

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

**CONSOLIDATED FINANCIAL STATEMENTS WITH
COMPLIANCE AND SINGLE AUDIT REPORTING
JUNE 30, 2015 AND 2014**

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

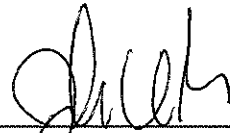
Federal Employer Identification Number: 74-1914638

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, 2015, at a meeting of the Board of Trustees of such charter holder on the 23 day of November 2015.



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)

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
FINANCIAL STATEMENTS WITH COMPLIANCE
AND SINGLE AUDIT REPORTING
June 30, 2015 and 2014

TABLE OF CONTENTS

Independent Auditor's Report	1-2
<i>Financial Statements:</i>	
Consolidated Statements of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Financial Statements	7-15
 <i>Supplemental Information Section:</i>	
Consolidating Statement of Financial Position	16
Consolidating Statement of Activities	17
Schedule of Thrift shop Revenues and Expenses	18
 <i>Specific-Purpose Financial Statement Section:</i>	
Statements of Financial Position	19
Statement of Activities	20
Statements of Cash Flows	21
Schedule of Expenses	22
Schedule of Capital Assets	23
Budgetary Comparison Schedule	24
 <i>Financial Awards Section:</i>	
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
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>	27-28
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	29-30
Schedule of Findings and Questioned Costs	31-32
Schedule of Prior Year Audit Findings and Questioned Costs	33

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Roy Maas' Youth Alternatives, Inc. and its affiliates (non-profit organizations) as of June 30, 2015 and 2014, and the related consolidated statements of activities (with comparative totals for 2014), functional expenses (with comparative totals for 2014), 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, 2015 and 2014, 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.

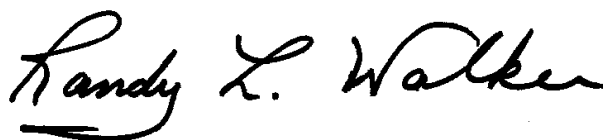
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 16-18 and the accompanying schedule of expenditures of federal awards on page 25, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 November 19, 2015, 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 letter of the first name.

San Antonio, Texas
November 19, 2015

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1,405,803	\$ 1,193,848
Investments	1,561,942	1,534,457
Due from State	270,864	400,168
Accounts Receivable	871,998	460,633
Prepaid Expenses	72,057	108,326
Land, Buildings, Improvements and Equipment, net	3,698,677	3,606,053
TOTAL ASSETS	\$ 7,881,341	\$ 7,303,485
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts Payable	\$ 182,213	\$ 131,416
Accrued Expenses	260,419	260,654
Other Liabilities	2,100	-
Deferred Revenue	2,700	5,000
Line of Credit	228,725	228,725
TOTAL LIABILITIES	676,157	625,795
NET ASSETS		
Unrestricted:		
Undesignated	4,528,463	4,840,498
Designated	559,167	559,167
Total Unrestricted Net Assets	5,087,630	5,399,665
Temporarily Restricted	2,117,554	1,278,025
TOTAL NET ASSETS	7,205,184	6,677,690
TOTAL LIABILITIES AND NET ASSETS	\$ 7,881,341	\$ 7,303,485

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 SCHOOL)
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
(with comparative totals for 2014)

	2015			2014 Total
	Unrestricted	Temporarily Restricted	Total	
<u>SUPPORT AND REVENUE</u>				
Government Funding	\$ 4,927,138	\$ 1,869,036	\$ 6,796,174	\$ 7,585,225
Grants and Contributions - General	582,577	1,109,796	1,692,373	567,688
United Way	421,759	-	421,759	419,197
Special Event Income	141,450	-	141,450	213,176
Sales - Thrift Shop	140,855	-	140,855	165,150
Contributed Goods/Equipment/Fixed Assets	86,092	-	86,092	137,205
Investment Income	53,439	-	53,439	36,421
Contributed Services	45,722	-	45,722	42,248
Insurance Proceeds	40,000	-	40,000	-
Self Referral and Other Program Fees	14,493	-	14,493	3,799
Other Income	6,962	-	6,962	9,478
Contributed Goods/Equipment - Thrift Shop	-	-	-	173,650
Net (Loss) Gain on Sale of Assets	(7,907)	-	(7,907)	11,047
Net (Loss) Gain on Investments	(10,313)	-	(10,313)	159,138
Net Assets Released from Restriction	2,288,303	(2,288,303)	-	-
TOTAL SUPPORT AND REVENUE	8,730,570	690,529	9,421,099	9,523,422
<u>EXPENSES</u>				
Program Services	7,830,073	-	7,830,073	7,383,764
Supporting Services:				
General Management	614,963	-	614,963	531,035
Fundraising	168,612	-	168,612	180,444
Burdick Center	94,843	-	94,843	75,587
RMYA Foundation	42,286	-	42,286	38,836
Thrift Shop	142,828	-	142,828	356,050
TOTAL EXPENSES	8,893,605	-	8,893,605	8,565,716
CHANGE IN NET ASSETS	(163,035)	690,529	527,494	957,706
NET ASSETS, Beginning of Year	5,399,665	1,278,025	6,677,690	5,719,984
NET ASSETS, End of Year	\$ 5,236,630	\$ 1,968,554	\$ 7,205,184	\$ 6,677,690

