

**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, 2017 and 2016**

**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, 2017, at a meeting of the Board of Trustees of such charter holder on the 23<sup>rd</sup> day of October, 2017.

Jana Oard Stoves Theodore Grubbs II  
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, 2017 and 2016**

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## **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 statements of financial position of Roy Maas' Youth Alternatives, Inc. and its affiliates (non-profit organizations) as of June 30, 2017 and 2016, and the related consolidated statements of activities (with comparative totals for 2016), functional expenses (with comparative totals for 2016), 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, 2017 and 2016, 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.

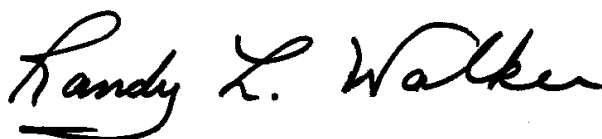
## ***Other Matters***

### ***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 and state awards on page 25, 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 23, 2017, 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 at the end.

San Antonio, Texas  
October 23, 2017

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

	2017	2016
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 1,257,671	\$ 1,812,219
Investments	1,308,520	1,190,230
Due from State	412,179	230,091
Accounts Receivable	610,178	1,196,835
Prepaid Expenses	127,035	109,876
Land, Buildings, Improvements and Equipment, net	5,111,648	4,015,374
<b>TOTAL ASSETS</b>	<b>\$ 8,827,231</b>	<b>\$ 8,554,625</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 183,394	\$ 218,235
Accrued Expenses	388,879	321,077
Other Liabilities	334	319
Deferred Revenue	3,200	1,300
<b>TOTAL LIABILITIES</b>	<b>575,807</b>	<b>540,931</b>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	6,071,749	4,840,115
Designated	559,167	559,167
Total Unrestricted Net Assets	6,630,916	5,399,282
Temporarily Restricted	1,620,508	2,614,412
<b>TOTAL NET ASSETS</b>	<b>8,251,424</b>	<b>8,013,694</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,827,231</b>	<b>\$ 8,554,625</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 SCHOOL)**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**  
**(with comparative totals for 2016)**

	2017			2016 Total
	Unrestricted	Temporarily Restricted	Total	
<b><u>SUPPORT AND REVENUE</u></b>				
Government Funding	\$ 5,932,727	\$ 1,976,888	<b>\$ 7,909,615</b>	\$ 7,444,514
Grants and Contributions - General	750,658	188,370	<b>939,028</b>	1,391,913
United Way	502,350	-	<b>502,350</b>	503,368
Contributed Services	220,339	-	<b>220,339</b>	139,814
Special Event Income	191,406	-	<b>191,406</b>	201,026
Sales - Thrift Shop	168,950	-	<b>168,950</b>	117,160
Net Gain on Sale of Assets	117,689	-	<b>117,689</b>	24,528
Net Gain (Loss) on Investments	100,431	-	<b>100,431</b>	(73,503)
Self Referral and Other Program Fees	43,080	-	<b>43,080</b>	34,217
Investment Income	37,402	-	<b>37,402</b>	48,302
Contributed Goods/Equipment/Fixed Assets	23,372	-	<b>23,372</b>	38,274
Other Income	3,964	-	<b>3,964</b>	9,589
Net Assets Released from Restriction	3,159,162	(3,159,162)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>11,251,530</b>	<b>(993,904)</b>	<b>10,257,626</b>	<b>9,879,202</b>
<b><u>EXPENSES</u></b>				
Program Services	8,647,880	-	<b>8,647,880</b>	7,773,615
Supporting Services:				
General Management	701,574	-	<b>701,574</b>	761,922
Fundraising	388,254	-	<b>388,254</b>	261,972
Burdick Center	48,312	-	<b>48,312</b>	67,039
RMYA Foundation	56,614	-	<b>56,614</b>	44,899
Thrift Shop	177,262	-	<b>177,262</b>	161,245
<b>TOTAL EXPENSES</b>	<b>10,019,896</b>	<b>-</b>	<b>10,019,896</b>	<b>9,070,692</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,231,634</b>	<b>(993,904)</b>	<b>237,730</b>	<b>808,510</b>
<b>NET ASSETS, Beginning of Year</b>	<b>5,399,282</b>	<b>2,614,412</b>	<b>8,013,694</b>	<b>7,205,184</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 6,630,916</b>	<b>\$ 1,620,508</b>	<b>\$ 8,251,424</b>	<b>\$ 8,013,694</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 SCHOOL)**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2017**  
**(with comparative totals for 2016)**

