

Meta House, Inc.

Milwaukee, Wisconsin

Financial Statements and Additional Information

Years Ended December 31, 2010 and 2009

Meta House, Inc.

Financial Statements and Additional Information

Years Ended December 31, 2010 and 2009

Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Cash Flows.....	5
Statements of Functional Expense.....	6
Notes to Financial Statements.....	8
Additional Information	
Schedule of Revenue and Expense by Program.....	24
Reserve Supplemental Schedule	26
Schedule of Expenditures of Federal and State Awards	27
Notes to Schedule of Expenditures of Federal and State Awards.....	29
Independent Auditor's Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	32
Schedule of Findings and Questioned Costs.....	34



Independent Auditor's Report

Board of Directors
Meta House, Inc.
Milwaukee, Wisconsin

We have audited the accompanying statements of financial position of Meta House, Inc. as of December 31, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of Meta House, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meta House, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2011, 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 this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Meta House, Inc. taken as a whole. The additional information appearing on pages 24 through 26 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the *Wisconsin State Single Audit Guidelines*, issued by the Wisconsin Department of Administration and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

May 12, 2011

Milwaukee, Wisconsin

Meta House, Inc.

Statements of Financial Position

December 31, 2010 and 2009

<i>Assets</i>	2010	2009
Current assets:		
Cash and cash equivalents	\$ 1,180,118	\$ 1,124,497
Investments	836,344	751,273
Receivables:		
Grants and contracts	222,855	194,290
Pledges - Net	131,982	99,257
Prepaid expenses	86,579	73,641
<hr/>		
Total current assets	2,457,878	2,242,958
<hr/>		
Cash - Unemployment Reserve	42,490	-
<hr/>		
Property and equipment - Net	3,483,467	3,672,839
<hr/>		
Other assets:		
Security deposit	10,500	10,500
Investments - Deferred compensation	97,544	87,628
<hr/>		
Total other assets	108,044	98,128
<hr/>		
TOTAL ASSETS	\$ 6,091,879	\$ 6,013,925

<i>Liabilities and Net Assets</i>	2010	2009
Current liabilities:		
Current maturities of notes payable	\$ 89,236	\$ 109,682
Accounts payable	94,200	90,913
Accrued payroll and benefits	123,688	106,768
Accrued pension	124,799	147,829
Accrued expenses	25,752	14,965
Total current liabilities	457,675	470,157
Long-term liabilities:		
Notes payable, less current maturities	1,462,661	1,551,812
Deferred compensation payable	97,544	87,628
Total liabilities	2,017,880	2,109,597
Net assets:		
Unrestricted	3,827,813	3,738,835
Temporarily restricted	246,186	165,493
Total net assets	4,073,999	3,904,328
TOTAL LIABILITIES AND NET ASSETS	\$ 6,091,879	\$ 6,013,925

Meta House, Inc.

Statements of Activities

Years Ended December 31, 2010 and 2009

	2010		
	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Federal contracts	\$ 2,010,069	\$ -	\$ 2,010,069
State of Wisconsin contracts	1,080,781	-	1,080,781
Milwaukee County contracts	1,673,252	-	1,673,252
Food stamps/food grants	47,074	-	47,074
Medicaid	20,217	-	20,217
Foundation grants	200,382	110,417	310,799
United Way	195,041	97,902	292,943
Other grantors	42,824	-	42,824
Contributions	54,582	37,867	92,449
Rental revenue	56,113	-	56,113
Investment income	95,952	-	95,952
Gala and special events	71,100	-	71,100
Miscellaneous	24,820	-	24,820
In-kind specific assistance	23,371	-	23,371
Total support and revenue	5,595,578	246,186	5,841,764
Net assets released from restrictions	165,493	(165,493)	-
Total public support, revenue and transfers	5,761,071	80,693	5,841,764
Expenses:			
Program expenses	4,563,324	-	4,563,324
Management and general	827,209	-	827,209
Public information	155,342	-	155,342
Fundraising	126,218	-	126,218
Total expenses	5,672,093	-	5,672,093
Changes in net assets	88,978	80,693	169,671
Net assets at beginning of year	3,738,835	165,493	3,904,328
Net assets at end of year	\$ 3,827,813	\$ 246,186	\$ 4,073,999

2009		
Unrestricted	Temporarily Restricted	Total
\$ 2,038,236	\$ -	2,038,236
757,060	-	757,060
1,774,614	-	1,774,614
49,209	-	49,209
45,715	-	45,715
215,808	61,667	277,475
86,465	58,132	144,597
51,841	-	51,841
37,299	-	37,299
60,421	-	60,421
181,788	-	181,788
78,215	-	78,215
34,116	-	34,116
97,050	-	97,050
5,507,837	119,799	5,627,636
213,130	(213,130)	-
5,720,967	(93,331)	5,627,636
4,264,109	-	4,264,109
800,976	-	800,976
92,726	-	92,726
235,960	-	235,960
5,393,771	-	5,393,771
327,196	(93,331)	233,865
3,411,639	258,824	3,670,463
\$ 3,738,835	\$ 165,493	\$ 3,904,328

See accompanying notes to financial statements.

