

Meta House, Inc.

Financial Statements and Supplementary Information

Years Ended December 31, 2022 and 2021



Meta House, Inc.

Years Ended December 31, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Meta House, Inc.
Milwaukee, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements (the "financial statements") of Meta House, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Meta House, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meta House, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meta House, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Meta House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Meta House, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration, and the schedules on pages 29-33, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materiality 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 9, 2023 on our consideration of the Organization'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 solely 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 effectiveness of Meta House, Inc.'s 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 the Organization's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

May 9, 2023

Meta House, Inc.

Statements of Financial Position

December 31, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash	\$ 2,372,847	\$ 1,526,054
Investments	1,042,420	1,248,850
Investment - Deferred compensation agreement	-	15,747
Receivables:		
Grants and contracts	649,689	615,102
Contributions - Net	659,091	221,068
Prepaid expenses	127,474	115,103
Total current assets	4,851,521	3,741,924
Restricted Cash - Unemployment reserve	60,968	60,968
Premises and equipment:		
Property and equipment - Net	2,663,053	2,541,307
Right-of-use lease assets - Operating	216,803	-
Total premises and equipment	2,879,856	2,541,307
Other assets:		
Contributions receivable, less current portion - Net	907,186	-
Security deposit	10,500	10,500
Total other assets	917,686	10,500
TOTAL ASSETS	\$ 8,710,031	\$ 6,354,699

Meta House, Inc.

Statements of Financial Position (continued)

December 31, 2022 and 2021

Liabilities and Net Assets	2022	2021
Current liabilities:		
Accounts payable	\$ 183,777	\$ 121,506
Accrued payroll and benefits	158,622	143,652
Accrued vacation	116,495	88,193
Current portion of deferred compensation agreement	-	15,747
Current maturities of notes payable	94,609	92,871
Current portion of operating lease obligations	163,723	-
Other liabilities	165	3,165
Total current liabilities	717,391	465,134
Long-term liabilities:		
Notes payable, less current maturities	134,190	228,770
Operating lease obligations, less current portion	77,865	-
Total long-term liabilities	212,055	228,770
Total liabilities	929,446	693,904
Net assets:		
Without donor restrictions	5,694,563	5,484,641
With donor restrictions	2,086,022	176,154
Total net assets	7,780,585	5,660,795
TOTAL LIABILITIES AND NET ASSETS	\$ 8,710,031	\$ 6,354,699

See accompanying notes to financial statements.

Meta House, Inc.

Statements of Activities

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Grants:						
Federal contracts	\$ 2,024,805	\$ -	\$ 2,024,805	\$ 1,857,086	\$ -	\$ 1,857,086
State of Wisconsin contracts	1,816,179	-	1,816,179	1,965,024	-	1,965,024
Milwaukee County contracts	493,195	-	493,195	444,540	-	444,540
Food stamps/food grants	22,979	-	22,979	44,901	-	44,901
Foundation grants	317,846	123,091	440,937	461,926	130,000	591,926
United Way	-	175,567	175,567	172,812	-	172,812
Other grantors	102,745	-	102,745	79,748	-	79,748
Other grant revenue - Paycheck Protection Program	-	-	-	895,417	-	895,417
Patient service revenue	1,526,204	-	1,526,204	1,331,773	-	1,331,773
Contributions	279,719	1,887,220	2,166,939	232,758	59,000	291,758
Contributions - Gala and special events	263,831	-	263,831	184,138	-	184,138
Rental revenue	66,424	-	66,424	51,461	-	51,461
Investment (loss) income	(201,628)	-	(201,628)	147,857	-	147,857
Miscellaneous	17,453	-	17,453	16,901	-	16,901
Gain on sale of assets	249,172	-	249,172	-	-	-
Contributions of nonfinancial assets	56,954	-	56,954	59,280	-	59,280
Total support and revenue	7,035,878	2,185,878	9,221,756	7,945,622	189,000	8,134,622
Net assets released from restrictions	276,010	(276,010)	-	166,110	(166,110)	-
Total public support, revenue and transfers	7,311,888	1,909,868	9,221,756	8,111,732	22,890	8,134,622
Expenses:						
Program	5,585,068	-	5,585,068	5,866,553	-	5,866,553
Management and general	1,033,851	-	1,033,851	909,003	-	909,003
Fundraising	483,047	-	483,047	452,074	-	452,074
Total expenses	7,101,966	-	7,101,966	7,227,630	-	7,227,630
Changes in net assets	209,922	1,909,868	2,119,790	884,102	22,890	906,992
Net assets at beginning of year	5,484,641	176,154	5,660,795	4,600,539	153,264	4,753,803
Net assets at end of year	\$ 5,694,563	\$ 2,086,022	\$ 7,780,585	\$ 5,484,641	\$ 176,154	\$ 5,660,795

See accompanying notes to financial statements.

Meta House, Inc.

