

**ROY MAAS' YOUTH ALTERNATIVES, INC.
AND AFFILIATES (ROY MAAS' YOUTH
ALTERNATIVES FOUNDATION AND
MEADOWLAND CHARTER DISTRICT)**

**CONSOLIDATED FINANCIAL STATEMENTS WITH
COMPLIANCE AND SINGLE AUDIT REPORTING**

June 30, 2019 and 2018

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
FINANCIAL STATEMENTS WITH COMPLIANCE
AND SINGLE AUDIT REPORTING
June 30, 2019 and 2018

TABLE OF CONTENTS

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Certificate of Board | 1 |
| Independent Auditor's Report | 2-3 |
| <i>General-Purpose Financial Statements:</i> | |
| Consolidated Statements of Financial Position | 4 |
| Consolidated Statement of Activities | 5 |
| Consolidated Statement of Functional Expenses | 6 |
| Consolidated Statements of Cash Flows | 7 |
| Notes to Consolidated Financial Statements | 8-17 |
| <i>Supplementary Information:</i> | |
| Consolidating Statement of Financial Position | 18 |
| Consolidating Statement of Activities | 19 |
| Schedule of Thrift Shop Revenues and Expenses | 20 |
| <i>Specific-Purpose Financial Statements:</i> | |
| Statements of Financial Position | 21 |
| Statement of Activities | 22 |
| Statements of Cash Flows | 23 |
| Schedule of Expenses | 24 |
| Schedule of Capital Assets | 25 |
| Budgetary Comparison Schedule | 26 |
| <i>Financial Awards:</i> | |
| Schedule of Expenditures of Federal and State Awards | 27 |
| Notes to Schedule of Expenditures of Federal and State Awards | 28 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 29-30 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular | 31-32 |
| Schedule of Findings and Questioned Costs | 33 |
| Schedule of Prior Year Audit Findings and Questioned Costs | 34 |

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION
AND MEADOWLAND CHARTER DISTRICT)**

Federal Employer Identification Number: 74-1914638

Certificate of Board

We, the undersigned, certify that the attached Financial and Compliance Report of the above-named charter holder was reviewed and (check one) approved disapproved for the year ended June 30, 2019, at a meeting of the Board of Trustees of such charter holder on the 28th day of October, 2019.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved the auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Roy Maas' Youth Alternatives, Inc. and Affiliates
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Roy Maas' Youth Alternatives, Inc. and its affiliates (non-profit organizations), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities (with comparative totals for 2018), functional expenses (with comparative totals for 2018), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Roy Maas' Youth Alternatives, Inc. and its affiliates as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

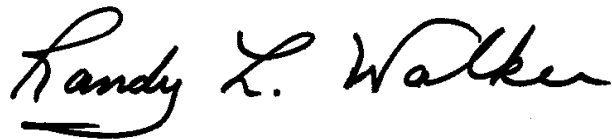
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules on pages 18-20, the specific-purpose financial statements on pages 21-26, and the accompanying schedule of expenditures of federal and state awards on page 27, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019, on pages 29-30 on our consideration of Roy Maas' Youth Alternatives, Inc. and its affiliates' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive style with a prominent underline under the first name.

San Antonio, Texas
October 28, 2019

GENERAL-PURPOSE FINANCIAL STATEMENTS

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

| | 2019 | 2018 |
|--------------------------------------------------|----------------------|----------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 1,065,120 | \$ 1,698,025 |
| Due from State | 348,089 | 606,106 |
| Accounts Receivable | 1,253,365 | 684,136 |
| Prepaid Expenses | 288,301 | 192,881 |
| Total Current Assets | 2,954,875 | 3,181,148 |
| LONG-TERM ASSETS | | |
| Investments | 1,342,054 | 1,401,958 |
| Land, Buildings, Improvements and Equipment, net | 6,025,178 | 5,780,916 |
| Total Long-Term Assets | 7,367,232 | 7,182,874 |
| TOTAL ASSETS | \$ 10,322,107 | \$ 10,364,022 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 272,994 | \$ 247,297 |
| Accrued Expenses | 517,575 | 502,979 |
| Other Liabilities | 334 | 334 |
| Deferred Revenue | 3,950 | - |
| TOTAL LIABILITIES | 794,853 | 750,610 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Undesignated | 7,090,138 | 7,758,397 |
| Designated | 254,928 | 254,928 |
| Total Without Donor Restrictions | 7,345,066 | 8,013,325 |
| With Donor Restrictions: | | |
| Time/Purpose Restricted | 2,182,188 | 1,600,087 |
| Total With Donor Restrictions | 2,182,188 | 1,600,087 |
| TOTAL NET ASSETS | 9,527,254 | 9,613,412 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 10,322,107 | \$ 10,364,022 |

The accompanying notes are an integral part of these financial statements.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(with comparative totals for 2018)

| | 2019 | | Total | 2018 Total |
|-----------------------------------------------------------|-------------------------------------------|----------------------------------------|----------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | | |
| <u>OPERATING SUPPORT AND REVENUE</u> | | | | |
| Government Funding | \$ 7,463,016 | \$ 2,571,337 | \$ 10,034,353 | \$ 10,290,770 |
| Grants and Contributions - General | 1,657,115 | 1,097,168 | 2,754,283 | 2,482,617 |
| United Way | 380,481 | - | 380,481 | 446,562 |
| Special Event Income | 213,664 | - | 213,664 | 179,009 |
| Sales - Thrift Shop | 207,684 | - | 207,684 | 172,920 |
| Contributed Goods/Equipment/Fixed Assets | 62,882 | - | 62,882 | 23,709 |
| Self Referral and Other Program Fees | 38,811 | - | 38,811 | 19,403 |
| Contributed Services | 34,941 | - | 34,941 | 259,806 |
| Other Income | 11,108 | - | 11,108 | 8,508 |
| Net Assets Released from Restriction | 3,086,404 | (3,086,404) | - | - |
| TOTAL OPERATING SUPPORT AND REVENUE | 13,156,106 | 582,101 | 13,738,207 | 13,883,304 |
| <u>OPERATING EXPENSES</u> | | | | |
| Program Services | 11,856,997 | - | 11,856,997 | 10,953,011 |
| Supporting Services | 1,811,515 | - | 1,811,515 | 1,568,751 |
| Thrift Shop | 258,620 | - | 258,620 | 185,616 |
| TOTAL OPERATING EXPENSES | 13,927,132 | - | 13,927,132 | 12,707,378 |
| CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY | (771,026) | 582,101 | (188,925) | 1,175,926 |
| <u>NON-OPERATING ACTIVITY</u> | | | | |
| Investment Income, net | 74,738 | - | 74,738 | 81,599 |
| Net Gain on Sale of Assets | 28,029 | - | 28,029 | 104,463 |
| TOTAL NON-OPERATING ACTIVITY | 102,767 | - | 102,767 | 186,062 |
| CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY | (668,259) | 582,101 | (86,158) | 1,361,988 |
| NET ASSETS, Beginning of Year | 8,013,325 | 1,600,087 | 9,613,412 | 8,251,424 |
| NET ASSETS, End of Year | \$ 7,345,066 | \$ 2,182,188 | \$ 9,527,254 | \$ 9,613,412 |

