

ROY MAAS' YOUTH ALTERNATIVES, INC. AND AFFILIATES

Consolidated Financial Statements,
Independent Auditor's Report,
and Single Audit Reporting

June 30, 2025 and 2024

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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 annual financial reports of the above-named charter holder were reviewed and (check one) approved disapproved for the year ended June 30, 2025, at a meeting of the Board of Directors of such charter holder on the 26 day of January, 2026.


Robert Kevin Brown (Feb 6, 2026 10:25:23 CST)
Signature of Board Secretary


Richard L. King (Feb 6, 2026 16:18:42 CST)
Signature of Board President

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Roy Maas' Youth Alternatives and its affiliates — Roy Maas' Youth Alternatives Foundation and Meadowland Charter District (collectively, the "Organization"), all of which are non-profit organizations — which comprise the consolidated statement of financial position as of June 30, 2025, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the Organization's financial position as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter Regarding Meadowland Charter District Going Concern

The accompanying consolidated financial statements have been prepared assuming that Meadowland Charter District (the "District") will continue as a going concern. As discussed in Note 16 to the consolidated financial statements, the District has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are described in Note 17. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Management's Responsibilities for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events that, considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance; as such, it is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, misrepresentations, intentional omissions, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events that, considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are also required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating statements and schedule on pages 24-27, the specific-purpose financial statements on pages 28-38, and the accompanying schedule of expenditures of state and federal awards on page 39, 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 GAAS. In our opinion, the schedule of expenditures of state and federal awards 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 and presented herein on pages 42-43, on our consideration of the Organization’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the Organization’s 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 the Organization’s internal control over financial reporting and compliance.

Other Matter

The Organization’s consolidated financial statements as of and for the year ended June 30, 2024, were audited by Randy Walker & Co., an accounting firm acquired by Calvetti Ferguson on August 1, 2025. The audit report for those consolidated financial statements, which was issued by Randy Walker & Co. on November 19, 2024, expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.


San Antonio, Texas
January 26, 2026

Consolidated Financial Statements

Roy Maas' Youth Alternatives, Inc. and Affiliates

**Consolidated Statements of Financial Position
As of June 30, 2025 and 2024**

| | <u>2025</u> | <u>2024</u> |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,014,988 | \$ 2,855,824 |
| Due from state | 195,059 | 286,064 |
| Accounts receivable - net | 373,600 | 345,688 |
| Grants receivable | 518,505 | 1,175,168 |
| Other receivables | 9,777 | - |
| Prepaid expenses | 288,369 | 119,962 |
| Total current assets | <u>5,400,298</u> | <u>4,782,706</u> |
| Noncurrent assets: | | |
| Investments | 711,536 | 687,567 |
| Property and equipment - net | 6,798,903 | 7,095,600 |
| Operating lease right-of-use asset | 711,057 | - |
| Finance lease right-of-use assets - net | 10,472 | 38,915 |
| Total noncurrent assets | <u>8,231,968</u> | <u>7,822,082</u> |
| Total Assets | <u>\$ 13,632,266</u> | <u>\$ 12,604,788</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 525,307 | \$ 454,709 |
| Payroll liabilities | 527,896 | 457,716 |
| Deferred revenue | - | 28,527 |
| Other liabilities | - | 684 |
| Operating lease payable - current | 148,602 | - |
| Finance lease payables - current | 10,465 | 30,230 |
| Total current liabilities | <u>1,212,270</u> | <u>971,866</u> |
| Noncurrent liabilities: | | |
| Operating lease payable - noncurrent | 562,455 | - |
| Finance lease payables - noncurrent | 891 | 11,356 |
| Total noncurrent liabilities | <u>563,346</u> | <u>11,356</u> |
| Total liabilities | <u>1,775,616</u> | <u>983,222</u> |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 10,898,734 | 9,559,334 |
| Designated | 272,510 | 254,928 |
| Total without donor restrictions | <u>11,171,244</u> | <u>9,814,262</u> |
| With donor restrictions: | | |
| Purpose restricted | 685,406 | 1,807,304 |
| Total with donor restrictions | <u>685,406</u> | <u>1,807,304</u> |
| Total net assets | <u>11,856,650</u> | <u>11,621,566</u> |
| Total Liabilities and Net Assets | <u>\$ 13,632,266</u> | <u>\$ 12,604,788</u> |

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

Roy Maas' Youth Alternatives, Inc. and Affiliates

**Consolidated Statement of Activities
For the Year Ended June 30, 2025 (summarized for 2024)**

| | Without Donor Restrictions | With Donor Restrictions | 2025 Total | 2024 Total |
|--|---|--|-----------------------------|-----------------------------|
| Operating support and revenues: | | | | |
| Grants and contributions - general | \$ 2,910,147 | \$ 1,281,014 | \$ 4,191,161 | \$ 3,492,658 |
| Government fee-for-service contracts | 2,758,808 | - | 2,758,808 | 2,857,414 |
| Government grants | 809,509 | 1,246,029 | 2,055,538 | 3,137,894 |
| Contributed services | 651,571 | - | 651,571 | 771,961 |
| Special event income (net of direct expenses of \$336,671 and \$347,806, respectively) | 539,316 | 77,882 | 617,198 | 820,219 |
| United Way | - | 320,754 | 320,754 | 320,754 |
| Contributed goods | 220,230 | - | 220,230 | 437,243 |
| Other income | 87,600 | - | 87,600 | 69,571 |
| Sales - thrift shop | 62,154 | - | 62,154 | 230,868 |
| Self referral and other program fees | - | - | - | 12,151 |
| Net assets released from restrictions | 4,047,577 | (4,047,577) | - | - |
| Total operating support and revenues | <u>12,086,912</u> | <u>(1,121,898)</u> | <u>10,965,014</u> | <u>12,150,733</u> |
| Operating expenses: | | | | |
| Program | 12,323,596 | - | 12,323,596 | 10,917,980 |
| Supporting services | 1,035,829 | - | 1,035,829 | 974,195 |
| Thrift shop | 221,885 | - | 221,885 | 607,202 |
| Total operating expenses | <u>13,581,310</u> | <u>-</u> | <u>13,581,310</u> | <u>12,499,377</u> |
| Change in net assets before non-operating activities | <u>(1,494,398)</u> | <u>(1,121,898)</u> | <u>(2,616,296)</u> | <u>(348,644)</u> |
| Non-operating activities: | | | | |
| Gain on sale of assets | 2,723,605 | - | 2,723,605 | 283,815 |
| Interest and investment income - net | 127,775 | - | 127,775 | 81,980 |
| Total non-operating activities | <u>2,851,380</u> | <u>-</u> | <u>2,851,380</u> | <u>365,795</u> |
| Change in net assets after non-operating activities | 1,356,982 | (1,121,898) | 235,084 | 17,151 |
| Net assets, beginning of year | <u>9,814,262</u> | <u>1,807,304</u> | <u>11,621,566</u> | <u>11,604,415</u> |
| Net Assets, End of Year | <u>\$ 11,171,244</u> | <u>\$ 685,406</u> | <u>\$ 11,856,650</u> | <u>\$ 11,621,566</u> |

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

Roy Maas' Youth Alternatives, Inc. and Affiliates

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2025 (summarized for 2024)

