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STATE OF INDIANA

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July 7, 2015

Board of Directors
Aurora, Inc.
1100 Lincoln Avenue
Evansville, IN 47714

We have reviewed the audit report prepared by Timothy J. Otte, CPA, P.C., for the period January 1, 2011 to December 31, 2011. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Aurora, Inc., as of December 31, 2011, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

Timothy J. Otte CPA, PC

AURORA, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2011 and 2010

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P.O. Box 308 Newburgh IN. 47629
Member of American Institute of Certified Public Accountants and Indiana CPA Society

AURORA, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Aurora, Inc.

We have audited the accompanying statement of financial position of Aurora, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Aurora, Inc. Organization's 2010 financial statements and, in our report dated September 11, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the significant estimates made by management, as well as evaluation the overall financial statement presentation. We believe that our audit provides 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 Aurora, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing standards*, we have also issued our report dated June 11, 2012, on our consideration of Aurora, Inc's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 important for assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such 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. The 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Timothy J. Otte, C.P.A., P.C.
Timothy J Otte CPA PC

Newburgh, Indiana
June 11, 2012

AURORA, INC.
Statement of Financial Position
December 31, 2011
(With Comparative Totals for 2010)

ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011	2010
Current Assets					
Cash and cash equivalents	$ 255,072	$ 259,863	$ -	$ 514,935	$ 564,201
Grants Receivable	106,357	-	-	106,357	101,211
Accounts Receivable	6,717	-	-	6,717	5,261
Investments	-	-	7,881	7,881	7,810
Total current assets	368,146	259,863	7,881	635,890	678,482
Property and Equipment					
Building and Land	214,110	-	-	214,110	214,110
Office Equipment	25,348	-	-	25,348	31,783
Vehicles	30,089	-	-	30,089	30,089
Less accumulated depreciation	(112,481)	-	-	(112,481)	(106,217)
Total property and equipment	157,066	-	-	157,066	169,765
Total Assets	$ 525,212	$ 259,863	$ 7,881	$ 792,956	$ 848,247

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011	2010
Current Liabilities					
Accrued Expenses	$ 1,626	$ -	$ -	$ 1,626	$ -
Total Current Liabilities	1,626	-	-	1,626	-
Net Assets					
Unrestricted	523,587	-	-	523,587	567,686
Temporarily Restricted	-	259,863	-	259,863	272,750
Permanently Restricted	-	-	7,881	7,881	7,810
Total Net Assets	523,587	259,863	7,881	791,330	848,247
Total Liabilities and Net Assets	$ 525,212	$ 259,863	$ 7,881	$ 792,956	$ 848,247

See notes to financial statements

AURORA, INC.
Statement of Activities
For the Year Ended December 31, 2011
(With Comparative Totals for 2010)

SUPPORT & REVENUE

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011	2010
Federal Financial Assistance Grants	$ 1,349,112	$ -	$ -	$ 1,349,112	$ 1,302,540
Non-Federal Financial Assistance Grants	155,952	-	-	155,952	136,102
Contracted Positions	60,835	-	-	60,835	85,669
Contributions	171,700	-	-	171,700	99,386
Special Events	26,853	-	-	26,863	10,950
Rent	10,822	-	-	10,822	7,730
Destination Home Funds	20,830	-	-	20,830	47,269
Reimbursements- HPRP	106,333	-	-	106,333	68,499
Investment Income	505	478	70	1,053	431
Gain or (Loss) on Assets Sold	-	-	-	-	(14,197)
Miscellaneous	5,654	-	-	5,654	138
Net Assets Released from Restrictions	13,365	(13,365)	-	-	-
Total Support and Revenue	1,921,972	(12,887)	70	1,909,155	1,744,518

EXPENSES

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011	2010
Program Services	1,890,037	-	-	1,890,037	1,575,194
Supporting Services:			-		
Management & General	61,117	-	-	61,117	38,382
Fundraising	14,917	-	-	14,917	2,661
Total Expenses	1,966,071	-	-	1,966,071	1,616,237
Change in Net Assets	(44,099)	(12,887)	70	(56,916)	128,281
Prior Period Adjustment	-	-	-	-	39,036
Net Assets as of Beginning of Year	567,686	272,750	7,810	848,247	680,929
Net Assets as of End of Year	$ 523,587	$ 259,863	$ 7,881	$ 791,330	$ 848,247

