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January 25, 2021

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

In planning and performing our audit of the consolidated financial statements of Roy Maas' Youth Alternatives, Inc. and its affiliates as of and for the years ended June 30, 2020 and 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

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

This communication is intended solely for the information and use of management, the Board of Directors, and others within Roy Maas' Youth Alternatives, Inc. and its affiliates, and is not intended to be and should not be used by anyone other than these specified parties.

Randy Walker & Co.

San Antonio, Texas
January 25, 2021



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January 25, 2021

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

We have audited the consolidated financial statements of Roy Maas' Youth Alternatives, Inc. and its affiliates for the years ended June 30, 2020 and 2019, and have issued our report thereon dated January 25, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 23, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Roy Maas' Youth Alternatives, Inc. and its affiliates are described in Note 1 to the consolidated financial statements. As described in Note 1, the Roy Maas' Youth Alternatives, Inc. and its affiliates changed accounting policies related to investments and contributions by adopting the following FASB Accounting Standards Updates (ASU) in 2020: ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the accounting changes have been retrospectively applied to periods presented as if the policies have always been used. We noted no transactions entered into by the Roy Maas' Youth Alternatives, Inc. and its affiliates during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Certain consolidated financial statement disclosures are particularly sensitive because of their significance to financial statement users. The consolidated financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes misstatements of the consolidated financial statements, which are considered to be material, both individually and in the aggregate, to the consolidated financial statements taken as a whole. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 25, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Roy Maas' Youth Alternatives, Inc.'s and its affiliates' consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Roy Maas' Youth Alternatives, Inc.'s and its affiliates' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Supplementary Information

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

We would like to express our appreciation for the courtesy and cooperation extended to us by Bill Wilkinson, Harper Stewart, Mariana Vazquez, and their staff.

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Roy Maas' Youth Alternatives, Inc. and Affiliates
Board Letter

Please do not hesitate to contact us if you want to discuss any of the matters contained herein.

Sincerely,

Randy Walker & Co.

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

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

June 30, 2020 and 2019

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
FINANCIAL STATEMENTS WITH COMPLIANCE
AND SINGLE AUDIT REPORTING
June 30, 2020 and 2019

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

Federal Employer Identification Number: 74-1914638

Certificate of Board

We, the undersigned, certify that the attached Financial and Compliance Report of the above-named charter holder was reviewed and (check one) approved disapproved for the year ended June 30, 2020, at a meeting of the Board of Trustees of such charter holder on the 25th day of January, 2020.



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)

GENERAL-PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Roy Maas' Youth Alternatives, Inc. and its affiliates (non-profit organizations), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities (with comparative totals for 2019), functional expenses (with comparative totals for 2019), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Roy Maas' Youth Alternatives, Inc. and its affiliates as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, on pages 29-30 on our consideration of Roy Maas' Youth Alternatives, Inc. and its affiliates' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roy Maas' Youth Alternatives, Inc.'s and its affiliates' internal control over financial reporting and compliance.

Randy Walker & Co.

San Antonio, Texas
January 25, 2021

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,539,056	\$ 1,065,120
Due from State	570,721	348,089
Accounts Receivable	1,241,854	1,253,365
Prepaid Expenses	226,090	288,301
Total Current Assets	3,577,721	2,954,875
LONG-TERM ASSETS		
Investments	1,139,822	1,342,054
Land, Buildings, Improvements and Equipment, net	6,352,732	6,025,178
Total Long-Term Assets	7,492,554	7,367,232
TOTAL ASSETS	\$ 11,070,275	\$ 10,322,107
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 411,343	\$ 272,994
Accrued Expenses	475,712	517,575
Other Liabilities	684	334
Deferred Revenue	1,500	3,950
TOTAL LIABILITIES	889,239	794,853
NET ASSETS		
Without Donor Restrictions:		
Undesignated	7,990,569	7,090,138
Designated	254,928	254,928
Total Without Donor Restrictions	8,245,497	7,345,066
With Donor Restrictions:		
Time/Purpose Restricted	1,935,539	2,182,188
Total With Donor Restrictions	1,935,539	2,182,188
TOTAL NET ASSETS	10,181,036	9,527,254
TOTAL LIABILITIES AND NET ASSETS	\$ 11,070,275	\$ 10,322,107

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

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020
(with comparative totals for 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<u>OPERATING SUPPORT AND REVENUE</u>				
Government Funding	\$ 7,503,460	\$ 2,274,273	\$ 9,777,733	\$ 10,034,353
Grants and Contributions - General	856,619	1,404,821	2,261,440	2,754,283
PPP Revenue	1,157,743	590,357	1,748,100	-
United Way	297,156	-	297,156	380,481
Special Event Income	217,185	-	217,185	213,664
Contributed Goods/Equipment/Fixed Assets	181,040	-	181,040	62,882
Sales - Thrift Shop	167,291	-	167,291	207,684
Self Referral and Other Program Fees	68,535	-	68,535	38,811
Contributed Services	64,684	-	64,684	34,941
Other Income	30,526	-	30,526	11,108
Net Assets Released from Restriction	4,516,100	(4,516,100)	-	-
TOTAL OPERATING SUPPORT AND REVENUE	15,060,339	(246,649)	14,813,690	13,738,207
<u>OPERATING EXPENSES</u>				
Program Services	11,914,568	-	11,914,568	11,856,997
Supporting Services	1,953,107	-	1,953,107	1,811,515
Thrift Shop	279,737	-	279,737	258,620
TOTAL OPERATING EXPENSES	14,147,412	-	14,147,412	13,927,132
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	912,927	(246,649)	666,278	(188,925)
<u>NON-OPERATING ACTIVITY</u>				
Investment (Loss) Income, net	(12,496)	-	(12,496)	74,738
Net Gain on Sale of Assets	-	-	-	28,029
TOTAL NON-OPERATING ACTIVITY	(12,496)	-	(12,496)	102,767
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	900,431	(246,649)	653,782	(86,158)
NET ASSETS, Beginning of Year	7,345,066	2,182,188	9,527,254	9,613,412
NET ASSETS, End of Year	\$ 8,245,497	\$ 1,935,539	\$ 10,181,036	\$ 9,527,254

