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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](http://www.in.gov/sboa)

August 21, 2019

Board of Directors  
Aurora, Inc.  
1001 Mary Street  
Evansville, IN 47710

We have reviewed the audit report of by Aurora, Inc. which was opined upon by Kemper CPA Group, LLP, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Aurora, Inc. as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Kemper CPA Group, LLP prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**AURORA, INC.**  
**EVANSVILLE, INDIANA**  
**FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

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# AURORA INCORPORATED

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Aurora, Inc.  
1001 Mary Street  
Evansville, Indiana 47710

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Aurora, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statement 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 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 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 from material misstatement.

Board of Directors  
Aurora, Inc.

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 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.

## **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, 2017, 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.

## ***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, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of 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 additional 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.

Board of Directors  
Aurora, Inc.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2018, on our consideration of Aurora, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

### **Adjustments to Prior Period Financial Statements**

The financial statements of Aurora, Inc. as of December 31, 2016, were audited by other auditors whose report dated September 6, 2017, expressed an unmodified opinion on those financial statements. As discussed in Note 10 to the financial statements, Aurora, Inc. has adjusted its 2016 financial statements to reflect a decrease in permanently restricted net assets of \$8,015 and an increase in unrestricted net assets of the same amount. The other auditors reported on the financial statements before the restatement.

As part of our audit of the 2017 financial statements, we also audited adjustments described in Note 7 that were applied to restate the 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements of Aurora, Inc. other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements as a whole.



September 17, 2018  
Evansville, Indiana

Certified Public Accountants and Consultants

**AURORA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2017 and 2016**

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Current Assets		
Cash and cash equivalents	\$ 266,454	\$ 410,662
Grants receivable	377,510	172,501
Accounts receivable - miscellaneous	0	4,200
Promises to give	0	5,000
Prepaid expenses	0	5,100
Total Current Assets	<u>643,964</u>	<u>597,463</u>
Property and equipment	348,102	310,764
Office equipment	12,181	17,521
Vehicles	56,228	77,548
Storage building - Mary Street	56,044	0
	<u>472,555</u>	<u>405,833</u>
Less accumulated depreciation	<u>(52,641)</u>	<u>(59,662)</u>
Net Property and Equipment	419,914	346,171
Agency Endowment Fund	9,205	8,332
	<u>\$ 1,073,083</u>	<u>\$ 951,966</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 29,387	\$ 22,773
Total Current Liabilities	<u>29,387</u>	<u>22,773</u>
Net Assets		
Unrestricted	884,900	742,657
Temporarily restricted	158,796	186,536
	<u>1,043,696</u>	<u>929,193</u>
	<u>\$ 1,073,083</u>	<u>\$ 951,966</u>

See accompanying notes.

**AURORA, INC.**

**STATEMENTS OF ACTIVITIES**

**For the Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017</u>
Revenues, Gains, Other			
Support and Reclassification			
Government grants	\$ 1,208,904	\$ 0	\$ 1,208,904
Non-federal financial assistance grants	43,777	0	43,777
Contributions	377,839	3,951	381,790
In-kind donation	76,091	0	76,091
Contributions - United Way	89,430	0	89,430
Contracted positions	2,176	0	2,176
Committed funds	6,497	0	6,497
Workshop registration fees	4,535	0	4,535
Special events	77,460	0	77,460
Miscellaneous income	13,781	0	13,781
Interest income	362	0	362
Change in value of agency fund	873	0	873
Gain/Loss on sale of assets	3	0	3
Reclassification of donor intent	(11,087)	11,087	0
	<u>1,890,641</u>	<u>15,038</u>	<u>1,905,679</u>
Total Revenues, Gains, Other Support and Reclassification			
Net Assets Released from Restrictions	<u>42,778</u>	<u>(42,778)</u>	<u>0</u>
Expenses			
Program services	1,594,719	0	1,594,719
Management and general	128,861	0	128,861
Fundraising	67,596	0	67,596
Total Program Expenses	<u>1,791,176</u>	<u>0</u>	<u>1,791,176</u>
INCREASE (DECREASE) IN NET ASSETS	142,243	(27,740)	114,503
Net Assets at Beginning of Year	742,657	186,536	929,193
NET ASSETS AT END OF YEAR	<u>\$ 884,900</u>	<u>\$ 158,796</u>	<u>\$ 1,043,696</u>

See accompanying notes.