See notes to financial statements

AURORA, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2011
(With Comparative Totals for 2010)

	Program Services	Supporting Services: Management & General	Supporting Services: Fund-Raising	Total 2011	Total 2010
Depreciation	$ -	$ 12,699	$ -	$ 12,699	12,123
Destination Home	28,626	-	-	28,626	15,541
HPRP Expenses	1,102,866	-	-	1,102,866	948,110
HPRP Repayment of Advance	49,087	-	-	49,087	-
HOT Expenses	43,002	-	-	43,002	39,980
In-Kind Donations	63,408	-	-	63,408	-
Insurance	778	-	-	778	2,550
Interest	-	-	-	-	312
Membership Fees	-	663	-	663	582
Miscellaneous	518	1,893	-	2,410	1,685
Office Expenses	-	3,907	-	3,907	3,954
Professional Fees	-	1,435	-	1,435	1,870
Property Taxes	-	936	-	936	878
Public Relations	-	658	-	658	848
Rent	1,626	-	-	1,626	1,705
Repairs & Maintenance	2,335	-	-	2,335	1,583
Shelter Plus Care	70,980	-	-	70,980	61,921
Special Events	-	-	14,917	14,917	2,661
Telephone	2,310	-	-	2,310	3,009
Training	1,633	-	-	1,633	4,957
Transportation- HOT	2,841	-	-	2,841	1,856
Utilities	2,822	-	-	2,822	3,303
Wages, Taxes, and Fringe Benefits	517,204	38,926	-	556,130	506,808
	$ 1,890,037	$ 61,117	$ 14,917	$ 1,966,071	$ 1,616,237

See notes to financial statements

AURORA, INC.
Statement of Cash Flows
For the Year Ended December 31, 2011
(With Comparative Totals for 2010)

	2011	2010
Cash Flows from Operating Activities		
Changes in Net Assets	$ (56,916)	$ 128,281
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	12,699	12,123
Realized (Gain) Loss on Sale of Assets	-	14,197
(Increase) Decrease in Receivables	(6,603)	(75,350)
(Increase) Decrease in Other Current Assets	-	-
Prior Period Adjustment	-	39,036
Increase (Decrease) in Liabilities	1,626	-
Total Adjustments	7,721	(9,993)
Net Cash Provided (Used) by Operating Activities	(49,195)	118,288
Cash Flows From Investing Activities:		
Investments	(71)	(123)
Proceeds From Sale	-	234,610
Capital Expenditures	-	(10,967)
Net Cash Provided (Used) by Investing Activities	(71)	223,519
Cash Flows From Financing Activities:		
Net borrowings on line of credit	-	(15,000)
	-	(15,000)
Net Increase (Decrease) in Cash and Equivalents	(49,266)	326,807
Cash and Equivalents, beginning of year	564,201	237,393
Cash and Equivalents, end of year	$ 514,935	$ 564,201
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest expense	$ -	$ 312

See notes to financial statements

Aurora, Inc.
Notes to Financial Statements
December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission

The Aurora, Inc. exists to bring an end to homelessness to the Evansville, Indiana community. To this end, the Organization pledges to provide services that prevent homelessness, educate the community on the issues, facilitates collaboration, and advocate for the social and economic changes necessary to make homelessness a reality.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the U.S. generally accepted accounting principles promulgated by the FASB *Accounting Standards Codification*. Under those principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income Taxes

The Organization is a not-for-profit corporation exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code; although it is liable for both federal and state income taxes on certain activities. The Organization's federal Exempt From Income Tax Returns (Form 990) are subject to examination by the IRS, generally for three years after they were filed.

