WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE

YEARS ENDED JUNE 30, 2022 AND 2021

AND INDEPENDENT AUDITOR'S REPORTS

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES

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Certificate of Board

The Lawson Academy
(Federal Employer Identification Number: 76-0496051)

We, the undersigned, certify that the attached Financial and Compliance Report of The Lawson Academy was reviewed and (check one) ✓ approved _______ disapproved for the year ended June 30, 2022, at a meeting of the governing body of the charter holder on the 4 day of November, 2022.

Signature of Board Secretary

Signature of Board President

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
William A. Lawson Institute for Peace and Prosperity and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of William A. Lawson Institute for Peace and Prosperity and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 financial position of the Organization as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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, considered in the aggregate, that 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 available to be issued.

Auditor's Responsibilities for the Audit of the 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 and therefore 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, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

6002 Rogerdale, Ste. 200 Houston, Texas 77072 Tel 281-759-1120 Fax 281-759-5500

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, no such opinion is expressed.
- 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, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information to the consolidated financial statements and for The Lawson Academy (pages 23 - 37) and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (pages 43 - 45) 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, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits 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, except for that portion marked "unaudited," on which we express no opinion nor any assurance, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters (pages 38 and 39). 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.

Melton & Melton, LLP

Houston, Texas
November 4, 2022

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS

	2022	2021
Current Assets:		
Cash	$ 897,024	$ 1,191,078
Restricted cash	860,374	1,216,640
Investments	28,434	-
Contributions receivable	159,861	121,443
Total current assets	1,945,693	2,529,161
Noncurrent Assets:		
Capital assets, net	13,677,500	13,418,962
Note receivable	7,253,300	7,253,300
	20,930,800	20,672,262
	$ 22,876,493	**$ 23,201,423**

LIABILITIES AND NET ASSETS

	2022	2021
Current Liabilities:		
Accounts payable and accrued expenses	$ 63,344	$ 106,656
Current maturities of notes payable	141,650	97,838
Total current liabilities	204,994	204,494
Notes Payable, net of current maturities	13,225,316	12,920,758
Net Assets:		
Without donor restrictions	3,975,822	4,303,294
With donor restrictions	5,470,361	5,772,877
	9,446,183	10,076,171
	$ 22,876,493	**$ 23,201,423**

(See Notes to Consolidated Financial Statements)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Federal grants	$ -	$ 951,212	$ 951,212	$ -	$ 478,177	$ 478,177
State grants	-	1,688,982	1,688,982	-	1,996,791	1,996,791
Contributions	238,741	-	238,741	141,076	-	141,076
Special events	-	-	-	222,451	-	222,451
Property rental income	533,993	-	533,993	493,417	-	493,417
Interest	72,797	-	72,797	72,598	-	72,598
PPP loan forgiveness	-	-	-	316,600	-	316,600
Loss on capital assets	-	-	-	(628)	-	(628)
Other	20,317	-	20,317	181,360	-	181,360
	865,848	2,640,194	3,506,042	1,426,874	2,474,968	3,901,842
Net assets released from restrictions	2,942,710	(2,942,710)	-	2,305,989	(2,305,989)	-
Total support and revenue	3,808,558	(302,516)	3,506,042	3,732,863	168,979	3,901,842
Expenses:						
Program services	3,516,437	-	3,516,437	2,569,600	-	2,569,600
Costs of direct benefits to donors	-	-	-	6,664	-	6,664
Management and general	592,043	-	592,043	539,563	-	539,563
Fundraising	27,550	-	27,550	52,338	-	52,338
Total expenses	4,136,030	-	4,136,030	3,168,165	-	3,168,165
Change in net assets	(327,472)	(302,516)	(629,988)	564,698	168,979	733,677
Net assets, beginning of year	4,303,294	5,772,877	10,076,171	3,738,596	5,603,898	9,342,494
Net assets, end of year	**$ 3,975,822**	**$ 5,470,361**	**$ 9,446,183**	**$ 4,303,294**	**$ 5,772,877**	**$ 10,076,171**

(See Notes to Consolidated Financial Statements)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program Services			Costs of Direct Benefits to Donors	Supporting Services			
	Senior Housing Operations	Charter School Operations	Total		Management and General	Fundraising	Total	Total Expenses
Salaries and Related Expenses:								
Salaries	$ -	$ 1,492,312	$ 1,492,312	$ -	$ 190,197	$ -	$ 190,197	$ 1,682,509
Employee fringe benefits	-	133,268	133,268	-	821	-	821	134,089
Payroll taxes	-	27,463	27,463	-	18,916	-	18,916	46,379
Total salaries and related expenses	-	1,653,043	1,653,043	-	209,934	-	209,934	1,862,977
Operating Expenses:								
Contract services:								
Legal and professional fees	-	444,846	444,846	-	16,450	-	16,450	461,296
Food service	-	145,129	145,129	-	-	-	-	145,129
Transportation	-	135,600	135,600	-	-	-	-	135,600
Custodial services	10,181	-	10,181	-	-	-	-	10,181
Other contracted services	26,680	33,352	60,032	-	531	4,709	5,240	65,272
Property and equipment rent	-	33,607	33,607	-	-	-	-	33,607
Materials and supplies	-	218,564	218,564	-	3,918	3,384	7,302	225,866
Maintenance and repairs	78,811	44,059	122,870	-	-	-	-	122,870
Utilities	84,841	53,629	138,470	-	-	-	-	138,470
Insurance	-	37,725	37,725	-	74,826	-	74,826	112,551
Interest	68,820	226,544	295,364	-	-	-	-	295,364
Other	18,729	79,941	98,670	-	47,977	19,457	67,434	166,104
Total operating expenses before depreciation	288,062	1,452,996	1,741,058	-	143,702	27,550	171,252	1,912,310
Depreciation	105,345	16,991	122,336	-	238,407	-	238,407	360,743
Total Functional Expenses	**$ 393,407**	**$ 3,123,030**	**$ 3,516,437**	**$ -**	**$ 592,043**	**$ 27,550**	**$ 619,593**	**$ 4,136,030**

(See Notes to Consolidated Financial Statements)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
For the Year Ended June 30, 2021