**AURORA, INC.**

**STATEMENTS OF ACTIVITIES**

**For the Year Ended December 31, 2016**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Restated 2016</b>
Revenues, Gains, Other			
Support and Reclassification			
Government grants	\$ 1,136,229	\$ 0	\$1,136,229
Non-federal financial assistance grants	30,943	0	30,943
Contributions	573,988	0	573,988
In-kind donation	151,162	0	151,162
Contributions - United Way	72,746	0	72,746
Contracted positions	2,742	0	2,742
Committed funds	5,354	0	5,354
Workshop registration fees	150	4,266	4,416
Special events	66,857	0	66,857
Miscellaneous income	5,208	0	5,208
Interest income	456	0	456
Change in value of agency fund	317	0	317
Gain/Loss on sale of assets	36,254	0	36,254
Reclassification of donor intent	0	0	0
Total Revenues, Gains, Other			
Support and Reclassification	2,082,406	4,266	2,086,672
Net Assets Released from Restrictions	14,484	(14,484)	0
Expenses			
Program Services	1,504,982	0	1,504,982
Management and general	112,227	0	112,227
Fundraising	55,830	0	55,830
Total Program Expenses	1,673,039	0	1,673,039
INCREASE (DECREASE) IN NET ASSETS	423,851	(10,218)	413,633
Net Assets at Beginning of Year, Restated (See Note 7)	318,806	196,754	515,560
NET ASSETS AT END OF YEAR	\$ 742,657	\$ 186,536	\$ 929,193

See accompanying notes.

**AURORA, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2017**

	Program Services	Supporting Services		Total 2017
		Management and General	Fundraising	
Client expenses	\$ 10,743	\$ 0	\$ 0	\$ 10,743
Depreciation	14,720	2,943	1,962	19,625
Fees and charges	0	767	5,113	5,880
Workshop supplies	1,219	0	0	1,219
Workshop facilitators	2,176	0	0	2,176
Grant writing	0	0	16,600	16,600
In-kind donations	76,091	0	0	76,091
Inspections	2,332	0	0	2,332
Insurance	10,811	1,684	1,123	13,618
Interest	0	0	0	0
Membership fees	0	535	0	535
Miscellaneous	1,786	8,978	203	10,967
Office expenses	1,199	13,724	3,578	18,501
Professional fees	2,000	11,000	0	13,000
Public relations	0	561	0	561
Refugee replacement program payments	10,843	0	0	10,843
Rental assistance payments	495,929	0	0	495,929
Repairs and maintenance	59,745	0	0	59,745
Security/utility deposits	19,077	0	0	19,077
Special events - venue	0	0	5,714	5,714
Special events - prizes/promotion	0	0	4,283	4,283
Staffing costs	0	9,401	0	9,401
CHST project administration & inspection	58,744	0	0	58,744
Telephone	7,807	1,243	829	9,879
Travel/training	22,569	0	0	22,569
Utilities	25,147	12,569	3,078	40,794
Property taxes	7,762	1,552	1,034	10,348
Rent	5,100	0	0	5,100
Vision 1505 program management	257,354	0	0	257,354
Wages, taxes and fringe benefits	501,565	63,904	24,079	589,548
Why Try/financial empowerment	0	0	0	0
	<u>\$ 1,594,719</u>	<u>\$ 128,861</u>	<u>\$ 67,596</u>	<u>\$ 1,791,176</u>

See accompanying notes.

