

Meta House, Inc.

Milwaukee, Wisconsin

Financial Statements and Supplementary Information

Years Ended December 31, 2015 and 2014

Meta House, Inc.

Financial Statements and Supplementary Information

Years Ended December 31, 2015 and 2014

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Independent Auditor's Report

Board of Directors
Meta House, Inc.
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Meta House, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expense 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 audits 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 Meta House, Inc., as of December 31, 2015 and 2014, 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.

Other Matters

Other Information

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information appearing on pages 23 through 29, which includes the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, are presented for the 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. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 May 13, 2016 on our consideration of Meta House 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 Meta House, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Milwaukee, Wisconsin
May 13, 2016

Meta House, Inc.

Statements of Financial Position

December 31, 2015 and 2014

<i>Assets</i>	2015	2014
Current assets:		
Cash and cash equivalents	\$ 1,012,560	\$ 1,230,565
Investments	1,118,509	1,132,436
Receivables:		
Grants and contracts - Net	206,396	120,772
Contributions - Net	723,079	292,209
Prepaid expenses	72,309	24,216
Total current assets	3,132,853	2,800,198
Cash - Unemployment reserve	50,488	50,488
Property and equipment - Net	3,049,346	2,995,895
Other assets:		
Contributions receivable, less current portion - Net	482,233	275,071
Security deposit	10,500	10,500
Total other assets	492,733	285,571
TOTAL ASSETS	\$ 6,725,420	\$ 6,132,152

<i>Liabilities and Net Assets</i>	2015	2014
Current liabilities:		
Accounts payable	\$ 60,704	\$ 114,947
Accrued payroll and benefits	176,891	161,642
Accrued pension	65,767	93,740
Accrued expenses	12,060	16,643
Current maturities of notes payable	1,058,000	-
Total current liabilities	1,373,422	386,972
Long-term liabilities:		
Notes payable	156,263	1,214,263
Total liabilities	1,529,685	1,601,235
Net assets:		
Unrestricted	4,048,617	3,946,284
Temporarily restricted	1,147,118	584,633
Total net assets	5,195,735	4,530,917
TOTAL LIABILITIES AND NET ASSETS	\$ 6,725,420	\$ 6,132,152

Meta House, Inc.

Statements of Activities

Years Ended December 31, 2015 and 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Federal contracts	\$ 2,166,217	\$ -	\$ 2,166,217
State of Wisconsin contracts	600,000	-	600,000
Milwaukee County contracts	826,745	-	826,745
Food stamps/food grants	54,735	-	54,735
Medicaid	162,898	-	162,898
Client private pay	26,835	-	26,835
Foundation grants	600,162	40,000	640,162
United Way	160,501	115,369	275,870
Other grantors	145,868	-	145,868
Contributions	534,421	690,981	1,225,402
Rental revenue	44,451	-	44,451
Investment (loss) income	(3,288)	-	(3,288)
Gala and special events	253,606	-	253,606
Miscellaneous	5,011	-	5,011
In-kind contributions	108,582	-	108,582
Total support and revenue	5,686,744	846,350	6,533,094
Net assets released from restrictions	283,865	(283,865)	-
Total public support, revenue and transfers	5,970,609	562,485	6,533,094
Expenses:			
Program expenses	4,868,510	-	4,868,510
Management and general	605,453	-	605,453
Public information	23,791	-	23,791
Fundraising	370,522	-	370,522
Total expenses	5,868,276	-	5,868,276
Changes in net assets	102,333	562,485	664,818
Net assets at beginning of year	3,946,284	584,633	4,530,917
Net assets at end of year	\$ 4,048,617	\$ 1,147,118	\$ 5,195,735

2014		
Unrestricted	Temporarily Restricted	Total
\$ 2,803,348	\$ -	2,803,348
600,000	-	600,000
801,601	-	801,601
38,838	-	38,838
137,155	-	137,155
832	-	832
488,004	426,355	914,359
174,709	102,864	277,573
66,780	-	66,780
242,209	41,556	283,765
42,762	-	42,762
63,319	-	63,319
216,506	-	216,506
5,826	-	5,826
75,738	-	75,738
5,757,627	570,775	6,328,402
245,309	(245,309)	-
6,002,936	325,466	6,328,402
4,743,861	-	4,743,861
622,304	-	622,304
21,296	-	21,296
354,007	-	354,007
5,741,468	-	5,741,468
261,468	325,466	586,934
3,684,816	259,167	3,943,983
\$ 3,946,284	\$ 584,633	\$ 4,530,917

See accompanying notes to financial statements.

Meta House, Inc.