The accompanying notes are an integral part of these financial statements.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019
(with comparative totals for 2018)

| | Program Services | | | | | | | | | | | Supporting Services | | | | Other | 2019 | 2018 | | |
|---------------------------------------|--------------------------------|-------------------------------------|------------------------------------|-----------------------------|---------------------|-------------------|-------------------|-------------------|---------------------|----------------------|----------------------|-----------------------|-------------------|--------------------|-------------------|---------------------------------|-------------------|----------------------|----------------------|--|
| | Bridge Emergency Shelter | San Antonio Counseling Center | MeadowLand Counseling Center | Girlsville/ The Junction | The Meadows | Turning Point | DMST | La Puerta | Charter School | Eliminating Entry | Total Program | General Management | Burdick Center | RMYA Foundation | Fund- Raising | Total Supporting Services | Thrift Shop | Total | Total | |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | |
| Salaries | \$ 956,906 | \$ 326,512 | \$ 439,158 | \$ 1,133,277 | \$ 2,069,635 | \$ 232,244 | \$ 584,907 | \$ 286,166 | \$ 2,000,437 | \$ - | \$ 8,029,242 | \$ 712,571 | 12,175 | \$ - | \$ 234,496 | \$ 959,242 | \$ 170,605 | \$ 9,159,089 | \$ 8,132,110 | |
| Employee Benefits | 83,618 | 30,386 | 31,997 | 105,353 | 172,673 | 20,296 | 18,763 | 16,256 | 159,068 | - | 638,410 | 62,615 | - | 19,287 | 81,902 | 17,373 | 737,685 | 636,570 | | |
| Payroll Taxes | 85,407 | 26,484 | 34,276 | 93,376 | 175,341 | 17,576 | 47,577 | 22,373 | 28,657 | - | 531,067 | 54,368 | 2,596 | - | 18,140 | 75,104 | 13,911 | 620,082 | 511,976 | |
| Total Payroll Expenses | 1,125,931 | 383,382 | 505,431 | 1,332,006 | 2,417,649 | 270,116 | 651,247 | 324,795 | 2,188,162 | - | 9,198,719 | 829,554 | 14,771 | - | 271,923 | 1,116,248 | 201,889 | 10,516,856 | 9,280,656 | |
| Professional Fees | 51,014 | 91,312 | 6,949 | 15,114 | 40,597 | 6,455 | 145,419 | 67,903 | 153,117 | - | 577,880 | 25,604 | 1,545 | 21,531 | 32,714 | 81,394 | 5,370 | 664,644 | 624,517 | |
| Occupancy | 22,248 | 11,991 | 125 | 66,712 | 134,440 | 10,756 | 13,619 | 119,281 | 88,593 | (9,604) | 458,161 | 5,866 | 102 | 2,100 | 339 | 8,407 | 8,345 | 474,913 | 379,985 | |
| Depreciation Expense | 8,301 | 3,219 | - | 5,982 | 21,851 | 5,983 | 5,156 | 8,284 | 32,545 | - | 91,321 | 3,591 | - | 243,158 | - | 246,749 | 2,847 | 340,917 | 305,958 | |
| Food Services | 49,008 | 1,600 | 1,527 | 87,888 | 129,016 | 4,068 | 4,094 | 2,237 | - | - | 279,438 | 7,259 | 374 | - | 1,435 | 9,068 | 200 | 288,706 | 243,386 | |
| Office Supplies, Printing and Postage | 5,133 | 17,574 | 965 | 6,287 | 11,214 | 1,347 | 9,388 | 3,262 | 180,577 | - | 235,747 | 16,415 | 671 | - | 6,192 | 23,278 | 1,593 | 260,618 | 312,127 | |
| Heating, Cooling and Water | 16,328 | 2,799 | - | 55,951 | 83,518 | 12,318 | 1,685 | 6,187 | - | - | 178,786 | - | - | - | 151 | 151 | 15,668 | 194,605 | 197,666 | |
| Insurance | 20,721 | 6,790 | 5,022 | 23,898 | 45,033 | 6,208 | 7,744 | 2,051 | 10,737 | - | 128,204 | 15,931 | 5,708 | 4,192 | 4,202 | 30,033 | 3,450 | 161,687 | 124,641 | |
| Telephone | 9,416 | 7,393 | 33 | 13,852 | 26,852 | 6,920 | 7,122 | 8,368 | 50,892 | - | 130,848 | 10,371 | 150 | - | 1,822 | 12,343 | 6,644 | 149,835 | 128,030 | |
| Travel and Mileage | 7,470 | 65 | - | 5,826 | 8,774 | 2,111 | 894 | 1,282 | 78,940 | - | 105,362 | 2,554 | - | - | 530 | 3,084 | 2,264 | 110,710 | 101,197 | |
| Children's Personal Expenses | 12,363 | 742 | - | 29,526 | 38,880 | 7,950 | 5,052 | 8,321 | - | - | 102,834 | 105 | - | - | 100 | 205 | - | 103,039 | 97,988 | |
| Computer Services and Equipment | 22,072 | 3,947 | 7,823 | 11,041 | 17,616 | 3,491 | 4,041 | 4,726 | - | - | 74,757 | 22,759 | 1,020 | - | 3,447 | 27,226 | 1,211 | 103,194 | 69,894 | |
| Conferences and Workshops | 4,105 | 8,953 | 2,271 | 5,478 | 8,841 | 4,542 | 11,134 | 3,372 | - | - | 48,696 | 27,471 | 110 | - | 401 | 27,982 | 986 | 77,664 | 97,635 | |
| Contributed Goods/Equipment | 4,549 | 632 | - | 974 | 1,439 | 1,221 | 5,821 | 1,355 | - | - | 15,991 | 376 | - | - | 55,732 | 56,108 | - | 72,099 | 28,671 | |
| Event Expenses | 171 | 171 | 171 | 892 | 1,253 | 171 | 171 | 272 | - | - | 3,272 | 538 | 236 | - | 64,898 | 65,672 | 171 | 69,115 | 81,198 | |
| Miscellaneous | 337 | - | 60 | 935 | 2,600 | 217 | 1,725 | 5,375 | 41,700 | - | 52,949 | 6,252 | - | 4,737 | 252 | 11,241 | 3,444 | 67,634 | 158,653 | |
| Supplies - Housekeeping | 12,228 | 1,035 | 1 | 18,509 | 28,116 | 1,725 | 855 | 2,842 | - | - | 65,311 | 650 | 176 | - | 241 | 1,067 | 294 | 66,672 | 39,731 | |
| Rent | - | - | - | - | - | - | - | - | - | - | - | 45,739 | - | - | - | 45,739 | - | 45,739 | 21,093 | |
| Automotive Expenses | 11,238 | 24 | - | 9,722 | 19,134 | 363 | 142 | 426 | - | - | 41,049 | - | - | - | 220 | 220 | 3,511 | 44,780 | 40,159 | |
| Employee Recruitment and Other | 2,106 | 858 | 567 | 2,525 | 5,476 | 223 | 638 | 3,846 | - | - | 16,239 | 18,574 | 756 | - | 313 | 19,643 | 181 | 36,063 | 31,135 | |
| Contributed Services | 153 | 28,960 | - | 1,577 | 2,365 | - | 254 | - | - | - | 33,309 | - | - | - | - | - | - | 33,309 | 259,126 | |
| Membership Dues | 1,056 | 236 | 150 | 635 | 1,193 | 266 | 170 | 269 | 2,667 | - | 6,642 | 22,692 | 83 | - | 374 | 23,149 | 202 | 29,993 | 5,443 | |
| USDA Commodities | - | - | - | 2,861 | 4,668 | - | - | - | - | - | 7,529 | - | - | - | - | - | - | 7,529 | 6,906 | |
| Recreational Equipment | 315 | 116 | 45 | 951 | 1,426 | 91 | 412 | 237 | - | - | 3,593 | - | 278 | - | 20 | 298 | - | 3,891 | 4,026 | |
| Interest | - | - | - | - | - | - | - | - | - | - | - | 1,700 | - | - | - | 1,700 | - | 1,700 | 625 | |
| Public Relations | - | - | - | - | - | - | 360 | - | - | - | 360 | 510 | - | - | - | 510 | - | 870 | 1,610 | |
| Contract Labor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 350 | 350 | 56,252 | |
| Instructional Materials | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,070 | |
| TOTAL OPERATING EXPENSES | \$ 1,386,263 | \$ 571,799 | \$ 531,140 | \$ 1,699,142 | \$ 3,051,951 | \$ 346,542 | \$ 877,143 | \$ 574,691 | \$ 2,827,930 | \$ (9,604) | \$ 11,856,997 | \$ 1,064,511 | \$ 25,980 | \$ 275,718 | \$ 445,306 | \$ 1,811,515 | \$ 258,620 | \$ 13,927,132 | \$ 12,707,378 | |