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 2,119,790	\$ 906,992
Adjustments to reconcile change in net assets to net cash and restricted cash provided by operating activities:		
Net realized and unrealized losses (gains) on investments	225,930	(131,120)
Depreciation	281,116	273,168
Forgiveness of debt	-	(56,263)
Amortization of right-of-use lease asset	168,800	-
Gain on sale of fixed assets	(249,451)	-
Change in operating assets and liabilities:		
Grants and contracts receivable	(34,587)	179,680
Contributions receivable	(1,345,209)	(37,164)
Prepaid expenses	(12,371)	(9,219)
Accounts payable	62,271	29,240
Accrued payroll and benefits	14,970	16,530
Accrued expenses	25,302	12,833
Operating lease obligation	(144,015)	-
Net cash from operating activities	1,112,546	1,184,677
Cash flows from investing activities:		
Purchase of investments	(68,953)	(124,501)
Sale of investments	49,453	116,215
Proceeds from sale of fixed assets	408,479	-
Purchase of property and equipment	(561,890)	(316,584)
Net cash from investing activities	(172,911)	(324,870)
Cash flows from financing activities:		
Principal payments on notes payable	(92,842)	(34,907)
Net increase in cash and restricted cash	846,793	824,900
Cash and restricted cash at beginning of year	1,587,022	762,122
Cash and restricted cash at end of year	\$ 2,433,815	\$ 1,587,022
Reconciliation of cash and restricted cash:		
Cash	\$ 2,372,847	\$ 1,526,054
Restricted Cash - Unemployment reserve	60,968	60,968
Total cash and restricted cash shown in the statements of cash flows	\$ 2,433,815	\$ 1,587,022
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 5,375	\$ 6,835
Paycheck Protection Program loan forgiveness	\$ -	\$ 895,417

See accompanying notes to financial statements.

Meta House, Inc.
Statements of Functional Expenses
Year Ended December 31, 2022

	Intensive Outpatient	Residential	Transitional Living (Locust)	Transitional Living (First Street)	Total Program	Management and General	Fundraising	Total
Salaries and related expenses:								
Salaries and wages	\$ 1,207,609	\$ 2,039,059	\$ 70,859	\$ 39,774	\$ 3,357,301	\$ 658,407	\$ 277,851	\$ 4,293,559
Employee benefits	177,523	332,707	11,631	6,934	528,795	67,308	38,817	634,920
Payroll taxes	78,345	136,665	4,453	3,015	222,478	41,956	17,382	281,816
Total salaries and related expenses	1,463,477	2,508,431	86,943	49,723	4,108,574	767,671	334,050	5,210,295
Other expenses:								
Advertising and promotion	-	-	-	-	-	-	216	216
Conference and seminars	8,740	20,242	42	31	29,055	2,652	125	31,832
Consulting	2,924	4,614	160	98	7,796	1,041	433	9,270
Depreciation	87,859	97,145	22,207	55,485	262,696	13,202	5,218	281,116
Equipment rental and maintenance	6,620	13,805	3,667	5,809	29,901	521	205	30,627
Evaluation and research	77,042	62,665	17,163	72,388	229,258	-	-	229,258
Food and beverage supplies	117	122,583	-	-	122,700	76	-	122,776
Furniture, equipment and software	16,813	15,907	547	1,824	35,091	6,316	10,980	52,387
Insurance	23,007	41,921	1,678	1,030	67,636	10,899	4,536	83,071
Interest	3,520	547	29	26	4,122	1,043	210	5,375
Miscellaneous	18,469	3,973	275	240	22,957	15,410	5,728	44,095
Occupancy	164,162	109,950	23,577	23,151	320,840	24,567	9,283	354,690
Postage and shipping	322	764	25	15	1,126	281	185	1,592
Professional fees	-	-	-	-	-	162,367	-	162,367
Professional medical fees	19,800	19,800	-	-	39,600	-	-	39,600
Recruiting and employment	2,109	9,468	112	56	11,745	11,425	431	23,601
Specified assistance	12,087	38,670	1,087	878	52,722	2,207	886	55,815
Subscriptions and memberships	-	200	-	-	200	885	1,832	2,917
Special events	-	-	-	-	-	-	41,954	41,954
Supplies	15,185	28,738	2,030	1,513	47,466	1,731	596	49,793
Telephone	21,496	18,755	2,951	1,353	44,555	4,592	1,857	51,004
Travel	328	733	548	392	2,001	1,740	254	3,995
Utilities	41,274	48,090	24,574	31,089	145,027	5,183	2,033	152,243
Major gifts campaign	-	-	-	-	-	42	5,081	5,123
In-kind specific assistance	-	-	-	-	-	-	56,954	56,954
Total expenses	\$ 1,985,351	\$ 3,167,001	\$ 187,615	\$ 245,101	\$ 5,585,068	\$ 1,033,851	\$ 483,047	\$ 7,101,966

See accompanying notes to financial statements.

Meta House, Inc.

Statements of Functional Expenses (Continued)