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	2015	2014
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 664,818	\$ 586,934
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	230,735	217,548
Net realized and unrealized loss (gain) on investments	22,312	(44,277)
Donated property and equipment	-	(33,713)
Contributions for capital improvements	-	(100,000)
Change in operating assets and liabilities:		
Grants and contracts receivable	(85,624)	19,876
Contributions receivable	(638,032)	(376,863)
Prepaid expenses	(48,093)	22,356
Accounts payable	(54,243)	54,190
Accrued payroll and benefits	15,249	21,499
Accrued pension	(27,973)	(25,044)
Accrued expenses	(4,583)	13,843
Net cash provided by operating activities	74,566	356,349
Cash flows from investing activities:		
Cash received for capital improvements	-	50,000
Increase in unemployment reserve	-	(4,314)
Purchase of investments	(1,023,263)	(340,097)
Sale of investments	1,014,878	321,544
Purchase of property and equipment	(284,186)	(93,200)
Net cash used in investing activities	(292,571)	(66,067)
Net (decrease) increase in cash and cash equivalents	(218,005)	290,282
Cash and cash equivalents at beginning of year	1,230,565	940,283
Cash and cash equivalents at end of year	\$ 1,012,560	\$ 1,230,565
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 39,288	\$ 42,450

See accompanying notes to financial statements.

Meta House, Inc.

Statements of Functional Expense

Year Ended December 31, 2015

	Intensive Outpatient	Residential	Maryland	Transitional Living
Salaries and related expenses:				
Salaries and wages	\$ 1,079,726	\$ 1,423,864	\$ 97,413	\$ 47,962
Employee benefits	168,999	265,846	19,445	8,751
Payroll taxes	83,238	121,517	6,621	3,505
Total salaries and related expenses	1,331,963	1,811,227	123,479	60,218
Other expenses:				
Conference and seminars	3,691	3,299	-	5
Consulting	1,190	-	8,055	-
Depreciation	77,155	59,933	9,274	12,269
Equipment rental and maintenance	2,530	9,423	1,163	2,963
Evaluation and research	114,020	51,932	-	-
Food and beverage supplies	3,943	116,647	1,514	52
Furniture, equipment and software	63,655	44,150	6,076	8,073
Insurance	12,488	19,808	1,722	678
Interest	27,804	3,951	49	-
Miscellaneous	(35)	127	23,408	(3)
Occupancy	117,475	77,788	6,075	19,932
Postage and shipping	935	549	27	17
Professional fees	-	-	-	-
Professional medical fees	75,440	55,864	360	-
Recruiting and employment expense	720	6,322	951	4
Specified assistance	21,460	74,544	418	78
Subscriptions and memberships	71	1,764	89	674
Special events	-	-	-	-
Supplies	9,354	18,370	6,459	459
Telephone	11,208	20,456	2,921	2,077
Travel	818	293	641	388
Utilities	23,832	37,632	3,112	17,179
Major gifts campaign expense	-	-	-	-
In-kind specific assistance	7,494	23,603	979	1,977
Total expenses	\$ 1,907,211	\$ 2,437,682	\$ 196,772	\$ 127,040

Permanent Housing	Total Program	Management and General	Public Information	Fundraising	Total
\$ 53,750	\$ 2,702,715	\$ 357,203	\$ 14,961	\$ 222,193	\$ 3,297,072
8,960	472,001	40,519	3,192	26,800	542,512
4,117	218,998	25,411	1,145	15,876	261,430
66,827	3,393,714	423,133	19,298	264,869	4,101,014
5	7,000	(537)	2	764	7,229
-	9,245	-	150	5,810	15,205
48,824	207,455	15,507	-	7,773	230,735
6,589	22,668	399	17	281	23,365
-	165,952	-	-	-	165,952
30	122,186	199	-	91	122,476
9,977	131,931	6,318	740	7,445	146,434
692	35,388	7,340	243	1,904	44,875
-	31,804	4,244	127	3,113	39,288
71	23,568	12,309	-	3,938	39,815
30,761	252,031	18,030	548	12,935	283,544
18	1,546	463	2,273	3,370	7,652
35	35	98,336	-	-	98,371
-	131,664	-	-	-	131,664
6	8,003	141	-	310	8,454
103	96,603	97	-	18	96,718
736	3,334	1,909	-	3,599	8,842
-	-	-	-	31,258	31,258
806	35,448	444	16	419	36,327
2,525	39,187	5,758	194	1,695	46,834
533	2,673	152	-	835	3,660
28,704	110,459	3,569	104	2,622	116,754
-	-	-	-	2,228	2,228
2,563	36,616	7,642	79	15,245	59,582
\$ 199,805	\$ 4,868,510	\$ 605,453	\$ 23,791	\$ 370,522	\$ 5,868,276

See accompanying notes to financial statements.

Meta House, Inc.

Statements of Functional Expense (Continued)

