



OFFICE OF AUDITOR OF STATE

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

April 24, 2018

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) for the years ended December 31, 2017 and 2016.

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.

Mosiman reported Silos and Smokestacks' public support and revenues totaled \$784,260 for the year ended December 31, 2017, a 7.77% decrease from 2016. Public support and revenue consisted primarily of a \$659,094 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 \$776,757 for the year ended December 31, 2017, a 9.66% decrease from 2016, and included \$697,004 of project expenses, \$43,274 of administration expenses and \$36,479 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/1733-0011-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
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

DECEMBER 31, 2017 AND 2016

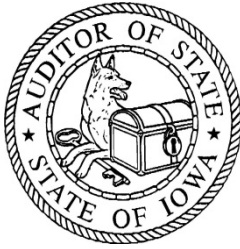
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**Silos and Smokestacks National Heritage Area
Board of Trustees**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Hoyt	Chair	Jun 2019
Ron Birkenholz	Vice Chair	Jun 2019
Maureen Hanson	Secretary	Jun 2018
Trish Cook	Treasurer	Jun 2020
Beth Hansen	Member	Jun 2018
Rose Rohr	Member	Jun 2018
Dan Schurr	Member	Jun 2018
Jeffrey Westhoff	Member	Jun 2018
Soo Greiman	Member	Jun 2019
Glen Keppy	Member	Jun 2019
Doug Reimer	Member	Jun 2019
Ray Steffens	Member	Jun 2019
Chris Cox	Member	Jun 2020
Carolann Jensen	Member	Jun 2020
Michael Naig	Member	Jun 2020
Ron Birkenholz	Public Relations and Marketing Committee Chair	Jun 2019
Trish Cook	Finance and Human Resources Committee Chair	Jun 2020
Rose Rohr	Partnership Panel Chair	Jun 2018
Cara Miller	President	Indefinite

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 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, 2017 and 2016, and the related Notes to Financial Statements, which collectively comprise Silos and Smokestacks' 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the respective financial position of Silos and Smokestacks as of December 31, 2017 and 2016, and the respective changes in its financial position and 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' financial statements. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 9, 2018 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 solely 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 effectiveness of Silo and Smokestacks' 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 9, 2018

Financial Statements

Silos and Smokestacks National Heritage Area

Silos and Smokestacks National Heritage Area

Statements of Net Assets

December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 524,072	267,991
Grants receivable	-	159,087
Prepaid expenses	2,685	2,703
Equipment, less accumulated depreciation of \$67,358 in 2017 and \$59,905 in 2016	14,222	16,705
Total assets	\$ 540,979	446,486
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 2,242	4,214
Payroll tax payable	5,123	5,110
Compensated absences	9,906	15,455
Advances from others	182,341	87,943
Total liabilities	199,612	112,722
Net assets:		
Net investment in capital assets	14,222	16,705
Unrestricted	327,145	317,059
Total net assets	341,367	333,764
Total liabilities and net assets	\$ 540,979	446,486

See notes to financial statements.

Exhibit B

Silos and Smokestacks National Heritage Area

Statements of Activities

Years ended December 31, 2017 and 2016

	2017	2016
Public support and revenues:		
Public support:		
Contributions	\$ 120,606	36,983
Federal support	659,094	808,050
Total public support	779,700	845,033
Revenues:		
Conference and workshop income	4,305	3,705
Advertisement sales	-	1,587
Miscellaneous	255	46
Total revenues	4,560	5,338
Total public support and revenues	784,260	850,371
Expenses:		
Project	697,004	743,053
Administration	43,274	59,535
Fundraising	36,479	57,205
Total expenses	776,757	859,793
Operating income (loss)	7,503	(9,422)
Non-operating revenue:		
Interest income	100	54
Change in net assets	7,603	(9,368)
Net assets beginning of year	333,764	343,132
Net assets end of year	\$ 341,367	333,764

See notes to financial statements.

Silos and Smokestacks National Heritage Area

Statements of Cash Flows

Years ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Cash received from federal sources	\$ 968,154	792,150
Contributions received	65,031	102,784
Cash received from miscellaneous sources	4,560	5,338
Cash paid for goods and services	(319,669)	(395,403)
Cash paid to employees for services	(457,125)	(449,812)
Net cash provided by operating activities	260,951	55,057
Cash flows from non-capital financing activities:		
Funds held for others payments	-	(100)
Cash flows from capital financing activities:		
Acquisition of equipment	(4,970)	(2,578)
Cash flows from investing activities:		
Interest received	100	54
Net increase in cash and cash equivalents	256,081	52,433
Cash and cash equivalents beginning of year	267,991	215,558
Cash and cash equivalents end of the year	\$ 524,072	267,991
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 7,503	(9,422)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	7,453	7,248
Increase (decrease) in grants receivable	159,087	(15,899)
Decrease in prepaid expenses	18	134
Increase (decrease) in accounts payable	(1,972)	1,108
Increase in payroll tax payable	13	303
Increase (decrease) in compensated absences	(5,549)	5,784
Increase in advances from others	94,398	65,801
Net cash provided by operating activities	\$ 260,951	55,057

See notes to financial statements.