| | Program Services | | | | | | Supporting Services | | | | | Other | | 2025 Total | 2024 Total |
|---------------------------------------|----------------------|---|--------------------------|---------------------------------------|---------------------|-----------------------|----------------------|-----------------------|---------------------|-------------------|-----------------------|---------------------------------|-------------------|----------------------|----------------------|
| | Emergency Shelter | Family Counseling and Resource Center | Long-term Residential | Independent Transitional Living | Charter School | Eliminating Entry | Total Program | General Management | RMYA Foundation | Fund- Raising | Eliminating Entry | Total Supporting Services | Thrift Shop | | |
| Operating expenses: | | | | | | | | | | | | | | | |
| Payroll expenses: | | | | | | | | | | | | | | | |
| Salaries and related expenses | \$ 1,276,480 | \$ 445,210 | \$ 3,823,151 | \$ 257,680 | \$ 1,197,929 | \$ - | \$ 7,000,450 | \$ 176,629 | \$ - | \$ 438,531 | \$ - | \$ 615,160 | \$ 82,715 | \$ 7,698,325 | \$ 7,042,827 |
| Payroll taxes and benefits | 224,218 | 74,545 | 623,026 | 37,304 | 237,462 | - | 1,196,555 | 32,395 | - | 63,688 | - | 96,083 | 14,645 | 1,307,283 | 1,209,407 |
| Total payroll expenses | 1,500,698 | 519,755 | 4,446,177 | 294,984 | 1,435,391 | - | 8,197,005 | 209,024 | - | 502,219 | - | 711,243 | 97,360 | 9,005,608 | 8,252,234 |
| Professional fees | 125,097 | 113,097 | 290,823 | 13,636 | 239,427 | - | 782,080 | 12,085 | 7,500 | 35,946 | - | 55,531 | 8,464 | 846,075 | 706,373 |
| Contributed services | 113,496 | 128,330 | 320,466 | 24,297 | - | - | 586,589 | 5,760 | - | 44,937 | - | 50,697 | 14,285 | 651,571 | 481,961 |
| Depreciation | 81,708 | 5,828 | 304,818 | 11,514 | 40,929 | - | 444,797 | 35,876 | - | 4,059 | - | 39,935 | 10,142 | 494,874 | 434,703 |
| Occupancy | 78,249 | 36,098 | 230,902 | 10,387 | 365,461 | (331,823) | 389,274 | 10,441 | - | 11,528 | - | 21,969 | 619 | 411,862 | 498,858 |
| Insurance | 62,128 | 10,433 | 163,569 | 46,594 | 22,027 | - | 304,751 | 4,609 | 4,892 | 5,905 | - | 15,406 | 19,140 | 339,297 | 337,299 |
| Food services | 53,771 | 2,663 | 176,213 | 13,695 | - | - | 246,342 | 8,129 | - | 3,908 | - | 12,037 | 304 | 258,683 | 217,564 |
| Heating, cooling and water | 28,863 | 4,906 | 131,656 | 16,206 | 55,996 | - | 237,627 | 1,168 | - | 2,729 | - | 3,897 | 1,161 | 242,685 | 237,381 |
| Contributed goods/equipment | 30,640 | 6,418 | 81,169 | 4,276 | - | - | 122,503 | - | - | 9,076 | - | 9,076 | 61,390 | 192,969 | 441,248 |
| Rent | 80,127 | 120,916 | 756,760 | 123,361 | - | (926,150) | 155,014 | 2,814 | - | 1,564 | - | 4,378 | - | 159,392 | 33,087 |
| Computer services and equipment | 29,140 | 7,633 | 92,166 | 4,528 | - | - | 133,467 | 6,904 | - | 11,106 | - | 18,010 | 535 | 152,012 | 83,523 |
| Office supplies, printing and postage | 9,361 | 4,210 | 27,556 | 2,226 | 80,441 | - | 123,794 | 2,873 | - | 15,005 | - | 17,878 | 439 | 142,111 | 143,996 |
| Children's personal expenses | 48,612 | 1,507 | 69,589 | 18,014 | - | - | 137,722 | 343 | - | 744 | - | 1,087 | 2 | 138,811 | 97,779 |
| Membership dues | 29,794 | 6,340 | 71,341 | 3,647 | - | - | 111,122 | 3,004 | - | 6,651 | - | 9,655 | 290 | 121,067 | 45,597 |
| Conferences and workshops | 12,830 | 5,321 | 42,743 | 7,442 | - | - | 68,336 | 4,174 | - | 3,383 | - | 7,557 | 118 | 76,011 | 56,021 |
| Travel and mileage | 8,067 | 1,190 | 20,016 | 13,769 | 21,943 | - | 64,985 | 3,176 | - | 1,258 | - | 4,434 | 485 | 69,904 | 60,570 |
| Miscellaneous | 1,684 | 138 | 2,268 | 104 | 26,283 | - | 30,477 | 6,262 | 73 | 15,148 | - | 21,483 | 4,026 | 55,986 | 79,450 |
| Telephone | 14,221 | 2,923 | 7,770 | 10,370 | - | - | 35,284 | 1,922 | - | 3,469 | - | 5,391 | 2,813 | 43,488 | 42,109 |
| Supplies - housekeeping | 9,681 | 664 | 28,333 | 2,466 | - | - | 41,144 | 1,830 | - | 28 | - | 1,858 | 30 | 43,032 | 63,020 |
| Employee recruitment and other | 2,711 | 1,692 | 13,970 | 69 | - | - | 18,442 | 13,754 | - | 339 | - | 14,093 | 1 | 32,536 | 33,064 |
| Lease amortization | - | 18,776 | - | - | 9,667 | - | 28,443 | - | - | - | - | - | - | 28,443 | 37,136 |
| Automotive expenses | 6,266 | 524 | 15,411 | 2,139 | - | - | 24,340 | 1,580 | - | 225 | - | 1,805 | 91 | 26,236 | 31,633 |
| Credit loss expense | - | - | 15,405 | - | - | - | 15,405 | - | - | - | - | - | - | 15,405 | 64,429 |
| Contract labor | 2,064 | 1,434 | - | 222 | - | - | 3,720 | 98 | - | 7,582 | - | 7,680 | 181 | 11,581 | 10,680 |
| PPE supplies | - | - | 11,413 | - | - | - | 11,413 | - | - | - | - | - | - | 11,413 | - |
| Personnel supplies | 613 | 458 | 4,090 | 324 | - | - | 5,485 | 377 | - | 352 | - | 729 | 9 | 6,223 | 1,138 |
| Recreational equipment | 1,172 | - | 1,750 | 32 | - | - | 2,954 | - | - | - | - | - | - | 2,954 | 662 |
| Interest | - | 411 | - | - | 670 | - | 1,081 | - | - | - | - | - | - | 1,081 | 2,410 |
| USDA commodities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,452 |
| Contribution to RMYA | - | - | - | - | - | - | - | - | 1,543,687 | - | (1,543,687) | - | - | - | - |
| Total Operating Expenses | \$ 2,330,993 | \$ 1,001,665 | \$ 7,326,374 | \$ 624,302 | \$ 2,298,235 | \$ (1,257,973) | \$ 12,323,596 | \$ 336,203 | \$ 1,556,152 | \$ 687,161 | \$ (1,543,687) | \$ 1,035,829 | \$ 221,885 | \$ 13,581,310 | \$ 12,499,377 |

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

Roy Maas' Youth Alternatives, Inc. and Affiliates

Consolidated Statements of Cash Flows For the Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 235,084 | \$ 17,151 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operations: | | |
| Depreciation | 494,874 | 434,703 |
| Lease amortization | 28,443 | 37,136 |
| Donated construction | - | (290,000) |
| Net realized and unrealized gain on investments | (59,069) | (55,274) |
| Gain on sale of assets | (2,723,605) | (283,815) |
| Changes in operating assets and liabilities | | |
| Due from state | 91,005 | 62,044 |
| Accounts receivable - net | (27,912) | 93,499 |
| Grants receivable | 656,663 | 87,139 |
| Other receivables | (9,777) | - |
| Prepaid expenses | (168,407) | 51,594 |
| Operating lease right-of-use asset | (711,057) | - |
| Accounts payable | 70,598 | 137,041 |
| Payroll liabilities | 70,180 | 30,641 |
| Deferred revenue | (28,527) | 28,527 |
| Other liabilities | (684) | - |
| Operating lease payable | 711,057 | - |
| Net cash (used in) provided by operating activities | <u>(1,371,134)</u> | <u>350,386</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (1,305,286) | (898,043) |
| Proceeds from sale of property | 3,830,714 | 653,858 |
| Net sale of investments | 35,100 | 703,492 |
| Net cash provided by investing activities | <u>2,560,528</u> | <u>459,307</u> |
| Cash flows from financing activities: | | |
| Payments on finance lease obligations | (30,230) | (19,737) |
| Net cash used in financing activities | <u>(30,230)</u> | <u>(19,737)</u> |
| Net change in cash flows | 1,159,164 | 789,956 |
| Cash and cash equivalents, beginning of year | <u>2,855,824</u> | <u>2,065,868</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 4,014,988</u> | <u>\$ 2,855,824</u> |
| Supplemental cash flow information: | | |
| Interest paid | \$ 1,081 | \$ 2,410 |
| Right-of-use asset obtained in exchange for new operating lease liability | \$ 806,306 | \$ - |

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

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 1 - 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 501(c)(3) 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 Directors (the "Board") of Roy Maas' Youth Alternatives, Inc., and the two entities are financially inter-related.

Also affiliated with the Company is Meadowland Charter District (the "District"), a 501(c)(3) non-profit organization, which operates under an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code in the fall of 2008. The District was organized to provide educational services to at-risk students, and its programs, services, activities and functions are governed by the District's board of directors.

Note 2 - Summary of Significant Accounting Policies

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP"). The Financial Accounting Standards Board ("FASB") is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Principles of Consolidation

The accompanying consolidated financial statements as of June 30, 2025 and 2024, include the financial statements of the Company, the Foundation, and the District. Intercompany transactions and balances have been eliminated in the consolidation.

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 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.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Estimates

The preparation of consolidated financial statements in conformity with GAAP includes the use of estimates that affect the consolidated financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company 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.

Grants Receivable

The Company and its affiliates consider their grants receivable to be fully collectible as they are primarily receivables from government agencies; accordingly, no allowance for doubtful accounts is required.

Grants and Contributions

The Company and its affiliates record grants and contributions in accordance with the FASB 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*. Grants and contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All 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.

Allowance for Credit Losses

The Company and its affiliates recognize an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the date of the statement of financial position. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of prepayments and based on management expectation as of the date of the statement of financial position.

Assets are written off when the Company and its affiliates determine that such financial assets are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the date of the statement of financial position.

The total allowance for credit losses for trade accounts receivable was as follows for the years ended June 30:

| | <u>2025</u> | <u>2024</u> |
|-------------------|------------------|------------------|
| Beginning of year | \$ 10,196 | \$ - |
| Provisions | <u>-</u> | <u>10,196</u> |
| End of year | <u>\$ 10,196</u> | <u>\$ 10,196</u> |

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements

June 30, 2025 and 2024

Note 2 - Summary of Significant 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 \$6,415 and \$7,258 for the years ended June 30, 2025 and 2024, respectively. All dividends and interest are included in investment income - net in the accompanying consolidated statement of activities.

Property and Equipment

Property and equipment acquired by the Company and its affiliates are considered to be owned by the Company 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.

Property and equipment 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. 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 |
| Vehicles | 5 years |

Leases

The Company and its affiliates may have lease agreements that contain both lease and non-lease components as defined by Accounting Standards Codification (“ASC”) 842, *Leases*. The Company and its affiliates have elected the practical expedient, by class of underlying asset, to account for the lease and non-lease components as a single lease component. The underlying assets include office space, multiple copiers, and computer servers recognized as right-of-use assets in the consolidated statements of financial position.