Year Ended December 31, 2014

	Intensive Outpatient	Residential	Maryland	Transitional Living
Salaries and related expenses:				
Salaries and wages	\$ 1,053,604	\$ 1,429,081	\$ -	\$ 41,716
Employee benefits	167,780	277,915	-	7,107
Payroll taxes	76,888	124,373	-	2,750
Total salaries and related expenses	1,298,272	1,831,369	-	51,573
Other expenses:				
Conference and seminars	5,589	8,037	-	-
Consulting	2,380	-	225	-
Depreciation	76,993	55,609	-	12,917
Equipment rental and maintenance	14,821	27,368	77	3,666
Evaluation and research	114,024	100,513	-	-
Food and beverage supplies	5,129	119,600	14	-
Furniture, equipment and software	49,256	66,281	-	4,645
Insurance	16,427	28,069	-	702
Interest	26,887	4,634	-	-
Miscellaneous	279	525	-	3
Occupancy	116,143	81,405	2,739	30,088
Postage and shipping	289	138	-	7
Professional fees	-	-	-	-
Professional medical fees	70,238	57,509	-	-
Recruiting and employment expense	956	11,559	-	-
Specified assistance	12,752	53,289	-	-
Subscriptions and memberships	154	1,853	-	680
Special events	-	-	-	-
Supplies	7,791	24,788	-	209
Telephone	12,124	19,950	-	1,719
Travel	789	905	-	141
Utilities	28,255	46,377	987	25,876
Major gifts campaign expense	-	-	-	-
In-kind specific assistance	9,408	7,888	4,143	841
Total expenses	\$ 1,868,956	\$ 2,547,666	\$ 8,185	\$ 133,067

Permanent Housing	Total Program	Management and General	Public Information	Fundraising	Total
\$ 48,042	\$ 2,572,443	\$ 350,421	\$ 7,355	\$ 193,438	\$ 3,123,657
6,966	459,768	43,720	3,335	25,869	532,692
3,570	207,581	30,058	1,400	13,805	252,844
58,578	3,239,792	424,199	12,090	233,112	3,909,193
-	13,626	17,312	-	335	31,273
-	2,605	-	4,276	14,420	21,301
48,824	194,343	15,470	-	7,735	217,548
6,730	52,662	2,240	61	1,731	56,694
-	214,537	-	-	-	214,537
-	124,743	162	-	81	124,986
6,464	126,646	5,835	359	5,888	138,728
665	45,863	3,765	335	2,398	52,361
-	31,521	7,430	-	3,499	42,450
2	809	12,726	-	2,913	16,448
31,873	262,248	18,195	(45)	14,793	295,191
2	436	357	2,482	4,671	7,946
-	-	99,331	-	-	99,331
-	127,747	-	-	-	127,747
-	12,515	45	-	166	12,726
-	66,041	-	-	52	66,093
742	3,429	2,620	-	3,923	9,972
-	-	-	26	35,987	36,013
190	32,978	1,076	35	383	34,472
2,609	36,402	4,339	143	1,233	42,117
159	1,994	65	20	556	2,635
28,028	129,523	4,387	14	3,530	137,454
-	-	-	-	2,469	2,469
1,121	23,401	2,750	1,500	14,132	41,783
\$ 185,987	\$ 4,743,861	\$ 622,304	\$ 21,296	\$ 354,007	\$ 5,741,468

See accompanying notes to financial statements.

Meta House, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Nature of Activities

Meta House, Inc. (the "Organization") was organized in 1962 as a non-profit organization for the purpose of treating women with substance abuse disorders. The Organization operates in six locations in the city of Milwaukee.

The Organization maintains four separate, but integrated programs listed as follows:

Intensive Outpatient – Serves as an AODA program for prevention and treatment of substance abuse for women including the homeless. Includes formerly separate programs for Homeless and Family Works.

Residential – Serves as residential treatment centers for women and their children. Also, one location serves as a residential treatment center for pregnant and post-partum women and their newborn children.

Transitional Living – Locust Street Center serves as transitional housing for homeless, recovering women and their children.

Permanent Housing – Three locations serve as permanent housing for homeless, recovering women and their children.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Meta House, Inc.

Notes to Financial Statements

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

Net Assets

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

Unrestricted net assets - are the assets of the Organization that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include amounts available for support of the Organization's operations and amounts designated by management and the administrative team for specific purposes.

Temporarily restricted net assets - are those whose use by the Organization has been limited by donors to a specific time period or purpose.

Permanently restricted net assets - have been restricted by donors to be maintained by the Organization in perpetuity. The organization did not have any permanently restricted net assets at December 31, 2015 or 2014.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect certain reported amounts and disclosures. Actual results may differ from these estimates.

Cash Equivalents

Meta House, Inc. considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts restricted as to use. The carrying amount reported in the statement of financial position for cash equivalents approximates fair value.

Meta House, Inc.

Notes to Financial Statements

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

Investments

Investments are carried at fair value. Realized and unrealized gains/losses on investments are reflected in the statements of activities.

Grants and Contracts Receivable

Grants and contracts receivable are shown net of an allowance for doubtful accounts of \$1,793 as of December 31, 2015 and 2014. The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of government grants and contracts receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change.

Contributions Receivable

Contributions are recorded as receivables in the year the pledge was made. Contributions and other promises to give whose eventual uses are restricted by the donor are recorded as increases in temporarily restricted net assets. Unrestricted contributions to be collected in future periods are also recorded as an increase to temporarily restricted net assets and reclassified to unrestricted net assets when received.

Contributions receivable are reported in the statements of financial position net of unamortized discounts and an allowance for uncollectible pledges. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate that approximates the rate of government securities. Amortization of the discount is recorded as an increase in contribution revenue. Management individually reviews all pledges receivable and estimates the portion, if any, of the balance that will not be collected.

Meta House, Inc.

