

**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, 2018 and 2017**

**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, 2018 and 2017**

**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 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

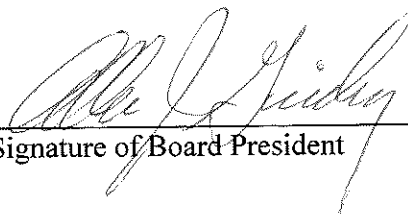
**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES  
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION  
AND MEADOWLAND CHARTER DISTRICT)**

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, 2018, at a meeting of the Board of Trustees of such charter holder on the 29<sup>th</sup> day of October, 2018.

  
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, 2018 and 2017, and the related consolidated statements of activities (with comparative totals for 2017), functional expenses (with comparative totals for 2017), and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Roy Maas' Youth Alternatives, Inc. and its affiliates as of June 30, 2018 and 2017, 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.

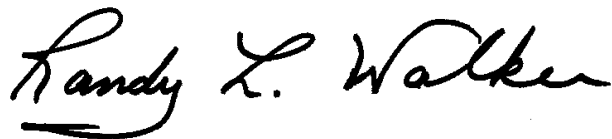
## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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, 2018, 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 large, sweeping initial "R".

San Antonio, Texas  
October 28, 2018

# **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, 2018 and 2017**

	2018	2017
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,698,025	\$ 1,257,671
Due from State	606,106	412,179
Accounts Receivable	684,136	610,178
Prepaid Expenses	192,881	127,035
Total Current Assets	3,181,148	2,407,063
<b>LONG-TERM ASSETS</b>		
Investments	1,401,958	1,308,520
Land, Buildings, Improvements and Equipment, net	5,780,916	5,111,648
Total Long-Term Assets	7,182,874	6,420,168
<b>TOTAL ASSETS</b>	<b>\$ 10,364,022</b>	<b>\$ 8,827,231</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 247,297	\$ 183,394
Accrued Expenses	502,979	388,879
Other Liabilities	334	334
Deferred Revenue	-	3,200
<b>TOTAL LIABILITIES</b>	<b>750,610</b>	<b>575,807</b>
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	7,758,397	6,071,749
Designated	254,928	559,167
Total Without Donor Restrictions	8,013,325	6,630,916
With Donor Restrictions:		
Time/Purpose Restricted	1,600,087	1,620,508
Total With Donor Restrictions	1,600,087	1,620,508
<b>TOTAL NET ASSETS</b>	<b>9,613,412</b>	<b>8,251,424</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,364,022</b>	<b>\$ 8,827,231</b>

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, 2018**  
**(with comparative totals for 2017)**

	2018		2017 Total	
	Without Donor Restrictions	With Donor Restrictions		Total
<b><u>OPERATING SUPPORT AND REVENUE</u></b>				
Government Funding	\$ 7,072,267	\$ 3,218,503	\$ 10,290,770	\$ 7,909,615
Grants and Contributions - General	1,448,249	1,034,368	2,482,617	939,028
United Way	446,562	-	446,562	502,350
Contributed Services	259,806	-	259,806	220,339
Special Event Income	179,009	-	179,009	191,406
Sales - Thrift Shop	172,920	-	172,920	168,950
Net Gain on Sale of Assets	104,463	-	104,463	117,689
Net Gain on Investments	47,336	-	47,336	100,431
Investment Income, net	34,263	-	34,263	28,574
Contributed Goods/Equipment/Fixed Assets	23,709	-	23,709	23,372
Self Referral and Other Program Fees	19,403	-	19,403	43,080
Other Income	8,508	-	8,508	3,964
Net Assets Released from Restriction	4,273,292	(4,273,292)	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>14,089,787</b>	<b>(20,421)</b>	<b>14,069,366</b>	<b>10,248,798</b>
<b><u>OPERATING EXPENSES</u></b>				
Program Services	10,953,011	-	10,953,011	8,647,880
Supporting Services:				
General Management	918,702	-	918,702	701,574
Fundraising	406,159	-	406,159	388,254
Burdick Center	11,087	-	11,087	48,312
RMYA Foundation	232,803	-	232,803	47,786
Thrift Shop	185,616	-	185,616	177,262
<b>TOTAL OPERATING EXPENSES</b>	<b>12,707,378</b>	<b>-</b>	<b>12,707,378</b>	<b>10,011,068</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,382,409</b>	<b>(20,421)</b>	<b>1,361,988</b>	<b>237,730</b>
<b>NET ASSETS, Beginning of Year</b>	<b>6,630,916</b>	<b>1,620,508</b>	<b>8,251,424</b>	<b>8,013,694</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 8,013,325</b>	<b>\$ 1,600,087</b>	<b>\$ 9,613,412</b>	<b>\$ 8,251,424</b>

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, 2018**  
**(with comparative totals for 2017)**

