Iowa Corn Promotion Board may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Corn Promotion Board 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 19, 2008



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Members of the
Iowa Corn Promotion Board:

Compliance

We have audited the compliance of the Iowa Corn Promotion Board with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended August 31, 2007. The Iowa Corn Promotion Board's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the Iowa Corn Promotion Board's management. Our responsibility is to express an opinion on the Iowa Corn Promotion Board's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 the Iowa Corn Promotion Board's 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. Our audit does not provide a legal determination on the Iowa Corn Promotion Board's compliance with those requirements.

In our opinion, the Iowa Corn Promotion Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended August 31, 2007.

Internal Control Over Compliance

The management of the Iowa Corn Promotion Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Iowa Corn Promotion Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Iowa Corn Promotion Board's internal control over compliance.

A control deficiency in the Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Board's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Board's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Board's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of the Iowa Corn Promotion Board and other parties to whom the Iowa Corn Promotion Board may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 19, 2008

Iowa Corn Promotion Board
Schedule of Findings and Questioned Costs
Year ended August 31, 2007

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, which was considered to be a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 81.087 – Renewable Energy Research and Development
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The Iowa Corn Promotion Board did not qualify as a low-risk auditee.

Iowa Corn Promotion Board
Schedule of Findings and Questioned Costs
Year ended August 31, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY:

Financial Reporting – During the audit, we identified a material amount of grants receivable reported as prepaid expense on the Board's financial statements. An adjustment was subsequently made by the Board to properly report the amount in the financial statements.

Recommendation – The Board should implement procedures to ensure all receivables are identified and properly included in the Board's financial statements.

Response – Management will regularly review the balance sheet classification to ensure all accounts are properly classified.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Iowa Corn Promotion Board
Schedule of Findings and Questioned Costs
Year ended August 31, 2007

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

Iowa Corn Promotion Board
Schedule of Findings and Questioned Costs
Year ended August 31, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

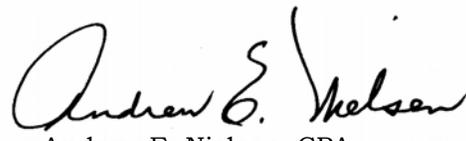
No matters were reported.

Iowa Corn Promotion Board

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager
Dorothy O. Stover, Staff Auditor
Jenny M. Podrebarac, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State