Timothy J. Otte CPA, PC

AURORA, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2010 and 2009

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 Aurora, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Aurora, Inc. Organization's 2009 financial statements and, in our report dated July 12, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluation the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aurora, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing standards,* we have also issued our report dated September 11, 2011, on our consideration of Aurora, Inc's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Timothy J Otte CPA PC

Newburgh, Indiana
September 11, 2011

AURORA, INC.
Statement of Financial Position
December 31, 2010
(With Comparative Totals for 2009)

ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010	2009
Current Assets					
Cash and cash equivalents	$ 291,450	$ 272,750	$ -	**$ 564,201**	$ 237,393
Grants Receivable	101,211	-	-	**101,211**	22,710
Accounts Receivable	5,261	-	-	**5,261**	8,411
Investments	-	-	7,810	**7,810**	256,494
Total current assets	397,921	272,750	7,810	**678,482**	525,009
Property and Equipment					
Building and Land	214,110	-	-	**214,110**	207,930
Office Equipment	31,783	-	-	**31,783**	26,995
Vehicles	30,089	-	-	**30,089**	30,089
Less accumulated depreciation	(106,217)	-	-	**(106,217)**	(94,094)
Total property and equipment	169,765	-	-	**169,765**	170,921
Total Assets	$ 567,686	$ 272,750	$ 7,810	**$ 848,247**	$ 695,929

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010	2009
Current Liabilities					
Accrued Expenses	$ -	$ -	$ -	**$ -**	$ -
Line of Credit	-	-	-	**-**	15,000
Total Current Liabilities	-	-	-	**-**	15,000
Net Assets					
Unrestricted	567,686	-	-	**567,686**	383,349
Temporarily Restricted	-	272,750	-	**272,750**	289,893
Permanently Restricted	-	-	7,810	**7,810**	7,687
Total Net Assets	567,686	272,750	7,810	**848,247**	680,929
Total Liabilities and Net Assets	$ 567,686	$ 272,750	$ 7,810	**$ 848,247**	$ 695,929

See notes to financial statements

AURORA, INC.
Statement of Activities
For the Year Ended December 31, 2010
(With Comparative Totals for 2009)

SUPPORT & REVENUE

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010	2009
Federal Financial Assistance Grants	$ 1,302,540	$ -	$ -	**$ 1,302,540**	$ 693,338
Non-Federal Financial Assistance Grants	136,102	-	-	**136,102**	110,722
Contracted Positions	85,669	-	-	**85,669**	82,837
Contributions	99,386	-	-	**99,386**	299,901
Special Events	10,950	-	-	**10,950**	19,899
Rent	7,730	-	-	**7,730**	9,276
Destination Home Funds	41,171	6,098	-	**47,269**	66,428
Reimbursements- HPRP	68,499	-	-	**68,499**	9,454
Investment Income	308	-	123	**431**	276
Gain or (Loss) on Assets Sold	(14,197)	-	-	**(14,197)**	-
Miscellaneous	138	-	-	**138**	1,181
Net Assets Released from Restrictions	23,241	(23,241)	-	**-**	-
Total Support and Revenue	1,761,538	(17,143)	123	**1,744,518**	1,293,311
EXPENSES					
Program Services	1,575,194	-	-	**1,575,194**	881,852
Supporting Services:			-		
Management & General	38,382	-	-	**38,382**	31,947
Fundraising	2,661	-	-	**2,661**	3,775
Total Expenses	1,616,237	-	-	**1,616,237**	917,574
Change in Net Assets	145,301	(17,143)	123	**128,281**	375,737
Prior Period Adjustment	39,036	-	-	**39,036**	-
Net Assets as of Beginning of Year	383,349	289,893	7,687	**680,929**	305,193
Net Assets as of End of Year	$ 567,686	$ 272,750	$ 7,810	**$ 848,247**	$ 680,929

See notes to financial statements

AURORA, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2010
(With Comparative Totals for 2009)

	Program Services	Supporting Services: Management & General	Supporting Services: Fund-Raising	Total 2010	Total 2009
Depreciation	$ -	$ 12,123	$ -	**$ 12,123**	10,573
Destination Home	15,541	-	-	**15,541**	24,603
HPRP Expenses	948,110	-	-	**948,110**	242,628
HOT Expenses	39,980	-	-	**39,980**	42,190
Insurance	2,550	-	-	**2,550**	632
Interest	-	312	-	**312**	630
Membership Fees	-	582	-	**582**	613
Miscellaneous	-	1,685	-	**1,685**	1,649
Office Expenses	-	3,954	-	**3,954**	2,926
Professional Fees	-	1,870	-	**1,870**	1,264
Property Taxes	-	878	-	**878**	792
Public Relations	-	848	-	**848**	704
Rent	1,705	-	-	**1,705**	2,499
Repairs & Maintenance	1,583	-	-	**1,583**	5,528
Shelter Plus Care	61,921	-	-	**61,921**	49,787
Special Events	-	-	2,661	**2,661**	4,297
Telephone	3,009	-	-	**3,009**	2,369
Training	4,957	-	-	**4,957**	10,727
Transportation- HOT	1,856	-	-	**1,856**	2,513
Utilities	3,303	-	-	**3,303**	3,112
Wages, Taxes, and Fringe Benefits	490,677	16,131	-	**506,808**	507,538
	$ 1,575,194	$ 38,382	$ 2,661	**$ 1,616,237**	$ 917,574

See notes to financial statements

AURORA, INC.
Statement of Cash Flows
For the Year Ended December 31, 2010
(With Comparative Totals for 2009)