Meta House, Inc.

Statements of Cash Flows

Year Ended December 31, 2010

	2010	2009
Cash flows from operating activities:		
Changes in net assets	\$ 169,671	\$ 233,865
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	216,967	130,094
Realized and unrealized gain on investments - Net	(77,749)	(160,466)
Gain on disposal of property and equipment	-	(10,118)
Change in operating assets and liabilities:		
Grants and contracts receivable	(28,565)	67,802
Pledges receivable	(32,725)	37,141
Prepaid expenses	(12,938)	(44,985)
Security deposit	-	(5,500)
Accounts payable	3,287	(1,908)
Accrued payroll and benefits	16,920	(97,103)
Accrued pension	(23,030)	(34,643)
Accrued expenses	10,787	6,565
Advance grant payments	-	(120,714)
Deferred compensation payable	9,916	17,063
Net cash provided by operating activities	252,541	17,093
Cash flows from investing activities:		
Increase in unemployment reserve	(42,490)	-
Purchase of investments	(271,154)	(372,282)
Sale of investments	253,916	345,526
Proceeds from the sale of property and equipment	-	18,650
Purchase of property and equipment	(27,595)	(1,653,971)
Net cash used in investing activities	(87,323)	(1,662,077)
Cash flows from financing activities:		
Proceeds from notes payable	-	1,500,000
Principal payments on notes payable	(109,597)	(52,769)
Net cash (used in) provided by financing activities	(109,597)	1,447,231
Net increase (decrease) in cash and cash equivalents	55,621	(197,753)
Cash and cash equivalents at beginning of year	1,124,497	1,322,250
Cash and cash equivalents at end of year	\$ 1,180,118	\$ 1,124,497
Supplemental disclosures:		
Cash paid for interest	\$ 63,817	\$ 23,726

See accompanying notes to financial statements.

Meta House, Inc.

Statements of Functional Expense

Year Ended December 31, 2010

	Intensive Outpatient	Residential	Transitional Living
Salaries and related expenses:			
Salaries and wages	\$ 807,818	\$ 1,626,710	\$ 27,894
Employee benefits	139,433	330,648	4,173
Pension	33,261	67,749	1,144
Payroll taxes	58,092	141,093	1,925
Total salaries and related expenses	1,038,604	2,166,200	35,136
Other expenses:			
Conference and seminars	13,470	16,782	-
Consulting	144	1,287	4
Depreciation	71,762	41,499	22,621
Equipment rental and maintenance	22,310	45,268	10,126
Evaluation and research	74,995	37,282	-
Food and beverage supplies	1,727	93,753	-
Furniture and equipment	8,227	30,169	1,330
Insurance	11,628	27,615	346
Interest	41,377	3,820	-
Miscellaneous	48	212	-
Occupancy	99,033	36,548	7,243
Postage and shipping	1,236	3,069	45
Professional fees	-	-	-
Professional medical fees	60,958	71,442	-
Recruiting and employment expense	42,250	37,539	-
Specified assistance	13,076	36,028	1
Subscriptions and memberships	90	880	-
Special events	1,351	100	-
Supplies	8,726	12,837	115
Telephone	7,551	22,806	1,096
Travel	1,822	4,689	522
Utilities	23,976	47,986	24,713
In-kind specific assistance	500	2,925	-
Total expenses	\$ 1,544,861	\$ 2,740,736	\$ 103,298

Permanent Housing	Total Program	Management and General	Public Information	Fundraising	Total
\$ 38,015	\$ 2,500,437	\$ 496,609	\$ 70,072	\$ 52,861	\$ 3,119,979
5,676	479,930	45,723	7,113	5,366	538,132
1,558	103,712	20,175	2,851	2,151	128,889
3,091	204,201	34,167	5,219	3,937	247,524
48,340	3,288,280	596,674	85,255	64,315	4,034,524
-	30,252	1,896	1,500	1,131	34,779
6	1,441	47	25,997	19,612	47,097
49,068	184,950	24,289	4,405	3,323	216,967
16,261	93,965	7,524	1,488	1,122	104,099
-	112,277	-	-	-	112,277
1	95,481	380	502	379	96,742
1,987	41,713	5,369	5,598	4,132	56,812
458	40,047	3,812	591	446	44,896
-	45,197	14,164	2,540	1,916	63,817
-	260	14,204	1,190	900	16,554
8,790	151,614	32,521	5,882	4,438	194,455
49	4,399	629	2,983	2,250	10,261
-	-	100,600	-	-	100,600
-	132,400	-	-	-	132,400
2	79,791	13	69	52	79,925
-	49,105	-	-	-	49,105
-	970	5,228	548	414	7,160
-	1,451	4,130	12,962	9,778	28,321
137	21,815	2,235	1,065	803	25,918
1,460	32,913	3,668	550	415	37,546
771	7,804	1,711	745	562	10,822
36,273	132,948	8,115	1,472	1,110	143,645
10,826	14,251	-	-	9,120	23,371
\$ 174,429	\$ 4,563,324	\$ 827,209	\$ 155,342	\$ 126,218	\$ 5,672,093

See accompanying notes to financial statements.