Year Ended December 31, 2021

	Intensive Outpatient	Residential	Transitional Living (Locust)	Transitional Living (First Street)	Total Program	Management and General	Fundraising	Total
Salaries and related expenses:								
Salaries and wages	\$ 1,194,136	\$ 2,111,581	\$ 118,389	\$ 47,181	\$ 3,471,287	\$ 537,911	\$ 251,888	\$ 4,261,086
Employee benefits	182,164	374,815	12,396	8,152	577,527	71,341	39,285	688,153
Payroll taxes	91,495	165,374	8,434	3,778	269,081	38,842	19,183	327,106
Total salaries and related expenses	1,467,795	2,651,770	139,219	59,111	4,317,895	648,094	310,356	5,276,345
Other expenses:								
Advertising and promotion	-	-	-	-	-	257	2,794	3,051
Conference and seminars	12,691	29,537	10	5	42,243	942	28	43,213
Consulting	303	4,580	19	11	4,913	12	-	4,925
Depreciation	92,358	89,510	21,033	52,558	255,459	11,348	6,361	273,168
Equipment rental and maintenance	2,382	12,603	4,439	10,713	30,137	285	159	30,581
Evaluation and research	106,311	46,849	20,250	35,942	209,352	-	-	209,352
Food and beverage supplies	632	89,769	156	155	90,712	330	3	91,045
Furniture, equipment and software	49,669	98,860	4,221	5,242	157,992	23,525	14,043	195,560
Insurance	20,003	40,621	1,518	932	63,074	7,913	4,163	75,150
Interest	5,133	423	-	-	5,556	926	353	6,835
Legal	-	-	-	-	-	527	-	527
Miscellaneous	59	179	5	3	246	16,290	3,422	19,958
Occupancy	176,638	118,719	24,382	34,580	354,319	23,310	12,257	389,886
Postage and shipping	1,052	2,275	79	49	3,455	529	1,078	5,062
Professional fees	-	-	-	-	-	156,834	-	156,834
Professional medical fees	19,800	19,800	-	-	39,600	-	-	39,600
Recruiting and employment	2,997	15,132	86	53	18,268	3,668	291	22,227
Specified assistance	21,232	37,383	687	531	59,833	2,339	1,133	63,305
Subscriptions and memberships	168	509	6	4	687	1,206	183	2,076
Special events	-	-	-	-	-	431	30,863	31,294
Supplies	12,586	30,899	1,729	1,238	46,452	3,595	1,103	51,150
Telephone	21,597	14,826	2,237	1,395	40,055	2,599	1,437	44,091
Travel	149	933	469	167	1,718	34	423	2,175
Utilities	33,607	39,137	19,922	31,921	124,587	3,989	2,230	130,806
Major gifts campaign	-	-	-	-	-	20	114	134
In-kind specific assistance	-	-	-	-	-	-	59,280	59,280
Total expenses	\$ 2,047,162	\$ 3,344,314	\$ 240,467	\$ 234,610	\$ 5,866,553	\$ 909,003	\$ 452,074	\$ 7,227,630

See accompanying notes to financial statements.

Meta House, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Meta House, Inc. (the “Organization”) was founded in 1962 as a non-profit organization for the purpose of treating women with substance use disorder (SUD). The Organization operates out of two primary locations in the City of Milwaukee, both in the Riverwest neighborhood.

The Organization operates three separate, but integrated, programs listed as follows:

Outpatient – Serves as a SUD treatment program for women. Clients attend individual and group treatment sessions during regular business hours.

Residential – Serves as a residential SUD treatment program for women. Women reside at Meta House’s residential treatment buildings which are staffed 24/7, and women may bring their children (under 12 years of age) with them to treatment. Meta House is able to provide residential treatment to pregnant and post-partum women.

Transitional Living – Serves as transitional housing for women in early recovery. Meta House House has units for single women (Locust) and units that can accommodate a woman and her children (First Street).

Accounting Pronouncements Adopted

Contributed Nonfinancial Assets

In 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is intended to improve transparency in reporting contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose:

1. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
2. For each category of contributed nonfinancial assets recognized:
 - a. Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a not-for-profit entity will disclose a description of the programs or other activities in which those nonfinancial assets were used.
 - b. The not-for-profit entity's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
 - c. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
 - d. A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition.

Meta House, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Adopted (Continued)

- e. The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

The Organization adopted this guidance as of January 1, 2022, and applied ASU No. 2020-07 on a retrospective basis. There were no reclassifications related to the implementation of ASU No. 2020-07. There was no change to reported net assets or the change in net assets for either period presented.

ASU No. 2016-02, Leases (Topic 842)

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the balance sheet. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted this guidance for the year ended December 31, 2022 with modified retrospective application to January 1, 2022 through a cumulative-effect adjustment. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating leases as operating leases, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Organization did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

As a result of the adoption of the new lease accounting guidance, the Organization recognized the following ROU assets and lease liabilities as of January 1:

	2022
ROU assets - Operating leases	\$ 358,479
Lease obligation - Operating leases	\$ 385,603

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions include amounts available for support of the Organization's operations and amounts designated by management and the administrative team for specific purposes.

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

Use of Estimates in the Preparation of Financial Statements

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

Restricted Cash

Amounts included in restricted cash represent those required to be set aside by a contractual agreement with an insurer for the payment of specific unemployment claims.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses on investments are reflected in the statements of activities. Investment fees, if any, are netted with realized and unrealized gains and losses.

Grants and Contracts Receivable

Grants and contracts receivable are shown net of an allowance for doubtful accounts. 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. There was not an allowance for doubtful accounts as of December 31, 2022 and 2021, respectively, due to management's assessment that all receivables are collectible.

Meta House, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions Receivable

Unconditional contributions are recorded as receivables at fair value at the date the promise is received. Conditional contributions and promises to give are reported at fair value at the date the gift is deemed unconditional. Contributions and other promises to give whose eventual uses are restricted by the donor are recorded as increases in net assets with donor restrictions. Contributions without donor restrictions to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions 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 contributions receivable and estimates the portion, if any, of the balance that will not be collected. All contributions receivable balances are expected to be collected with one year and have been shown on the statements of financial position net of an allowance for uncollectible pledges in the amount of \$35,307 and \$1,541, at December 31, 2022 and 2021, respectively.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or fair value at the date of gift, if donated, and capitalized. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization reviews its investment in property and equipment periodically to determine potential impairment by comparing the carrying value of the property and equipment with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected cash flows be less than the carrying value, the Organization would recognize an impairment loss at that time. The Organization determined that no evaluations of recoverability were necessary during the years ended December 31, 2022 and 2021.