Notes to Financial Statements

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

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value on the date of the donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Depreciation expense is charged directly to the program which authorized the purchase of the related asset.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized for the years ending December 31, 2015 and 2014.

Estimated lives of depreciable assets are as follows:

	Useful Lives
Land improvements	10 to 25 years
Buildings and building improvements	5 to 50 years
Furniture and equipment	5 to 10 years
Vehicles	3 to 10 years

Functional Expenses

Salaries and related expenses are allocated to functional activities based on the time spent in each area. Occupancy expenses are allocated to functional activities based on the square footage used in each area. Expenses specifically identifiable with an activity are charged to that activity. Other expenses not specifically identifiable with functions are allocated to functional activities using percentages based on full time equivalents.

Meta House, Inc.

Notes to Financial Statements

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

Fair Value Measurements

The Organization measures the fair value of its investments using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The Organization determines fair value by:

- Level 1 input to the valuation methodology is unadjusted quoted prices for identical asset or liabilities in active markets that the Organization has the ability to access.
- Level 2 inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in active markets;
 - Inputs, other than quoted prices, that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Meta House, Inc.

Notes to Financial Statements

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

Donated Goods and Services

Donated goods and services are recorded as revenue and expense in the accompanying Statement of Activities at the estimated fair value. Only contributions of goods and services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills, and would typically need to be purchased if not provided by donation, are recognized. The Organization recorded revenue and expense related to these donated goods and services of \$108,582 and \$75,738 for the years ended December 31, 2015 and 2014, respectively.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Grants and Contract Revenue

Federal, state, and local grants and contract revenue represent grants and contracts with various funding sources. In general, grant and contract revenue is recognized under the following methods:

- *Cost reimbursement contracts* – Reimbursements are based on expenses incurred. The amount due from various funding sources is recognized in the accounting period when the expenses are incurred.
- *Performance contracts* – Reimbursements are based on accomplishment of contract objectives without regard for expenditures. Performance revenue is recognized in the accounting period when the contracted services have been performed.

Meta House, Inc.

Notes to Financial Statements

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

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code ("Code") and is exempt from federal income taxes on the related income pursuant to Section 501(a) of the code. The Organization is also exempt from state income taxes.

In order to account for any uncertain tax positions, the Organization determines whether it's 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 benefits of that position is not recognized in the financial statements. The Organization recorded no assets or liabilities related to uncertain tax positions.

Subsequent Events

Subsequent events have been evaluated through May 13, 2016, which is the date the financial statements were available to be issued.

Note 2 **Investments**

At December 31, 2015 and 2014, investments were carried at fair value and are summarized as follows:

	<u>2015</u>	<u>2014</u>
Money market	\$ 61,646	\$ 85,932
Exchange traded funds	-	6,166
Fixed income mutual funds	279,606	343,822
Equity mutual funds	777,257	696,516
Total investments	\$ 1,118,509	\$ 1,132,436

Meta House, Inc.

Notes to Financial Statements

Note 2 Investments (Continued)

Investment income for the year ended December 31, 2015 and 2014 were as follows:

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

	2015	2014
Interest	\$ 5,024	\$ 3,511
Dividends	14,000	15,531
Net realized and unrealized (loss) gain	(22,312)	44,277
Total investment (loss) income	\$ (3,288)	\$ 63,319

Note 3 Contributions Receivable

Net contributions receivable consisted of the following as of December 31, 2015 and 2014:

	2015	2014
Less than one-year	\$ 726,652	\$ 292,209
One to four years	510,000	300,000
Gross contributions receivable	1,236,652	592,209
Less:		
Unamortized discount	27,767	23,644
Allowance for uncollectible amounts	3,573	1,285
Contributions receivable - Net	1,205,312	567,280
Less - Current portion	723,079	292,209
Contributions receivable, less current portion - Net	\$ 482,233	\$ 275,071

Meta House, Inc.

Notes to Financial Statements

Note 3 Contributions Receivable (Continued)

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a rate based upon the average of the U.S. Treasury bond rate and the Organization's borrowing rate. The discount rate used was 3.00% for the years ended December 31, 2015 and 2014.

Approximately 69% of the contributions receivable balance at December 31, 2015, is due from two donors.

Note 4 Property and Equipment

Property and equipment at December 31, 2015 and 2014 consisted of the following:

	2015	2014
Land	\$ 60,568	\$ 60,568
Land improvements	225,014	258,725
Buildings and building improvements	5,422,887	5,126,074
Furniture and equipment	212,590	191,504
Vehicles	63,587	63,587
Total property and equipment	5,984,646	5,700,458
Accumulated depreciation	(2,935,300)	(2,704,563)
Property and equipment - Net	\$ 3,049,346	\$ 2,995,895

Note 5 Accumulated Funds for Unemployment Compensation Claims

Under the terms of Wisconsin law, the Organization has elected reimbursement financing for unemployment compensation. At December 31, 2015 and 2014, the Organization has reserved \$50,488 for the payment of unemployment compensation claims.

Meta House, Inc.