Meta House, Inc.

Statements of Functional Expense (Continued)

Year Ended December 31, 2009

	Intensive Outpatient	Residential	Transitional Living
Salaries and related expenses:			
Salaries and wages	\$ 774,671	\$ 1,523,188	\$ 29,200
Employee benefits	117,987	278,458	4,932
Pension	36,229	70,220	1,298
Payroll taxes	59,990	144,725	2,276
Total salaries and related expenses	988,877	2,016,591	37,706
Other expenses:			
Conference and seminars	5,855	13,785	-
Consulting	608	3,027	39
Depreciation	-	33,035	45,143
Equipment rental and maintenance	19,975	47,576	8,285
Evaluation and research	75,214	37,703	-
Food and beverage supplies	863	94,262	5
Furniture and equipment	2,888	15,385	1,390
Insurance	16,995	26,088	694
Interest	15,636	1,134	-
Miscellaneous	78	139	1
Occupancy	129,689	41,561	7,441
Postage and shipping	1,144	3,076	74
Professional fees	-	-	-
Professional medical fees	68,923	67,725	-
Recruiting and employment expense	17,345	62,136	108
Specified assistance	11,926	38,950	-
Subscriptions and memberships	587	2,218	-
Special events	811	320	-
Supplies	6,671	11,267	162
Telephone	4,610	31,589	989
Loss on disposal of asset	-	-	-
Travel	2,226	1,321	410
Utilities	9,973	47,056	26,805
In-kind specific assistance	-	-	-
Total expenses	\$ 1,380,894	\$ 2,595,944	\$ 129,252

Permanent Housing	Total Program	Management and General	Public Information	Fundraising	Total
\$ 30,960	\$ 2,358,019	\$ 493,280	\$ 42,111	\$ 63,167	\$ 2,956,577
7,223	408,600	39,098	4,254	6,380	458,332
1,373	109,120	23,824	2,014	3,021	137,979
2,413	209,404	35,798	3,312	4,967	253,481
41,969	3,085,143	592,000	51,691	77,535	3,806,369
-	19,640	3,989	860	1,290	25,779
43	3,717	594	6,602	9,903	20,816
51,916	130,094	-	-	-	130,094
15,604	91,440	6,808	779	1,170	100,197
-	112,917	-	-	-	112,917
1	95,131	149	323	484	96,087
1,400	21,063	4,282	4,072	5,929	35,346
754	44,531	6,301	661	992	52,485
-	16,770	5,346	644	966	23,726
4	222	12,054	1,026	1,539	14,841
10,038	188,729	41,177	3,736	5,604	239,246
80	4,374	540	2,007	3,011	9,932
-	-	100,564	-	-	100,564
-	136,648	-	-	-	136,648
149	79,738	15	4	6	79,763
-	50,876	-	-	-	50,876
-	2,805	9,036	2,269	3,404	17,514
-	1,131	1,009	14,984	22,475	39,599
171	18,271	2,408	1,989	2,984	25,652
1,259	38,447	2,245	253	379	41,324
-	-	8,531	-	-	8,531
492	4,449	550	397	595	5,991
34,139	117,973	3,378	429	644	122,424
-	-	-	-	97,050	97,050
\$ 158,019	\$ 4,264,109	\$ 800,976	\$ 92,726	\$ 235,960	\$ 5,393,771

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 ACS 958, *Not-for-profit Entities*.

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. Currently the organization does not have any permanently restricted net assets.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 \$10,255 and \$8,665, as of December 31, 2010 and 2009, respectively. 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.

Pledges Receivable

Pledges are recorded as receivables in the year pledges are made. Pledges are recorded at fair value which represents the amount of expected future cash flows discounted to present value. Pledges and other promises to give whose eventual uses are restricted by the donors are recorded as increases in temporarily restricted net assets; unrestricted pledges 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. The Organization provides an allowance for uncollectible pledges equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of pledges receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change.

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, 2010 and 2009.

Estimated lives of depreciable assets are as follows:

Land improvements	10 years
Building	40 years
Furniture and equipment	5 to 10 years
Vehicles	3 years

Functional Expenses

Salaries and related expenses are allocated to functional activities based on the time spent 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.

