



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

May 21, 2015

Contact: Andy Nielsen
515/281-5834

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 Natural Heritage Area Foundation (Foundation) in Waterloo, Iowa for the years ended December 31, 2014 and 2013.

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 \$824,271 for the year ended December 31, 2014, a 20.7% increase over 2013. Public support and revenue consisted primarily of a \$754,112 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 \$817,230 for the year ended December 31, 2014, a 21.2% increase over 2013, and included \$726,289 of project expenses and \$90,941 of administration 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 <http://auditor.iowa.gov/reports/1433-0011-B000.pdf>.

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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, 2014 AND 2013

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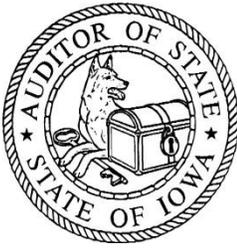
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Silos and Smokestacks National Heritage Area

Board of Trustees

<u>Name</u>	<u>Title</u>
Matt Heitz	Chair
Dan Schurr	Vice Chair
Audrey Savage	Secretary
Soo Greiman	Treasurer
Ron Birkenholz	Member
Beth Hansen	Member
Maureen Hanson	Member
Jim Hoyt	Member
Troy Louwagie	Member
Michael Naig	Member
Doug Reimer	Member
Lynette Telleen	Member
Kendra Vansloten	Member
Gail Carter	Audit Committee Chair
Rose Rohr	Partnership Panel Chair
Donald Short	President

Silos and Smokestacks National Heritage Area



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Mary Mosiman, CPA
Auditor of State

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, 2014 and 2013, 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, 2014 and 2013, 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 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 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 May 7, 2015 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


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 7, 2015

Consolidated Financial Statements

Exhibit A

Silos and Smokestacks National Heritage Area

Consolidated Statements of Net Assets

December 31, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	\$ 259,863	273,712
Grants receivable	169,336	157,670
Prepaid expenses	2,579	2,579
Equipment, less accumulated depreciation of \$51,093 in 2014 and \$64,495 in 2013	8,528	3,051
Total assets	\$ 440,306	437,012
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 1,584	2,327
Payroll tax payable	5,496	4,980
Compensated absences	11,180	13,001
Advances from others	60,342	62,224
Deposits held in custody for others	100	-
Total liabilities	78,702	82,532
Net assets:		
Net investment in capital assets	8,528	3,051
Unrestricted	353,076	351,429
Total net assets	361,604	354,480
Total liabilities and net assets	\$ 440,306	\$ 437,012

See notes to consolidated financial statements.

Silos and Smokestacks National Heritage Area

Consolidated Statements of Activities

Years ended December 31, 2014 and 2013

	2014	2013
Public support and revenues:		
Public support:		
Contributions	\$ 55,417	91,916
Federal support	754,112	580,703
	<u>809,529</u>	<u>672,619</u>
Revenues:		
Conference and workshop income	5,937	9,700
Advertisement sales	8,723	-
Miscellaneous	82	361
	<u>14,742</u>	<u>10,061</u>
Total public support and revenues	<u>824,271</u>	<u>682,680</u>
Expenses:		
Project	726,289	589,454
Administration	90,941	84,663
Total expenses	<u>817,230</u>	<u>674,117</u>
Operating gain	7,041	8,563
Non-operating revenue:		
Interest income	83	94
Change in net assets	7,124	8,657
Net assets beginning of year	354,480	345,823
Net assets end of year	<u>\$ 361,604</u>	<u>354,480</u>

See notes to consolidated financial statements.