Notes to Financial Statements

Note 6 Line of Credit

The Organization has an available line of credit of \$300,000 which matures September 1, 2016, bearing interest at the LIBOR plus 2.5% (2.93% at December 31, 2015). The line of credit is secured by all of the Organization's assets. The Organization did not have a balance outstanding at December 31, 2015 or 2014.

Note 7 Notes Payable

Notes payable at December 31, 2015 and 2014 consisted of the following:

	2015	2014
Mortgage note - HUD2 location	\$ 56,263	\$ 56,263
Mortgage note - HUD4 location	58,000	58,000
Mortgage note - HUD5 location	100,000	100,000
New Markets Tax Credit note	1,000,000	1,000,000
Total notes payable	1,214,263	1,214,263
Less - Current portion	1,058,000	-
Long-term portion	\$ 156,263	\$ 1,214,263

Required Payments of Principal

Required principal payments on notes payable at December 31, 2015 are as follows:

Year ended December 31,	
2016	\$ 1,058,000
2017	100,000
2018	-
2019	-
2020	-
Thereafter	56,263
Total	\$ 1,214,263

Meta House, Inc.

Notes to Financial Statements

Note 7 Notes Payable (Continued)

Mortgage Notes

Mortgage notes are payable to BMO Harris Bank as administrator of Federal Home Loan Bank of Chicago Affordable Housing Program Grants, evidenced by Rental Project Agreements (the "AHP Agreements"). The notes are non-interest-bearing and subject to recapture provisions set forth under the AHP Agreements. Upon maturity, all unpaid principal and interest are due. Upon the occurrence of an event of default, the entire principal balance, plus accrued interest at 18% would become immediately due and payable. The notes are secured by specific real estate. Under the terms of the AHP agreements, the Organization must certify annually to the mortgagee and the Bank of Chicago that tenant rents and incomes are in compliance with the rent and income targeting commitments made in the applications. Under the AHP agreements, the mortgage note balances are to be forgiven after a fifteen-year period, given that certain compliance requirements are met.

Information regarding the mortgage notes is as follows:

Mortgage Note	Collateral	Date of Note	Original Principal	Maturity
HUD2 location	138 W. Locust Street Milwaukee, Wisconsin	September 10, 2007	\$ 56,263	September 6, 2022
HUD4 location	2927 N. First Street Milwaukee, Wisconsin	October 18, 2001	\$ 58,000	October 14, 2016
HUD5 location	2937 N. First Street Milwaukee, Wisconsin	December 5, 2002	\$ 100,000	December 1, 2017

New Market Tax Credit Note

The New Market Tax Credit note for \$1,000,000, dated September 25, 2009, is payable to BMO Harris Bank. The note bears interest at a fixed rate of 3.875%, and is payable in full on September 25, 2016. The note is secured by real estate located at 2927 N. 1st Street, 2937 N. 1st Street, 2947 N. 1st Street, and 138 W. Locust Street in Milwaukee, Wisconsin. The Organization is subject to certain restrictions and covenants related to this note. As of December 31, 2015, management believes the Organization is in compliance with all of the established covenants.

Meta House, Inc.

Notes to Financial Statements

Note 8 Lease Commitments

The Organization has a long-term real estate lease for office space and parking expiring in April 2024. Expenses incurred under this lease for 2015 and 2014 were \$133,319 and \$128,999, respectively.

The Organization also leases office equipment under operating lease agreements that require monthly payments ranging from \$87 to \$561 through June 2018. Expenses incurred under these leases for 2015 and 2014 were \$13,293 and \$5,526, respectively.

The future minimum payments on the non-cancelable operating leases at December 31, 2015 are as follows:

Year ended December 31,

2016	\$	151,996
2017		143,099
2018		142,000
2019		144,310
2020		147,196
Thereafter		512,073
		<hr/>
Total	\$	1,240,674

Note 9 Retirement Plan

The Organization has a SEP plan covering substantially all employees with an annual compensation of \$450 or more. The employer can elect to make a discretionary contribution up to 15% of employee compensation. An employer contribution of 2% or \$65,767 was approved by the Organization for 2015. An employer contribution of 3% or \$93,740 was approved by the Organization for 2014. The contributions of \$65,767 and \$93,740 are reported as accrued pension in the accompanying statements of financial position as of December 31, 2015 and 2014, respectively.

Meta House, Inc.

Notes to Financial Statements

Note 10 Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2015	2014
Time restriction:		
United Way	\$ 102,869	\$ 102,864
Foundation grants	942,233	376,355
Contributions receivable	32,158	38,056
Art therapy	3,500	3,500
Intensive outpatient	53,858	13,858
Healthy baby outcomes	12,500	-
Capital campaign	-	50,000
	<hr/>	<hr/>
Total temporarily restricted net assets	\$ 1,147,118	\$ 584,633

Net assets released from restrictions for the year ended December 31, 2015 and 2014, are as follows:

	2015	2014
Time restriction:		
United Way	\$ 102,864	\$ 102,867
Foundation grants	89,373	-
Contributions receivable	41,628	37,550
Intensive outpatient	-	104,892
Capital purchases	50,000	-
	<hr/>	<hr/>
Total net assets released from restrictions	\$ 283,865	\$ 245,309

Meta House, Inc.