- 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 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 \$23,371 and \$97,050 for the years ended December 31, 2010 and 2009, respectively.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is deemed unconditional. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

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.

Meta House, Inc.

Notes to Financial Statements

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

Income Taxes (Continued)

ASC Topic 740-10 requires an organization to determine 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. Tax returns for the years ended December 31, 2007 and beyond remain subject to examination by applicable taxing authorities.

Subsequent Events

Subsequent events have been evaluated through May 12, 2011, which is the date the financial statements were available to be issued.

Note 2 **Investments**

At December 31, 2010 and 2009, investments, including investments held for deferred compensation, were carried at fair value and are summarized as follows:

	2010	2009
Money market	\$ 22,472	\$ 17,820
Fixed income mutual funds	289,530	274,514
Equity mutual funds	621,886	546,567
Total investments	<u>\$ 933,888</u>	<u>\$ 838,901</u>

Meta House, Inc.

Notes to Financial Statements

Note 2 Investments (Continued)

Investment income for the year ended December 31, 2010 and 2009 were as follows:

	2010	2009
Interest	\$ 8,930	\$ 13,970
Dividends	9,273	7,352
Net realized and unrealized gain	77,749	160,466
Total investment income	\$ 95,952	\$ 181,788

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.

Note 3 Pledges Receivable

Net pledges receivable consisted of the following as of December 31, 2010 and 2009:

	2010	2009
Gross pledges receivable, less than one year	\$ 135,769	\$ 103,826
Less - Allowance for uncollectable amounts	3,787	4,569
Pledges receivable - Net	\$ 131,982	\$ 99,257

Meta House, Inc.

Notes to Financial Statements

Note 4 Property and Equipment

Property and equipment at December 31, 2010 and 2009 consisted of the following:

	2010	2009
Land	\$ 60,568	\$ 60,568
Land improvements	225,014	225,014
Buildings	4,792,756	4,765,161
Furniture and equipment	237,548	237,548
Vehicles	71,334	71,334
Total property and equipment	5,387,220	5,359,625
Accumulated depreciation	(1,903,753)	(1,686,786)
Property and equipment - Net	\$ 3,483,467	\$ 3,672,839

Depreciation expense for 2010 and 2009 were \$216,967 and \$130,094, respectively.

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, 2010, the Organization has reserved \$42,490 for the payment of unemployment compensation claims.

Note 6 Deferred Compensation Agreement

The Organization has a non-qualified deferred compensation agreement with the Executive Director that requires the Organization to defer a portion of the 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 monthly payments to the employee or designated beneficiary for ten years following retirement or termination of employment. If the Executive Director's employment with the agency terminates before retirement, the asset is required to be paid to the Executive Director immediately. The value of the deferred compensation asset and liability was \$97,544 and \$87,628 at December 31, 2010 and 2009, respectively.

Meta House, Inc.

Notes to Financial Statements

Note 7 Long-Term Debt

	2010	2009
<p>Mortgage note for \$58,000, dated October 18, 2001, is payable to M&I Marshall & Ilsley Bank as administrator of a Federal Home Loan Bank of Chicago Affordable Housing Program Grant, evidenced by a Rental Project Agreements ("AHP Agreement"). The note is non-interest-bearing and subject to recapture provisions set forth under the AHP Agreement. The term of the note is 15 years, starting on the date the project was completed. Upon the occurrence of an event of default, the entire principal balance, plus accrued interest at 18% would become immediately due and payable. The note is secured by the real estate at the HUD4 location at 2927 North First Street in Milwaukee. Under the terms of the AHP Agreement, the Organization must certify annually to the mortgagee and the Chicago Bank that tenant rents and incomes are in compliance with the rent and income targeting commitments made in the application.</p>	\$ 58,000	\$ 58,000
<p>Mortgage note for \$100,000, dated December 5, 2002, is payable to M&I Marshall & Ilsley Bank as administrator of a Federal Home Loan Bank of Chicago Affordable Housing Program Grant, evidenced by a Rental Project Agreements ("AHP Agreement"). The note is non-interest-bearing and subject to recapture provisions set forth under the AHP Agreement. The term of the note is 15 years, starting on the date the project was completed. Upon the occurrence of an event of default, the entire principal balance, plus accrued interest at 18% would become immediately due and payable. The note is secured by the by real estate at the HUD5 location at 2937 North First Street in Milwaukee. Under the terms of the AHP Agreement, the Organization must certify annually to the mortgagee and the Chicago Bank that tenant rents and incomes are in compliance with the rent and income targeting commitments made in the application.</p>	100,000	100,000

Meta House, Inc.