As the Company’s and its affiliates’ leases do not provide an implicit rate, a risk-free rate is used based on the information available at commencement date in determining the present value of lease payments. The risk-free rate is the rate of a zero-coupon U.S. Treasury instrument for the same period of time as the lease term.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue - Exchange Transactions

The Company recognizes revenue related to exchange transactions in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Disaggregation of revenue is presented on the face of the consolidated statement of activities. The Company receives revenue through fee-for-service contracts, which are exchange transactions. Revenue from fee-for-service contracts with government agencies and government sub-contractors for residential services provided to children in the care of the state or county court systems are reported at the amounts that reflect the consideration to which the Company expects to be entitled in exchange for providing residential services. These amounts are defined by the contracts and related amendments. Revenue is recognized monthly as the service is provided. Generally, the Company bills the government agencies and government sub-contractors after services have been provided. While amounts billed may be adjusted to reflect corrections in dates and times of residential services provided, refunds are not provided under these contracts.

The Company also receives revenue through various other exchange transactions, including counseling revenue, thrift shop sales, and special events. The amount of consideration received from these transactions is variable. Revenue from these transactions is recorded as an increase in net assets without donor restrictions to the extent that the earnings process is complete. Performance obligations are satisfied at a point in time when the service is performed, the sale is made or the event is held.

Contract Balances

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. There were no contract assets at June 30, 2025, June 30, 2024, and July 1, 2023.

Contract liabilities represent the Company's obligation to transfer goods or services to a customer when consideration has already been received from the customer. The Company's deferred revenue related to special events was as follows for the years ended June 30:

| | <u>2025</u> | <u>2024</u> |
|-------------------|-------------|-------------|
| Beginning of year | \$ 28,527 | \$ - |
| End of year | \$ - | \$ 28,527 |

Accounts receivable includes billings due for residential services provided. Amounts are reported net of an allowance for credit losses. Accounts receivable balances related to these exchange transactions were as follows for the years ended June 30:

| | <u>2025</u> | <u>2024</u> |
|-------------------|-------------|-------------|
| Beginning of year | \$ 345,688 | \$ 439,187 |
| End of year | \$ 373,600 | \$ 345,688 |

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Commitments and Contingencies

The Company and its affiliates receive funds through state and federal programs that are governed by various statutes and regulations. State program funding received by the District is based primarily on student attendance data submitted to the Texas Education Agency (“TEA”) and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Company and its affiliates have complex compliance requirements, and, should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by the grantor agency.

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, 2025, the tax years that remain subject to examination by taxing authorities begin with 2022.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASC 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this pronouncement is a shift from the incurred loss model to the expected loss model. Under this pronouncement, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Company and its affiliates that are subject to the guidance in ASC 326 are trade accounts receivable. This pronouncement was adopted effective July 1, 2023.

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.

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 insures the cash balances up to \$250,000 per bank. At June 30, 2025 and 2024, the District’s uninsured cash balances totaled \$263,148 and \$869,729, respectively, without regard to reconciling items.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 3 - Concentrations of Credit Risk (continued)

The Company and the Foundation maintain their cash and investment balances at multiple banking and investment institutions. Investment balances are insured by the Securities Investor Protection Corporation up to \$500,000 per institution. At June 30, 2025 and 2024, the Company's and the Foundation's uninsured cash and investment balances totaled \$2,736,976 and \$967,581, respectively, without regard to reconciling items.

Note 4 - Property and Equipment

The following summarizes the property and equipment at June 30:

| | <u>2025</u> | <u>2024</u> |
|------------------------------------|---------------------|---------------------|
| Land | \$ 448,358 | \$ 485,546 |
| Construction in progress | 682,664 | - |
| Buildings | 9,871,785 | 11,177,072 |
| Building improvements | 706,277 | 686,989 |
| Transportation equipment | 658,459 | 617,563 |
| Furniture and equipment | 1,397,350 | 1,195,209 |
| Software | 252,996 | 252,996 |
| Vehicles | 97,789 | 87,789 |
| | <u>14,115,678</u> | <u>14,503,164</u> |
| Less: accumulated depreciation | <u>(7,316,775)</u> | <u>(7,407,564)</u> |
| Total property and equipment - net | <u>\$ 6,798,903</u> | <u>\$ 7,095,600</u> |

Depreciation expense for the years ended June 30, 2025 and 2024 was \$494,874 and \$434,703, respectively.

Note 5 - Right-of-Use Finance Leases

The Company and its affiliates lease copiers and computer servers under finance leases with varying monthly rates and expiration dates. The right-of-use leased equipment was carried at cost of \$219,246 less accumulated amortization of \$208,774 and \$180,331 at June 30, 2025 and 2024, respectively. The balance of the lease payables was \$11,356 and \$41,586 at June 30, 2025 and 2024, respectively. Interest expense related to these leases was \$1,081 and \$2,410 for the years ended June 30, 2025 and 2024, respectively.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 5 - Right-of-Use Finance Leases (continued)

The related future minimum lease payments under these right-of-use finance leases are as follows:

| Years ending June 30, | | |
|--|----|---------------|
| 2026 | \$ | 10,728 |
| 2027 | | 894 |
| | | <u>11,622</u> |
| Less: Interest (3.98%) | | <u>(266)</u> |
| Present value of minimum lease payments | \$ | <u>11,356</u> |

The following summarizes the weighted average remaining lease term and discount rate for the years ended June 30:

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| Weighted average remaining lease terms (years) | | |
| Finance leases | 1.08 | 2.08 |
| Weighted average discount rate | | |
| Finance leases | 3.98% | 3.98% |

Note 6 - Right-of-Use Operating Lease

The Company entered into an operating lease in October 2024 for office space. The lease is payable in sixty monthly installments with escalating payments and expires in October 2029. The balance of the right-of-use leased asset was \$711,057 at June 30, 2025. The balance of the right-of-use lease payable was \$711,057 at June 30, 2025. Total rent expense related to this lease was \$123,361 for the year ended June 30, 2025, which is included in rent expense in the consolidated statement of functional expenses.

The related future minimum lease payments under this right-of-use operating lease are as follows:

| Year ending June 30, | | |
|-------------------------|----|-----------------|
| 2026 | \$ | 173,316 |
| 2027 | | 177,073 |
| 2028 | | 179,755 |
| 2029 | | 182,438 |
| 2030 | | <u>61,171</u> |
| | | 773,753 |
| Less: Interest (3.84%) | | <u>(62,696)</u> |
| Total | \$ | <u>711,057</u> |

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 6 - Right-of-Use Operating Lease (continued)

The following summarizes the weighted average remaining lease term and discount rate for the year ended June 30, 2025:

| | |
|--|-------|
| Weighted average remaining lease terms (years) | |
| Operating lease | 4.33 |
| Weighted average discount rate | |
| Operating lease | 3.84% |

Note 7 - Related Party Transactions

The District has 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, 2025 and 2024, lease expense was \$1.

The Company has agreements with the Foundation to lease property for its Meadowland Residential Treatment Center, Turning Point program, and San Antonio campus. For the years ended June 30, 2025 and 2024, total expense for these leases was \$3.

The Company had a receivable of \$11,552 and \$55,985 from the District for miscellaneous expenses as of June 30, 2025 and 2024, respectively.

The Foundation made contributions in the amount of \$1,543,687 and \$466,669 to the Company for building improvements and operating needs during the years ended June 30, 2025 and 2024, respectively. The Foundation made loans to the Company of \$811,004 and \$250,000 during years ended June 30, 2025 and 2024, respectively. The loan in fiscal year 2024 was forgiven during the year ended June 30, 2025. The loan in fiscal year 2025 was recorded as an intercompany payable by the Company and an intercompany receivable by the Foundation at June 30, 2025.

The Foundation also contributed rent in the form of facility use to the Company and the District for their programs. The contributed rent was valued at \$1,257,973 and \$291,668 for the years ended June 30, 2025 and 2024, respectively. Furthermore, the Company transferred buildings and improvements to the Foundation at the net book value of \$695,966 during the year ended June 30, 2024.

Note 8 - Designated Net Assets Without Donor Restrictions

During the years ended June 30, 2025 and 2024, the Company and its affiliates had \$272,510 and \$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.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 9 - Net Assets With Donor Restrictions

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

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|---------------------|
| SA Counseling Center | \$ 186,228 | \$ 7,915 |
| Meadowland playground | 102,760 | - |
| Meadowland bathroom | 100,000 | - |
| Gala | 77,882 | - |
| Capital campaign | 43,356 | 43,356 |
| Michael Gibbons Fund: children's special activities | 41,274 | 41,353 |
| Log cabin remodel | 40,208 | 92,292 |
| Turning Point/Meadowland – furniture and vehicles | 37,815 | 202,816 |
| Meadowland Charter District | 30,110 | 929,855 |
| Fuel and transportation needs | 19,632 | 7,811 |
| Meadowland kitchen remodel | 4,606 | 39,368 |
| Clothing | 1,535 | 653 |
| RMYA programs | - | 155,479 |
| General operations | - | 150,000 |
| Gym kitchen remodel | - | 100,000 |
| Turning Point - SSIC | - | 30,032 |
| National School Lunch Program | - | 5,000 |
| Kitchen supplies | - | 1,105 |
| Meadowland program/admin/clinical | - | 269 |
| | <u>\$ 685,406</u> | <u>\$ 1,807,304</u> |
| Total net assets with donor restrictions | | |

Note 10 - Special Events

The Company holds special events each year. As discussed in Note 1, these special events are considered exchange transactions. For the years ended June 30, 2025 and 2024, the exchange portion of special events income was \$152,196 and \$121,453, respectively, and is included in special event income in the consolidated statement of activities. The amount in excess of this exchange portion is considered contribution income.

