

METROMORPHOSIS
Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2017

METROMORPHOSIS
Baton Rouge, Louisiana

TABLE OF CONTENTS

December 31, 2017

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTARY INFORMATION	
Statement of Functional Expenses	10

John L. McKowen
Certified Public Accountant

2178 Myrtle Avenue
Baton Rouge, Louisiana 70806

Office (225) 615-7844
Fax (225) 344-5439
jlmckowen@cox.net

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MetroMorphosis
Baton Rouge, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of MetroMorphosis, a Louisiana nonprofit corporation, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Member
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MetroMorphosis as of December 31, 2017, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and derives 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

John L. McKowen, CPA

Baton Rouge, Louisiana
May 15, 2018

METROMORPHOSIS
Baton Rouge, Louisiana

Statement of Financial Position
December 31, 2017

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 63,196
Restricted cash and equivalents	231,565
Unconditional promises to give:	
Funding for next calendar year	225,000
Prepaid expenses	5,852
	<hr/>
Total current assets	525,613

NON-CURRENT ASSETS

Deposits on leased property	2,375
Unconditional promises to give:	
Funding for future calendar years	120,000
Property and equipment, net of accumulated depreciation	3,263
	<hr/>
Total non-current assets	125,638

Total assets	<hr/> \$ 651,251 <hr/>
--------------	-------------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 9,188
Payroll withholdings payable	5,282
	<hr/>
Total current liabilities	14,470
	<hr/>
Total liabilities	14,470

NET ASSETS

Unrestricted	60,216
Temporarily Restricted	576,565
	<hr/>
Total net assets	636,781
	<hr/>
Total liabilities and net assets	<hr/> \$ 651,251 <hr/>

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES
For the year ended December 31, 2017

UNRESTRICTED NET ASSETS	
Unrestricted revenue	
Grants and contributions	89,266
Interest income	82
Total unrestricted revenue	<u>89,348</u>
Net assets released from restrictions	<u>366,506</u>
Total unrestricted revenue and other support	455,854
Expenses	
Program Services	
Unleashing the Untapped Potential of Urban Congregations	25,508
Disaster relief	16,672
Urban Leadership Initiative	7,646
Our Schools... Our Excellence	62,497
Urban Congress on African American Males	241,718
Supporting Services	
Management and general	91,194
Fundraising	<u>12,111</u>
Total expenses	<u>457,346</u>
Decrease in unrestricted net assets	(1,492)
 TEMPORARILY RESTRICTED NET ASSETS	
Restricted revenue	
Grants and contributions	<u>502,450</u>
Net assets released from restrictions	<u>(366,506)</u>
Increase in temporarily restricted net assets	135,944
Total change in net assets	<u>134,452</u>
 NET ASSETS	
Beginning of year	<u>502,329</u>
End of year	<u><u>636,781</u></u>

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS
For the year ended December 31, 2017

	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 134,452
Change in operating assets and liabilities	
Unconditional promises to give (increase)	(205,000)
Prepaid expenses (increase)	4,360
Deposits (increase)	(1,500)
Accounts payable (decrease)	7,847
Payroll withholdings (increase)	<u>3,945</u>
Net cash used by operating activities	<u>(55,896)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(3,263)</u>
Net cash used by investing activities	<u>(3,263)</u>
Net decrease in cash	(59,159)
CASH	
Beginning of year	<u>353,920</u>
End of year	<u><u>294,761</u></u>

MetroMorphosis had interest expense of \$121 and no income tax expense for the year ended December 31, 2017.

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.

The Organization receives the vast majority of its support from private sources. During the year ended December 31, 2017, the Organization did receive \$7,500 from the City of Baton Rouge, but receives no other government assistance.

Basis of presentation

The financial statements of MetroMorphosis have been prepared on the accrual basis of accounting.

MetroMorphosis reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2017, MetroMorphosis had \$60,216 in unrestricted net assets, \$576,565 in temporarily restricted net assets and no permanently restricted net assets.

Cash and cash equivalents

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

All of the Organization's cash deposits were fully covered by FDIC insurance at December 31, 2018.

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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

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, 2017.

Property and equipment

Property is stated at cost, or fair market value if donated, and depreciated over the estimated useful lives using the straight-line method for values in excess of \$500. Maintenance and repairs expenditures are expensed as incurred.

Contributed Materials and Services

In past years, the Organization has recognized in-kind contributions for catering, guest speakers and banners. Otherwise, the Organization generally pays for services requiring specific expertise. The Organization did not receive in-kind contributions during the year ended December 31, 2017.

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 and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

Income taxes

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 Form 990, *Return of Organization Exempt from Income Tax*, for the years 2015, 2016 and 2017 are subject to examination by the IRS.

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 – RESTRICTIONS ON NET ASSETS

At December 31, 2017, temporarily restricted net assets consisted of the following:

	<u>Amount</u>
Our Schools...Our Excellence	\$ 47,445
Urban Leadership Development Initiative	2,329
Disaster relief	181,791
Restricted for subsequent periods	
General Support	<u>345,000</u>
Total	<u>\$ 576,565</u>

Of the \$345,000 in time restricted net assets, \$225,000 will be released from restriction in 2018, with the remaining \$120,000 to be released over the next three years.

NOTE C – SIGNIFICANT SOURCES OF REVENUE

The majority of 2017 support was received from individuals and organizations within the Baton Rouge area. The Baton Rouge Area Foundation contributed 42% of total revenue.

NOTE D – RELATED PARTY TRANSACTIONS

MetroMorphosis had no related party transactions during the year ended December 31, 2017.

NOTE E – OPERATING LEASES

MetroMorphosis had total lease expense of \$17,650 during the year ended December 31, 2017.

The Organization's lease expired on December 31, 2017 and it entered into a lease on new office space beginning December 1, 2017 for 24 months at \$1,450 per month.

Future year's minimum lease payments are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2018	\$ 17,400
2019	<u>15,950</u>
Total	<u>\$ 33,350</u>

NOTE F – SUBSEQUENT EVENTS

Management of MetroMorphosis has evaluated subsequent events through May 16, 2018, 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

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2017

	Program Services					Supporting Services		Total
	Disaster Relief	OSOE	ULDI	Urban Congregations	Urban Congress	Management and General	Fundraising	
EXPENSES								
Salaries & benefits	\$ -	\$ 22,125	\$ -	\$ -	\$ 150,617	\$ 12,580	\$ 12,111	\$ 197,433
Advertising/Communications	1,434	16,168			22,614	807		41,023
Conferences & meetings		4,052	3,928	5,933	13,199	2,912		30,024
Contract labor	11,916				150	360		12,426
Dues & subscriptions						6,391		6,391
Insurance						5,190		5,190
Office expense		24			402	4,850		5,276
Interest expense						121		121
Depreciation expense						816		816
Printing		1,254			2,557	57		3,868
Professional fees	2,000	18,061	2,000	18,948	23,399	32,799		97,207
Project supplies	1,322	813	1,718		1,343			5,196
Rent						17,907		17,907
Technology						2,538		2,538
Telephone						3,366		3,366
Travel				627	5,943	500		7,070
Urban Congress event					21,494			21,494
Total expenses	\$ 16,672	\$ 62,497	\$ 7,646	\$ 25,508	\$ 241,718	\$ 91,194	\$ 12,111	\$ 457,346

Disaster Relief - Flood Recovery
OSOE - Our Schools...Our Excellence
ULDI - Developing Leaders in Urban Communities
Urban Congregations - Mobilizing Religious Congregations
Urban Congress on African American Males