The accompanying notes are an integral part of these financial statements.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---------------------------------------------------------|---------------------|---------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Increase in Net Assets from Operations | \$ (86,158) | \$ 1,361,988 |
| Adjustments to Reconcile Net Change to Net Cash | | |
| Provided by Operations: | | |
| Depreciation | 340,917 | 305,958 |
| Gain on Investments | (37,997) | (47,336) |
| Gain on Sale of Assets | (28,029) | (104,463) |
| Decrease (Increase) in Assets: | | |
| Due from State | 258,017 | (193,927) |
| Accounts Receivable | (569,229) | (73,958) |
| Prepaid Expenses | (95,420) | (65,846) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | 25,697 | 63,903 |
| Accrued Expenses | 14,596 | 114,100 |
| Deferred Revenue | 3,950 | (3,200) |
| NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES | (173,656) | 1,357,219 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Purchases of Property and Equipment | (557,150) | (870,763) |
| Sale (Purchase) of Investments, net | 97,901 | (46,102) |
| NET CASH USED BY INVESTING ACTIVITIES | (459,249) | (916,865) |
| NET (DECREASE) INCREASE IN CASH FLOWS | (632,905) | 440,354 |
| CASH AND CASH EQUIVALENTS, Beginning of Year | 1,698,025 | 1,257,671 |
| CASH AND CASH EQUIVALENTS, End of Year | \$ 1,065,120 | \$ 1,698,025 |
| <u>SUPPLEMENTAL DISCLOSURES</u> | | |
| Interest Paid | \$ 1,700 | \$ 625 |

The accompanying notes are an integral part of these financial statements.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The accompanying statements of Roy Maas' Youth Alternatives, Inc. and its affiliates have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Nature of Activities

Roy Maas' Youth Alternatives, Inc. (the Company) is organized in Texas as a non-profit corporation to provide counseling and residential programs within the state of Texas which are directed towards assisting troubled youths.

Affiliated with Roy Maas' Youth Alternatives, Inc. is Roy Maas' Youth Alternatives Foundation (the Foundation), a non-profit corporation. The Foundation is organized for the exclusive purpose of serving as a supporting organization for Roy Maas' Youth Alternatives, Inc. The Foundation is controlled by the board of Roy Maas' Youth Alternatives, Inc., and the two entities are financially inter-related.

Also affiliated with the Company, the State Board of Education of the State of Texas granted Roy Maas' Youth Alternatives, Inc. an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code in the fall of 2008. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, Meadowland Charter School (the School) was opened on August 25, 2008. The School was organized to provide educational services to at-risk students, and their programs, services, activities and functions are governed by the School's board of directors. During the year ended June 30, 2018, the School changed its name to Meadowland Charter District (the District).

The Foundation's and District's financial activity for the years ended June 30, 2019 and 2018 is consolidated within Roy Maas' Youth Alternatives, Inc.'s financial statements.

Basis of Presentation

The Company and its affiliates are required to report information regarding their financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors (the Board) are reported as net assets without donor restrictions, designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than the Company's and its affiliates' mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, Roy Maas' Youth Alternatives, Inc. and its affiliates consider all certificates of deposit and money market fund purchases with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Roy Maas' Youth Alternatives, Inc. and its affiliates consider their accounts receivable to be fully collectible as they are primarily receivables from granting agencies; accordingly, no allowance for doubtful accounts is required.

Fixed Assets

Fixed assets acquired by Roy Maas' Youth Alternatives, Inc. and its affiliates are considered to be owned by Roy Maas' Youth Alternatives, Inc. and its affiliates. However, federal, state, and city funding sources may maintain equitable interest in the property purchased with grant funds as well as the right to determine the use of any proceeds from the sale of these assets.

Fixed assets are recorded at cost. Donated assets are recorded at estimated market value at the date of donation. Fixed assets with a value of \$5,000 or more are capitalized and depreciated for financial statement preparation. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

| | |
|--------------------------|--------------|
| Buildings | 30 years |
| Modular Classrooms | 15 years |
| Software | 3 years |
| Transportation Equipment | 5 years |
| Furniture and Equipment | 5 years |
| Improvements | 5 - 30 years |

Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Revenues

Roy Maas' Youth Alternatives, Inc. and its affiliates receive substantial revenue from federal, state, and city agencies. Noncompliance by Roy Maas' Youth Alternatives, Inc. and its affiliates with the terms of the grants/contracts would require funding to be returned.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Investments

Purchased securities are reported at market value. Donated securities are recorded at market value at date of donation. Investment income is reported net of fees of \$13,966 and \$9,027 for the years ended June 30, 2019 and 2018, respectively. All dividends and interest are reported as investment income, net in the accompanying consolidated statement of activities.

Functional Allocation of Expenses

The costs of providing the services and other activities of the Company and its affiliates have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses which are allocated on the basis of estimates of time and effort, as well as occupancy, depreciation, insurance, and various other expenses which are allocated on the basis of square footage or some other reasonable basis.

Income Taxes

Roy Maas' Youth Alternatives, Inc., Roy Maas' Youth Alternatives Foundation, and Meadowland Charter District are all exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As of June 30, 2019, the tax years that remain subject to examination by taxing authorities begin with 2016.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the effect this pronouncement will have on its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2020. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued Accounting Standard Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017 with early adoption encouraged. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expense by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. The Company and its affiliates early adopted this new pronouncement effective July 1, 2017.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 2 - INVESTMENTS

Investments of the Company and its affiliates include marketable securities and real estate. In accordance with generally accepted accounting principles, the investments in marketable securities are carried at fair market value, and the investment in real estate is carried at cost. The investments of the Company and its affiliates are not required to be collateralized. Furthermore, the Company did not engage in derivative, hedging, or security lending activities for the years ended June 30, 2019 and 2018.

Investments were as follows at June 30:

| | <u>2019</u> | | <u>2018</u> | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Market Value</u> | <u>Cost Basis</u> | <u>Market Value</u> | <u>Cost Basis</u> |
| Equity Mutual Funds | \$ 574,736 | \$ 501,826 | \$ 71,645 | \$ 73,266 |
| Certificates of Deposit | 319,644 | 314,938 | 258,742 | 260,000 |
| Corporate Bonds | 218,924 | 214,474 | 322,019 | 325,502 |
| Money Market | 79,229 | 100,000 | - | - |
| Exchange-Traded Funds | 69,443 | 69,910 | 28,402 | 9,484 |
| U.S. Treasury Bonds | 54,940 | 54,758 | 24,773 | 24,748 |
| Municipal Bonds and Notes | 25,138 | 25,000 | 24,503 | 25,000 |
| Equity Securities | - | - | 671,874 | 596,323 |
| Total Investments | <u>\$ 1,342,054</u> | <u>\$ 1,280,906</u> | <u>\$ 1,401,958</u> | <u>\$ 1,314,323</u> |

Investment income, net consisted of the following at June 30:

| | <u>2019</u> | <u>2018</u> |
|------------------------------|------------------|------------------|
| Interest and Dividends | \$ 50,707 | \$ 43,290 |
| Realized/Unrealized Gains | 37,997 | 47,336 |
| Investment Fees | <u>(13,966)</u> | <u>(9,027)</u> |
| Total Investment Income, net | <u>\$ 74,738</u> | <u>\$ 81,599</u> |

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The District maintains its cash balances in checking and money market accounts at a single bank. The Federal Deposit Insurance Corporation (the FDIC) insures the balances in the checking accounts up to \$250,000. Additionally, the District has a Depository Contract with its bank in accordance with Texas Education Code Section 12.107(a)(1), which requires that the bank secure all funds deposited with them. Therefore, at June 30, 2019 and 2018, the District had no uninsured cash and investment balances.