	Program Services									Supporting Services					Other	2017 Total	2016 Total	
	Bridge Emergency Shelter	San Antonio Counseling Center	MeadowLand Counseling Center	Girlsville/ The Junction	The Meadows	Turning Point	DMST	Charter School	Eliminating Entry	Total Program	General Management	Burdick Center	RMYA Foundation	Fund- Raising	Eliminating Entry			Thrift Shop
Salaries	\$ 665,276	\$ 200,341	\$ 300,541	\$ 805,734	\$ 2,063,509	\$ 165,805	\$ 1,442	\$ 1,265,171	\$ -	\$ 5,467,819	\$ 441,564	\$ -	\$ -	\$ 222,278	\$ -	\$ 90,603	\$ 6,222,264	\$ 5,687,133
Employee Benefits	59,085	15,072	24,946	57,670	184,122	13,090	-	99,242	-	453,227	32,475	-	-	14,050	-	13,530	513,282	463,059
Payroll Taxes	54,914	15,932	25,358	67,792	175,890	13,863	110	20,912	-	374,771	35,317	-	-	16,933	-	7,986	435,007	402,364
Total Payroll Expenses	779,275	231,345	350,845	931,196	2,423,521	192,758	1,552	1,385,325	-	6,295,817	509,356	-	-	253,261	-	112,119	7,170,553	6,552,556
Professional Fees	53,159	73,556	13,502	29,399	74,872	7,412	-	260,819	-	512,719	55,295	300	27,533	41,828	-	8,448	646,123	576,692
Depreciation Expense	32,248	5,183	-	33,734	72,520	17,896	-	19,234	-	180,815	5,660	34,417	27,978	-	-	7,756	256,626	246,880
Food Services	57,592	490	294	74,059	112,108	2,679	-	-	-	247,222	2,093	-	-	397	-	208	249,920	259,006
Contributed Services	-	113,235	-	29,422	77,682	-	-	-	-	220,339	-	-	-	-	-	-	220,339	139,814
Occupancy	52,714	5,932	249	29,499	43,879	25,641	-	72,233	(43,391)	186,756	7,303	8,634	-	428	-	9,182	212,303	153,210
Heating, Cooling and Water	18,903	4,752	-	50,241	75,361	16,089	-	-	-	165,346	2,424	85	-	-	-	10,174	178,029	170,322
Conferences and Workshops	14,855	9,797	7,202	24,172	24,728	8,151	-	-	-	88,905	46,245	-	-	14,200	-	2,828	152,178	31,024
Office Supplies, Printing and Postage	3,136	3,023	3	2,950	4,958	563	-	127,033	-	141,666	4,939	-	-	3,295	-	1,201	151,101	160,229
Insurance	18,546	4,971	5,876	23,199	63,615	4,988	-	7,417	-	128,612	10,240	3,993	-	696	-	3,624	147,165	138,507
Telephone	10,336	2,099	718	6,825	11,332	6,099	-	39,730	-	77,139	7,964	879	-	100	-	3,580	89,662	88,572
Travel and Mileage	3,234	66	37	5,718	12,075	1,155	-	46,851	-	69,136	1,141	-	-	30	-	549	70,856	70,331
Children's Personal Expenses	7,482	-	-	25,271	29,642	3,930	-	-	-	66,325	168	-	-	-	-	-	66,493	86,420
Computer Services and Equipment	14,994	1,971	1,783	6,643	11,258	8,883	2,226	-	-	47,758	13,003	-	-	39	-	2,208	63,008	37,954
Event Expenses	27	-	-	580	870	80	-	-	-	1,557	-	-	-	61,355	-	-	62,912	52,056
Contract Labor	21,339	5,649	-	-	-	6,904	-	-	-	33,892	20,084	-	-	-	-	8,787	62,763	72,642
Miscellaneous	1,362	169	-	1,327	2,822	3,668	-	29,934	-	39,282	9,117	4	1,103	290	-	4,259	54,055	59,626
Supplies - Housekeeping	10,838	677	-	9,417	13,815	2,663	-	-	-	37,410	98	-	-	15	-	605	38,128	48,353
Contributed Goods/Equipment	4,415	1,270	-	5,708	11,333	2,039	-	-	-	24,765	55	-	-	12,108	-	-	36,928	49,147
Automotive Expenses	4,490	211	174	8,762	13,423	839	-	-	-	27,899	-	-	-	-	-	1,293	29,192	12,158
Employee Recruitment and Other	3,997	2,483	314	4,210	7,078	141	-	-	-	18,223	2,193	-	-	33	-	305	20,754	19,564
Recreational Equipment	76	-	-	7,367	11,050	-	-	-	-	18,493	-	-	-	-	-	-	18,493	773
Membership Dues	829	238	282	612	1,492	100	-	1,449	-	5,002	1,702	-	-	179	-	122	7,005	5,947
USDA Commodities	1,477	-	-	1,908	3,107	-	-	-	-	6,492	-	-	-	-	-	-	6,492	7,612
Instructional Materials	-	-	-	-	-	-	-	5,797	-	5,797	-	-	-	-	-	-	5,797	368
Public Relations	77	32	29	118	237	20	-	-	-	513	2,494	-	-	-	-	14	3,021	21,322
Interest	-	-	-	-	-	-	-	-	-	-	12,102	277	-	-	(12,379)	-	-	9,607
<b>TOTAL EXPENSES</b>	<b>\$1,115,401</b>	<b>\$ 467,149</b>	<b>\$ 381,308</b>	<b>\$ 1,312,337</b>	<b>\$ 3,102,778</b>	<b>\$ 312,698</b>	<b>\$ 3,778</b>	<b>\$ 1,995,822</b>	<b>\$ (43,391)</b>	<b>\$ 8,647,880</b>	<b>\$ 713,676</b>	<b>\$ 48,589</b>	<b>\$ 56,614</b>	<b>\$ 388,254</b>	<b>\$ (12,379)</b>	<b>\$ 177,262</b>	<b>\$ 10,019,896</b>	<b>\$ 9,070,692</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 SCHOOL)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Increase in Net Assets from Operations	\$ 237,730	\$ 808,510
Adjustments to Reconcile Net Change to Net Cash		
Provided by Operations:		
Depreciation	256,626	246,880
(Gain) Loss on Investments	(100,431)	73,503
Gain on Sale of Assets	(117,689)	(24,528)
(Increase) Decrease in Assets:		
Due from State	(182,088)	40,773
Accounts Receivable	586,657	(324,837)
Prepaid Expenses	(17,159)	(37,819)
(Decrease) Increase in Liabilities:		
Accounts Payable	(34,841)	36,022
Accrued Expenses	67,802	60,658
Other Liabilities	15	(1,781)
Deferred Revenue	1,900	(1,400)
	<b>698,522</b>	<b>875,981</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of Property and Equipment	(1,235,211)	(539,049)
	<b>(1,235,211)</b>	<b>(539,049)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
(Purchase) Sale of Investments, net	(17,859)	298,209
Payments on Line of Credit	-	(228,725)
	<b>(17,859)</b>	<b>69,484</b>
<b>NET (DECREASE) INCREASE IN CASH FLOWS</b>	<b>(554,548)</b>	<b>406,416</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>1,812,219</b>	<b>1,405,803</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 1,257,671</b>	<b>\$ 1,812,219</b>
<b><u>SUPPLEMENTAL DISCLOSURES</u></b>		
Interest Paid	<b>\$ -</b>	<b>\$ 9,607</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 SCHOOL)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**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, 2017 and 2016 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, 2017 and 2016.

