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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2012 to December 31, 2012. 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, 2012, 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, 2012 and 2011

Phone: 812.490.8600 • Fax: 812.490.8601
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.

Report on the Financial Statements

We have audited the accompanying statement of financial position of Aurora, Inc. (a nonprofit organization) as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 misstatements, 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 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 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 involves performing procedures to obtain 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 the entity's 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 the entity's 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Aurora, Inc.'s Organization's 2011 financial statements and, in our report dated August 2, 2012, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

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*, is presented for additional analysis 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing standards,* we have also issued our report dated July 19, 2013, 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 and 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 Aurora, Inc.'s internal control over financial reporting and compliance.

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

Timothy J Otte CPA PC

Newburgh, Indiana
July 19, 2013

AURORA, INC.
Statement of Financial Position
December 31, 2012
(With Comparative Totals for 2011)

ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012	2011
Current Assets					
Cash and cash equivalents	$ 72,973	$ 260,761	$ -	**333,734**	$ 514,935
Grants Receivable	124,502	-	-	**124,502**	106,357
Accounts Receivable	3,084	-	-	**3,084**	6,717
Investments	-	-	7,908	**7,908**	7,881
Total current assets	200,559	260,761	7,908	**469,229**	635,890
Property and Equipment					
Building and Land	214,110	-	-	**214,110**	214,110
Office Equipment	31,746	-	-	**31,746**	25,348
Vehicles	30,089	-	-	**30,089**	30,089
Less accumulated depreciation	(117,328)	-	-	**(117,328)**	(112,481)
Total property and equipment	158,618	-	-	**158,618**	157,066
Total Assets	$ 359,177	$ 260,761	$ 7,908	**$ 627,847**	$ 792,956

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012	2011
Current Liabilities					
Accrued Expenses	$ 10,850	$ -	$ -	**$ 10,850**	$ 1,626
Total Current Liabilities	10,850	-	-	**10,850**	1,626
Net Assets					
Unrestricted	348,327	-	-	**348,327**	523,587
Temporarily Restricted	-	260,761	-	**260,761**	259,863
Permanently Restricted	-	-	7,908	**7,908**	7,881
Total Net Assets	348,327	260,761	7,908	**616,997**	791,330
Total Liabilities and Net Assets	$ 359,177	$ 260,761	$ 7,908	**$ 627,847**	$ 792,956

See notes to financial statements

AURORA, INC.
Statement of Activities
For the Year Ended December 31, 2012
(With Comparative Totals for 2011)

SUPPORT & REVENUE

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012	2011
Federal Financial Assistance Grants	$ 838,942	$ -	$ -	**838,942**	$ 1,349,112
Non-Federal Financial Assistance Grants	115,305	-	-	**115,305**	155,952
Committed/Designated Funds	18,280	-	-	**18,280**	-
Contracted Positions	45,210	-	-	**45,210**	60,835
Contributions	288,712	-	-	**288,712**	171,700
Special Events	57,740	-	-	**57,740**	26,863
Rent	773	-	-	**773**	10,822
Destination Home Funds	840	1,720	-	**2,560**	20,830
Reimbursements	77,122	-	-	**77,122**	106,333
Investment Income	780	1,308	28	**2,115**	1,053
Gain or (Loss) on Assets Sold	(69)	-	-	**(69)**	-
Miscellaneous	-	-	-	-	5,654
Net Assets Released from Restrictions	2,130	(2,130)	-	-	-
Total Support and Revenue	1,445,765	898	28	**1,446,691**	1,909,155
EXPENSES					
Program Services	1,499,551	-	-	**1,499,551**	1,890,037
Supporting Services:					
Management & General	98,463	-	-	**98,463**	61,117
Fundraising	23,010	-	-	**23,010**	14,917
Total Expenses	1,621,025	-	-	**1,621,025**	1,966,071
Change in Net Assets	(175,259)	898	28	**(174,334)**	(56,916)
Net Assets as of Beginning of Year	523,587	259,863	7,881	791,330	848,247
Net Assets as of End of Year	$ 348,327	$ 260,761	$ 7,908	**$ 616,997**	$ 791,330

See notes to financial statements

AURORA, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2012
(With Comparative Totals for 2011)