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 SCHOOL)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
(with comparative totals for 2014)

	Program Services								Supporting Services					Other	2015	2014	
	Bridge Emergency Shelter	San Antonio Counseling Center	MeadowLand Counseling Center	Girlsville/ The Junction	The Meadows	Turning Point	Charter School	Eliminating Entry	Total Program	General Management	Burdick Center	RMYA Foundation	Fund- Raising	Eliminating Entry	Thrift Shop	Total	Total
Salaries	\$ 468,613	\$ 167,028	\$ 282,400	\$ 936,802	\$ 1,836,773	\$ 198,576	\$ 1,243,656	\$ -	\$ 5,133,848	\$ 395,719	\$ -	\$ -	\$ 108,990	\$ -	\$ 77,529	\$ 5,716,086	\$ 5,422,577
Employee Benefits	35,025	16,456	18,998	84,039	135,517	20,129	66,562	-	376,726	22,068	-	-	3,904	-	10,237	412,935	386,698
Payroll Taxes	35,726	13,421	22,075	69,893	140,802	14,504	17,843	-	314,264	34,341	-	-	4,169	-	6,101	358,875	338,901
	<u>539,364</u>	<u>196,905</u>	<u>323,473</u>	<u>1,090,734</u>	<u>2,113,092</u>	<u>233,209</u>	<u>1,328,061</u>	<u>-</u>	<u>5,824,838</u>	<u>452,128</u>	<u>-</u>	<u>-</u>	<u>117,063</u>	<u>-</u>	<u>93,867</u>	<u>6,487,896</u>	<u>6,148,176</u>
Professional Fees	30,724	658	843	2,977	22,062	558	227,868	-	285,690	1,843	-	-	-	250	287,783	256,788	
Food Services	47,225	164	15	68,728	107,997	13,781	-	-	237,910	3,060	600	-	-	48	241,618	221,153	
Depreciation Expense	31,723	3,531	-	33,468	60,212	11,871	4,917	-	145,722	4,307	34,417	27,978	-	4,588	217,012	242,124	
Occupancy	44,163	5,294	27	48,325	62,232	5,128	69,250	(43,391)	191,028	5,837	6,065	-	-	4,455	207,385	185,364	
Office Supplies, Printing and Postage	3,517	1,452	1,107	5,742	12,152	908	149,027	-	173,905	4,966	459	-	-	2,543	181,873	187,812	
Heating, Cooling and Water	18,663	6,184	-	46,937	70,405	12,186	-	-	154,375	2,511	17,016	-	-	6,184	180,086	174,178	
Insurance	13,802	3,066	4,254	23,485	45,911	5,585	28,794	-	124,897	11,577	3,819	-	-	5,509	145,802	135,272	
Telephone	11,388	5,747	2,707	18,696	27,789	6,641	38,359	-	111,327	12,482	900	-	-	5,377	130,086	98,924	
Accounting and Legal Fees	11,127	6,471	6,014	14,869	18,063	6,478	10,191	-	73,213	27,218	-	14,163	-	6,553	121,147	99,784	
Contributed Goods/Equipment	11,324	-	-	22,381	43,004	2,965	-	-	79,674	600	28,274	-	125	-	108,673	301,631	
Travel and Mileage	2,151	246	112	7,058	12,378	2,756	52,080	-	76,781	876	-	-	-	350	78,007	58,834	
Children's Personal Expenses	1,944	8	-	25,909	35,533	8,313	-	-	71,707	481	700	-	-	354	73,242	69,563	
Miscellaneous	1,509	399	232	2,837	5,142	491	34,763	-	45,373	12,790	2,593	145	-	2,681	63,582	47,331	
Computer Services and Equipment	7,967	4,506	987	9,769	16,639	2,524	-	-	42,392	9,574	-	-	-	3,345	55,311	57,696	
Supplies - Housekeeping	12,348	999	-	14,076	21,298	3,218	-	-	51,939	10	-	100	-	919	52,968	47,416	
Contributed Services	4,323	20,578	-	7,470	12,768	583	-	-	45,722	-	-	-	-	-	45,722	42,248	
Contract Labor	8,248	2,210	6,960	3,075	8,407	2,662	-	-	31,562	7,797	-	-	-	3,374	42,733	-	
Legal Claims Expense	-	-	-	-	-	-	-	-	-	40,000	-	-	-	-	40,000	-	
Event Expenses	-	-	-	-	-	-	-	-	-	-	-	37,642	-	-	37,642	62,240	
Public Relations	803	233	333	1,379	2,493	299	-	-	5,540	709	-	13,682	-	481	20,412	36,000	
Conferences and Workshops	2,882	2,665	1,208	3,171	3,708	1,537	-	-	15,171	2,684	-	-	-	1,332	19,187	11,032	
Automotive Expenses	1,952	-	-	3,281	5,556	1,439	-	-	12,228	-	-	-	-	93	12,321	18,738	
Employee Recruitment and Other	1,876	620	140	2,802	4,812	71	-	-	10,321	1,689	-	-	-	300	12,310	19,449	
Membership Dues	946	423	340	867	1,571	160	3,735	-	8,042	2,613	-	-	-	225	10,880	11,951	
Interest	-	-	-	-	-	-	-	-	-	13,210	-	-	-	(4,015)	9,195	12,634	
USDA Commodities	920	-	-	1,859	2,627	-	-	-	5,406	16	-	-	-	-	5,422	7,698	
Instructional Materials	-	-	-	-	-	-	2,777	-	2,777	-	-	-	-	-	2,777	4,153	
Recreational Equipment	-	-	-	1,150	1,383	-	-	-	2,533	-	-	-	-	-	2,533	7,527	
TOTAL EXPENSES	<u>\$ 810,889</u>	<u>\$ 262,359</u>	<u>\$ 348,752</u>	<u>\$ 1,461,045</u>	<u>\$ 2,717,234</u>	<u>\$ 323,363</u>	<u>\$ 1,949,822</u>	<u>\$ (43,391)</u>	<u>\$ 7,830,073</u>	<u>\$ 618,978</u>	<u>\$ 94,843</u>	<u>\$ 42,286</u>	<u>\$ 168,612</u>	<u>\$ (4,015)</u>	<u>\$ 142,828</u>	<u>\$ 8,893,605</u>	<u>\$ 8,565,716</u>