**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, 2017 and 2016**

**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:

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 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, 2017 and 2016**

**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, 2016, the tax years that remain subject to examination by taxing authorities begin with 2013.

**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, 2017 and 2016.

Investments were as follows at June 30:

	<u>2017</u>		<u>2016</u>	
	<u>Market Value</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Cost Basis</u>
Equity Securities	\$ 787,946	\$ 583,291	\$ 638,057	\$ 578,316
Certificates of Deposit	45,219	45,000	111,038	110,000
Municipal Bonds and Notes	25,143	25,000	-	-
Equity Mutual Funds	178,861	243,521	300,150	311,392
Commodity	4,603	5,238	-	-
Corporate Bonds	266,748	266,386	140,985	141,259
Total Investments	<u>\$ 1,308,520</u>	<u>\$ 1,168,436</u>	<u>\$ 1,190,230</u>	<u>\$ 1,140,967</u>

Investment income for the years ended June 30, 2017 and 2016 consists of total interest and dividends from all banking and investment accounts, including net income from the real estate trust, for a total of \$37,402 and \$48,302, 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, 2017, the net gain of \$100,431 resulted from a realized gain of \$9,609 and an unrealized gain of \$90,822. For the year ended June 30, 2016, the net loss of \$73,503 resulted from a realized gain of \$23,640 and an unrealized loss of \$97,143.

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**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, 2017 and 2016, 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, 2017 and 2016, the Company's uninsured cash and investment balances totaled \$1,505,542 and \$1,567,151, respectively, without regard to reconciling items.

**NOTE 4 - FIXED ASSETS**

Fixed assets consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 485,546	\$ 485,546
Buildings	5,409,175	3,782,852
Construction in Progress	-	110,981
Modular Classrooms	417,374	417,374
Improvements	3,003,760	3,318,798
Software	146,225	116,225
Transportation Equipment	619,032	573,443
Furniture and Equipment	327,617	302,106
	<u>10,408,729</u>	<u>9,107,325</u>
Less: Accumulated Depreciation	<u>(5,297,081)</u>	<u>(5,091,951)</u>
Total Fixed Assets, Net	<u>\$ 5,111,648</u>	<u>\$ 4,015,374</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$256,626 and \$246,880, respectively.

