

WILLIAM A. LAWSON INSTITUTE FOR
PEACE AND PROSPERITY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE
YEARS ENDED JUNE 30, 2024 AND 2023
AND INDEPENDENT AUDITOR'S REPORTS



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

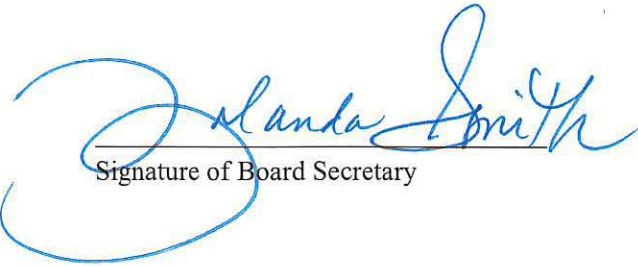
WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
AND SUBSIDIARIES
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Certificate of Board

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) X approved disapproved for the year ended June 30, 2024, at a meeting of the governing body of the charter holder on the 26th day of OCTOBER , 2024.



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, 2024 and 2023, 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, 2024 and 2023 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.

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 for The Lawson Academy (pages 22 - 31) 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 37 - 39) 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 and schedule of expenditures of federal awards are 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 11, 2024 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 32 - 33). 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.

Mick: Mick L.C.P.

Houston, Texas
November 11, 2024

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash	\$ 965,649	\$ 1,216,742
Restricted cash	153,583	643,345
Investments	1,120,900	-
Contributions receivable	241,780	161,269
Note receivable	3,168,655	-
Prepaid expenses	67,671	-
Total current assets	<u>5,718,238</u>	<u>2,021,356</u>
Noncurrent Assets:		
Capital assets, net	13,016,395	13,322,817
Note receivable	4,084,645	7,253,300
	<u>17,101,040</u>	<u>20,576,117</u>
	<u>\$ 22,819,278</u>	<u>\$ 22,597,473</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 295,556	\$ 156,864
Current maturities of notes payable	3,415,260	149,890
Total current liabilities	<u>3,710,816</u>	<u>306,754</u>
Notes payable, net of current maturities	<u>9,662,189</u>	<u>13,076,971</u>
Net Assets:		
Without donor restrictions	9,305,203	8,617,587
With donor restrictions	141,070	596,161
	<u>9,446,273</u>	<u>9,213,748</u>
	<u>\$ 22,819,278</u>	<u>\$ 22,597,473</u>

(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, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:						
Federal grants	\$ -	\$ 1,059,289	\$ 1,059,289	\$ -	\$ 843,142	\$ 843,142
State grants	-	1,911,767	1,911,767	-	1,503,008	1,503,008
Contributions	103,971	-	103,971	62,086	-	62,086
Property rental income	607,815	-	607,815	538,426	-	538,426
Interest	77,474	-	77,474	77,908	-	77,908
Gain on replacement of capital asset	-	-	-	110,004	-	110,004
Other	207,070	-	207,070	56,939	-	56,939
	<u>996,330</u>	<u>2,971,056</u>	<u>3,967,386</u>	<u>845,363</u>	<u>2,346,150</u>	<u>3,191,513</u>
Net assets released from restrictions	<u>3,426,147</u>	<u>(3,426,147)</u>	<u>-</u>	<u>7,220,350</u>	<u>(7,220,350)</u>	<u>-</u>
Total support and revenue	<u>4,422,477</u>	<u>(455,091)</u>	<u>3,967,386</u>	<u>8,065,713</u>	<u>(4,874,200)</u>	<u>3,191,513</u>
Expenses:						
Program services	3,194,721	-	3,194,721	2,921,762	-	2,921,762
Management and general	528,594	-	528,594	493,645	-	493,645
Fundraising	11,546	-	11,546	8,541	-	8,541
Total expenses	<u>3,734,861</u>	<u>-</u>	<u>3,734,861</u>	<u>3,423,948</u>	<u>-</u>	<u>3,423,948</u>
Change in net assets	687,616	(455,091)	232,525	4,641,765	(4,874,200)	(232,435)
Net assets, beginning of year	<u>8,617,587</u>	<u>596,161</u>	<u>9,213,748</u>	<u>3,975,822</u>	<u>5,470,361</u>	<u>9,446,183</u>
Net assets, end of year	<u><u>\$ 9,305,203</u></u>	<u><u>\$ 141,070</u></u>	<u><u>\$ 9,446,273</u></u>	<u><u>\$ 8,617,587</u></u>	<u><u>\$ 596,161</u></u>	<u><u>\$ 9,213,748</u></u>

