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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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February 1, 2010

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

We have reviewed the audit report prepared by Timothy J. Otte, CPA, PC, Independent Public Accountant, for the period January 1, 2007 to December 31, 2007. 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 the Aurora, Inc., as of December 31, 2007, 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.

STATE BOARD OF ACCOUNTS

Timothy J. Otte CPA, PC

AURORA, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2007

4266 Bell Road, Suite 11 • P.O. Box 308 • Newburgh IN. 47629
Phone: 812.490.8600 • Fax: 812.490.8601

Member of American Institute of Certified Public Accountants

AURORA, INC.

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Timothy J. Otte CPA, PC

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Aurora, Inc.

We have audited the accompanying statement of financial position of the Aurora, Inc. the (a nonprofit organization) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Organization's management. Our responsibility is to express an opinion on the financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2006 financial statements, and, in our report dated April 23, 2007, 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. Those standards require that we plan to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2007, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted ion the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Aurora, Inc., taken as a whole. The accompanying schedule of expenditures of federal, state, and local awards is presented for purposes of additional analysis as required by the Indiana State Board of Accounts, and is not a required part of the financial statements of Aurora, Inc. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Timothy J. Otte CPA PC
Newburgh, IN
May 6, 2008

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AURORA, INC.
Statement of Financial Position
December 31, 2007
(With Comparative Totals for 2006)

ASSETS

	Unrestricted	Temporarily Restricted	2007	2006
Current Assets				
Cash and cash equivalents	$ 65,713	$ 47,805	$ 113,518	$ 138,285
Grants Receivable	22,199	-	22,199	20,557
Unconditional Promise to Give	-	-	-	3,250
Certificate of Deposit	7,145	-	7,145	5,069
Total current assets	95,057	47,805	142,862	167,161
Property and Equipment				
Building and Land	207,930	-	207,930	198,570
Office Equipment	19,457	-	19,457	18,134
Vehicles	30,089	-	30,089	19,705
Less accumulated depreciation	(72,534)	-	(72,534)	(66,695)
Total property and equipment	184,942	-	184,942	169,714
Total Assets	$ 279,999	$ 47,805	$ 327,804	$ 336,875

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	2007	2006
Current Liabilities				
Accounts Payable	$ -	$ -	$ -	$ 2,538
Line of Credit	21,638	-	21,638	24,408
Total Current Liabilities	21,638	-	21,638	26,946
Net Assets				
Unrestricted	258,361	-	258,361	309,179
Temporarily Restricted	-	47,805	47,805	750
Total Net Assets	258,361	47,805	306,166	309,929
Total Liabilities and Net Assets	$ 279,999	$ 47,805	$ 327,804	$ 336,875

See notes to financial statements

AURORA, INC.
Statement of Activities
For the Year Ended December 31, 2007
(With Comparative Totals for 2006)

SUPPORT & REVENUE

	Unrestricted	Temporarily Restricted	2007	2006
Federal Financial Assistance Grants	$ 212,664	$ -	$ 212,664	$ 220,474
Non-Federal Financial Assistance Grants	107,372	-	107,372	151,662
Contributions	44,063	-	44,063	30,122
Special Events	32,882	-	32,882	11,839
Rent	6,186	-	6,186	5,116
Destination Home Funds	32,150	32,640	64,790	55,575
Investment Income	4,245	-	4,245	1,937
Miscellaneous	2,496	-	2,496	1,317
Net Assets Released from Restrictions	18,136	(18,136)	-	-
Total Support and Revenue	460,193	14,504	474,697	478,042
EXPENSES				
Program Services	424,097	-	424,097	301,969
Supporting Services:				
Management & General	45,306	-	45,306	61,021
Fundraising	9,058	-	9,058	1,133
Total Expenses	478,460	-	478,460	364,123
Change in Net Assets	(18,267)	14,504	(3,763)	113,919
Prior Period Adjustment	(32,551)	32,551	-	-
Net Assets as of Beginning of Year	309,179	750	309,929	196,009
Net Assets as of End of Year	$ 258,361	$ 47,805	$ 306,166	$ 309,929

See notes to financial statements

AURORA, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2007
(With Comparative Totals for 2006)

		Supporting Services			
	Program Services	Management & General	Fund-Raising	Total 2007	Total 2006
Depreciation	$ -	$ 9,478	$ -	$ 9,478	$ 8,440
Insurance	1,761	215	-	1,976	5,707
Interest	-	2,113	-	2,113	3,909
Membership Fees	-	1,138	-	1,138	1,141
Miscellaneous	1,297	1,776	-	3,073	2,602
Office Expenses	4,795	3,314	-	8,109	5,999
Program Expenses	58,029	-	-	58,029	8,122
Professional Fees	-	3,000	-	3,000	3,768
Property Taxes	-	737	-	737	1,440
Public Relations	-	624	-	624	562
Repairs & Maintenance	2,239	1,197	-	3,436	4,327
Special Events	-	-	9,058	9,058	1,128
Telephone	5,728	1,154	-	6,881	7,135
Travel & Training	2,445	1,898	-	4,344	6,041
Transportation	10,029	-	-	10,029	10,910
Utilities	2,863	2,439	-	5,302	5,388
Wages, Taxes, and Fringe Benefits	334,911	16,222	-	351,133	287,505
	$ 424,097	$ 45,306	$ 9,058	$ 478,460	$ 364,123