Contributions

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Restrictions on temporarily restricted net assets are considered to expire when payments are made for goods or services relating to the restricted purpose. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment
Property and equipment are valued at cost less accumulated depreciation. Expenditures in excess of $500 for fixed assets are capitalized and the replaced items are retired. Maintenance and repairs are charged to operations as incurred. Provisions for depreciation of property and equipment have been computed on the straight-line method based on their estimated useful lives, which range from 5 to 7 years. Upon disposition, the cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

Prior Year Summarized Information
The financial statements include certain prior-year summarized comparative information in the total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Promises to Give
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are recorded as estimated net realizable value as they are expected to be collected within the next year.

Investments
Investments in equity securities with readily determinable fair values are reported at their fair value based on quoted market prices in the statement of financial position. Realized and unrealized gains and losses are included in the investment return, along with interest and dividends, in the statement of activities.

Grants Receivable
Receivables consist primarily of reimbursement requests outstanding at year-end related to various grant agreements. The Organization does not maintain an allowance for estimated uncollectible accounts. When an account is determined uncollectible it is deducted from the accounts receivable and charged to an uncollectible account.

In-Kind Contributions
The Organization frequently receives in-kind donations for their various programs. The donations are recorded at fair value. During the year ended December 31, 2011, the value of those contributions was $63,408.

<u>Fair Value Measurement</u>
FASB ASC 820, *Fair Value Measurements*, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value. FASB ASC 820 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various other accounting pronouncements.

Assets and liabilities measured at fair value are recorded in accordance with FASB ASC 820, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

<u>Level 1 Inputs</u>- Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

<u>Level 2 Inputs</u>- Inputs other than quoted prices in active markets that are observable either directly or indirectly.

<u>Level 3 Inputs</u>- Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Checking/Petty Cash	$ 43,298	$ 30,514
Money Market	386,080	349,850
Checking- HPRP Program	85,557	183,837
	$ 514,935	$ 564,201

Per requirements from the HPRP Grant, the Organization has established separate bank accounts for funds received from Indiana Housing Community Development Authority (IHCDA) and the City of Evansville.

Aurora, Inc.
Notes to Financial Statements
December 31, 2011 and 2010

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents. Credit risk with respect to cash and cash equivalents is minimized by using high-credit quality financial institutions.

The Organization received 73% of its support from governmental funding sources in 2011 and 75% in 2010. The majority of the Organization's public support is contributed by business organizations located in Southwestern Indiana.

NOTE 4 - FUNCTIONAL ALLOCATION OF EXPENSE

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 5 – DONATED MATERIALS AND SERVICES

Donated materials and services are recorded as contributions at their estimated fair values at the date of donation; no amounts have been reflected for fundraising or unskilled contributed services, since no objective basis is available to measure the value of such services. Nevertheless, a number of volunteers have given significant amounts of their time to the Organization's fund raising campaigns and various programs.

NOTE 6- LINE OF CREDIT

The Organization has a $100,000 revolving line of credit, of which $0 was used at December 31, 2011. Interest is payable monthly and carries a variable interest rate equal to the bank's prime rate. The credit line is secured by real estate.

NOTE 7– GRANTS RECEIVABLE

Grants Receivable at December 31, 2011 and 2010, consist of Government grants that are due within one year.

NOTE 8- INVESTMENTS

Investments of the Organization are stated at fair value summarized as follows at December 31, 2011 and 2010:

	2011	2010
Certificate of Deposit	$ 7,881	$ 7,810
Securities	0	248,806
Total Investments	$ 7,881	$ 256,494

NOTE 9- RESTRICTED NET ASSETS

Restricted net assets at December 31, 2011 and 2010 are comprised of the following:

	2011	2010
Temporarily Restricted		
Destination Home Funds	$ 259,863	$ 272,750
Permanently Restricted		
Endowment Fund	7,881	7,810
	$ 267,744	$ 280,560

As the endowment fund was created in 2008 to support the operations of the Organization, management is currently developing its spending and investment policies.

NOTE 10 – OPERATING LEASES

At December 31, 2011, the Organization was obligated under an operating lease for additional office space related to the HPRP program. The lease expired on September 30, 2010 but was automatically renewed on a month-to-month lease at 3% annual increases until terminated by either party.