	Program Services			Costs of	Supporting Services			
	Senior Housing Operations	Charter School Operations	Total	Direct Benefits to Donors	Management and General	Fundraising	Total	Total Expenses
Salaries and Related Expenses:								
Salaries	$ -	$ 1,139,728	$ 1,139,728	$ -	$ 161,531	$ -	$ 161,531	$ 1,301,259
Employee fringe benefits	-	106,046	106,046	-	-	-	-	106,046
Payroll taxes	-	20,523	20,523	-	13,226	-	13,226	33,749
Total salaries and related expenses	-	1,266,297	1,266,297	-	174,757	-	174,757	1,441,054
Operating Expenses:								
Contract services:								
Legal and professional fees	-	211,617	211,617	-	28,679	-	28,679	240,296
Food service	-	59,966	59,966	-	-	-	-	59,966
Transportation	-	86,688	86,688	-	-	-	-	86,688
Custodial services	7,946	-	7,946	-	140	-	140	8,086
Other contracted services	15,143	44,712	59,855	-	1,071	1,874	2,945	62,800
Property and equipment rent	-	31,816	31,816	-	-	-	-	31,816
Materials and supplies	-	130,627	130,627	-	28,480	4,004	32,484	163,111
Maintenance and repairs	80,971	27,314	108,285	-	-	-	-	108,285
Utilities	64,432	48,006	112,438	-	-	-	-	112,438
Insurance	-	40,786	40,786	-	46,716	-	46,716	87,502
Interest	41,706	232,786	274,492	-	-	-	-	274,492
Other	7,647	43,351	50,998	6,664	20,395	46,460	66,855	124,517
Total operating expenses before depreciation	217,845	957,669	1,175,514	6,664	125,481	52,338	177,819	1,359,997
Depreciation	105,345	22,444	127,789	-	239,325	-	239,325	367,114
Total Functional Expenses	**$ 323,190**	**$ 2,246,410**	**$ 2,569,600**	**$ 6,664**	**$ 539,563**	**$ 52,338**	**$ 591,901**	**$ 3,168,165**

(See Notes to Consolidated Financial Statements)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
State grant receipts	$ 1,675,570	$ 1,949,778
Federal grant receipts	951,212	493,842
Property rental receipts	533,993	493,417
Contribution receipts	210,307	388,527
Interest received	72,797	72,598
Receipts from miscellaneous sources	(4,689)	180,382
Payments to vendors for goods and services rendered	(1,660,258)	(1,038,219)
Payments to or on behalf of employees for services rendered	(1,862,977)	(1,441,054)
Interest paid	(291,318)	(270,446)
Net cash provided by (used in) operating activities	(375,363)	828,825
Cash Flows from Investing Activities:		
Purchase of capital assets	(155,281)	(59,323)
Net cash used in investing activities	(155,281)	(59,323)
Cash Flows from Financing Activities:		
Payments on notes payable	(119,676)	(95,647)
Net cash used in financing activities	(119,676)	(95,647)
Net increase (decrease) in cash and restricted cash	(650,320)	673,855
Cash and Restricted Cash, beginning of year	2,407,718	1,733,863
Cash and Restricted Cash, end of year	**$ 1,757,398**	**$ 2,407,718**
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Change in net assets	$ (629,988)	$ 733,677
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	360,743	367,114
Loss on capital assets	-	628
Amortization of debt issuance costs	4,046	4,046
PPP loan forgiveness	-	(316,600)
Donated investment	(28,434)	-
Changes in operating assets and liabilities:		
Contributions receivable	(38,418)	(7,326)
Accounts payable and accrued expenses	(43,312)	47,286
Net cash provided by (used in) operating activities	**$ (375,363)**	**$ 828,825**

(See Notes to Consolidated Financial Statements)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

William A. Lawson Institute for Peace and Prosperity ("WALIPP") is a nonprofit organization incorporated in the state of Texas in March 1996. WALIPP is governed by a Board of Directors ("WALIPP Board") comprised of not fewer than three members. The WALIPP Board is elected pursuant to the bylaws of WALIPP and has the authority to make decisions, appoint the chief executive officer of WALIPP, and significantly influence operations. The WALIPP Board has primary accountability for the fiscal affairs of WALIPP.

WALIPP operates The Lawson Academy (the "Academy") for boys and girls and a senior housing facility (the "Residence"), both located in Houston, Texas. WALIPP is supported through funds received from federal, state, and local governmental agencies, as well as from private donors including foundations, corporations, and other nonprofit organizations.

The Lawson Academy Real Estate Co. ("Real Estate Co.") was formed as a supporting organization and for the exclusive benefit of WALIPP. WALIPP is the sole member of Real Estate Co. Real Estate Co. is governed by a separate Board of Directors comprised of five members, of which three are also members of the WALIPP Board. Upon the dissolution of Real Estate Co., its assets and liabilities will be distributed to WALIPP.

In November 2020, WALIPP Regency Lofts, LLC ("Regency Lofts") was formed as a limited liability company to transact business under the Internal Revenue Code of 1986, as amended. WALIPP is the sole member of Regency Lofts. For the year ended June 30, 2022 and 2021, there were no operations in Regency Lofts, other than acquiring an investment in DWR Regency GP, LLC ("Regency GP") in 2021.

Corporate Operations

The Academy was organized in 2001 to provide educational services to students in the 6th through 8th grades. In 2011, the Texas State Board of Education granted the Academy an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Subsequently, the Academy was operated in accordance with the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter. The Academy's programs, services, activities, and functions are governed by the WALIPP Board. The Academy is part of the public school system of the State of Texas and is, therefore, entitled to distributions from the State's available school fund. The Academy does not have the authority to impose ad valorem taxes on its district or to charge tuition.

The Residence was constructed in 2003 and is a four-story structure with 42 two-bedroom apartments and eight one-bedroom apartments designed for independent living by adults 55 and older, of which 26 of the apartments are designated for low-income and very low-income adults.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Co. owns real and personal property in Houston, Texas. Real Estate Co. has an operating lease agreement with the Academy for the use of its land and facilities as the Academy's school (the "School").

Effective September 1, 2020, Regency Lofts acquired a 20% investment in Regency GP, a Texas limited liability company formed to develop, construct, own, and operate the Regency Lofts project, a 120-unit low income housing tax credit project located in Houston, Texas. Subsequent to the completion of a 15-year low income housing tax credit compliance period, Regency Lofts has the option to purchase all of the other member's interest in Regency GP at a price defined in the Regency GP Company Agreement. Regency GP had no operations in 2022 and 2021. When operations commence, the investment in Regency GP will be recorded on the equity basis of accounting.

Principles of Consolidation

The consolidated financial statements include the accounts of WALIPP, Real Estate Co., and Regency Lofts (together, the "Organization"). All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting and Presentation

The consolidated financial statements of the Organization are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net Asset Classification

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers.* The guidance introduced Accounting Standards Codification Topic 606 ("ASC 606") that prescribes a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09, as amended, also required disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

The Organization adopted ASC 606, effective July 1, 2020, using the modified retrospective method applying ASC 606 to contracts that were not complete as of the date of initial application. The adoption of ASC 606 resulted in no significant changes to the Organization's revenue recognition and had no effect on net assets as of the date of initial application, July 1, 2020.

