

ROOM IN THE INN, INC.

FINANCIAL STATEMENTS

***As of and for the Years Ended June 30, 2017
and 2016***

And Report of Independent Auditor

ROOM IN THE INN, INC.

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Report of Independent Auditor

To the Board of Directors of
Room In The Inn, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of Room In The Inn, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Room In The Inn, Inc. as of June 30, 2017, 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.



Cherry Bekaert^{LLP}

CPAs & Advisors

Prior Period Financial Statements

The financial statements as of June 30, 2016, were audited by other auditors whose report dated January 10, 2017, expressed an unmodified opinion on those statements.

Cherry Bekaert LLP

Nashville, Tennessee
February 2, 2018

ROOM IN THE INN, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 2,401,804	\$ 3,710,596
Contract and grants receivable	120,626	179,320
Contributions receivable, net	71,783	127,733
Prepaid expenses	<u>59,629</u>	<u>2,998</u>
Total current assets	2,653,842	4,020,647
Contributions receivable, net of current portion	21,958	69,655
Investments	1,529,726	-
Land, building, and equipment, net	<u>11,325,775</u>	<u>11,673,483</u>
Total assets	<u>\$15,531,301</u>	<u>\$15,763,785</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 251,272	\$ 187,581
Notes payable, current portion	<u>226,396</u>	<u>1,717,194</u>
Total current liabilities	477,668	1,904,775
Notes payable, noncurrent portion	<u>1,863,247</u>	<u>572,222</u>
Total liabilities	<u>2,340,915</u>	<u>2,476,997</u>
Net assets:		
Unrestricted	12,801,645	12,824,400
Temporarily restricted	<u>388,741</u>	<u>462,388</u>
Total net assets	<u>13,190,386</u>	<u>13,286,788</u>
Total liabilities and net assets	<u>\$15,531,301</u>	<u>\$15,763,785</u>

See accompanying notes.

ROOM IN THE INN, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 1,579,393	\$ 72,303	\$ 1,651,696
Grants and contracts	1,190,150	-	1,190,150
In-kind contributions	727,904	-	727,904
Other	204,546	-	204,546
Net assets released from restrictions	<u>145,950</u>	<u>(145,950)</u>	<u>-</u>
Total revenues	<u>3,847,943</u>	<u>(73,647)</u>	<u>3,774,296</u>
Expenses:			
Program services	3,100,911	-	3,100,911
Supporting services	<u>769,787</u>	<u>-</u>	<u>769,787</u>
Total expenses	<u>3,870,698</u>	<u>-</u>	<u>3,870,698</u>
Change in net assets	(22,755)	(73,647)	(96,402)
Net assets - beginning of year	<u>12,824,400</u>	<u>462,388</u>	<u>13,286,788</u>
Net assets - end of year	<u>\$12,801,645</u>	<u>\$ 388,741</u>	<u>\$13,190,386</u>

See accompanying notes.

ROOM IN THE INN, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 1,303,866	\$ 49,657	\$ 1,353,523
Grants and contracts	1,317,889	-	1,317,889
In-kind contributions	778,928	-	778,928
Other	195,535	-	195,535
Net assets released from restrictions	131,093	(131,093)	-
	<u>3,727,311</u>	<u>(81,436)</u>	<u>3,645,875</u>
Total revenues			
Expenses:			
Program services	3,255,791	-	3,255,791
Supporting services	700,591	-	700,591
	<u>3,956,382</u>	<u>-</u>	<u>3,956,382</u>
Total expenses			
Change in net assets	(229,071)	(81,436)	(310,507)
Net assets - beginning of year	13,053,471	543,824	13,597,295
Net assets - end of year	<u>\$12,824,400</u>	<u>\$ 462,388</u>	<u>\$13,286,788</u>

See accompanying notes.

Program Services	Supporting Services	Fundraising

See accompanying notes.