Notes to Financial Statements

Note 11 Fair Value Measurements

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Money market funds are measured using \$1 as the net asset value (NAV).
- Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.
- Exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Information regarding assets measured at fair value on a recurring basis is as follows:

<i>As of December 31, 2015</i>	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Money market	\$ -	\$ 61,646	\$ -	\$ 61,646
Mutual funds - Bond	279,606	-	-	279,606
Mutual funds - Equity:				
Income funds	61,749	-	-	61,749
Blend funds	222,077	-	-	222,077
Growth funds	167,195	-	-	167,195
Value funds	199,847	-	-	199,847
Foreign funds	126,389	-	-	126,389
Totals	\$1,056,863	\$ 61,646	\$ -	\$1,118,509

Meta House, Inc.

Notes to Financial Statements

Note 11 Fair Value Measurements (Continued)

<i>As of December 31, 2014</i>	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market	\$ -	\$ 85,932	\$ -	\$ 85,932
Exchange traded funds	6,166	-	-	6,166
Mutual funds - Bond	343,822	-	-	343,822
Mutual funds - Equity:				
Income funds	32,486	-	-	32,486
Blend funds	116,786	-	-	116,786
Growth funds	182,980	-	-	182,980
Value funds	149,186	-	-	149,186
Foreign funds	215,078	-	-	215,078
Totals	\$1,046,504	\$ 85,932	\$ -	\$1,132,436

Note 12 Concentrations

The Organization maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. At times, deposits may exceed FDIC insurance limits. Management has not experienced any losses with these accounts and management believes the Organization is not exposed to any significant risk on cash.

The Organization receives funding from the Federal Government, State of Wisconsin and Milwaukee County. In 2015, this funding was 33%, 9% and 13% of the Organization's total revenue, respectively. In 2014, this funding was 44%, 9% and 13% of the Organization's total revenue, respectively.

Supplementary Information

Meta House, Inc.

Schedule of Support, Revenue and Expenses by Program - Unrestricted

Year Ended December 31, 2015

	Intensive Outpatient	Residential	Shorewood House	Transitional Living	Permanent Housing	Management and General	Public Information	Fundraising	Total
Support and revenue:									
Federal financial assistance:									
HUD grants	\$ 120,685	\$ 248,939	\$ -	\$ 39,755	\$ 74,823	\$ -	\$ -	\$ -	\$ 484,202
Family Connection Grant - OFFSPI	67,500	382,500	-	-	-	-	-	-	450,000
Abandoned Infants - SAFIR	475,000	-	-	-	-	-	-	-	475,000
SAMHSA - HIV	477,015	-	-	-	-	-	-	-	477,015
SAMHSA - TCE/TAC	280,000	-	-	-	-	-	-	-	280,000
State of Wisconsin financial assistance:									
WI Women's Treatment	-	600,000	-	-	-	-	-	-	600,000
Milwaukee County financial assistance:									
RSS - Access to recovery	12,955	746,338	-	-	-	-	-	-	759,293
POS - CF	67,452	-	-	-	-	-	-	-	67,452
Food stamps/food grants	-	54,735	-	-	-	-	-	-	54,735
Medicaid	162,898	-	-	-	-	-	-	-	162,898
Client private pay	335	1,000	25,500	-	-	-	-	-	26,835
Foundation grants	156,512	107,896	-	4,286	5,714	-	-	325,754	600,162
United Way	-	88,265	-	14,594	-	-	-	57,642	160,501
Other grantors	1,400	144,468	-	-	-	-	-	-	145,868
Contributions	1,466	2,284	15,330	-	-	-	-	515,341	534,421
Rental revenue	-	-	-	19,905	24,546	-	-	-	44,451
Investment loss	-	-	-	-	-	(3,288)	-	-	(3,288)
Gala and special events	-	-	-	-	-	-	-	253,606	253,606
Miscellaneous	854	463	-	1,560	1,998	136	-	-	5,011
In-kind contributions	7,494	28,270	979	6,644	7,229	7,642	79	50,245	108,582
Net assets released from restrictions	-	87,434	-	15,430	-	-	-	181,001	283,865
Total support and revenue	1,831,566	2,492,592	41,809	102,174	114,310	4,490	79	1,383,589	5,970,609

Meta House, Inc.

Schedule of Support, Revenue and Expenses by Program – Unrestricted (Continued)