Revenue Recognition from Contracts with Customers (Excluding Contributions, Grants, and Property Rental)

As discussed under "Change in Accounting Principle" above, the Organization adopted the provisions of ASC 606, effective July 1, 2020. The Organization accounts for revenue from exchange agreements, i.e. agreements whereby resource providers receive direct commensurate value for assets transferred, in accordance with ASC 606. Under ASC 606, an exchange agreement (contract with a customer) is an agreement which both parties have approved, creates enforceable rights and obligations, has commercial substance, identifies payment terms, and under which collectability is probable. Once the Organization has entered into a contract, the contract is evaluated to identify performance obligations. For each performance obligation, revenue is recognized as control of promised goods or services is transferred to the customer in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services. The amount of revenue recognized takes into account variable consideration when applicable. The Organization's contracts contained no significant variable consideration in 2022 and 2021.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service, or a bundle of goods or services, to the customer, and is the unit of accounting. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's primary source of revenues from customers are special events.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for benefits received at the event by the participant. This portion of the gross proceeds is recognized as revenues from contracts at a point in time in the period the special event was conducted; the remaining portion is treated as a contribution. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct benefits to donors in the consolidated statements of activities and changes in net assets.

Contract Balances

Contract assets relate to the Organization's right to consideration for products sold or services provided but not billed at the reporting date. Contract liabilities relate to advance consideration received from customers for which revenue has not been recognized and are reduced when the associated revenue from the contract is recognized. There were no contract assets or liabilities at June 30, 2022 and 2021.

Critical Accounting Estimates

As discussed above, estimates are used to determine the portion of the gross proceeds from special events that are applicable to benefits received by the participants at such events. The Organization adjusts such estimates from time to time to reflect changes in circumstances.

Revenue Recognition (Contributions, Grants, and Property Rental)

Contributions are recognized as revenue when an unconditional promise to give is received and is recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence of any restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in net assets released from restrictions on the consolidated statements of activities and changes in net assets.

Grants are recognized as revenue when eligible expenditures are incurred.

Property rental income is recognized on a straight-line basis of the total required rental payments over the lease term, which is usually twelve months or less.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

In-kind contributions are recognized at fair value when an unconditional commitment is received from the donor. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the consolidated financial statements because the services did not meet the criteria for recognition under U.S. GAAP.

Restricted Cash

Restricted cash consists of funds received for state and federal grants and lender funds received for capital expenditures under a debt agreement (Note 8). Funds received are required to be maintained in separate bank accounts.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are reported at net realizable value. An allowance for contributions receivable is provided when it is believed balances may not be collected in full. It is WALIPP's policy to write off receivables against the allowance when management determines the receivable will not be collected. The amount of bad debt expense or loss on contributions receivable recognized each period and the resulting adequacy of the allowance at the end of each period are determined using a combination of historical loss experience and individual account-by-account analysis of receivable balances. It is possible that management's estimate regarding the collectability of the balances will change in the near term resulting in a change in the carrying value of these receivables. At June 30, 2022 and 2021, management determined no allowance for uncollectible accounts was considered necessary.

Capital Assets

Capital assets are recorded at cost. The Organization has no donated capital assets to be valued. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from capital asset disposals are credited or charged to operations currently.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the respective classes of assets.

Construction in progress represents costs incurred on building and improvements expected to be placed in service in future periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

WALIPP is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and currently has no taxable unrelated business income. Accordingly, no provision for income taxes has been recorded.

Management has evaluated WALIPP's tax positions and concluded that WALIPP has taken no uncertain tax positions that require adjustment to the consolidated financial statements. In 2022 and 2021, WALIPP had no tax-related interest or penalties included in the consolidated statements of activities and changes in net assets. With few exceptions, WALIPP is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2019.

Functional Allocation of Expenses

Expenses are reported by their functional classification as program services or supporting activities. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the Organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated effort expended.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the identification of arrangements that should be accounted for as leases by lessees. In general, for operating or financing lease arrangements exceeding a twelve-month term, a right-of-use asset and a lease obligation will be recognized on the consolidated statements of financial position of the lessee while the consolidated statements of activities and changes in net assets will reflect lease expense for operating leases and amortization/interest expense for financing leases. ASU 2016-02, as further amended by ASU 2020-05, is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted and applied using a modified retrospective approach. Management has not evaluated the impact this ASU will have on the Organization's consolidated financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021 comprise the following:

	2022	2021
Cash	$ 897,024	$1,191,078
Contributions receivable	159,861	121,443
Total financial assets available for general expenditure	$1,056,885	$1,312,521

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. General expenditures do not include capital projects funded by capital campaigns.

In addition to the financial assets available to meet general expenditures, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. As part of the liquidity management practices, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due by maintaining a significant portion of its assets in cash.

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Revenue recognized at a point in time from special events was $6,664 during the year ended June 30, 2021. There was no revenue recognized at a point in time from special events in 2022.

Accounts Receivable from Contracts with Customers

There were no accounts receivable from contracts with customers at the beginning and end of the fiscal years ending June 30, 2022 and 2021, and the Organization recognized no credit losses related to accounts receivable from contracts with customers in 2022 and 2021.

NOTE 4 - CASH AND RESTRICTED CASH

The following table provides a reconciliation of cash and restricted cash in the Organization's consolidated statement of financial position to the total amount reported in the consolidated statements of cash flows at June 30, 2022 and 2021.

NOTE 4 - CASH AND RESTRICTED CASH (CONTINUED)

	2022	2021
Cash	$ 897,024	$1,191,078
Restricted cash:		
State and federal grants	740,361	1,042,877
Lender funds under a debt agreement	120,013	173,763
Restricted cash	860,374	1,216,640
Total cash and restricted cash	$1,757,398	$2,407,718

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2022 and 2021 consist of the following:

	2022	2021
Teacher Education Agency ("TEA")	$123,803	$110,391
Other	36,058	11,052
	$159,861	$121,443

NOTE 6 - CAPITAL ASSETS

Capital assets at June 30, 2022 and 2021 consist of the following:

	Useful Lives	2022	2021
Land		$ 6,457,084	$ 5,862,084
Building and improvements	5 - 40 years	10,078,784	10,078,784
Furniture and equipment	3 - 5 years	389,912	390,527
Construction in progress		10,050	-
		16,935,830	16,331,395
Less: Accumulated depreciation		3,258,330	2,912,433
		$13,677,500	$13,418,962

NOTE 7 - NOTE RECEIVABLE

The Organization has a note receivable agreement with the Lawson Academy Investment Fund, LLC ("Investment Fund"), an unrelated third-party, under the New Markets Tax Credit ("NMTC") program. Interest, only, is due quarterly at 1% through the first principal balloon payment of $3 million in July 2024. Prior to July 2024, no prepayments of principal are allowed. Beginning September 2024, principal and interest payments of $51,809 are due quarterly through the maturity date in July 2047. Payments to the Organization are made only from distribution funds received by the Investment Fund from TMF Sub-CDE 31, LLC ("TMF Sub-CDE") and Wells Fargo Community Development Enterprise Round 12 Subsidiary 16, LLC ("WFCDE"), the direct and indirect lenders, respectively, of four notes payable between the lenders and Real Estate Co. The note receivable is collateralized by a first-priority assignment of and security interest in TMF Sub-CDE and WFCDE. Interest income is recorded as earned on the accrual basis. At June 30, 2022 and 2021, the note receivable due from the Investment Fund is $7,253,300.

