

NEWCAP, Inc.

Oconto, Wisconsin

Financial Statements and Supplementary Information
Years Ended December 31, 2012 and 2011

NEWCAP, Inc.

Financial Statements and Supplementary Information Years Ended December 31, 2012 and 2011

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Independent Auditor's Report

Board of Directors
NEWCAP, Inc.
Oconto, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements NEWCAP, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2012, and 2011, and the related statements of activities 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; 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 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 NEWCAP, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

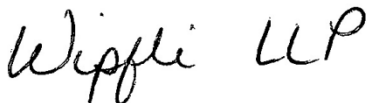
Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information on pages 12 through 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. In addition, the schedule of expenditures of federal awards on pages 21 through 24 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 the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2013, on our consideration of NEWCAP, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NEWCAP, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

June 6, 2013
Madison, Wisconsin

NEWCAP, Inc.

Statements of Financial Position

December 31, 2012 and 2011

<i>Assets</i>	2012	2011
Current assets:		
Cash and cash equivalents	\$ 911,712	\$ 754,687
Grants receivable	500,712	340,077
Accounts receivable	23,920	54,159
Weatherization inventory	189,029	384,661
Other assets	174,388	161,890
Total current assets	1,799,761	1,695,474
Property and equipment, net	3,718,565	3,651,420
TOTAL ASSETS	\$ 5,518,326	\$ 5,346,894
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Current portion of note payable	\$ 0	\$ 100,000
Accounts payable	93,522	121,090
Accrued payroll and related expenses	265,791	119,122
Escrow payable	4,718	4,308
Grant funds received in advance	393,943	723,052
Total current liabilities	757,974	1,067,572
Long-term liabilities		
Weatherization advance	34,253	34,253
Total long-term liabilities	34,253	34,253
Total liabilities	792,227	1,101,825
Net assets:		
Unrestricted net assets:		
Unrestricted	1,647,675	1,975,989
Unrestricted - Grant funded equipment	1,663,071	1,561,987
Total unrestricted net assets	3,310,746	3,537,976
Temporarily restricted	1,415,353	707,093
Total net assets	4,726,099	4,245,069
TOTAL LIABILITIES AND NET ASSETS	\$ 5,518,326	\$ 5,346,894

See accompanying notes to financial statements.

NEWCAP, Inc.

Statements of Activities

Years Ended December 31, 2012 and 2011

	2012		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 10,557,461	\$ 94,313	\$ 10,651,774
Program income	1,111,192	581,616	1,692,808
Rental income	123,404	0	123,404
Donations	37,824	32,331	70,155
Other income	89,143	0	89,143
Total revenue	11,919,024	708,260	12,627,284
Program expenses:			
Community services	948,450	0	948,450
Weatherization	6,435,778	0	6,435,778
Homeless	0	0	0
Job training	155,674	0	155,674
Food services	636,738	0	636,738
Health and welfare	1,272,870	0	1,272,870
Housing	1,667,637	0	1,667,637
Corporate programs	311,977	0	311,977
Total program expenses	11,429,124	0	11,429,124
Management and general expenses	717,130	0	717,130
Total expenses	12,146,254	0	12,146,254
Changes in net assets	(227,230)	708,260	481,030
Net assets - Beginning of year, as previously stated	3,537,976	707,093	4,245,069
Prior period adjustments	0	0	0
Net assets - Beginning of year	3,537,976	707,093	4,245,069
Net assets - End of year	\$ 3,310,746	\$ 1,415,353	\$ 4,726,099

See accompanying notes to financial statements.

	2011		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 13,076,323	\$ 108,987	\$ 13,185,310
Program income	1,135,888	211,467	1,347,355
Rental income	92,652	0	92,652
Donations	0	18,057	18,057
Other income	92,617	0	92,617
Total revenue	14,397,480	338,511	14,735,991
Program expenses:			
Community services	1,022,587	0	1,022,587
Weatherization	8,105,670	0	8,105,670
Homeless	487,959	0	487,959
Job training	222,847	0	222,847
Food services	789,271	0	789,271
Health and welfare	1,173,591	0	1,173,591
Housing	1,710,561	0	1,710,561
Corporate programs	66,072	0	66,072
Total program expenses	13,578,558	0	13,578,558
Management and general expenses	773,536	0	773,536
Total expenses	14,352,094	0	14,352,094
Changes in net assets	45,386	338,511	383,897
Net assets - Beginning of year, as previously stated	1,738,403	0	1,738,403
Prior period adjustments	1,754,187	368,582	2,122,769
Net assets - Beginning of year, restated	3,492,590	368,582	3,861,172
Net assets - End of year	\$ 3,537,976	\$ 707,093	\$ 4,245,069

NEWCAP, Inc.

Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 481,030	\$ 383,897
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	316,928	309,834
Loss on disposal of fixed assets	6,166	20,508
Changes in operating assets and liabilities:		
Grants receivable	(160,635)	772,676
Accounts receivable	30,239	82,928
Weatherization inventory	195,632	79,261
Other assets	(12,498)	(63,414)
Accounts payable	(27,568)	(188,215)
Accrued payroll and related expenses	146,669	(84,352)
Escrow payable	410	(1,395)
Grant funds received in advance	(329,109)	(422,117)
Net cash provided by operating activities	647,264	889,611
Cash flows from investing activities:		
Proceeds on sale of fixed assets	13,027	118,159
Capital expenditures	(503,266)	(561,468)
Net cash used in investing activities	(490,239)	(443,309)
Cash flows from financing activities:		
Principal payments on line of credit	0	(450,000)
Changes in cash and cash equivalents	157,025	(3,698)
Cash and cash equivalents - Beginning of the year	754,687	758,385
Cash and cash equivalents - End of the year	\$ 911,712	\$ 754,687
Supplemental schedule of other cash activity:		
Interest paid and expensed	\$ 1,761	\$ 4,725
Supplemental schedule of noncash investing and financing activities:		
Property acquired with debt	\$ 0	\$ 100,000
Property disposed of through debt satisfaction	100,000	0

NEWCAP, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations

NEWCAP, Inc. ("NEWCAP") was organized as nonprofit corporation in 1965. NEWCAP was formed to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs throughout Northeast Wisconsin. NEWCAP is primarily supported through federal and state government grants. In 2012 and 2011, approximately 55% and 57%, respectively, of NEWCAP's revenue was received directly from the Department of Administration for its weatherization programs.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of NEWCAP and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by NEWCAP. Generally, the donors of these assets permit NEWCAP to use all or part of the income earned on any related investments for general or specific purposes. Currently, NEWCAP does not have any permanently restricted net assets.