Year Ended December 31, 2015

	Intensive Outpatient	Residential	Shorewood House	Transitional Living	Permanent Housing	Management and General	Public Information	Fundraising	Total
Program expenses:									
Salaries and wages	1,079,726	1,423,864	97,413	47,962	53,750	357,203	14,961	222,193	3,297,072
Employee benefits	168,999	265,846	19,445	8,751	8,960	40,519	3,192	26,800	542,512
Payroll taxes	83,238	121,517	6,621	3,505	4,117	25,411	1,145	15,876	261,430
Conference and seminars	3,691	3,299	-	5	5	(537)	2	764	7,229
Consulting	1,190	-	8,055	-	-	-	150	5,810	15,205
Depreciation	77,155	59,933	9,274	12,269	48,824	15,507	-	7,773	230,735
Equipment rental and maintenance	2,530	9,423	1,163	2,963	6,589	399	17	281	23,365
Evaluation and research	114,020	51,932	-	-	-	-	-	-	165,952
Food and beverage supplies	3,943	116,647	1,514	52	30	199	-	91	122,476
Furniture, equipment and software	63,655	44,150	6,076	8,073	9,977	6,318	740	7,445	146,434
Insurance	12,488	19,808	1,722	678	692	7,340	243	1,904	44,875
Interest	27,804	3,951	49	-	-	4,244	127	3,113	39,288
Miscellaneous	(35)	127	23,408	(3)	71	12,309	-	3,938	39,815
Occupancy	117,475	77,788	6,075	19,932	30,761	18,030	548	12,935	283,544
Postage and shipping	935	549	27	17	18	463	2,273	3,370	7,652
Professional fees	-	-	-	-	35	98,336	-	-	98,371
Professional medical fees	75,440	55,864	360	-	-	-	-	-	131,664
Recruiting and employment expense	720	6,322	951	4	6	141	-	310	8,454
Specified assistance	21,460	74,544	418	78	103	97	-	18	96,718
Subscriptions and memberships	71	1,764	89	674	736	1,909	-	3,599	8,842
Special events	-	-	-	-	-	-	-	31,258	31,258
Supplies	9,354	18,370	6,459	459	806	444	16	419	36,327
Telephone	11,208	20,456	2,921	2,077	2,525	5,758	194	1,695	46,834
Travel	818	293	641	388	533	152	-	835	3,660
Utilities	23,832	37,632	3,112	17,179	28,704	3,569	104	2,622	116,754
Major gifts campaign expense	-	-	-	-	-	-	-	2,228	2,228
In-kind specific assistance	7,494	23,603	979	1,977	2,563	7,642	79	15,245	59,582
Total program expenses	1,907,211	2,437,682	196,772	127,040	199,805	605,453	23,791	370,522	5,868,276
Administration allocation	195,370	324,608	12,202	9,380	9,260	(583,781)	3,912	29,049	-
Total expenses	2,102,581	2,762,290	208,974	136,420	209,065	21,672	27,703	399,571	5,868,276
Change in net assets	\$ (271,015)	\$ (269,698)	\$ (167,165)	\$ (34,246)	\$ (94,755)	\$ (17,182)	\$ (27,624)	\$ 984,018	\$ 102,333

See Independent Auditor's Report.

Meta House, Inc.

Settlement of DHS Cost Reimbursement Award

Year Ended December 31, 2015

DHS identification number	Profile 533127
Award amount	\$600,000
Award period beginning	January 1, 2015
and ending	December 31, 2015
Award period within audit beginning	January 1, 2015
and ending	December 31, 2015
<hr/>	
Expenditures reported to DHS for payment	\$ 600,000
Actual allowable cost of award:	
Program expenses:	
Salaries and wages	363,834
Employee benefits	67,286
Payroll taxes	30,481
<hr/>	
Total salaries and related expenses	461,601
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Conference and seminars	260
Depreciation	15,276
Equipment rental and maintenance	1,347
Evaluation and research	21
Food and beverage supplies	30,260
Furniture, equipment and software	7,643
Insurance	5,098
Interest	983
Miscellaneous	30
Occupancy	10,723
Postage and shipping	134
Professional medical fees	6,811
Recruiting and employment expense	1,602
Specified assistance	48,799
Subscriptions and memberships	438
Supplies	4,736
Telephone	5,071
Travel	74
Utilities	9,624
In-kind specific assistance	6,533
Administrative allocation	174,238
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Total allowable costs	791,302
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See Independent Auditor's Report.

Meta House, Inc.

Reserve Supplemental Schedule

Year Ended December 31, 2015

Purchaser (6a)	First Test						Second Test					
	Revenue from Purchasers (6b)	Purchaser's Share of Total Revenue (6c)	Purchaser's Share of Excess Revenue (6d)	Cap on Reserve for First Test 5% Limit (6e)	Amount to Add to Reserve for this Period (6f)	Amount Due to Purchaser from First Test (6g)	Purchaser's Share of Reserve from Prior Periods (6h)	Purchaser's Share of Reserve from All Periods (6i)	Cap on Reserve for Second Test 10% Limit (6j)	Amount of Reserve (6k)	Amount Due to Purchaser from Second Test (6l)	Total Amount Due to Purchaser (6m)
State of Wisconsin - Child welfare	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ (193,767)	\$ (193,767)	\$ -	\$ (193,767)	\$ -	\$ -
St Catherines	-	0.00%	-	-	-	-	(49,871)	(49,871)	-	(49,871)	-	-
Waukesha County	25,950	2.43%	(18)	1,298	(18)	-	(4,224)	(4,242)	2,595	(4,242)	-	-
Saukville County	-	0.00%	-	-	-	-	(11,667)	(11,667)	-	(11,667)	-	-
Walworth County	-	0.00%	-	-	-	-	(4,728)	(4,728)	-	(4,728)	-	-
WCS: Wisconsin Community Services	-	0.00%	-	-	-	-	(4,610)	(4,610)	-	(4,610)	-	-
Marathon County	-	0.00%	-	-	-	-	(33,150)	(33,150)	-	(33,150)	-	-
Portage County	-	0.00%	-	-	-	-	(8,494)	(8,494)	-	(8,494)	-	-
Washington County	22,160	2.08%	(15)	1,108	(15)	-	-	(15)	2,216	(15)	-	-
Rock County	45,195	4.24%	(31)	2,260	(31)	-	-	(31)	4,520	(31)	-	-
Milwaukee County	759,293	71.18%	(522)	37,965	(522)	-	(2,051,510)	(2,052,032)	75,929	(2,052,032)	-	-
Medicaid HMO	162,898	15.27%	(112)	8,145	(112)	-	(133,856)	(133,968)	16,290	(133,968)	-	-
Other	51,163	4.80%	(36)	2,558	(36)	-	1,322	1,286	5,116	1,286	-	-
Total	\$ 1,066,659	100.00%	\$ (734)	\$ 53,333	\$ (734)	\$ -	\$(2,494,555)	\$(2,495,289)	\$ 106,666	\$(2,495,289)	\$ -	\$ -