	Program Services										Supporting Services					Other	2018 Total	2017 Total	
	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	Eliminating Entry			Thrift Shop
<b>OPERATING EXPENSES</b>																			
Salaries	\$ 936,139	\$ 302,367	\$ 356,194	\$ 1,061,811	\$ 1,900,106	\$ 202,113	\$ 309,227	\$ 28,736	\$ 2,129,315	\$ -	\$ 7,226,008	\$ 576,205	\$ 1,167	\$ -	\$ 221,871	\$ -	\$ 106,859	\$ 8,132,110	\$ 6,222,264
Employee Benefits	52,605	34,856	36,727	94,971	141,551	14,231	13,243	74	166,323	-	554,581	49,551	47	-	19,046	-	13,345	636,570	513,282
Payroll Taxes	74,963	25,181	26,952	86,107	156,474	16,025	23,735	1,566	28,503	-	439,506	45,414	121	-	18,677	-	8,258	511,976	435,007
Total Payroll Expenses	1,063,707	362,404	419,873	1,242,889	2,198,131	232,369	346,205	30,376	2,324,141	-	8,220,095	671,170	1,335	-	259,594	-	128,462	9,280,656	7,170,553
Professional Fees	54,056	91,751	7,676	18,890	50,291	5,745	233,866	-	100,732	-	563,007	21,363	-	3,960	30,765	-	5,422	624,517	637,295
Occupancy	48,350	5,376	-	72,408	97,461	18,531	14,459	11,508	81,730	(3,905)	345,918	18,832	2,163	-	-	-	13,072	379,985	212,303
Office Supplies, Printing and Postage	4,058	3,999	941	5,335	9,626	1,489	1,872	-	261,351	-	288,671	10,224	-	12,145	-	-	1,087	312,127	151,101
Depreciation Expense	7,733	3,219	-	5,868	22,655	3,683	1,328	1,291	24,105	-	69,882	4,940	-	228,289	-	-	2,847	305,958	256,626
Contributed Services	18,311	106,043	-	57,402	56,393	-	977	-	-	-	239,126	20,000	-	-	-	-	-	259,126	220,339
Food Services	43,216	1,047	-	76,457	116,206	3,395	930	56	-	-	241,307	1,589	-	-	-	-	490	243,386	249,920
Heating, Cooling and Water	16,575	3,093	-	55,045	82,567	15,640	3,378	-	-	-	176,298	2,156	3,313	-	-	-	15,899	197,666	178,029
Miscellaneous	4,903	-	-	230	939	1,414	2,015	2,500	82,279	-	94,280	548,486	-	554	377	(487,170)	2,126	158,653	54,055
Telephone	13,505	2,409	986	9,990	16,654	5,484	729	56	61,632	-	111,445	12,322	399	-	429	-	3,435	128,030	89,662
Insurance	10,129	4,168	4,273	19,120	38,775	3,724	4,168	4,602	20,012	-	108,971	7,942	3,656	-	1,446	-	2,626	124,641	147,165
Travel and Mileage	7,005	75	-	5,487	9,551	1,953	31	-	75,078	-	99,180	954	-	20	-	-	1,043	101,197	70,856
Children's Personal Expenses	13,677	477	153	34,620	43,933	4,301	378	449	-	-	97,988	-	-	-	-	-	-	97,988	66,493
Conferences and Workshops	10,950	8,187	4,107	12,545	23,086	3,943	14,252	5,178	-	-	82,248	11,272	-	2,609	-	-	1,506	97,635	152,178
Event Expenses	-	-	-	362	543	-	-	-	-	-	905	-	132	-	80,161	-	-	81,198	62,912
Computer Services and Equipment	7,555	3,342	154	8,543	15,631	999	8,400	1,559	-	-	46,183	22,973	-	-	-	-	738	69,894	63,008
Contract Labor	13,516	3,578	-	-	-	4,373	-	16,424	-	-	37,891	12,721	-	-	-	-	5,640	56,252	62,763
Automotive Expenses	14,284	6	-	6,682	17,078	1,470	6	-	-	-	39,526	-	89	-	-	-	544	40,159	29,192
Supplies - Housekeeping	10,099	269	-	10,714	16,489	386	1,275	-	-	-	39,232	101	-	-	-	-	398	39,731	38,128
Employee Recruitment and Other	1,968	1,157	996	3,805	6,533	302	605	296	-	-	15,662	15,349	-	13	-	-	111	31,135	20,754
Contributed Goods/Equipment	1,843	999	-	2,144	4,398	713	416	-	-	-	10,513	708	-	17,450	-	-	-	28,671	36,928
Rent	-	-	-	-	-	-	-	-	-	-	-	21,093	-	-	-	-	-	21,093	-
Instructional Materials	-	-	-	-	-	-	-	-	9,070	-	9,070	-	-	-	-	-	-	9,070	5,797
USDA Commodities	-	-	-	2,717	4,189	-	-	-	-	-	6,906	-	-	-	-	-	-	6,906	6,492
Membership Dues	1,579	30	50	726	1,329	100	-	-	360	-	4,174	549	-	550	-	170	-	5,443	7,005
Recreational Equipment	866	29	-	1,183	1,910	-	38	-	-	-	4,026	-	-	-	-	-	-	4,026	18,493
Public Relations	-	-	-	-	-	-	500	-	-	-	500	510	-	600	-	-	-	1,610	3,021
Interest	-	-	-	-	-	7	-	-	-	-	7	8,119	-	-	(7,501)	-	-	625	-
<b>TOTAL OPERATING EXPENSES</b>	<b>\$1,367,885</b>	<b>\$ 601,658</b>	<b>\$ 439,209</b>	<b>\$ 1,653,162</b>	<b>\$ 2,834,368</b>	<b>\$ 310,021</b>	<b>\$ 635,828</b>	<b>\$ 74,295</b>	<b>\$ 3,040,490</b>	<b>\$ (3,905)</b>	<b>\$ 10,953,011</b>	<b>\$ 1,413,373</b>	<b>\$ 11,087</b>	<b>\$ 232,803</b>	<b>\$ 406,159</b>	<b>\$ (494,671)</b>	<b>\$ 185,616</b>	<b>\$ 12,707,378</b>	<b>\$ 10,011,068</b>