Meta House, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

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. Estimated lives of depreciable assets are as follows:

	Useful Lives
Land improvements	5 to 24 years
Building and building improvements	5 to 49 years
Furniture and equipment	5 to 10 years
Vehicles	10 years

ASC 842 Lease Accounting

The Organization is a lessee in multiple noncancelable operating and financing leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

Meta House, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

ASC 842 Lease Accounting (Continued)

The Organization made an accounting policy election to not separate the lease components of a contract and its associated non-lease components. There are no non-lease components included in the building lease agreement.

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated Goods and Services

Donated goods and services are recorded as revenue and expense in the accompanying statements of activities at their estimated fair value. Only contributions of 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 \$56,954 and \$59,280 for the years ended December 31, 2022 and 2021, respectively.

Meta House, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Grant Revenue

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

Patient Service Revenue

Meta House provides outpatient, residential, and transitional housing services to clients in the Milwaukee area. The primary services are provided at a residential facility where clients receive 24-hour supervision with therapy. The Organization also offers a bridge housing program with more limited supervision and therapy. In addition, outpatient counseling services are provided. These services are provided in exchange for fees from third party payors. Services are billed based on rates expected to be received from third party payor at the time outpatient and/or residential treatment services are provided. Bridge housing fees are agreed to in a rental agreement with the client. Depending on the type of service, the services may be billed in 15-minute, hourly, or daily increments. There are no volume, pricing, or payment discounts, payments are typically received within 15-30 days after billing, and Meta House does not receive payments in advance of services provided.

The Organization considers the performance obligation to be providing services to the individuals and the performance obligation is satisfied over-time as the individual is simultaneously receiving and consuming the benefits of the service. The Organization feels the output method is the most faithful depiction of the transfer of goods or services (i.e. increment of time or completed service unit) as neither the individuals nor the Organization is obligated beyond those terms.

Functional Allocation of Expenses

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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 based on full time equivalents.

Advertising and Promotion

Advertising and promotion costs are charged to operations when incurred. Advertising and promotion expense was \$216 and \$3,051 for the years ended December 31, 2022 and 2021, respectively.

Meta House, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "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 benefit 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 9, 2023, which is the date the financial statements were available to be issued.

Meta House, Inc.

Notes to Financial Statements

Note 2: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date comprise the following:

<i>As of December 31,</i>	2022	2021
Cash	\$ 2,372,847	\$ 1,526,054
Investments	1,042,420	1,248,850
Investment - Deferred compensation agreement	-	15,747
Receivables:		
Grants and contracts	649,689	615,102
Contributions	659,091	221,068
Total financial assets	4,724,047	3,626,821
Less:		
Restricted and conditional refundable advances included in cash	-	(3,000)
Investments restricted for deferred compensation agreement	-	(15,747)
Current contributions receivable restricted for purpose	(659,091)	(176,154)
Total financial assets available for general expenditure	\$ 4,064,956	\$ 3,431,920

The Organization does not have a formal liquidity and cash management policy but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately three months of operating expenditures. The Organization also has a line of credit available for cash flow needs up to \$300,000 as further described in Note 7.

Note 3: Investments

Investments are carried at fair value and are summarized as follows:

<i>As of December 31,</i>	Deferred Compensation Agreement		Other Investments	
	2022	2021	2022	2021
Money market	\$ -	\$ 141	\$ 31,661	\$ 15,293
Exchange traded funds	-	-	53,059	39,488
Fixed income mutual funds	-	5,841	359,130	409,251
Equity mutual funds	-	9,765	598,570	784,818
Total investments	\$ -	\$ 15,747	\$ 1,042,420	\$ 1,248,850

Meta House, Inc.

Notes to Financial Statements

Note 3: Investments (Continued)

Investment income is as follows:

<i>Years Ended December 31,</i>	2022	2021
Interest	\$ 7,844	\$ 2,220
Dividends	16,458	14,517
Net realized and unrealized (losses) gains - Net	(225,930)	131,120
Total investment (loss) income	\$ (201,628)	\$ 147,857

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 various 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 on the financial statements. Investment fees on investments was \$9,310 and \$11,021 for the years ending December 31, 2022 and 2021, respectively.

Note 4: Accumulated Funds for Unemployment Compensation Claims

Under the terms of Wisconsin law, the Organization has elected reimbursement financing for unemployment compensation. Unemployment claims are paid to the state as incurred. At December 31, 2022 and 2021, the Organization has restricted deposits of \$60,968 and \$60,968, respectively, for the payment of unemployment compensation claims.

Note 5: Property and Equipment

Property and equipment consists of the following:

<i>As of December 31,</i>	2022	2021
Land	\$ 480,523	\$ 60,568
Land improvements	240,392	240,392
Buildings and building improvements	5,931,425	6,128,880
Furniture and equipment	214,600	233,481
Vehicles	204,216	204,216
Construction in progress	-	48,549
Total property and equipment	7,071,156	6,916,086
Less - Accumulated depreciation	(4,408,103)	(4,374,779)
Net property and equipment	\$ 2,663,053	\$ 2,541,307

Meta House, Inc.

Notes to Financial Statements

Note 6: Deferred Compensation Agreement

The Organization has a non-qualified deferred compensation agreement with a former employee that required the Organization to defer a portion of the former employee's base salary. Income earned on the deferral is not recognized as revenue to the Organization but is recorded directly as an increase to the deferred compensation payable. The agreement provides for quarterly payments to the employee or designated beneficiary through July 2022. The agreement was paid out in full during 2022. The value of the deferred compensation asset and liability was \$0 and \$15,747 for the years ended December 31, 2022 and 2021, respectively.