The Company maintains its cash balances at several banks. Furthermore, it maintains significant cash and investment balances at one investment company that are insured by the Securities Investor Protection Corporation up to \$500,000. At June 30, 2019 and 2018, the Company's uninsured cash and investment balances totaled \$928,801 and \$1,755,643, respectively, without regard to reconciling items.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 4 - FIXED ASSETS

Fixed assets consisted of the following at June 30:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|----------------------------|---------------------|
| Land | \$ - | \$ 485,546 |
| Construction in Progress | 83,870 | - |
| Buildings | 10,572,171 | 6,285,338 |
| Improvements | - | 2,989,637 |
| Modular Classrooms | - | 417,374 |
| Transportation Equipment | 588,881 | 574,281 |
| Furniture and Equipment | 447,320 | 397,086 |
| Software | 146,225 | 146,225 |
| Vehicles | 87,789 | 45,589 |
| | <u>11,926,256</u> | <u>11,341,076</u> |
| Less: Accumulated Depreciation | <u>(5,901,078)</u> | <u>(5,560,160)</u> |
| Total Fixed Assets, net | <u>\$ 6,025,178</u> | <u>\$ 5,780,916</u> |

Depreciation expense for the years ended June 30, 2019 and 2018 was \$340,917 and \$305,958, respectively.

NOTE 5 - RELATED PARTY TRANSACTIONS

The District had a pre-existing lease with the Foundation for its charter school through July 2017. The monthly lease payments under this agreement were \$3,615.92 per month. In July 2017, the District entered into an agreement with the Foundation to lease property for its Oaks Academy campus at an annual rate of \$1 for one year. For the years ended June 30, 2019 and 2018, lease expense was \$9,604 and \$3,905, respectively.

In July 2017, the Company entered into agreements with the Foundation to lease property for its Meadowland Residential Treatment Center, Turning Point program, and San Antonio campus. Each lease is at an annual rate of \$1 for one year.

The Company had a receivable of \$2,138 and \$15,265 from the District for miscellaneous expenses as of June 30, 2019 and 2018, respectively. The Foundation had a receivable of \$-0- and \$3,616 from the District for rent as of June 30, 2019 and 2018, respectively. Additionally, the Foundation had a receivable of \$4,120 and \$7,928 from the Company for interest and miscellaneous expenses as of June 30, 2019 and 2018, respectively.

On July 1, 2016, the Company entered into a line of credit loan agreement with the Foundation for \$500,000. Interest is based on a 4% APR, and the loan term is 15 years. Interest only is due and payable monthly until the maturity date, at which time the unpaid principal balance and the accrued unpaid interest will be payable in full. The Company had an outstanding balance of \$345,000 and \$-0- on this loan as of June 30, 2019 and 2018, respectively.

During the year ended June 30, 2018, the Company transferred land, buildings, and improvements to the Foundation at the net book value of \$687,595. During the year ended June 30, 2019, the Company transferred additional buildings and improvements to the Foundation at the net book value of \$451,875.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 6 - DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

During the years ended June 30, 2019 and 2018, the Company and its affiliates had \$254,928 in net assets without donor restrictions designated by the Board to be maintained as a cash reserve available for any future operating needs.

NOTE 7 - CONTRIBUTED SERVICES AND CONTRIBUTIONS OF GOODS

The Company receives a substantial amount of donated services from interns, doctors, nurses and other professionals who are committed to the programs currently being provided and to the youths who benefit from these programs. The value for these services is based on conservative hourly rates determined by management from current market rates in relation to the type of service received. For the year ended June 30, 2019, total volunteer hours logged by these individuals amounted to 1,374 hours, and are valued at \$34,941 for the various programs. For the year ended June 30, 2018, total volunteer hours logged by these individuals amounted to 9,608 hours, and are valued at \$259,806 for the various programs. Other non-cash contributions received by the Company include supplies, food, clothing, other personal items, furnishings and equipment. The estimated fair market value of these contributions is \$62,882 and \$23,709 for the years ended June 30, 2019 and 2018, respectively.

Other in-kind services received by the Company are from non-professional volunteers and are not reflected on these financial statements. Total hours logged by these individuals for the years ended June 30, 2019 and 2018 amounted to 3,977 and 4,445, respectively.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were for the following purposes at June 30:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------------------------|-----------------------------|-----------------------------|
| Foundation School Program Act Revenues | \$ 1,017,819 | \$ 1,272,304 |
| New Girls Cabin | 788,130 | - |
| Playgrounds SA Campus | 112,936 | - |
| Future School Building | 67,175 | 66,175 |
| Michael Gibbons Fund: Children's Special Activities | 51,996 | 53,238 |
| West Avenue Roof | 50,000 | - |
| Medical Supplies | 26,307 | 42,878 |
| Special Program Activities | 18,433 | 9,652 |
| Training and Field Trips | 15,000 | - |
| Clothing | 10,000 | - |
| Labrynth ML | 4,392 | 4,392 |
| Gala | 20,000 | 43,000 |
| Turning Point Blue House Renovation | - | 14,084 |
| Old Bridge Shelter Renovation | - | 94,364 |
| | <u> </u> | <u> </u> |
| Total Net Assets With Donor Restrictions | <u>\$ 2,182,188</u> | <u>\$ 1,600,087</u> |

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 9 - PENSION PLAN OBLIGATIONS

Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a public employee retirement system. It is a cost-sharing, multiemployer defined benefit pension plan with one exception: all risks and costs are not shared by the District but are the liability of the state of Texas. TRS provides service retirement, disability retirement, and death benefits to plan members and beneficiaries. TRS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, *Public Retirement Systems*, Subtitle C, *Teacher Retirement System of Texas*, which is subject to amendment by the Texas Legislature. TRS's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 877-0123.

The TRS plan differs from a single-employer plan as follows:

- Charter schools are legally separate entities from the state and each other.
- Assets contributed by one charter school or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter school.
- The unfunded obligations get passed along to the other charter schools and ISDs.
- There is no withdrawal penalty for leaving the TRS system.

Total plan assets, accumulated benefit obligations, and % funded are as follows:

Total Plan Assets - \$176,942,454,000
Accumulated Benefit Obligations - \$181,752,796,715
The plan is 76.9% funded.

There are no collective-bargaining agreements.

Funding Policy

Under provisions in state law, plan members are required to contribute 6.7% of their annual covered salary, and the state of Texas contributes an amount equal to 6.0% of the District's covered payroll. The District's contributions to TRS for the years ended June 30, 2019 and 2018 were \$44,157 and \$41,262, respectively, which included \$21,794 and \$15,811 in Non-OASDI participating surcharges, respectively. The District's contributions did not represent more than 5% of the total contributions to the plan (i.e., total plan assets). There have been no changes that would affect the comparison of employer contributions from year to year.

