AURORA, INC.

EVANSVILLE, INDIANA

FINANCIAL STATEMENTS

December 31, 2018 and 2017

AURORA INC.

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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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

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, 2018 and 2017 and the changes in its net assets and its cash flows for the years 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 November 18, 2019, 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.

Kemper CPA Group, LLP

November 18, 2019 — Certified Public Accountants and Consultants
Evansville, Indiana

AURORA, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	$ 367,946	$ 266,454
Grants receivable	308,431	377,510
Accounts receivable - miscellaneous	11,823	0
Total Current Assets	688,200	643,964
Property and equipment	351,652	348,102
Office equipment	7,697	12,181
Vehicles	56,228	56,228
Storage building - Mary Street	56,044	56,044
	471,621	472,555
Less accumulated depreciation	(62,905)	(52,641)
Net Property and Equipment	408,716	419,914
Beneficial interest in assets held by community foundation	8,299	9,205
	$ 1,105,215	$ 1,073,083

LIABILITIES AND NET ASSETS

	2018	2017
Current Liabilities		
Accounts payable	$ 34,544	$ 29,387
Total Current Liabilities	34,544	29,387
Net Assets		
Without Donor Restriction - Undesignated	923,367	884,900
With Donor Restriction	147,304	158,796
	1,070,671	1,043,696
	$ 1,105,215	$ 1,073,083

See accompanying notes.

AURORA, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	2018
Revenues, Support and Gains			
Government grants	$ 1,358,672	$ 0	$ 1,358,672
Non-federal financial assistance grants	108,291	0	108,291
Contributions	303,617	30,399	334,016
Contributions - United Way	86,847	0	86,847
Interest income	294	0	294
Change in value of agency fund	(906)	0	(906)
Miscellaneous income	676	0	676
Contracted positions	5,703	0	5,703
Committed funds	3,291	0	3,291
Workshop registration fees	30,050	0	30,050
In-kind donation	45,077	0	45,077
Gross special events revenue	114,096	0	114,096
Less cost of direct benefit to donors	(17,531)	0	(17,531)
	96,565	0	96,565
Reclassification of donor intent	0	0	0
Net Assets Released from Restrictions	41,891	(41,891)	0
Total Revenues, Support and Gains	2,080,068	(11,492)	2,068,576
Expenses			
Program services	1,822,618	0	1,822,618
Management and general	164,614	0	164,614
Fundraising	54,369	0	54,369
Total Program Expenses	2,041,601	0	2,041,601
INCREASE (DECREASE) IN NET ASSETS	38,467	(11,492)	26,975
Net Assets at Beginning of Year	884,900	158,796	1,043,696
NET ASSETS AT END OF YEAR	$ 923,367	$ 147,304	$ 1,070,671

AURORA, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	Without Donor Restriction	With Donor Restriction	2017
Revenues, Support and Gains			
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
Contributions - United Way	89,430	0	89,430
Interest income	362	0	362
Change in value of agency fund	873	0	873
Miscellaneous income	13,784	0	13,784
Contracted positions	2,176	0	2,176
Committed funds	6,497	0	6,497
Workshop registration fees	4,535	0	4,535
In-kind donation	76,091	0	76,091
Gross special events revenue	77,460	0	77,460
Less cost of direct benefit to donors	(9,997)	0	(9,997)
	67,463	0	67,463
Reclassification of donor intent	(11,087)	11,087	0
Net Assets Released from Restrictions	42,778	(42,778)	0
Total Revenues, Support and Gains	1,923,422	(27,740)	1,895,682
Expenses			
Program Services	1,594,719	0	1,594,719
Management and general	128,861	0	128,861
Fundraising	57,599	0	57,599
Total Program Expenses	1,781,179	0	1,781,179
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	$ 884,900	$ 158,796	$1,043,696

See accompanying notes.