Use of Estimates

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

Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give to NEWCAP. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restrictions.

NEWCAP, Inc.

Notes to Financial Statements

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

Revenue Recognition (Continued)

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Program income represents amounts contributed by program beneficiaries. The contributions are to help defray the cost of the specific program in which the beneficiary received assistance.

Rental income represents income received from various sources for use of property or space owned by NEWCAP. This income is recognized in the period in which it is earned.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

B. Grant Awards that are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Accounts Receivable

Accounts receivable represent amounts due from entities for various services performed by NEWCAP. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on history with customers having outstanding balances and current relationships with them, management has concluded that the accounts are collectible. Therefore, no allowance has been recorded as of December 31, 2012 and 2011.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. NEWCAP capitalizes property and equipment purchased with a cost greater than \$5,000 and a useful life of more than one year. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

NEWCAP, Inc.

Notes to Financial Statements

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

Property and Equipment (Continued)

If there are no donor restrictions regarding how long a donated asset must be maintained, NEWCAP reports expirations of donor restrictions when the donated assets are placed in service.

Property and equipment purchased with grant funds are owned by NEWCAP while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment purchased with grant funds is \$1,663,071 and \$1,561,987 at December 31, 2012 and 2011, respectively.

Inventory

Weatherization inventory – Weatherization materials, crew, and contractor labor are expensed in the accounting period when the unit weatherized is claimed as a completed unit. A completed unit represents a dwelling that has received weatherization services within the limits established in the weatherization contract, the final inspection has been performed, and the owner sign-off has been obtained. Weatherization materials inventory is stated at the lower of cost (first-in, first-out) or market.

Cash and Cash Equivalents

For purposes of the statement of cash flows, NEWCAP considers all highly liquid debt or equity instruments with a maturity of three month or less to be cash equivalents.

Income Taxes

NEWCAP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise and income tax.

NEWCAP is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. NEWCAP has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the years ended 2009 and thereafter remain subject to examination by the Internal Revenue Service. Federal returns for the current year have not been filed as of the date of this report.

Cost Allocation

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs that cannot be readily identified with a final cost objective.

NEWCAP, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through June 6, 2013, which is the date the financial statements were available to be issued.

Note 2 Concentration of Credit Risk

NEWCAP maintains its cash balances at one financial institution. Balances in the bank accounts are insured by Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000. At times during the year, balances in these accounts may exceed the insurance limits. Management believes the financial institution has a strong credit rating and credit risk related to these deposits is minimal.

Note 3 Grants Receivable

This balance consists of amounts due from various agencies as follows:

	2012	2011
Federal programs	\$ 463,651	\$ 243,990
State, local, and other programs	37,061	96,087
<u>Total grants receivable</u>	<u>\$ 500,712</u>	<u>\$ 340,077</u>

Note 4 Property and Equipment

A summary of property and equipment is as follows:

	2012	2011
Land	\$ 133,664	\$ 133,664
Buildings and improvements	4,070,874	3,787,254
Equipment	1,143,351	1,119,804
Vehicles	84,485	84,485
Total	5,432,374	5,125,207
Accumulated depreciation	(1,713,809)	(1,473,787)
<u>Property and equipment, net</u>	<u>\$3,718,565</u>	<u>\$ 3,651,420</u>

Note 5 Weatherization Inventory

A summary of weatherization inventory is as follows:

	2012	2011
Jobs in progress	\$ 16,137	\$ 182,203
Nonexpendable inventory	165,308	193,358
Expendable inventory	7,584	9,100
<u>Total weatherization inventory</u>	<u>\$ 189,029</u>	<u>\$ 384,661</u>

NEWCAP, Inc.

Notes to Financial Statements

Note 6 Note Payable

The note payable at December 31, 2011, consists of a short term note due to WHEDA of \$100,000. The note bears interest at 2% and principal and interest is repayable upon sale of the property. The note is secured by the property. During 2012 the property was sold and the note was satisfied.

Note 7 Line of Credit

NEWCAP had a \$700,000 line of credit with Associated Bank of Wisconsin. Interest is accrued on outstanding balances at prime plus .25% with a floor of 4.5% for both December 31, 2012 and 2011. As of December 31, 2012 and 2011, the line of credit was paid in full and there were no outstanding draws. The line of credit expired March 2013 and has not been renewed as of the date of this report. The renewal is pending on the issuance of the final audit report.

Note 8 Operating Leases

NEWCAP leases various facilities for operation of its programs. Rent expense for the year ended December 31, 2012 and 2011, was \$68,612 and \$65,309, respectively. Future minimum lease payments on leases having terms beyond December 31, 2012, are as follows:

2013	\$	70,605
2014		44,721
2015		30,046
2016		26,243
2017		8,833
<hr/>		
Total	\$	180,448

Note 9 Temporarily Restricted Net Assets

The temporarily restricted net assets consist of the following:

	2012	2011
Transportation and auto loans	\$ 381,880	\$ 287,567
Housing program	123,813	0
Furnace program	7,797	0
Food program	69,375	37,044
Family planning	832,488	382,482
<hr/>		
Total temporarily restricted net assets	\$ 1,415,353	\$ 707,093

Note 10 Grant Awards

At December 31, 2012, NEWCAP had commitments under various grants of approximately \$3,129,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

NEWCAP, Inc.

Notes to Financial Statements

Note 11 Retirement Plan

NEWCAP has a defined contribution retirement plan authorized under Section 403(b) of the Internal Revenue Code. The plan is open to all employees who have been employed for nine months and who work a minimum of 1,560 hours per year. The plan requires that NEWCAP match 1% of gross wages for every qualified employee that contributes 1% of gross wages. The plan also provides that NEWCAP can make additional contributions at the discretion of the board of Directors. The retirement benefits vest immediately. The employer's contribution for the year ended December 31, 2012 and 2011 was \$328,783 and \$345,567, respectively.