NOTE 10 - OPERATING LEASES

The Company leases copiers under operating leases with varying expiration dates in 2020 and 2023. In January 2018, the Company entered into a lease for office space that expired on December 31, 2018 and was renewed through December 31, 2019. The District leases copiers under operating leases that expire in September 2019 and September 2023. Furthermore, the District also has a lease for office space that expires in June 2020. Total lease expense for the years ended June 30, 2019 and 2018 was \$124,688 and \$76,574, respectively.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 10 - OPERATING LEASES (continued)

Future lease payments under existing agreements are as follows:

| Years Ending June 30, | |
|--------------------------|-------------------|
| 2020 | \$ 37,985 |
| 2021 | 25,008 |
| 2022 | 25,008 |
| 2023 | <u>18,312</u> |
| Total | <u>\$ 106,313</u> |

NOTE 11 - SUBSEQUENT EVENTS

Roy Maas' Youth Alternatives, Inc. and its affiliates have evaluated subsequent events through October 28, 2019, which is the date the financial statements were available to be issued.

NOTE 12 - FUNDING FROM GOVERNMENT SOURCES

The Company receives the majority of its program support from federal, state and local government sources under unit rate contracts and cost reimbursement grants. This support is contingent upon the future availability of funds from these sources and compliance with the various federal, state, and local regulations and laws. Total government support was as follows for the years ended June 30:

| | 2019 | 2018 |
|----------------------------------------------------|----------------------|---------------|
| Unit Rate Contract Funding: | | |
| Medicaid/Health Services | \$ 284,675 | \$ 303,150 |
| Bexar County Juvenile Probation | 135,000 | 135,000 |
| Other County Juvenile Probation | 49,841 | 196,845 |
| City of San Antonio | - | 7,336 |
| Texas Department of State Health Services | 108,491 | 233,372 |
| Texas Department of Family and Protective Services | 5,954,687 | 5,144,677 |
| Office of the Governor | - | 88,840 |
| Other | 3,684 | 2,019 |
| | 6,536,378 | 6,111,239 |
| Grant Funding | | |
| U.S. Department of Agriculture | 110,512 | 140,174 |
| U.S. Department of Agriculture Commodities | 7,529 | 6,607 |
| U.S. Department of Health and Human Services | 239,927 | 400,618 |
| U.S. Department of Veteran Affairs | 552,336 | 413,629 |
| U.S. Department of Justice | 16,334 | - |
| Texas Education Agency | 2,512,337 | 3,218,503 |
| | 3,438,975 | 4,179,531 |
| Total Government Support | \$ 10,034,353 | \$ 10,290,770 |

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company and its affiliates adopted the provisions of ASC 820, “Fair Value Measurements and Disclosures” (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect the Company’s and its affiliates’ financial position or results of operations.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

The Company and its affiliates do not have Level 2 or Level 3 assets or liabilities.

The Company’s and its affiliates’ financial instruments (Level 1) were as follows at June 30:

| | <u>2019</u> | | <u>2018</u> | |
|---------------------------|----------------------------|-------------------|----------------------------|-----------------------|
| | <u>Carrying Amount</u> | <u>Fair Value</u> | <u>Carrying Amount</u> | <u>Fair Value</u> |
| Financial assets: | | | | |
| Cash and Cash Equivalents | \$ 1,065,120 | \$ 1,065,120 | \$ 1,698,025 | \$ 1,698,025 |
| Due from State | \$ 348,089 | \$ 348,089 | \$ 606,106 | \$ 606,106 |
| Accounts Receivable | \$ 1,253,709 | \$ 1,253,709 | \$ 684,136 | \$ 684,136 |
| Prepaid Expenses | \$ 289,670 | \$ 289,670 | \$ 192,881 | \$ 192,881 |
| Financial liabilities: | | | | |
| Accounts Payable | \$ 272,994 | \$ 272,994 | \$ 247,297 | \$ 247,297 |
| Accrued Expenses | \$ 517,575 | \$ 517,575 | \$ 502,979 | \$ 502,979 |
| Other Liabilities | \$ 334 | \$ 334 | \$ 334 | \$ 334 |
| Deferred Revenue | \$ 3,950 | \$ 3,950 | \$ - | \$ - |

The carrying amounts reported in the consolidated statements of financial position approximate fair values because of the short maturities of those instruments.

The Company’s and its affiliates’ financial instruments also include investments. The fair values of investments are based on quoted market prices for those or similar investments (Note 2).

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Company's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions or internal designations that are amounts set aside for operating and other reserves that could be drawn upon if the Board approves that action.

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------------------------------------------------------|---------------------|--------------|
| Cash and Cash Equivalents | \$ 1,065,120 | \$ 1,698,025 |
| Investments | 1,342,054 | 1,401,958 |
| Due from State | 348,089 | 606,106 |
| Accounts Receivable | 1,253,365 | 684,136 |
| Total Financial Assets | 4,008,628 | 4,390,225 |
| Donor Restrictions | (2,245,091) | (1,600,087) |
| Board Designations | (254,928) | (254,928) |
| Financial Assets Available to Meet Cash Needs for Expenditures Within One Year | \$ 1,508,609 | \$ 2,535,210 |

SUPPLEMENTARY INFORMATION

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2019
(with comparative totals for 2018)

| | 2019 | | | | | 2018 |
|--------------------------------------------------|-----------------------------------------------|--------------------------------------------------------|----------------------------------------|--------------------------------|----------------------|----------------------|
| | <u>Roy Maas' Youth Alternatives, Inc.</u> | <u>Roy Maas' Youth Alternatives Foundation</u> | <u>Meadowland Charter District</u> | <u>Eliminating Entries</u> | <u>Total</u> | <u>Total</u> |
| | <u>ASSETS</u> | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 309,025 | \$ 8,134 | \$ 747,961 | \$ - | \$ 1,065,120 | \$ 1,698,025 |
| Due from State | - | - | 348,089 | - | 348,089 | 606,106 |
| Accounts Receivable | 1,253,365 | 6,258 | - | (6,258) | 1,253,365 | 684,136 |
| Inter-Fund Loan Receivable | - | 345,000 | - | (345,000) | - | - |
| Prepaid Expenses | 263,746 | - | 24,555 | - | 288,301 | 192,881 |
| Total Current Assets | <u>1,826,136</u> | <u>359,392</u> | <u>1,120,605</u> | <u>(351,258)</u> | <u>2,954,875</u> | <u>3,181,148</u> |
| LONG-TERM ASSETS | | | | | | |
| Investments | - | 1,342,054 | - | - | 1,342,054 | 1,401,958 |
| Land, Buildings, Improvements and Equipment, net | 411,345 | 5,482,665 | 131,168 | - | 6,025,178 | 5,780,916 |
| Total Long-Term Assets | <u>411,345</u> | <u>6,824,719</u> | <u>131,168</u> | <u>-</u> | <u>7,367,232</u> | <u>7,182,874</u> |
| TOTAL ASSETS | <u>\$ 2,237,481</u> | <u>\$ 7,184,111</u> | <u>\$ 1,251,773</u> | <u>\$ (351,258)</u> | <u>\$ 10,322,107</u> | <u>\$ 10,364,022</u> |
| | <u>LIABILITIES AND NET ASSETS</u> | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts Payable | \$ 276,214 | \$ - | \$ 3,038 | \$ (6,258) | \$ 272,994 | \$ 247,297 |
| Accrued Expenses | 397,598 | - | 119,977 | - | 517,575 | 502,979 |
| Other Liabilities | - | - | 334 | - | 334 | 334 |
| Deferred Revenue | 3,950 | - | - | - | 3,950 | - |
| Inter-Fund Line of Credit | 345,000 | - | - | (345,000) | - | - |
| TOTAL LIABILITIES | <u>1,022,762</u> | <u>-</u> | <u>123,349</u> | <u>(351,258)</u> | <u>794,853</u> | <u>750,610</u> |
| NET ASSETS | | | | | | |
| Without Donor Restrictions: | | | | | | |
| Undesignated | (137,403) | 7,116,936 | 110,605 | - | 7,090,138 | 7,758,397 |
| Designated | 254,928 | - | - | - | 254,928 | 254,928 |
| Total Without Donor Restrictions | <u>117,525</u> | <u>7,116,936</u> | <u>110,605</u> | <u>-</u> | <u>7,345,066</u> | <u>8,013,325</u> |
| With Donor Restrictions: | | | | | | |
| Time/Purpose Restricted | 1,097,194 | 67,175 | 1,017,819 | - | 2,182,188 | 1,600,087 |
| Total With Donor Restrictions | <u>1,097,194</u> | <u>67,175</u> | <u>1,017,819</u> | <u>-</u> | <u>2,182,188</u> | <u>1,600,087</u> |
| TOTAL NET ASSETS | <u>1,214,719</u> | <u>7,184,111</u> | <u>1,128,424</u> | <u>-</u> | <u>9,527,254</u> | <u>9,613,412</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,237,481</u> | <u>\$ 7,184,111</u> | <u>\$ 1,251,773</u> | <u>\$ (351,258)</u> | <u>\$ 10,322,107</u> | <u>\$ 10,364,022</u> |