NOTE 8 - NOTES PAYABLE

Notes payable consist of the following at June 30, 2022 and 2021:

	2022	2021
Note; payable to a financial institution in monthly installments of $6,252, including interest at 4.99%, maturing June 2026, collateralized by an interest in the senior housing facility, net of unamortized debt issuance costs of $1,900 and $2,375 at June 30, 2022 and 2021, respectively.*	$ 758,332	$ 791,042
Construction note; payable to a nonprofit corporation; principal and interest at 6% due in monthly installments of $14,329; maturing July 2024; collateralized by a first lien deed of trust on certain real property and substantially all assets of the Organization; net of unamortized debt issuance costs of $7,442 and $11,013 at June 30, 2022 and 2021, respectively.**	1,730,614	1,792,554
Note; payable to a financial institution in monthly installments of $4,972, including interest at 5.146%, maturing October 2026, collateralized by a deed of trust in real estate.	443,020	-
Four notes; payable to TMF Sub-CDE and Renaissance New Markets Fund, LLC ("Renaissance"), two separate community development entities; only interest due quarterly at 1.11683% through the first principal balloon payment of $3 million in July 2024; beginning September 2024, principal and interest due in quarterly installments of $91,932; maturing July 2047; collateralized by a leasehold deed of trust against the School and interest in the land and a deposit account*** (Note 10). Principal prepayments are not allowed until July 2024.	10,435,000	10,435,000
Total, net of debt issuance costs of $9,342 and $13,388 at June 30, 2022 and 2021, respectively	13,366,966	13,018,596
Less: Current maturities	141,650	97,838
	$13,225,316	$12,920,758

Future maturities of the notes payable, net of debt issuance costs, at June 30, 2022 are as follows:

For the Year Ending June 30:	
2023	$ 141,650
2024	149,890
2025	4,972,322
2026	971,314
2027	546,808
Thereafter	6,584,982
	$13,366,966

NOTE 8 - NOTES PAYABLE (CONTINUED)

Amortization of debt issuance costs is included in interest expense on the consolidated statements of activities and changes in net assets.

*The senior housing facility is included in building and improvements and was constructed with $1.3 million in federal funds passed through from the City of Houston, Texas (the "City"). Per the terms of the grant agreement with the City, the facility is subject to a minimum affordability period of 20 years, terminating in December 2024. During the affordability period, the Organization is required to designate 26 apartment units of the total 50 residential rental units on a continuous basis for low-income and very low-income adults age 55 and older. The facility may not be mortgaged or used as collateral, sold, or otherwise transferred to another party without the written permission of the City. Title to the facility vests with the Organization.

**The proceeds of the note payable were provided from the Credit Enhancement of Charter School Facilities Program authorized by Title V, Part B, Subpart 2 of the No Child Left Behind Act. In accordance with the note agreement, the Academy must remain a charter school during the note term and comply with applicable federal, state, and local laws and regulations as they relate to the application, acceptance, and use of the proceeds.

***A fee reserve deposit account was established for the benefit of TMF Sub-CDE and Renaissance (collectively, "Lenders") under an Account Pledge and Control Agreement ("Control Agreement"). In accordance with the Control Agreement, the deposit account holds funds for compliance with NMTC covenants, future improvements, and other costs, as determined by the Lenders. After final payment and satisfaction of all obligations under the note payable agreements, the remaining funds will be released to the Organization. The deposit account is held at Wells Fargo, the servicer of the Control Agreement.

NOTE 9 - PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization received proceeds of $316,600 under the Paycheck Protection Program ("PPP") administered by a Small Business Administration ("SBA") approved partner. Established as part of the CARES Act, the PPP provided forgivable loans to qualifying organizations for certain expenditures. Prior to June 30, 2021, the Organization determined the conditions of the loan to be met upon the occurrence of eligible expenditures and the submission of the loan forgiveness application. Accordingly, the full amount of the proceeds is reported as PPP loan forgiveness in the consolidated statements of activities and changes in net assets for the year ended June 30, 2021. In September 2021, the SBA approved the Organization's loan forgiveness application.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Substantially all of the net assets with donor restrictions are related to a $4,730,000 grant received from the City to acquire land for the current site of Academy's School. In accordance with the grant agreement, the Organization is subject to a five-year, restricted-use period of the land and campus terminating in May 2023. During the restricted-use period, the Organization is required to have at least 51% of low-income families comprise the student population and will not sell, transfer, or assign its interest in the land and campus without the City's written approval. The City holds a deed of trust on the land subordinate to the construction note (Note 8). Upon a violation of the grant's restrictions, the Organization may be required to pay the grant funds plus accrued interest at 6% to the City. At the end of the restricted-use period, the deed of trust and the net assets with donor restrictions will be released.

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	2022	2021
Subject to the passage of time:		
Land	$4,730,000	$4,730,000
Subject to expenditure for a specific purpose:		
TEA federal and state grants	740,361	1,042,877
	$5,470,361	$5,772,877

Net assets were released from restrictions during 2022 and 2021 by incurring expenses satisfying the restricted purpose, as follows:

	2022	2021
Satisfaction of purpose restrictions:		
TEA federal and state grants	$2,942,710	$2,280,989
Promise to give	-	25,000
	$2,942,710	$2,305,989

NOTE 11 - PENSION PLAN OBLIGATION

The Academy's full-time employees participate in the Teacher Retirement System of Texas ("TRS"), a public employee retirement system. TRS is a cost-sharing, multiple-employer, defined benefit pension plan and is qualified under Section 401(a) of the IRC. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the pension plan. That report may be obtained by writing the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS website, www.trs.texas.gov.

NOTE 11 - PENSION PLAN OBLIGATION (CONTINUED)

For the years ended June 30, 2022, plan members contributed 8.0% and 7.7% of their annual covered salary; the Academy and the State of Texas contributed 7.8% and 7.5%; and the Academy made a 1.7% and 1.6% non-OASDI surcharge payment for all TRS eligible employees, respectively. For 2022 and 2021, the Academy contributed $61,273 and $41,026, respectively, which does not represent more than 5% of the TRS plan's total contributions.

The risks of participating in a multiemployer defined benefit plan are different from single-employer plans because (a) amounts contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if an employer stops contributing to TRS, unfunded obligations of TRS may be required to be borne by the remaining employers. There is no withdrawal penalty for leaving TRS.