AURORA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total 2018
Client expenses	$ 23,086	$ 0	$ 0	$ 23,086
Depreciation	15,830	3,165	2,110	21,105
Fees and charges	0	1,729	6,474	8,203
Workshop supplies	1,877	0	0	1,877
Workshop facilitators	2,090	0	0	2,090
Grant writing	0	0	10,400	10,400
In-kind donations	45,077	0	0	45,077
Inspections	6,630	0	0	6,630
Insurance	20,875	1,533	1,022	23,430
Interest	0	72	0	72
Membership fees	0	500	0	500
Miscellaneous	5,144	2,597	0	7,741
Office expenses	4,253	23,495	3,044	30,792
Professional fees	1,350	24,833	0	26,183
Public relations	0	2,049	0	2,049
Refugee replacement program payments	0	0	0	0
Rental assistance payments	635,162	0	0	635,162
Repairs and maintenance	17,651	0	0	17,651
Security/utility deposits	71,611	0	0	71,611
Staffing costs	0	8,163	0	8,163
Telephone	9,260	1,462	975	11,697
Travel/training	22,010	0	0	22,010
Utilities	50,057	18,282	6,424	74,763
Property taxes	0	0	0	0
Rent	0	0	0	0
Vision 1505 program management	268,575	0	0	268,575
Bad debt expense	0	1,900	0	1,900
Wages, taxes and fringe benefits	622,080	74,834	23,920	720,834
	$ 1,822,618	$ 164,614	$ 54,369	$ 2,041,601

AURORA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total 2017
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
Staffing costs	0	9,401	0	9,401
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
Bad debt expense	0	0	0	0
Wages, taxes and fringe benefits	560,309	63,904	24,079	648,292
	$ 1,594,719	$ 128,861	$ 57,599	$ 1,781,179

AURORA, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 26,975	$ 114,503
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,105	19,625
(Increase)/decrease in:		
Accounts receivable	(11,823)	4,200
Grants receivable	69,079	(205,009)
Other current assets	0	5,100
Promises to give	0	5,000
Agency Endowment Fund	906	(873)
Increase/(decrease) in:		
Accounts payable	5,157	6,614
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	111,399	(50,840)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(9,907)	(93,368)
NET CASH USED IN INVESTING ACTIVITIES	(9,907)	(93,368)
NET INCREASE (DECREASE) IN CASH	101,492	(144,208)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	266,454	410,662
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 367,946	$ 266,454

See accompanying notes.

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Aurora, Inc. (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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

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, 2018 and 2017 did not exceed federally insured limits.

Contributions

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Property and Equipment

We record property and equipment additions over $500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Note 1 – Summary of Significant Accounting Policies (Continued)

Property and Equipment (Concluded)

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2019.

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, 2018 and 2017, the values of those contributions were $45,077 and $76,091, respectively.

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, 2018 and 2017 there were no amounts that were believed to be uncollectible.

Beneficial Interest in Assets Held by Community Foundation

The Organization has established an endowment fund that is perpetual in nature (fund). The Organization granted variance power to the community foundation (CF), which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CF for the organization's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Note 1 – Summary of Significant Accounting Policies (Concluded)

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Date of Management's Review

The Organization has evaluated subsequent events through November 18, 2019, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$ 367,946
Grants receivable	308,431
Accounts receivable - miscellaneous	11,823
	$ 688,200

Note 3 – Fair Value Measurements

We report certain assets4 and liabilities at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
>
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
>
> Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Note 3 – Fair Value Measurements (Continued)

The fair value of our beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 2 measurements.

Fair values of assets measured on a recurring basis at December 31, 2018 and 2017 are as follows:

December 31, 2018	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservabl e Inputs (Level 3)
Assets held at community foundation	$ 8,299	$ 0	$ 8,299	$ 0
December 31, 2017				
Assets held at community foundation	$ 9,205	$ 0	$ 9,205	$ 0

Note 4 – Concentration of Credit Risk

The Organization received 66% of its support from governmental funding in 2018 and 63% in 2017. The majority of the Organization's public support is contributed by business organizations 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 – Line of Credit

The Organization has a $100,000 revolving line of credit that has a maturity of October 1, 2020. 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, 2018 and 2017.

Note 7 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2018	2017
Fiscal agent funds	$ 13,347	$ 25,060
Vision 1505	133,957	133,736
	$ 147,304	$ 158,796

The Organization released restrictions on net assets by satisfying the restrictions in the amount of $41,891 and $42,778 for the years ended December 31, 2018 and 2017, respectively.