Notes to Financial Statements

Note 7 Long-Term Debt (Continued)

	2010	2009
<p>Mortgage note for \$56,263, dated September 10, 2007, is payable to M&I Marshall & Ilsley Bank as administrator of a Federal Home Loan Bank of Chicago Affordable Housing Program Grant, evidenced by a Rental Project Agreements ("AHP Agreement"). The note is non-interest-bearing and subject to recapture provisions set forth under the AHP Agreement. The terms of the note is 15 years, starting on the date the project was completed. Upon the occurrence of an event of default, the entire principal balance, plus accrued interest at 18% would become immediately due and payable. The note is secured by the real estate at the HUD2 location at 138 West Locust Street in Milwaukee. Under the terms of the AHP Agreement, the Organization must certify annually to the mortgagee and the Chicago Bank that tenant rents and incomes are in compliance with the rent and income targeting commitments made in the application.</p>	56,263	56,263
<p>Promissory note for \$100,000, dated June 30, 2009, is payable to M&I Marshall & Ilsley Bank. The note has a fixed interest rate of 4.27%, with a monthly payment of \$4,355. The note is unsecured, and matures in June 2011.</p>	25,793	75,785
<p>Promissory note for \$100,000 dated June 30, 2009. Payable to M&I Marshall & Ilsley Bank. The note has a fixed interest rate of 5.34%, with a monthly payment of \$2,318. The note is unsecured, and matures in June 2013.</p>	64,978	88,625
<p>Promissory note for \$300,000, dated June 30, 2009, is payable to M&I Marshall & Ilsley Bank. The note has a fixed interest rate of 6.61%, with a monthly payment of \$4,471. The note is unsecured, and matures in June 2016.</p>	246,863	282,821

Meta House, Inc.

Notes to Financial Statements

Note 7 Long-Term Debt (Continued)

	2010	2009
New Markets Tax Credit note for \$1,000,000, dated September 25, 2009, is payable to M&I Marshall & Ilsley Bank. The note has a fixed interest rate of 3.875%, and is payable in full September 2016. The note is secured by real estate located at 2937 N. 1st Street, 2947 N. 1st Street, 2927 N. 1st Street, and 138 W. Locust, all in the City of Milwaukee, Wisconsin. The organization is subject to certain restrictions and covenants relating to this note. As of December 31, 2009, management believes the organization was in compliance with all of the established covenants.	1,000,000	1,000,000
	1,551,897	1,661,494
Less - Current portion	(89,236)	(109,682)
Long-term portion	\$ 1,462,661	\$ 1,551,812

Principal payments on notes payable for years ending December 31, are as follows:

2011	89,236
2012	67,430
2013	57,612
2014	46,903
2015	50,099
Thereafter	1,240,617
Total	\$ 1,551,897

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 2010 and 2009 were \$126,000, and \$163,846, respectively.

Meta House, Inc.

Notes to Financial Statements

Note 8 Lease Commitments

The future minimum payments on the noncancelable operating lease are as follows:

2011	126,000
2012	126,000
2013	126,000
2014	129,000
2015	133,320
Thereafter	1,326,497
<hr/>	
Total	\$ 1,966,817

Note 9 Retirement Plan

The Organization has a SEP plan covering substantially all employees with an annual compensation of \$450 or more. The employer is required to make a minimum contribution of 2% of employee compensation. An employer contribution of 4% or \$128,889 and \$137,979 was approved and contributed by the Organization for 2010 and 2009, respectively.

Note 10 Line of Credit

The Organization has an available line of credit of \$300,000 bearing interest at the bank's prime rate (3.25% at December 31, 2010). The line of credit is secured by all of the Organization's assets. The Organization did not have any balances outstanding at December 31, 2010 or December 31, 2009.

Meta House, Inc.

Notes to Financial Statements

Note 11 Temporarily Restricted Net Assets

Net assets released from restrictions for the year ended December 31, 2010 and 2009, are as follows:

	2010	2009
Time restriction:		
United Way	\$ 58,132	\$ 58,132
Contributions	61,667	115,000
Pledges receivable	45,694	39,998
Total net assets released from restrictions	\$ 165,493	\$ 213,130

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Time restriction:		
United Way	\$ 97,902	\$ 58,131
2011 operations	5,000	-
Pledges receivable	37,867	45,694
Purpose restriction:		
Women's advocacy project	10,000	10,000
Intensive outpatient	27,500	20,000
Residential	67,917	21,250
Transitional living	-	5,209
Permanent housing	-	5,209
Total temporarily restricted net assets	\$ 246,186	\$ 165,493

Meta House, Inc.

Notes to Financial Statements

Note 12 Concentrations

The Organization maintains depository relationships with a local financial institution, which at times may exceed Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection (SIPC) limits. The Organization has not experienced any losses with these accounts. Management believes the Organization is not exposed to any significant credit risk on cash or investments. Effective December 31, 2010, noninterest-bearing transaction accounts are fully insured under the Dodd-Frank Act until December 31, 2012.

