

METROMORPHOSIS
Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2022

METROMORPHOSIS
Baton Rouge, Louisiana

TABLE OF CONTENTS

December 31, 2022

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Schedule of Compensation, Benefits and Other Payments To Agency Head or Chief Executive Officer	11

John L. McKowen
Certified Public Accountant

2178 Myrtle Avenue
Baton Rouge, Louisiana 70806

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

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, 2022, 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, 2022, 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

Member

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

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 14, 2023

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

CURRENT ASSETS

Cash and equivalents	\$1,022,849
Restricted cash and equivalents	125,000
Accounts receivable	64,608
Grants receivable	70,000
Investments	625,000
Prepaid expenses	2,453
Total current assets	<u>1,909,910</u>

NON-CURRENT ASSETS

Property and equipment, net of accumulated depreciation	<u>259,766</u>
Total non-current assets	259,756

Total assets	<u><u>\$2,169,676</u></u>
--------------	---------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 17,079
Payroll liabilities	583
Total non-current liabilities	<u>17,662</u>

NON-CURRENT LIABILITIES

Mortgage note payable	<u>188,415</u>
Total liabilities	<u>206,077</u>

NET ASSETS

Without donor restrictions	1,838,599
With donor restrictions	<u>125,000</u>
Total net assets	<u>1,963,599</u>

Total liabilities and net assets	<u><u>\$2,169,676</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, 2022

**CHANGES IN NET ASSETS WITHOUT
DONOR RESTRICTIONS**

Unrestricted revenue	
Private grants and contributions	\$ 310,016
Governmental grants	66,333
Fees for services	241,615
Interest income	3,753
Total revenue without donor restrictions	<u>621,717</u>
Net assets released from restrictions	<u>663,120</u>
Total revenue and other support without donor restrictions	1,284,837
Expenses	
Program services	593,773
Management and general	291,920
Fundraising	28,000
Total expenses	<u>913,693</u>
Increase in net assets without donor restrictions	371,144

**CHANGES IN NET ASSETS WITH DONOR
RESTRICTIONS**

Restricted revenue	
Grants and contributions	<u>125,000</u>
Net assets released from restrictions	<u>(663,120)</u>
Decrease in net assets with donor restrictions	(538,120)
Total change in net assets	<u>\$ (166,976)</u>

NET ASSETS

Beginning of year	<u>2,130,575</u>
End of year	<u>\$1,963,599</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, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Salaries & benefits	\$ 247,000	\$ 232,537	\$ 28,000	\$ 507,537
Advertising/Communications	27,111	-	-	\$ 27,111
Conferences & meetings	51,196	-	-	\$ 51,196
Dues & subscriptions	-	2,474	-	\$ 2,474
Insurance	-	4,017	-	\$ 4,017
Interest	-	3,373	-	\$ 3,373
Office expense	1,001	4,308	-	\$ 5,309
Depreciation expense	-	4,807	-	\$ 4,807
Printing	731	-	-	\$ 731
Professional development	25,873	-	-	\$ 25,873
Professional fees	193,102	17,482	-	\$ 210,584
Project supplies	16,548	-	-	\$ 16,548
Occupancy	-	13,375	-	\$ 13,375
Seed investments/grants	17,989	-	-	\$ 17,989
Technology	-	5,210	-	\$ 5,210
Telephone	-	4,337	-	\$ 4,337
Travel	13,222	-	-	\$ 13,222
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 593,773</u>	<u>\$ 291,920</u>	<u>\$ 28,000</u>	<u>\$ 913,693</u>

The accompanying notes are an integral part of this statement.

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITES	
Decrease in net assets	\$(166,976)
Depreciation	4,807
Change in operating assets and liabilities	
Accounts receivable (decrease)	4,899
Grants receivable (increase)	(70,000)
Unconditional promises to give (decrease)	200,000
Prepaid expenses (increase)	(921)
Deposits (decrease)	1,500
Accounts payable (increase)	13,988
Payroll liabilities (decrease)	<u>(127)</u>
Net cash used by operating activities	(12,830)
CASH FLOWS FROM INVESTING ACTIVITES	
Purchase of certificates of deposit	(275,000)
Purchase of building	<u>(262,447)</u>
Net cash used by investing activities	(537,447)
CASH FLOWS FROM FINANCING ACTIVITES	
Proceeds of mortgage loan	<u>188,415</u>
Net cash provided by investing activities	<u>188,415</u>
Net decrease in cash	<u>\$(361,862)</u>
CASH	
Beginning of year	<u>1,509,711</u>
End of year	<u><u>\$1,147,849</u></u>

MetroMorphosis had interest expense of \$3,373 and no income tax expense for the year ended December 31, 2022.

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 urban communities from within. The Organization understands the essence of this mission to be connecting people and organizations in ways that allow them to co-create a Baton Rouge in which all of its citizens feel it is a vibrant, thriving place to live, work and experience success. Its work revolves around the people who live in the communities that it serves. It works with nonprofit organizations and individuals to support the development of equitable processes, equip its community members with the tools and resources they need to participate in them and fundamentally shift the narrative.

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, 2022.

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 twenty-seven and a half 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 2019 through 2022.

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, 2022, the Organization had cash balances held at five banks and one credit union as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Credit Union share balance	\$ 21,691	\$ 21,691
Credit Union money market	226,430	226,430
Corporate savings	388,226	388,226
Demand deposits	<u>511,502</u>	<u>530,417</u>
Total	<u>\$1,147,849</u>	<u>\$1,166,764</u>

Balances at each of the financial institutions were secured by federal deposit insurance of up to \$250,000. The balance at one bank was slightly above \$250,000 due to interest payments received during the year, leaving \$1,344 exposed to custodial credit risk.

NOTE C – INVESTMENTS

At December 31, 2022, the Organization had a total of \$625,000 in certificates of deposits at three separate banks, each bearing interest of 0.25% and maturing on March 30, 2023. The investments were fully insured by FDIC.

NOTE D – RESTRICTIONS ON NET ASSETS

At December 31, 2022, net assets with donor restrictions consisted of the following:

	<u>Amount</u>
LaunchBR	<u>\$ 125,000</u>
Total	<u>\$ 125,000</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 \$1,022,849. There are also \$64,608 in accounts receivable, \$70,000 in grants receivable, and \$625,000 in certificates of deposit coming due in the next twelve months. Additional cash and cash equivalents of \$125,000 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, 2022.

NOTE I – SUBSEQUENT EVENTS

Management of MetroMorphosis has evaluated subsequent events through April 14, 2023, 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, 2022

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.