See independent auditor's report.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(with comparative totals for 2018)

| | 2019 | | | | | 2018 |
|----------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------|----------------------------------------|--------------------------------|---------------------|---------------------|
| | Roy Maas' Youth Alternatives, Inc. | Roy Maas' Youth Alternatives Foundation | Meadowland Charter District | Eliminating Entries | Total | Total |
| <u>OPERATING SUPPORT AND REVENUE</u> | | | | | | |
| Government Funding | \$ 7,463,016 | \$ - | \$ 2,571,337 | \$ - | \$ 10,034,353 | \$ 10,290,770 |
| Grants and Contributions - General | 2,695,645 | 1,000 | 57,638 | - | 2,754,283 | 2,482,617 |
| United Way | 380,481 | - | - | - | 380,481 | 446,562 |
| Special Event Income | 213,664 | - | - | - | 213,664 | 179,009 |
| Sales - Thrift Shop | 207,684 | - | - | - | 207,684 | 172,920 |
| Contributed Goods/Equipment/Fixed Assets | 62,882 | - | - | - | 62,882 | 23,709 |
| Self Referral and Other Program Fees | 38,811 | - | - | - | 38,811 | 19,403 |
| Contributed Services | 34,941 | - | - | - | 34,941 | 259,806 |
| Other Income | 10,388 | 720 | - | - | 11,108 | 8,508 |
| Rental Income | - | 9,604 | - | (9,604) | - | - |
| TOTAL OPERATING SUPPORT AND REVENUE | 11,107,512 | 11,324 | 2,628,975 | (9,604) | 13,738,207 | 13,883,304 |
| <u>OPERATING EXPENSES</u> | | | | | | |
| Program Services | 9,038,671 | - | 2,827,930 | (9,604) | 11,856,997 | 10,953,011 |
| Supporting Services | 1,535,797 | 275,718 | - | - | 1,811,515 | 1,568,751 |
| Thrift Shop | 258,620 | - | - | - | 258,620 | 185,616 |
| TOTAL OPERATING EXPENSES | 10,833,088 | 275,718 | 2,827,930 | (9,604) | 13,927,132 | 12,707,378 |
| CHANGE IN NET ASSETS BEFORE NON- OPERATING ACTIVITY | 274,424 | (264,394) | (198,955) | - | (188,925) | 1,175,926 |
| <u>NON-OPERATING ACTIVITY</u> | | | | | | |
| Investment Income, net | 43,953 | 30,785 | - | - | 74,738 | 81,599 |
| Net Gain on Sale of Assets | 200 | 27,829 | - | - | 28,029 | 104,463 |
| Transfer of Land, Buildings, and Improvements | (451,875) | 451,875 | - | - | - | - |
| TOTAL NON-OPERATING ACTIVITY | (407,722) | 510,489 | - | - | 102,767 | 186,062 |
| CHANGE IN NET ASSETS AFTER NON- OPERATING ACTIVITY | (133,298) | 246,095 | (198,955) | - | (86,158) | 1,361,988 |
| NET ASSETS, Beginning of Year | 1,348,017 | 6,938,016 | 1,327,379 | - | 9,613,412 | 8,251,424 |
| NET ASSETS, End of Year | \$ 1,214,719 | \$ 7,184,111 | \$ 1,128,424 | \$ - | \$ 9,527,254 | \$ 9,613,412 |

See independent auditor's report.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
SCHEDULE OF THRIFT SHOP REVENUE AND EXPENSES
For the Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---------------------------------------|--------------------|-------------|
| REVENUES: | | |
| Sales Revenue | \$ 207,684 | \$ 172,920 |
| TOTAL REVENUES | 207,684 | 172,920 |
| EXPENSES: | | |
| Salaries | 170,605 | 106,859 |
| Employee Benefits | 17,373 | 13,345 |
| Payroll Taxes | 13,911 | 8,258 |
| | 201,889 | 128,462 |
| Heating, Cooling and Water | 15,668 | 15,899 |
| Occupancy | 8,345 | 13,072 |
| Telephone | 6,644 | 3,435 |
| Professional Fees | 5,370 | 5,422 |
| Automotive Expenses | 3,511 | 544 |
| Insurance | 3,450 | 2,626 |
| Miscellaneous | 3,444 | 2,126 |
| Depreciation Expense | 2,847 | 2,847 |
| Travel and Mileage | 2,264 | 1,043 |
| Office Supplies, Printing and Postage | 1,593 | 1,087 |
| Computer Services and Equipment | 1,211 | 738 |
| Conferences and Workshops | 986 | 1,506 |
| Contract Labor | 350 | 5,640 |
| Supplies - Housekeeping | 294 | 398 |
| Food Services | 200 | 490 |
| Employee Recruitment and Other | 181 | 111 |
| Membership Dues | 202 | 170 |
| Event Expenses | 171 | - |
| Contributed Goods/Equipment | - | - |
| Children's Personal Expenses | - | - |
| TOTAL EXPENSES | 258,620 | 185,616 |
| NET LOSS | \$ (50,936) | \$ (12,696) |

See independent auditor's report.

SPECIFIC-PURPOSE FINANCIAL STATEMENTS

MEADOWLAND CHARTER DISTRICT
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

| | 2019 | 2018 |
|------------------------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 747,961 | \$ 786,755 |
| Due from State | 348,089 | 606,106 |
| Prepaid Expenses | 24,555 | 11,576 |
| Total Current Assets | 1,120,605 | 1,404,437 |
| LONG-TERM ASSETS | | |
| Property and Equipment, net | 131,168 | 121,512 |
| Total Long-Term Assets | 131,168 | 121,512 |
| TOTAL ASSETS | \$ 1,251,773 | \$ 1,525,949 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 3,038 | \$ 23,169 |
| Accrued Expenses | 119,977 | 175,067 |
| Other Liabilities | 334 | 334 |
| TOTAL LIABILITIES | 123,349 | 198,570 |
| NET ASSETS | | |
| Without Donor Restrictions | 110,605 | 55,075 |
| With Donor Restrictions | 1,017,819 | 1,272,304 |
| TOTAL NET ASSETS | 1,128,424 | 1,327,379 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,251,773 | \$ 1,525,949 |