See notes to financial statements

AURORA, INC.
Statement of Cash Flows
For the Year Ended December 31, 2007
(With Comparative Totals for 2006)

	Unrestricted	Temporarily Restricted	2007	2006
Cash Flows from Operating Activities				
Changes in Net Assets	$ (18,267)	$ 14,504	$ (3,763)	$ 113,919
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation	9,478	-	9,478	8,440
Prior Period Adjustment	(32,551)	32,551	-	-
Realized (Gain) Loss on Sale of Assets	(1,718)	-	(1,718)	-
Donated Assets	(14,299)	-	(14,299)	
(Increase) Decrease in Receivables	(2,392)	750	(1,642)	16,013
(Increase) Decrease in Other Current Assets	1,174	-	1,174	(3,250)
Increase (Decrease) in Liabilities	(2,538)	-	(2,538)	2,539
Total Adjustments	(42,846)	33,301	(9,545)	23,742
Net Cash Provided (Used) by Operating Activities	(61,113)	47,805	(13,308)	137,661
Cash Flows From Investing Activities:				
Proceeds From Sale of Assets	1,994	-	1,994	-
Capital Expenditures	(10,684)	-	(10,684)	(10,199)
Net Cash Provided (Used) by Investing Activities	(8,689)	-	(8,689)	(10,199)
Cash Flows From Financing Activities:				
Net borrowings on line of credit	(2,770)	-	(2,770)	(29,885)
	(2,770)	-	(2,770)	(29,885)
Net Increase (Decrease) in Cash and Equivalents	(72,572)	47,805	(24,767)	97,577
Cash and Equivalents, beginning of year	138,285	-	138,285	40,708
Cash and Equivalents, end of year	$ 65,713	$ 47,805	$ 113,518	$ 138,285
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest expense	$ 2,113	$ -	$ 2,113	$ 3,909
Donated Assets	$ 14,299	$ -	$ 14,299	$ -

See notes to financial statements

Aurora, Inc.
Notes to Financial Statements
December 31, 2007 and 2006

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 recommendations of the Financial Accounting Standards Board in its Statement of Financial Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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. In addition, the Organization is required to present a statement of cash flows.

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.

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 the cash basis of accounting 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, 2006, from which the summarized information was derived.

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

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.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2007 and 2006 consisted of the following:

	2007	2006
Checking/Petty Cash	$ 113,518	$ 138,285

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at a single financial institution located in Evansville, Indiana. These accounts at this financial institution are insured by the Federal Deposit Insurance Corporation up to $100,000. Uninsured cash balances at December 31, 2007 totaled $13,304 and $38,221 for the years ended December 31, 2007 and 2006, respectively.

The Organization received 40% of its support from one governmental funding source in 2007 and 46% in 2006. The majority of the Organization's public support is contributed by business organizations located in Southwestern Indiana.

Aurora, Inc.
Notes to Financial Statements
December 31, 2007 and 2006

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 - RETIREMENT PLAN

The Organization has established a 403(b) plan of which eligible employees can elect a salary reduction. Participation in the plan is voluntary and there are no employer contributions to the plan.

NOTE 7- LINE OF CREDIT

The Organization has a $100,000 revolving line of credit, of which $78,362 was unused at December 31, 2007. 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, 2007 and 2006, consist of Government grants that are due within one year.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2007, which represented funds received but not yet expended, consist of the following:

Destination Home Funds	$ 40,660
Endowment Fund	7,145
	$ 47,805

NOTE 10 – PRIOR PERIOD ADJUSTMENT

Temporarily restricted net assets were restated to reflect reclassifications of cash and cash equivalents and investments. There was no adjustment to net assets as a whole.

SUPPLEMENTARY INFORMATION

AURORA, INC.
SCHEDULE OF FEDERAL, STATE, AND LOCAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Contract Number	Total Award	CFDA No.	Pre 2007 Receipts	2007 Receipts	Expenditures
City of Evansville						
Department of Metropolitan Development- CDBG-2007	074-168-4390500	25,047	14.218	-	25,047	25,047
Department of Metropolitan Development- SHP 2006	070-196	188,181	14.235	110,139	76,333	76,333
Department of Metropolitan Development- SHP 2007	070-196	188,181	14.235	-	111,284	111,284
City of Evansville Endowment Fund	20080418	3,330	N/A	-	3,330	3,330
City of Evansville, Indiana 2007	N/A	10,000	N/A	-	10,000	10,000
Other						
Mission & Ministry, Inc. Stipend	N/A	50,864	N/A	32,912	17,952	17,952
Mission & Ministry, Inc. Stipend	N/A	34,680	N/A	-	17,340	17,340
Mission & Ministry, Inc. Housing	N/A	65,000	N/A	32,500	32,500	38,250
Mission & Ministry, Inc. Destination Home	N/A	86,250	N/A	86,250	-	40,000
Mission & Ministry, Inc. Destination Home	N/A	35,000	N/A	-	26,250	26,250
					$ 320,036	$ 365,786

Basis of Presentation: This schedule of Federal, State, and Local Awards is presented on the accrual basis of accounting.