Exhibit C

Silos and Smokestacks National Heritage Area

Consolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from federal sources	\$ 742,446	551,607
Contributions received	53,535	107,880
Cash received from miscellaneous sources	14,742	10,561
Cash paid for goods and services	(373,047)	(253,347)
Cash paid to employees for services	(444,167)	(418,206)
Net cash used by operating activities	<u>(6,491)</u>	<u>(1,505)</u>
Cash flows from non-capital financing activities		
Funds held for others receipts	287,400	-
Funds held for others payments	(287,300)	-
Net cash provided by non-capital financing activities	<u>100</u>	<u>-</u>
Cash flows from capital activities:		
Acquisition of equipment	(7,541)	(1,460)
Cash flows from investing activities:		
Interest received	83	94
Net decrease in cash and cash equivalents	(13,849)	(2,871)
Cash and cash equivalents beginning of year	273,712	276,583
Cash and cash equivalents end of the year	<u>\$ 259,863</u>	<u>273,712</u>
Reconciliation of operating gain to net cash used by operating activities:		
Operating gain	\$ 7,041	8,563
Adjustments to reconcile operating gain to net cash used by operating activities:		
Depreciation	2,064	4,957
Increase in grants receivable	(11,666)	(29,096)
Decrease in accounts receivable	-	500
Increase in prepaid expenses	-	(437)
Increase (decrease) in accounts payable	(743)	480
Increase in payroll tax payable	516	574
Decrease in compensated absences	(1,821)	(3,010)
Increase (decrease) in advances from others	(1,882)	15,964
Net cash used by operating activities	<u>\$ (6,491)</u>	<u>(1,505)</u>

See notes to consolidated financial statements.

Silos and Smokestacks National Heritage Area

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

(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, 2014 and 2013.

(2) Equipment

A summary of equipment is as follows:

	December 31,	
	2014	2013
Equipment	\$ 59,621	67,546
Accumulated depreciation	(51,093)	(64,495)
Equipment, net	\$ 8,528	3,051

(3) Employee Benefit Plan

Silos and Smokestacks offers a SIMPLE IRA plan. Under the plan, an employee can defer up to \$12,000 for the year ended December 31, 2014 and \$12,000 for the year ended December 31, 2013 to their SIMPLE IRA. In addition, employees over 50 years of age can defer an additional \$2,500 per year for the years ended December 31, 2014 and 2013 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, 2014 and 2013 were \$10,167 and \$3,069, 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, 2014, federal funds were over 91% of total revenues.

(6) Foundation

During the year ended December 31, 2014, the Foundation received contributions of \$7,100. Silos and Smokestacks incurred \$30,683 of administration and program expenses to aid in the continuing operations of the Foundation. These transactions are included in the consolidated financial statements.

During the year ended December 31, 2014 the Foundation acted as a fiduciary for the Iowa Agriculture Literacy Foundation (IALF). During the year, the Foundation received \$287,400 for the IALF and disbursed \$287,300 as directed by the IALF. At December 31, 2014, \$100 remains to be disbursed.

Supplementary Information

Silos and Smokestacks National Heritage Area

Consolidating Schedule – Statement of Net Assets Information

December 31, 2014

	Silos and Smokestacks	Foundation	Subtotal	Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$ 226,323	33,540	259,863	-	259,863
Accounts receivable	66,155	-	66,155	(66,155)	-
Grants receivable	169,336	-	169,336	-	169,336
Prepaid expenses	2,579	-	2,579	-	2,579
Equipment, less accumulated depreciation of \$51,093	8,528	-	8,528	-	8,528
Total assets	\$ 472,921	33,540	506,461	(66,155)	440,306
Liabilities and Net Assets					
Accounts payable	\$ 1,584	66,155	67,739	(66,155)	1,584
Payroll taxes payable	5,496	-	5,496	-	5,496
Compensated absences	11,180	-	11,180	-	11,180
Advances from others	60,342	-	60,342	-	60,342
Deposits held in custody for others	-	100	100	-	100
Total liabilities	78,602	66,255	144,857	(66,155)	78,702
Net investment in capital assets Unrestricted	8,528 385,791	- (32,715)	8,528 353,076	- -	8,528 353,076
Total net assets	394,319	(32,715)	361,604	-	361,604
Total liabilities and net assets	\$ 472,921	33,540	506,461	(66,155)	440,306

See accompanying independent auditor's report.