	Program Services					Supporting Services			Total		
	Day Center	Veterans	Guest House	Respite	Permanent Housing	Room in the Inn	Total	Management and General		Community Development	
Salaries and related expenses	\$ 388,389	\$ 262,712	\$ 268,664	\$ 136,890	\$ 58,420	\$ 118,262	\$ 1,233,337	\$ 276,744	\$ 253,053	\$ 529,797	\$1,763,134
Depreciation	137,242	66,255	61,522	37,860	156,172	-	459,051	14,197	-	14,197	473,248
Food (including \$362,104 in-kind)	-	127,447	216,293	80,580	-	557	424,877	1,032	-	1,032	425,909
Supplies (including \$192,824 in-kind)	63,821	30,891	58,269	17,474	446	53,009	223,910	1,504	1,114	2,618	226,528
Utilities	54,598	25,481	28,032	14,561	66,081	560	189,313	8,523	-	8,523	197,836
Professional fees	67,860	17,881	14,077	10,957	6,373	7,663	124,811	8,833	53,511	62,344	187,155
Insurance	42,423	22,127	19,647	12,881	39,409	2,654	139,141	6,117	3,317	9,434	148,575
Rent expense in-kind	-	42,000	71,400	26,600	-	-	140,000	-	-	-	140,000
Maintenance and security	30,348	24,887	16,671	8,468	34,570	358	115,302	3,153	-	3,153	118,455
Laundry in-kind	-	25,200	42,840	15,960	-	-	84,000	-	-	-	84,000
Miscellaneous	6,292	836	2,015	119	43	15,787	25,092	27,972	12,969	40,941	66,033
Program materials	2,486	7,194	13,751	4,586	99	17,819	45,935	733	4,302	5,035	50,970
Transportation	23,510	7,636	4,701	2,699	-	96	38,642	-	-	-	38,642
Bad debt expense	-	-	-	-	-	-	-	21,602	-	21,602	21,602
Office equipment	-	-	-	-	-	-	-	-	-	-	-
maintenance	2,633	1,755	1,365	1,073	390	780	7,996	940	975	1,915	9,911
Birth certificates and fees	4,121	99	127	-	10	27	4,384	-	-	-	4,384
	\$ 823,723	\$ 662,401	\$ 819,374	\$ 370,708	\$ 362,013	\$ 217,572	\$3,255,791	\$ 371,350	\$ 329,241	\$ 700,591	\$3,956,382

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ROOM IN THE INN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (96,402)	\$ (310,507)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	478,518	473,248
Contributions restricted for capital campaign	(2,303)	(9,657)
Net realized and unrealized loss on investments	1,438	-
Donated fixed assets	(65,467)	-
Provision for bad debt and write-off of contributions receivable	74,888	-
Change in operating assets and liabilities:		
Contract and grants receivable	58,694	(129,229)
Contributions receivable for operations	7,062	78,593
Prepaid expenses	(56,631)	20,838
Accounts payable and accrued expenses	63,691	(19,078)
Net cash provided by operating activities	<u>463,488</u>	<u>104,208</u>
Cash flows from investing activities:		
Purchase of investments	(1,531,164)	-
Purchase of land, building, and equipment	(65,343)	(21,178)
Net cash used in investing activities	<u>(1,596,507)</u>	<u>(21,178)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	24,000	52,500
Payments on long-term debt	(199,773)	(173,153)
Net cash used in financing activities	<u>(175,773)</u>	<u>(120,653)</u>
Net decrease in cash and cash equivalents	(1,308,792)	(37,623)
Cash and cash equivalents - beginning of year	<u>3,710,596</u>	<u>3,748,219</u>
Cash and cash equivalents - end of year	<u>\$2,401,804</u>	<u>\$3,710,596</u>
Schedule of noncash investing activities:		
Donated equipment	<u>\$ 65,467</u>	<u>\$ -</u>

See accompanying notes.

ROOM IN THE INN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The Organization

Room In The Inn, Inc. ("RITI") is a religious non-profit organization based in Nashville, Tennessee. RITI is committed to providing enhanced services to the homeless while improving the system by which these services are delivered. RITI administers a variety of programs to provide a continuum of care that is emergency and long-term, residential, and educational. The following is a description of selected RITI programs. The Day Center serves homeless individuals with daytime shelter and educational opportunities throughout the year. The Guest House serves homeless substance abusers by offering shelter to individuals who are undergoing alcohol and drug addiction treatment through a partnership with United Neighborhood Health and the chronic homeless program through the Veteran's Administration. It also provides transitional housing and supportive services for homeless men from the general population. The Veterans program provides transitional housing and supportive services to homeless veterans. The Permanent Housing program provides income-based housing for up to 38 homeless participants. Respite offers homeless individuals who are medically fragile a place to recover. RITI, in partnership with more than 180 Middle Tennessee congregations, provides shelter for an average of 250 men, women, and children each evening during the winter months.

Basis of Presentation

In accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") guidance, RITI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, RITI is required to present a statement of cash flows. Net assets of RITI are presented as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met, either by actions of RITI and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by RITI. Generally, donors of these assets may permit RITI to use all or part of the income earned for general or specific purposes. RITI currently has no permanently restricted net assets.

ROOM IN THE INN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, RITI considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to RITI 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 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 to unrestricted net assets.