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, 2018 and 2017**

	2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Increase in Net Assets from Operations	\$ 1,361,988	\$ 237,730
Adjustments to Reconcile Net Change to Net Cash		
Provided by Operations:		
Depreciation	305,958	256,626
Gain on Investments	(47,336)	(100,431)
Gain on Sale of Assets	(104,463)	(117,689)
(Increase) Decrease in Assets:		
Due from State	(193,927)	(182,088)
Accounts Receivable	(73,958)	586,657
Prepaid Expenses	(65,846)	(17,159)
Increase (Decrease) in Liabilities:		
Accounts Payable	63,903	(34,841)
Accrued Expenses	114,100	67,802
Other Liabilities	-	15
Deferred Revenue	(3,200)	1,900
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,357,219</b>	<b>698,522</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of Property and Equipment	(870,763)	(1,235,211)
Purchase of Investments, net	(46,102)	(17,859)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(916,865)</b>	<b>(1,253,070)</b>
<b>NET INCREASE (DECREASE) IN CASH FLOWS</b>	<b>440,354</b>	<b>(554,548)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>1,257,671</b>	<b>1,812,219</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 1,698,025</b>	<b>\$ 1,257,671</b>
<b><u>SUPPLEMENTAL DISCLOSURES</u></b>		
Interest Paid	<b>\$ 625</b>	<b>\$ -</b>

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 FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**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, 2018 and 2017 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 FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**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 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 FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**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 \$9,027 and \$8,828 for the years ended June 30, 2018 and 2017, respectively. All dividends and interest are reported as investment income, net in the accompanying statement of activities.

**Expense 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 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 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, 2018, the tax years that remain subject to examination by taxing authorities begin with 2015.

**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, 2019. 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 have early adopted this new pronouncement effective July 1, 2017, and the prior year presentation is conformed.

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)**

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. Investment income, which was previously presented gross for the year ended June 30, 2017, is reflected net of investment fees in the statement of activities. Furthermore, reclassifications were made due to the adoption of Accounting Standards Update 2016-14, as discussed above, which requires two classifications of net assets from the previously reported three classes. Net assets previously classified at June 30, 2017 as "unrestricted" are now classified as "without donor restrictions". Net assets previously classified as "temporarily restricted" are now classified as "with donor restrictions". The reclassifications had no effect on the previously reported change in net assets.

**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, 2018 and 2017.

Investments were as follows at June 30:

	<b>2018</b>		<b>2017</b>	
	<b>Market Value</b>	<b>Cost Basis</b>	<b>Market Value</b>	<b>Cost Basis</b>
Equity Securities	\$ 671,874	\$ 596,323	\$ 787,946	\$ 583,291
Certificates of Deposit	258,742	260,000	45,219	45,000
Municipal Bonds and Notes	24,503	25,000	25,143	25,000
Equity Mutual Funds	71,645	73,266	178,861	243,521
Exchange-Traded Funds	28,402	9,484	-	-
Commodity	-	-	4,603	5,238
U.S. Treasury Bonds	24,773	24,748	-	-
Corporate Bonds	322,019	325,502	266,748	266,386
<b>Total Investments</b>	<b>\$ 1,401,958</b>	<b>\$ 1,314,323</b>	<b>\$ 1,308,520</b>	<b>\$ 1,168,436</b>

Investment income, net for the years ended June 30, 2018 and 2017 consists of total interest and dividends from all banking and investment accounts, including net income from the real estate trust, for a total of \$34,263 and \$28,574, respectively.

Net gain/(loss) on investments includes the realized gain/(loss) from the sale of investments and the unrealized gain/(loss) from the change in fair market value of investments in relation to the carrying value. For the year ended June 30, 2018, the net gain of \$47,336 resulted from a realized gain of \$18,718 and an unrealized gain of \$28,618. For the year ended June 30, 2017, the net gain of \$100,431 resulted from a realized gain of \$9,609 and an unrealized gain of \$90,822.

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**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. The limit insured by the FDIC is \$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, 2018 and 2017, the District had no uninsured cash and investment balances.

The Company maintains its cash balances at several banks. However, it maintains significant cash and investment balances at one financial institution that are not insured by the FDIC or Securities Investor Protection Corporation. At June 30, 2018 and 2017, the Company's uninsured cash and investment balances totaled \$1,755,643 and \$1,505,542, respectively, without regard to reconciling items.

**NOTE 4 - FIXED ASSETS**

Fixed assets consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 485,546	\$ 485,546
Buildings	6,155,893	5,409,175
Construction in Progress	-	-
Modular Classrooms	417,374	417,374
Improvements	2,989,637	3,003,760
Software	146,225	146,225
Transportation Equipment	574,281	619,032
Furniture and Equipment	388,481	327,617
	<u>11,157,437</u>	<u>10,408,729</u>
Less: Accumulated Depreciation	<u>(5,498,033)</u>	<u>(5,297,081)</u>
Total Fixed Assets, Net	<u>\$ 5,659,404</u>	<u>\$ 5,111,648</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$305,958 and \$256,626, respectively.