(See Notes to Consolidated Financial Statements)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Senior Housing Operations</u>	<u>Charter School Operations</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total Expenses</u>
Salaries and Related Expenses:							
Salaries	\$ -	\$ 873,164	\$ 873,164	\$ 160,095	\$ -	\$ 160,095	\$ 1,033,259
Employee fringe benefits	-	94,528	94,528	2,342	-	2,342	96,870
Payroll taxes	-	16,700	16,700	13,810	-	13,810	30,510
Total salaries and related expenses	-	984,392	984,392	176,247	-	176,247	1,160,639
Operating Expenses:							
Contract services:							
Legal and professional fees	-	704,778	704,778	27,764	-	27,764	732,542
Food service	-	134,368	134,368	-	-	-	134,368
Transportation	-	117,881	117,881	-	-	-	117,881
Custodial services	17,434	-	17,434	-	-	-	17,434
Dues and licensing	-	168,067	168,067	-	-	-	168,067
Other contracted services	16,612	35,488	52,100	-	7,932	7,932	60,032
Property and equipment rent	-	24,906	24,906	-	-	-	24,906
Materials and supplies	-	219,069	219,069	1,519	937	2,456	221,525
Maintenance and repairs	61,851	32,172	94,023	-	-	-	94,023
Utilities	87,829	63,707	151,536	-	-	-	151,536
Insurance	-	53,054	53,054	92,318	-	92,318	145,372
Interest	56,431	212,661	269,092	-	-	-	269,092
Other	13,445	49,930	63,375	17,965	2,677	20,642	84,017
Total operating expenses before depreciation	253,602	1,816,081	2,069,683	139,566	11,546	151,112	2,220,795
Depreciation	124,320	16,326	140,646	212,781	-	212,781	353,427
Total Functional Expenses	\$ 377,922	\$ 2,816,799	\$ 3,194,721	\$ 528,594	\$ 11,546	\$ 540,140	\$ 3,734,861

(See Notes to Consolidated Financial Statements)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the Year Ended June 30, 2023

	Program Services			Supporting Services			
	<u>Senior Housing Operations</u>	<u>Charter School Operations</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total Expenses</u>
Salaries and Related Expenses:							
Salaries	\$ -	\$ 1,129,450	\$ 1,129,450	\$ 161,216	\$ -	\$ 161,216	\$ 1,290,666
Employee fringe benefits	-	107,710	107,710	2,342	-	2,342	110,052
Payroll taxes	-	17,605	17,605	12,444	-	12,444	30,049
Total salaries and related expenses	-	1,254,765	1,254,765	176,002	-	176,002	1,430,767
Operating Expenses:							
Contract services:							
Legal and professional fees	-	426,916	426,916	22,607	-	22,607	449,523
Food service	-	97,117	97,117	-	-	-	97,117
Transportation	-	211,381	211,381	-	-	-	211,381
Custodial services	13,260	-	13,260	-	-	-	13,260
Other contracted services	12,911	19,519	32,430	941	1,067	2,008	34,438
Property and equipment rent	-	22,600	22,600	-	-	-	22,600
Materials and supplies	-	113,407	113,407	2,543	936	3,479	116,886
Maintenance and repairs	70,757	32,088	102,845	-	-	-	102,845
Utilities	67,943	46,911	114,854	-	-	-	114,854
Insurance	-	38,861	38,861	67,461	-	67,461	106,322
Interest	60,707	222,503	283,210	-	-	-	283,210
Other	14,394	4	14,398	302	6,538	6,840	21,238
Total operating expenses before depreciation	239,972	1,231,307	1,471,279	93,854	8,541	102,395	1,573,674
Depreciation	178,778	16,940	195,718	223,789	-	223,789	419,507
Total Functional Expenses	\$ 418,750	\$ 2,503,012	\$ 2,921,762	\$ 493,645	\$ 8,541	\$ 502,186	\$ 3,423,948