Schedule 2

Silos and Smokestacks National Heritage Area

Consolidating Schedule – Statement of Activities Information

Year ended December 31, 2014

	Silos and Smokestacks	Foundation	Subtotal	Eliminations	Consolidated
Public support and revenues:					
Public support:					
Contributions	\$ 48,317	7,100	55,417	-	55,417
Federal support:					
National Park Service grant	754,112	-	754,112	-	754,112
	<u>802,429</u>	<u>7,100</u>	<u>809,529</u>	<u>-</u>	<u>809,529</u>
Revenues:					
Conference and workshop income	5,937	-	5,937	-	5,937
Advertisement sales	8,723	-	8,723	-	8,723
Miscellaneous	30,765	-	30,765	(30,683)	82
	<u>45,425</u>	<u>-</u>	<u>45,425</u>	<u>(30,683)</u>	<u>14,742</u>
Total public support and revenues	<u>847,854</u>	<u>7,100</u>	<u>854,954</u>	<u>(30,683)</u>	<u>824,271</u>
Expenses:					
Project:					
Personnel	368,195	-	368,195	-	368,195
Consultants	37,050	-	37,050	-	37,050
Grant and loan projects	69,722	-	69,722	-	69,722
Printing and postage	38,254	-	38,254	-	38,254
Occupancy	36,307	-	36,307	-	36,307
Travel, mileage and lodging	28,784	1,191	29,975	(1,191)	28,784
Meetings and registrations	13,626	423	14,049	(423)	13,626
Education and promotion projects	88,717	31	88,748	-	88,748
Website maintenance	16,411	-	16,411	-	16,411
Accounting	7,195	-	7,195	-	7,195
Depreciation	1,650	-	1,650	-	1,650
Insurance	5,687	-	5,687	-	5,687
Dues, memberships and subscriptions	295	-	295	-	295
Public awareness and promotion	6,309	-	6,309	-	6,309
Training and education	1,828	-	1,828	-	1,828
Other	6,228	-	6,228	-	6,228
Total project expenses	<u>726,258</u>	<u>1,645</u>	<u>727,903</u>	<u>(1,614)</u>	<u>726,289</u>

Silos and Smokestacks National Heritage Area

Consolidating Schedule – Statement of Activities Information

Year ended December 31, 2014

	Silos and Smokestacks	Foundation	Subtotal	Eliminations	Consolidated
Administration:					
Personnel	74,667	24,640	99,307	(24,640)	74,667
Printing and postage	181	4	185	(4)	181
Occupancy	6,746	2,259	9,005	(2,259)	6,746
Travel, mileage and lodging	669	-	669	-	669
Meetings and registrations	135	-	135	-	135
Website maintenance	2,671	-	2,671	-	2,671
Accounting	1,807	-	1,807	-	1,807
Depreciation	414	-	414	-	414
Insurance	1,428	761	2,189	-	2,189
Dues, memberships and subscriptions	74	-	74	-	74
Training and education	70	-	70	-	70
Public awareness and promotion	158	-	158	-	158
Other	1,160	2,166	3,326	(2,166)	1,160
Total administration expenses	90,180	29,830	120,010	(29,069)	90,941
Total expenses	816,438	31,475	847,913	(30,683)	817,230
Operating gain (loss)	31,416	(24,375)	7,041	-	7,041
Non-operating revenue:					
Interest income	60	23	83	-	83
Change in net assets	31,476	(24,352)	7,124	-	7,124
Net assets beginning of year	362,843	(8,363)	354,480	-	354,480
Net assets end of year	\$ 394,319	(32,715)	361,604	-	361,604

See accompanying independent auditor's report.

Schedule 3

Silos and Smokestacks National Heritage Area

Schedule of Expenditures of Federal Awards

Year ended December 31, 2014

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	P13AC01180 P14AC00203	\$ 734,600

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Silos and Smokestacks National Heritage Area and is presented on the accrual basis of accounting. The information in 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 consolidated financial statements.

See accompanying independent auditor's report.



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Mary Mosiman, CPA
Auditor of State

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, 2014, and the related Notes to Consolidated Financial Statements, and have issued our report thereon dated May 7, 2015.

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


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 7, 2015



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended December 31, 2014. 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 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 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, 2014.

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 OMB Circular A-133, 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 of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 7, 2015

Silos and Smokestacks National Heritage Area

Schedule of Findings and Questioned Costs

Year ended December 31, 2014

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 Office of Management and Budget Circular A-133, Section .510(a).
- (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 \$300,000.
- (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, 2014

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, 2014

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted

INTERNAL CONTROL DEFICIENCIES:

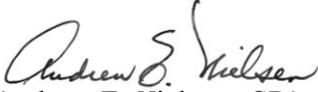
No material weaknesses in internal control over the major program were noted.

Silos and Smokestacks National Heritage Area

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Kyle C. Smith, CPA, Staff Auditor
Melissa A. Hastert, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State