- - - - - ADDITIONAL INFORMATION - - - - -

AURORA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Supportive Housing Program-2011 (2/1/2017-1/31/2018)	14.235	IN0151B5H021602	$ 0	$ 39,987
Supportive Housing Program-2011 (2/1/2018-1/31/2019)	14.235	IN0151B5H021703	0	345,304
Total Supportive Housing Program				385,291
U.S. Department of Housing and Urban Development				
Pass-through programs from:				
City of Evansville				
Community Development Block Grant	14.218	20187359	0	5,000
Indiana Housing and Community Development Authority				
Emergency Solutions Grant, (7/1/2017-6/30/2018)	14.231	ESO-017-001	0	12,832
Emergency Solutions Grant, (7/1/2018-6/30/2019)	14.231	ESO-018-001	0	12,750
Emergency Solutions Grant, (10/1/2017-09/30/2018)	14.231	ESRRHP-017-003	0	289,163
Emergency Solutions Grant, (7/1/2018-06/30/2019)	14.231	ESRRHP-018-003	0	110,656
City of Evansville				
Emergency Solutions Grant	14.231	20187359	0	14,640
Emergency Solutions Grant	14.231	20187329	0	25,862
Emergency Solutions Grant	14.231	20187356	0	13,041
Emergency Solutions Grant	14.231	20177624	0	14,339
Total Emergency Solutions Grant Program				493,283
City of Evansville				
Department of Metropolitan Development-TBRA-HOME	14.237	20187502	0	93,266
Indiana Housing and Community Development Authority				
Home Investment Partnerships Program (8/1/2015-7/31/18)	14.239	TB-015-001	0	63,974
Home Investment Partnerships Program (8/1/2018 - 6/30/2020)	14.239	TB-018-001		70,411
Total Home Investment Partnerships Program				134,385
Indiana Housing and Community Development Authority				
Continuum of Care (05/01/2018-11/30/2018)	14.267	COCCE-018-12	0	5,734
Continuum of Care (11/1/2017-10/31/2018)	14.267	SC-017-0154	0	87,639
Continuum of Care (11/1/2018-10/31/2019)	14.267	SC-018-0154	0	21,614
Total Continuum of Care Program				114,987
Indiana Housing and Community Development Authority				
Community Services Block Grant (12/01/2017-04/01/2018)	93.569	CS-018-013CSBG	0	1,168
U.S. Department of Health and Human Services				
Pass-through programs from:				
Indiana Housing and Community Development Authority				
Temporary Assistance for Needy Families, (11/1/2016-07/31/2018)	93.558	TANFRR-016-003	0	59,012
Indiana Family and Social Services Administration- DMHA				
Project for Assistance in Transistions from Homelessness-(9/1/17-8/31/18)	93.150	2X06SM016015-17	0	32,989
Project for Assistance in Transistions from Homelessness-(9/1/18-8/31/19)	93.150	2X06SM016015-18	0	36,200
Total Projects for Assistance in Transition from Homelessness				69,189
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 1,355,582**

AURORA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2018

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization for the year ended December 31, 2018. Expenditures reported in the Schedule are reported on the same basis of accounting as the financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2 – Summary of Significant Accounting Policies

Summary of Significant Accounting Policies Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available

Note 3 - Description of Major Federal Program

Supportive Housing Program – This program is to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible.

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.

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

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, 2018, 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 November 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aurora, Inc.'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, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Aurora, Inc.'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.

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.

Board of Directors
Aurora, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aurora, Inc.'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.

Kemper CPA Group, LLP

November 18, 2019 Certified Public Accountants and Consultants
Evansville, Indiana

KEMPER
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, 2018. 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.

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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, 2018.

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, Inc.

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

November 18, 2019 Certified Public Accountants and Consultants
Evansville, Indiana

AURORA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2018

There were no prior year compliance findings.