**AURORA, INCORPORATED**

**STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

**Year Ended December 31, 2016**

	Program Services	Supporting Services		Total 2016
		Management and General	Fundraising	
Client expenses	\$ 4,701	\$ 0	\$ 0	\$ 4,701
Depreciation	13,063	2,612	1,741	17,416
Fees and charges	0	2,628	4,043	6,671
Workshop supplies	3,286	0	0	3,286
Workshop facilitators	2,743	0	0	2,743
Grant writing	0	0	10,500	10,500
In-kind donations	121,162	0	0	121,162
Inspections	3,700	0	0	3,700
Insurance	9,290	1,553	1,035	11,878
Interest	0	1,292	0	1,292
Membership fees	0	559	0	559
Miscellaneous	1,933	6,201	650	8,784
Office expenses	267	7,498	1,784	9,549
Professional fees	1,200	10,521	0	11,721
Public relations	0	1,031	0	1,031
Refugee replacement program payments	12,965	0	0	12,965
Rental assistance payments	393,684	0	0	393,684
Repairs and maintenance	17,613	0	0	17,613
Security/utility deposits	31,396	0	0	31,396
Special events - venue	0	0	4,275	4,275
Special events - prizes/promotion	0	0	6,867	6,867
Staffing costs	10,065	0	0	10,065
CHST project administration & inspection	59,355	0	0	59,355
Telephone	7,437	1,080	720	9,237
Travel/training	18,041	0	0	18,041
Utilities	19,485	9,369	2,368	31,222
Vision 1505 program management	248,568	0	0	248,568
Wages, taxes and fringe benefits	519,430	67,883	21,847	609,160
Why Try/financial empowerment	5,598	0	0	5,598
	<u>\$ 1,504,982</u>	<u>\$ 112,227</u>	<u>\$ 55,830</u>	<u>\$ 1,673,039</u>

See accompanying notes.

**AURORA, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 114,503	\$ 413,633
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	(7,021)	17,416
Gain on disposal of assets	(3)	(35,198)
Donated fixed assets	0	(30,000)
(Increase)/decrease in:		
Accounts receivable	4,200	(43,470)
Grants receivable	(205,009)	0
Other current assets	5,100	(5,100)
Promises to give	5,000	0
Agency Endowment Fund	(873)	0
Increase/(decrease) in:		
Accounts payable	6,614	601
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(77,489)</b>	<b>317,882</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(66,719)	(317,163)
Purchases of Investments	0	(294)
Proceeds from sale of assets	0	153,603
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(66,719)</b>	<b>(163,854)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(144,208)</b>	<b>154,028</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>410,662</b>	<b>256,634</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 266,454</b>	<b>\$ 410,662</b>

See accompanying notes.

# AURORA, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

### **Note 1 – Summary of Significant Accounting Policies**

#### **Nature of Activities**

Aurora, Incorporated (Organization) was formed to prevent and end homelessness in Evansville, Indiana. The Organization operates programs with the primary purpose of which is to place the homeless into apartments and aid them with housing expenses.

#### **Basis of Accounting**

The Organization prepares the financial statements in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Presentation**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

*Unrestricted Net Assets* – Net assets are not subject to donor-imposed stipulations

*Temporarily Restricted Net Assets* – Net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

*Permanently Restricted Net Assets* – Net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets with no donor-imposed restrictions.

#### **Use of Estimates**

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

# AURORA, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

### **Note 1 – Summary of Significant Accounting Policies (Continued)**

#### **Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization files income tax returns in the U.S. federal jurisdiction and the state of Indiana.

#### **Cash**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains deposit accounts at local financial institutions. Deposits are insured up to \$250,000 by the FDIC. The amounts on deposit at December 31, 2017 and 2016 did not exceed federally insured limits.

#### **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. Restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions.

# AURORA, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

### Note 1 – Summary of Significant Accounting Policies (Continued)

#### Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

#### Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful life of each asset as follows:

	<u>Years</u>
Property and equipment	5 – 39
Vehicles	4 – 7

#### 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, 2017 and 2016, the values of those contributions were \$76,091 and \$151,162, respectively.

**AURORA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

**Note 1 – Summary of Significant Accounting Policies (Concluded)**

**Grants Receivable**

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2017 and 2016 there were no amounts that were believed to be uncollectible.

**Date of Management’s Review**

The Organization has evaluated subsequent events through September 17, 2018, the date which the financial statements were available to be issued.

**Note 2 – Fair Value Measurements**

Fair values of assets measured on a recurring basis at December 31, 2017 and 2016 are as follows:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2017</b>				
Agency Endowment Fund	\$ 9,205	\$ 0	\$ 9,205	\$ 0
<b>December 31, 2016</b>				
Agency Endowment Fund	\$ 8,332	\$ 0	\$ 8,332	\$ 0

*Agency Endowment Fund:*

Fair value is estimated at the present value of future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, funds are classified within level 2 of the hierarchy.

**AURORA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

**Note 3 – Concentration of Credit Risk**

The Organization received 63% of its support from governmental funding in 2017 and 56% in 2016. The majority of the Organization’s public support is contributed by business organizations 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 – Line of Credit**

The Organization has a \$100,000 revolving line of credit that has a maturity of October 1, 2018. 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. There was no outstanding balance on this line of credit as of December 31, 2017 and 2016.