Note 12 Government Funding Contingency

NEWCAP receives a significant portion of their source of funds from federal, state, and local government funding. As such, NEWCAP is subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. NEWCAP is also subject to funding source monitoring in relation to program compliance with grants and contracts. These monitoring reports from time to time may identify practices for which costs might be repayable to the funding source. Any potential liability for reimbursement, which may arise as a result of such audits, is not believed, by NEWCAP's management, to be material.

Note 13 Commitments

NEWCAP received a HOME program agreement effective January 1, 2012 through December 31, 2013, in the amount of \$517,275 for which the grant proceeds will be loaned to a low income housing partnership. No funds were received as of December 31, 2012. NEWCAP has committed to lend \$470,250 to the low income housing partnership in 2013.

In addition, NEWCAP entered into an agreement with the Federal Home Loan Bank (FHLB) of Chicago for an Affordable Housing Program (AHP) forgivable loan in the amount of \$408,000. The terms of the agreement specify that the loan will be passed through as a loan to a low income housing partnership. Should the project violate the terms of the agreement, all or a portion of this loan, including interest, shall be recoverable from the low income housing partnership and repayable to FHLB. No funds were received as of December 31, 2012. NEWCAP has committed to lend \$408,000 to the low-income housing partnership in 2013.

Supplementary Information

NEWCAP, Inc.

Schedule A-1 Schedule of Program Activity Year Ended December 31, 2012

	FEDERAL PROGRAMS							
	Department of Agriculture							
	Total	10.561			10.568			
		WISCAP Job and Business Dev. Program (1)	11/12 WISCAP Skills Enhance. Program (2)	12/13 WISCAP Skills Enhance. Program (3)	10.561 Subtotal	11/12 Temporary Emergency Food Assist. Program #70010 (4)	12/13 Temporary Emergency Food Assist. Program #70010 (5)	10.568 Subtotal
REVENUE								
Grant revenue	\$ 10,651,774	\$ 24,160	\$ 0	\$ 10,817	\$ 34,977	\$ 63,753	\$ 27,625	\$ 91,378
Program income	1,692,808	0	0	0	0	0	0	0
Rental income	123,404	0	0	0	0	0	0	0
Donations	70,155	0	0	0	0	0	0	0
Other income	89,143	3,777	0	0	3,777	0	0	0
Total Revenue	12,627,284	27,937	0	10,817	38,754	63,753	27,625	91,378
EXPENSES								
Personnel	6,307,830	25,734	12,345	10,264	48,343	43,874	15,361	59,235
Consultants and contract labor	378,805	484	200	108	792	915	142	1,057
Travel/transportation	331,595	12	118	77	207	14,357	4,963	19,320
Space and utilities	169,237	2,316	62	41	2,419	12,526	3,856	16,382
Consumable supplies	333,635	266	47	53	366	220	125	345
Repairs/maintenance	91,014	78	26	21	125	2,780	260	3,040
Depreciation	316,928	0	0	2	2	8,408	2,808	11,216
Interest	2,839	0	0	0	0	0	0	0
Equipment	64,192	107	24	36	167	1,975	165	2,140
Other	131,713	876	167	96	1,139	4,724	1,114	5,838
Weatherization materials/fuel assistance	1,787,050	0	0	0	0	0	0	0
Program support **	0	(1,936)	(14,451)	119	(16,268)	(26,026)	(1,169)	(27,195)
Beneficiary assistance	1,646,103	0	1,462	0	1,462	0	0	0
Commodity food	585,313	0	0	0	0	0	0	0
Total Expenses	12,146,254	27,937	0	10,817	38,754	63,753	27,625	91,378
Increase in Net Assets	481,030	0	0	0	0	0	0	0
Net assets - Beginning	4,245,069	0	0	0	0	0	0	0
NET ASSETS - Ending	\$ 4,726,099	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

** This represents CSBG support and other corporate support provided to other programs.

NEWCAP, Inc.

Schedule A-2 Schedule of Program Activity Year Ended December 31, 2012

	FEDERAL PROGRAMS						
	Department of Agriculture		Dept. of Housing & Urban Development				14.231
	10.569	14.228	14.231				
Commodity Food Distribution (6)	10.568 and 10.569 Cluster Subtotal	Neighborhood Stabilization Program NSP 09-19 (7)	ESG/ RAPID RE-HOUSING Grant RRH11-06 (8)	ESG/ THG Grant ETH0932 (9)	ESG/ THG Grant ETH12-14 (10)	14.231 Subtotal	
REVENUE							
Grant revenue	\$ 585,313	\$ 676,691	\$ 45,172	\$ 37,822	\$ 73,914	\$ 136,785	\$ 248,521
Program income	0	0	141,363	0	0	0	0
Rental income	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0
Total Revenue	585,313	676,691	186,535	37,822	73,914	136,785	248,521
EXPENSES							
Personnel	0	59,235	78,451	35,778	25,044	36,196	97,018
Consultants and contract labor	0	1,057	980	439	477	626	1,542
Travel/transportation	0	19,320	9,453	1,168	4,287	4,013	9,468
Space and utilities	0	16,382	21,765	145	478	155	778
Consumable supplies	0	345	484	153	139	745	1,037
Repairs/maintenance	0	3,040	(59,389)	77	91	66	234
Depreciation	0	11,216	14	0	0	7	7
Interest	0	0	0	0	0	0	0
Equipment	0	2,140	602	136	0	126	262
Other	0	5,838	10,362	639	1,118	1,207	2,964
Weatherization materials/fuel assistance	0	0	0	0	0	0	0
Program support**	0	(27,195)	0	(17,285)	(2,941)	(7,578)	(27,804)
Beneficiary assistance	0	0	0	16,572	45,221	101,222	163,015
Commodity food	585,313	585,313	0	0	0	0	0
Total Expenses	585,313	676,691	62,722	37,822	73,914	136,785	248,521
Increase in Net Assets	0	0	123,813	0	0	0	0
Net assets - Beginning	0	0	0	0	0	0	0
NET ASSETS - Ending	\$ 0	\$ 0	\$ 123,813	\$ 0	\$ 0	\$ 0	\$ 0

** This represents CSBG support and other corporate support provided to other programs.

NEWCAP, Inc.