AURORA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2018

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?	Yes
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?	Yes
4) Identification of major program:	

CFDA Number	Name of Federal Program
14.235	Supportive Housing 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

SECTION II – FINANCIAL STATEMENT FINDINGS

SECTION II – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDINGS OF NONCOMPLIANCE:

Finding No.: 2018-001 Internal Control Over Compliance

Federal Program Name: Supportive Housing Program
CFDA Number: 14.235
Federal Agency: U.S. Department of Housing and Urban Development

Information on the Federal Program:

To promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible.

Criteria or Specific Requirement:

The Organization is required to verify that clients are eligible to receive program funds and that the amount of rent paid for housing is calculated correctly based on their income. The Organization has established a control that the compliance officer is to review all eligibility determinations and calculations.

Condition:

During the testing of four families we noted that one family's eligibility determination paperwork and calculation was not approved by the compliance officer.

Questioned Costs:

N/A

Context:

Of 32 families participating in the program in 2018, KCPAG tested 4. One families' eligibility paperwork and calculation was not reviewed by compliance officer.

SECTION II – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDINGS OF NONCOMPLIANCE (CONTINUED):

Finding No.: 2018-001 Internal Control Over Compliance (Concluded)

Effect:

When there is no review of the eligibility determination and calculation, it is possible that incorrect eligibility determinations and calculations could be made.

Cause:

The Organization contracts with a third party who does all initial eligibility determinations and calculations. The third party was not timely in submitting paperwork to Aurora for their approval.

Identification as a repeat finding, if applicable:

N/A

Recommendation:

We recommend that Aurora get paperwork from the third party in a timely manner in order to be able to have the compliance officer review and approve all eligibility determinations and calculations prior to a family starting the program.

Views of Responsible Officials:

The third party hired a second employee to process eligibility determinations and calculations, enabling them to be timely in the subsequent period.

SECTION II – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDINGS OF NONCOMPLIANCE (CONTINUED):

Finding No.: 2018-002 Eligibility

Federal Program Name: Supportive Housing Program
CFDA Number: 14.235
Federal Agency: U.S. Department of Housing and Urban Development

Information on the Federal Program:

To promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible.

Criteria or Specific Requirement:

The Organization is required to verify that clients are eligible to receive program funds and that the amount of rent paid for housing is calculated correctly based on their income.

Condition:

During the testing of four families we noted that one family's rent calculation was not correct.

Questioned Costs:

N/A

Context:

Of 32 families participating in the program in 2018, KCPAG tested 4. One families' rent calculation was not correct. Additionally, the rent being paid did not match lease on file. The client should have been paying $166 per month based on their income. However, they were only paying $147. The lease agreement on file stated the client should be paying $291 per month.

SECTION II – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDINGS OF NONCOMPLIANCE (CONTINUED):

Finding No.: 2018-002 Eligibility (Concluded)

Effect:

The client was paying the incorrect amount of monthly rent and the rent paid did not agree to paperwork on file.

Cause:

The Organization contracts with a third party who does all initial eligibility determinations and calculations. The third party was not timely in submitting paperwork to Aurora for their review. Therefore Aurora personnel did not detect the error in a timely manner.

Identification as a repeat finding, if applicable:

N/A

Recommendation:

We recommend that Aurora get paperwork from the third party in a timely manner in order to be able to have the compliance officer review and approve all eligibility calculations prior to a family starting the program.

Views of Responsible Officials:

The third party hired a second employee to who does all initial eligibility determinations and calculations, enabling them to be timely in the subsequent period.

SECTION II – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDINGS OF NONCOMPLIANCE (CONTINUED):

Finding No.: 2018-003 Allowable Costs

Federal Program Name: Supportive Housing Program
CFDA Number: 14.235
Federal Agency: U.S. Department of Housing and Urban Development

Information on the Federal Program:

To promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible.

Criteria or Specific Requirement:

The Organization is required to have adequate supporting documentation to verify that expenses paid for by the Federal program are allowable.

Condition:

During the compliance testing, we noted eight expenses that did not have adequate supporting documents.

Questioned Costs:

$7,209

Context:

Of 40 expenses tested, we noted eight that did not have adequate supporting documents.

SECTION II – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDINGS OF NONCOMPLIANCE (CONTINUED):

Finding No.: 2018-003 Allowable Costs (Concluded)

Effect:

There is no evidence on file that the expense was for an allowable cost.