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

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020
(with comparative totals for 2019)

	Program Services											Supporting Services				Other		2020 Total	2019 Total
	Bridge Emergency Shelter	San Antonio Counseling Center	MeadowLand Counseling Center	Girlsville/ The Junction	The Meadows	Turning Point	DMST	La Puerta	Charter School	Eliminating Entry	Total Program	General Management	Burdick Center	RMYA Foundation	Fund- Raising	Total Supporting Services	Thrift Shop		
OPERATING EXPENSES																			
Salaries	\$ 721,545	\$ 392,388	\$ 429,009	\$ 1,051,709	\$ 2,117,854	\$ 316,233	\$ 504,648	\$ 506,907	\$ 1,679,559	\$ -	\$ 7,719,852	\$ 771,568	\$ -	\$ -	\$ 280,265	\$ 1,051,833	\$ 177,781	\$ 8,949,466	\$ 9,159,089
Employee Benefits	73,908	25,066	43,751	94,111	171,349	19,676	18,961	23,441	107,369	-	577,632	57,063	-	-	22,201	79,264	19,710	676,606	737,685
Payroll Taxes	58,038	30,364	32,183	81,502	165,712	24,387	40,658	39,614	55,782	-	528,240	55,171	-	-	21,065	76,236	14,062	618,538	620,082
Total Payroll Expenses	853,491	447,818	504,943	1,227,322	2,454,915	360,296	564,267	569,962	1,842,710	-	8,825,724	883,802	-	-	323,531	1,207,333	211,553	10,244,610	10,516,856
Professional Fees	51,838	89,010	6,294	17,202	49,424	4,170	163,920	60,568	81,234	-	523,660	81,553	2,049	5,125	59,124	147,851	3,201	674,712	664,644
Funds Returned to Grantor	-	-	-	240,000	360,000	-	-	-	-	-	600,000	-	-	-	-	-	-	600,000	-
Depreciation Expense	9,443	3,690	437	8,108	19,285	6,597	5,878	19,656	32,546	-	105,640	4,488	-	254,434	367	259,289	3,060	367,989	340,917
Food Services	54,179	1,733	517	86,797	130,187	3,692	7,076	12,774	-	-	296,955	3,497	-	728	4,225	172	301,352	288,706	
Occupancy	21,647	15,380	-	52,923	62,254	19,520	14,448	46,068	33,161	(9,604)	255,797	2,672	1,593	21	4,286	8,401	268,484	474,913	
Heating, Cooling and Water	15,031	3,356	-	52,682	79,024	18,322	1,915	10,405	65,448	-	246,183	-	-	-	-	17,784	263,967	194,605	
Insurance	20,788	9,103	6,156	27,151	48,784	5,760	9,673	11,392	20,839	-	159,646	12,624	5,703	4,125	5,156	27,608	4,730	191,984	161,687
Contributed Goods/Equipment	16,207	1,071	-	24,825	50,184	31,159	11,070	2,919	-	-	137,435	703	-	-	38,892	39,595	13,163	190,193	72,099
Office Supplies, Printing and Postage	1,630	1,926	396	4,345	6,258	551	805	634	92,842	-	109,387	8,260	315	-	6,671	15,246	1,575	126,208	260,618
Children's Personal Expenses	8,357	621	-	37,483	44,534	16,561	1,351	7,075	46	-	116,028	-	47	-	477	524	77	116,629	103,039
Computer Services and Equipment	10,719	7,277	8,326	13,235	16,540	7,126	13,133	5,979	-	-	82,335	12,965	954	-	7,042	20,961	1,251	104,547	103,194
Telephone	7,401	10,511	-	12,439	21,144	4,245	8,445	10,806	-	-	74,991	11,323	-	-	798	12,121	6,578	93,690	149,835
Event Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,412	77,412	-	77,412	69,115
Miscellaneous	1,743	358	-	860	1,425	123	326	369	36,142	-	41,346	19,372	-	4,609	283	24,264	3,408	69,018	67,634
Supplies - Housekeeping	15,091	552	-	15,680	24,072	2,471	1,747	4,004	-	-	63,617	713	333	-	2,869	3,915	104	67,636	66,672
Contributed Services	-	37,365	26,479	-	228	612	-	-	-	-	64,684	-	-	-	-	-	-	64,684	33,309
Travel and Mileage	3,262	220	-	7,172	8,669	1,818	2,606	1,779	23,903	-	49,429	-	-	-	59	59	1,367	50,855	110,710
Rent	-	-	-	-	-	-	-	-	-	-	-	45,513	-	-	-	45,513	-	45,513	45,739
Conferences and Workshops	4,241	959	722	1,658	3,732	770	25,003	986	-	-	38,071	2,802	271	-	532	3,605	372	42,048	77,664
Interest	-	-	-	-	-	-	-	-	-	-	-	38,441	-	-	-	38,441	-	38,441	1,700
Automotive Expenses	4,162	33	-	9,012	13,413	286	285	534	-	-	27,725	4	-	-	13	17	1,557	29,299	44,780
Contract Labor	10,041	-	-	846	1,268	-	682	6,139	9,191	-	28,167	190	-	-	-	190	-	28,357	350
Membership Dues	2,107	1,300	1,271	2,007	2,627	1,212	320	521	2,716	-	14,081	10,868	42	-	1,226	12,136	79	26,296	29,993
PPE Supplies	3,678	1,509	3	3,924	6,047	2,418	2,044	2,980	-	-	22,603	212	106	-	12	330	437	23,370	-
Employee Recruitment and Other	2,045	1,311	695	2,662	5,146	560	1,656	923	-	-	14,998	3,957	76	-	694	4,727	419	20,144	36,063
Personnel Supplies	1,326	628	528	1,287	2,275	410	1,181	848	-	-	8,483	1,903	166	-	880	2,949	449	11,881	-
Recreational Equipment	1,862	1,593	-	500	1,262	309	511	1,265	-	-	7,302	-	-	-	-	-	-	7,302	3,891
Public Relations	-	-	-	-	-	-	-	-	-	-	-	510	-	-	-	510	-	510	870
USDA Commodities	-	-	-	1	280	-	-	-	-	-	281	-	-	-	-	-	-	281	7,529
TOTAL OPERATING EXPENSES	\$ 1,120,289	\$ 637,324	\$ 556,767	\$ 1,850,121	\$ 3,412,977	\$ 488,988	\$ 838,342	\$ 778,586	\$ 2,240,778	\$ (9,604)	\$ 11,914,568	\$ 1,146,372	\$ 11,655	\$ 268,293	\$ 526,787	\$ 1,953,107	\$ 279,737	\$ 14,147,412	\$ 13,927,132