**NOTE 5 - DESIGNATED NET ASSETS**

During the fiscal years ended June 30, 2017 and 2016, 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 6 - 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 June 2017. For the years ended June 30, 2017 and 2016, lease expense was \$43,391.

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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

The Company had a receivable of \$-0- and \$931 from the School for miscellaneous expenses as of June 30, 2017 and 2016, respectively. The Foundation had a receivable of \$-0- and \$3,616 from the School for rent as of June 30, 2017 and 2016, 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. At June 30, 2017 and 2016, the Company had a total outstanding balance of \$-0- and \$312,480, respectively, due to the Foundation for the line of credit loan payoff and the Burdick loan. 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 \$12,379 and \$5,072 for the years ended June 30, 2017 and 2016, 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 \$50,000 and \$-0- on this loan as of June 30, 2017 and 2016, respectively.

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

The Foundation had receivables totaling \$120 and \$1,240 from the Company for interest and miscellaneous expenses as of June 30, 2017 and 2016, respectively.

**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, 2017, total volunteer hours logged by these individuals amounted to 9,352 hours, and are valued at \$220,339 for the various programs. For the year ended June 30, 2016, total volunteer hours logged by these individuals amounted to 5,920 hours, and are valued at \$139,814 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 \$23,372 and \$38,274 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016 amounted to 3,973 and 3,360, respectively.

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2017</u>	<u>2016</u>
Michael Gibbons Fund: Children's Special Activities	\$ 53,359	\$ 54,359
Old Bridge Shelter Renovation	170,000	170,000
New Bridge Shelter Construction	72,489	1,152,137
Medical Furnishings for New Bridge Shelter	4,645	-
Gala	58,625	20,250
Clothing for Meadowland, Bridge, and Turning Point	6,000	-
Post-Construction Furnishings for New Bridge Shelter	37,626	-
Psych Program	25,000	-
Turning Point House Purchase and Renovation	-	10,113
Vehicle Expenditures	-	6,644
Junction Cabin Flooring	-	2,500
Food Service Training	-	750
Medical Supplies	56,299	61,759
Special Program Activities	27,938	14,418
Music Room	425	4,446
Future School Building	20,000	10,000
Foundation School Program Act Revenues	<u>1,088,102</u>	<u>1,107,036</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,620,508</u>	<u>\$ 2,614,412</u>

**NOTE 9 - 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.

**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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

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

Total Plan Assets - \$152,925,647,396  
 Accumulated Benefit Obligations - \$171,797,150,487  
 The plan is 78 % 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, 2017 and 2016 were \$29,962 and \$27,320, respectively, which include \$15,811 and \$15,335, 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 10 - OPERATING LEASES**

The Company leases copiers under an operating lease that expires in June 2019. The School leases copiers under an operating lease that expires in September 2019. Furthermore, the School also has a lease for office space that expires in June 2020. Total lease expense for the years ended June 30, 2017 and 2016 was \$30,928 and \$26,277, respectively.

Future lease payments under existing agreements are as follows:

Years Ending June 30,	
2018	\$ 47,241
2019	47,241
2020	<u>37,737</u>
Total	<u>\$ 132,219</u>

**NOTE 11 - SUBSEQUENT EVENTS**

In June 2017, the School was granted a charter amendment request from the Texas Education Agency to change its name to Meadowland Charter District effective beginning with the 2018 fiscal year. Additionally, the School was granted a name change for its campus in Boerne, Texas from Meadowland Charter School to Oaks Academy. The School also opened a new campus, Lakes Academy, in southside San Antonio, Texas. On August 1, 2017, the School entered into a 1-year lease with Southside Independent School District for use of space for the Lakes Academy campus for \$1 per month.

Roy Maas' Youth Alternatives, Inc. and its affiliates have evaluated subsequent events through October 23, 2017, which is the date the financial statements were available to be issued.



**ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES**  
**(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER SCHOOL)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**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:

	<b>2017</b>	<b>2016</b>
Unit Rate Contract Funding:		
Medicaid/Health Services	\$ 275,580	\$ 263,598
Bexar County Juvenile Probation	166,500	189,000
Other County Juvenile Probation	61,119	-
City of San Antonio	27,151	26,745
Texas Department of State Health Services	349,408	357,734
Texas Department of Family and Protective Services	4,472,711	4,146,943
Office of the Governor	23,393	-
Other	2,272	2,163
	<u>5,378,134</u>	<u>4,986,183</u>
Grant Funding		
U.S. Department of Agriculture	149,278	143,336
U.S. Department of Agriculture Commodities	6,139	6,763
U.S. Department of Health and Human Services	399,176	400,176
Texas Education Agency	1,976,888	1,908,056
	<u>2,531,481</u>	<u>2,458,331</u>
Total Government Support	<u>\$ 7,909,615</u>	<u>\$ 7,444,514</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, 2017 and 2016**

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

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

	<u>2017</u>		<u>2016</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:				
Cash and Cash Equivalents	\$ 1,257,671	\$ 1,257,671	\$ 1,812,219	\$ 1,812,219
Due from State	\$ 412,179	\$ 412,179	\$ 230,091	\$ 230,091
Accounts Receivable	\$ 610,298	\$ 610,298	\$ 1,196,835	\$ 1,196,835
Prepaid Expenses	\$ 127,035	\$ 127,035	\$ 109,876	\$ 109,876
Financial liabilities:				
Accounts Payable	\$ 183,514	\$ 183,514	\$ 218,235	\$ 218,235
Accrued Expenses	\$ 388,879	\$ 388,879	\$ 321,077	\$ 321,077
Other Liabilities	\$ 334	\$ 334	\$ 319	\$ 319
Deferred Revenue	\$ 3,200	\$ 3,200	\$ 1,300	\$ 1,300

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).

## **SUPPLEMENTARY 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, 2017**

**(with comparative totals for 2016)**

	<b>2017</b>					2016
	<b>Roy Maas' Youth Alternatives, Inc.</b>	<b>Roy Maas' Youth Alternatives Foundation</b>	<b>MeadowLand Charter School</b>	<b>Eliminating Entries</b>	<b>Total</b>	Total
	<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 349,631	\$ 194,509	\$ 713,531	\$ -	\$ 1,257,671	\$ 1,812,219
Investments	471,482	837,038	-	-	1,308,520	1,190,230
Due from State	-	-	412,179	-	412,179	230,091
Accounts Receivable	606,562	3,736	-	(120)	610,178	1,196,835
Inter-Fund Loan Receivable	-	50,000	-	(50,000)	-	-
Prepaid Expenses	96,043	-	30,992	-	127,035	109,876
Land, Buildings, Improvements and Equipment, net	280,105	4,705,281	126,262	-	5,111,648	4,015,374
<b>TOTAL ASSETS</b>	<b>\$ 1,803,823</b>	<b>\$ 5,790,564</b>	<b>\$ 1,282,964</b>	<b>\$ (50,120)</b>	<b>\$ 8,827,231</b>	<b>\$ 8,554,625</b>
	<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>LIABILITIES</b>						
Accounts Payable	\$ 178,152	\$ -	\$ 5,362	\$ (120)	\$ 183,394	\$ 218,235
Accrued Expenses	256,151	-	132,728	-	388,879	321,077
Other Liabilities	-	-	334	-	334	319
Deferred Revenue	3,200	-	-	-	3,200	1,300
Inter-Fund Line of Credit	50,000	-	-	(50,000)	-	-
<b>TOTAL LIABILITIES</b>	<b>487,503</b>	<b>-</b>	<b>138,424</b>	<b>(50,120)</b>	<b>575,807</b>	<b>540,931</b>
<b>NET ASSETS</b>						
Unrestricted:						
Undesignated	244,747	5,770,564	56,438	-	6,071,749	4,840,115
Designated	559,167	-	-	-	559,167	559,167
Total Unrestricted Net Assets	803,914	5,770,564	56,438	-	6,630,916	5,399,282
Temporarily Restricted	512,406	20,000	1,088,102	-	1,620,508	2,614,412
<b>TOTAL NET ASSETS</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>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,803,823</b>	<b>\$ 5,790,564</b>	<b>\$ 1,282,964</b>	<b>\$ (50,120)</b>	<b>\$ 8,827,231</b>	<b>\$ 8,554,625</b>

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, 2017**  
**(with comparative totals for 2016)**