Note 7: Line of Credit

The Organization has an available line of credit of \$300,000 bearing interest at the one-month London Interbank Offered Rate (LIBOR) plus 2.25% (6.39% at December 31, 2022). The line of credit is secured by all of the Organization's assets and does not have a set maturity date. Under the terms of the line of credit agreement, the lender may demand payment of outstanding balances under this line of credit upon 90 day's written notice to the Organization. The Organization did not have a balance outstanding at December 31, 2022 and 2021.

Note 8: Notes Payable

Notes payable consist of the following:

<i>As of December 31,</i>	2022	2021
BMO Harris Bank note	\$ 62,949	\$ 92,733
Term loan	165,850	228,908
Total note payable	228,799	321,641
Less - Current portion	(94,609)	(92,871)
Long-term portion	\$ 134,190	\$ 228,770

Mortgage Notes

BMO Harris Bank Note

In February 2017, the Organization entered into a term loan agreement in the amount of \$216,484 with BMO Harris Bank. The term loan agreement is payable in monthly installments of principal and interest at 3.547% totaling \$2,721 through September 2024. The Organization is subject to certain restrictions related to this note. The note is secured by all assets owned by the Organization.

Meta House, Inc.

Notes to Financial Statements

Note 8: Notes Payable (Continued)

Term Loan Agreements

In February 2017, the Organization entered into a term loan agreement with a third-party lender for an original amount of \$500,000. The term loan agreement is payable in monthly installments of principal and interest at 1.0% totaling \$5,422 through March 2025. The Organization is subject to certain restrictions related to this note.

Required Payments of Principal

Required principal payments on notes payable at December 31, 2022 are as follows:

<i>Years Ending December 31,</i>	
2023	\$ 94,609
2024	96,364
2025	37,826
<hr/>	
Total	\$ 228,799

Note 9: Paycheck Protection Program

On January 24, 2021, the Organization entered into a second promissory note agreement with a local financial institution in the amount of \$895,417. The loan was issued pursuant to the Paycheck Protection Program (PPP) administered by the Small Business Association (the "SBA"). The loan was considered a conditional contribution with the barrier to recognize the revenue to be the incurring of eligible expenses as noted in the grant. The Organization received full forgiveness of the loan by the SBA, prior to the year ended December 31, 2022. The full amount of the award has been recognized as grant revenue on the December 31, 2021, statements of activities.

Meta House, Inc.

Notes to Financial Statements

Note 10: Net Assets With Donor Restrictions

Net assets with donor restrictions, which have either purpose or time restrictions, are as follows:

<i>As of December 31,</i>	2022	2021
Subject to expenditure for specified purpose:		
United Way grants receivable for which the proceeds have been designated for:		
Transitional living program	\$ 72,285	\$ 72,285
Foundation grants receivable for which the proceeds have been designated for the intensive outpatient program	59,091	80,000
Funds for which the proceeds have been designated for Project Horizon construction	388,369	-
Subject to the passage of time - Contributions receivable that are not restricted by donors but which are unavailable for expenditure until received:		
Other contributions receivable	1,566,277	23,869
Total net assets with donor restrictions	\$ 2,086,022	\$ 176,154

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by donors as follows:

<i>Years Ended December 31,</i>	2022	2021
Satisfaction of purpose restrictions:		
Intensive outpatient program	\$ -	\$ 6,925
Transitional living program	175,567	-
Expiration of time restrictions	100,443	159,185
Total net assets released from restrictions	\$ 276,010	\$ 166,110

Note 11: Contract Balances

Opening and closing balances for contract assets, contract liabilities, and accounts receivable arising from contracts with customers include:

	12/31/2022	12/31/2021	1/1/2020
Contracts receivable	\$ 125,800	\$ 139,747	\$ 2,021

Meta House, Inc.

Notes to Financial Statements

Note 11: Contract Balances (Continued)

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. Contract liabilities represent the Organization's obligation to transfer goods or services to a customer when consideration has already been received from the customer. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized. There were no contract assets or contract liabilities at December 31, 2022, 2021, and January 1, 2021.

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 2022, this funding was 22%, 20% and 5% of the Organization's total revenue, respectively. In 2021, this funding was 23%, 24% and 6% of the Organization's total revenue, respectively.

Approximately 63% and 55% of the contributions receivable balance at December 31, 2022 and 2021 was due from two donors, respectively.

Note 13: Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of the following:

<i>Years Ended December 31, 2022 and 2021</i>	2022	2021
Professional Services	\$ -	\$ 19,430
Supplies for children and families	29,567	14,632
Safety supplies	14	5,200
Client activity supplies	2,265	-
Events	885	1,298
Food	3,720	1,633
Furniture	5,100	200
Gift cards	7,700	925
Holiday gifts for families	975	11,350
Miscellaneous	6,728	4,612
Total	\$ 56,954	\$ 59,280

Meta House, Inc.

Notes to Financial Statements

Note 13: Contributed Nonfinancial Assets (Continued)

All contributed nonfinancial assets are estimated based on the current rate of these goods and services. All donated nonfinancial assets were utilized by the Organization in the year received. No contributed nonfinancial assets were restricted by donors.

Note 14: Leases

The Organization has a long-term real estate lease for office space and parking expiring in April 2024. The lease requires monthly payments of \$12,635, increasing by 2.0% annually on July 1st. There is no renewal option under this lease.

The Organization also leases office equipment that requires monthly payments of \$935 through April 2026. There is no renewal option under this lease.

Both leases are classified as operating leases. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Lease expense for the year ended December 31, 2022 and 2021 is \$164,209 and \$154,314, respectively, and is included in occupancy expense on the statements of activities.