RITI uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments

RITI accounts for investments using FASB ASC guidance for investments by nonprofit organizations. Under this guidance, investments in marketable securities with readily determinable fair values and other readily marketable assets are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. See Note 3 for additional information on fair value measurements.

Land, Building, and Equipment

RITI capitalizes all expenditures for land, building, and equipment in excess of \$1,000. Purchases of land, building, and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 – 39 years.

Income Taxes

RITI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

ROOM IN THE INN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Taxes (Continued)

RITI follows FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. RITI has no tax penalties or interest reported in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt.

Donated use of facilities is recorded at the estimated fair market value.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Additionally, a number of non-professional volunteers donated approximately 163,000 and 183,000 hours during the years ended June 30, 2017 and 2016, respectively, to RITI's program services. However, these services do not meet the requirements above and have not been recorded.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

ROOM IN THE INN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Subsequent Events

RITI evaluated subsequent events through February 2, 2018, when these financial statements were available to be issued. Except as discussed in Note 4, management is not aware of any other significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows at June 30:

	<u>2017</u>	<u>2016</u>
Contributions receivable	\$ 160,768	\$ 256,830
Less: Discount on contributions receivable	(3,042)	(5,345)
Allowance for doubtful accounts	<u>(63,985)</u>	<u>(54,097)</u>
Contributions receivable, net	<u>\$ 93,741</u>	<u>\$ 197,388</u>

The discount rates used to determine the present value of contributions receivable ranged from 1.67% to 3.53% at June 30, 2017 and 2016.

Contributions receivable are scheduled to be received as follows at June 30:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year, net	\$ 71,783	\$ 127,733
Receivable in one to five years, net	21,958	69,655
Receivable in more than five years, net	<u>-</u>	<u>-</u>
Contributions receivable, net	<u>\$ 93,741</u>	<u>\$ 197,388</u>

For the year ended June 30, 2017, write offs of contributions receivables totaled \$65,000. There were no write offs of contributions receivable for the year ended June 30, 2016.

NOTE 3 – FAIR VALUE MEASUREMENT OF INVESTMENTS

RITI has adopted the provisions of the Fair Value Measurement topic of the FASB ASC. This guidance establishes a framework for measuring fair value of financial assets and financial liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

ROOM IN THE INN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 3 – FAIR VALUE MEASUREMENT OF INVESTMENTS (Continued)

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the RITI has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. A description of valuation methodologies used for assets measured at fair value are as follows:

Cash sweep and equities – common stocks: valued at the closing price reported on the active market on which the securities are traded.

Fixed income – corporate bonds: valued at the present value of the bond's par value and the remaining coupon payments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the RITI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

ROOM IN THE INN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 3 – FAIR VALUE MEASUREMENT OF INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the RITI's assets at fair value as of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash sweep	\$ 637,893	\$ -	\$ -	\$ 637,893
Equities – common stocks:				
Financial	25,466	-	-	25,466
Industrial goods	21,126	-	-	21,126
Technology	18,401	-	-	18,401
Basic materials	17,914	-	-	17,914
Consumer goods	17,024	-	-	17,024
Healthcare	11,662	-	-	11,662
Utilities	10,179	-	-	10,179
Energy	3,815	-	-	3,815
Services	3,790	-	-	3,790
Total equities – common stocks	<u>129,377</u>	<u>-</u>	<u>-</u>	<u>129,377</u>
Fixed income – corporate bonds:				
Financial	195,521	-	-	195,521
Utilities	150,556	-	-	150,556
Basic materials	105,337	-	-	105,337
Healthcare	103,843	-	-	103,843
Industrial goods	101,970	-	-	101,970
Technology	55,448	-	-	55,448
Consumer goods	49,781	-	-	49,781
Total fixed income – corporate bonds	<u>762,456</u>	<u>-</u>	<u>-</u>	<u>762,456</u>
Total investments	<u>\$ 1,529,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,529,726</u>

RITI did not hold any investments for the year ended June 30, 2016.

ROOM IN THE INN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 4 – LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment is summarized as follows at June 30:

	<u>2017</u>	<u>2016</u>
Real estate	\$ 709,072	\$ 709,072
Buildings	9,764,334	9,764,334
Leasehold improvements – Eighth Avenue South	3,571,181	3,571,181
Furniture and laundry equipment	712,116	678,945
Office equipment	692,249	594,608
Automobiles	<u>57,450</u>	<u>57,450</u>
	15,506,402	15,375,590
Less: accumulated depreciation	<u>(4,180,627)</u>	<u>(3,702,107)</u>
Land, building, and equipment, net	<u>\$ 11,325,775</u>	<u>\$ 11,673,483</u>

There are restrictions on certain property owned by RITI. The real estate restrictions by the Department of Housing and Urban Development (“HUD”) require RITI to operate the transitional housing facilities for a period of ten years from the initial occupancy. Additionally, Metropolitan Development and Housing Agency (“MDHA”) grant funds have placed restrictions on leasehold improvements and office equipment that require RITI to use the assets for the benefit of homeless individuals.