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 SCHOOL)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in Net Assets from Operations	\$ 527,494	\$ 957,706
Adjustments to Reconcile Net Change to Net Cash		
Provided by Operations:		
Depreciation	217,012	242,124
Donated Property	-	(55,000)
Loss (Gain) on Investments	10,313	(159,138)
Loss (Gain) on Sale of Assets	7,907	(11,260)
Decrease (Increase) in Assets:		
Due from State	129,304	(206,208)
Accounts Receivable	(411,365)	9,897
Prepaid Expenses	36,269	(28,925)
Increase (Decrease) in Liabilities:		
Accounts Payable	50,797	12,618
Accrued Expenses	(235)	63,003
Other Liabilities	2,100	-
Deferred Revenue	(2,300)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	567,296	824,817
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from Sale of Assets	-	66,260
Purchases of Property and Equipment	(317,543)	(226,302)
NET CASH USED BY INVESTING ACTIVITIES	(317,543)	(160,042)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Purchase of Investments, net	(37,798)	(138,847)
Payments on Line of Credit	-	(150,000)
NET CASH USED BY FINANCING ACTIVITIES	(37,798)	(288,847)
NET INCREASE IN CASH FLOWS	211,955	375,928
CASH AND CASH EQUIVALENTS, Beginning of Year	1,193,848	817,920
CASH AND CASH EQUIVALENTS, End of Year	\$ 1,405,803	\$ 1,193,848
<u>SUPPLEMENTAL DISCLOSURES</u>		
Interest Paid	\$ 12,310	\$ 12,634

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 SCHOOL)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

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.

The Foundation's and School's financial activity for the years ended June 30, 2015 and 2014 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 three classes of net assets:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Company and its affiliates and/or the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Company and its affiliates. There are no permanently restricted net assets for the years ended June 30, 2015 and 2014, respectively.

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 SCHOOL)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

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 all 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:

Building	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 unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets 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 SCHOOL)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Roy Maas' Youth Alternatives, Inc., Roy Maas' Youth Alternatives Foundation, and MeadowLand Charter School are all exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As of June 30, 2015, the tax years that remain subject to examination by taxing authorities begin with 2012.

Subsequent Events

Roy Maas' Youth Alternatives, Inc. and its affiliates have evaluated subsequent events through November 19, 2015, which is the date the financial statements were available to be issued.

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, 2015 and 2014.

Investments are as follows at June 30:

	2015		2014	
	Market Value	Cost Basis	Market Value	Cost Basis
Liquid Temporary Investments	\$ 3,000	\$ 3,000	\$ 4,531	\$ 4,531
Equity Securities	930,837	843,391	943,043	754,759
Certificates of Deposit	135,644	135,000	90,518	90,000
Equity Mutual Funds	351,648	292,242	410,158	407,227
U.S. Government Backed Mortgage Securities	-	-	20,233	20,330
Corporate Bonds	140,813	141,509	65,974	66,653
Total Investments	\$ 1,561,942	\$ 1,415,142	\$ 1,534,457	\$ 1,343,500

Investment income for the years ended June 30, 2015 and 2014 consists of total interest and dividends from all banking and investment accounts, including net income from the real estate trust, for a total of \$53,439 and \$36,421, respectively.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 - INVESTMENTS (continued)

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, 2015, the net loss of \$10,313 resulted from a realized gain of \$34,233 and an unrealized loss of \$44,546. For the year ended June 30, 2014, the net gain of \$159,138 resulted from a realized gain of \$37,980 and an unrealized gain of \$121,158.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The School 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 School has a Depository Contract with their 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, 2015 and 2014, the School 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, 2015 and 2014, the Company's uninsured cash and investment balances totaled \$1,703,161 and \$1,534,457, respectively, without regard to reconciling items.