As of August 31, 2021 and 2020, TRS plan assets were $223.2 billion and $184.4 billion; plan accumulated benefit obligations were $227.3 billion and $219.0 billion; and the plan was 79.1% and 76.8% funded, respectively.

NOTE 12 - POSTRETIREMENT HEALTH CARE BENEFIT

Plan Description

The Organization contributes to the Texas Public School Retired Employees Group Insurance Program ("TRS-Care"), a cost-sharing, multiple-employer, defined benefit Other Post-Employment Benefit plan administered by the Board of Trustees of TRS. The statutory authority for TRS-Care is the Texas Insurance Code, Chapter 1575. Under Section 1575.052, the Board of Trustees has the authority to establish basic and optional group insurance coverage for participants as well as amend benefit terms as needed. TRS-Care is funded on a pay-as-you-go basis and is subject to change based on available funding. The Texas Legislature determines the contribution rates for TRS-Care, and there is no continuing obligation to provide benefits beyond each fiscal year. Eligibility includes retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system and have at least ten years of service credit in the TRS pension system. Retirees receive free basic health insurance coverage and may pay premiums for dependent coverage and participation in other insurance plans with more comprehensive benefits.

Funding Policy

Texas Insurance Code, Chapter 1575, Section 202 to 204 establishes state, active employee, and public school contribution rates. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and participating employers based on active employee compensation. Public school contributions may not be less than 0.25% or greater than 0.75% of the salary of each active employee. For the years ended June 30, 2022 and 2021, contribution amounts for active members were $8,655 and $6,694 and contribution amounts for the Academy were $9,987 and $6,440, respectively.

NOTE 13 - HEALTH CARE COVERAGE

The 77th Texas Legislature enacted the Texas Active School Employees Uniform Group Benefits Act (H.B. 3343), establishing a statewide health coverage program for public school employees and their dependents. TRS administers this program, known as TRS-ActiveCare. For each of the years ended June 30, 2022 and 2021, the Organization contributed $225 per month per employee. The risk associated with this program is retained by the participants, and no risk is transferred to TRS, the Organization, or the State of Texas.

NOTE 14 - DEVELOPMENT SERVICES AGREEMENT

In December 2020, WALIPP entered into a Development Services Agreement ("Development Agreement") with the majority owner of Regency GP (Note 1). Under the Development Agreement, WALIPP receives 20% of the development fee for the Regency Lofts project in exchange for providing certain services. For 2021, development fees of $151,089 were received and recorded as other income on the consolidated statements of activities and changes in net assets. For 2022, there was no activity.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization leases equipment under a noncancelable operating lease that expires in January 2024. For each of the years ended June 30, 2022 and 2021, rent expense was approximately $28,000. Future minimum lease payments of the operating lease is as follows:

For the Year Ending June 30:	
2023	$28,080
2024	16,380
	$44,460

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash deposits in excess of federally insured limits. The Organization places its cash with financial institutions that are considered high quality financial institutions by the Organization's management. At times, such cash investments may be in excess of federally insured limits.

The Organization receives a large portion of its funding from the TEA. As of June 30, 2022 and 2021 and for the years then ended, TEA funding was approximately 77% and 91% of contributions receivable, respectively, and 74% and 63% of total support and revenue, respectively. An unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the Academy to continue to provide the current level of services to its students.

NOTE 15 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Organization receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the TEA and is subject to audit and adjustment. In addition, expenses charged to federal and state programs are subject to audit and adjustment by the grantor agencies. These funding sources may suspend payments, require reimbursement of expenses or return of funds, or both, as a result of noncompliance with the terms of their funding agreements. This could result in a liability or decrease of revenues for the Organization. Also, grants and contributions are funded annually and subject to annual funding renewals. In management’s opinion, the risk of these events occurring is minimal.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 4, 2022, the date the consolidated financial statements were available to be issued.

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
SCHEDULE OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
June 30, 2022

ASSETS	WALIPP	Real Estate Co.	Eliminating Entries Debit	Eliminating Entries Credit	Total
Current Assets:					
Cash	$ 859,202	$ 37,822	$ -	$ -	$ 897,024
Restricted cash	740,361	120,013	-	-	860,374
Investments	28,434	-	-	-	28,434
Contributions receivable	159,861	-	-	-	159,861
Total current assets	1,787,858	157,835	-	-	1,945,693
Noncurrent Assets:					
Capital assets, net	3,419,053	10,258,447	-	-	13,677,500
Note receivable	7,253,300	-	-	-	7,253,300
	10,672,353	10,258,447	-	-	20,930,800
	$ 12,460,211	**$ 10,416,282**	**$ -**	**$ -**	**$ 22,876,493**
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable and accrued expenses	$ 40,373	$ 22,971	$ -	$ -	$ 63,344
Current maturities of notes payable	141,650	-	-	-	141,650
Total current liabilities	182,023	22,971	-	-	204,994
Notes Payable, net of current maturities	2,790,316	10,435,000	-	-	13,225,316
Net Assets:					
Without donor restrictions	4,017,511	(41,689)	-	-	3,975,822
With donor restrictions	5,470,361	-	-	-	5,470,361
Total net assets	9,487,872	(41,689)	-	-	9,446,183
	$ 12,460,211	**$ 10,416,282**	**$ -**	**$ -**	**$ 22,876,493**

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS INFORMATION
For the Year Ended June 30, 2022

	WALIPP	Real Estate Co.	Eliminating Entries Debit	Eliminating Entries Credit	Total
Changes in Net Assets Without Donor Restrictions:					
Support and Revenue:					
Contributions	$ 238,741	$ -	$ -	$ -	$ 238,741
Property rental income	533,993	240,000	240,000	-	533,993
Interest	72,797	-	-	-	72,797
Other	207,260	-	186,943	-	20,317
	1,052,791	240,000	426,943	-	865,848
Net assets released from restrictions	2,942,710	-	-	-	2,942,710
Total support and revenue	3,995,501	240,000	426,943	-	3,808,558
Expenses:					
Program services	3,639,896	116,541	-	240,000	3,516,437
Management and general	341,058	437,928	-	186,943	592,043
Fundraising	27,550	-	-	-	27,550
Total expenses	4,008,504	554,469	-	426,943	4,136,030
Change in net assets without donor restrictions	(13,003)	(314,469)	426,943	426,943	(327,472)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS INFORMATION (CONTINUED)
For the Year Ended June 30, 2022