Schedule A-3 Schedule of Program Activity Year Ended December 31, 2012

	FEDERAL PROGRAMS							
	Dept. of Housing & Urban Development							
	14.239				14.267	14.871		
Tenant Based Rental Assistance TBRA 11.05 (11)	Tenant Based Rental Assistance TBRA 12.05 (12)	HOME Rental Housing Dev. Program RHDC 11-22 (13)	HOME Homebuyer & Rehab Prog. Contract HHR10.13 (14)	14.239 Subtotal	Supportive Housing Program (15)	ADVOCAP Refugee Services (16)	Section 8 Housing Voucher WHEDA #904 (17)	
REVENUE								
Grant revenue	\$ 67,675	\$ 27,274	\$ 107,800	\$ 483,034	\$ 685,783	\$ 2,322	\$ 98,772	\$ 627,422
Program income	0	0	0	240	240	0	0	0
Rental income	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	9,738	3,519
Total Revenue	67,675	27,274	107,800	483,274	686,023	2,322	108,510	630,941
EXPENSES								
Personnel	25,986	8,781	0	61,244	96,011	0	86,785	132,684
Consultants and contract labor	417	128	0	822	1,367	0	2,294	4,133
Travel/transportation	2,526	1,698	0	5,951	10,175	874	2,743	11,377
Space and utilities	664	136	0	1,025	1,825	0	7,344	844
Consumable supplies	215	211	0	967	1,393	300	3,907	1,508
Repairs/maintenance	851	116	107,800	264	109,031	0	174	732
Depreciation	0	2	0	5	7	0	10	13
Interest	0	0	0	0	0	0	0	0
Equipment	12	0	0	1,465	1,477	0	2,560	50
Other	4,901	534	0	11,535	16,970	1,148	3,070	28,467
Weatherization materials/fuel assistance	0	0	0	0	0	0	0	0
Program support**	(29,419)	(9,126)	0	(17,898)	(56,443)	0	(377)	(100,133)
Beneficiary assistance	61,522	24,794	0	417,894	504,210	0	0	551,266
Commodity food	0	0	0	0	0	0	0	0
Total Expenses	67,675	27,274	107,800	483,274	686,023	2,322	108,510	630,941
Increase in Net Assets	0	0	0	0	0	0	0	0
Net assets - Beginning	0	0	0	0	0	0	0	0
NET ASSETS - Ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

** This represents CSBG support and other corporate support provided to other programs.

NEWCAP, Inc.

Schedule A-4 Schedule of Program Activity Year Ended December 31, 2012

	FEDERAL PROGRAMS							
	Dept of HUD			Department of Labor				
	14.871		14.905	Cluster 17.258, 17.259, 17.278				
	Section 8 Housing Voucher & Coun. WI39-V262- 002 (18)	14.871 Subtotal	Lead Hazard Control Program #LHC 09.19 (19)	Workforce Investment Act Marinette (20)	Workforce Investment Act Marinette (21)	Workforce Investment Act Brown (22)	Workforce Investment Act Core Service (23)	Workforce Investment Act Core Service (24)
REVENUE								
Grant revenue	\$ 210,720	\$ 936,914	\$ 19,195	\$ 38,279	\$ 28,519	\$ 46,223	\$ 8,517	\$ 5,989
Program income	0	0	0	0	0	0	0	0
Rental income	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0
Other income	15,236	28,493	0	0	0	0	0	0
Total Revenue	225,956	965,407	19,195	38,279	28,519	46,223	8,517	5,989
EXPENSES								
Personnel	97,897	317,366	1,000	34,175	30,622	40,675	8,517	5,989
Consultants and contract labor	3,511	9,938	0	580	475	644	0	0
Travel/transportation	5,186	19,306	0	347	1,024	454	0	0
Space and utilities	563	8,751	0	2,014	2,042	2,473	0	0
Consumable supplies	1,280	6,695	0	135	280	228	0	0
Repairs/maintenance	499	1,405	0	96	175	104	0	0
Depreciation	6	29	0	0	6	0	0	0
Interest	0	0	0	0	0	0	0	0
Equipment	35	2,645	0	0	27	0	0	0
Other	6,940	38,477	0	828	1,220	939	0	0
Weatherization materials/fuel assistance	0	0	0	0	0	0	0	0
Program support**	(73,974)	(174,484)	0	104	(7,352)	706	0	0
Beneficiary assistance	184,013	735,279	18,195	0	0	0	0	0
Commodity food	0	0	0	0	0	0	0	0
Total Expenses	225,956	965,407	19,195	38,279	28,519	46,223	8,517	5,989
Increase in Net Assets	0	0	0	0	0	0	0	0
Net assets - Beginning	0	0	0	0	0	0	0	0
NET ASSETS - Ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

** This represents CSBG support and other corporate support provided to other programs.

NEWCAP, Inc.