NOTE 4 - FIXED ASSETS

Fixed assets consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 470,906	\$ 470,906
Buildings	3,649,037	3,592,517
Construction in Progress	2,000	-
Modular Classrooms	417,374	417,374
Improvements	3,122,196	2,993,254
Software	91,225	91,225
Transportation Equipment	583,159	614,741
Furniture and Equipment	256,517	207,244
Total Fixed Assets	<u>8,592,414</u>	<u>8,387,261</u>
Less: Accumulated Depreciation	<u>(4,893,737)</u>	<u>(4,781,208)</u>
Total Fixed Assets, Net	<u>\$ 3,698,677</u>	<u>\$ 3,606,053</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$217,012 and \$242,124, respectively.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 5 - LINE OF CREDIT

The School has a line of credit agreement with Sonora Bank for \$300,000. The line of credit is collateralized by property. Interest is based on prime rate plus 0.5%. At June 30, 2015 and 2014, the School had no outstanding balance on the line of credit.

In February 2014, the Company entered into a line of credit agreement with Broadway National Bank for \$250,000. The line of credit is collateralized by investments held at the bank up to \$333,000. Interest is based on a variable interest rate with 4% being the minimum per annum and 18% being the maximum. As of June 30, 2015 and 2014, the outstanding balance on the line of credit was \$228,725.

NOTE 6 - DESIGNATED NET ASSETS

During the fiscal years ended June 30, 2015 and 2014, the management of the Company and its affiliates had \$559,167 in unrestricted designated net assets, respectively. The designation of the funds is determined by the Board of Directors.

NOTE 7 - RELATED PARTY TRANSACTIONS

The School entered into a lease agreement with the Foundation in September 2008. In September 2010, the School renegotiated the lease agreement with the Foundation. The monthly lease payments under the agreement are \$3,615.92 per month through August 2018. The School has an additional lease agreement with the Foundation for office space at a monthly payment of \$2,490 through July 2014. For the years ended June 30, 2015 and 2014, lease expense was \$43,391 and \$73,271, respectively. Future lease payments are as follows:

Years ending June 30,		
2016	\$	43,391
2017		43,391
2018		43,391
2019		<u>7,232</u>
Total	\$	<u>137,405</u>

The Company had a receivable of \$11,468 and \$5,663 from the School for miscellaneous expenses as of June 30, 2015 and 2014, respectively. The Foundation had a receivable of \$-0- and \$2,490 from the School for rent as of June 30, 2015 and 2014, respectively.

In May 2011, the Company entered into a line of credit agreement with the Foundation for \$100,000, which was paid off during the year ended June 30, 2014. Interest was based on a 6% Annual Percentage Rate (APR). Additionally, 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. At June 30, 2015 and 2014, the Company had a total outstanding balance of \$94,456 and \$105,324, respectively, on the line of credit and loan. Total interest paid by the Company to the Foundation was \$4,015 and \$6,441 for the years ended June 30, 2015 and 2014, respectively.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 7 - RELATED PARTY TRANSACTIONS (continued)

During the years ended June 30, 2015 and 2014, the Company contributed \$-0- and \$100,000 to the Foundation from its annual gala proceeds.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

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

	2015	2014
Michael Gibbons Fund: Children's Special Activities	\$ 54,359	\$ 54,359
Bridge Shelter Construction	800,000	-
Detention Basin for Meadowland	125,000	-
FY'16 Gala	24,500	-
Bedding	1,230	-
Pool House Repairs	8,464	-
Bridge Emergency Shelter Repairs	-	13,482
Girlsville/Junction Program	-	681
Macia Flooring	-	2,500
Pool Supplies	-	2,975
Medical Supplies	65,007	74,484
Meadowland	-	8,500
Music Room	4,446	5,710
Foundation School Program Act Revenues	1,034,548	1,115,334
 Total Temporarily Restricted Net Assets	 \$ 2,117,554	 \$ 1,278,025

NOTE 9 - 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, 2015, total volunteer hours logged by these individuals amounted to 1,953 hours, and are valued at \$45,722 for the various programs. For the year ended June 30, 2014, total volunteer hours logged by these individuals amounted to 1,775 hours, and are valued at \$42,248 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 \$86,092 and \$137,205 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014 amounted to 1,562 and 1,824, respectively.