	WALIPP	Real Estate Co.	Eliminating Entries Debit	Eliminating Entries Credit	Total
Changes in Net Assets with Donor Restrictions:					
Support and Revenue:					
Federal grants	$ 951,212	$ -	$ -	$ -	$ 951,212
State grants	1,688,982	-	-	-	1,688,982
	2,640,194	-	-	-	2,640,194
Net assets released from restrictions	(2,942,710)	-	-	-	(2,942,710)
Total support and revenue	(302,516)	-	-	-	(302,516)
Change in net assets with donor restrictions	(302,516)	-	-	-	(302,516)
Change in net assets	(315,519)	(314,469)	426,943	426,943	(629,988)
Net assets, beginning of year:					
Without donor restrictions	4,030,514	272,780	-	-	4,303,294
With donor restrictions	5,772,877	-	-	-	5,772,877
Total net assets, beginning of year	9,803,391	272,780	-	-	10,076,171
Net assets, end of year:					
Without donor restrictions	4,017,511	(41,689)	-	-	3,975,822
With donor restrictions	5,470,361	-	-	-	5,470,361
Total net assets, end of year	**$ 9,487,872**	**$ (41,689)**	**$ -**	**$ -**	**$ 9,446,183**

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
SCHEDULE OF CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION
For the Year Ended June 30, 2022

	WALIPP	Real Estate Co.	Eliminating Entries Debit	Eliminating Entries Credit	Total
Cash Flows from Operating Activities:					
State grant receipts	$ 1,675,570	$ -	$ -	$ -	$ 1,675,570
Federal grant receipts	951,212	-	-	-	951,212
Property rental receipts	533,993	240,000	-	240,000	533,993
Contribution receipts	210,307	-	-	-	210,307
Interest received	72,797	-	-	-	72,797
Receipts from miscellaneous sources	(4,689)	-	-	-	(4,689)
Payments to vendors for goods and services rendered	(1,892,683)	(7,575)	240,000	-	(1,660,258)
Payments to or on behalf of employees for services rendered	(1,862,977)	-	-	-	(1,862,977)
Interest paid	(68,346)	(222,972)	-	-	(291,318)
Net cash provided by (used in) operating activities	(384,816)	9,453	240,000	240,000	(375,363)
Cash Flows from Investing Activities:					
Purchase of capital assets	(155,281)	-	-	-	(155,281)
Net cash used in investing activities	(155,281)	-	-	-	(155,281)
Cash Flows from Financing Activities:					
Payments on notes payable	(54,165)	(65,511)	-	-	(119,676)
Net cash used in financing activities	(54,165)	(65,511)	-	-	(119,676)
Net increase (decrease) in cash	(594,262)	(56,058)	240,000	240,000	(650,320)
Cash and Restricted Cash, beginning of year	2,193,825	213,893	-	-	2,407,718
Cash and Restricted Cash, end of year	**$ 1,599,563**	**$ 157,835**	**$ 240,000**	**$ 240,000**	**$ 1,757,398**

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
SCHEDULE OF CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION (CONTINUED)
For the Year Ended June 30, 2022

	WALIPP	Real Estate Co.	Eliminating Entries Debit	Eliminating Entries Credit	Total
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:					
Change in net assets	$ (315,519)	$ (314,469)	$ 555,229	$ 555,229	$ (629,988)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	122,336	238,407	-	-	360,743
Amortization of debt issuance costs	4,046	-	-	-	4,046
Bad debt expense	-	191,946	(315,229)	-	(123,283)
Gain on debt forgiveness	(191,946)	-	-	(315,229)	123,283
Donated investment	(28,434)	-	-	-	(28,434)
Changes in operating assets and liabilities:					
Contributions receivable	(38,418)	-	-	-	(38,418)
Intercompany	106,432	(106,432)	-	-	-
Accounts payable and accrued expenses	(43,313)	1	-	-	(43,312)
Net cash provided by (used in) operating activities	**$ (384,816)**	**$ 9,453**	**$ 240,000**	**$ 240,000**	**$ (375,363)**

THE LAWSON ACADEMY
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS

	2022	2021
Current Assets:		
Cash	$ 1,048,844	$ 1,473,568
Investments	28,434	-
Due from Texas Education Agency	123,803	110,391
Total current assets	1,201,081	1,583,959
Capital Assets, net	50,498	53,258
	$ 1,251,579	**$ 1,637,217**

LIABILITIES AND NET ASSETS

	2022	2021
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,690	$ 82,660
Total current liabilities	1,690	82,660
Net Assets:		
Without donor restrictions	509,528	511,680
With donor restrictions	740,361	1,042,877
	1,249,889	1,554,557
	$ 1,251,579	**$ 1,637,217**

THE LAWSON ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2022 and 2021

	2022 Without Donor Restrictions	2022 With Donor Restrictions	2022 Total	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total
Revenues:						
Local support:						
5744 Gifts and bequests	$ 174,197	$ -	$ 174,197	$ 257,451	$ -	$ 257,451
5749 Other revenues from local sources	17,427	-	17,427	272,142	-	272,142
	191,624	-	191,624	529,593	-	529,593
State program revenues:						
5811 Per capita apportionment	-	89,571	89,571	-	88,498	88,498
5812 Foundation School Program entitlements	-	1,595,030	1,595,030	-	1,824,827	1,824,827
5829 State program revenues distributed by the Texas Education Agency	-	4,381	4,381	-	83,466	83,466
	-	1,688,982	1,688,982	-	1,996,791	1,996,791
Federal program revenues:						
5921 School breakfast program	-	25,315	25,315	-	21,670	21,670
5922 National school lunch program	-	78,292	78,292	-	41,378	41,378
5929 Federal revenues distributed by the Texas Education Agency	-	799,531	799,531	-	415,129	415,129
5939 Federal revenues distributed by State of Texas government agencies	-	48,074	48,074	-	-	-
	-	951,212	951,212	-	478,177	478,177
Other revenues:						
8951 Loss on sale of real and personal property	-	-	-	(628)	-	(628)
Net assets released from restrictions:						
8910 Net assets released from restrictions	2,942,710	(2,942,710)	-	2,280,989	(2,280,989)	-
Total revenues	3,134,334	(302,516)	2,831,818	2,809,954	193,979	3,003,933

THE LAWSON ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
For the Years Ended June 30, 2022 and 2021

		2022			2021		
		Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:							
11	Instruction	$ 1,624,321	$ -	$ 1,624,321	$ 1,184,142	$ -	$ 1,184,142
13	Curriculum development and instructional staff development	8,315	-	8,315	7,101	-	7,101
23	School leadership	215,341	-	215,341	164,112	-	164,112
34	Student transportation	135,600	-	135,600	86,688	-	86,688
35	Food services	188,356	-	188,356	95,598	-	95,598
36	Extracurricular activities	8,371	-	8,371	12,788	-	12,788
41	General administration	261,657	-	261,657	233,618	-	233,618
51	Facilities maintenance and operations	506,466	-	506,466	379,326	-	379,326
52	Security and monitoring services	34,794	-	34,794	54,091	-	54,091
53	Data processing services	153,265	-	153,265	42,826	-	42,826
	Total expenses	3,136,486	-	3,136,486	2,260,290	-	2,260,290
	Change in net assets	(2,152)	(302,516)	(304,668)	549,664	193,979	743,643
Net assets (deficit), beginning of year		511,680	1,042,877	1,554,557	(37,984)	848,898	810,914
Net assets, end of year		**$ 509,528**	**$ 740,361**	**$ 1,249,889**	**$ 511,680**	**$ 1,042,877**	**$ 1,554,557**