**Note 6 – Board Restricted Agency Endowment Fund**

The Organization established an Endowment Fund with the Community Foundation Alliance, Inc. \$8,015 was initially contributed with an additional \$2,500 matched by the Vanderburgh Community Foundation. The Organization has granted the Foundation variance power, however, the Community Foundation will consult the Organization at such times as reasonably requested concerning the investment of the fund. The cumulative amount of assets included in the statement of financial position was \$9,205 and \$8,332 at December 31, 2017 and 2016, respectively.

Balance at January 1, 2017	\$	8,332
Net appreciation		873
Balance at December 31, 2017	<u>\$</u>	<u>9,205</u>

**AURORA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

**Note 7 – Prior Period Adjustment**

During the December 31, 2017 audit it was noted that the board restricted agency endowment fund had been classified as permanently restricted net assets. Because the fund was established and restricted by the board in previous years, an adjustment was made to reclassify these net assets from permanently restricted to unrestricted. This adjustment had the following effect on net assets.

	Permanently Restricted Net assets	Unrestricted Net Assets
December 31, 2016	\$ 8,015	\$ 310,770
Restatement	(8,015)	8,015
December 31, 2016, Restated	<u>\$ 0</u>	<u>\$ 318,785</u>

**Note 8 – Temporarily Restricted Net Assets**

The Organization has temporarily restricted net assets available for the following purposes at December 31, 2017 and 2016:

	2017	2016
Play spaces	\$ 0	\$ 518
Fiscal agent funds	25,060	13,658
Vanderburgh Homeless Connect	0	315
Promises to Give	0	5,000
Homeless youth coalition	0	1,164
Vision 1505	133,736	165,881
	<u>\$158,796</u>	<u>\$ 186,536</u>

The Organization released restrictions on net assets by satisfying the restrictions in the amount of \$42,778 and \$14,484 for the years ended December 31, 2017 and 2016, respectively.

**----- ADDITIONAL INFORMATION -----**

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.  
1001 Mary Street  
Evansville, Indiana 47710

We have audited, in accordance with the 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, the financial statements of Aurora, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Aurora, Incorporated's internal control over financial reporting (internal control) to determine the audit 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 Aurora, Incorporated's internal control. Accordingly, we do not express an opinion on the effectiveness of Aurora, Incorporated'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 with governance.

Board of Directors  
Aurora, Incorporated

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 that 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 Aurora, Incorporated's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are 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 the Organization's internal control or on compliance. This report is an integral part of an 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.

September 17, 2018  
Evansville, Indiana

*Kramer CPA Group, LLP*

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Aurora, Inc.  
1001 Mary Street  
Evansville, Indiana 47710

**Report on Compliance for Each Major Federal Program**

We have audited Aurora, Inc.'s compliance with the types of compliance requirements described in the *OMB 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, 2017. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Board of Directors  
Aurora, Inc.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Aurora, Inc.'s compliance.

### ***Opinion on Each Major Federal 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, 2017.

### **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 the Uniform Guidance, 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors  
Aurora, Incorporated

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Kemper CPA Group, LLP*

September 17, 2018  
Evansville, Indiana

Certified Public Accountants and Consultants

**AURORA, INCORPORATED**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended December 31, 2017**

**SECTION 1 – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None Noted
• Noncompliance material to financial statements noted?	No

**Federal Awards**

1) Internal control over major program:	
a) Material weaknesses identified?	None Noted
b) Significant deficiencies identified that are not considered to be material weaknesses?	None Noted
2) Type of auditor’s report issued on compliance for major programs:	Unmodified
3) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
4) Identification of major programs as required by contractual agreement with the Department of Metropolitan Development:	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.231	Emergency Solutions Grant Program
5) Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
6) Auditee qualified as a low-risk auditee?	Yes

**AURORA, INCORPORATED**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended December 31, 2017**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no compliance findings in the current year or prior year.