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

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
((ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT))
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets from Operations	\$ 653,782	\$ (86,158)
Adjustments to Reconcile Net Change to Net Cash		
Provided (Used) by Operations:		
Depreciation	367,989	340,917
Realized/Unrealized Losses (Gains) on Investments	33,592	(37,997)
Gain on Sale of Assets	-	(28,029)
(Increase) Decrease in Assets:		
Due from State	(222,632)	258,017
Accounts Receivable	11,511	(569,229)
Prepaid Expenses	62,211	(95,420)
Increase (Decrease) in Liabilities:		
Accounts Payable	138,349	25,697
Accrued Expenses	(41,863)	14,596
Other Liabilities	350	-
Deferred Revenue	(2,450)	3,950
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,000,839	(173,656)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	(695,543)	(557,150)
Sale of Investments, net	168,640	97,901
NET CASH USED BY INVESTING ACTIVITIES	(526,903)	(459,249)
NET INCREASE (DECREASE) IN CASH FLOWS	473,936	(632,905)
CASH AND CASH EQUIVALENTS, Beginning of Year	1,065,120	1,698,025
CASH AND CASH EQUIVALENTS, End of Year	\$ 1,539,056	\$ 1,065,120
<u>SUPPLEMENTAL DISCLOSURES</u>		
Interest Paid	\$ 38,441	\$ 1,700

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

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019

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 501(c)(3) non-profit corporation to provide counseling and residential programs within the state of Texas which are directed towards assisting troubled youths.

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

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

The Foundation's and District's financial activity for the years ended June 30, 2020 and 2019 is consolidated within Roy Maas' Youth Alternatives, Inc.'s financial statements.

Basis of Presentation

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

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

Use of Estimates

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

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

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

Accounts Receivable

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

Fixed Assets

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

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

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

Contributions

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

Revenues

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

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
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June 30, 2020 and 2019

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Investments

Purchased securities are reported at market value. Donated securities are recorded at market value at date of donation. Investment income is reported net of fees of \$9,332 and \$13,966 for the years ended June 30, 2020 and 2019, respectively. All dividends and interest are included in investment income, net in the accompanying consolidated statement of activities.

Functional Allocation of Expenses

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

Income Taxes

Roy Maas' Youth Alternatives, Inc., Roy Maas' Youth Alternatives Foundation, and Meadowland Charter District are all exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As of June 30, 2020, the tax years that remain subject to examination by taxing authorities begin with 2017.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the effect this pronouncement will have on its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for periods beginning after December 15, 2018. This pronouncement clarifies and improves the scope and the accounting guidance for contributions received and contributions made in order to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to other guidance and (2) determining whether a contribution is conditional. The Company and its affiliates have adopted this new pronouncement effective July 1, 2019. The change was applied retrospectively, but there is no cumulative effect on beginning net assets as of this date.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncements (continued)

In 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This update was followed up in 2018 by ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* and ASU 2018-09, *Codification Improvements*. These pronouncements provide guidance regarding the reporting and disclosure requirements of investments, effective for periods beginning after December 15, 2018. The Company and its affiliates adopted these new pronouncements effective July 1, 2019. The change was applied retrospectively, but there is no cumulative effect on beginning net assets as of this date.

NOTE 2 - INVESTMENTS

The fair value of investments held was as follows at June 30:

	<u>2020</u>	<u>2019</u>
Corporate Bonds	\$ 497,626	\$ 218,924
Equity Securities	442,331	-
Money Market	149,834	79,229
Equity Mutual Funds	41,276	574,736
Exchange-Traded Funds	8,755	69,443
Certificates of Deposit	-	319,644
U.S. Treasury Bonds	-	54,940
Municipal Bonds and Notes	-	25,138
Total Investments	<u>\$1,139,822</u>	<u>\$ 1,342,054</u>

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

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 30,428	\$ 50,707
Realized/Unrealized (Losses) Gains	(33,592)	37,997
Investment Fees	(9,332)	(13,966)
Total Investment (Loss) Income, net	<u>\$ (12,496)</u>	<u>\$ 74,738</u>

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The District maintains its cash balances in checking and money market accounts at a single bank. The Federal Deposit Insurance Corporation (the FDIC) insures the balances in the checking accounts up to \$250,000. Additionally, the District has a Depository Contract with its bank in accordance with Texas Education Code Section 12.107(a)(1), which requires that the bank secure all funds deposited with them. Therefore, at June 30, 2020 and 2019, the District had no uninsured cash balances.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 3 - CONCENTRATIONS OF CREDIT RISK (continued)

The Company maintains its cash balances at several banks. Furthermore, it maintains significant cash and investment balances at one investment company that are insured by the Securities Investor Protection Corporation up to \$500,000. At June 30, 2020 and 2019, the Company's uninsured cash and investment balances totaled \$842,102 and \$928,801, respectively, without regard to reconciling items.