During May 2017, RITI entered into an agreement to sell certain real estate that was donated to RITI in a previous year. The sale of the real estate closed during August 2017 for a price of \$183,000.

NOTE 5 – NOTES PAYABLE

In conjunction with the construction of its new building, RITI had notes payable consisting of the following at June 30:

	<u>2017</u>	<u>2016</u>
Note payable to a financial institution payable in monthly principal installments of \$4,442 through December 31, 2016. Effective January 1, 2017, the agreement was amended to require monthly principal installments of \$6,662. Interest is calculated at the bank’s prime rate less 400 basis points not to fall below 0.00%. The note matures December 2026, as amended, and is secured by a deed of trust.	\$ 752,874	\$ 826,147

ROOM IN THE INN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 5 – NOTES PAYABLE (Continued)

	<u>2017</u>	<u>2016</u>
Note payable to a financial institution payable in monthly principal installments of \$4,432 through December 31, 2016. Effective January 1, 2017, the agreement was amended to require monthly principal installments of \$6,648. Interest is calculated at the bank's prime rate less 400 basis points not to fall below 0.00%. The note matures December 2026, as amended, and is secured by a deed of trust.	764,546	824,380
Note payable to a financial institution payable in monthly principal installments of \$5,556. Interest is calculated at the bank's prime rate less 400 basis points not to fall below 0.00%. The note matures January 2026 and is secured by a deed of trust.	<u>572,223</u>	<u>638,889</u>
Total notes payable	<u>\$ 2,089,643</u>	<u>\$ 2,289,416</u>

Future principal payments on the notes are as follows at June 30, 2017:

<u>Year Ending</u> <u>June 30,</u>	
2018	\$ 226,396
2019	226,396
2020	226,396
2021	226,396
2022	226,396
Thereafter	<u>957,663</u>
	<u>\$ 2,089,643</u>

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2017</u>	<u>2016</u>
Future housing programs	\$ 225,000	\$ 225,000
Unconditional promises to give due in future periods	93,741	197,388
Future operations	<u>70,000</u>	<u>40,000</u>
	<u>\$ 388,741</u>	<u>\$ 462,388</u>

ROOM IN THE INN, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 7 – DONATED MATERIALS AND SERVICES

RITI received in-kind contributions as follows during the years ended June 30:

	<u>2017</u>	<u>2016</u>
Food	\$ 340,500	\$ 362,104
Rental facilities	140,000	140,000
Supplies	97,937	192,824
Equipment	65,467	-
Laundry services	<u>84,000</u>	<u>84,000</u>
Total in-kind contributions	<u>\$ 727,904</u>	<u>\$ 778,928</u>

The property located at Eighth Avenue South is leased on a long-term basis from MDHA. The payment of monthly rent is currently suspended and RITI recorded in-kind rent of \$89,475 for 2017 and 2016. The lease requires the property to be used for programs to help the homeless and the Guest House operations. The property at 625 Benton Avenue is used by RITI programs. This property is provided to RITI by MDHA, and requires the property to be used to assist the homeless. The payment of monthly rent is suspended and RITI recorded in-kind rent of \$36,000 for 2017 and 2016. The property located on Fifteenth Avenue is used by RITI programs. The property is provided to RITI by Belmont University and requires the property to be used for transitional housing. The payment of monthly rent is suspended and RITI recorded in-kind rent of \$14,525 for 2017 and 2016.

In-kind food represents donations of food to RITI and meals provided to individuals participating in RITI's various programs.

NOTE 8 – CONCENTRATIONS

RITI receives a significant amount of its support from contracts and grants from government agencies. RITI also receives a significant amount of financial and other support from religious organizations. A major reduction of support from these organizations, should this occur, could have a material effect on the financial position of RITI.

In addition, cash and cash equivalent balances are held primarily by financial institutions and at times may exceed federally insured limits. Cash and cash equivalents exceeded federally insured limits by approximately \$1,300,000 and \$2,700,000 at June 30, 2017 and 2016, respectively.

RITI utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

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NOTE 9 – EMPLOYEE RETIREMENT PLAN

RITI adopted a defined contribution plan effective January 1, 1997. The Plan covers all employees who are at least 21 years of age and have completed 90 days of service. RITI does not match employee contributions to the defined contribution plan.