Schedule A-5 Schedule of Program Activity Year Ended December 31, 2012

	FEDERAL PROGRAMS							
	Dept. of Labor		Department of Transportation			Dept. of Energy		
	17.275		20.516	20.521		81.042		
	17.258, 17.259 17.278 Cluster Subtotal	Wisconsin SAGE (25)	Wisconsin Employment Transportation Assistance Program (26)	New Freedom Program (27)	20.516 and 20.521 Cluster Subtotal	Weath. Assistance AD119500.13 (28)	Weath. Assistance AD129614.13 (29)	Weath. Assistance AD099243.13 (30)
REVENUE								
Grant revenue	\$ 127,527	\$ 37,915	\$ 160,106	\$ 79,180	\$ 239,286	\$ 389,344	\$ 218,512	(\$ 419,969)
Program income	0	0	109,985	0	109,985	0	0	0
Rental income	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0
Other income	0	0	6,164	0	6,164	0	0	0
Total Revenue	127,527	37,915	276,255	79,180	355,435	389,344	218,512	(419,969)
EXPENSES								
Personnel	119,978	37,915	58,607	73,429	132,036	262,770	149,401	(33,502)
Consultants and contract labor	1,699	0	3,879	939	4,818	12,126	2,097	(38,144)
Travel/transportation	1,825	0	5,997	5,141	11,138	11,013	6,994	(49,305)
Space and utilities	6,529	0	1,143	1,209	2,352	1,443	958	(6,312)
Consumable supplies	643	0	330	437	767	1,731	1,195	(3,163)
Repairs/maintenance	375	0	140	145	285	1,136	753	(2,093)
Depreciation	6	0	5	5	10	232	119	(421)
Interest	0	0	0	0	0	0	0	0
Equipment	27	0	6,690	187	6,877	726	295	(2,557)
Other	2,987	0	5,105	2,619	7,724	6,197	3,159	(12,948)
Weatherization materials/fuel assistance	0	0	0	0	0	91,970	53,541	(271,524)
Program support**	(6,542)	0	(23,548)	(16,831)	(40,379)	0	0	0
Beneficiary assistance	0	0	123,594	11,900	135,494	0	0	0
Commodity food	0	0	0	0	0	0	0	0
Total Expenses	127,527	37,915	181,942	79,180	261,122	389,344	218,512	(419,969)
Increase in Net Assets	0	0	94,313	0	94,313	0	0	0
Net assets - Beginning	0	0	287,567	0	287,567	0	0	0
NET ASSETS - Ending	\$ 0	\$ 0	\$ 381,880	\$ 0	\$ 381,880	\$ 0	\$ 0	\$ 0

** This represents CSBG support and other corporate support provided to other programs.

NEWCAP, Inc.

Schedule A-6 Schedule of Program Activity Year Ended December 31, 2012

	FEDERAL PROGRAMS							
	DOE	Department of Health and Human Services						
		93.568						
	81.042 Subtotal	Weath. Assistance AD119500.13 (31)	Weath. Assistance AD129614.13 (32)	Weath. Assistance AD099243.13 (33)	Emergency Furnace (34)	Emergency Furnace (35)	11/12 Forest County WHEAP M21000 (36)	12/13 Forest County WHEAP M21000 (37)
REVENUE								
Grant revenue	\$ 187,887	\$ 1,032,766	\$ 1,202,708	\$ 725,637	\$ 13,009	\$ 6,005	\$ 24,406	\$ 13,156
Program income	0	0	0	0	0	0	0	0
Rental income	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0
Total Revenue	187,887	1,032,766	1,202,708	725,637	13,009	6,005	24,406	13,156
EXPENSES								
Personnel	378,669	697,017	822,318	57,887	1,358	546	33,556	12,898
Consultants and contract labor	(23,921)	32,166	11,545	65,907	5,414	2,360	537	239
Travel/transportation	(31,298)	29,212	38,494	85,191	84	26	3,189	219
Space and utilities	(3,911)	3,827	5,274	10,905	5	2	854	303
Consumable supplies	(237)	4,592	6,578	5,465	5	2	194	310
Repairs/maintenance	(204)	3,013	4,141	3,617	5	1	968	70
Depreciation	(70)	617	655	727	0	0	0	4
Interest	0	0	0	0	0	0	0	0
Equipment	(1,536)	1,927	1,622	4,419	0	0	264	56
Other	(3,592)	16,437	17,388	22,373	25	9	1,634	765
Weatherization materials/fuel assistance	(126,013)	243,958	294,693	469,146	6,113	3,059	0	0
Program support**	0	0	0	0	0	0	(16,790)	(1,708)
Beneficiary assistance	0	0	0	0	0	0	0	0
Commodity food	0	0	0	0	0	0	0	0
Total Expenses	187,887	1,032,766	1,202,708	725,637	13,009	6,005	24,406	13,156
Increase in Net Assets	0	0	0	0	0	0	0	0
Net assets - Beginning	0	0	0	0	0	0	0	0
NET ASSETS - Ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

** This represents CSBG support and other corporate support provided to other programs.

NEWCAP, Inc.

Schedule A-7 Schedule of Program Activity Year Ended December 31, 2012

	FEDERAL PROGRAMS							Total Federal Programs
	Department of Health and Human Services			Department of Homeland Security				
	93.569	93.994	97.024					
	93.568 Subtotal	Community Services Block Grant (38)	Maternal & Child Health Block Grant (39)	Emergency Food & Shelt. Program Oconto Co. 29-9200-00 (40)	Emergency Food & Shelt. Program Forest Co. 29-9146-00 (41)	Emergency Food & Shelt. Program Marinette Co. 29-9184-00 (42)	97.024 Subtotal	
REVENUE								
Grant revenue	\$ 3,017,687	\$ 516,792	\$ 291,345	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,068,014
Program income	0	120	1,441,100	0	0	0	0	1,692,808
Rental income	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0
Other income	0	383	70,298	0	0	0	0	109,115
Total Revenue	3,017,687	517,295	1,802,743	0	0	0	0	8,869,937
EXPENSES								
Personnel	1,625,580	95,493	839,943	967	395	691	2,053	3,929,091
Consultants and contract labor	118,168	1,848	26,129	13	8	12	33	144,450
Travel/transportation	156,415	15,358	17,384	1	0	112	113	239,738
Space and utilities	21,170	4,216	44,539	19	10	24	53	126,868
Consumable supplies	17,146	2,681	286,222	4	2	3	9	317,851
Repairs/maintenance	11,815	3,693	26,805	1	12	14	27	97,242
Depreciation	2,003	10	50	0	0	0	0	13,284
Interest	0	0	0	0	0	0	0	0
Equipment	8,288	1,540	36,391	2	2	4	8	58,888
Other	58,631	19,612	75,274	25	19	43	87	237,621
Weatherization materials/fuel assistance	1,016,969	0	0	0	0	0	0	890,956
Program support**	(18,498)	353,084	0	(1,032)	(448)	(903)	(2,383)	(16,912)
Beneficiary assistance	0	19,760	0	0	0	0	0	1,577,415
Commodity food	0	0	0	0	0	0	0	585,313
Total Expenses	3,017,687	517,295	1,352,737	0	0	0	0	8,201,805
Increase in Net Assets	0	0	450,006	0	0	0	0	668,132
Net assets - Beginning	0	0	382,482	0	0	0	0	670,049
NET ASSETS - Ending	\$ 0	\$ 0	\$ 832,488	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,338,181

** This represents CSBG support and other corporate support provided to other programs.

NEWCAP, Inc.