	2017					2016
	Roy Maas' Youth Alternatives, Inc.	Roy Maas' Youth Alternatives Foundation	MeadowLand Charter School	Eliminating Entries	Total	Total
<b><u>SUPPORT AND REVENUE</u></b>						
Government Funding	\$ 5,932,727	\$ -	\$ 1,976,888	\$ -	\$ 7,909,615	\$ 7,444,514
Grants and Contributions - General	927,003	10,000	2,025	-	939,028	1,391,913
United Way	502,350	-	-	-	502,350	503,368
Contributed Services	220,339	-	-	-	220,339	139,814
Special Event Income	191,406	-	-	-	191,406	201,026
Sales - Thrift Shop	168,950	-	-	-	168,950	117,160
Net (Loss) Gain on Sale of Assets	(59,538)	177,227	-	-	117,689	24,528
Net Gain (Loss) on Investments	54,877	45,554	-	-	100,431	(73,503)
Self Referral and Other Program Fees	43,080	-	-	-	43,080	34,217
Investment Income	3,899	33,503	-	-	37,402	48,302
Contributed Goods/Equipment/Fixed Assets	23,372	-	-	-	23,372	38,274
Other Income	3,952	12,391	-	(12,379)	3,964	9,589
Rental Income	-	43,391	-	(43,391)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>8,012,417</b>	<b>322,066</b>	<b>1,978,913</b>	<b>(55,770)</b>	<b>10,257,626</b>	<b>9,879,202</b>
<b><u>EXPENSES</u></b>						
Program Services	6,695,449	-	1,995,822	(43,391)	8,647,880	7,773,615
Supporting Services:						
General Management	713,676	-	-	(12,102)	701,574	761,922
Fundraising	388,254	-	-	-	388,254	261,972
Burdick Center	48,589	-	-	(277)	48,312	67,039
RMYA Foundation	-	56,614	-	-	56,614	44,899
Thrift Shop	177,262	-	-	-	177,262	161,245
<b>TOTAL EXPENSES</b>	<b>8,023,230</b>	<b>56,614</b>	<b>1,995,822</b>	<b>(55,770)</b>	<b>10,019,896</b>	<b>9,070,692</b>
<b>CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY</b>	<b>(10,813)</b>	<b>265,452</b>	<b>(16,909)</b>	<b>-</b>	<b>237,730</b>	<b>808,510</b>
<b><u>NON-OPERATING ACTIVITY</u></b>						
Forgiveness of Debt	259,762	(259,762)	-	-	-	-
Transfer of Land, Buildings, and Improvements	(4,347,632)	4,347,632	-	-	-	-
<b>CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY</b>	<b>(4,098,683)</b>	<b>4,353,322</b>	<b>(16,909)</b>	<b>-</b>	<b>237,730</b>	<b>808,510</b>
<b>NET ASSETS, Beginning of Year</b>	<b>5,415,003</b>	<b>1,437,242</b>	<b>1,161,449</b>	<b>-</b>	<b>8,013,694</b>	<b>7,205,184</b>
<b>NET ASSETS, End 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>

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, 2017 and 2016**

	2017	2016
<b>REVENUES:</b>		
Sales Revenue	\$ 168,950	\$ 117,160
Contributed Goods/Equipment	-	2,622
<b>TOTAL REVENUES</b>	<b>168,950</b>	<b>119,782</b>
<b>EXPENSES:</b>		
Salaries	90,603	80,236
Employee Benefits	13,530	9,090
Payroll Taxes	7,986	7,550
	112,119	96,876
Heating, Cooling and Water	10,174	5,534
Occupancy	9,182	10,510
Contract Labor	8,787	9,613
Professional Fees	8,448	8,397
Depreciation Expense	7,756	8,199
Miscellaneous	4,259	2,920
Insurance	3,624	2,550
Telephone	3,580	3,799
Conferences and Workshops	2,828	1,183
Computer Services and Equipment	2,208	1,052
Automotive Expenses	1,293	1,022
Office Supplies, Printing and Postage	1,201	2,301
Supplies - Housekeeping	605	453
Travel and Mileage	549	115
Employee Recruitment and Other	305	218
Food Services	208	411
Membership Dues	122	264
Public Relations	14	230
Contributed Goods/Equipment	-	5,244
Children's Personal Expenses	-	354
<b>TOTAL EXPENSES</b>	<b>177,262</b>	<b>161,245</b>
<b>NET LOSS</b>	<b>\$ (8,312)</b>	<b>\$ (41,463)</b>

See independent auditor's report.

**SPECIFIC-PURPOSE FINANCIAL STATEMENTS  
SECTION**

**MEADOWLAND CHARTER SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

	2017	2016
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 713,531	\$ 958,317
Due from State	412,179	230,091
Prepaid Expenses	30,992	6,142
Property and Equipment, net	126,262	86,759
<b>TOTAL ASSETS</b>	<b>\$ 1,282,964</b>	<b>\$ 1,281,309</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 5,362	\$ 17,908
Accrued Expenses	132,728	101,633
Other Liabilities	334	319
<b>TOTAL LIABILITIES</b>	<b>138,424</b>	<b>119,860</b>
<b>NET ASSETS</b>		
Unrestricted	56,438	54,413
Temporarily Restricted	1,088,102	1,107,036
<b>TOTAL NET ASSETS</b>	<b>1,144,540</b>	<b>1,161,449</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,282,964</b>	<b>\$ 1,281,309</b>

See independent auditor's report.