Cause:

The expenses in question were paid with a credit card. The receipts were not turned in to management after the purchase was made.

Identification as a repeat finding, if applicable:

N/A

Recommendation:

We recommend that Aurora get and retain all supporting receipts to credit card and all other purchases.

Views of Responsible Officials:

The credit card in question has been cancelled. Funding requests are submitted to the director for approval. If the credit card is used, receipts are attached to funding requests for support of eligible costs.

AURORA, INC.

CORRECTIVE ACTION PLAN

For the Year Ended December 31, 2018

Corrective Action Plan

Finding No.: 2018-001 Internal Control Over Compliance
Federal Program Name: Supportive Housing Program

CFDA Number: 14.235

Federal Agency: U.S. Department of Housing and Urban Development

Requirement:

The Organization is required to verify that clients are eligible to receive program funds and that the amount of rent paid for housing is calculated correctly based on their income. The Organization has established a control that the compliance officer is to review all eligibility determinations and calculations.

Finding:

During the testing of four families we noted that one family's eligibility determination paperwork and calculation was not approved by the compliance officer.

Questioned Costs:

N/A

Systemic or Isolated:

This instance of noncompliance is isolated.

Effect of Finding:

When there is no review of the eligibility determination and calculation, it is possible that incorrect eligibility determinations and calculations could be made.

Recommendation:

We recommend that Aurora get paperwork from the third party in a timely manner in order to be able to have the compliance officer review and approve all eligibility calculations prior to a family starting the program.

Corrective Action Plan:

The third party hired a second employee to process eligibility determinations and calculations, enabling them to be timely in the subsequent period.

Contact Person Responsible for Corrective Action:

Timothy Weir, Executive Director

Anticipated Completion Date:

Immediately.

AURORA, INC.

CORRECTIVE ACTION PLAN

For the Year Ended December 31, 2018

Corrective Action Plan (Continued)

Finding No.: 2018-002 Eligibility

Federal Program Name: Supportive Housing Program

CFDA Number: 14.235

Federal Agency: U.S. Department of Housing and Urban Development

Requirement:

The Organization is required to verify that clients are eligible to receive program funds and that the amount of rent paid for housing is calculated correctly based on their income.

Finding:

During the testing of four families we noted that one family's rent calculation was not correct.

Questioned Costs:

N/A

Systemic or Isolated:

This instance of noncompliance is isolated.

Effect of Finding:

The client was paying the incorrect amount of monthly rent and the rent paid did not agree to paperwork on file.

Recommendation:

We recommend that Aurora get paperwork from the third party in a timely manner in order to be able to have the compliance officer review and approve all eligibility calculations prior to a family starting the program.

Corrective Action Plan:

The third party hired a second employee to who does all initial eligibility determinations and calculations, enabling them to be timely in the subsequent period.

Contact Person Responsible for Corrective Action:

Timothy Weir, Executive Director

Anticipated Completion Date:

Immediately.

Corrective Action Plan (Concluded)

AURORA, INC.

CORRECTIVE ACTION PLAN

For the Year Ended December 31, 2018

Finding No.: 2018-003 Allowable Costs

Federal Program Name: Supportive Housing Program

CFDA Number: 14.235

Federal Agency: U.S. Department of Housing and Urban Development

Requirement:

The Organization is required to have adequate supporting documentation to verify that expenses paid for by the Federal program are allowable.

Finding:

During the compliance testing, we noted eight expenses that did not have adequate supporting documents.

Questioned Costs:

$7,209

Systemic or Isolated:

This instance of noncompliance is isolated.

Effect of Finding:

There is no evidence on file that the expense was for an allowable cost.

Recommendation:

We recommend that Aurora get and retain all supporting receipts to credit card and all other purchases.

Corrective Action Plan:

The credit card in question has been cancelled. Funding requests are submitted to the director for approval. If the credit card is used, receipts are attached to funding requests for support of eligible costs.

Contact Person Responsible for Corrective Action:

Timothy Weir, Executive Director

Anticipated Completion Date:

Immediately.