The Organization receives funding from the Federal Government, State of Wisconsin and Milwaukee County. In 2010, this funding is 35%, 19% and 29% of the organizations total revenue, respectively. In 2009, this funding is 36%, 13% and 31% of the organizations total revenue, respectively.

Note 13 Fair Value Measurement

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 at cost which approximates fair value.
- Fixed income and equity mutual funds are valued at quoted market prices.

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 Foundation 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.

Meta House, Inc.

Notes to Financial Statements

Note 13 Fair Value Measurement (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2010 and 2009:

December 31, 2010	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market	\$ -	\$ 22,472	\$ -	\$ 22,472
Fixed income mutual funds	289,530	-	-	289,530
Equity mutual funds	621,886	-	-	621,886
Total	\$ 911,416	\$ 22,472	\$ -	\$ 933,888

December 31, 2009	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market	\$ -	\$ 17,820	\$ -	\$ 17,820
Fixed income mutual funds	274,514	-	-	274,514
Equity mutual funds	546,567	-	-	546,567
Total	\$ 821,081	\$ 17,820	\$ -	\$ 838,901

Additional Information

Meta House, Inc.

Schedule of Support, Revenue and Expenses by Program - Unrestricted

Year Ended December 31, 2010

	Intensive Outpatient	Residential	Transitional Living	Permanent Housing	Management and General	Public Information	Fundraising	Total
Support and revenue:								
Federal financial assistance:								
HUD grants	\$ 127,917	\$ 325,206	\$ 76,237	\$ 80,709	\$ -	\$ -	\$ -	\$ 610,069
Homeless grant	400,000	-	-	-	-	-	-	400,000
PPW	-	500,000	-	-	-	-	-	500,000
HIV	500,000	-	-	-	-	-	-	500,000
State of Wisconsin financial assistance:								
Capacity grant	-	265,000	-	40,000	-	-	-	305,000
Child welfare	123,154	651,624	-	-	-	-	-	774,778
WI DHFS Star Si	1,003	-	-	-	-	-	-	1,003
Milwaukee County financial assistance:								
CCSB	-	68,800	-	-	-	-	-	68,800
RSS - Access to recovery	251,164	1,353,288	-	-	-	-	-	1,604,452
Food stamps/food grants	-	47,074	-	-	-	-	-	47,074
Medicaid	12,949	7,268	-	-	-	-	-	20,217
Foundation grants	43,165	81,333	4,000	6,000	-	-	132,120	266,618
United Way	-	156,026	-	-	-	-	97,147	253,173
Other grantors	3,388	39,436	-	-	-	-	-	42,824
Contributions	-	-	-	-	-	-	95,707	95,707
Rental revenue	-	-	26,659	29,454	-	-	-	56,113
Investment gain	-	-	-	-	95,952	-	-	95,952
Gala and special events	-	-	-	-	-	-	71,100	71,100
Miscellaneous	919	349	1,000	2,000	2,684	-	17,868	24,820
In-kind specific assistance	500	2,925	-	10,826	-	-	9,120	23,371
Total support and revenue	1,464,159	3,498,329	107,896	168,989	98,636	-	423,062	5,761,071

Meta House, Inc.

Schedule of Revenue and Expense by Program - Unrestricted (Continued)

Year Ended December 31, 2010

	Intensive Outpatient	Residential	Transitional Living	Permanent Housing	Management and General	Public Information	Fundraising	Total
Program expenses:								
Salaries and wages	807,818	1,626,710	27,894	38,015	496,609	70,072	52,861	3,119,979
Employee benefits	139,433	330,648	4,173	5,676	45,723	7,113	5,366	538,132
Pension	33,261	67,749	1,144	1,558	20,175	2,851	2,151	128,889
Payroll taxes	58,092	141,093	1,925	3,091	34,167	5,219	3,937	247,524
Conference and seminars	13,470	16,782	-	-	1,896	1,500	1,131	34,779
Consulting	144	1,287	4	6	47	25,997	19,612	47,097
Depreciation	71,762	41,499	22,621	49,068	24,289	4,405	3,323	216,967
Equipment rental and maintenance	22,310	45,268	10,126	16,261	7,524	1,488	1,122	104,099
Evaluation and research	74,995	37,282	-	-	-	-	-	112,277
Food and beverage supplies	1,727	93,753	-	1	380	502	379	96,742
Furniture and equipment	8,227	30,169	1,330	1,987	5,369	5,598	4,132	56,812
Insurance	11,628	27,615	346	458	3,812	591	446	44,896
Interest	41,377	3,820	-	-	14,164	2,540	1,916	63,817
Miscellaneous	48	212	-	-	14,204	1,190	900	16,554
Occupancy	99,033	36,548	7,243	8,790	32,521	5,882	4,438	194,455
Postage and shipping	1,236	3,069	45	49	629	2,983	2,250	10,261
Professional fees	-	-	-	-	100,600	-	-	100,600
Professional medical fees	60,958	71,442	-	-	-	-	-	132,400
Recruiting and employment expense	42,250	37,539	-	2	13	69	52	79,925
Specified assistance	13,076	36,028	1	-	-	-	-	49,105
Subscriptions and memberships	90	880	-	-	5,228	548	414	7,160
Special events	1,351	100	-	-	4,130	12,962	9,778	28,321
Supplies	8,726	12,837	115	137	2,235	1,065	803	25,918
Telephone	7,551	22,806	1,096	1,460	3,668	550	415	37,546
Travel	1,822	4,689	522	771	1,711	745	562	10,822
Utilities	23,976	47,986	24,713	36,273	8,115	1,472	1,110	143,645
In-kind specific assistance	500	2,925	-	10,826	-	-	9,120	23,371
Total program expenses	1,544,861	2,740,736	103,298	174,429	827,209	155,342	126,218	5,672,093
Administration allocation	230,473	547,261	6,508	8,949	(813,529)	11,593	8,745	-
Public information allocation	47,293	116,471	1,335	1,836	-	(166,935)	-	-
Total expenses	1,822,627	3,404,468	111,141	185,214	13,680	-	134,963	5,672,093
Change in net assets	\$ (358,468)	\$ 93,861	\$ (3,245)	\$ (16,225)	\$ 84,956	\$ -	\$ 288,099	\$ 88,978

