

METROMORPHOSIS
Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2021

METROMORPHOSIS
Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MetroMorphosis
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of MetroMorphosis, a Louisiana nonprofit corporation, which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, functional expenses and cash flows for the year then ended, and the notes to the financial statements.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of MetroMorphosis as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit section of my report. I am required to be independent of the MetroMorphosis and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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

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MetroMorphosis' ability to continue as a going concern for one year beyond the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinions. 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 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 judgement of a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I

- exercise professional judgement 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 the MetroMorphosis' 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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MetroMorphosis' ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



John L. McKowen, CPA

Baton Rouge, Louisiana
April 6, 2022

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

CURRENT ASSETS

Cash and equivalents	\$1,046,591
Restricted cash and equivalents	463,120
Accounts receivable	69,507
Investments	350,000
Prepaid expenses	1,532
Unconditional promises to give:	
Funding for next calendar year	100,000
Total current assets	<u>2,030,750</u>

NON-CURRENT ASSETS

Deposits on leased property	1,500
Unconditional promises to give:	
Funding for future calendar years	100,000
Property and equipment, net of accumulated depreciation	2,126
Total non-current assets	<u>103,626</u>

Total assets	<u><u>\$2,134,376</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 3,091
Payroll liabilities	710

NON-CURRENT LIABILITIES

PPP Loan	<u>-</u>
Total liabilities	<u>3,801</u>

NET ASSETS

Without donor restrictions	1,467,455
With donor restrictions	663,120
Total net assets	<u>2,130,575</u>
Total liabilities and net assets	<u><u>\$2,134,376</u></u>

The accompanying notes are an integral part of this statement.

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

**CHANGES IN NET ASSETS WITHOUT
DONOR RESTRICTIONS**

Unrestricted revenue	
Private grants and contributions	\$ 869,934
Governmental grants	373,500
Fees for services	303,107
Interest income	774
Total revenue without donor restrictions	<u>1,547,315</u>
Net assets released from restrictions	<u>15,332</u>
Total revenue and other support without donor restrictions	1,562,647
Expenses	
Program Services	
LaunchBR	6,536
Urban Congress on African American Males	8,743
Urban Leadership Initiative	639
Other	351,962
Supporting Services	
Management and general	418,616
Fundraising	<u>28,000</u>
Total expenses	<u>814,496</u>
Increase in net assets without donor restrictions	748,151

**CHANGES IN NET ASSETS WITH DONOR
RESTRICTIONS**

Restricted revenue	
Grants and contributions	<u>200,000</u>
Net assets released from restrictions	<u>(15,332)</u>
Increase in net assets with donor restrictions	184,668
Total change in net assets	<u>\$ 932,819</u>

NET ASSETS

Beginning of year	<u>1,197,756</u>
End of year	<u>\$2,130,575</u>

The accompanying notes are an integral part of this statement.

MetroMorphosis
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Program Services				Supporting Services		Total
	LaunchBR	Urban Congress	ULDI	Other	Management and General	Fundraising	
EXPENSES							
Salaries & benefits	\$ -	\$ -	\$ -	\$ 237,802	\$ 255,701	\$ 28,000	\$ 521,503
Advertising/Communications	-	-	-	9,409	16,407	-	25,816
Conferences & meetings	-	-	-	1,930	4,744	-	6,674
Dues & subscriptions	-	-	-	-	1,867	-	1,867
Insurance	-	-	-	-	2,099	-	2,099
Interest	-	-	-	-	15	-	15
Office expense	271	-	-	-	4,526	-	4,797
Depreciation expense	-	-	-	-	1,713	-	1,713
Printing	-	-	-	159	4,198	-	4,357
Professional development	-	-	-	183	10,819	-	11,002
Professional fees	3,300	-	-	92,735	74,277	-	170,312
Project supplies	-	8,269	639	4,999	5,019	-	18,926
Rent and utilities	-	-	-	-	20,166	-	20,166
Seed investments/grants	2,965	-	-	3,913	11,720	-	18,598
Technology	-	474	-	-	657	-	1,131
Telephone	-	-	-	-	4,357	-	4,357
Travel	-	-	-	832	331	-	1,163
Total expenses	\$ 6,536	\$ 8,743	\$ 639	\$ 351,962	\$ 418,616	\$ 28,000	\$ 814,496

ULDI - Developing Leaders in Urban Communities
Urban Congress on African American Males

The accompanying notes are an integral part of this statement.