**NOTE 5 - DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS**

During the fiscal years ended June 30, 2018 and 2017, 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 6 - 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, 2018 and 2017, lease expense was \$3,905 and \$43,391, respectively.

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**NOTE 6 - RELATED PARTY TRANSACTIONS (continued)**

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 \$15,265 and \$-0- from the District for miscellaneous expenses as of June 30, 2018 and 2017, respectively. The Foundation had a receivable of \$3,616 and \$-0- from the District for rent as of June 30, 2018 and 2017, respectively. Additionally, the Foundation had a receivable of \$7,928 and \$120 from the Company for interest and miscellaneous expenses as of June 30, 2018 and 2017, respectively.

The Company entered into a loan agreement with the Foundation for \$115,766 in 2013 to complete the Burdick Community Center kitchen. Interest is based on a 4% APR, and the loan term is 10 years. Additionally, the Foundation paid off the Company's line of credit loan during the year ended June 30, 2016. During the year ended June 30, 2017, the Foundation forgave the loan amount of \$259,762 due from the Company, which was the balance at the time of the loan forgiveness. Total interest paid by the Company to the Foundation was \$7,501 and \$12,379 for the years ended June 30, 2018 and 2017, 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 \$-0- and \$50,000 on this loan as of June 30, 2018 and 2017, respectively.

During the year ended June 30, 2017, the Company transferred land, buildings, and improvements to the Foundation at the net book value of \$4,347,632. During the year ended June 30, 2018, the Company transferred additional buildings and improvements to the Foundation at the net book value of \$687,595.

**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, 2018, total volunteer hours logged by these individuals amounted to 9,608 hours, and are valued at \$259,806 for the various programs. For the year ended June 30, 2017, total volunteer hours logged by these individuals amounted to 9,352 hours, and are valued at \$220,339 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 \$23,709 and \$23,372 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 amounted to 4,445 and 3,973, respectively.



**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2018</u>	<u>2017</u>
Michael Gibbons Fund: Children's Special Activities	\$ 53,238	\$ 53,359
Old Bridge Shelter Renovation	94,364	170,000
New Bridge Shelter Construction	-	72,489
Medical Furnishings for New Bridge Shelter	-	4,645
Gala	43,000	58,625
Clothing for Meadowland, Bridge, and Turning Point	-	6,000
Post-Construction Furnishings for New Bridge Shelter	-	37,626
Psych Program	-	25,000
Turning Point Blue House Renovation	14,084	-
Labrynth ML	4,392	-
Medical Supplies	42,878	56,299
Special Program Activities	9,652	27,938
Music Room	-	425
Future School Building	66,175	20,000
Foundation School Program Act Revenues	<u>1,272,304</u>	<u>1,088,102</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,600,087</u>	<u>\$ 1,620,508</u>

**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.

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**NOTE 9 - PENSION PLAN OBLIGATIONS (continued)**

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

Total Plan Assets - \$165,379,342,000  
 Accumulated Benefit Obligations - \$181,753,000,000  
 The plan is 80.5% 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, 2018 and 2017 were \$41,262 and \$29,962, respectively, which include \$15,811 in Non-OASDI participating surcharges. 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 an operating lease that expires in June 2019. In January 2018, the Company entered into a lease for office space that expires on December 31, 2018. The District leases copiers under an operating lease that expires in September 2019. Furthermore, the District also has a lease for office space that expires in June 2020. Total lease expense for the years ended June 30, 2018 and 2017 was \$76,574 and \$30,928, respectively.

Future lease payments under existing agreements are as follows:

Years Ending June 30,	
2019	\$ 68,331
2020	19,761
Total	<u>\$ 88,092</u>

**NOTE 11 - SUBSEQUENT EVENTS**

Roy Maas' Youth Alternatives, Inc. and its affiliates have evaluated subsequent events through October 28, 2018, 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:

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**NOTE 12 - FUNDING FROM GOVERNMENT SOURCES (continued)**

	<u>2018</u>	<u>2017</u>
Unit Rate Contract Funding:		
Medicaid/Health Services	\$ 303,150	\$ 275,580
Bexar County Juvenile Probation	135,000	166,500
Other County Juvenile Probation	196,845	61,119
City of San Antonio	7,336	27,151
Texas Department of State Health Services	233,372	349,408
Texas Department of Family and Protective Services	5,144,677	4,472,711
Office of the Governor	88,840	23,393
Other	2,019	2,272
	<u>6,111,239</u>	<u>5,378,134</u>
Grant Funding		
U.S. Department of Agriculture	140,174	149,278
U.S. Department of Agriculture Commodities	6,607	6,139
U.S. Department of Health and Human Services	400,618	399,176
U.S. Department of Veteran Affairs	413,629	-
Texas Education Agency	3,218,503	1,976,888
	<u>4,179,531</u>	<u>2,531,481</u>
Total Government Support	<u>\$ 10,290,770</u>	<u>\$ 7,909,615</u>

**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.

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

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

	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and Cash Equivalents	\$ 1,698,025	\$ 1,698,025	\$ 1,257,671	\$ 1,257,671
Due from State	\$ 606,106	\$ 606,106	\$ 412,179	\$ 412,179
Accounts Receivable	\$ 684,136	\$ 684,136	\$ 610,298	\$ 610,298
Prepaid Expenses	\$ 192,881	\$ 192,881	\$ 127,035	\$ 127,035
Financial liabilities:				
Accounts Payable	\$ 247,297	\$ 247,297	\$ 183,514	\$ 183,514
Accrued Expenses	\$ 502,979	\$ 502,979	\$ 388,879	\$ 388,879
Other Liabilities	\$ 334	\$ 334	\$ 334	\$ 334
Deferred Revenue	\$ -	\$ -	\$ 3,200	\$ 3,200

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).

**NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Company and its affiliates have approximately \$2,039,528 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. This consists of cash and cash equivalents of \$1,698,025, receivables of \$1,290,242, and investments of \$1,401,958, net of current liabilities of \$750,610 and donor-restricted funds of \$1,600,087 as of year-end. The Company and its affiliates have a goal to maintain financial assets on hand to meet at least 60 days of normal operating expenses which are, on average, approximately \$1,009,000 per month, given full programmatic expenditures.

## **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, 2018**  
**(with comparative totals for 2017)**

	<b>2018</b>				<b>Total</b>	<b>2017 Total</b>
	<b>Roy Maas' Youth Alternatives, Inc.</b>	<b>Roy Maas' Youth Alternatives Foundation</b>	<b>Meadowland Charter District</b>	<b>Eliminating Entries</b>		
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 706,089	\$ 205,181	\$ 786,755	\$ -	<b>\$ 1,698,025</b>	\$ 1,257,671
Due from State	-	-	606,106	-	<b>606,106</b>	412,179
Accounts Receivable	699,401	11,544	-	(26,809)	<b>684,136</b>	610,178
Prepaid Expenses	181,305	-	11,576	-	<b>192,881</b>	127,035
Total Current Assets	<u>1,586,795</u>	<u>216,725</u>	<u>1,404,437</u>	<u>(26,809)</u>	<u><b>3,181,148</b></u>	<u>2,407,063</u>
<b>LONG-TERM ASSETS</b>						
Investments	-	1,401,958	-	-	<b>1,401,958</b>	1,308,520
Land, Buildings, Improvements and Equipment, net	339,727	5,319,677	121,512	-	<b>5,780,916</b>	5,111,648
Total Long-Term Assets	<u>339,727</u>	<u>6,721,635</u>	<u>121,512</u>	<u>-</u>	<u><b>7,182,874</b></u>	<u>6,420,168</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 1,926,522</b></u>	<u><b>\$ 6,938,360</b></u>	<u><b>\$ 1,525,949</b></u>	<u><b>\$ (26,809)</b></u>	<u><b>\$ 10,364,022</b></u>	<u><b>\$ 8,827,231</b></u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	\$ 250,593	\$ 344	\$ 23,169	\$ (26,809)	<b>\$ 247,297</b>	\$ 183,394
Accrued Expenses	327,912	-	175,067	-	<b>502,979</b>	388,879
Other Liabilities	-	-	334	-	<b>334</b>	334
Deferred Revenue	-	-	-	-	<b>-</b>	3,200
<b>TOTAL LIABILITIES</b>	<u>578,505</u>	<u>344</u>	<u>198,570</u>	<u>(26,809)</u>	<u><b>750,610</b></u>	<u>575,807</u>
<b>NET ASSETS</b>						
Without Donor Restrictions:						
Undesignated	831,481	6,871,841	55,075	-	<b>7,758,397</b>	6,071,749
Designated	254,928	-	-	-	<b>254,928</b>	559,167
Total Without Donor Restrictions	<u>1,086,409</u>	<u>6,871,841</u>	<u>55,075</u>	<u>-</u>	<u><b>8,013,325</b></u>	<u>6,630,916</u>
With Donor Restrictions:						
Time/Purpose Restricted	261,608	66,175	1,272,304	-	<b>1,600,087</b>	1,620,508
Total With Donor Restrictions	<u>261,608</u>	<u>66,175</u>	<u>1,272,304</u>	<u>-</u>	<u><b>1,600,087</b></u>	<u>1,620,508</u>
<b>TOTAL NET ASSETS</b>	<u>1,348,017</u>	<u>6,938,016</u>	<u>1,327,379</u>	<u>-</u>	<u><b>9,613,412</b></u>	<u>8,251,424</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 1,926,522</b></u>	<u><b>\$ 6,938,360</b></u>	<u><b>\$ 1,525,949</b></u>	<u><b>\$ (26,809)</b></u>	<u><b>\$ 10,364,022</b></u>	<u><b>\$ 8,827,231</b></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, 2018**  
**(with comparative totals for 2017)**