Note 11 - Contributed Goods and Services

The Company reports contributed goods and services in accordance with ASU 2020-07, *Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*. The Company receives various forms of contributed goods and services, including supplies, food, clothing, other personal items, furnishings, equipment, event auction items, and 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. Contributed goods and services are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The value for donated services is based on conservative hourly rates determined by management from current market rates in relation to the type of service received. Contributed goods are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 11 - Contributed Goods and Services (continued)

Contributed goods and services were as follows for the years ended June 30:

| | <u>2025</u> | <u>2024</u> |
|--|-----------------------|-------------------------|
| Contributed goods: | | |
| Clothing and household | \$ 97,872 | \$ 284,773 |
| Food | 23,898 | 16,852 |
| Recreation | 21,295 | 67,906 |
| Supplies | 21,549 | 2,368 |
| Furniture | - | 25,440 |
| Gift cards/discounts | 27,261 | 8,821 |
| Equipment | 14,639 | 1,416 |
| Event auction items | 13,716 | 29,667 |
| | <u>220,230</u> | <u>437,243</u> |
| Contributed services: | | |
| Clinical | 86,214 | 69,221 |
| Media | 562,400 | 403,525 |
| Construction | - | 290,000 |
| Bookkeeping | 2,957 | 9,215 |
| | <u>651,571</u> | <u>771,961</u> |
| Total contributed goods and services | <u>\$ 871,801</u> | <u>\$ 1,209,204</u> |

Contributed goods and services are reflected in total in the consolidated statement of activities and did not have donor restrictions for the years ended June 30, 2025 and 2024.

Contributed event auction items of \$13,716 and \$29,667 related to fundraising activities are included in fundraising income, net of direct expenses, in the statement of activities and did not have donor restrictions for the years ended June 30, 2025 and 2024, respectively.

For the years ended June 30, 2025 and 2024, total volunteer hours logged by professionals who contributed their services amounted to 2,733 and 2,581, respectively.

Other in-kind services received by the Company are from non-professional volunteers and are not reflected on these consolidated financial statements. Total hours logged by these individuals for the years ended June 30, 2025 and 2024 amounted to 21,816 and 8,527, respectively.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 12 - Pension Plan Obligations

Plan Description

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

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

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

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

Total plan assets - \$256,723,783,000

Accumulated benefit obligations - \$289,276,031,895

The plan is 77.5% funded.

There are no collective-bargaining agreements.

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Under provisions in state law, plan members are required to contribute 8.25% of their annual covered salary, and the state of Texas contributes an amount equal to 8.25% of the District's covered payroll.

The District employees' contributions to TRS for the years ended June 30, 2025 and 2024 were \$85,027 and \$88,723, respectively, equal to the required contributions for each year.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 12 - Pension Plan Obligations (continued)

Funding Policy (continued)

Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ended June 30, 2025 and 2024 were \$25,341 and \$49,890 respectively, equal to the required contributions for each year.

The District's contributions to TRS for the years ended June 30, 2025 and 2024 were \$70,144 and \$123,280, respectively, which included \$20,484 and \$21,701 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 13 - Fair Value of Financial Instruments

The Company and its affiliates follow the provisions of ASC 820, "*Fair Value Measurements and Disclosures*". 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 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's and its affiliates' current assets and liabilities as presented in the consolidated statements of financial position are Level 1 or 2. The Company and its affiliates have no Level 3 current 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 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, as well as quoted prices in markets that are not active.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 13 - Fair Value of Financial Instruments (continued)

The following table represents assets measured at fair value on a recurring basis as reported in the consolidated statement of financial position at June 30, 2025 by level within the fair value measurement hierarchy:

| | Total Fair Value Measurement | Level 1 | Level 2 | Level 3 |
|-----------------------|---|-------------------|-------------------|----------------|
| Financial assets: | | | | |
| Equity securities | \$ 423,229 | \$ 423,229 | \$ - | \$ - |
| Corporate bonds | 254,060 | - | 254,060 | - |
| Money market | 16,580 | 16,580 | - | - |
| Exchange-traded funds | 17,667 | 17,667 | - | - |
| Total | <u>\$ 711,536</u> | <u>\$ 457,476</u> | <u>\$ 254,060</u> | <u>\$ -</u> |

The following table represents assets measured at fair value on a recurring basis as reported in the consolidated statement of financial position at June 30, 2024 by level within the fair value measurement hierarchy:

| | Total Fair Value Measurement | Level 1 | Level 2 | Level 3 |
|-----------------------|---|-------------------|-------------------|----------------|
| Financial assets: | | | | |
| Equity securities | \$ 389,675 | \$ 389,675 | \$ - | \$ - |
| Corporate bonds | 259,914 | - | 259,914 | - |
| Money market | 15,263 | 15,263 | - | - |
| Exchange-traded funds | 16,702 | 16,702 | - | - |
| Equity mutual funds | 6,013 | 6,013 | - | - |
| Total | <u>\$ 687,567</u> | <u>\$ 427,653</u> | <u>\$ 259,914</u> | <u>\$ -</u> |

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

Note 14 - 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:

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Unit rate contract funding: | | |
| Bexar County Juvenile Probation | \$ 120,373 | \$ 223,374 |
| Other County Juvenile Probation | 127,065 | 107,840 |
| Texas Department of State Health Services | 276,494 | 378,037 |
| Texas Department of Family and Protective Services | 2,270,249 | 2,254,749 |
| | <u>2,794,181</u> | <u>2,964,000</u> |
| Grant funding | | |
| U.S. Department of Agriculture | 12,197 | 33,380 |
| U.S. Department of Agriculture Commodities | - | 5,713 |
| U.S. Department of Health and Human Services | 102,070 | 80,688 |
| U.S. Department of Justice | 321,535 | 328,059 |
| U.S. Department of Health and Human Services | 270,632 | 455,659 |
| Texas Education Agency | 1,246,029 | 1,948,917 |
| City of San Antonio | - | 28,892 |
| Other | 67,702 | 150,000 |
| | <u>2,020,165</u> | <u>3,031,308</u> |
| Total government support | <u>\$ 4,814,346</u> | <u>\$ 5,995,308</u> |

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to the Financial Statements June 30, 2025 and 2024

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>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 4,014,988 | \$ 2,855,824 |
| Investments | 711,536 | 687,567 |
| Due from state | 195,059 | 286,064 |
| Accounts receivable - net | 373,600 | 345,688 |
| Grants receivable | 518,505 | 1,175,168 |
| Other receivables | 9,777 | - |
| Total financial assets | <u>5,823,465</u> | <u>5,350,311</u> |
| Board designations | (272,510) | (254,928) |
| Donor restrictions | <u>(685,406)</u> | <u>(1,807,304)</u> |
| Financial assets available to meet cash needs for expenditures within one year | <u>\$ 4,865,549</u> | <u>\$ 3,288,079</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 - Meadowland Charter District Going Concern

There is substantial doubt about the District's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued. Additionally, consistent with the considerations provided in GAAS, required disclosure of information should enable users of the consolidated financial statements to understand details of the District's plans. Management has determined that the recurring losses from operations raise substantial doubt about the District's ability to continue as a going concern. See management's plan related to this matter in Note 17.

Note 17 - Subsequent Events

The Company and its affiliates have evaluated subsequent events through January 26, 2026, which is the date the consolidated financial statements were available to be issued and identified the following matters that warrant disclosure in these consolidated financial statements:

In October 2025, the Board requested approval from the TEA to permanently close Meadowland Charter District and to relinquish the charter held by the Company, effective June 30, 2026. The request was contingent upon the District's compliance with all applicable charter school closure requirements.

The TEA approved the Board's request on November 4, 2025. The District is in the process of completing the required closure procedures in accordance with applicable state laws and TEA guidance.

