

**METROMORPHOSIS**  
Baton Rouge, Louisiana

**FINANCIAL REPORT**

December 31, 2018

**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, 2018, 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, 2018, 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  
May 15, 2019

**METROMORPHOSIS**  
Baton Rouge, Louisiana

**STATEMENT OF FINANCIAL POSITION**  
December 31, 2018

**ASSETS**

**CURRENT ASSETS**

Cash and equivalents	\$ 351,670
Restricted cash and equivalents	57,957
Unconditional promises to give:	
Funding for next calendar year	325,000
Prepaid expenses	2,298
	<hr/>
Total current assets	736,925

**NON-CURRENT ASSETS**

Deposits on leased property	1,500
Unconditional promises to give:	
Funding for future calendar years	285,000
Property and equipment, net of accumulated depreciation	7,265
	<hr/>
Total non-current assets	293,765

Total assets	<hr/> <b>\$ 1,030,690</b> <hr/>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 10,235
Payroll withholdings payable	7,856
	<hr/>
Total current liabilities	18,091

Total liabilities	<hr/> 18,091 <hr/>
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**NET ASSETS**

Without donor restrictions	344,642
With donor restrictions	667,957
	<hr/>
Total net assets	1,012,599

Total liabilities and net assets	<hr/> <b>\$ 1,030,690</b> <hr/>
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**METROMORPHOSIS**  
Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2018

**CHANGES IN NET ASSETS WITHOUT  
DONOR RESTRICTIONS**

Unrestricted revenue	
Grants and contributions	560,773
Interest income	<u>358</u>
Total revenue without donor restrictions	561,131
Net assets released from restrictions	<u>579,018</u>
Total revenue and other support without donor restrictions	1,140,149
Expenses	
Program Services	
LaunchBR	18,282
Urban Leadership Initiative	21,855
Our Schools... Our Excellence	60,458
Urban Congress on African American Males	261,202
Supporting Services	
Management and general	477,492
Fundraising	<u>16,434</u>
Total expenses	<u>855,723</u>
Increase in net assets without donor restrictions	284,426

**CHANGES IN NET ASSETS WITH DONOR  
RESTRICTIONS**

Restricted revenue	
Grants and contributions	<u>670,410</u>
Net assets released from restrictions	<u>(579,018)</u>
Increase in net assets with donor restrictions	91,392

Total change in net assets 375,818

**NET ASSETS**

Beginning of year	<u>636,781</u>
End of year	<u><u>1,012,599</u></u>

**MetroMorphosis**  
Baton Rouge, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2018

	Program Services				Supporting Services		Total
	LaunchBR	OSOE	ULDI	Urban Congress	Management and General	Fundraising	
<b>EXPENSES</b>							
Salaries & benefits	\$ -	\$ -	\$ 5,151	\$ 64,933	\$ 242,167	\$ 16,434	\$ 328,685
Advertising/Communications	142	26,040	100	19,129	6,562		51,973
Conferences & meetings		9,025	3,115	35,007	4,682		51,829
Contract labor				1,333	1,064		<del>2,397</del>
Dues & subscriptions					19,339		<del>19,339</del>
Insurance				1,680	1,776		3,456
Office expense	200	1,379		214	7,622		9,415
Interest expense					87		87
Depreciation expense					1,713		1,713
Printing		1,076	49	3,151	764		<del>5,040</del>
Professional fees	5,633	26,835	14,667	97,669	118,785		263,589
Project supplies		1,248	1,065	2,236			4,549
Rent and utilities					23,492		23,492
Seed investments/grants	12,374			7,140	23,748		43,262
Technology		1,100		880	2,723		4,703
Telephone					4,430		4,430
Travel		416		4,688	8,159		13,263
Urban Congress event				24,401	100		<del>24,501</del>
<b>Total expenses</b>	<b>\$ 18,349</b>	<b>\$ 67,119</b>	<b>\$ 24,147</b>	<b>\$ 262,461</b>	<b>\$ 467,213</b>	<b>\$ 16,434</b>	<b>\$ 855,723</b>

OSOE - Our Schools...Our Excellence  
ULDI - Developing Leaders in Urban Communities  
Urban Congress on African American Males

**METROMORPHOSIS**  
Baton Rouge, Louisiana

**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2018

	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 375,818
Depreciation	1,713
Change in operating assets and liabilities	
Unconditional promises to give (increase)	(265,000)
Prepaid expenses (decrease)	3,554
Deposits (decrease)	875
Accounts payable (increase)	1,046
Payroll withholdings (increase)	<u>2,574</u>
Net cash provided by operating activities	<u>120,580</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	<u>(5,714)</u>
Net cash used by investing activities	<u>(5,714)</u>
Net increase in cash	114,866
<b>CASH</b>	
Beginning of year	<u>294,761</u>
End of year	<u>409,627</u>

MetroMorphosis had interest expense of \$87 and no income tax expense for the year ended December 31, 2018.

**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.

**New accounting pronouncement**

During the year ended December 31, 2018, MetroMorphosis adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 addresses the complexity and understandability of net asset classifications, the deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between nonprofit entities. A key change required by ASU 2016-14 is the presentation of the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and

permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (See Note C).

### **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 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, 2018.

### **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 2015 through 2018.

## **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, 2018, net assets with donor restrictions consisted of the following:

	<u>Amount</u>
LaunchBR	\$ 26,651
Our Schools...Our Excellence	31,306
Restricted for subsequent periods	
General Support	610,000
Total	<u>\$ 667,957</u>

Of the \$610,000 in time restricted net assets, \$335,000 will be released from restriction in 2019, with the remaining \$275,000 to be released over the next three years.

## **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 \$351,670. Additional cash and cash equivalents of \$57,957 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 2018 support was received from individuals and organizations within the Baton Rouge area. The Baton Rouge Area Foundation contributed 73% of total revenue.

**NOTE F – RELATED PARTY TRANSACTIONS**

MetroMorphosis had no related party transactions during the year ended December 31, 2018.

**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, 2018.

**NOTE H – SUBSEQUENT EVENTS**

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

**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.