	2018					2017
	Roy Maas' Youth Alternatives, Inc.	Roy Maas' Youth Alternatives Foundation	Meadowland Charter District	Eliminating Entries	Total	Total
<b><u>OPERATING SUPPORT AND REVENUE</u></b>						
Government Funding	\$ 7,072,267	\$ -	\$ 3,218,503	\$ -	\$ 10,290,770	\$ 7,909,615
Grants and Contributions - General	2,425,791	52,000	4,826	-	2,482,617	939,028
United Way	446,562	-	-	-	446,562	502,350
Contributed Services	259,806	-	-	-	259,806	220,339
Special Event Income	179,009	-	-	-	179,009	191,406
Sales - Thrift Shop	172,920	-	-	-	172,920	168,950
Net Gain on Sale of Assets	1,001	103,462	-	-	104,463	117,689
Net Gain on Investments	35,065	12,271	-	-	47,336	100,431
Investment Income, net	7,912	26,351	-	-	34,263	28,574
Contributed Goods/Equipment/Fixed Assets	23,709	-	-	-	23,709	23,372
Self Referral and Other Program Fees	19,403	-	-	-	19,403	43,080
Other Income	8,508	494,671	-	(494,671)	8,508	3,964
Rental Income	-	3,905	-	(3,905)	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>10,651,953</b>	<b>692,660</b>	<b>3,223,329</b>	<b>(498,576)</b>	<b>14,069,366</b>	<b>10,248,798</b>
<b><u>OPERATING EXPENSES</u></b>						
Program Services	7,916,426	-	3,040,490	(3,905)	10,953,011	8,647,880
Supporting Services:						
General Management	1,413,373	-	-	(494,671)	918,702	701,574
Fundraising	406,159	-	-	-	406,159	388,254
Burdick Center	11,087	-	-	-	11,087	48,312
RMYA Foundation	-	232,803	-	-	232,803	47,786
Thrift Shop	185,616	-	-	-	185,616	177,262
<b>TOTAL OPERATING EXPENSES</b>	<b>9,932,661</b>	<b>232,803</b>	<b>3,040,490</b>	<b>(498,576)</b>	<b>12,707,378</b>	<b>10,011,068</b>
<b>CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY</b>	<b>719,292</b>	<b>459,857</b>	<b>182,839</b>	<b>-</b>	<b>1,361,988</b>	<b>237,730</b>
<b><u>NON-OPERATING ACTIVITY</u></b>						
Transfer of Land, Buildings, and Improvements	(687,595)	687,595	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	<b>31,697</b>	<b>1,147,452</b>	<b>182,839</b>	<b>-</b>	<b>1,361,988</b>	<b>237,730</b>
<b>NET ASSETS, Beginning of Year</b>	<b>1,316,320</b>	<b>5,790,564</b>	<b>1,144,540</b>	<b>-</b>	<b>8,251,424</b>	<b>8,013,694</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 1,348,017</b>	<b>\$ 6,938,016</b>	<b>\$ 1,327,379</b>	<b>\$ -</b>	<b>\$ 9,613,412</b>	<b>\$ 8,251,424</b>

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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>REVENUES:</b>		
Sales Revenue	<u>\$ 172,920</u>	<u>\$ 168,950</u>
<b>TOTAL REVENUES</b>	<u><b>172,920</b></u>	<u><b>168,950</b></u>
<b>EXPENSES:</b>		
Salaries	106,859	90,603
Employee Benefits	13,345	13,530
Payroll Taxes	<u>8,258</u>	<u>7,986</u>
	<u>128,462</u>	<u>112,119</u>
Heating, Cooling and Water	15,899	10,174
Occupancy	13,072	9,182
Contract Labor	5,640	8,787
Professional Fees	5,422	8,448
Telephone	3,435	3,580
Depreciation Expense	2,847	7,756
Insurance	2,626	3,624
Miscellaneous	2,126	4,259
Conferences and Workshops	1,506	2,828
Office Supplies, Printing and Postage	1,087	1,201
Travel and Mileage	1,043	549
Computer Services and Equipment	738	2,208
Automotive Expenses	544	1,293
Food Services	490	208
Supplies - Housekeeping	398	605
Membership Dues	170	122
Employee Recruitment and Other	111	305
Public Relations	<u>-</u>	<u>14</u>
<b>TOTAL EXPENSES</b>	<u><b>185,616</b></u>	<u><b>177,262</b></u>
<b>NET LOSS</b>	<u><u><b>\$ (12,696)</b></u></u>	<u><u><b>\$ (8,312)</b></u></u>

See independent auditor's report.



# **SPECIFIC-PURPOSE FINANCIAL STATEMENTS**

**MEADOWLAND CHARTER DISTRICT**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 786,755	\$ 713,531
Due from State	606,106	412,179
Prepaid Expenses	11,576	30,992
Total Current Assets	1,404,437	1,156,702
<b>LONG-TERM ASSETS</b>		
Property and Equipment, net	121,512	126,262
Total Long-Term Assets	121,512	126,262
<b>TOTAL ASSETS</b>	<b>\$ 1,525,949</b>	<b>\$ 1,282,964</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 23,169	\$ 5,362
Accrued Expenses	175,067	132,728
Other Liabilities	334	334
<b>TOTAL LIABILITIES</b>	<b>198,570</b>	<b>138,424</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	55,075	56,438
With Donor Restrictions	1,272,304	1,088,102
<b>TOTAL NET ASSETS</b>	<b>1,327,379</b>	<b>1,144,540</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,525,949</b>	<b>\$ 1,282,964</b>

See independent auditor's report.