**MEADOWLAND CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**  
**(with comparative totals for 2016)**

	<u>2017</u>			2016 Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
<b><u>REVENUES AND OTHER SUPPORT</u></b>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 2,025	\$ -	\$ 2,025	\$ 7,719
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	1,347,928	1,347,928	1,400,043
5820 State Program Revenues Distributed by TEA	-	313,532	313,532	279,774
Total State Program Revenues	-	1,661,460	1,661,460	1,679,817
Federal Program Revenues:				
5920 Federal Revenues Distributed by TEA	-	315,428	315,428	228,239
Total Federal Program Revenues	-	315,428	315,428	228,239
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	1,995,822	(1,995,822)	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>1,997,847</b>	<b>(18,934)</b>	<b>1,978,913</b>	<b>1,915,775</b>
<b><u>EXPENSES</u></b>				
11 Instruction	867,718	-	867,718	897,889
13 Curriculum Development and Instructional Staff Development	254,029	-	254,029	179,717
21 Instructional Leadership	131,703	-	131,703	90,675
23 School Leadership	307,418	-	307,418	254,325
31 Guidance, Counseling, and Evaluation Services	89,994	-	89,994	94,839
33 Health Services	4,246	-	4,246	175
34 Transportation	9,713	-	9,713	8,493
35 Food Services	-	-	-	201
36 Extracurricular Activities	6,595	-	6,595	15,556
41 General Administration	150,332	-	150,332	128,834
51 Plant Maintenance and Operations	136,447	-	136,447	135,309
53 Data Processing Services	35,809	-	35,809	31,612
61 Community Services	1,818	-	1,818	3,761
<b>TOTAL EXPENSES</b>	<b>1,995,822</b>	<b>-</b>	<b>1,995,822</b>	<b>1,841,386</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,025</b>	<b>(18,934)</b>	<b>(16,909)</b>	<b>74,389</b>
<b>NET ASSETS, Beginning of Year</b>	<b>54,413</b>	<b>1,107,036</b>	<b>1,161,449</b>	<b>1,087,060</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 56,438</b>	<b>\$ 1,088,102</b>	<b>\$ 1,144,540</b>	<b>\$ 1,161,449</b>

See independent auditor's report.

**MEADOWLAND CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2017 and 2016

	2017	2016
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Foundation School Program Payments	\$ 1,355,164	\$ 1,429,465
Grant Payments	437,085	519,364
Miscellaneous Sources	4,576	4,165
Payments to Vendors for Goods and Services Rendered	(748,798)	(507,076)
Payments to Charter School Personnel for Services Rendered	<u>(1,234,076)</u>	<u>(1,315,149)</u>
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>(186,049)</u></b>	<b><u>130,769</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of Property and Equipment	<u>(58,737)</u>	<u>(57,743)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b><u>(58,737)</u></b>	<b><u>(57,743)</u></b>
<b>NET (DECREASE) INCREASE IN CASH FLOWS</b>	<b>(244,786)</b>	<b>73,026</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b><u>958,317</u></b>	<b><u>885,291</u></b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b><u><u>\$ 713,531</u></u></b>	<b><u><u>\$ 958,317</u></u></b>
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Change in Net Assets	\$ (16,909)	\$ 74,389
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	19,234	13,392
(Increase) Decrease in Assets:		
Due from State	(182,088)	40,773
Prepaid Expenses	(24,850)	(5,350)
(Decrease) Increase in Liabilities:		
Accounts Payable	(12,546)	(6,325)
Accrued Expenses	31,095	15,671
Other Liabilities	<u>15</u>	<u>(1,781)</u>
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b><u><u>\$ (186,049)</u></u></b>	<b><u><u>\$ 130,769</u></u></b>

See independent auditor's report.

**MEADOWLAND CHARTER SCHOOL**  
**SCHEDULE OF EXPENSES**  
**For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>EXPENSES</b>		
6100 Payroll Costs	<b>\$ 1,385,325</b>	\$ 1,282,943
6200 Professional and Contracted Services	<b>367,474</b>	315,967
6300 Supplies and Materials	<b>144,746</b>	125,578
6400 Other Operating Costs	<b>98,277</b>	116,898
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,995,822</u></b>	<b><u>\$ 1,841,386</u></b>

See independent auditor's report.

**MEADOWLAND CHARTER SCHOOL**  
**SCHEDULE OF CAPITAL ASSETS**  
**June 30, 2017**

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	\$ 56,438	\$ 657,093	\$ -
1520 Buildings and Improvements	-	110,090	-
1530 Furniture, Equipment, and Vehicles	-	54,194	-
Total Capital Assets	<u>\$ 56,438</u>	<u>\$ 821,377</u>	<u>\$ -</u>

See independent auditor's report.