Schedule A-8 Schedule of Program Activity Year Ended December 31, 2012

STATE AND LOCAL PROGRAMS

	Weatherization Public Benefits AD119500.13 (43)	Weatherization Public Benefits AD129614.13 (44)	Weatherization Public Benefits AD099243.13 (45)	Emergency Furnace (46)	Emergency Furnace (47)	Housing Cost Reduction Initiative HCRI 10.19 (48)	Donation Fund (49)	Job Center (50)	Wheels II (51)	State and Local Subtotal
REVENUE										
Grant revenue	\$ 1,720,566	\$ 1,656,592	(\$ 160,006)	\$ 236,240	\$ 184,006	\$ 33,717	\$ 2,688	\$ 0	\$ 4,946	\$ 3,678,749
Program income	0	0	0	0	0	0	0	0	0	0
Rental income	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	70,155	0	0	70,155
Other income	0	4,421	0	0	0	783	0	0	0	5,204
Total Revenue	1,720,566	1,661,013	(160,006)	236,240	184,006	34,500	72,843	0	4,946	3,754,108
EXPENSES										
Personnel	1,161,216	1,135,671	(12,764)	25,808	17,646	9,005	0	0	4,946	2,341,528
Consultants and contract labor	53,588	15,944	(14,533)	102,885	76,312	159	0	0	0	234,355
Travel/transportation	48,666	53,162	(18,785)	1,587	830	2	0	0	0	85,462
Space and utilities	6,375	7,283	(2,405)	99	44	223	0	424	0	12,043
Consumable supplies	7,650	9,085	(1,205)	111	69	52	0	22	0	15,784
Repairs/maintenance	5,021	5,719	(797)	91	32	61	0	236	0	10,363
Depreciation	1,027	904	(160)	0	6	0	0	0	0	1,777
Interest	0	0	0	0	0	0	0	0	0	0
Equipment	3,210	2,239	(974)	0	0	3	0	0	0	4,478
Other	27,384	24,014	(4,933)	516	290	207	2,964	1,288	0	51,730
Weatherization materials/fuel assistance	406,429	406,992	(103,450)	105,143	80,980	0	0	0	0	896,094
Program support**	0	0	0	0	0	(5,212)	0	(1,970)	0	(7,182)
Beneficiary assistance	0	0	0	0	0	30,000	37,548	0	0	67,548
Commodity food	0	0	0	0	0	0	0	0	0	0
Total Expenses	1,720,566	1,661,013	(160,006)	236,240	176,209	34,500	40,512	0	4,946	3,713,980
Increase in Net Assets	0	0	0	0	7,797	0	32,331	0	0	40,128
Net assets - Beginning	0	0	0	0	0	0	37,044	0	0	37,044
NET ASSETS - Ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,797	\$ 0	\$ 69,375	\$ 0	\$ 0	\$ 77,172

** This represents CSBG support and other corporate support provided to other programs.

NEWCAP, Inc.

Schedule A-9 Schedule of Program Activity Year Ended December 31, 2012

	<u>OTHER</u>	<u>DISCRETIONARY</u>	
	<u>Grant Funded Equipment (52)</u>	<u>Total Program Activity</u>	<u>General Operations (53)</u>
REVENUE			
Grant revenue	\$ 0	\$ 10,746,763	(\$ 94,989)
Program income	0	1,692,808	0
Rental income	0	0	123,404
Donations	0	70,155	0
Other income	0	114,319	(25,176)
Total Revenue	0	12,624,045	3,239
EXPENSES			
Personnel	0	6,270,619	37,211
Consultants and contract labor	0	378,805	0
Travel/transportation	0	325,200	6,395
Space and utilities	0	138,911	30,326
Consumable supplies	0	333,635	0
Repairs/maintenance	(28,943)	78,662	12,352
Depreciation	224,306	239,367	77,561
Interest	0	0	2,839
Equipment	0	63,366	826
Other	(296,447)	(7,096)	138,809
Weatherization materials/fuel assistance	0	1,787,050	0
Program support**	0	(24,094)	24,094
Beneficiary assistance	0	1,644,963	1,140
Commodity food	0	585,313	0
Total Expenses	(101,084)	11,814,701	331,553
Increase in Net Assets	101,084	809,344	(328,314)
Net assets - Beginning	1,561,987	2,269,080	1,975,989
NET ASSETS - Ending	\$ 1,663,071	\$ 3,078,424	\$ 1,647,675

** This represents CSBG support and other corporate support provided to other programs.

NEWCAP, Inc.

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed-Through WISCAP		
Job and Business Development Program	10.561	\$ <u>34,977</u>
Skills Enhancement Program		
Passed-Through Wisconsin Department of Health Services		
Temporary Emergency Food Assistance Program #70010	10.568	<u>91,378</u>
Commodity Food Program	10.569	<u>585,313</u>
Subtotal Cluster CFDA # 10.568 and # 10.569		<u>676,691</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed-Through Wisconsin Department of Administration		
Neighborhood Stabilization Program #NSP 09-19	14.228	<u>45,172</u>
Emergency Shelter/Rapid Re-Housing # RRH11-06	14.231	37,822
Emergency Shelter/THG # ETH09-32		73,914
HUD Emergency Shelter # ETH12-14		<u>136,785</u>
Subtotal CFDA # 14.231		<u>248,521</u>
Tenant Based Rental Assistance # TBRA 11.05	14.239	67,675
Tenant Based Rental Assistance # TBRA 12.05		27,274
HOME Rental Housing Development Program # RHDC 11-22		107,800
HOME Homebuyer and Rehab Program # HHR 10.13		<u>483,034</u>
Subtotal CFDA 14.239		<u>685,783</u>
Passed-Through Wisconsin Department of Administration		
Supportive Housing Program	14.267	<u>2,322</u>
Passed-Through ADVOCAP		
Refugee Services	14.871	98,772
Passed-Through Wisconsin Housing and Economic Development Authority		
Section 8 Housing Voucher # 904		627,422
Passed-Through Oconto County Housing Authority		
Section 8 Housing Voucher # WI39-V262-002		<u>210,720</u>
Subtotal CFDA #14.871		<u>936,914</u>

NEWCAP, Inc.