NOTE 4 - DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

During the years ended June 30, 2020 and 2019, the Company and its affiliates had \$254,928 in net assets without donor restrictions designated by the Board to be maintained as a cash reserve available for any future operating needs.

NOTE 5 - FIXED ASSETS

Fixed assets consisted of the following at June 30:

	2020	2019
Land	\$ 485,546	\$ 485,546
Construction in Progress	11,870	83,870
Buildings	10,222,339	10,086,625
Building Improvements	426,723	-
Transportation Equipment	641,251	588,881
Furniture and Equipment	600,055	447,320
Software	146,225	146,225
Vehicles	87,789	87,789
	12,621,798	11,926,256
Less: Accumulated Depreciation	(6,269,066)	(5,901,078)
Total Fixed Assets, net	\$ 6,352,732	\$ 6,025,178

Depreciation expense for the years ended June 30, 2020 and 2019 was \$367,989 and \$340,917, respectively.

NOTE 6 - RELATED PARTY TRANSACTIONS

The District had a pre-existing lease with the Foundation for its charter school through July 2017. The monthly lease payments under this agreement were \$3,615.92 per month. In July 2017, the District entered into an agreement with the Foundation to lease property for its Oaks Academy campus at an annual rate of \$1 per year. For the years ended June 30, 2020 and 2019, lease expense was \$1.

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

The Company had a receivable of \$15,380 and \$2,138 from the District for miscellaneous expenses as of June 30, 2020 and 2019, respectively. Additionally, the Foundation had a receivable of \$9,600 and \$4,120 from the Company for pre-emptive maintenance, interest and miscellaneous expenses as of June 30, 2020 and 2019, respectively.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
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June 30, 2020 and 2019

NOTE 6 - RELATED PARTY TRANSACTIONS (continued)

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. In February 2020, the Foundation extended the line of credit through 2025 and suspended interest on the line of credit. The Company had an outstanding balance of \$479,973 and \$345,000 on this loan as of June 30, 2020 and 2019, respectively.

The Company transferred buildings and improvements to the Foundation at the net book value of \$527,713 and \$451,875 during the years ended June 30, 2020 and 2019, 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, 2020, total volunteer hours logged by these individuals amounted to 2,260 hours and are valued at \$64,684 for the various programs. For the year ended June 30, 2019, total volunteer hours logged by these individuals amounted to 1,374 hours and are valued at \$34,941 for the various programs. 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 \$181,040 and \$62,882 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 amounted to 3,353 and 3,977, respectively.

NOTE 8 - SUBSEQUENT EVENTS

The Company has not experienced a decline in clients served in fiscal year 2021 as a result of the ongoing COVID-19 pandemic. However, the Company continues to evaluate current economic conditions, and any potential financial impact cannot be reasonably estimated at this time.

Roy Maas' Youth Alternatives, Inc. and its affiliates have evaluated subsequent events through January 25, 2021, which is the date the financial statements were available to be issued.

NOTE 9 - PAYCHECK PROTECTION PROGRAM LOAN

During the year ended August 31, 2020, the Company received a Paycheck Protection Program (PPP) loan of \$1,748,100 from the Small Business Administration as part of the CARES Act passed during the year to assist small businesses and non-profits affected by measures instituted in response to the COVID-19 pandemic. As of June 30, 2020, \$1,157,743 was expended. It is expected the remaining \$590,357 will be expended according to the time and purpose restrictions defined by the PPP. As of June 30, 2020, it was reasonably certain the full amount of the loan would be forgiven. Therefore, it has been recognized as revenue in the consolidated statement of activities. The Company applied for forgiveness of the PPP loan in December 2020 and is awaiting approval.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
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NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Foundation School Program Act Revenues	\$ 1,069,017	\$ 1,017,819
PPP Eligible Expenses	590,357	-
Future School Building	57,175	67,175
Michael Gibbons Fund: Children's Special Activities	51,321	51,996
San Antonio Area Foundation (Overtime and Supplies)	45,818	-
Charity Ball (Supplies)	27,377	-
NXT Level Housing	22,500	-
United Way Grants (Food, Supplies and Operations)	20,500	-
Medical Supplies	18,655	26,307
Gala	17,819	20,000
Centro Seguro	15,000	-
New Girls Cabin	-	788,130
Playgrounds SA Campus	-	112,936
West Avenue Roof	-	50,000
Special Program Activities	-	18,433
Training and Field Trips	-	15,000
Clothing	-	10,000
Labrynth ML	-	4,392
	<u> </u>	<u> </u>
Total Net Assets With Donor Restrictions	<u>\$ 1,935,539</u>	<u>\$ 2,182,188</u>

NOTE 11 - PENSION PLAN OBLIGATIONS

Plan Description

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

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

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

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 11 - PENSION PLAN OBLIGATIONS (continued)

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

Total Plan Assets - \$184,361,871,000
 Accumulated Benefit Obligations - \$209,719,687,047
 The plan is 76.8% funded.

There are no collective-bargaining agreements.

Funding Policy

Under provisions in state law, plan members are required to contribute 7.7% of their annual covered salary, and the state of Texas contributes an amount equal to 7.5% of the District's covered payroll.

