

METROMORPHOSIS
Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2019

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 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, 2019, 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, 2019, 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.

A handwritten signature in blue ink that reads "John L. McKowen, CPA". The signature is written in a cursive style.

John L. McKowen, CPA

Baton Rouge, Louisiana
April 21, 2020

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 501,846
Restricted cash and equivalents	89,024
Accounts receivable	59,844
Unconditional promises to give:	
Funding for next calendar year	<u>300,000</u>
Total current assets	950,714

NON-CURRENT ASSETS

Deposits on leased property	1,500
Unconditional promises to give:	
Funding for future calendar years	-0-
Property and equipment, net of accumulated depreciation	<u>5,552</u>
Total non-current assets	7,052

Total assets	<u>\$ 957,766</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 9,571
Payroll withholdings payable	<u>3,612</u>
Total current liabilities	<u>13,183</u>

Total liabilities	<u>13,183</u>
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NET ASSETS

Without donor restrictions	555,559
With donor restrictions	<u>389,024</u>
Total net assets	<u>944,583</u>
Total liabilities and net assets	<u>\$ 957,766</u>

The accompanying notes are an integral part of this statement.

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

**CHANGES IN NET ASSETS WITHOUT
DONOR RESTRICTIONS**

Unrestricted revenue	
Grants and contributions	375,519
Fees for services	271,719
Interest income	188
Total revenue without donor restrictions	<u>647,426</u>
Net assets released from restrictions	<u>421,933</u>
Total revenue and other support without donor restrictions	1,069,359
Expenses	
Program Services	
LaunchBR	151,353
Urban Leadership Initiative	20,644
Our Schools... Our Excellence	60,282
Urban Congress on African American Males	235,220
Supporting Services	
Management and general	366,425
Fundraising	24,518
Total expenses	<u>858,442</u>
Increase in net assets without donor restrictions	210,917

**CHANGES IN NET ASSETS WITH DONOR
RESTRICTIONS**

Restricted revenue	
Grants and contributions	<u>143,000</u>
Net assets released from restrictions	<u>(421,933)</u>
Decrease in net assets with donor restrictions	(278,933)
Total change in net assets	<u>(68,016)</u>

NET ASSETS

Beginning of year	<u>1,012,599</u>
End of year	<u>944,583</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, 2019

	Program Services				Supporting Services		Total
	LaunchBR	OSOE	ULDI	Urban Congress	Management and General	Fundraising	
EXPENSES							
Salaries & benefits	\$ 73,342	\$ 33,199	\$ 15,238	\$ 144,950	\$ 199,113	\$ 24,518	\$ 490,360
Advertising/Communications	826	-	-	6,758	10,805		18,389
Conferences & meetings	9,040	12,479	4,832	31,112	1,771		59,234
Dues & subscriptions	-	-	-	-	3,647		3,647
Insurance	-	-	-	-	3,690		3,690
Office expense	1,452	625	112	1,487	6,477		10,153
Depreciation expense	-	-	-	-	1,713		1,713
Printing	290	125	-	614	731		1,760
Professional development	471	1,376	-	2,635	5,769		10,251
Professional fees	39,845	11,724	-	27,762	78,277		157,608
Project supplies	3,268	-	462	1,717	8,100		13,547
Rent and utilities	-	-	-	8,017	11,821		19,838
Seed investments/grants	20,891	-	-	5,904	18,997		45,792
Technology	-	-	-	-	2,432		2,432
Telephone	-	-	-	-	4,346		4,346
Travel	1,928	754	-	4,264	8,736		15,682
Total expenses	<u>\$ 151,353</u>	<u>\$ 60,282</u>	<u>\$ 20,644</u>	<u>\$ 235,220</u>	<u>\$ 366,425</u>	<u>\$ 24,518</u>	<u>\$ 858,442</u>

OSOE - Our Schools...Our Excellence

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, 2019

	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (68,016)
Depreciation	1,713
Change in operating assets and liabilities	
Accounts receivable (increase)	(59,844)
Unconditional promises to give (decrease)	310,000
Prepaid expenses (decrease)	2,298
Accounts payable (decrease)	(664)
Payroll withholdings (decrease)	<u>(4,244)</u>
Net cash provided by operating activities	<u>181,243</u>
Net increase in cash	181,243
CASH	
Beginning of year	<u>409,627</u>
End of year	<u><u>590,870</u></u>

MetroMorphosis had no interest expense or income tax expense for the year ended December 31, 2019.

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 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, 2019.

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, 2019.

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 2016 through 2019.

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, 2019, net assets with donor restrictions consisted of the following:

	<u>Amount</u>
Our Schools...Our Excellence	\$ 89,024
Restricted for subsequent periods	
General Support	<u>300,000</u>
Total	<u>\$ 389,024</u>

All of the \$300,000 in time restricted net assets will be released from restriction in 2020.

NOTE C – 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 \$501,846. There are also \$59,844 in accounts receivable and \$300,000 in unconditional promises coming due in the next twelve months. Additional cash and cash equivalents of \$89,024 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 D – 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 E – SIGNIFICANT SOURCES OF REVENUE

The majority of 2019 support was received from individuals and organizations within the Baton Rouge area. The Baton Rouge Area Foundation contributed 33% of total revenue.

NOTE F – RELATED PARTY TRANSACTIONS

MetroMorphosis had no related party transactions during the year ended December 31, 2019.

NOTE G – OPERATING LEASES

MetroMorphosis leases office space under a short-term arrangement and had total lease expense of \$17,400 during the year ended December 31, 2019.

NOTE H – SUBSEQUENT EVENTS

Management of MetroMorphosis has evaluated subsequent events through April 21, 2019, 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, 2019

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.