Meta House, Inc.

Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2015

Federal Grantor/Cluster or Program Title	Pass-Through Grantor	CFDA No.	Pass-Through No.	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:					
Supportive Housing Program	Direct	14.235		\$ -	\$ 484,202
Department of Justice:					
Drug Court Discretionary Grant Program	Milwaukee Co. Dept. of Health and Human Services	16.585		-	66,555
U.S. Department of Health and Human Services:					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Direct	93.243		-	757,015
Substance Abuse and Mental Health Services - Access to Recovery	Milwaukee Co. Dept. of Health and Human Services	93.275		-	8,093
Abandoned Infants	Direct	93.551		-	475,000
Family Connection Grants	Direct	93.605		-	450,000
Block Grants for Prevention and Treatment of Substance Abuse	Wisconsin Department of Health Services	93.959	435.533127	-	600,000
Block Grants for Prevention and Treatment of Substance Abuse	Milwaukee Co. Dept. of Health and Human Services	93.959		-	409,732
Total Block Grants for Prevention and Treatment of Substance Abuse		93.959		-	1,009,732
Total U.S. Department of Health and Human Services				-	2,699,840
Total federal expenditures				\$ -	\$ 3,250,597

Meta House, Inc.

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended December 31, 2015

State Grantor/Program Title	Pass-Through Grantor	State ID	Pass- Through No.	Passed-Through to Subrecipients	State Expenditures
State of Wisconsin Department of Health Services:					
Child Welfare	Direct	Unknown		\$ -	\$ 145,868
Substance Abuse TRT TANF	Milwaukee Co. Dept. of Health and Human Services	435.535		-	342,365
Total state expenditures				\$ -	\$ 488,233

See Independent Auditor's Report.

See accompanying notes to the Schedule of Federal and State Awards

Meta House, Inc.

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2015

Note 1 General

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the Federal and State grant activity of the Organization under programs of the federal and state government for the year ended December 31, 2015. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Wisconsin *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2 Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the 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. The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 Sub-Recipients

The Organization does not have sub-recipients of federal or state awards.



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
Meta House, Inc.
Milwaukee, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meta House, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows, and functional expenses as of and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the auditing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

Wipfli LLP

Wipfli LLP

Milwaukee, Wisconsin

May 13, 2016



Independent Auditor's Report on Compliance For Each Major Federal and State Program and on Internal Control Over Compliance

Board of Directors
Meta House, Inc.
Milwaukee, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Meta House, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) 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 the Organization's major federal and state programs for the year ended December 31, 2015. The Organization'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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the Organization's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Organization 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, 2015.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 the Uniform Guidance and the *State Single Audit Guidelines*, 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 the Organization'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 or state 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 or state 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 or state 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 the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

Milwaukee, Wisconsin

May 13, 2016

Meta House, Inc.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes

no

Significant deficiency(ies) identified?

yes

none reported

Noncompliance material to financial statements noted?

yes

no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

yes

no

Significant deficiency(ies) identified?

yes

none reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?

yes

no

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

93.243

Substance Abuse and Mental Health Services Projects of Regional and National Significance

Dollar threshold used to distinguish between Type A and Type B programs:

Federal

\$750,000

Auditee qualified as low-risk auditee?

Yes

Meta House, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2015

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

There were no current or prior year audit findings.

Section IV - Other Issues

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?

yes no

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, reportable condition, management letter comment) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*.

Wisconsin Department of Health Services

yes no

Was a management letter or other document conveying audit comments issued as a result of this audit?

yes no

Identification of major state programs:

<u>Identifying Number</u>	<u>Name of State Program</u>
435.535	Substance Abuse TRT TANF

Meta House, Inc.

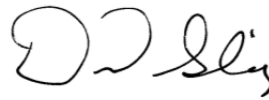
Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2015

Section IV - Other Issues (Continued)

Dollar threshold used to distinguish between Type A
and Type B programs:

State \$250,000



Name and Signature of Partner

David Globig, CPA

Date

May 13, 2016