The District's contributions to TRS for the years ended June 30, 2020 and 2019 were \$73,713 and \$71,518, respectively, which included \$16,196 and \$21,794 in Non-OASDI participating surcharges, respectively. The District's contributions did not represent more than 5% of the total contributions to the plan (i.e., total plan assets). There have been no changes that would affect the comparison of employer contributions from year to year.

NOTE 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:

	2020	2019
Unit Rate Contract Funding:		
Medicaid/Health Services	\$ 283,902	\$ 284,675
Bexar County Juvenile Probation	135,000	135,000
Other County Juvenile Probation	159,421	49,841
City of San Antonio	57,500	-
Texas Department of State Health Services	156,622	108,491
Texas Department of Family and Protective Services	5,866,582	5,954,687
Office of the Governor	8,118	-
Other	2,861	3,684
	6,670,006	6,536,378
Grant Funding		
U.S. Department of Agriculture	154,681	110,512
U.S. Department of Agriculture Commodities	-	7,529
U.S. Department of Health and Human Services	192,249	239,927
U.S. Department of Veteran Affairs	-	552,336
U.S. Department of Justice	486,524	16,334
Texas Education Agency	2,274,273	2,512,337
	3,107,727	3,438,975
Total Government Support	\$ 9,777,733	\$ 10,034,353

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 13 - OPERATING LEASES

The Company leases copiers under operating leases with varying expiration dates from 2019 to 2023. In January 2018, the Company entered into a lease for office space that expired on December 31, 2018 and was renewed through December 31, 2020. The District leases copiers under operating leases that expire in September 2019 and September 2023. Furthermore, the District also has a lease for office space that expires in June 2020. Total lease expense related to all agreements for the years ended June 30, 2020 and 2019 was \$87,001 and \$124,688, respectively.

Future lease payments under existing agreements are as follows:

Years Ending June 30,	
2021	\$ 25,008
2022	25,008
2023	25,008
2024	<u>10,272</u>
Total	<u>\$ 85,296</u>

NOTE 14 - 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' current assets and liabilities as presented in the consolidated statements of financial position are Level 1. The Company and its affiliates have no Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the consolidated statements of financial position approximate fair values because of the short maturities of those instruments.

The fair values of investments are based on quoted market prices for those or similar investments (Note 2).

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

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

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,539,056	\$ 1,065,120
Investments	1,139,822	1,342,054
Due from State	570,721	348,089
Accounts Receivable	<u>1,241,854</u>	<u>1,253,365</u>
Total Financial Assets	<u>4,491,453</u>	4,008,628
Donor Restrictions	(1,935,539)	(2,182,188)
Board Designations	<u>(254,928)</u>	<u>(254,928)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 2,300,986</u>	<u>\$ 1,571,5129</u>

The Company's and its affiliates' primary sources of cash flows include federal and state funding. The Company and its affiliates have a consistent inflow of cash throughout the year to cover normal operating expenses.

NOTE 16 - RETURN OF GRANT FUNDS

The Company received a \$600,000 grant from a donor to be used to construct a cabin for The Meadows program. In March 2020, construction of the cabin was postponed, and the restricted grant funds were returned to the donor. The donor has instructed the Company to notify the donor when construction will commence in order for the funds to be re-contributed to the Company.

SUPPLEMENTARY INFORMATION

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2020
(with comparative totals for 2019)

	2020				Total	2019 Total
	Roy Maas' Youth Alternatives, Inc.	Roy Maas' Youth Alternatives Foundation	Meadowland Charter District	Eliminating Entries		
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 873,100	\$ 31,955	\$ 634,001	\$ -	\$ 1,539,056	\$ 1,065,120
Due from State	-	-	570,721	-	570,721	348,089
Accounts Receivable	1,241,854	-	-	-	1,241,854	1,253,365
Inter-Fund Loan Receivable	-	479,973	-	(479,973)	-	-
Prepaid Expenses	213,294	-	12,796	-	226,090	288,301
Total Current Assets	<u>2,328,248</u>	<u>511,928</u>	<u>1,217,518</u>	<u>(479,973)</u>	<u>3,577,721</u>	<u>2,954,875</u>
LONG-TERM ASSETS						
Investments	-	1,139,822	-	-	1,139,822	1,342,054
Land, Buildings, Improvements and Equipment, net	463,441	5,790,668	98,623	-	6,352,732	6,025,178
Total Long-Term Assets	<u>463,441</u>	<u>6,930,490</u>	<u>98,623</u>	<u>-</u>	<u>7,492,554</u>	<u>7,367,232</u>
TOTAL ASSETS	<u>\$ 2,791,689</u>	<u>\$ 7,442,418</u>	<u>\$ 1,316,141</u>	<u>\$ (479,973)</u>	<u>\$ 11,070,275</u>	<u>\$ 10,322,107</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 405,421	\$ -	\$ 5,922	\$ -	\$ 411,343	\$ 272,994
Accrued Expenses	347,107	-	128,605	-	475,712	517,575
Other Liabilities	-	-	684	-	684	334
Deferred Revenue	1,500	-	-	-	1,500	3,950
Inter-Fund Line of Credit	479,973	-	-	(479,973)	-	-
TOTAL LIABILITIES	<u>1,234,001</u>	<u>-</u>	<u>135,211</u>	<u>(479,973)</u>	<u>889,239</u>	<u>794,853</u>
NET ASSETS						
Without Donor Restrictions:						
Undesignated	493,413	7,385,243	111,913	-	7,990,569	7,090,138
Designated	254,928	-	-	-	254,928	254,928
Total Without Donor Restrictions	<u>748,341</u>	<u>7,385,243</u>	<u>111,913</u>	<u>-</u>	<u>8,245,497</u>	<u>7,345,066</u>
With Donor Restrictions:						
Time/Purpose Restricted	809,347	57,175	1,069,017	-	1,935,539	2,182,188
Total With Donor Restrictions	<u>809,347</u>	<u>57,175</u>	<u>1,069,017</u>	<u>-</u>	<u>1,935,539</u>	<u>2,182,188</u>
TOTAL NET ASSETS	<u>1,557,688</u>	<u>7,442,418</u>	<u>1,180,930</u>	<u>-</u>	<u>10,181,036</u>	<u>9,527,254</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,791,689</u>	<u>\$ 7,442,418</u>	<u>\$ 1,316,141</u>	<u>\$ (479,973)</u>	<u>\$ 11,070,275</u>	<u>\$ 10,322,107</u>