**MEADOWLAND CHARTER DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for 2017)**

	<b>2018</b>		<b>Total</b>	<b>2017 Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		
<b><u>OPERATING REVENUES AND OTHER SUPPORT</u></b>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 4,826	\$ -	\$ 4,826	\$ 2,025
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	2,486,590	2,486,590	1,312,743
5811 Per Capita Apportionment	-	16,248	16,248	35,185
5820 State Program Revenues Distributed by TEA	-	217,858	217,858	313,532
Total State Program Revenues	-	2,720,696	2,720,696	1,661,460
Federal Program Revenues:				
5920 Federal Revenues Distributed by TEA	-	497,807	497,807	315,428
Total Federal Program Revenues	-	497,807	497,807	315,428
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	3,034,301	(3,034,301)	-	-
<b>TOTAL OPERATING REVENUES AND OTHER SUPPORT</b>	<b>3,039,127</b>	<b>184,202</b>	<b>3,223,329</b>	<b>1,978,913</b>
<b><u>OPERATING EXPENSES</u></b>				
11 Instruction	1,721,853	-	1,721,853	867,718
13 Curriculum Development and Instructional Staff Development	99,119	-	99,119	254,029
21 Instructional Leadership	1,722	-	1,722	131,703
23 School Leadership	542,985	-	542,985	307,418
31 Guidance, Counseling, and Evaluation Services	98,251	-	98,251	89,994
33 Health Services	3,209	-	3,209	4,246
34 Transportation	9,923	-	9,923	9,713
36 Extracurricular Activities	9,918	-	9,918	6,595
41 General Administration	274,057	-	274,057	150,332
51 Plant Maintenance and Operations	200,508	-	200,508	136,447
53 Data Processing Services	36,748	-	36,748	35,809
61 Community Services	42,197	-	42,197	1,818
<b>TOTAL OPERATING EXPENSES</b>	<b>3,040,490</b>	<b>-</b>	<b>3,040,490</b>	<b>1,995,822</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,363)</b>	<b>184,202</b>	<b>182,839</b>	<b>(16,909)</b>
<b>NET ASSETS, Beginning of Year</b>	<b>56,438</b>	<b>1,088,102</b>	<b>1,144,540</b>	<b>1,161,449</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 55,075</b>	<b>\$ 1,272,304</b>	<b>\$ 1,327,379</b>	<b>\$ 1,144,540</b>

See independent auditor's report.

**MEADOWLAND CHARTER DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Foundation School Program and Per Capita Apportionment Payments	<b>\$ 2,286,574</b>	\$ 1,355,164
Grant Payments	<b>738,002</b>	437,085
Miscellaneous Sources	<b>4,826</b>	4,576
Payments to Vendors for Goods and Services Rendered	<b>(849,847)</b>	(748,798)
Payments to Charter School Personnel for Services Rendered	<b>(2,086,976)</b>	(1,234,076)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>92,579</b>	(186,049)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of Property and Equipment	<b>(19,355)</b>	(58,737)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(19,355)</b>	(58,737)
<b>NET INCREASE (DECREASE) IN CASH FLOWS</b>	<b>73,224</b>	(244,786)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>713,531</b>	958,317
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 786,755</b>	\$ 713,531
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Change in Net Assets	<b>\$ 182,839</b>	\$ (16,909)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	<b>24,105</b>	19,234
(Increase) Decrease in Assets:		
Due from State	<b>(193,927)</b>	(182,088)
Prepaid Expenses	<b>19,416</b>	(24,850)
Increase (Decrease) in Liabilities:		
Accounts Payable	<b>17,807</b>	(12,546)
Accrued Expenses	<b>42,339</b>	31,095
Other Liabilities	<b>-</b>	15
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 92,579</b>	\$ (186,049)

See independent auditor's report.

**MEADOWLAND CHARTER DISTRICT**  
**SCHEDULE OF EXPENSES**  
**For the Years Ended June 30, 2018 and 2017**

	<b>2018</b>	2017
<b>OPERATING EXPENSES</b>		
6100 Payroll Costs	<b>\$ 2,324,141</b>	\$ 1,385,325
6200 Professional and Contracted Services	<b>232,914</b>	367,474
6300 Supplies and Materials	<b>284,087</b>	144,746
6400 Other Operating Costs	<b>199,348</b>	98,277
	<b>\$ 3,040,490</b>	\$ 1,995,822
	<b>\$ 3,040,490</b>	\$ 1,995,822

See independent auditor's report.

**MEADOWLAND CHARTER DISTRICT**  
**SCHEDULE OF CAPITAL ASSETS**  
**June 30, 2018**

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	\$ 55,075	\$ 731,680	\$ -
1520 Buildings and Improvements	-	129,445	-
1530 Furniture, Equipment, and Vehicles	-	54,194	-
Total Capital Assets	<u>\$ 55,075</u>	<u>\$ 915,319</u>	<u>\$ -</u>

See independent auditor's report.