Lease expense was $1,626 and $3,295 for the years ended December 31, 2011 and 2010, respectively.

Future minimum lease payments are as follows:

December 31, 2011	Amount
Under month-to-month lease	$1,675

NOTE 11- PRIOR PERIOD ADJUSTMENT

Certain errors resulting in an understatement of previous reported grants receivable were discovered during the prior year. Accordingly, an adjustment of $39,036 was made to increase grants receivable at the beginning of the year. A corresponding entry was made to increase previously reported net assets.

NOTE 12- AGENCY TRANSACTIONS

During the year, the Organization was the recipient of real estate assessed at $45,000 from a donor in which the property was subsequently transferred to the Housing Authority of the City of Evansville on August 15, 2011.

NOTE 13- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions through June 11, 2012, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.

SUPPLEMENTARY INFORMATION

AURORA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Supportive Housing Program- 2009	14.235	IN0016B5H020802	$ 81,112
Supportive Housing Program- 2010	14.235	IN0016B5H021104	113,012
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
Indiana Housing & Community Development Authority			
"ARRA"- HPRP	14.257	HPRP-09-01	684,433
Shelter Plus Care	14.238	IN-36C702002	89,180
Home Investment Partnerships Program	14.239	TB-011-002	2,905
City of Evansville			
Department of Metropolitan Development "ARRA"- HPRP	14.257	09-070196	418,433
Department of Metropolitan Development- CDBG	14.218	064-168-439050001	10,000
Department of Metropolitan Development- ESG	14.231	074-168-4390500	18,000
U.S. Department of Health and Human Services			
Pass-through programs from:			
Indiana Housing & Community Development Authority			
CSBG- Point-in-Time Count	93.569	CS-10-013CSBG	541
			$ 1,417,617

NOTE A- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Aurora, Inc. under programs of the federal government for the year ended December 31, 2011. 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*. Because the Schedule presents only a selected portion of the operations of Aurora, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Aurora, Inc.

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Timothy J. Otte CPA, PC

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*

Board of Directors
Aurora, Inc.
P.O. Box 74
Evansville, Indiana 47701

We have audited the financial statements of Aurora, Inc. (a nonprofit organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Aurora, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Aurora, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* 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 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 that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aurora, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information of the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Timothy J. Otte, C.P.A., P.C.
Timothy J Otte CPA PC
Newburgh, Indiana
June 11, 2012

Timothy J. Otte CPA, PC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Aurora, Inc.
P.O. Box 74
Evansville, Indiana 47701

Compliance

We have audited Aurora, Inc's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. Aurora, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of Aurora, Inc.'s management. Our responsibility is to express an opinion on Aurora, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Stated, 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 noncompliance 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 Aurora, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Aurora, Inc.'s compliance with those requirements.

In our opinion, Aurora, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

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Internal Control over Compliance

Management of Aurora, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Aurora, Inc.'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 of the purpose of expressing our opinion on compliance 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 Aurora Inc's internal control over compliance.

A *deficiency in 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 *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and pass-through entities and should not be used by anyone other than these specified parties.

Timothy J. Otte, C.P.A., P.C.

Timothy J Otte CPA PC

Newburgh, Indiana
June 11, 2012

AURORA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Aurora, Inc.

2. No significant deficiencies in internal control were identified by the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of Aurora Inc. were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs were identified during the audit.

5. The auditor's report on compliance for the major federal award programs for Aurora Inc. expresses an unqualified opinion on all major federal programs.

6. No audit findings were identified relating to major federal award programs for Aurora, Inc.

7. The program tested as a major program included:

   "ARRA"HPRP- CFDA # 14.257

8. The threshold for distinguishing Types A and B programs was $300,000.

9. Aurora, Inc. was determined to be a high risk auditee.

B. FINDINGS- FINANCIAL STATEMENT AUDIT

No matters were reported.

C. FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAMS AUDIT

No matters were reported.

AURORA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011

No prior audit findings.