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 144,015
ROU assets obtained in exchange for new operating lease liabilities (including from adoption of new lease accounting guidance)	\$ 385,603

Additional information related to leases is as follows for the year ended December 31, 2022:

Weighted-average remaining lease term - Operating leases	1.6 years
Weighted-average discount rate - Operating leases	2.40 %

Meta House, Inc.

Notes to Financial Statements

Note 14: Leases (Continued)

Maturities of lease liabilities are as follows as of December 31, 2022:

2023	\$	167,425
2024		63,805
2025		11,221
2026		3,740
Total minimum lease payments		246,191
Less - amount representing discounting for net present value		(4,603)
Less - current portion of lease liability		(163,723)
Total long-term lease liability		\$ 77,865

Maturities of lease liabilities are as follows as of December 31, 2021:

2022	\$	154,004
2023		156,206
2024		52,584
2026		-
Total		\$ 362,794

Note 15: 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).
- Bond and equity 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.

Meta House, Inc.

Notes to Financial Statements

Note 15: Fair Value Measurements (Continued)

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:

	Total Assets at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>As of December 31, 2022</i>				
Money market	\$ 31,661	\$ -	\$ 31,661	\$ -
Mutual funds - Bond	359,130	359,130	-	-
Mutual funds - Equity:				
Income funds	28,652	28,652	-	-
Blend funds	211,242	211,242	-	-
Growth funds	172,803	172,803	-	-
Value funds	137,735	137,735	-	-
Foreign funds	48,138	48,138	-	-
Exchange-traded funds	53,059	53,059	-	-
Totals	\$ 1,042,420	\$ 1,010,759	\$ 31,661	\$ -

Meta House, Inc.

Notes to Financial Statements

Note 15: Fair Value Measurements (Continued)

<i>As of December 31, 2021</i>	Total Assets at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	\$ 15,434		\$ 15,434	\$ -
Mutual funds - Bond	415,092	415,092	-	-
Mutual funds - Equity:				
Income funds	32,208	32,208	-	-
Blend funds	267,141	267,141	-	-
Growth funds	272,025	272,025	-	-
Value funds	162,645	162,645	-	-
Foreign funds	60,564	60,564	-	-
Exchange-traded funds	39,488	39,488	-	-
Totals	\$ 1,264,597	\$ 1,249,163	\$ 15,434	\$ -

Investment balances are as follows:

<i>As of December 31,</i>	2022	2021
Investments	\$ 1,042,420	\$ 1,248,850
Investment - Deferred compensation agreement, short-term	-	15,747
Total	\$ 1,042,420	\$ 1,264,597

Supplementary Information

Meta House, Inc.

Schedule of Support, Revenue and Expenses by Program - Without Donor Restrictions

Year Ended December 31, 2022

	Intensive Outpatient	Residential	Transitional Living (Locust)	Transitional Living (First Street)	Management and General	Fundraising	Total
Public support, revenue and transfers:							
Federal financial assistance:							
SAMHSA - HIV	\$ 489,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 489,284
MPOWER	369,561	-	-	140,215	-	-	509,776
WISE	228,139	-	65,314	-	-	-	293,453
PPW	-	575,537	-	-	-	-	575,537
WISE - TA	136,302	-	20,453	-	-	-	156,755
State of Wisconsin financial assistance:							
WI Women's Treatment	169,298	320,419	-	-	-	-	489,717
Department of Corrections	-	634,726	-	-	-	-	634,726
WI Women's Grant - FURTHER	90,228	601,508	-	-	-	-	691,736
Milwaukee County financial assistance:							
RSS - Access to recovery	9,786	148,707	112,696	88,287	-	-	359,476
CSS	89,073	-	-	-	-	-	89,073
POS - CF	44,646	-	-	-	-	-	44,646
Food stamps/food grants	-	22,979	-	-	-	-	22,979
Patient service revenue	118,111	1,408,093	-	-	-	-	1,526,204
Foundation grants	58,250	74,250	12,600	8,400	-	164,346	317,846
United Way	-	-	-	-	-	-	-
Other grantors	-	102,745	-	-	-	-	102,745
Contributions	-	4,500	7,000	7,000	261,219	-	279,719
Rental revenue	9,902	3,615	30,754	20,751	1,017	385	66,424
Investment loss	-	-	-	-	(201,628)	-	(201,628)
Gala and special events	-	-	-	-	-	263,831	263,831
Miscellaneous	6,323	6,275	1,112	2,022	1,371	350	17,453
Contributions of nonfinancial assets	-	-	-	-	-	56,954	56,954
Gain on sale of assets	-	-	-	-	249,172	-	249,172
Net assets released from restrictions	50,000	-	-	-	-	226,010	276,010
Total public support, revenue and transfers	1,868,903	3,903,354	249,929	266,675	311,151	711,876	7,311,888

Meta House, Inc.