See independent auditor's report.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020
(with comparative totals for 2019)

	2020					2019
	Roy Maas' Youth Alternatives, Inc.	Roy Maas' Youth Alternatives Foundation	Meadowland Charter District	Eliminating Entries	Total	Total
<u>OPERATING SUPPORT AND REVENUE</u>						
Government Funding	\$ 7,503,460	\$ -	\$ 2,274,273	\$ -	\$ 9,777,733	\$ 10,034,353
Grants and Contributions - General	2,242,429	-	19,011	-	2,261,440	2,754,283
PPP Revenue	1,748,100	-	-	-	1,748,100	-
United Way	297,156	-	-	-	297,156	380,481
Special Event Income	217,185	-	-	-	217,185	213,664
Contributed Goods/Equipment/Fixed Assets	181,040	-	-	-	181,040	62,882
Sales - Thrift Shop	167,291	-	-	-	167,291	207,684
Self Referral and Other Program Fees	68,535	-	-	-	68,535	38,811
Contributed Services	64,684	-	-	-	64,684	34,941
Other Income	15,199	15,327	-	-	30,526	11,108
Rental Income	-	9,604	-	(9,604)	-	-
TOTAL OPERATING SUPPORT AND REVENUE	12,505,079	24,931	2,293,284	(9,604)	14,813,690	13,738,207
<u>OPERATING EXPENSES</u>						
Program Services	9,683,394	-	2,240,778	(9,604)	11,914,568	11,856,997
Supporting Services	1,684,814	268,293	-	-	1,953,107	1,811,515
Thrift Shop	279,737	-	-	-	279,737	258,620
TOTAL OPERATING EXPENSES	11,647,945	268,293	2,240,778	(9,604)	14,147,412	13,927,132
CHANGE IN NET ASSETS BEFORE NON- OPERATING ACTIVITY	857,134	(243,362)	52,506	-	666,278	(188,925)
<u>NON-OPERATING ACTIVITY</u>						
Investment Income (Loss), net	13,548	(26,044)	-	-	(12,496)	74,738
Net Gain on Sale of Assets	-	-	-	-	-	28,029
Transfer of Land, Buildings, and Improvements	(527,713)	527,713	-	-	-	-
TOTAL NON-OPERATING ACTIVITY	(514,165)	501,669	-	-	(12,496)	102,767
CHANGE IN NET ASSETS AFTER NON- OPERATING ACTIVITY	342,969	258,307	52,506	-	653,782	(86,158)
NET ASSETS, Beginning of Year	1,214,719	7,184,111	1,128,424	-	9,527,254	9,613,412
NET ASSETS, End of Year	\$ 1,557,688	\$ 7,442,418	\$ 1,180,930	\$ -	\$ 10,181,036	\$ 9,527,254

See independent auditor's report.

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
SCHEDULE OF THRIFT SHOP REVENUE AND EXPENSES
For the Years Ended June 30, 2020 and 2019

	2020	2019
REVENUES:		
Sales Revenue	\$ 167,291	\$ 207,684
TOTAL REVENUES	180,454	207,684
EXPENSES:		
Salaries	177,781	170,605
Employee Benefits	19,710	17,373
Payroll Taxes	14,062	13,911
	211,553	201,889
Heating, Cooling and Water	17,784	15,668
Occupancy	8,401	8,345
Telephone	6,578	6,644
Insurance	4,730	3,450
Miscellaneous	3,408	3,444
Professional Fees	3,201	5,370
Depreciation Expense	3,060	2,847
Office Supplies, Printing and Postage	1,575	1,593
Automotive Expenses	1,557	3,511
Travel and Mileage	1,367	2,264
Computer Services and Equipment	1,251	1,211
Personnel Supplies	449	-
PPE Supplies	437	-
Employee Recruitment and Other	419	181
Conferences and Workshops	372	986
Food Services	172	200
Supplies - Housekeeping	104	294
Children's Personal Expenses	77	-
Membership Dues	79	202
Event Expenses	-	171
Contract Labor	-	350
TOTAL EXPENSES	266,574	258,620
NET LOSS	\$ (86,120)	\$ (50,936)

See independent auditor's report.