**MEADOWLAND CHARTER SCHOOL  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance From Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER SUPPORT</b>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 6,000	\$ 2,025	\$ 2,025	\$ -
Total Local Support	6,000	2,025	2,025	-
State Program Revenues:				
5810 Foundation School Program Act Revenues	1,417,000	1,337,145	1,347,928	10,783
5820 State Program Revenues Distributed by TEA	305,377	305,377	313,532	8,155
Total State Program Revenues	1,722,377	1,642,522	1,661,460	18,938
Federal Program Revenues:				
5920 Federal Revenues Distributed by TEA	360,069	330,783	315,428	(15,355)
Total Federal Program Revenues	360,069	330,783	315,428	(15,355)
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>2,088,446</b>	<b>1,975,330</b>	<b>1,978,913</b>	<b>3,583</b>
<b>EXPENSES</b>				
11 Instruction	994,789	847,645	867,718	(20,073)
13 Curriculum Development and Instructional Staff Development	157,616	245,857	254,029	(8,172)
21 Instructional Leadership	126,740	128,150	131,703	(3,553)
23 School Leadership	305,405	323,961	307,418	16,543
31 Guidance, Counseling, and Evaluation Services	104,300	101,250	89,994	11,256
33 Health Services	1,602	1,352	4,246	(2,894) (1)
34 Transportation	12,500	9,715	9,713	2
35 Food Services	2,500	-	-	-
36 Extracurricular Activities	19,060	6,630	6,595	35
41 General Administration	147,241	149,539	150,332	(793)
51 Plant Maintenance and Operations	158,978	145,501	136,447	9,054
52 Security and Monitoring	400	-	-	-
53 Data Processing Services	53,816	47,173	35,809	11,364
61 Community Services	3,500	1,819	1,818	1
<b>TOTAL EXPENSES</b>	<b>2,088,447</b>	<b>2,008,592</b>	<b>1,995,822</b>	<b>12,770</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1)</b>	<b>(33,262)</b>	<b>(16,909)</b>	<b>16,353</b>
<b>NET ASSETS, Beginning of Year</b>	<b>1,102,066</b>	<b>1,102,545</b>	<b>1,161,449</b>	<b>-</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 1,102,065</b>	<b>\$ 1,069,283</b>	<b>\$ 1,144,540</b>	<b>\$ 16,353</b>

(1) Unfavorable variance due to the Final Budget amount not including payroll cost under fund 429 since the grant runs over into October 2017. The adjustment to the Final Budget is to be made in FY 2018.

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 AND STATE AWARDS**  
**For the Year Ended June 30, 2017**

<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	90CX699604/90CX699605	\$ 200,000
Administration for Children and Families Basic Center Grant - Runaway and Homeless Youth	93.623	90CY655103/90CY681101	199,176
<i>Total U.S. Department of Health and Human Services</i>			<u>399,176</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	149,278
<i>Total U.S. Department of Agriculture</i>			<u>149,278</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	17610101130801/16610101130801	148,265
Title I 1003 (A) Priority and Focus School Grant	84.010A	1661010113801/17610101130801	84,351
Title II, Part A - Improving Teacher Quality State Grants	84.367A	17694501130801	7,670
Special Education: Grants to States	84.027A	N/A	20,571
Rural Education Achievement Program	84.358A	S358A168265/S358A158265	11,103
Texas Title I Priority Schools Grant	84.377A	S377A150044	43,468
<i>Total U.S. Department of Education</i>			<u>315,428</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>863,882</u>
<b>Texas Education Agency:</b>			
Educator Excellence Innovation Program	N/A	14029117710008/160291177110007	295,082
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u>295,082</u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<u>\$ 1,158,964</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 SCHOOL)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2017**

**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*. 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, 2017.

Amount received per TEA as of August 31, 2017:	\$ 267,098
Less amounts received in July/August 2017:	(19,072)
Plus expenses incurred not reimbursed at FYE 6/30/17:	67,555
Less amounts received in FYE 06/30/17 for expenses incurred in FYE 6/30/16:	<u>(153)</u>
Amounts recorded as 5920 Federal Revenue from TEA for the FYE 6/30/17:	<u><u>\$ 315,428</u></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, 2017, 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 23, 2017.

**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.

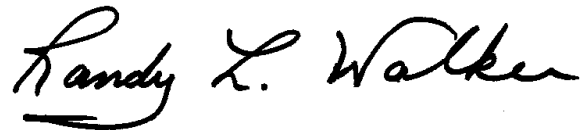
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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" and a distinct "L" and "W".

San Antonio, Texas  
October 23, 2017