In addition, during the year ended June 30, 2014, the Company received a donated house at an appraised value of \$55,000. The house was sold in December 2013, resulting in sales proceeds of \$66,260 and a gain on the sale of \$11,260. There were no similar transactions during the year ended June 30, 2015.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 10 - PENSION PLAN OBLIGATIONS

Plan Description

The School 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 School 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 - \$157,261,707,241
Accumulated Benefit Obligations - \$159,496,075,886
The plan is 83.25% 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 School's covered payroll. The School's contributions to TRS for the years ended June 30, 2015 and 2014 were \$28,031 and \$20,307, respectively, which include \$14,035 and \$-0-, respectively, in Non-OASDI participating surcharges. The School'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 11 - BUDGET AMENDMENT FOR USE OF RESERVES

During the year ended June 30, 2015, the Board of Directors approved a budget amendment for the School in the amount of \$130,000 from fiscal year 2014 reserves in order to expend funds that were approved in the previous fiscal year. The expenditures included capital expenditures and expenditures for supplies and non-capitalized equipment.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

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 is as follows for the years ended June 30:

Unit Rate Contract Funding:	<u>2015</u>	2014
Medicaid/Health Services	\$ 229,895	\$ 245,683
Bexar County Juvenile Probation	189,000	208,384
Other County Juvenile Probation	20,884	60,845
City of San Antonio	27,169	31,010
Texas Department of Family and Protective Services	3,924,235	4,328,143
Other	3,978	4,972
	<u>4,395,161</u>	<u>4,879,037</u>
 Grant Funding		
U.S. Department of Agriculture	128,501	131,964
U.S. Department of Agriculture Commodities	4,989	7,157
U.S. Department of Health and Human Services	398,487	360,838
Texas Education Agency	1,869,036	2,206,229
	<u>2,401,013</u>	<u>2,706,188</u>
 Total Government Support	 <u>\$ 6,796,174</u>	 <u>\$ 7,585,225</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 SCHOOL)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and Cash Equivalents	\$ 1,405,803	\$ 1,405,803	\$ 1,193,848	\$ 1,193,848
Due from State	\$ 270,864	\$ 270,864	\$ 400,168	\$ 400,168
Accounts Receivable	\$ 871,998	\$ 871,998	\$ 460,633	\$ 460,633
Prepaid Expenses	\$ 72,057	\$ 72,057	\$ 108,326	\$ 108,326
Financial liabilities:				
Accounts Payable	\$ 182,213	\$ 182,213	\$ 131,416	\$ 131,416
Accrued Expenses	\$ 260,419	\$ 260,419	\$ 260,654	\$ 260,654
Other Liabilities	\$ 2,100	\$ 2,100	\$ -	\$ -
Deferred Revenue	\$ 2,700	\$ 2,700	\$ 5,000	\$ 5,000

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 - OPERATING LEASES

The Company leases copiers and a scanner under operating leases that expire in October 2018 and June 2019, respectively. The School leases copiers under an operating lease that expires in September 2019. Total lease expense for the years ended June 30, 2015 and 2014 was \$18,192 and \$13,195, respectively.

The following is a schedule of the operating lease obligations subsequent to June 30, 2015:

Year Ending June 30,	
2016	\$ 40,416
2017	40,416
2018	40,416
2019	30,651
2020	1,570
Total	<u>\$ 153,469</u>

NOTE 15 - RECLASSIFICATION

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

SUPPLEMENTAL INFORMATION SECTION

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2015
(with comparative totals for 2014)

	2015					2014
	Roy Maas' Youth Alternatives, Inc.	Roy Maas' Youth Alternatives Foundation	MeadowLand Charter School	Eliminating Entries	Total	Total
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 464,308	\$ 56,204	\$ 885,291	\$ -	\$ 1,405,803	\$ 1,193,848
Investments	603,256	958,686	-	-	1,561,942	1,534,457
Due from State	-	-	270,864	-	270,864	400,168
Accounts Receivable	883,466	-	-	(11,468)	871,998	460,633
Inter-Fund Loan Receivable	-	94,456	-	(94,456)	-	-
Prepaid Expenses	71,265	-	792	-	72,057	108,326
Land, Buildings, Improvements and Equipment, net	3,354,158	302,111	42,408	-	3,698,677	3,606,053
TOTAL ASSETS	\$ 5,376,453	\$ 1,411,457	\$ 1,199,355	\$ (105,924)	\$ 7,881,341	\$ 7,303,485
<u>LIABILITIES AND NET ASSETS</u>						
LIABILITIES						
Accounts Payable	\$ 169,448	\$ -	\$ 24,233	\$ (11,468)	\$ 182,213	\$ 131,416
Accrued Expenses	174,457	-	85,962	-	260,419	260,654
Other Liabilities	-	-	2,100	-	2,100	-
Deferred Revenue	2,700	-	-	-	2,700	5,000
Inter-Fund Line of Credit	94,456	-	-	(94,456)	-	-
Line of Credit	228,725	-	-	-	228,725	228,725
TOTAL LIABILITIES	669,786	-	112,295	(105,924)	676,157	625,795
NET ASSETS						
Unrestricted:						
Undesignated	3,064,494	1,411,457	52,512	-	4,528,463	4,840,498
Designated	559,167	-	-	-	559,167	559,167
Total Unrestricted Net Assets	3,623,661	1,411,457	52,512	-	5,087,630	5,399,665
Temporarily Restricted	1,083,006	-	1,034,548	-	2,117,554	1,278,025
TOTAL NET ASSETS	4,706,667	1,411,457	1,087,060	-	7,205,184	6,677,690
TOTAL LIABILITIES AND NET ASSETS	\$ 5,376,453	\$ 1,411,457	\$ 1,199,355	\$ (105,924)	\$ 7,881,341	\$ 7,303,485