SPECIFIC-PURPOSE FINANCIAL STATEMENTS

MEADOWLAND CHARTER DISTRICT
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 634,001	\$ 747,961
Due from State	570,721	348,089
Prepaid Expenses	2,024	17,245
Other Assets	10,772	7,310
Total Current Assets	1,217,518	1,120,605
LONG-TERM ASSETS		
Property and Equipment, net	98,623	131,168
Total Long-Term Assets	98,623	131,168
TOTAL ASSETS	\$ 1,316,141	\$ 1,251,773
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,922	\$ 3,038
Accrued Expenses	128,605	119,977
Other Liabilities	684	334
TOTAL LIABILITIES	135,211	123,349
NET ASSETS		
Without Donor Restrictions	111,913	110,605
With Donor Restrictions	1,069,017	1,017,819
TOTAL NET ASSETS	1,180,930	1,128,424
TOTAL LIABILITIES AND NET ASSETS	\$ 1,316,141	\$ 1,251,773

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020
(with comparative totals for 2019)

	2020		Total	2019 Total
	Without Donor Restrictions	With Donor Restrictions		
<u>OPERATING REVENUES AND OTHER SUPPORT</u>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 19,011	\$ -	\$ 19,011	\$ 57,638
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	1,514,245	1,514,245	1,774,520
5811 Per Capita Apportionment	-	34,358	34,358	62,932
5820 State Program Revenues Distributed by TEA	-	4	4	83,445
Total State Program Revenues	-	1,548,607	1,548,607	1,920,897
Federal Program Revenues:				
5920 Federal Revenues Distributed by TEA	-	702,362	702,362	591,440
5931 School Health and Related Services	-	23,304	23,304	59,000
Total Federal Program Revenues	-	725,666	725,666	650,440
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	2,223,075	(2,223,075)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	2,242,086	51,198	2,293,284	2,628,975
<u>OPERATING EXPENSES</u>				
11 Instruction	1,334,239	-	1,334,239	1,625,456
13 Curriculum Development and Instructional Staff Development	12,225	-	12,225	26,121
21 Instructional Leadership	747	-	747	3,599
23 School Leadership	393,288	-	393,288	529,462
31 Guidance, Counseling, and Evaluation Services	63,127	-	63,127	84,163
32 Social Work Services	61,093	-	61,093	42,556
33 Health Services	11	-	11	-
34 Transportation	17,695	-	17,695	18,418
36 Extracurricular Activities	8,491	-	8,491	10,854
41 General Administration	139,800	-	139,800	234,863
51 Plant Maintenance and Operations	142,095	-	142,095	180,443
53 Data Processing Services	65,412	-	65,412	32,771
61 Community Services	2,555	-	2,555	39,224
TOTAL OPERATING EXPENSES	2,240,778	-	2,240,778	2,827,930
CHANGE IN NET ASSETS	1,308	51,198	52,506	(198,955)
NET ASSETS, Beginning of Year	110,605	1,017,819	1,128,424	1,327,379
NET ASSETS, End of Year	\$ 111,913	\$ 1,069,017	\$ 1,180,930	\$ 1,128,424

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Foundation School Program and Per Capita Apportionment Payments	\$ 1,583,165	\$ 1,983,568
Grant Payments	468,476	845,786
Miscellaneous Sources	19,011	57,638
Payments to Vendors for Goods and Services Rendered	(350,530)	(640,334)
Payments to Charter School Personnel for Services Rendered	(1,834,082)	(2,243,252)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(113,960)	3,406
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	-	(42,200)
NET CASH USED BY INVESTING ACTIVITIES	-	(42,200)
NET DECREASE IN CASH FLOWS	(113,960)	(38,794)
CASH AND CASH EQUIVALENTS, Beginning of Year	747,961	786,755
CASH AND CASH EQUIVALENTS, End of Year	\$ 634,001	\$ 747,961
Reconciliation of Change in Net Assets to Net Cash		
(Used) Provided by Operating Activities:		
Change in Net Assets	\$ 52,506	\$ (198,955)
Adjustments to Reconcile Change in Net Assets to Net Cash		
(Used) Provided by Operating Activities:		
Depreciation	32,545	32,544
(Increase) Decrease in Assets:		
Due from State	(222,632)	258,017
Prepaid Expenses	15,221	(5,669)
Other Assets	(3,462)	(7,310)
Increase (Decrease) in Liabilities:		
Accounts Payable	2,884	(20,131)
Accrued Expenses	8,628	(55,090)
Other Liabilities	350	-
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	\$ (113,960)	\$ 3,406

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT
SCHEDULE OF EXPENSES
For the Years Ended June 30, 2020 and 2019

	2020	2019
<u>OPERATING EXPENSES</u>		
6100 Payroll Costs	\$ 1,842,710	\$ 2,188,162
6200 Professional and Contracted Services	181,586	311,007
6300 Supplies and Materials	100,336	165,907
6400 Other Operating Costs	116,146	162,854
TOTAL OPERATING EXPENSES	<u><u>\$ 2,240,778</u></u>	<u><u>\$ 2,827,930</u></u>

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

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

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 111,913	\$ 522,088	\$ -
1520 Buildings and Improvements	-	129,445	-
1530 Furniture, Equipment, and Vehicles	-	96,394	-
Total Capital Assets	\$ 111,913	\$ 747,927	\$ -

Reconciliation of Property and Equipment on Schedule of Capital Assets to Statements of Financial

Per Schedule of Capital Assets:

1520 Building and Improvements	\$ 129,445
1531 Vehicles	87,789
1539 Furniture and Equipment	8,605
<i>Less Accumulated Depreciation:</i>	(127,216)
Total Property and Equipment per Statements of Financial Position:	\$ 98,623

See independent auditor's report.