Supplementary Information

Roy Maas' Youth Alternatives, Inc. and Affiliates

Consolidating Statement of Financial Position
As of June 30, 2025 (summarized for 2024)

| | Roy Maas' Youth Alternatives, Inc. | Roy Maas' Youth Alternatives Foundation | Meadowland Charter District | Eliminating Entries | 2025 Total | 2024 Total |
|---|---|--|--------------------------------|----------------------------|-----------------------------|-----------------------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 908,388 | \$ 2,610,320 | \$ 496,280 | \$ - | \$ 4,014,988 | \$ 2,855,824 |
| Due from state | - | - | 195,059 | - | 195,059 | 286,064 |
| Accounts receivable - net | 373,600 | - | - | - | 373,600 | 345,688 |
| Grants receivable | 518,505 | - | - | - | 518,505 | 1,175,168 |
| Other receivables | 11,552 | 820,781 | - | (822,556) | 9,777 | - |
| Prepaid expenses | 288,369 | - | - | - | 288,369 | 119,962 |
| Total current assets | <u>2,100,414</u> | <u>3,431,101</u> | <u>691,339</u> | <u>(822,556)</u> | <u>5,400,298</u> | <u>4,782,706</u> |
| Noncurrent assets: | | | | | | |
| Investments | - | 711,536 | - | - | 711,536 | 687,567 |
| Property and equipment - net | 1,755,833 | 4,923,124 | 119,946 | - | 6,798,903 | 7,095,600 |
| Operating lease right-of-use asset | 711,057 | - | - | - | 711,057 | - |
| Finance lease right-of-use assets - net | - | - | 10,472 | - | 10,472 | 38,915 |
| Total noncurrent assets | <u>2,466,890</u> | <u>5,634,660</u> | <u>130,418</u> | <u>-</u> | <u>8,231,968</u> | <u>7,822,082</u> |
| Total assets | <u>\$ 4,567,304</u> | <u>\$ 9,065,761</u> | <u>\$ 821,757</u> | <u>\$ (822,556)</u> | <u>\$ 13,632,266</u> | <u>\$ 12,604,788</u> |
| Liabilities and Net Assets | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 406,671 | \$ 84,000 | \$ 46,188 | \$ (11,552) | \$ 525,307 | \$ 454,709 |
| Payroll liabilities | 416,445 | - | 111,451 | - | 527,896 | 457,716 |
| Deferred income | - | - | - | - | - | 28,527 |
| Other liabilities | 811,004 | - | - | (811,004) | - | 684 |
| Operating lease payable - current | 148,602 | - | - | - | 148,602 | - |
| Finance lease payables - current | - | - | 10,465 | - | 10,465 | 30,230 |
| Total current liabilities | <u>1,782,722</u> | <u>84,000</u> | <u>168,104</u> | <u>(822,556)</u> | <u>1,212,270</u> | <u>971,866</u> |
| Noncurrent liabilities: | | | | | | |
| Operating lease payable - noncurrent | 562,455 | - | - | - | 562,455 | - |
| Finance lease payables - noncurrent | - | - | 891 | - | 891 | 11,356 |
| Total noncurrent liabilities | <u>562,455</u> | <u>-</u> | <u>891</u> | <u>-</u> | <u>563,346</u> | <u>11,356</u> |
| Total liabilities | <u>2,345,177</u> | <u>84,000</u> | <u>168,995</u> | <u>(822,556)</u> | <u>1,775,616</u> | <u>983,222</u> |
| Net assets: | | | | | | |
| Without donor restrictions: | | | | | | |
| Undesignated | 1,337,677 | 8,938,405 | 622,652 | - | 10,898,734 | 9,559,334 |
| Designated | 272,510 | - | - | - | 272,510 | 254,928 |
| Total without donor restrictions | <u>1,610,187</u> | <u>8,938,405</u> | <u>622,652</u> | <u>-</u> | <u>11,171,244</u> | <u>9,814,262</u> |
| With donor restrictions: | | | | | | |
| Purpose restricted | 611,940 | 43,356 | 30,110 | - | 685,406 | 1,807,304 |
| Total with donor restrictions | <u>611,940</u> | <u>43,356</u> | <u>30,110</u> | <u>-</u> | <u>685,406</u> | <u>1,807,304</u> |
| Total net assets | <u>2,222,127</u> | <u>8,981,761</u> | <u>652,762</u> | <u>-</u> | <u>11,856,650</u> | <u>11,621,566</u> |
| Total Liabilities and Net Assets | <u>\$ 4,567,304</u> | <u>\$ 9,065,761</u> | <u>\$ 821,757</u> | <u>\$ (822,556)</u> | <u>\$ 13,632,266</u> | <u>\$ 12,604,788</u> |

See independent auditor's report.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Consolidating Statement of Activities

For the Year Ended June 30, 2025 (summarized for 2024)

| | Roy Maas' Youth Alternatives, Inc. | Roy Maas' Youth Alternatives Foundation | Meadowland Charter District | Eliminating Entries | 2025 Total | 2024 Total |
|---|---------------------------------------|---|--------------------------------|------------------------|-----------------------------|-----------------------------|
| Operating support and revenues: | | | | | | |
| Grants and contributions - general | \$ 5,716,529 | \$ - | \$ 18,319 | \$ (1,543,687) | \$ 4,191,161 | \$ 3,492,658 |
| Government fee-for-service contracts | 2,758,808 | - | - | - | 2,758,808 | 2,857,414 |
| Government grants | 809,509 | - | 1,246,029 | - | 2,055,538 | 3,137,894 |
| Contributed services | 651,571 | - | - | - | 651,571 | 771,961 |
| Special event income (net of direct expenses of \$336,671 and \$347,806, respectively) | 617,198 | - | - | - | 617,198 | 820,219 |
| United Way | 320,754 | - | - | - | 320,754 | 320,754 |
| Contributed goods | 220,230 | - | - | - | 220,230 | 437,243 |
| Other income | 87,600 | - | - | - | 87,600 | 69,571 |
| Sales - thrift shop | 62,154 | - | - | - | 62,154 | 230,868 |
| Self referral and other program fees | - | - | - | - | - | 12,151 |
| Contributed rent | 926,150 | - | 331,823 | (1,257,973) | - | - |
| Total operating support and revenues | <u>12,170,503</u> | <u>-</u> | <u>1,596,171</u> | <u>(2,801,660)</u> | <u>10,965,014</u> | <u>12,150,733</u> |
| Operating expenses: | | | | | | |
| Program | 11,283,334 | - | 2,322,974 | (1,257,973) | 12,348,335 | 10,917,980 |
| Supporting services | 1,023,364 | 1,556,152 | - | (1,543,687) | 1,035,829 | 974,195 |
| Thrift shop | 221,885 | - | - | - | 221,885 | 607,202 |
| Total operating expenses | <u>12,528,583</u> | <u>1,556,152</u> | <u>2,322,974</u> | <u>(2,801,660)</u> | <u>13,606,049</u> | <u>12,499,377</u> |
| Change in net assets before non-operating activities | <u>(358,080)</u> | <u>(1,556,152)</u> | <u>(726,803)</u> | <u>-</u> | <u>(2,641,035)</u> | <u>(348,644)</u> |
| Non-operating activities: | | | | | | |
| Gain on sale of assets | (15,116) | 2,738,721 | - | - | 2,723,605 | 283,815 |
| Interest and investment income - net | 13,522 | 114,253 | - | - | 127,775 | 81,980 |
| Total non-operating activities | <u>(1,594)</u> | <u>2,852,974</u> | <u>-</u> | <u>-</u> | <u>2,851,380</u> | <u>365,795</u> |
| Change In net assets after non-operating activities | <u>(359,674)</u> | <u>1,296,822</u> | <u>(726,803)</u> | <u>-</u> | <u>210,345</u> | <u>17,151</u> |
| Net assets - beginning of year | <u>2,581,801</u> | <u>7,684,939</u> | <u>1,354,826</u> | <u>-</u> | <u>11,621,566</u> | <u>11,604,415</u> |
| Net Assets - End of Year | <u>\$ 2,222,127</u> | <u>\$ 8,981,761</u> | <u>\$ 628,023</u> | <u>\$ -</u> | <u>\$ 11,831,911</u> | <u>\$ 11,621,566</u> |

See independent auditor's report.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Consolidating Statement of Cash Flows

For the Year Ended June 30, 2025 (summarized for 2024)

| | Roy Maas' Youth Alternatives, Inc. | Roy Maas' Youth Alternatives Foundation | Meadowland Charter District | 2025 Total | 2024 Total |
|--|---------------------------------------|---|--------------------------------|----------------------------|----------------------------|
| Cash flows from operating activities: | | | | | |
| Change in net assets | \$ (359,674) | \$ 1,296,822 | \$ (702,064) | \$ 235,084 | \$ 17,151 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operations: | | | | | |
| Depreciation | 192,258 | 261,687 | 40,929 | 494,874 | 434,703 |
| Lease amortization | 18,776 | - | 9,667 | 28,443 | 37,136 |
| Due to/from RMYA and Foundation/District | 811,004 | (820,781) | - | (9,777) | - |
| Forgiveness of amount due to Foundation | (250,000) | 250,000 | - | - | - |
| Donated construction | - | - | - | - | (290,000) |
| Net realized and unrealized gain on investments | - | (59,069) | - | (59,069) | (55,274) |
| Loss (gain) on sale of assets | 15,116 | (2,738,721) | - | (2,723,605) | (283,815) |
| Changes in operating assets and liabilities | | | | | |
| Due from state | - | - | 91,005 | 91,005 | 62,044 |
| Accounts receivable - net | (27,912) | - | - | (27,912) | 93,499 |
| Grants receivable | 656,663 | - | - | 656,663 | 87,139 |
| Other receivables | (17,000) | - | 17,000 | - | - |
| Prepaid expenses | (185,730) | - | 17,323 | (168,407) | 51,594 |
| Operating lease right-of-use asset | (711,057) | - | - | (711,057) | - |
| Accounts payable | 19,794 | 84,000 | (33,196) | 70,598 | 137,041 |
| Payroll liabilities | 66,756 | - | 3,424 | 70,180 | 30,641 |
| Deferred revenue | (28,527) | - | - | (28,527) | 28,527 |
| Other liabilities | - | - | (684) | (684) | - |
| Operating lease payable | 711,057 | - | - | 711,057 | - |
| Net cash (used in) provided by operating activities | <u>911,524</u> | <u>(1,726,062)</u> | <u>(556,596)</u> | <u>(1,371,134)</u> | <u>350,386</u> |
| Cash flows from investing activities: | | | | | |
| Purchase of property and equipment | (1,295,286) | - | (10,000) | (1,305,286) | (898,043) |
| Proceeds from sale of property | 200,117 | 3,630,597 | - | 3,830,714 | 653,858 |
| Net sale of investments | - | 35,100 | - | 35,100 | 703,492 |
| Net cash (used in) provided by investing activities | <u>(1,095,169)</u> | <u>3,665,697</u> | <u>(10,000)</u> | <u>2,560,528</u> | <u>459,307</u> |
| Cash flows from financing activities: | | | | | |
| Payments on finance lease obligations | (20,172) | - | (10,058) | (30,230) | (19,737) |
| Net cash used in financing activities | <u>(20,172)</u> | <u>-</u> | <u>(10,058)</u> | <u>(30,230)</u> | <u>(19,737)</u> |
| Net change in cash flows | (203,817) | 1,939,635 | (576,654) | 1,159,164 | 789,956 |
| Cash and cash equivalents, beginning of year | <u>1,112,205</u> | <u>670,685</u> | <u>1,072,934</u> | <u>2,855,824</u> | <u>2,065,868</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 908,388</u> | <u>\$ 2,610,320</u> | <u>\$ 496,280</u> | <u>\$ 4,014,988</u> | <u>\$ 2,855,824</u> |
| Supplemental cash flow information: | | | | | |
| Interest paid | \$ 411 | \$ - | \$ 670 | \$ 1,081 | \$ 2,410 |
| Right-of-use asset obtained in exchange for new operating lease liability | \$ 806,306 | \$ - | \$ - | \$ 806,306 | \$ - |