**MEADOWLAND CHARTER DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES AND OTHER SUPPORT</b>				
Local Support:				
5740 Other Revenues from Local Sources	\$ -	\$ -	\$ 4,826	\$ 4,826
Total Local Support	-	-	4,826	4,826
State Program Revenues:				
5810 Foundation School Program Act Revenues	2,321,926	2,446,757	2,486,590	39,833
5811 Per Capita Apportionment	17,267	17,267	16,248	(1,019)
5820 State Program Revenues Distributed by TEA	291,811	291,811	217,858	(73,953) <sup>(1)</sup>
Total State Program Revenues	2,631,004	2,755,835	2,720,696	(35,139)
Federal Program Revenues:				
5920 Federal Revenues Distributed by TEA	456,634	456,634	497,807	41,173
Total Federal Program Revenues	456,634	456,634	497,807	41,173
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>3,087,638</b>	<b>3,212,469</b>	<b>3,223,329</b>	<b>10,860</b>
<b>EXPENSES</b>				
11 Instruction	1,819,813	1,837,051	1,721,853	115,198
13 Curriculum Development and Instructional Staff Development	134,676	132,270	99,119	33,151
21 Instructional Leadership	19,142	2,042	1,722	320
23 School Leadership	469,431	603,926	542,985	60,941
31 Guidance, Counseling, and Evaluation Services	108,232	106,029	98,251	7,778
33 Health Services	500	4,250	3,209	1,041
34 Transportation	10,600	10,600	9,923	677
35 Food Services	1,000	1,000	-	1,000
36 Extracurricular Activities	26,560	13,236	9,918	3,318
41 General Administration	306,920	295,913	274,057	21,856
51 Plant Maintenance and Operations	215,125	248,518	200,508	48,010
52 Security and Monitoring	2,400	2,000	-	2,000
53 Data Processing Services	36,279	37,621	36,748	873
61 Community Services	67,802	67,206	42,197	25,009
<b>TOTAL EXPENSES</b>	<b>3,218,480</b>	<b>3,361,662</b>	<b>3,040,490</b>	<b>321,172</b>
<b>CHANGE IN NET ASSETS</b>	<b>(130,842)</b>	<b>(149,193)</b>	<b>182,839</b>	<b>332,032</b>
<b>NET ASSETS, Beginning of Year</b>	<b>1,102,065</b>	<b>1,069,283</b>	<b>1,144,540</b>	<b>-</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 971,223</b>	<b>\$ 920,090</b>	<b>\$ 1,327,379</b>	<b>\$ 332,032</b>

(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 through October 2018.

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, 2018**

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<b>U.S. Department of Health and Human Services:</b>			
Transitional Living for Homeless Youth	93.550	90CX699605	\$ 200,000
Administration for Children and Families Basic Center Grant - Runaway and Homeless Youth	93.623	90CY681101/90CY681102	200,618
Medical Assistance Program	93.778	0801037-01	303,150
<i>Total U.S. Department of Health and Human Services</i>			<u>703,768</u>
<b>U.S. Department of Agriculture:</b>			
Pass-Through Texas Department of Agriculture: School Breakfast Program and National School Lunch Program	10.553-10.555	01310	122,916
School Breakfast Program and National School Lunch Program: Equipment Assistance Grant	10.579	6TX300355	17,259
<i>Total U.S. Department of Agriculture</i>			<u>140,175</u>
<b>U.S. Department of Education:</b>			
Pass-Through Texas Education Agency: Title I, Part A - Grants to Local Educational Agencies, Improving Basic Programs	84.010A	18610101130801	103,950
Title II, Part A - Supporting Effective Instruction	84.367A	18680101130801	619
Special Education: Grants to States	84.027A	N/A	16,518
Rural Education Achievement Program	84.358A	S358A172864	12,591
Texas Title I Priority Schools Grant	84.377A	166107307110006	360,078
Title IV, Part A Subpart 1	84.424A	18680101130801	4,051
<i>Total U.S. Department of Education</i>			<u>497,807</u>
<b>U.S. Department of Justice:</b>			
Children Without Placement Intensive Crisis & Assessment Center	16.575	3430001	95,059
Counseling & Psychiatric Services for Children & Youth	16.575	3267101	128,513
Pass-Through Bexar County Juvenile Board: Building Capacity - Drop-In Program	16.575	3250701	285,116
<i>Total U.S. Department of Justice</i>			<u>508,688</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>1,850,438</u>
<b>Texas Education Agency:</b>			
Educator Excellence Innovation Program	N/A	170291177110007	215,256
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u>215,256</u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<u>\$ 2,065,694</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, 2018**

**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, 2018.

Amount received per TEA as of August 31, 2018:	\$ 552,771
Less amounts received in July/August 2018:	(159,794)
Plus expenses incurred not reimbursed at FYE 6/30/18:	172,385
Less amounts received in FYE 06/30/18 for expenses incurred in FYE 6/30/17:	<u>(67,555)</u>
Amounts recorded as 5920 Federal Revenue from TEA for the FYE 6/30/18:	<u>\$ 497,807</u>

**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 financial statements of Roy Maas' Youth Alternatives, Inc. and its affiliates (nonprofit organizations), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the 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 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.

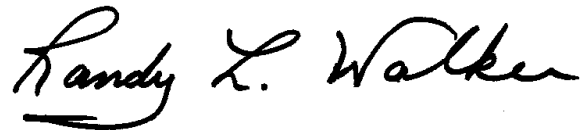
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

San Antonio, Texas  
October 28, 2018

**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, 2018. 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, 2018.

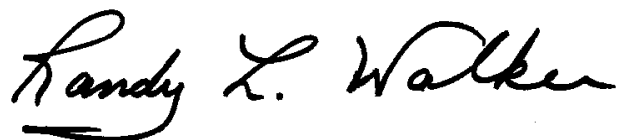
**Report on Internal Control Over Compliance**

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. However, material weaknesses 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, 2018

**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, 2018**

**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*

16.575 Victims of Crime Act Formula Grant Program	
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, 2018**

I. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

None

II. PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None