MEADOWLAND CHARTER DISTRICT
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES AND OTHER SUPPORT</u>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 2,000	\$ 19,510	\$ 19,011	\$ (499)
Total Local Support	2,000	19,510	19,011	(499)
State Program Revenues:				
5810 Foundation School Program Act Revenues	1,664,531	1,482,606	1,514,245	31,639
5811 Per Capita Apportionment	17,000	27,236	34,358	7,122
5820 State Program Revenues Distributed by TEA	-	-	4	4
Total State Program Revenues	1,681,531	1,509,842	1,548,607	38,765
Federal Program Revenues:				
5920 Federal Revenues Distributed by TEA	631,612	710,717	702,362	(8,355)
5931 School Health and Related Services	55,000	23,604	23,304	(300)
Total Federal Program Revenues	686,612	734,321	725,666	(8,655)
TOTAL OPERATING REVENUES AND OTHER SUPPORT	2,370,143	2,263,673	2,293,284	29,911
<u>OPERATING EXPENSES</u>				
11 Instruction	1,497,939	1,488,919	1,334,239	154,680
13 Curriculum Development and Instructional Staff Development	37,728	27,835	12,225	15,610
21 Instructional Leadership	1,558	747	747	-
23 School Leadership	533,825	486,800	393,288	93,512
31 Guidance, Counseling, and Evaluation Services	109,908	65,369	63,127	2,242
32 Social Work Services	66,377	66,377	61,093	5,284
33 Health Services	1,500	20	11	9
34 Transportation	18,000	17,697	17,695	2
35 Food Services	500	-	-	-
36 Extracurricular Activities	5,950	8,508	8,491	17
41 General Administration	188,263	164,562	139,800	24,762
51 Plant Maintenance and Operations	137,725	152,631	142,095	10,536
52 Security and Monitoring	400	-	-	-
53 Data Processing Services	54,774	66,771	65,412	1,359
61 Community Services	1,250	2,556	2,555	1
TOTAL OPERATING EXPENSES	2,655,697	2,548,792	2,240,778	308,014
CHANGE IN NET ASSETS	(285,554)	(285,119)	52,506	337,925
NET ASSETS, Beginning of Year	1,128,424	1,128,424	1,128,424	-
NET ASSETS, End of Year	\$ 842,870	\$ 843,305	\$ 1,180,930	\$ 337,925

See independent auditor's report.

FINANCIAL AWARDS

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
U.S. Department of Health and Human Services:			
Administration for Children and Families Basic Center Grant - Runaway and Homeless Youth	93.623	90CY681102/90CY681103	\$ 192,249
Medical Assistance Program	93.778	0801037-01	291,820
<i>Total U.S. Department of Health and Human Services</i>			484,069
U.S. Department of Agriculture:			
Pass-Through Texas Department of Agriculture: School Breakfast Program and National School Lunch Program	10.553-10.555	01310	154,681
<i>Total U.S. Department of Agriculture</i>			154,681
U.S. Department of Education:			
Pass-Through Texas Education Agency:			
Title I, Part A - Grants to Local Educational Agencies, Improving Basic Programs	84.010A	19610101130801/20610101130801	205,673
Title II, Part A - Supporting Effective Instruction	84.367A	196945011130801/20694501130801	10,181
Texas Title I Priority Schools Grant	84.377A	166107317110006	351,512
ESSER Grant	84.425D	20521001130801	55,532
Title IV, Part A Subpart 1	84.424A	20610101130801	12,808
<i>Total U.S. Department of Education</i>			635,706
U.S. Department of Justice:			
Emergency Shelter for Child Sex Trafficking Victims	16.575	3544501	271,271
Counseling and Psychiatric Services for Children and Youth	16.575	3267102	199,844
Pass-Through Bexar County Juvenile Board: Building Capacity - Drop-In Program	16.575	3250702/3746201	319,681
<i>Total U.S. Department of Justice</i>			790,796
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,065,252

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 DISTRICT)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of Roy Maas' Youth Alternatives, Inc. and its affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Roy Maas' Youth Alternatives, Inc. and its affiliates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - RECONCILIATION OF TEXAS EDUCATION AGENCY FUNDING

Due to Roy Maas' Youth Alternatives, Inc. being the charter holder for Meadowland Charter District (the District), the District's fiscal year end is June 30. However, the Texas Education Agency contract period with the District is through August 31. Therefore, the following is a reconciliation of the federal revenue amounts recorded on the statement of activities for the District in the Specific Purpose Financial Statements compared to the amount that the TEA payment reports indicate as of August 31, 2020.

Amount received per TEA as of August 31, 2020:	\$ 685,017
Less amounts received in July/August 2020:	(216,545)
Plus expenses incurred not reimbursed at FYE 6/30/20:	317,678
Less amounts received in FYE 06/30/20 for expenses incurred in FYE 6/30/19:	<u>(60,484)</u>
Amounts recorded as 5920 Federal Revenue from TEA for the FYE 6/30/20:	<u>\$ 725,666</u>

NOTE 4 - NON-PROFIT CHARTER SCHOOL CHART OF ACCOUNTS

For all federal programs, the District used the net asset classes and codes specified by Texas Education Agency (TEA) in the *Special Supplement to Financial Accounting and Reporting, Non-Profit Charter School Chart of Accounts*. Temporarily restricted net asset codes are used to account for resources restricted to or designated for specific purposes by the grantor. Federal financial assistance is generally accounted for in temporarily restricted net asset codes.

NOTE 5 - OTHER DISCLOSURES

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

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

Roy Mass Youth Alternatives, Inc. and its affiliates did not pass any awards through to subrecipients for the year ended June 30, 2020.

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. and Affiliates
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Roy Maas' Youth Alternatives, Inc. and its affiliates (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 25, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Randy Walker & Co.

San Antonio, Texas
January 25, 2021

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Roy Maas' Youth Alternatives, Inc. and its affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Randy Walker & Co.

San Antonio, Texas
January 25, 2021

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Major Programs

Federal

16.575	Crime Victim Assistance	
	Dollar threshold used to distinguish between type A and type B programs	\$750,000
	Audit qualified as low-risk auditee	Yes

Findings - Financial Statements Audit None

Findings and Questioned Costs - Major Federal Award Programs Audit None

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES
(ROY MAAS' YOUTH ALTERNATIVES FOUNDATION AND MEADOWLAND CHARTER DISTRICT)
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

I. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

None

II. PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None