See independent auditor's report.

Roy Maas' Youth Alternatives, Inc. and Affiliates

Schedule of Thrift Shop Revenue and Expenses For the Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|---------------------------|----------------------------|
| Revenues: | | |
| Sales revenue | \$ 62,154 | \$ 230,868 |
| Contributed goods/equipment | 61,390 | 264,493 |
| Total revenues | <u>123,544</u> | <u>495,361</u> |
| Expenses: | | |
| Salaries | 82,715 | 198,509 |
| Payroll taxes and benefits | <u>14,645</u> | <u>47,986</u> |
| Total payroll expenses | 97,360 | 246,495 |
| Contributed goods/equipment | 61,390 | 264,493 |
| Insurance | 19,140 | 21,101 |
| Contributed services | 14,285 | 16,946 |
| Depreciation expense | 10,142 | 10,788 |
| Professional fees | 8,464 | 15,726 |
| Miscellaneous | 4,026 | 3,979 |
| Telephone | 2,813 | 3,967 |
| Heating, cooling and water | 1,161 | 4,407 |
| Occupancy | 619 | 8,115 |
| Computer services and equipment | 535 | 558 |
| Travel and mileage | 485 | 747 |
| Office supplies, printing and postage | 439 | 2,080 |
| Food services | 304 | 1,169 |
| Membership dues | 290 | 1,365 |
| Contract labor | 181 | - |
| Conferences and workshops | 118 | 1,195 |
| Automotive expenses | 91 | 2,230 |
| Supplies - housekeeping | 30 | 209 |
| Personnel supplies | 9 | 93 |
| Children's personal expenses | 2 | 214 |
| Employee recruitment and other | 1 | 325 |
| Total expenses | <u>221,885</u> | <u>606,202</u> |
| Net Loss | <u>\$ (98,341)</u> | <u>\$ (110,841)</u> |

See independent auditor's report.

Meadowland Charter District

**Statements of Financial Position
As of June 30, 2025 and 2024**

| | <u>2025</u> | <u>2024</u> |
|---|--------------------------|----------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 496,280 | \$ 1,072,934 |
| Due from Texas Education Agency | 195,059 | 286,064 |
| Other receivables | - | 17,000 |
| Prepaid expenses | - | 17,323 |
| Total current assets | <u>691,339</u> | <u>1,393,321</u> |
| Noncurrent assets: | | |
| Property and equipment - net | 119,946 | 150,875 |
| Finance lease right-of-use asset - net | 10,472 | 20,139 |
| Total noncurrent assets | <u>130,418</u> | <u>171,014</u> |
| Total Assets | <u>\$ 821,757</u> | <u>\$ 1,564,335</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 46,188 | \$ 79,384 |
| Accrued expenses | 111,451 | 108,027 |
| Other liabilities | - | 684 |
| Finance lease payable - current | 10,465 | 10,058 |
| Total current liabilities | <u>168,104</u> | <u>198,153</u> |
| Noncurrent liabilities: | | |
| Finance lease payable - noncurrent | 891 | 11,356 |
| Total noncurrent liabilities | <u>891</u> | <u>11,356</u> |
| Total liabilities | <u>168,995</u> | <u>209,509</u> |
| Net assets: | | |
| Without donor restrictions | 622,652 | 424,971 |
| With donor restrictions | 30,110 | 929,855 |
| Total net assets | <u>652,762</u> | <u>1,354,826</u> |
| Total Liabilities and Net Assets | <u>\$ 821,757</u> | <u>\$ 1,564,335</u> |

See independent auditor's report.

Meadowland Charter District

Statement of Activities
For the Year Ended June 30, 2025 (summarized for 2024)

| | Without Donor Restrictions | With Donor Restrictions | 2025 Total | 2024 Total |
|---|---|--|--------------------------|----------------------------|
| Operating revenues and other support: | | | | |
| Local support: | | | | |
| 5740 Other revenue from local sources | \$ 350,142 | \$ - | \$ 350,142 | \$ 82,820 |
| Total local support | <u>350,142</u> | <u>-</u> | <u>350,142</u> | <u>82,820</u> |
| State program revenues: | | | | |
| 5810 Per Capita and Foundation School Program revenues | - | 774,893 | 774,893 | 982,851 |
| 5811 Per Capita Apportionment | - | 26,958 | 26,958 | 24,912 |
| 5820 State program revenues distributed by Texas Education Agency | - | 125,292 | 125,292 | 103,552 |
| 5830 State revenues from State of Texas government agencies | - | 57,933 | 57,933 | 46,134 |
| Total state program revenues | <u>-</u> | <u>985,076</u> | <u>985,076</u> | <u>1,157,449</u> |
| Federal program revenues: | | | | |
| 5920 Federal revenue distributed by Texas Education Agency | - | 260,953 | 260,953 | 735,749 |
| 5931 School Health and Related Services | - | - | - | 55,719 |
| Total federal program revenues | <u>-</u> | <u>260,953</u> | <u>260,953</u> | <u>791,468</u> |
| Net assets released from restrictions: | | | | |
| Restrictions satisfied by payments | 2,145,774 | (2,145,774) | - | - |
| Total operating revenues and other support | <u>2,495,916</u> | <u>(899,745)</u> | <u>1,596,171</u> | <u>2,031,737</u> |
| Operating expenses: | | | | |
| 11 Instruction | 1,157,870 | - | 1,157,870 | 1,188,809 |
| 12 Instructional resources and media services | - | - | - | 152 |
| 13 Curriculum development and instructional staff development | 67 | - | 67 | - |
| 21 Instructional leadership | 18 | - | 18 | 42 |
| 23 School leadership | 207,078 | - | 207,078 | 388,558 |
| 31 Guidance, counseling, and evaluation services | 69,366 | - | 69,366 | 85,977 |
| 32 Social work services | 69,410 | - | 69,410 | 74,688 |
| 33 Health services | - | - | - | 350 |
| 34 Student transportation | 758 | - | 758 | 752 |
| 35 Food services | 2,391 | - | 2,391 | 2,961 |
| 41 General administration | 121,483 | - | 121,483 | 191,642 |
| 51 Facilities maintenance and operations | 488,281 | - | 488,281 | 157,051 |
| 52 Security and monitoring services | 157,834 | - | 157,834 | 41,803 |
| 53 Data processing services | 13,342 | - | 13,342 | 46,878 |
| 61 Community service | - | - | - | 599 |
| 71 Debt service | 10,337 | - | 10,337 | 10,729 |
| Total operating expenses | <u>2,298,235</u> | <u>-</u> | <u>2,298,235</u> | <u>2,190,991</u> |
| Change in net assets | 197,681 | (899,745) | (702,064) | (159,254) |
| Net assets, beginning of year | <u>424,971</u> | <u>929,855</u> | <u>1,354,826</u> | <u>1,514,080</u> |
| Net Assets, End of Year | <u>\$ 622,652</u> | <u>\$ 30,110</u> | <u>\$ 652,762</u> | <u>\$ 1,354,826</u> |

See independent auditor's report.

Meadowland Charter District

**Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024**

| | 2025 | 2024 |
|---|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Foundation School Program payments | \$ 801,851 | \$ 1,161,031 |
| Grant payments | 494,250 | 849,930 |
| Miscellaneous sources | 18,319 | 65,820 |
| Payments to vendors for goods and services rendered | (438,379) | (395,992) |
| Payments to charter school personnel for services rendered | (1,431,967) | (1,726,374) |
| Interest payments | (670) | (1,062) |
| Net cash used in operating activities | <u>(556,596)</u> | <u>(46,647)</u> |
| Cash flows from investing activities: | | |
| Purchase of building, furniture, and equipment | <u>(10,000)</u> | <u>(62,477)</u> |
| Net cash used in investing activities | <u>(10,000)</u> | <u>(62,477)</u> |
| Cash flows from financing activities: | | |
| Payments on finance lease obligation | <u>(10,058)</u> | <u>(9,666)</u> |
| Net cash used in financing activities | <u>(10,058)</u> | <u>(9,666)</u> |
| Net decrease in cash flows | (576,654) | (118,790) |
| Cash and cash equivalents, beginning of year | <u>1,072,934</u> | <u>1,191,724</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 496,280</u> | <u>\$ 1,072,934</u> |
| Reconciliation of change in net assets to net cash used in operating activities: | | |
| Change in net assets | \$ (702,064) | \$ (159,254) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 40,929 | 32,964 |
| Amortization | 9,667 | 9,667 |
| Changes in operating assets and liabilities | | |
| Due from Texas Education Agency | 91,005 | 62,044 |
| Other receivables | 17,000 | (17,000) |
| Prepaid expenses | 17,323 | (17,323) |
| Accounts payable | (33,196) | 38,502 |
| Accrued expenses | 3,424 | 3,753 |
| Other liabilities | (684) | - |
| Net cash used in operating activities | <u>\$ (556,596)</u> | <u>\$ (46,647)</u> |

See independent auditor's report.