See Independent Auditor's Report.

Meta House, Inc.

Reserve Supplemental Schedule

Year Ended December 31, 2010

Milwaukee County Department of Health and Human Services

1. Total units of service		n/a
2. Allowable expenses for rate-based service	\$	2,569,681
3. Total revenue for rate-based service		2,285,604
4. Excess of revenue over expenses (line 3 less line 2)	\$	(284,077)
5. Total reserve from all prior periods (not including this period)	\$	(463,782)
6. Calculation of reserve and amounts due to purchaser:	\$	-

Purchaser (6a)	First Test						Second Test					
	Revenue from Purchasers (6b)	Purchaser's Share of Total Revenue (6c)	Purchaser's 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 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)
Child Welfare	\$ 526,157	23.02%	\$ (65,396)	\$ 26,308	\$ (65,396)	\$ -	\$ (42,802)	\$ (108,198)	\$ 52,616	\$ (108,198)	\$ -	\$ -
Milwaukee Cty CIU	-	0.00%	-	-	-	-	(96,121)	(96,121)	-	(96,121)	-	-
Milwaukee County	68,800	3.01%	(8,551)	3,440	(8,551)	-	-	(8,551)	6,880	(8,551)	-	-
St Catherines	43,045	1.88%	(5,350)	2,152	(5,350)	-	(4,224)	(9,574)	4,305	(9,574)	-	-
Rock County	-	0.00%	-	-	-	-	(2,423)	(2,423)	-	(2,423)	-	-
Waukesha County	12,419	0.54%	(1,544)	621	(1,544)	-	(1,393)	(2,937)	1,242	(2,937)	-	-
Dodge County	-	0.00%	-	-	-	-	685	685	-	685	685	685
Walworth County	30,406	1.33%	(3,779)	1,520	(3,779)	-	69	(3,710)	3,041	(3,710)	-	-
Milw County RSS	1,604,452	70.20%	(199,417)	80,223	(199,417)	-	(261,916)	(461,333)	160,445	(461,333)	-	-
City of Milw	-	0.00%	-	-	-	-	(41,998)	(41,998)	-	(41,998)	-	-
Access to recovery	-	0.00%	-	-	-	-	(9,107)	(9,107)	-	(9,107)	-	-
WI Community Services	-	0.00%	-	-	-	-	(225)	(225)	-	(225)	-	-
Client Private Pay	325	0.01%	(40)	16	(40)	-	(4,327)	(4,367)	33	(4,367)	-	-
Total	\$ 2,285,604	100.00%	\$ (284,077)	\$ 114,280	\$ (284,077)	\$ -	\$ (463,782)	\$ (747,859)	\$ 228,560	\$ (747,859)	\$ 685	\$ 685

Meta House, Inc.

Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2010

Federal and State Awards Grantor/Program Title	Passthrough	Catalog # Fed ID	CARS # State ID	Total Expenditures	Federal Expenditures	State Expenditures
U.S. Department of Housing and Urban Development: Supportive Housing Program	Not Applicable	14.235		\$ 610,069	\$ 610,069	\$ -
U.S. Department of Health and Human Services: Substance Abuse and Mental Health Services Projects of Regional and National Significance	Not Applicable	93.243		1,400,000	1,400,000	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Wisconsin Department of Health and Family Services	93.243		1,003	1,003	-
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance		93.243		1,401,003	1,401,003	-
Substance Abuse and Mental Health Services - Access to Recovery	Milwaukee County Department of Human Services	93.275		143,631	143,631	-
Temporary Assistance for Needy Families	Milwaukee County Department of Human Services	93.558		30,818	30,818	-
Temporary Assistance for Needy Families	Walworth County Health and Human Services	93.558		1,594	1,594	-
Total Temporary Assistance for Needy Families		93.558		32,412	32,412	-
Foster Care Title IV-E	Wisconsin Department of Health and Family Services	93.658		89,166	89,166	-
Family Connection Grants	Wisconsin Department of Workforce Development	93.605		248,621	248,621	-
Social Services Block Grant	Milwaukee County Department of Human Services	93.667		59,256	59,256	-
Social Services Block Grant	Walworth County Health and Human Services	93.667		3,065	3,065	-
Total Social Services Block Grant		93.667		62,321	62,321	-

Meta House, Inc.

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended December 31, 2010

Federal and State Awards Grantor/Program Title	Passthrough	Catalog # Fed ID	CARS # State ID	Total Expenditures	Federal Expenditures	State Expenditures
Block Grants for Prevention and Treatment of Substance Abuse	Milwaukee County Department of Human Services	93.959		17,949	17,949	-
Block Grants for Prevention and Treatment of Substance Abuse	Wisconsin Department of Health and Family Services	93.959		305,000	305,000	-
Block Grants for Prevention and Treatment of Substance Abuse	Sheyboygan County Health and Human Services	93.959		3,497	3,497	-
Block Grants for Prevention and Treatment of Substance Abuse	Walworth County Health and Human Services	93.959		18,675	18,675	-
Total Block Grants for Prevention and Treatment of Substance Abuse		93.959		345,121	345,121	-
Total U.S. Department of Health and Human Services:				2,322,275	2,322,275	-
State of Wisconsin Awards:						
Child Welfare	Wisconsin Department of Health and Family Services			436,991	-	436,991
Child Welfare	Milwaukee County Department of Human Services			68,800	-	68,800
Social Services Block Grant	Milwaukee County Department of Human Services		435.561	101,025	-	101,025
Substance Abuse TRT TANF	Milwaukee County Department of Human Services		435.535	1,251,773	-	1,251,773
Social Services Block Grant	Walworth County		435.561	7,071	-	7,071
Social Services Block Grant	Waukesha County		435.561	8,922	-	8,922
Total Federal and State Awards				\$ 4,806,926	\$ 2,932,344	\$ 1,874,582

Meta House, Inc.

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2010

Note 1 General

The accompanying schedule of expenditures of federal and state awards represents the activity of all federal and state financial awards programs of Meta House, Inc. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedule.

Note 2 Basis of Accounting

The accompanying schedule of expenditures of federal and state awards is presented using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded as liabilities when incurred. Meta House, Inc. applies all FASB pronouncements in accounting and reporting.



**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 the financial statements of Meta House, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated May 12, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

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

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

Our consideration of 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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meta House, Inc.'s financial statements are free of 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*.

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

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

May 12, 2011

Milwaukee, Wisconsin



Independent Auditor's Report on Compliance With Requirements That Could have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors
Meta House, Inc.
Milwaukee, Wisconsin

Compliance

We have audited the compliance of Meta House, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Wisconsin State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2010. Meta House, Inc.'s major federal and state contracts are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on Meta House, Inc.'s compliance based on our audit.

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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the *Provider Agency Audit Guide*, issued by the Wisconsin Departments of Health Services, Workforce Development, and Corrects. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Meta House, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Meta House, Inc.'s compliance with those requirements.

In our opinion, Meta House, Inc. complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

The management of Meta House, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Meta House, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express any opinion on the effectiveness of Meta House, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Wipfli LLP

Wipfli LLP

May 12, 2011
Milwaukee, Wisconsin

Meta House, Inc.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified not considered to be material weakness(es)?

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 not considered to be material weakness(es)?

yes none reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

yes no

Meta House, Inc.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2010

Identification of major federal and state programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.235	Supportive Housing Program
93.275	Substance Abuse and Mental Health Services – Access to Recovery
93.605	Family Connection Grants – Families Come First

<u>Identifying Number</u>	<u>Name of State Program</u>
435.561	Social Services Block Grant
435.535	Substance Abuse TRT TANF
93.605	Family Connections Grants – Families Come First

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

Federal	\$300,000
State	\$100,000

Auditee qualified as low-risk auditee? Yes

Meta House, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2010

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 have 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 *Wisconsin State Single Audit Guidelines*.

Department of Health and Family Services	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Department of Workforce Development	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> NA
Department of Corrections	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> NA

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

Name and Signature of Partner



David Globig, CPA

Date

May 12, 2011