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

(with comparative totals for 2018)

| | 2019 | | | |
|------------------------------------------------------------------|----------------------------------|-------------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | 2018 Total |
| <u>OPERATING REVENUES AND OTHER SUPPORT</u> | | | | |
| Local Support: | | | | |
| 5740 Other Revenues from Local Sources | \$ 57,638 | \$ - | \$ 57,638 | \$ 4,826.00 |
| State Program Revenues: | | | | |
| 5810 Foundation School Program Act Revenues | - | 1,774,520 | 1,774,520 | 2,486,590 |
| 5811 Per Capita Apportionment | - | 62,932 | 62,932 | 16,248 |
| 5820 State Program Revenues Distributed by TEA | - | 83,445 | 83,445 | 217,858 |
| Total State Program Revenues | - | 1,920,897 | 1,920,897 | 2,720,696 |
| Federal Program Revenues: | | | | |
| 5920 Federal Revenues Distributed by TEA | - | 591,440 | 591,440 | 497,807 |
| 5931 School Health and Related Services | - | 59,000 | 59,000 | - |
| Total Federal Program Revenues | - | 650,440 | 650,440 | 497,807 |
| Net Assets Released From Restrictions | | | | |
| Restrictions Satisfied By Payments | 2,825,822 | (2,825,822) | - | - |
| TOTAL OPERATING REVENUES AND OTHER SUPPORT | 2,883,460 | (254,485) | 2,628,975 | 3,223,329 |
| <u>OPERATING EXPENSES</u> | | | | |
| 11 Instruction | 1,625,456 | - | 1,625,456 | 1,721,853 |
| 13 Curriculum Development and Instructional Staff Development | 26,121 | - | 26,121 | 99,119 |
| 21 Instructional Leadership | 3,599 | - | 3,599 | 1,722 |
| 23 School Leadership | 529,462 | - | 529,462 | 542,985 |
| 31 Guidance, Counseling, and Evaluation Services | 84,163 | - | 84,163 | 98,251 |
| 32 Social Work Services | 42,556 | - | 42,556 | - |
| 33 Health Services | - | - | - | 3,209 |
| 34 Transportation | 18,418 | - | 18,418 | 9,923 |
| 36 Extracurricular Activities | 10,854 | - | 10,854 | 9,918 |
| 41 General Administration | 234,863 | - | 234,863 | 274,057 |
| 51 Plant Maintenance and Operations | 180,443 | - | 180,443 | 200,508 |
| 53 Data Processing Services | 32,771 | - | 32,771 | 36,748 |
| 61 Community Services | 39,224 | - | 39,224 | 42,197 |
| TOTAL OPERATING EXPENSES | 2,827,930 | - | 2,827,930 | 3,040,490 |
| CHANGE IN NET ASSETS | 55,530 | (254,485) | (198,955) | 182,839 |
| NET ASSETS, Beginning of Year | 55,075 | 1,272,304 | 1,327,379 | 1,144,540 |
| NET ASSETS, End of Year | \$ 110,605 | \$ 1,017,819 | \$ 1,128,424 | \$ 1,327,379 |

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|-----------------------------------------------------------------|---------------------|--------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Foundation School Program and Per Capita Apportionment Payments | \$ 1,983,568 | \$ 2,286,574 |
| Grant Payments | 845,786 | 738,002 |
| Miscellaneous Sources | 57,638 | 4,826 |
| Payments to Vendors for Goods and Services Rendered | (640,334) | (849,847) |
| Payments to Charter School Personnel for Services Rendered | (2,243,252) | (2,086,976) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 3,406 | 92,579 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Purchases of Property and Equipment | (42,200) | (19,355) |
| NET CASH USED BY INVESTING ACTIVITIES | (42,200) | (19,355) |
| NET (DECREASE) INCREASE IN CASH FLOWS | (38,794) | 73,224 |
| CASH AND CASH EQUIVALENTS, Beginning of Year | 786,755 | 713,531 |
| CASH AND CASH EQUIVALENTS, End of Year | \$ 747,961 | \$ 786,755 |
| Reconciliation of Change in Net Assets to Net Cash | | |
| Provided by Operating Activities: | | |
| Change in Net Assets | \$ (198,955) | \$ 182,839 |
| Adjustments to Reconcile Change in Net Assets to Net Cash | | |
| Provided by Operating Activities: | | |
| Depreciation | 32,544 | 24,105 |
| Decrease (Increase) in Assets: | | |
| Due from State | 258,017 | (193,927) |
| Prepaid Expenses | (12,979) | 19,416 |
| (Decrease) Increase in Liabilities: | | |
| Accounts Payable | (20,131) | 17,807 |
| Accrued Expenses | (55,090) | 42,339 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 3,406 | \$ 92,579 |

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT
SCHEDULE OF EXPENSES
For the Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|-------------------------------------------|----------------------------|----------------------------|
| OPERATING EXPENSES | | |
| 6100 Payroll Costs | \$ 2,188,162 | \$ 2,324,141 |
| 6200 Professional and Contracted Services | 311,007 | 258,927 |
| 6300 Supplies and Materials | 165,907 | 258,074 |
| 6400 Other Operating Costs | 162,854 | 199,348 |
| TOTAL OPERATING EXPENSES | <u>\$ 2,827,930</u> | <u>\$ 3,040,490</u> |

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT
SCHEDULE OF CAPITAL ASSETS
June 30, 2019

Capital assets acquired with public funds, which constitute public property pursuant to Chapter 12 of the Texas Education Code, are as follows:

| | <u>Local</u> | <u>State</u> | <u>Federal</u> |
|-----------------------------------------|-------------------|-------------------|----------------|
| 1110 Cash | \$ 110,605 | \$ 637,356 | \$ - |
| 1520 Buildings and Improvements | - | 129,445 | - |
| 1530 Furniture, Equipment, and Vehicles | - | 96,394 | - |
| Total Capital Assets | <u>\$ 110,605</u> | <u>\$ 863,195</u> | <u>\$ -</u> |

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance From Final Budget Favorable (Unfavorable) |
|--------------------------------------------------|---------------------|-------------------|---------------------|-------------------------------------------------------------|
| | Original | Final | | |
| REVENUES AND OTHER SUPPORT | | | | |
| Local Support: | | | | |
| 5740 Other Revenues from Local Sources | \$ 2,000 | \$ 63,569 | \$ 57,638 | \$ (5,931) |
| Total Local Support | 2,000 | 63,569 | 57,638 | (5,931) |
| State Program Revenues: | | | | |
| 5810 Foundation School Program Act Revenues | 2,070,526 | 1,774,520 | 1,774,520 | - |
| 5811 Per Capita Apportionment | 61,913 | 62,932 | 62,932 | - |
| 5820 State Program Revenues Distributed by TEA | 80,956 | 80,956 | 83,445 | 2,489 |
| Total State Program Revenues | 2,213,395 | 1,918,408 | 1,920,897 | 2,489 |
| Federal Program Revenues: | | | | |
| 5920 Federal Revenues Distributed by TEA | 704,200 | 704,200 | 591,440 | (112,760) (1) |
| 5931 School Health and Related Services | 50,000 | 59,000 | 59,000 | - |
| Total Federal Program Revenues | 754,200 | 763,200 | 650,440 | (112,760) |
| TOTAL REVENUES AND OTHER SUPPORT | 2,969,595 | 2,745,177 | 2,628,975 | (116,202) |
| EXPENSES | | | | |
| 11 Instruction | 1,685,751 | 1,668,254 | 1,625,456 | 42,798 |
| 13 Curriculum Development and Instructional | | | | |
| Staff Development | 57,052 | 29,524 | 26,121 | 3,403 |
| 21 Instructional Leadership | 7,598 | 3,598 | 3,599 | (1) |
| 23 School Leadership | 496,753 | 537,313 | 529,462 | 7,851 |
| 31 Guidance, Counseling, and Evaluation Services | 80,856 | 84,664 | 84,163 | 501 |
| 32 Social Work Services | 43,770 | 43,770 | 42,556 | 1,214 |
| 33 Health Services | 500 | - | - | - |
| 34 Transportation | 12,173 | 18,419 | 18,418 | 1 |
| 35 Food Services | 1,000 | - | - | - |
| 36 Extracurricular Activities | 9,914 | 10,855 | 10,854 | 1 |
| 41 General Administration | 245,199 | 239,797 | 234,863 | 4,934 |
| 51 Plant Maintenance and Operations | 186,632 | 187,179 | 180,443 | 6,736 |
| 52 Security and Monitoring | 400 | - | - | - |
| 53 Data Processing Services | 26,259 | 32,770 | 32,771 | (1) |
| 61 Community Services | 63,738 | 61,784 | 39,224 | 22,560 |
| TOTAL EXPENSES | 2,917,595 | 2,917,927 | 2,827,930 | 89,997 |
| CHANGE IN NET ASSETS | 52,000 | (172,750) | (198,955) | (26,205) |
| NET ASSETS, Beginning of Year | 971,223 | 920,090 | 1,327,379 | - |
| NET ASSETS, End of Year | \$ 1,023,223 | \$ 747,340 | \$ 1,128,424 | \$ (26,205) |