Meadowland Charter District

**Schedule of Expenses
For the Years Ended June 30, 2025 and 2024**

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Expenses: | | |
| 6100 Payroll costs | \$ 1,435,391 | \$ 1,730,127 |
| 6200 Professional and contracted services | 655,378 | 245,475 |
| 6300 Supplies and materials | 93,671 | 85,256 |
| 6400 Other operating costs | 103,458 | 119,404 |
| 6500 Debt service | <u>10,337</u> | <u>10,729</u> |
| Total Expenses | <u>\$ 2,298,235</u> | <u>\$ 2,190,991</u> |

See independent auditor's report.

Specific-Purpose Financial Statements

Meadowland Charter District

**Schedule of Assets
June 30, 2025**

| | Ownership Interest | | |
|---|---------------------------|-------------------|----------------|
| | Local | State | Federal |
| 1110 Cash | \$ 41,962 | \$ 454,318 | \$ - |
| 1520 Building and improvements | - | 279,997 | - |
| 1530 Furniture and equipment | - | 8,605 | - |
| 1541 Vehicles | - | 97,789 | - |
| 1559 Right-of-use asset: financing lease for furniture and equipment | - | 50,751 | - |
| Total | <u>\$ 41,962</u> | <u>\$ 891,460</u> | <u>\$ -</u> |

Reconciliation of property and equipment on schedule of assets to statement of financial position:

Per schedule of assets:

| | |
|--------------------------------|------------------|
| 1520 Building and improvements | \$ 279,997 |
| 1530 Furniture and equipment | 8,605 |
| 1541 Vehicles | 97,789 |
| | <u>386,391</u> |
| Less: accumulated depreciation | <u>(266,445)</u> |

Total property and equipment per statement of financial position \$ 119,946

Reconciliation of finance lease right-of-use asset to statement of financial position:

Per schedule of assets:

| | |
|---|-----------------|
| 1559 Right-of-use asset: financing lease for furniture and equipment | \$ 50,751 |
| Less: accumulated amortization | <u>(40,279)</u> |

Total finance lease right-of-use asset per statement of financial position \$ 10,472

Meadowland Charter District

Budgetary Comparison Schedule
For the Year Ended June 30, 2025

| | | Budgeted Amounts | | Variance From Original to Final Budget | Actual Amounts | Variance From Final Budget Favorable (Unfavorable) |
|-----------------------------|--|----------------------------|--------------------------|---|--------------------------|---|
| | | Original | Final | | | |
| Revenues and other support: | | | | | | |
| Local support: | | | | | | |
| 5740 | Other revenue from local sources | \$ 17,375 | \$ 35,375 | \$ 18,000 (1) | \$ 350,142 | \$ 314,767 |
| | Total local support | <u>17,375</u> | <u>35,375</u> | <u>18,000</u> | <u>350,142</u> | <u>314,767</u> |
| State program revenues: | | | | | | |
| 5810 | Per Capita and Foundation School Program revenues | 1,050,000 | 759,035 | (290,965) (2) | 774,893 | 15,858 |
| 5811 | Per Capita Apportionment | 24,000 | 28,895 | - | 26,958 | - |
| 5820 | State program revenues distributed by Texas Education Agency | 199,073 | 199,073 | - | 125,292 | (73,781) (12) |
| 5830 | State revenues from State of Texas government agencies | - | 68,700 | 68,700 (3) | 57,933 | (10,767) (13) |
| | Total state program revenues | <u>1,273,073</u> | <u>1,055,703</u> | <u>(222,265)</u> | <u>985,076</u> | <u>(68,690)</u> |
| Federal program revenues: | | | | | | |
| 5920 | Federal revenue distributed by Texas Education Agency | 239,487 | 239,487 | - | 260,953 | 21,466 |
| | Total federal program revenues | <u>239,487</u> | <u>239,487</u> | <u>-</u> | <u>260,953</u> | <u>21,466</u> |
| | Total revenues and other support | <u>1,529,935</u> | <u>1,330,565</u> | <u>(204,265)</u> | <u>1,596,171</u> | <u>267,543</u> |
| Expenses: | | | | | | |
| 11 | Instruction | 1,065,499 | 1,168,499 | 103,000 (4) | 1,157,870 | 10,629 |
| 13 | Curriculum development and instructional staff development | 2,500 | - | (2,500) (5) | 67 | (67) |
| 21 | Instructional leadership | - | - | - | 18 | (18) |
| 23 | School leadership | 232,597 | 207,597 | (25,000) (6) | 207,078 | 519 |
| 31 | Guidance, counseling, and evaluation services | 47,180 | 55,780 | 8,600 (7) | 69,366 | (13,586) (14) |
| 32 | Social work services | 37,552 | 38,568 | 1,016 | 69,410 | (30,842) (15) |
| 33 | Health services | 1,000 | - | (1,000) (8) | - | - |
| 34 | Student transportation | 5,100 | 5,100 | - | 758 | 4,342 |
| 35 | Food services | - | 5,000 | 5,000 (9) | 2,391 | 2,609 |
| 36 | Extracurricular activities | 7,659 | 1,659 | (6,000) (10) | - | 1,659 |
| 41 | General administration | 126,837 | 126,837 | - | 121,483 | 5,354 |
| 51 | Facilities maintenance and operations | 133,148 | 140,148 | 7,000 | 488,281 | (348,133) (16) |
| 52 | Security and monitoring services | 199,073 | 203,073 | 4,000 | 157,834 | 45,239 |
| 53 | Data processing services | 14,500 | 14,500 | - | 13,342 | 1,158 |
| 61 | Community service | 3,250 | - | (3,250) (11) | - | - |
| 71 | Debt service | - | - | - | 10,337 | (10,337) (17) |
| | Total expenses | <u>1,875,895</u> | <u>1,966,761</u> | <u>90,866</u> | <u>2,298,235</u> | <u>(331,474)</u> |
| | Change in net assets | (345,960) | (636,196) | (295,131) | (702,064) | (63,931) |
| | Net assets, beginning of year | <u>1,354,826</u> | <u>1,354,826</u> | <u>-</u> | <u>1,354,826</u> | <u>-</u> |
| | Net Assets, End of Year | <u>\$ 1,008,866</u> | <u>\$ 718,630</u> | <u>\$ (295,131)</u> | <u>\$ 652,762</u> | <u>\$ (63,931)</u> |

See independent auditor's report.

Meadowland Charter District

**Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2025**

- (1) Increase in final budgeted amount is primarily due to the School identifying local sources of revenue not previously budgeted.
- (2) Decrease in final budget is primarily due to decrease in average daily population compared to to the initial budgeted.
- (3) Increase in final budget is due to TRS matching adjustment due to new reporting requirements.
- (4) Increase in final budgeted expenses is due to delayed response to staff reduction after census and average population fell below budgeted.
- (5) Decrease in final budget is due due to reduction in funding, costs associated to curriculum development and staff development were reduced for the fiscal year.
- (6) Decrease in final budget is primarily due to turnover of school's leadership positions such as Business Manager and School Principal.
- (7) Increase in final budget is due to additional supplies needed.
- (8) Decrease in final budget is due to having supplies on hand to cover the needs for the year and no additional supplies were needed.
- (9) Increase in final budget is due to initial estimate of reimbursable meal costs was less than actual billed to school.
- (10) Decrease in final budget is due to less participation in extracurricular activities than anticipated.
- (11) Decrease in final budget is due to no cost for participation in the annual community event this year.
- (12) Unfavorable variance from final budget is due to all revenue was not realized in the fiscal year.
- (13) Unfavorable variance from final budget is due to the TRS match requirement was less than anticipated.
- (14) Unfavorable variance from final budget is due to additional expenses related to general supplies that were not anticipated but needed.
- (15) Unfavorable variance from final budget is due to added salaries and wages associated to social work services.
- (16) Unfavorable variance from final budget is due to not considering the revised in-kind fair market value of rent.
- (17) Unfavorable variance from final budget is due to recording amortization and interest expense for the finance lease.