See independent auditor's report.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
(with comparative totals for 2014)

	2015					2014 Total
	Roy Maas' Youth Alternatives, Inc.	Roy Maas' Youth Alternatives Foundation	MeadowLand Charter School	Eliminating Entries	Total	
<u>SUPPORT AND REVENUE</u>						
Government Funding	\$ 4,927,138	\$ -	\$ 1,869,036	\$ -	\$ 6,796,174	\$ 7,585,225
Grants and Contributions - General	1,680,201	1,000	11,172	-	1,692,373	567,688
United Way	421,759	-	-	-	421,759	419,197
Special Event Income	141,450	-	-	-	141,450	213,176
Sales - Thrift Shop	140,855	-	-	-	140,855	165,150
Contributed Goods/Equipment/Fixed Assets	86,092	-	-	-	86,092	137,205
Investment Income	22,928	30,511	-	-	53,439	36,421
Contributed Services	45,722	-	-	-	45,722	42,248
Insurance Proceeds	40,000	-	-	-	40,000	-
Self Referral and Other Program Fees	14,493	-	-	-	14,493	3,799
Other Income	6,962	4,015	-	(4,015)	6,962	9,478
Contributed Goods/Equipment - Thrift Shop	-	-	-	-	-	173,650
Rental Income	-	43,391	-	(43,391)	-	-
Net (Loss) Gain on Sale of Assets	(9,364)	1,457	-	-	(7,907)	11,047
Net (Loss) Gain on Investments	1,284	(11,597)	-	-	(10,313)	159,138
TOTAL SUPPORT AND REVENUE	7,519,520	68,777	1,880,208	(47,406)	9,421,099	9,523,422
<u>EXPENSES</u>						
Program Services	5,923,642	-	1,949,822	(43,391)	7,830,073	7,383,764
Supporting Services:						
General Management	618,978	-	-	(4,015)	614,963	531,035
Fundraising	168,612	-	-	-	168,612	180,444
Burdick Center	94,843	-	-	-	94,843	75,587
RMYA Foundation	-	42,286	-	-	42,286	38,836
Thrift Shop	142,828	-	-	-	142,828	356,050
TOTAL EXPENSES	6,948,903	42,286	1,949,822	(47,406)	8,893,605	8,565,716
CHANGE IN NET ASSETS	570,617	26,491	(69,614)	-	527,494	957,706
NET ASSETS, Beginning of Year	4,136,050	1,384,966	1,156,674	-	6,677,690	5,719,984
NET ASSETS, End of Year	\$ 4,706,667	\$ 1,411,457	\$ 1,087,060	\$ -	\$ 7,205,184	\$ 6,677,690

See independent auditor's report.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
SCHEDULE OF THRIFT SHOP REVENUE AND EXPENSES
For the Years Ended June 30, 2015 and 2014

	2015	2014
REVENUES:		
Contributed Goods/Equipment	\$ -	\$ 173,650
Sales Revenue	140,855	165,150
TOTAL REVENUES	140,855	338,800
 EXPENSES:		
Salaries	77,529	103,796
Employee Benefits	10,237	7,687
Payroll Taxes	6,101	7,370
	93,867	118,853
Accounting and Legal Fees	6,553	5,672
Heating, Cooling and Water	6,184	6,788
Insurance	5,509	7,555
Telephone	5,377	3,436
Depreciation Expense	4,588	7,374
Occupancy	4,455	10,931
Contract Labor	3,374	-
Computer Services and Equipment	3,345	5,568
Miscellaneous	2,681	1,731
Office Supplies, Printing and Postage	2,543	6,884
Conferences and Workshops	1,332	1,691
Supplies - Housekeeping	919	823
Public Relations	481	-
Children's Personal Expenses	354	237
Travel and Mileage	350	1,494
Employee Recruitment and Other	300	2,023
Professional Fees	250	-
Membership Dues	225	222
Automotive Expenses	93	555
Food Services	48	563
Contributed Goods/Equipment	-	173,650
TOTAL EXPENSES	142,828	356,050
 NET LOSS	\$ (1,973)	\$ (17,250)

See independent auditor's report.

SPECIFIC-PURPOSE FINANCIAL STATEMENTS SECTION

MEADOWLAND CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 885,291	\$ 832,692
Due from State	270,864	400,168
Prepaid Expenses	792	34,060
Property and Equipment, net	42,408	8,127
TOTAL ASSETS	\$ 1,199,355	\$ 1,275,047
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts Payable	\$ 24,233	\$ 29,653
Accrued Expenses	85,962	88,720
Other Liabilities	2,100	-
TOTAL LIABILITIES	112,295	118,373
NET ASSETS		
Unrestricted	52,512	41,340
Temporarily Restricted	1,034,548	1,115,334
TOTAL NET ASSETS	1,087,060	1,156,674
TOTAL LIABILITIES AND NET ASSETS	\$ 1,199,355	\$ 1,275,047

See independent auditor's report.