Silos and Smokestacks National Heritage Area

Notes to Financial Statements

December 31, 2017 and 2016

(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.

Silos and Smokestacks is 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. 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 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.

C. 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.

D. 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. Capital assets are defined by Silos and Smokestacks as assets with an initial individual cost of more than \$500 and estimated useful lives in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of 3 to 7 years.

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, 2017 and 2016.

Advances from others – Advances from others represents grant proceeds which have been received by Silos and Smokestacks but will be spent in succeeding years.

(2) Equipment

A summary of equipment is as follows:

	December 31,	
	2017	2016
Equipment	\$ 81,580	76,610
Accumulated depreciation	(67,358)	(59,905)
Equipment, net	<u>\$ 14,222</u>	<u>16,705</u>

(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 years ended December 31, 2017 and 2016 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, 2017 and 2016 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, 2017 and 2016 were \$10,520 and \$10,280, 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, 2017, federal funds were over 84% of total revenues.

(6) Silos and Smokestacks National Heritage Area Foundation

During the year ended December 31, 2017, the Silos and Smokestacks National Heritage Area Foundation (Foundation) ceased operation per the Foundation Board's voted approval on December 29, 2016. Bank accounts for the Foundation were closed on April 20, 2017 and Articles of Dissolution were filed with the Iowa Secretary of State on July 17, 2017. Prior to the approval to dissolve, Silos and Smokestacks had incurred expenses for the Foundation beginning in the year ended December 31, 2012. As of December 31, 2016 Silos and Smokestacks had a remaining receivable of \$77,675 due from the Foundation. However, due to the dissolution of the Foundation, the Board wrote off the outstanding receivable as of December 31, 2017.

Supplementary Information

Schedule 1

Silos and Smokestacks National Heritage Area

Schedule – Statement of Activities Information

For the years ended December 31, 2017 and 2016

	2017	2016
Public support and revenues:		
Public support:		
Contributions	\$ 120,606	36,983
Federal support:		
National Park Service grant	659,094	808,050
Total public support	779,700	845,033
Revenues:		
Conference and workshop income	4,305	3,705
Advertisement sales	-	1,587
Miscellaneous	255	46
Total revenues	4,560	5,338
Total public support and revenues	784,260	850,371
Expenses:		
Project:		
Personnel	391,518	368,959
Consultants	91,500	60,550
Grant and loan projects	45,112	80,804
Printing and postage	8,047	52,161
Occupancy	34,062	37,010
Travel, mileage and lodging	17,594	34,898
Meetings and registrations	13,699	30,921
Education and promotion projects	29,417	32,308
Information technology	9,703	4,682
Website maintenance	4,131	1,555
Accounting	8,519	6,356
Depreciation	6,063	5,506
Insurance	7,125	6,975
Dues, memberships and subscriptions	157	281
Public awareness and promotion	23,531	9,614
Training and education	-	475
Legal services	-	216
Other	6,826	9,782
Total project expenses	697,004	743,053

Silos and Smokestacks National Heritage Area

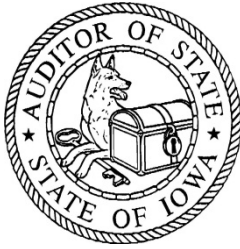
Schedule – Statement of Activities Information

For the years ended December 31, 2017 and 2016

	2017	2016
Administration:		
Personnel	34,479	46,476
Consultants	-	194
Printing and postage	101	88
Occupancy	2,858	4,451
Travel, mileage and lodging	49	18
Meetings and registrations	-	30
Information technology	1,594	1,195
Accounting	1,399	1,623
Depreciation	996	1,406
Insurance	1,049	2,327
Dues, memberships and subscriptions	26	72
Public awareness and promotion	-	124
Other	723	1,531
Total administration expenses	43,274	59,535
Fundraising:		
Personnel	25,592	40,465
Consultants	-	46
Printing and postage	612	4,870
Occupancy	2,031	1,986
Travel, mileage and lodging	595	259
Meetings and registrations	1,763	47
Education and promotion projects	3,597	7,511
Information technology	630	285
Accounting	554	388
Depreciation	394	336
Insurance	415	365
Dues, memberships and subscriptions	10	17
Public awareness and promotion	-	30
Other	286	600
Total fundraising expenses	36,479	57,205
Total expenses	776,757	859,793
Operating income (loss)	7,503	(9,422)
Non-operating revenue:		
Interest income	100	54
Change in net assets	7,603	(9,368)
Net assets beginning of year	333,764	343,132
Net assets end of year	\$ 341,367	333,764

See accompanying independent auditor's report.

Silos and Smokestacks National Heritage Area



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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 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, 2017, and the related Notes to Financial Statements, which collectively comprise Silos and Smokestacks' financial statements, and have issued our report thereon dated April 9, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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' financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all 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' 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 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 9, 2018

Silos and Smokestacks National Heritage Area

Schedule of Findings

Year ended December 31, 2017

Summary of the Independent Auditor's Results:

- (a) An unmodified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Silos and Smokestacks National Heritage Area

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Sarah J. Swisher, Senior Auditor
Sarah K. Nissen, Staff Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA
Deputy Auditor of State