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS
For the year ended December 31, 2021

	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITES	
Increase in net assets	\$ 932,819
Depreciation	1,713
Change in operating assets and liabilities	
Accounts receivable (increase)	(57,521)
Unconditional promises to give (increase)	(197,900)
Prepaid expenses (increase)	(1,532)
Accounts payable (decrease)	(5,077)
Payroll liabilities (increase)	710
	<u>673,212</u>
CASH FLOWS FROM INVESTING ACTIVITES	
Purchase of Certificates of Deposit	<u>(350,000)</u>
CASH FLOWS FROM NONCASH ACTIVITES	
Forgiveness of PPP Loan	<u>(88,500)</u>
Net increase in cash	<u>\$ 234,712</u>
CASH	
Beginning of year	<u>1,274,999</u>
End of year	<u><u>\$1,509,711</u></u>

MetroMorphosis had interest expense of \$15 and no income tax expense for the year ended December 31, 2021.

The accompanying notes are an integral part of this statement.

METROMORPHOSIS
Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

MetroMorphosis (the Organization) is a Louisiana nonprofit corporation organized in 2012 to transform inner-city neighborhoods by engaging residents to build capacity, to develop leaders, and to engage people civically. The Organization has four primary programs: Unleashing the Untapped Potential of Urban Congregations is designed to effectively engage, organize and deploy a human resource pool to create positive change; Urban Leadership Development Initiative is offered to selected individuals to teach them how to identify opportunities, develop innovative solutions, and build coalitions to implement those solutions; Our Schools...Our Excellence seeks to create an informed community demand for excellent educational and life outcomes for children in North Baton Rouge; and, Urban Congress on African American Males is a coalition developed to understand the extent to which persistent challenges impact the quality of life for African American males in Baton Rouge and then leverage the communities' to transform the lives of these males, their families, and surrounding neighborhoods. In addition to its four primary programs, the Organization is currently providing disaster relief in the North Baton Rouge area to victims of the recent local flooding.

Basis of presentation

The financial statements of MetroMorphosis have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

MetroMorphosis reports its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and cash equivalents

Cash and cash equivalents include all monies in financial institutions with original maturities of 90 days or less. Restricted cash represents amounts held by the Organization with donor imposed restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as

increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined that no allowance is necessary as of December 31, 2021.

Property and equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over the estimated useful lives of five to seven years.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization to further its mission, but these services do not meet the criteria for recognition as contributed services.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Income tax Status

MetroMorphosis is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

The Organization's open audit periods are 2018 through 2021.

Estimates

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

NOTE B – CASH AND CASH EQUIVALENTS

At December 31, 2021, the Organization had cash balances held at four banks and one credit union as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Credit Union share balance	101,661	101,661
Credit Union money market	100,318	100,318
Corporate savings	250,843	250,843
Demand deposits	<u>1,056,889</u>	<u>1,056,889</u>
Total	<u>1,509,711</u>	<u>1,509,711</u>

Balances at each of the financial institutions were secured by federal deposit insurance of up to \$250,000. The balance at one bank, however, was \$556,834 at December 31, 2021, leaving the balance in excess of \$250,000 exposed to custodial credit risk. In addition, the balances at two other banks were slightly above \$250,000 due to interest payments received during the year.

NOTE C – INVESTMENTS

At December 31, 2021, the Organization had a total of \$350,000 in certificates of deposits at two separate banks, each bearing interest of 0.15% and maturing on March 10, 2022. The investments were fully insured by FDIC.

NOTE D – RESTRICTIONS ON NET ASSETS

At December 31, 2021, net assets with donor restrictions consisted of the following:

	<u>Amount</u>
Our Schools...Our Excellence	\$ 181,831
Urban Congress on African American Males	139,972
LaunchBR	141,317
Unconditional promises to give (time restricted)	<u>200,000</u>
Total	<u>\$ 663,120</u>

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets that are available for use within one year of the balance sheet date for general expenses consist of cash and cash equivalents of \$1,046,591. There are also \$69,507 in accounts receivable, \$350,000 in certificates of deposit and \$100,000 in unconditional promises coming due in the next twelve months. Additional cash and cash equivalents of \$463,120 are not available for general expenses due to donor-imposed restrictions.

As part of the Organization's liquidity management, MetroMorphosis structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE F – ALLOCATION OF FUNCTIONAL EXPENSES

The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits and professional fees, which are allocated on the basis of estimates of time and effort.

NOTE G – RELATED PARTY TRANSACTIONS

MetroMorphosis had no related party transactions during the year ended December 31, 2021.

NOTE H – OPERATING LEASES

MetroMorphosis leases office space on a twelve month basis and had total lease expense of \$18,300 during the year ended December 31, 2021.

NOTE I – SUBSEQUENT EVENTS

Management of MetroMorphosis has evaluated subsequent events through April 6, 2022, the date that the financial statements were available to be issued and has determined that no significant events occurred that require disclosure.

METROMORPHOSIS
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended December 31, 2021

AGENCY HEAD NAME: Raymond A. Jetson, President

No compensation, benefits or other payments were paid to the agency head or chief executive officer from public funds.