MEADOWLAND CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
(with comparative totals for 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	
<u>REVENUES AND OTHER SUPPORT</u>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 11,172	\$ -	\$ 11,172	\$ 1,238
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	1,426,863	1,426,863	1,403,679
5820 State Program Revenues Distributed by TEA	-	224,601	224,601	38,628
Total State Program Revenues	-	1,651,464	1,651,464	1,442,307
Federal Program Revenues:				
5920 Federal Revenues Distributed by TEA	-	217,572	217,572	775,880
Total Federal Program Revenues	-	217,572	217,572	775,880
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	1,949,822	(1,949,822)	-	-
TOTAL REVENUES AND OTHER SUPPORT	1,960,994	(80,786)	1,880,208	2,219,425
<u>EXPENSES</u>				
11 Instruction	955,583	-	955,583	977,246
13 Curriculum Development and Instructional Staff Development	72,882	-	72,882	16,125
21 Instructional Leadership	191,259	-	191,259	60,623
23 School Leadership	187,572	-	187,572	228,110
31 Guidance, Counseling, and Evaluation Services	86,325	-	86,325	90,631
33 Health Services	14	-	14	-
35 Food Services	1,972	-	1,972	-
36 Extracurricular Activities	17,274	-	17,274	15,366
41 General Administration	216,770	-	216,770	238,702
51 Plant Maintenance and Operations	153,051	-	153,051	145,106
52 Security and Monitoring	348	-	348	696
53 Data Processing Services	66,507	-	66,507	114,953
61 Community Services	265	-	265	-
TOTAL EXPENSES	1,949,822	-	1,949,822	1,887,558
CHANGE IN NET ASSETS	11,172	(80,786)	(69,614)	331,867
NET ASSETS, Beginning of Year	41,340	1,115,334	1,156,674	824,807
NET ASSETS, End of Year	\$ 52,512	\$ 1,034,548	\$ 1,087,060	\$ 1,156,674

See independent auditor's report.

MEADOWLAND CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Foundation School Program Payments	\$ 1,403,663	\$ 1,288,898
Grant Payments	594,677	716,783
Miscellaneous Sources	11,172	7,536
Payments to Vendors for Goods and Services Rendered	(671,301)	(716,160)
Payments to Charter School Personnel for Services Rendered	(1,246,414)	(1,160,763)
NET CASH PROVIDED BY OPERATING ACTIVITIES	91,797	136,294
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	(39,198)	(8,605)
NET CASH USED BY INVESTING ACTIVITIES	(39,198)	(8,605)
NET INCREASE IN CASH FLOWS	52,599	127,689
CASH AND CASH EQUIVALENTS, Beginning of Year	832,692	705,003
CASH AND CASH EQUIVALENTS, End of Year	\$ 885,291	\$ 832,692
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Change in Net Assets	\$ (69,614)	\$ 331,867
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	4,917	478
Decrease (Increase) in Assets:		
Due from State	129,304	(206,208)
Prepaid Expenses	33,268	(32,410)
(Decrease) Increase in Liabilities:		
Accounts Payable	(5,420)	6,386
Accrued Expenses	(2,758)	36,181
Other Liabilities	2,100	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 91,797	\$ 136,294

See independent auditor's report.

MEADOWLAND CHARTER SCHOOL
SCHEDULE OF EXPENSES
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
EXPENSES		
6100 Payroll Costs	\$ 1,328,061	\$ 1,289,940
6200 Professional and Contracted Services	343,592	350,263
6300 Supplies and Materials	155,870	158,763
6400 Other Operating Costs	122,299	88,592
TOTAL EXPENSES	<u>\$ 1,949,822</u>	<u>\$ 1,887,558</u>

See independent auditor's report.

MEADOWLAND CHARTER SCHOOL
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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	\$ 52,512	\$ 832,779	\$ -
1520 Buildings and Improvements	-	39,198	-
1530 Furniture and Equipment	-	8,605	-
Total Capital Assets	<u>\$ 52,512</u>	<u>\$ 880,582</u>	<u>\$ -</u>

See independent auditor's report.