	2010	2009
Cash Flows from Operating Activities		
Changes in Net Assets	$ 128,281	$ 375,737
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	12,123	10,573
Realized (Gain) Loss on Sale of Assets	14,197	-
(Increase) Decrease in Receivables	(75,350)	(5,271)
(Increase) Decrease in Other Current Assets	-	-
Prior Period Adjustment	39,036	-
Increase (Decrease) in Liabilities	-	(826)
Total Adjustments	(9,993)	4,476
Net Cash Provided (Used) by Operating Activities	118,288	380,212
Cash Flows From Investing Activities:		
Investments	(123)	(249,048)
Proceeds From Sale	234,610	-
Capital Expenditures	(10,967)	(6,794)
Net Cash Provided (Used) by Investing Activities	223,519	(255,842)
Cash Flows From Financing Activities:		
Net borrowings on line of credit	(15,000)	(4,138)
	(15,000)	(4,138)
Net Increase (Decrease) in Cash and Equivalents	326,807	120,232
Cash and Equivalents, beginning of year	237,393	117,161
Cash and Equivalents, end of year	$ 564,201	$ 237,393

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

	2010	2009
Interest expense	$ 312	$ 630
Donated Assets	$ -	$ 248,806

See notes to financial statements

Aurora, Inc.
Notes to Financial Statements
December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

Property and Equipment

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

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in the total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, 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.

Reclassifications

Certain amounts in the 2009 financial statements have been reclassified to conform to 2010 financial statement presentation.

Aurora, Inc.
Notes to Financial Statements
December 31, 2010 and 2009

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, 2010 and 2009 consisted of the following:

	2010	2009
Checking/Petty Cash	$ 30,514	$ 21,333
Money Market	349,850	51,686
Checking- HPRP Program	183,837	164,374
	$ 564,201	$ 237,393

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

Aurora, Inc.
Notes to Financial Statements
December 31, 2010 and 2009

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

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

The Organization received 75% of its support from governmental funding sources in 2010 and 62% in 2009. The majority of the Organization's public support is contributed by business organizations located in Southwestern Indiana.

NOTE 4 - FUNCTIONAL ALLOCATION OF EXPENSE

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

NOTE 5 – DONATED MATERIALS AND SERVICES

Donated materials and services are recorded as contributions at their estimated fair values at the date of donation; no amounts have been reflected for fundraising or unskilled contributed services, since no objective basis is available to measure the value of such services. Nevertheless, a number of volunteers have given significant amounts of their time to the Organization's fund raising campaigns and various programs. Securities totaling $248,806 were donated in 2009.

NOTE 6- LINE OF CREDIT

The Organization has a $100,000 revolving line of credit, of which $0 was used at December 31, 2010. Interest is payable monthly and carries a variable interest rate equal to the bank's prime rate. The credit line is secured by real estate.

NOTE 7– GRANTS RECEIVABLE

Grants Receivable at December 31, 2010 and 2009, consist of Government grants that are due within one year.

NOTE 8- INVESTMENTS

Investments of the Organization are stated at fair value summarized as follows at December 31, 2010 and 2009:

	2010	2009
Certificate of Deposit	$ 7,810	$ 7,687
Securities	0	248,806
Total Investments	$ 7,810	$ 256,494

NOTE 9- RESTRICTED NET ASSETS

Restricted net assets at December 31, 2010 and 2009 are comprised of the following:

	2010	2009
Temporarily Restricted		
Destination Home Funds	$ 272,750	$ 289,893
Permanently Restricted		
Endowment Fund	7,810	7,687
	$ 280,560	$ 297,580

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

NOTE 10 – OPERATING LEASES

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

Lease expense was $3,295 for the year ended December 31, 2010.

Future minimum lease payments are as follows:

December 31, 2010	Amount
Under month-to-month lease	$1,626

NOTE 11- PRIOR PERIOD ADJUSTMENT

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

NOTE 12- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions through September 11, 2011, 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, 2010

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Supportive Housing Program- 2009	14.235	IN0016B5H020802	$ 189,020
U.S. Department of Human Services			
Emergency Food & Shelter Program	97.024	Phase 28	1,100
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
Indiana Housing & Community Development Authority			
"ARRA"- HPRP	14.257	HPRP-09-01	509,944
Shelter Plus Care	14.238	IN-36C702002	74,086
City of Evansville			
Department of Metropolitan Development "ARRA"- HPRP	14.257	09-070196	438,165
Department of Metropolitan Development- CDBG	14.218	064-168-439050001	10,000
Department of Metropolitan Development- ESG	14.231	074-168-4390500	17,500
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	798
			$ 1,240,614

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, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Aurora, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Aurora, Inc.

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Timothy J. Otte CPA, PC

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of Aurora, Inc. (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated September 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Aurora, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Aurora, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aurora, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

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

Timothy J Otte CPA PC

Newburgh, Indiana
September 11, 2011

Timothy J. Otte CPA, PC

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

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

Compliance

We have audited Aurora, Inc's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. Aurora, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of Aurora, Inc.'s management. Our responsibility is to express an opinion on Aurora, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of Stated, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Aurora, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Aurora, Inc.'s compliance with those requirements.

In our opinion, Aurora, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2010.

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Internal Control over Compliance

Management of Aurora, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Aurora, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures of the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Aurora Inc's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

Timothy J Otte CPA PC

Newburgh, Indiana
September 11, 2011

AURORA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

A. SUMMARY OF AUDITOR'S RESULTS

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

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

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

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

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

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

7. The program tested as a major program included:

   "ARRA"HPRP- CFDA # 14.257

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

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

B. FINDINGS- FINANCIAL STATEMENT AUDIT

No matters were reported.

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

No matters were reported.

AURORA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2010

No prior audit findings.