(1) Unfavorable variance is due to the grant overlapping fiscal years. Therefore, there are more expenditures that will be incurred and reimbursed under the grant in FY'20.

See independent auditor's report.

FINANCIAL AWARDS

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

| <u>Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Disbursements/ Expenditures</u> |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------|----------------------------------------|
| U.S. Department of Health and Human Services: | | | |
| Transitional Living for Homeless Youth | 93.550 | 90CX699605-01 | \$ 48,843 |
| Administration for Children and Families Basic Center Grant - Runaway and Homeless Youth | 93.623 | 90CY681102/90CY681103 | 191,084 |
| Medical Assistance Program | 93.778 | 0801037-01 | 284,676 |
| <i>Total U.S. Department of Health and Human Services</i> | | | <u>524,603</u> |
| U.S. Department of Agriculture: | | | |
| Pass-Through Texas Department of Agriculture: School Breakfast Program and National School Lunch Program | 10.553-10.555 | 01310 | 110,511 |
| <i>Total U.S. Department of Agriculture</i> | | | <u>110,511</u> |
| U.S. Department of Education: | | | |
| Pass-Through Texas Education Agency: Title I, Part A - Grants to Local Educational Agencies, Improving Basic Program: | 84.010A | 19610101130801 | 138,314 |
| Title II, Part A - Supporting Effective Instruction | 84.367A | 18680101130801 | 6,469 |
| Special Education: Grants to States | 84.027A | N/A | 28,017 |
| Rural Education Achievement Program | 84.358A | S358A181894 | 11,721 |
| Texas Title I Priority Schools Grant | 84.377A | 166107307110006 | 390,930 |
| Title IV, Part A Subpart 1 | 84.424A | 18680101130801/19680101130801 | 15,949 |
| <i>Total U.S. Department of Education</i> | | | <u>591,400</u> |
| U.S. Department of Justice: | | | |
| Emergency Shelter for Child Sex Trafficking Victims | 16.575 | 3544501 | 16,334 |
| Counseling and Psychiatric Services for Children and Youth | 16.575 | 3267101/3267102 | 254,210 |
| Pass-Through Bexar County Juvenile Board: Building Capacity - Drop-In Program | 16.575 | 3250701/3250702 | 298,126 |
| <i>Total U.S. Department of Justice</i> | | | <u>568,670</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>1,795,184</u> |
| Texas Education Agency: | | | |
| Educator Excellence Innovation Program | N/A | 170291177110007 | 215,256 |
| TOTAL EXPENDITURES OF STATE AWARDS | | | <u>215,256</u> |
| TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS | | | <u>\$ 2,010,440</u> |

See accompanying notes to schedule of expenditures of federal and state awards.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Roy Maas' Youth Alternatives, Inc. and its affiliates and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of Roy Maas' Youth Alternatives, Inc. and its affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Roy Maas' Youth Alternatives, Inc. and its affiliates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal and state awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - RECONCILIATION OF TEXAS EDUCATION AGENCY FUNDING

Due to Roy Maas' Youth Alternatives, Inc. being the charter holder for Meadowland Charter District (the District), the District's fiscal year end is June 30. However, the Texas Education Agency contract period with the District is through August 31. Therefore, the following is a reconciliation of the federal revenue amounts recorded on the statement of activities for the District in the Special Purpose Financial Statements compared to the amount that the TEA payment reports indicate as of August 31, 2019.

| | | |
|-----------------------------------------------------------------------------|----|-----------|
| Amount received per TEA as of August 31, 2019: | \$ | 766,724 |
| Less amounts received in July/August 2019: | | (63,383) |
| Plus expenses incurred not reimbursed at FYE 6/30/19: | | 60,484 |
| Less amounts received in FYE 06/30/19 for expenses incurred in FYE 6/30/18: | | (172,385) |
| | | (172,385) |
| Amounts recorded as 5920 Federal Revenue from TEA for the FYE 6/30/19: | \$ | 591,440 |

NOTE 4 - OTHER DISCLOSURES

There were no loans or loan guarantees outstanding at year end.

Roy Maas' Youth Alternatives, Inc. and its affiliates have elected not to use the 10 percent *de minimis* indirect cost rate.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Roy Maas' Youth Alternatives, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Roy Maas' Youth Alternatives, Inc. and its affiliates (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

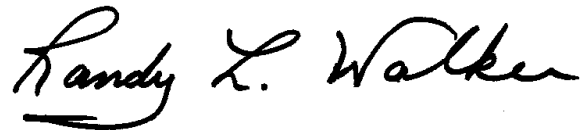
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roy Maas' Youth Alternatives, Inc.'s and its affiliates' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive style with a large, looping initial "R" and a distinct "L" and "W".

San Antonio, Texas
October 28, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Roy Maas' Youth Alternatives, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Roy Maas' Youth Alternatives, Inc.'s and its affiliates' (nonprofit organizations) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Roy Maas' Youth Alternatives, Inc.'s and its affiliates' major federal programs for the year ended June 30, 2019. Roy Maas' Youth Alternatives, Inc.'s and its affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Roy Maas' Youth Alternatives, Inc.'s and its affiliates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Roy Maas' Youth Alternatives, Inc.'s and its affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Roy Maas' Youth Alternatives, Inc.'s and its affiliates' compliance.

Opinion on Each Major Federal Program

In our opinion, Roy Maas' Youth Alternatives, Inc. and its affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

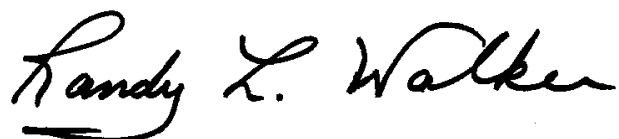
Report on Internal Control Over Compliance

Management of Roy Maas' Youth Alternatives, Inc. and its affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Antonio, Texas
October 28, 2019

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

| | |
|-----------------------------------------------------------------------------------------|------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified | None |
| Significant deficiencies identified that are not considered to be material weakness(es) | None |
| Noncompliance material to the financial statements | None |

Federal Awards

| | |
|-------------------------------------------------------------------------------------------------------|------------|
| Internal control over major programs: | |
| Material weakness(es) identified | None |
| Significant deficiencies identified that are not considered to be material weakness(es) | None |
| Type of auditor's report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance | None |

Major Programs

Federal

| | |
|---------|--------------------------------------|
| 93.778 | Medical Assistance Program |
| 84.377A | Texas Title I Priority Schools Grant |

Dollar threshold used to distinguish between type A and type B programs \$750,000

Audit qualified as low-risk auditee Yes

Findings - Financial Statements Audit None

Findings and Questioned Costs - Major Federal Award Programs Audit None

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

I. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

None

II. PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None