Schedule B-2

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)		
Passed-Through Wisconsin Department of Administration		
Lead Hazard Control Program #LHC 09.19	14.905	<u>19,195</u>
U.S. DEPARTMENT OF LABOR		
Passed-Through Community Services of Northeast Wisconsin		
Workforce Investment Act - Marinette	17.258	41,334
Passed-Through NEW Curative Rehab		
Workforce Investment Act - Brown		<u>17,265</u>
Subtotal CFDA #17.258		<u>58,599</u>
Passed-Through NEW Curative Rehab		
Workforce Investment Act - Brown	17.259	<u>28,603</u>
Passed-Through Community Services of Northeast Wisconsin		
Workforce Investment Act - Marinette	17.278	30,232
Passed-Through NEW Curative Rehab		
Workforce Investment Act - Brown		<u>10,093</u>
Subtotal CFDA #17.278		<u>40,325</u>
Subtotal Cluster CFDA #17.258, #17.259, and #17.278		<u>127,527</u>
Passed-Through Community Services of Northeast Wisconsin		
Competitive Grants for Worker Training and Placement in high growth and emerging industry sectors - Wisconsin Sector Alliance for the Green Economy (SAGE)	17.275	<u>37,915</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed-Through Wisconsin Department of Transportation		
Wisconsin Employment Transportation Assistance Program	20.516	<u>160,106</u>
New Freedom Program	20.521	<u>79,180</u>
Subtotal Cluster CFDA #20.516 and #20.521		<u>239,286</u>

NEWCAP, Inc.

Schedule B-3

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF ENERGY		
Passed-Through Wisconsin Department of Administration		
Weatherization Assistance DOE - #AD099243.13	81.042	(419,969)
Weatherization Assistance DOE - #AD119500.13		389,344
Weatherization Assistance DOE - #AD129614.13		218,512
	Subtotal CFDA #81.042	187,887
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed-Through Wisconsin Department of Administration		
Weatherization Assistance EAP #AD119500.13	93.568	1,032,766
Weatherization Assistance EAP #AD129614.13		1,202,708
Weatherization Assistance EAP #AD099243.13		725,637
Emergency Furnace		19,014
Passed-Through Forest County Department of Human Services		
Forest County WHEAP 10/11 #M21000		24,406
Forest County WHEAP 11/12 #M21000		13,156
	Subtotal CFDA #93.568	3,017,687
Passed-Through Wisconsin Department of Children and Families		
Community Services Block Grant	93.569	516,792
Passed-Through Wisconsin Department of Health Services		
Maternal and Child Health Block Grant	93.994	291,345
TOTAL FEDERAL PROGRAMS		\$ 7,068,014

NEWCAP, Inc.

Schedule B-4 Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of NEWCAP, Inc. under programs of the federal government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (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 NEWCAP, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of NEWCAP, Inc..

Note 2 - 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. Pass-through entity identifying numbers are presented where available.

Note 3 - Weatherization Assistance Program

The Weatherization grant # AD099243.13 funded by the State of Wisconsin Department of Administration includes three funding sources: Department of Energy, Department of Health and Human Services, and State of Wisconsin Public Benefits. This was a multi-year grant. Expenses included in this schedule have been reclassified between funding sources to accurately report total costs under the grant by funding source. These reclassifications resulted in a negative adjustment for the Department of Health and Human Services and State of Wisconsin Public Benefits amounts.



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
NEWCAP, Inc.
Oconto, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, the financial statements of NEWCAP, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NEWCAP, 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 NEWCAP, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of NEWCAP, 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 and; therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency listed as item number 123112-01.

Compliance and other Matters

As part of obtaining reasonable assurance about whether NEWCAP, 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*.

Response to Findings

NEWCAP, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. NEWCAP, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 NEWCAP, Inc.'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wipfli LLP

June 6, 2013
Madison, Wisconsin



Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance

Board of Directors
NEWCAP, Inc.
Oconto, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited NEWCAP, 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* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of NEWCAP, Inc.'s major federal and state programs for the year ended December 31, 2012. NEWCAP, Inc.'s major federal and state 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of NEWCAP, Inc.'s major federal and state 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. 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 and state program occurred. An audit includes examining, on a test basis, evidence about NEWCAP, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, NEWCAP, 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 and state programs for the year ended December 31, 2012.

Report on Internal Control over Compliance

Management of NEWCAP, 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 NEWCAP, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NEWCAP, 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

June 6, 2013
Madison, Wisconsin

NEWCAP, Inc.

Schedule of Findings and Questioned Costs and *State Single Audit Guidelines* Checklist

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of NEWCAP, Inc.
2. One significant deficiency was identified relating to the audit of the financial statements reported in the 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*.
3. No instances of noncompliance material to the financial statements of NEWCAP, Inc. were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal and major state award programs as reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance.
5. The auditor's report on compliance for the major federal and major state award programs for NEWCAP, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for NEWCAP, Inc.
7. The federal programs tested as major programs were:
 - U.S. Department of Housing and Urban Development:
 - Home Investment Partnership Program - HOME, CFDA #14.239
 - Section 8 Housing Choice Vouchers, CFDA #14.871
 - U.S. Department of Energy:
 - Weatherization Assistance Program, CFDA #81.042
 - U.S. Department of Health and Human Services:
 - Low Income Home Energy Assistance Program, CFDA #93.568
8. The state programs tested as a major programs were:
 - Public Benefits: ID# 505.971
9. The threshold for distinguishing Types A and B federal programs was \$300,000. The threshold for distinguishing Types A and B state programs was \$100,000.
10. NEWCAP, Inc. was not determined to be a low-risk auditee.

NEWCAP, Inc.