	Program Services	Supporting Services Management & General	Supporting Services Fund-Raising	Total 2012	Total 2011
Case Management	$ 100,345	$ -	$ -	**$ 100,345**	$ 231,217
Client Expenses	4,305	-	-	**4,305**	5,019
Committed/Designation Funds	52,818	-	-	**52,818**	-
Depreciation	-	13,939	-	**13,939**	12,699
Destination Home	80,112	-	-	**80,112**	22,010
Fees & Charges	-	1,705	-	**1,705**	441
HPRP Repayment of Advance	98,174	-	-	**98,174**	49,087
Housing Search & Placement	30,262	-	-	**30,262**	76,591
Grantwriting	2,065	-	-	**2,065**	-
In-Kind Donations	111,615	-	-	**111,615**	63,408
Inspections	5,750	-	-	**5,750**	18,550
Insurance	9,783	-	-	**9,783**	6,143
Interest	-	78	-	**78**	-
Medium-Term Rental Assistance	184,186	-	-	**184,186**	519,665
Membership Fees	-	970	-	**970**	663
Miscellaneous	-	1,760	-	**1,760**	1,143
Office Expenses	-	8,511	-	**8,511**	13,121
Professional Fees	-	7,000	-	**7,000**	7,000
Program Expenses	2,925	-	-	**2,925**	17,057
Property Taxes	-	956	-	**956**	936
Public Relations	-	1,644	-	**1,644**	903
Rent	762	-	-	**762**	1,626
Repairs & Maintenance	8,158	-	-	**8,158**	9,650
Security/Utility Deposits	19,753	-	-	**19,753**	69,926
Shelter Plus Care	86,047	-	-	**86,047**	70,980
Special Events	-	-	23,010	**23,010**	15,283
Stabilization Financial Assistance	23,400	-	-	**23,400**	-
Staffing Costs	44,270	-	-	**44,270**	48,315
Supervision	11,460	-	-	**11,460**	-
Telephone	9,068	-	-	**9,068**	7,933
Travel/Training	18,057	-	-	**18,057**	15,294
Utilities	24,506	5,581	-	**30,087**	125,280
Wages, Taxes, and Fringe Benefits	571,732	56,320	-	**628,052**	556,130
	$ 1,499,551	$ 98,463	$ 23,010	**$ 1,621,025**	$ 1,966,071

See notes to financial statements

AURORA, INC.
Statement of Cash Flows
For the Year Ended December 31, 2012
(With Comparative Totals for 2011)

	2012	2011
Cash Flows from Operating Activities		
Changes in Net Assets	**$ (174,334)**	$ (56,916)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	**13,939**	12,699
Realized (Gain) Loss on Sale of Assets	**69**	-
(Increase) Decrease in Receivables	**(14,512)**	(6,603)
(Increase) Decrease in Other Current Assets	**-**	-
Increase (Decrease) in Liabilities	**9,224**	1,626
Total Adjustments	**8,720**	7,721
Net Cash Provided (Used) by Operating Activities	**(165,614)**	(49,195)
Cash Flows From Investing Activities:		
Investments	**(28)**	(71)
Proceeds From Sale	**-**	-
Capital Expenditures	**(15,560)**	-
Net Cash Provided (Used) by Investing Activities	**(15,588)**	(71)
Cash Flows From Financing Activities:		
Net borrowings on line of credit	**-**	-
	-	-
Net Increase (Decrease) in Cash and Equivalents	**(181,202)**	(49,266)
Cash and Equivalents, beginning of year	**514,935**	564,201
Cash and Equivalents, end of year	**$ 333,734**	$ 514,935

Supplemental disclosures of cash flow information:
Cash paid during the year for:

Interest expense	**$ 78**	$ -

See notes to financial statements

Aurora, Inc.
Notes to Financial Statements
December 31, 2012 and 2011

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.

Aurora, Inc.
Notes to Financial Statements
December 31, 2012 and 2011

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, 2011, 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 years ended December 31, 2012 and 2011, the value of those contributions were $111,615 and $63,408, respectively.

Reclassifications
Certain amounts in the 2011 financial statements have been reclassified to conform to 2012 financial statement presentation.

Fair Value Measurement

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:

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

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

Level 3 Inputs- 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, 2012 and 2011 consisted of the following:

	2012	2011
Checking/Petty Cash	$ 29,234	$ 43,298
Money Market	304,500	386,080
Checking- HPRP Program	0	85,557
	$ 333,734	$ 514,935

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.