Meadowland Charter District

**Schedule of Related Party Compensation and Benefits
For the Year Ended June 30, 2025**

| Related Party Name | Name of Relation to the Related Party | Relationship | Compensation of Benefit | Payment Frequency | Description | Source of Funds Used | Total Paid during Fiscal Year |
|---------------------------|--|---------------------|--------------------------------|--------------------------|-----------------------|-----------------------------|--------------------------------------|
| Rosa Belcher | Annette Ellenwood | Sister-in-law | Compensation | Monthly | Student Service Clerk | State | \$ 22,776 |
| Rosa Belcher | Annette Ellenwood | Sister-in-law | Compensation | Monthly | Student Service Clerk | Federal | \$ 800 |
| Annette Ellenwood | Rosa Belcher | Sister-in-law | Compensation | Monthly | Business Manager | State | \$ 35,533 |
| Annette Ellenwood | Rosa Belcher | Sister-in-law | Compensation | Monthly | Business Manager | Federal | \$ 264 |
| Jada Aguilar | Jada Aguilar and Winston Aguilar | Siblings and Parent | Compensation | Monthly | Student Service Clerk | State | \$ 39,760 |
| Jada Aguilar | Jada Aguilar and Winston Aguilar | Siblings and Parent | Compensation | Monthly | Student Service Clerk | Federal | \$ 900 |
| Winston Aguilar | Jada Aguilar and Winston Aguilar | Siblings and Parent | Compensation | Monthly | Teacher | State | \$ 55,453 |
| Winston Aguilar | Jada Aguilar and Winston Aguilar | Siblings and Parent | Compensation | Monthly | Teacher | Federal | \$ 1,400 |
| Marla Aguilar | Jada Aguilar and Winston Aguilar | Siblings and Parent | Compensation | Monthly | Office Aide | State | \$ 22,699 |

See independent auditor's report.

Meadowland Charter District

**Use of Funds Report - Select State Allotment Report
For the Year Ended June 30, 2025**

Section A: Compensatory Education Programs

Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.104.

| | | |
|-----|--|-----------|
| AP1 | Did your district expend any state compensatory education program state allotment funds during the district's fiscal year? | Yes |
| AP2 | Does the district have written policies and procedures for its state compensatory education program? | Yes |
| AP3 | List total state allotment funds received for state compensatory education programs during the district's fiscal year. | \$ 69,377 |
| AP4 | List actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34) | \$ 15,892 |

Section B: Bilingual Education Programs

Districts are required to spend at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.105.

| | | |
|-----|---|------|
| AP5 | Did your district expend any bilingual education program state allotment funds during the district's fiscal year? | Yes |
| AP6 | Does the district have written policies and procedures for its bilingual education program? | Yes |
| AP7 | List total state allotment funds received for bilingual education programs during the district's fiscal year. | \$ - |
| AP8 | List actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25, 35) | \$ - |

Meadowland Charter District

Schedule of Related Party Transactions
For the Year Ended June 30, 2025

| <u>Related Party Name</u> | <u>Name of Relation to the Related Party</u> | <u>Relationship</u> | <u>Type of Transaction</u> | <u>Description of Terms and Conditions</u> | <u>Source of Funds Used</u> | <u>Payment Frequency</u> | <u>Total Paid during FY</u> | <u>Principal Balance Due</u> |
|-----------------------------|--|---------------------|----------------------------|--|-----------------------------|--------------------------|-----------------------------|------------------------------|
| Meadowland Charter District | Roy Maas' Youth Alternatives Foundation | Affiliated Company | Financial | Lease | State | Annually | \$ 1 | N/A |

See independent auditor's report.

Meadowland Charter District

Schedule of Real Property Ownership Interest
June 30, 2025

| Description | Property Address | Total Assessed Value | Ownership Interest - Local | Ownership Interest - State | Ownership Interest - Federal |
|-------------|------------------|-------------------------|----------------------------------|----------------------------------|------------------------------------|
| N/A | N/A | N/A | N/A | N/A | N/A |

See independent auditor's report.

Financial Awards

Roy Maas' Youth Alternatives, Inc. and Affiliates

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2025**

| Federal Grantor Pass Through Grantor Program Title | Assistance Listing Number | Pass-Through Entity Identifying Number | Expenditures |
|--|---------------------------------|--|---------------------|
| U.S. Department of Agriculture | | | |
| Passed-Through Texas Department of Agriculture National Child Nutrition Cluster School Breakfast Program and National School Lunch Program | 10.553-10.555 | 01310 | \$ 12,197 |
| <i>Total U.S. Department of Agriculture</i> | | | <u>12,197</u> |
| U.S. Department of Health and Human Services | | | |
| Basic Center Grant | 93.623 | 90CY748202/ 90CY748203 | 223,730 |
| Transitional Living for Homeless Youth | 93.550 | 90CX740003 | 46,902 |
| Grants to States for Medicaid | 93.778 | 0801037-01 | 102,070 |
| <i>Total U.S. Department of Health and Human Services</i> | | | <u>372,702</u> |
| U.S. Department of Justice | | | |
| Crime Victim Assistance | 16.575 | 3952404/3952405 | 321,535 |
| Crime Victim Assistance/Discretionary Grants | 16.582 | 15POVC-24-GG-06103-NONF | 67,701 |
| <i>Total U.S. Department of Justice</i> | | | <u>389,236</u> |
| U.S. Department of the Treasury: | | | |
| Passed Through City of San Antonio American Rescue Plan Act/Corona Virus Local Fiscal Recovery Fund Award | 21.027 | 4500447752 | 362,925 |
| <i>Total U.S. Department of the Treasury</i> | | | <u>362,925</u> |
| U.S. Department of Education | | | |
| Passed-Through Texas Education Agency Special Education Cluster Special Education Grants to States Total Special Education Cluster | 84.027A | 236600010158076000 | 21,466 |
| | | | <u>21,466</u> |
| Title I Grants to Local Educational Agencies | 84.010A | 23610101130801/25610101130801 | 221,830 |
| Supporting Effective Instruction State Grants | 84.367A | 25694501130801/23694501130801 | 3,933 |
| Student Support and Academic Enrichment Program | 84.424A | 25680101130801/23680101130801 | 13,724 |
| <i>Total U.S. Department of Education</i> | | | <u>260,953</u> |
| Total Expenditures of Federal Awards | | | <u>1,398,013</u> |
| Texas Education Agency | | | |
| Silent Panic Alert Grant | N/A | 22039501130801 | 50,072 |
| School Safety Standards | N/A | 23039702130801/23039601130801 | 103,868 |
| <i>Total Texas Education Agency</i> | | | <u>153,940</u> |
| Total Expenditures of State Awards | | | <u>153,940</u> |
| Total Expenditures of Federal and State Awards | | | <u>\$ 1,551,953</u> |

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

Roy Maas' Youth Alternatives, Inc. and Affiliates

Notes to Schedule of Expenditures of Federal and State Awards June 30, 2025

Note 1 - General

The accompanying schedule of expenditures of federal and state awards presents expenditures for all federal and state assistance awards that were in effect for the year ended June 30, 2025 for Roy Maas' Youth Alternatives, Inc. ("RMYA") and its affiliates (collectively, the "Organization"). The Organization's reporting entity is described in Note 2 of the basic financial statements.

Note 2- Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Organization 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* 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 3 - Summary of Significant Accounting Policies

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

Note 4 - Non-Profit Charter School Chart of Accounts

For all federal and state programs, Meadowland Charter District used the net asset classes and codes specified by the Texas Education Agency 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 and state 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.

The Organization has elected not to use the 15 percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

The Organization did not disburse any federal or state awards to subrecipients for the year ended June 30, 2025.

Roy Maas' Youth Alternatives, Inc. and Affiliates

**Notes to Schedule of Expenditures of Federal and State Awards
June 30, 2025**

Note 6 - Reconciliation of Schedule of Expenditures of Federal and State Awards

The following is a reconciliation of total federal expenditures in the schedule of expenditures of federal and state awards and total government grants in the consolidated statement of activities for the year ended June 30, 2025:

| | |
|---|---------------------------|
| Government grants per consolidated statement of activities | \$ 2,055,538 |
| Less: state program revenues awarded to Meadowland Charter District | (985,076) |
| Less: Bexar County contract funding - RMYA | (35,374) |
| | <hr/> 1,035,088 |
| Plus: expenditures allocated to Coronavirus State and Local Fiscal Recovery Funds; grant funds recognized as revenue in fiscal year 2023 | <hr/> 362,925 |
| Total expenditures of federal awards | <hr/> <u>\$ 1,398,013</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. and Affiliates
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America (“GAAS”) 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 (collectively, the “Organization”), non-profit organizations, which comprise the statement of financial position as of June 30, 2025, and the related 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 .

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) as a basis for designing 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 the Organization’s internal control. Accordingly, we express no such opinion on the effectiveness of the Organization’s 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 financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency or 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free from 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 consolidated financial statements. 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.


San Antonio, Texas
January 26, 2026

**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

Opinion on Each Major Federal Program

We have audited Roy Maas's Youth Alternatives, Inc.'s and its affiliates' (collectively, the "Organization's") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance, but it is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in cursive script that reads "Calvetti Ferguson".

San Antonio, Texas
January 26, 2026

Roy Maas' Youth Alternatives, Inc. and Affiliates

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are
not considered to be material weakness(es)? _____ Yes X No

Noncompliance material to the financial statements
noted? _____ Yes X No

Federal Awards

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are
not considered to be material weakness(es)? _____ Yes X No

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? _____ Yes X No

Major Programs:

Federal

| <u>Assistance Listing</u> <u>Number</u> | <u>Name of Federal Program or Cluster</u> |
|--|---|
| 93.778 | Grants to States for Medicaid |
| 16.575 | Crime Victim Assistance |

Dollar threshold used to distinguish between Type
A and Type B programs: _____ \$750,000 _____

Auditee qualified as low-risk auditee? _____ X Yes _____ No

Roy Maas' Youth Alternatives, Inc. and Affiliates

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

Section II - Financial Statement Audit

None

Section III - Major Federal Award Programs Audit

None