Schedule of Support, Revenue and Expenses by Program - Without Donor Restrictions (Continued)

Year Ended December 31, 2022

	Intensive Outpatient	Residential	Transitional Living (Locust)	Transitional Living (First Street)	Management and General	Fundraising	Total
Program expenses:							
Salaries and wages	\$ 1,207,609	\$ 2,039,059	\$ 70,859	\$ 39,774	\$ 658,407	\$ 277,851	\$ 4,293,559
Employee benefits	177,523	332,707	11,631	6,934	67,308	38,817	634,920
Payroll taxes	78,345	136,665	4,453	3,015	41,956	17,382	281,816
Advertising and promotion	-	-	-	-	-	216	216
Conference and seminars	8,740	20,242	42	31	2,652	125	31,832
Consulting	2,924	4,614	160	98	1,041	433	9,270
Depreciation	87,859	97,145	22,207	55,485	13,202	5,218	281,116
Equipment rental and maintenance	6,620	13,805	3,667	5,809	521	205	30,627
Evaluation and research	77,042	62,665	17,163	72,388	-	-	229,258
Food and beverage supplies	117	122,583	-	-	76	-	122,776
Furniture, equipment and software	16,813	15,907	547	1,824	6,316	10,980	52,387
Insurance	23,007	41,921	1,678	1,030	10,899	4,536	83,071
Interest	3,520	547	29	26	1,043	210	5,375
Miscellaneous	18,469	3,973	275	240	15,410	5,728	44,095
Occupancy	164,162	109,950	23,577	23,151	24,567	9,283	354,690
Postage and shipping	322	764	25	15	281	185	1,592
Professional fees	-	-	-	-	162,367	-	162,367
Professional medical fees	19,800	19,800	-	-	-	-	39,600
Recruiting and employment	2,109	9,468	112	56	11,425	431	23,601
Specified assistance	12,087	38,670	1,087	878	2,207	886	55,815
Subscriptions and memberships	-	200	-	-	885	1,832	2,917
Special events	-	-	-	-	-	41,954	41,954
Supplies	15,185	28,738	2,030	1,513	1,731	596	49,793
Telephone	21,496	18,755	2,951	1,353	4,592	1,857	51,004
Travel	328	733	548	392	1,740	254	3,995
Utilities	41,274	48,090	24,574	31,089	5,183	2,033	152,243
Major gifts campaign	-	-	-	-	42	5,081	5,123
In-kind specific assistance	-	-	-	-	-	56,954	56,954
Total program expenses	1,985,351	3,167,001	187,615	245,101	1,033,851	483,047	7,101,966
Administration allocation	314,767	594,450	23,393	12,617	(1,008,673)	63,446	-
Total expenses	2,300,118	3,761,451	211,008	257,718	25,178	546,493	7,101,966
Changes in net assets	\$ (431,215)	\$ 141,903	\$ 38,921	\$ 8,957	\$ 285,973	\$ 165,383	\$ 209,922

See independent auditor's report.

Meta House, Inc.
Milwaukee County Contract - Actual to Budget Comparison
Year Ended December 31, 2022

	Celebrating Families!				
	Actual	Budget	Variance	Maximum	Unallowable
Support and revenue:					
Milwaukee County DHHS	\$ 46,096	\$ 12,150	\$ 33,946	\$ -	\$ -
Expenses:					
Salaries	31,900	37,017	(5,117)	3,702	-
Employee benefits	3,634	9,254	(5,620)	1,654	-
Payroll taxes	99	-	99	1,654	-
Professional fees	56	-	56	1,654	-
Supplies	2,941	1,800	1,141	1,654	-
Telephone	332	-	332	1,654	-
Occupancy	3,808	-	3,808	1,654	2,154
Travel	212	300	(88)	1,654	-
Client Allowance	24	500	(476)	1,654	-
Client Transportation	-	-	-	1,654	-
Depreciation/Amortization	1,432	-	1,432	1,654	-
Allocated costs	5,344	6,266	(922)	1,654	-
Total expenses	49,782	55,137	(5,355)	21,897	2,154
Change in net assets	\$ (3,686)	\$ (42,987)	\$ 39,301	\$ -	\$ -

See independent auditor's report.

Meta House, Inc.

Settlement of DHS Cost Reimbursement Award

Year Ended December 31, 2022

DHS identification number	Profile 533172	Profile 533127
Award amount	\$691,736	\$489,717
Award period beginning	January 1, 2022	January 1, 2022
and ending	December 31, 2022	December 31, 2022
Award period within audit beginning	January 1, 2022	January 1, 2022
and ending	December 31, 2022	December 31, 2022
Expenditures reported to DHS for payment	\$ 691,736	\$ 489,717
Actual allowable cost of award:		
Program expenses:		
Salaries and wages	450,922	305,343
Employee benefits	81,078	53,997
Payroll taxes	29,349	26,953
Total salaries and related expenses	561,349	386,293
Conference and seminars	182	139
Consulting	40	64
Depreciation	3,449	1,013
Equipment rental and maintenance	1,036	179
Furniture, equipment and software	19,285	15,437
Insurance	6,612	6,097
Occupancy	13,049	13,129
Postage and shipping	149	91
Professional medical fees	2,278	2,421
Recruiting and employment	1,971	1,824
Specified assistance	678	831
Subscriptions and memberships	955	1,023
Supplies	4,691	3,278
Telephone	380	194
Utilities	5,667	3,678
Administrative allocation	77,100	54,026
Total allowable costs	\$ 698,871	\$ 489,717

See independent auditor's report.

Meta House, Inc.