NOTE 3- AGENCY TRANSACTIONS

During the prior 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 4 - 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 66% of its support from governmental funding sources in 2012 and 73% in 2011. The majority of the Organization's public support is contributed by business organizations located in Southwestern Indiana.

NOTE 5 - 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 6 – 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 7- LINE OF CREDIT

The Organization has a $100,000 revolving line of credit, of which $0 was used at December 31, 2012. 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 8– GRANTS RECEIVABLE

Grants Receivable at December 31, 2012 and 2011, consist of Government grants that are due within one year.

NOTE 9- INVESTMENTS

Investments of the Organization are stated at fair value summarized as follows at December 31, 2012 and 2011:

	2012	2011
Certificate of Deposit	$ 7,908	$ 7,881

NOTE 10- RESTRICTED NET ASSETS

Restricted net assets at December 31, 2012 and 2011 are comprised of the following:

	2012	2011
Temporarily Restricted		
Destination Home Funds	$ 24,366	$ 24,776
Vision 1505	236,395	235,087
Permanently Restricted		
Endowment Fund	7,908	7,881
	$ 268,669	$ 267,744

As the endowment fund was created in 2008 to support the operations of the Organization, management is currently developing its spending and investment policies. The only increases for the years ending December 31, 2012 and 2011 are from investment income of $28 and $70, respectively.

NOTE 11 – 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. The HPRP program ended as of June 30, 2012 and no additional office space was necessary.

Lease expense was $762 and $1,626 for the years ended December 31, 2012 and 2011, respectively.

NOTE 12- COMMITMENTS

As of January 1, 2013, the Organization entered into a partnership agreement as a limited partner owning 0.001% interest. Per the agreement, the Organization is to provide case management services and receive an allocation of the profits and losses, depreciation deductions, tax credits and cash flow payments based on their ownership interest.

NOTE 13- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions through July 19, 2013, 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, 2012

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- 2010	14.235	IN0016B5H021104	$ 78,823
Supportive Housing Program- 2011	14.235	IN0016B5H021104	112,198
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
Indiana Housing & Community Development Authority			
"ARRA"- HPRP	14.257	HPRP-09-01	173,377
Shelter Plus Care	14.238	IN-36C702002	103,923
Emergency Solutions Grant	14.231	ESRR-011-01	53,559
Home Investment Partnerships Program	14.239	TB-011-002	82,762
City of Evansville			
Department of Metropolitan Development "ARRA"- HPRP	14.257	2797291-439050	155,928
Department of Metropolitan Development- ESG-2011	14.231	2797291-439056	53,445
Department of Metropolitan Development- CDBG	14.218	2317234-439050	8,700
Department of Metropolitan Development- ESG-2012	14.231	2797278-439050	15,660
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	569
			$ 838,942

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, 2012. 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.

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aurora, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 19, 2013.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Aurora, Inc.'s internal control over financial reporting (internal control) to determine the auditing procedures that are 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 the Aurora, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged for governance.

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 material deficiencies or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Phone: 812.490.8600 • Fax: 812.490.8601
P.O. Box 308 Newburgh IN. 47629
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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.*

Purpose of this Report

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

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

Timothy J Otte CPA PC

Newburgh, Indiana
July 19, 2013

Timothy J. Otte CPA, PC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited of Aurora, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Aurora, Inc.'s major federal programs for the year ended December 31, 2012. Aurora, Inc.'s major federal program is identified in the summary of auditor's results section 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 grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Aurora, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major program. However, our audit does not provide a legal determination of Aurora, Inc.'s compliance

Phone: 812.490.8600 • Fax: 812.490.8601
P.O. Box 308 Newburgh IN. 47629
Member of American Institute of Certified Public Accountants and Indiana CPA Society

Opinion on Each Major Program

In our opinion, Aurora, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Aurora, Inc. 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 Aurora, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 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. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a of compliance requirement of a federal program that is less severe than a material weakness internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that 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.

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

Timothy J Otte CPA PC

Newburgh, Indiana
July 19, 2013

AURORA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

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 in the audit of the financial statements. No material weaknesses are reported.

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. No material weaknesses are reported.

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 programs tested as a major program included:

   "ARRA"HPRP- CFDA # 14.257
   Shelter Plus Grant # 14.238

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, 2012

No prior audit findings.