THE LAWSON ACADEMY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
State grant receipts	$ 1,675,570	$ 1,949,778
Federal grant receipts	951,212	493,842
Contribution receipts	145,763	257,451
Receipts from miscellaneous sources	17,429	272,142
Payments to vendors for goods and services rendered	(1,547,424)	(1,179,073)
Payments to or on behalf of employees for services rendered	(1,653,043)	(1,266,297)
Net cash provided by (used in) operating activities	(410,493)	527,843
Cash Flows from Investing Activities:		
Purchase of capital assets	(14,231)	(59,323)
Net cash used in investing activities	(14,231)	(59,323)
Net increase (decrease) in cash	(424,724)	468,520
Cash, beginning of year	1,473,568	1,005,048
Cash, end of year	**$ 1,048,844**	**$ 1,473,568**

	2022	2021
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Change in net assets	$ (304,668)	$ 743,643
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,991	22,444
Loss on capital assets	-	628
Donated investment	(28,434)	-
Changes in operating assets and liabilities:		
Due from Texas Education Agency	(13,412)	(31,348)
Accounts payable and accrued expenses	(80,970)	(207,524)
Net cash provided by (used in) operating activities	**$ (410,493)**	**$ 527,843**

THE LAWSON ACADEMY
SCHEDULES OF EXPENSES
For the Years Ended June 30, 2022 and 2021

		2022	2021
Expenses:			
6100	Payroll costs	$ 1,653,043	$ 1,266,297
6200	Professional and contracted services	1,130,222	750,119
6300	Supplies and materials	218,564	130,627
6400	Other operating costs	134,657	113,247
	Total expenses	**$ 3,136,486**	**$ 2,260,290**

THE LAWSON ACADEMY
SCHEDULES OF ASSETS
June 30, 2022 and 2021

2022		**Ownership Interest**	
	Local	**State**	**Federal**
1110 Cash	$ 544,048	$ 1,262,377	$ (757,581)
1120 Investments	28,434	-	-
1539 Furniture and equipment	34,654	140,256	124,942
Total cash, investments, and capital assets	**$ 607,136**	**$ 1,402,633**	**$ (632,639)**

2021		**Ownership Interest**	
	Local	**State**	**Federal**
1110 Cash	$ 564,370	$ 1,418,400	$ (509,202)
1539 Furniture and equipment	34,654	136,667	129,146
Total cash, investments, and capital assets	**$ 599,024**	**$ 1,555,067**	**$ (380,056)**

THE LAWSON ACADEMY
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
For the Year Ended June 30, 2022

		Budgeted Amounts			Variance from
		Original	Final	Actual	Final Budget
Revenues:					
5700	Local and intermediate sources	$ 305,000	$ 310,000	$ 191,624	$ 118,376
5800	State program	2,028,250	1,670,890	1,688,982	(18,092)
5900	Federal program	1,053,531	1,232,231	951,212	281,019
	Total revenues	3,386,781	3,213,121	2,831,818	381,303
Expenses:					
11	Instruction	1,606,001	1,923,530	1,624,321	299,209
13	Curriculum development and instructional staff development	112,000	11,105	8,315	2,790
23	School leadership	181,480	214,268	215,341	(1,073)
34	Student transportation	165,000	130,000	135,600	(5,600)
35	Food services	155,965	161,541	188,356	(26,815)
36	Extracurricular activities	15,000	9,000	8,371	629
41	General administration	251,191	281,402	261,657	19,745
51	Facilities maintenance and operations	517,322	490,638	506,466	(15,828)
52	Security and monitoring services	42,977	33,766	34,794	(1,028)
53	Data processing services	207,850	196,198	153,265	42,933
	Total expenses	3,254,786	3,451,448	3,136,486	314,962
	Change in net assets	131,995	(238,327)	(304,668)	66,341
Net assets, beginning of year		489,418	929,133	1,554,557	(625,424)
Net assets, end of year		**$ 621,413**	**$ 690,806**	**$ 1,249,889**	**$ (559,083)**

THE LAWSON ACADEMY
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) (CONTINUED)
For the Year Ended June 30, 2022

MATERIAL BUDGET VARIANCE REVENUE

(1) The following is an explanation of the 10% variances from original budget to final budget of revenue reported on the Budgetary Comparison Schedule for the year ended June 30, 2022.

Object 5800 – Enrollment was lower than initially projected.

Object 5900 – Additional grants were awarded and included in the budget during the Fall of the 2021-2022 school year.

MATERIAL BUDGET VARIANCE REVENUE

(1) The following is an explanation of the 10% variance from final budget to actual revenue reported on the Budgetary Comparison Schedule for the year ended June 30, 2022.

Object 5700 – Revenue from private local sources was not received, as projected.

Object 5900 – Some of the federal program grants were not fully expended by the end of the Academy's fiscal year-end. These grants began in September 2021 and will continue into the 2022-2023 school year.

MATERIAL BUDGET VARIANCE EXPENDITURES

(1) The following is an explanation of the 10% variances from original budget to final budget of expenditures reported on the Budgetary Comparison Schedule for the year ended June 30, 2022.

Function 11 – The budget was increased for salary increases associated with COVID, such as the use of an instructional coach and accelerated learning coach.

Function 13 – The instructional coach staff initially included in the budget for Function 13 was moved to Function 11.

Function 23 – The Academy's material costs for supplies and administration were greater than initially expected.

Function 34 – Only two bus routes were used and mileage costs were lower than projected.

Function 36 – Sports teams did not complete with other schools due to COVID, which reduced some of the transportation requirements.

Function 41 – Costs for recruiting efforts and contract hours were more than expected. Also due to the Academy's business manager retiring in fiscal year 2022, the Academy had overlapping business managers for a short period.

Function 52 – The renewal of the Academy's contract for security and monitoring services had a decrease in costs from the prior year.

THE LAWSON ACADEMY
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) (CONTINUED)
For the Year Ended June 30, 2022

MATERIAL BUDGET VARIANCE EXPENDITURES

(1) The following is an explanation of the 10% variances from final budget to actual expenditures reported on the Budgetary Comparison Schedule for the year ended June 30, 2022.

Function 11 – Final budget amount included prior year net assets released from restrictions in the current fiscal year that were used for the increase in labor costs.

Function 13 – Curriculum software costs were not billed within the budget cycle.

Function 35 – The Academy's previous food vendor went out of business, and the Academy purchased kitchen equipment.

Function 53 – Instead of contractor costs occurring in the current fiscal year, the Academy assigned staff to perform its data processing services.