# AURORA, INCORPORATED

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**For the Year Ended December 31, 2017**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Supportive Housing Program - 2011 (2/1/2016-1/31/2017)	14.235	IN0151B5H021501	\$ 0	\$ 34,183
Supportive Housing Program - 2011 (2/1/2017-1/31/2018)	14.235	IN0151B5H021602	0	<u>330,627</u>
Total Supportive Housing Program				364,810
<b>U.S. Department of Housing and Urban Development</b>				
<b>Pass-through programs from:</b>				
<b>City of Evansville</b>				
Department of Metropolitan Development - CDBG (HOT-16)	14.218		0	16,000
Department of Metropolitan Development - CDBG (RE Admin)	14.218		0	<u>7,300</u>
Total Community Block Grants				23,300
<b>Indiana Housing and Community Development Authority</b>				
Emergency Solutions Grant, Street Outreach (7/1/2016-7/31/2017)	14.231	ESO-016-001	0	15,675
Emergency Solutions Grant, Street Outreach (7/1/2017-7/31/2018)	14.231	ESO-017-001	0	12,832
Emergency Solutions Grant Program - RRH (1/1/2016 - 11/30/2016)	14.231	ESRRHP-16-003	0	143,606
Emergency Solutions Grant Program - RRH (1/1/2017 - 6/30/2018)	14.231	ESRRHP-17-003	0	43,464
<b>City of Evansville</b>				
Department of Metropolitan Development-ESG (CEAT Admin-16)	14.231		0	15,000
Department of Metropolitan Development-ESG (CEAT Admin-17)	14.231		0	10,000
Department of Metropolitan Development-ESG (HOT)	14.231		0	8,770
Department of Metropolitan Development-ESG (HOT)	14.231		0	11,800
Department of Metropolitan Development-ESG (HOT)	14.231		0	1,256
Department of Metropolitan Development-RRH	14.231		0	145,307
Department of Metropolitan Development-Prevention (2015)	14.231		0	3,910
Department of Metropolitan Development-Prevention (2016)	14.231		0	5,282
Department of Metropolitan Development-Prevention (2017)	14.231		0	<u>3,395</u>
Total Emergency Solutions Grant Program				420,297
<b>City of Evansville</b>				
Department of Metropolitan Development-HOME (RE 1/1/14-12/31/15)	14.237		0	<u>35,034</u>
Total Home Investment Partnerships Program				35,034
<b>Indiana Housing and Community Development Authority</b>				
Home Investment Partnerships Program (8/1/2015 - 7/31/2017)	14.239		0	<u>116,581</u>
Total Home Investment Partnerships Program				116,581
<b>Indiana Housing and Community Development Authority</b>				
Continuum of Care Program	14.267	SC-016-0154	0	90,840
Continuum of Care Program	14.267	SC-015-0154	0	<u>16,822</u>
Total Continuum of Care Program				107,662
<b>Indiana Housing and Community Development Authority</b>				
CSBG	93.565	SC-013-0154-CSBG	0	<u>3,216</u>
Total Community Block Grants				3,216
<b>U.S. Department of Health and Human Services</b>				
<b>Pass-through programs from:</b>				
<b>Indiana Housing and Community Development Authority</b>				
Temporary Assistance for Needy Families	93.558	TANFRR-016-003	0	<u>97,432</u>
Total Temporary Assistance for Needy Families				97,432
<b>Indiana Family and Social Services Administration- DMHA</b>				
Projects for Assistance in Transition from Homelessness (PATH) (9/1/16 - 8/31/17)	93.150	2X06SM016015-15	0	21,622
Projects for Assistance in Transition from Homelessness (PATH) (9/1/17 - 8/31/18)	93.150	2X06SM016015-17	0	<u>13,672</u>
Total Projects for Assistance in Transition from Homelessness				35,294
<b>U.S. Department of Homeland Security</b>				
<b>Pass-through programs from:</b>				
Emergency Food and Shelter National Board Program	97.024	LR280000-020	0	<u>3,160</u>
Total Emergency Food and Shelter National Board Program				3,160
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 1,206,786</u></u>

# AURORA, INCORPORATED

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2017

### **Note 1 - Reporting Entity Basis of Presentation and Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Note 2 - Subrecipients**

None

### **Note 3 - Description of Major Federal Program**

Emergency Solutions Grant Program - This program provides federal monies for 1) the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, 2) the payment of certain expenses related to operating emergency shelters, 3) essential services related to emergency shelters and street outreach for the homeless, and 4) homelessness prevention and rapid re-housing assistance.

### **Note 4 - Non-Cash Assistance**

None

### **Note 5 - Amount of Insurance**

None

### **Note 6 - Loans or Loan Guarantees Outstanding**

None

### **Note 7 - Indirect Cost Rate**

The Organization has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.