

METROMORPHOSIS
Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2013

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, 2013, 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

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accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, 2013, 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.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule 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
March 10, 2014

METROMORPHOSIS
Baton Rouge, Louisiana

Statement of Financial Position
December 31, 2013

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 46,215
Prepaid rent	500
Unconditional promises to give:	
Funding for next calendar year	17,500
Grants receivable	5,837
	<hr/>
Total current assets	70,052

NON-CURRENT ASSETS

Deposits on leased property	500
Unconditional promises to give:	
Funding for future calendar years	10,000
	<hr/>
Total non-current assets	10,500
Total assets	<hr/> <hr/> \$ 80,552

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	<hr/> \$ 12,507
Total current liabilities	<hr/> 12,507
Total liabilities	<hr/> 12,507

NET ASSETS

Unrestricted	7,626
Temporarily Restricted	60,419
Total net assets	<hr/> 68,045
Total liabilities and net assets	<hr/> <hr/> \$ 80,552

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES
For the year ended December 31, 2013

UNRESTRICTED NET ASSETS	
Unrestricted revenue	
Grants and contributions	116,348
Total unrestricted revenue	<u>116,348</u>
Net assets released from restrictions	<u>33,081</u>
Total unrestricted revenue and other support	149,429
Expenses	
Program Services	
Unleashing the Untapped Potential of Urban Congregations	41,873
Better Baton Rouge	91,489
Urban Leadership Initiative	9,000
Supporting Services	
Management and general	19,331
Fundraising	<u>5,000</u>
Total expenses	<u>166,693</u>
Decrease in unrestricted net assets	(17,264)
 TEMPORARILY RESTRICTED NET ASSETS	
Restricted revenue	
Grants and contributions	<u>73,500</u>
Net assets released from restrictions	<u>(33,081)</u>
Increase in temporarily restricted net assets	40,419
 NET ASSETS	
Beginning of year	<u>44,890</u>
End of year	<u><u>68,045</u></u>

METROMORPHOSIS
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS
For the year ended December 31, 2013

	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 23,155
Change in operating assets and liabilities	
Unconditional promises to give	(7,500)
Accounts receivable	(5,837)
Prepaid rent	(500)
Accounts payable	10,507
Deposits on leased property	<u>(500)</u>
Net cash used by operating activities	<u>(3,830)</u>
Net increase in cash	19,325
CASH	
Beginning of year	<u>26,890</u>
End of year	<u><u>46,215</u></u>

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 three 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; Better Baton Rouge is a group of community partners who engage in a collaborative process to address complex issues affecting the growth and progress of urban communities; and Urban Leadership Initiative is offered to selected individuals to teach them how to identify opportunities, develop innovative solutions, and build coalitions to implement those solutions.

During the year ended December 31, 2013, the organization received a \$7,500 contribution from the City of Baton Rouge, but receives no other governmental 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, 2013, MetroMorphosis had \$7,626 in unrestricted net assets, \$60,419 in temporarily restricted net assets and no permanently restricted net assets.

Cash and cash equivalents

For the purpose of the statement of cash flows, MetroMorphosis considers cash in operating bank accounts as cash.

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, 2013.

Grants Receivable

During the current year, the Organization received a \$45,150 conditional grant from the W. K. Kellogg Foundation to increase civic engagement by supporting five congregations in New Orleans, Louisiana, working together to implement a faith-based leadership and community participation model. The organization recognizes revenue, along with a corresponding receivable, when it has incurred qualifying expenses toward the project and submitted the required documentation for reimbursement.

Property and equipment

MetroMorphosis has no property or equipment.

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 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 year 2012 is 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

Temporary restrictions on net assets at the end of 2013 are related to funds raised to help support Better Baton Rouge and Unleashing the Untapped Potential of Urban Congregations, and to fund operations in subsequent periods.

At December 31, 2013, temporarily restricted net assets consisted of the following:

	<u>Amount</u>
Better Baton Rouge	\$ 1,919
UUPUC (to be used in 2014)	10,000
For subsequent periods	48,500
	<u>\$ 60,419</u>

Of the \$48,500 in time restricted net assets, \$38,500 will be released from restriction in 2014, with the remaining \$10,000 to be released in 2015.

NOTE C – CONCENTRATIONS OF CREDIT RISK

MetroMorphosis maintains one bank account. The cash is maintained in a demand deposit account. MetroMorphosis' cash balance as of December 31, 2013 was \$46,215. MetroMorphosis' deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) as they are below the maximum insured amounts of \$250,000.

NOTE D – RELATED PARTY TRANSACTIONS

MetroMorphosis has outsourced its accounting and financial reporting functions to Execute Now!, a business corporation owned by the spouse of MetroMorphosis' Treasurer. During the year ended December 31, 2013, the Organization paid Execute Now! a total of \$13,500 for such services.

NOTE E – OPERATING LEASES

MetroMorphosis entered into an office lease on December 11, 2013 for the period January 1, 2014 through December 31, 2014, for a monthly rent of \$500. There was no lease expense in 2013, but the Organization paid a \$500 deposit and prepaid January 2014 rent in the amount of \$500.

Future year's minimum lease payments are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2014	\$ 6,000
Total	<u>\$ 6,000</u>

NOTE F – SUBSEQUENT EVENTS

Management of MetroMorphosis has evaluated subsequent events through March 10, 2014, the date that the financial statements were available to be issued, and determined that no events occurred that require disclosure.

MetroMorphosis
Baton Rouge, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended December 31, 2013

	Program Services (see below)			Supporting Services		Total
	UUPUC	BBR	ULI	Management and General	Fundraising	
EXPENSES						
Salaries	\$ 31,649	\$ 21,163	\$ 9,000	\$ -	\$ 5,000	\$ 66,812
Professional development	-	598	-	-	-	598
Professional fees	2,193	34,086	-	15,366	-	51,646
Technology	-	99	-	-	-	99
Telephone	-	563	-	861	-	1,424
Website development	-	993	-	-	-	993
Dues and subscriptions	-	-	-	100	-	100
Events	375	2,215	-	-	-	2,590
Meals and entertainment	176	440	-	1,027	-	1,643
Insurance	-	315	-	675	-	990
Conferences	-	400	-	185	-	585
Meetings	1,286	78	-	258	-	1,622
Stationary and printing	955	3,506	-	81	-	4,542
Postage	38	-	-	135	-	173
Printing	1,162	1,895	-	-	-	3,057
Supplies	-	241	-	452	-	692
Bank charges/credit card fees	-	-	-	118	-	118
Grants/sponsorships	1,203	12,324	-	-	-	13,527
Travel	2,835	1,323	-	-	-	4,158
Administrative	-	-	-	74	-	74
Contract labor	-	11,250	-	-	-	11,250
Total expenses	\$ 41,873	\$ 91,489	\$ 9,000	\$ 19,331	\$ 5,000	\$ 166,693

UUPUC - Unleashing the Untapped Potential of Urban Congregations
BBR - Better Baton Rouge
ULI - Urban Leadership Initiative