THE LAWSON ACADEMY
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the Years Ended June 30, 2022 and 2021

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
2022								
The Lawson Academy Real Estate Co.	William A. Lawson Institute for Peace and Prosperity	100% Owned Subsidiary	Rental Expense	$20,000 Payable, monthly; Termination date extended to August 31, 2023, as of August 31, 2022	State Funds	Monthly	$ 240,000	$ -
2021								
The Lawson Academy Real Estate Co.	William A. Lawson Institute for Peace and Prosperity	100% Owned Subsidiary	Rental Expense	$20,000 Payable, monthly; Termination date extended to August 31, 2022, as of August 31, 2021	State Funds	Monthly	$ 240,000	$ -

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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 of
William A. Lawson Institute for Peace and Prosperity and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the consolidated financial statements of William A. Lawson Institute for Peace and Prosperity and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 4, 2022 (pages 2 - 3).

Internal Control Over Financial Reporting

In planning and performing our audits of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 do not express an 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

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The Organization's Response to Findings

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

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.

Melton & Melton, LLP

Houston, Texas
November 4, 2022

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors of
William A. Lawson Institute for Peace and Prosperity and Subsidiaries

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited William A. Lawson Institute for Peace and Prosperity and Subsidiaries' (the "Organization") 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 the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is 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 compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

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 ("*Government Auditing Standards*"); 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 the 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 program.

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 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

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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 its 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Melton & Melton, LLP

Houston, Texas
November 4, 2022

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Department of Education:			
Passed Through Texas Education Agency:			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101101864	$ 24,505
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101101864	102,592
Total ESEA, Title I, Part A			127,097
ESEA Title II, Part A - Teacher/Principal Training	84.367A	21694501101864	5,112
ESEA, Title IV, Part A	84.424A	20680101101864	3,519
ESEA, Title IV, Part A	84.424A	21680101101864	8,000
Total ESEA, Title IV, Part A			11,519
Elementary Secondary School Emergency Relief (ESSER):			
COVID-19, ESSER I, Coronavirus Aid, Relief, and Economic Security (CARES)	84.425D	20521001101864	20,857
COVID-19, ESSER II, Coronavirus Response and Relief (CRRSA)	84.425D	21521001101864	126,264
COVID-19, ESSER III, American Rescue Plan (ARP)	84.425U	21528001101864	232,442
COVID-19, ESSER III, Texas COVID Learning Acceleration Supports (TCLAS)	84.425U	21528042101864	225,255
COVID-19, Prior Purchase Reimbursement Program	84.425D	52102135	40,589
Total ESSER			645,407
Special Education Cluster (IDEA)			
IDEA, Part B, Formula	84.027A	226600011018646000	30,000
COVID 19, IDEA, Part B, Formula, ARP	84.027A	225350011018645000	6,261
Total Special Education Cluster (IDEA)			36,261
Total passed through Texas Education Agency			825,396
Total Department of Education			825,396
Department of Agriculture			
Passed through Texas Education Agency			
Child Nutrition Cluster			
School Breakfast Program	10.553	71402101	13,257
School Breakfast Program	10.553	71402201	25,315
National School Lunch Program	10.555	71302101	29,676
National School Lunch Program	10.555	71302201	78,293
Total Child Nutrition Cluster			146,541
Total passed through Texas Education Agency			146,541

(See Notes to the Schedule of Expenditures of Federal Awards)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Passed through Texas Department of Agriculture			
Child and Adult Care Food Program	10.558		$ 5,296
Total passed through Texas Department of Agriculture			5,296
Total Department of Agriculture			151,837
Total Expenditures of Federal Awards			**$ 977,233**

(See Notes to the Schedule of Expenditures of Federal Awards)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
AND SUBSIDIARIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of William A. Lawson Institute for Peace and Prosperity and Subsidiaries (the "Organization") under programs of the federal government for the year ended June 30, 2022. 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* ("Uniform Guidance"). 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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For all federal programs, the Organization used the net asset classes and codes specified by the Texas Education Agency in the *Module 3: Special Supplement* - *Nonprofit Charter School Chart of Accounts.* Net assets with donor restrictions codes are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in net assets with donor restrictions.

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

There are no indirect costs included in the Schedule.

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______ Yes __x__ No
- Significant deficiency(ies) identified? ______ Yes __x_ None Reported

Noncompliance material to financial statements noted? __x__ Yes ______ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ______ Yes __x__ No
- Significant deficiency(ies) identified? ______ Yes __x_ None Reported

Type of auditor's report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ Yes __x__ No

Identification of major federal program:
Assistance Listing Number(s): 84.425D, 84.425U
Name of Federal Program or Cluster: Elementary Secondary School Emergency Relief (ESSER)

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as a low-risk auditee? ______ Yes __x__ No

Section II: Financial Statement Findings

Finding 2022-001 – Late filing of the Annual Financial and Compliance Report ("AFR") and inconsistent reporting in the AFR's data feed submission for the year ended June 30, 2021.

Criteria: A complete electronic file of the board approved AFR must be submitted 150 days after the close of the Academy's fiscal year. Additionally, the data feed submission must be consistent with the filed AFR.

Condition: The submission of the AFR for the year ended June 30, 2021 was completed on November 30, 2021, three days after the filing deadline. Additionally, a data code in the data feed schedule did not agree with the amount reported on the Statement of Financial Activities in the AFR.

Context: The finding was identified in a letter from the Financial Compliance Division at the Texas Education Agency, dated October 17, 2022.

Effect or Potential Effect: Failure to comply with AFR filing requirements constitutes a material violation of the applicable contract for charter. Additionally, a violation of the PEIMS Data Standards may exist from not submitting actual, audited financial data in the data feed submission.

Cause: Management oversight of the AFR due date and inaccurate data feed submission.

Recommendation: Management should set a reminder in its calendar to file the AFR prior to the 150th day after its fiscal year-end or November 27. Management should also review the data feed submission for accuracy prior to finalizing the filing.

Views of Responsible Official: This is a condition required by the Lone Star Governance and assigned to the superintendent. Corrective Action is to develop a procedures manual to ensure that proper steps are taken for a proper filing by the AFR final deadline.

Section III: Federal Awards Findings

None

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022

There were no findings for the year ended June 30, 2021. Therefore, there is nothing to report on this schedule.

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WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY

CORRECTIVE ACTION PLAN

Audit Finding Reference: 2022-001 – Late filing of the Annual Financial and Compliance Report ("AFR") and inconsistent reporting in the AFR's data feed submission for the year ended June 30, 2021.

Planned Corrective Action: We will develop a procedure manual to ensure that proper action is taken at least a week ahead of the AFR submission deadline. We anticipate having this procedure manual ready by the end of the first quarter of the fiscal year.

Name of Contact Person: Cheryl Lawson, Executive Director

***Anticipated completion date*:** November 15, 2022