MEADOWLAND CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES AND OTHER SUPPORT				
Local Support:				
5740 Other Revenues from Local Sources	\$ -	\$ 11,172	\$ 11,172	\$ -
Total Local Support	-	11,172	11,172	-
State Program Revenues:				
5810 Foundation School Program Act Revenues	1,400,000	1,400,000	1,426,863	26,863
5820 State Program Revenues Distributed by TEA	246,888	246,888	224,601	(22,287)
Total State Program Revenues	1,646,888	1,646,888	1,651,464	4,576
Federal Program Revenues:				
5920 Federal Revenues Distributed by TEA	297,208	297,208	217,572	(79,636) (1)
Total Federal Program Revenues	297,208	297,208	217,572	(79,636)
TOTAL REVENUES AND OTHER SUPPORT	<u>1,944,096</u>	<u>1,955,268</u>	<u>1,880,208</u>	<u>(75,060)</u>
EXPENSES				
11 Instruction	925,783	984,184	955,583	28,601
12 Instructional Resources and Media Services	2,000	-	-	-
13 Curriculum Development and Instructional Staff Development	94,586	97,134	72,882	24,252
21 Instructional Leadership	168,369	197,153	191,259	5,894
23 School Leadership	243,400	204,031	187,572	16,459
31 Guidance, Counseling, and Evaluation Services	91,177	91,177	86,325	4,852
33 Health Services	-	14	14	-
35 Food Services	-	1,972	1,972	-
36 Extracurricular Activities	15,000	20,093	17,274	2,819
41 General Administration	226,243	241,243	216,770	24,473
51 Plant Maintenance and Operations	122,142	157,019	153,051	3,968
52 Security and Monitoring	5,000	5,000	348	4,652
53 Data Processing Services	50,396	72,804	66,507	6,297
61 Community Services	-	267	265	2
TOTAL EXPENSES	<u>1,944,096</u>	<u>2,072,091</u>	<u>1,949,822</u>	<u>122,269</u>
CHANGE IN NET ASSETS	-	(116,823)	(69,614)	47,209
NET ASSETS, Beginning of Year	<u>1,156,674</u>	<u>1,156,674</u>	<u>1,156,674</u>	-
NET ASSETS, End of Year	<u>\$ 1,156,674</u>	<u>\$ 1,039,851</u>	<u>\$ 1,087,060</u>	<u>\$ 47,209</u>

(1) Unfavorable Variance due to grant period being from July through September, whereas the school's fiscal year is from July through June. Therefore, there are three more months of revenue reflected in the Final Budget amount than in the Actual amount.

See independent auditor's report.

FINANCIAL AWARDS SECTION

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Disbursements/ Expenditures
U.S. Dept. of Health and Human Services:			
Transitional Living for Homeless Youth	93.550	90CX699602/90CX699603	\$ 202,314
Administration for Children and Families Basic Center Grant - Runaway and Homeless Youth	93.623	90CY655101/90CY655102	<u>196,172</u>
			<u>398,486</u>
U.S. Dept. of Agriculture:			
Pass-Through Texas Department of Agriculture: ARRA - School Breakfast Program and Nation School Lunch Program	10.553-10.555	N/A	<u>128,502</u>
			<u>128,502</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	15610101130801	140,670
Title II, Part A - Improving Teacher Quality State Grants	84.367A	15694501130801	7,449
Special Education: Grants to States	84.027A	N/A	16,434
Rural Education Achievement Program	84.358A	S358A148265	12,064
School Improvement Grant	84.377A	136107047110028	<u>40,955</u>
			<u>217,572</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 744,560</u>

See accompanying notes to schedule of expenditures of federal awards.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal 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 OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - RECONCILIATION OF TEXAS EDUCATION AGENCY FUNDING

Due to Roy Maas' Youth Alternatives, Inc. being the charter holder for MeadowLand Charter School, the School's fiscal year end is June 30. However, the Texas Education Agency contract period with the School is through August 31. Therefore, the following is a reconciliation of the federal revenue amounts recorded on the statement of activities for the School in the Special Purpose Financial Statements compared to the amount that the TEA payment reports indicate as of August 31, 2015.

Amount received per TEA as of August 31, 2015:	\$ 308,747
Less amounts received in July/August 2015:	(5,016)
Plus expenses incurred not reimbursed at FYE 6/30/15:	7,268
Less amounts received in FYE 06/30/15 for expenses incurred in FYE 6/30/14:	<u>(93,427)</u>
Amounts recorded as 5920 Federal Revenue from TEA for the FYE 6/30/15:	<u>\$ 217,572</u>

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, 2015, 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 November 19, 2015.

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.

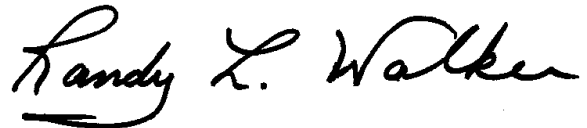
Compliance and Other Matters

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*.

We noted certain matters that we reported to the Board of Directors and management of Roy Maas' Youth Alternatives, Inc. and its affiliates in a separate letter dated November 19, 2015.

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
November 19, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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 Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

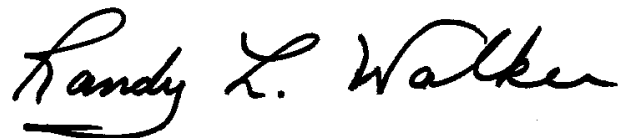
Report on Internal Control Over Compliance

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report 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, stylized initial "R".

San Antonio, Texas
November 19, 2015

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

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 section 510(a) of Circular A-133	None

Major Programs

10.553/10.555 School Breakfast Program and National School Lunch Program 84.010A Title I, Part A – Grants to Local Educational Agencies, Improving Basic Programs	
Dollar threshold used to distinguish between type A and type B programs	\$300,000
Audit qualified as low-risk auditee	Yes

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

SUMMARY OF AUDITOR'S RESULTS (continued)

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 SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

I. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

None

II. PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None