Reserve Supplemental Schedule

Year Ended December 31, 2022

1. Total units of service	N/A
2. Allowable expenses for rate-based service	\$ 3,023,464
3. Total revenue for rate-based service	\$ 2,505,190
4. Excess (deficiency) revenue over expenses (line 3 minus line 2)	\$ (518,274)
6. Calculation of reserve and amounts due to purchasers:	

5a Purchaser	5b Revenue from Purchaser	5c Purchaser's Share of Total Revenue	5d Purchaser's Share of Excess Revenue (Deficiency)	5e 5% Cap on Reserves	5f Amount Due to Purchaser
Ozaukee County	\$ 5,950	0.24%	\$ (1,231)	\$ 298	\$ -
Milwaukee County	241,414	9.64%	(49,944)	12,071	-
Dodge County	3,640	0.15%	(753)	182	-
Rock County	42,560	1.70%	(8,805)	2,128	-
Walworth County	9,170	0.37%	(1,897)	459	-
Sauk County	3,150	0.13%	(652)	158	-
Green Lake County	3,010	0.12%	(623)	151	-
Oneida Indian Tribe of Wisconsin	8,820	0.35%	(1,825)	441	-
Washington County	10,570	0.42%	(2,187)	529	-
Menominee Indian Tribe of Wisconsin	2,100	0.08%	(434)	105	-
Ashland County	10,640	0.42%	(2,201)	532	-
Other	2,164,166	86.39%	(447,723)	108,208	-
Totals	\$ 2,505,190	100%	\$ (518,274)	\$ 125,260	\$ -

See independent auditor's report.

Meta House, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2022

Federal Grantor/Cluster or Program Title	Pass-Through Grantor	Assistance Listing No.	Pass-Through No.	Federal Expenditures
U.S. Department of Health and Human Services:				
Enhanced Safety of Children Affected by Substance Abuse	Direct	93.087		\$ 509,776
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Direct	93.243		489,284
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Direct	93.243		293,453
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Direct	93.243		575,537
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Direct	93.243		2,029
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Direct	93.243		21,180
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Direct	93.243		4,472
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Direct	93.243		129,074
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Milwaukee Co. Dept. of Health and Human Services	93.243	Not available	20,703
<i>Total Substance Abuse and Mental Health Services - Projects of Regional and National Significance</i>				1,535,732
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders	Milwaukee Co. Dept. of Health and Human Services	93.665	Not available	6,292
Medicaid Cluster - Medical Assistance Program	Milwaukee Co. Dept. of Health and Human Services	93.778	Not available	89,073
State Targeted Response to the Opioid Crisis Grants	Milwaukee Co. Dept. of Health and Human Services	93.788	Not available	109,366
Block Grants for Prevention and Treatment of Substance Abuse	Milwaukee Co. Dept. of Health and Human Services	93.959	Not available	163,575
Block Grants for Prevention and Treatment of Substance Abuse	Milwaukee Co. Dept. of Health and Human Services	93.959	435.586	17,691
Block Grants for Prevention and Treatment of Substance Abuse	Wisconsin Department of Health Services	93.959	435.533172	691,736
Block Grants for Prevention and Treatment of Substance Abuse	Wisconsin Department of Health Services	93.959	435.533127	489,717
<i>Total Block Grants for Prevention and Treatment of Substance Abuse</i>				1,362,719
Total federal expenditures				\$ 3,612,958

Meta House, Inc.
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended December 31, 2022

State Grantor/Program Title	Pass-Through Grantor	State ID	Pass-Through No.	State Expenditures
Local Funding:				
	Ashland County	Not Available		\$ 10,640
	Rock County	Not Available		42,560
	Menominee Indian Tribe of Wisconsin	Not Available		2,100
	Oaukee County	Not Available		5,950
	Dodge County	Not Available		3,640
	Sauk County	Not Available		3,150
	Walworth County	Not Available		9,170
	Washington County	Not Available		10,570
	Green Lake County	Not Available		3,010
	Oneida Indian Tribe of Wisconsin	Not Available		8,820
<i>Total Local Funding</i>				99,610
State Funding:				
<i>Substance Abuse TRT TANF</i>	Milwaukee Co. Dept. of Health and Human Services	435.535		105,302
Total state and local expenditures				\$ 204,912

See independent auditor's report.
See accompanying notes to schedule of expenditures of federal and state awards.

Meta House, Inc.

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2022

Note 1: General

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state grant activity of Meta House, Inc. under programs of the federal and state governments for the year ended December 31, 2022. 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 Meta House, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Meta House, Inc.

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.

Note 3: Indirect Cost Rate

Meta House, Inc. has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Sub-Recipients

Meta House, Inc. does not have any 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Meta House, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, cash flows, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meta House, Inc.'s internal control over financial reporting ("internal control") as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Meta House, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meta House, 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 financial statements. 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 Meta House, 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 Meta House, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

May 9, 2023

Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the *State Single Audit Guidelines*

Board of Directors
Meta House, Inc.
Milwaukee, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Meta House, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022. Meta House, 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.

In our opinion, Meta House, 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Our responsibilities under those standards and the Uniform Guidance and *State Single Audit Guidelines* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Meta House, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Meta House, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Meta House, Inc.'s federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Meta House, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and State Single Audit Guidelines, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Meta House, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and State Single Audit Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Meta House, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Meta House, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of Meta House, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, slightly stylized font.

Wipfli LLP
Milwaukee, Wisconsin

May 9, 2023

Meta House, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

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 x no

Significant deficiency(ies) identified? ___ yes x none

Noncompliance material to financial statements noted? ___ yes x no

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? ___ yes x no

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)] and *State Single Audit Guidelines*? ___ yes x no

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance

Identification of major state programs:

<u>Identifying Number</u>	<u>Name of State Program or Cluster</u>
435.533172	Block Grants for Prevention and Treatment of Substance Abuse
435.533127	Block Grants for Prevention and Treatment of Substance Abuse

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

Federal	\$750,000
State	\$250,000

Auditee qualified as low-risk auditee? Yes

Meta House, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2022

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – State Award Findings and Questioned Costs

None

Section V - 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 x 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 x no

Was a management letter or other document conveying audit comments issued as a result of this audit? ___ yes x no

Name and Signature of Partner

Craig Hirt, CPA

Report Date

May 9, 2023