Schedule of Findings and Questioned Costs and *State Single Audit Guidelines* Checklist

B. Findings – Financial Statements Audit

Finding:

SEGREGATION OF DUTIES AND FINANCIAL STATEMENT OVERSIGHT (123112-01)

Condition

During our audit, Wipfli LLP noted a lack of segregation of duties over certain accounting and information technology processes, without adequate oversight of these processes or the financial statement preparation. Often times in a small accounting department, certain controls can mitigate the control deficiencies that are the result of having a limited number of people in the accounting department. Examples of areas where controls could be enhanced include properly restricting security access for each employee that utilizes the accounting software, implementing improvements in internal controls for significant processes, and providing the board a complete financial statement at each meeting. Having a thorough review of transactions and financial results is a good example of a mitigating control. As a result of this lack of segregation of duties, a significant deficiency exists in NEWCAP, Inc.'s controls over financial reporting.

Criteria

Government Auditing Standards consider the lack of segregation of duties which could cause a material misstatement to the financial statements to be an internal control weakness.

Effect

As a result of not maintaining proper segregation of duties or adequate levels of oversight over financial statement preparation, a potential exists for misstatement to occur and not be detected and corrected on a timely basis.

Recommendation

We recommend NEWCAP, Inc. implement procedures to mitigate the lack of proper segregation of duties as well as an adequate oversight process to provide sufficient internal control over financial reporting.

Management's Response

NEWCAP, Inc. has already implemented procedures implementing tighter security on accounting software. Also, more financial information is being provided to the Board of Directors on a monthly basis. Lastly, NEWCAP, Inc. is regularly evaluating and improving other internal controls.

NEWCAP, Inc.

Schedule of Findings and Questioned Costs and *State Single Audit Guidelines* Checklist

C. Findings and Questioned Costs – Major Federal Award Programs Audit

Questioned Costs: None

Findings: None

D. Prior Year Findings:

Finding:

MATERIAL ADJUSTMENTS (123111-01)

Condition

During our audit, Wipfli LLP proposed, and NEWCAP agreed to multiple adjusting journal entries that were considered material to the financial statements. These adjustments include a prior period adjustment to capitalize the purchase of grant funded real property purchases during 2011 and in prior periods, two prior period adjustments to correct the improper recording of grant activity (including a current period adjustment to grants receivable and deferred revenue), an entry to record the activity (including a prior period adjustment) related to the WETAP program in accordance with GAAP and program requirements, an entry to record the activity (including a prior period adjustment) related to temporarily restricted program income in the family planning program that had been improperly recorded as deferred revenue, and an entry to recognize restricted contribution revenue that had been recorded as deferred revenue. As a result of these adjustments, receivables, property and equipment, deferred revenue, grant revenue, and beginning net assets were misstated and a material weakness exists in NEWCAP, Inc.'s controls over these areas.

Criteria

Government Auditing Standards consider the inability to accurately adjust account balances to be an internal control weakness.

Effect

As a result of not recording necessary adjustments on a timely basis, the financial statements used for internal purposes and presented for audit purposes were misstated, leading to a material weakness in internal controls.

Recommendation

We recommend NEWCAP, Inc. implement procedures to provide sufficient internal control over account balance reconciliations such that all necessary transactions are recorded in accordance with generally accepted accounting principles and funding source requirements. Accounts should be reconciled on a periodic basis and those reconciliations should be reviewed by a responsible individual. Adjustments required as a result of the reconciliations should be posted to the general ledger on a timely basis.

NEWCAP, Inc.

Schedule of Findings and Questioned Costs and *State Single Audit Guidelines* Checklist

D. Prior Year Findings (Continued):

Management's Response

NEWCAP, Inc. has implemented procedures whereby statements and reports are recorded in accordance with generally accepted accounting principles. These procedures are done in a timely manner with reviews done by proper staff.

Resolution

Wipfli did not note any material adjustments during the 2012 audit. This finding appears to be resolved.

Finding:

SEGREGATION OF DUTIES AND FINANCIAL STATEMENT OVERSIGHT (123111-02)

Condition

During our audit, Wipfli LLP noted a lack of segregation of duties over certain accounting and information technology processes, without adequate oversight of these processes or the financial statement preparation. Examples of areas where controls could be enhanced include having a unique log-in name and password for each employee that utilizes the accounting software, providing the board a complete financial statement at each meeting, and implementing a review of all cash draws. Often times in a small accounting department, certain controls can mitigate the control deficiencies that are the result of have a limited number of people in the accounting department. Having a thorough review of transactions and financial results is a good example of a mitigating control. As a result of this lack of segregation of duties, a significant deficiency exists in NEWCAP, Inc.'s controls over financial reporting.

Criteria

Government Auditing Standards consider the lack of segregation of duties which could cause a material misstatement to the financial statements to be an internal control weakness.

Effect

As a result of not maintaining proper segregation of duties or adequate levels of oversight over financial statement preparation, a potential exists for misstatement to occur and not be detected and corrected on a timely basis.

Recommendation

We recommend NEWCAP, Inc. implement procedures for proper segregation of duties as well as an adequate oversight process to provide sufficient internal control over financial reporting.

NEWCAP, Inc.

Schedule of Findings and Questioned Costs and *State Single Audit Guidelines* Checklist

D. Prior Year Findings (Continued):

Management's Response

NEWCAP, Inc. has implemented procedures whereby statements and reports are recorded in accordance with generally accepted accounting principles. These procedures are done in a timely manner with reviews done by proper staff.

Resolution

Wipfli noted that NEWCAP, Inc. has begun utilizing unique user logins and passwords, has hired an additional employee, and continuously strives to implement best practices. Wipfli still recommends that additional controls be implemented. This finding is repeated (see finding #123112-01).

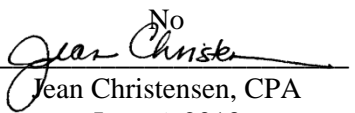
E. Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
 - a. Department of Health Services No
 - b. Department of Children and Families No
 - c. Department of Administration No
 - d. Department of Housing and Economic Development No
 - e. Department of Transportation No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of partner in charge
5. Date of report


Jean Christensen, CPA
June 6, 2013