(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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
State grant receipts	\$ 1,852,598	\$ 1,526,100
Federal grant receipts	1,005,096	843,642
Property rental receipts	607,815	538,426
Contribution receipts	128,971	37,086
Interest received	77,474	77,908
Receipts from miscellaneous sources	214,921	56,939
Payments to vendors for goods and services rendered	(1,880,682)	(1,196,944)
Payments to or on behalf of employees for services rendered	(1,160,639)	(1,430,767)
Interest paid	<u>(265,046)</u>	<u>(279,164)</u>
Net cash provided by operating activities	<u>580,508</u>	<u>173,226</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investment	-	28,434
Purchase of investments	(1,120,900)	-
Proceeds for replacement of capital assets	-	145,785
Purchase of capital assets	<u>(47,005)</u>	<u>(100,605)</u>
Net cash provided by (used in) investing activities	<u>(1,167,905)</u>	<u>73,614</u>
Cash Flows from Financing Activities:		
Payments on notes payable	<u>(153,458)</u>	<u>(144,151)</u>
Net cash used in financing activities	<u>(153,458)</u>	<u>(144,151)</u>
Net increase (decrease) in cash and restricted cash	(740,855)	102,689
Cash and Restricted Cash, beginning of year	<u>1,860,087</u>	<u>1,757,398</u>
Cash and Restricted Cash, end of year	<u>\$ 1,119,232</u>	<u>\$ 1,860,087</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in net assets	\$ 232,525	\$ (232,435)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	353,427	419,507
Gain on replacement of capital assets	-	(110,004)
Amortization of debt issuance costs	4,046	4,046
Changes in operating assets and liabilities:		
Contributions receivable	(80,511)	(1,408)
Prepaid expenses	(67,671)	-
Accounts payable and accrued expenses	<u>138,692</u>	<u>93,520</u>
Net cash provided by operating activities	<u>\$ 580,508</u>	<u>\$ 173,226</u>

(See Notes to Consolidated Financial Statements)

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024 and 2023

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, 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.

WALIPP Regency Lofts, LLC (“Regency Lofts”), is a limited liability company formed to transact business under the Internal Revenue Code (“IRC”) of 1986, as amended. WALIPP is the sole member of Regency Lofts. In February 2024, WALIPP Senior, LLC (“WALIPP Senior”) and WALIPP Senior Residence Expansion, LP (“Senior Residence Expansion”) were formed to construct, develop, renovate, repair, improve, and maintain the Residence. WALIPP is the sole member of WALIPP Senior, and WALIPP Senior is the general partner of Senior Residence Expansion. For the years ended June 30, 2024 and 2023, there were no operations in Regency Lofts, WALIPP Senior, or Senior Residence Expansion.

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. Effective July 1, 2023 and May 1, 2024, the charter was amended to add prekindergarten three-year olds through grade five (5) to the Academy’s charter as grade levels served and to add a location under the Academy’s campus number, The Lawson Academy Regency Lofts Pre-K, which serves prekindergarten three- and four-year olds, respectively. In August 2024, the charter was amended to add thirty additional sites under the Academy’s campus number to serve prekindergarten three- and four-year olds. The Academy is 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.

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In May 2023, the Academy entered into a joint venture agreement (“Agreement”) with two independent entities to establish and operate Lawson Pre-K, a childcare program serving children ages three and four. The Agreement ended in June 2024 and member contributions were subsequently returned. In July 2024, the Academy and Community Preschools (“CP”) entered into a new joint venture agreement (“JV Agreement”) to replace the original Agreement. The joint venture terminates July 1, 2026, and is managed by a committee comprised of one representative from the Academy and CP, each. In accordance with the JV Agreement, each member contributes \$40,000 comprised of cash for \$15,000 and services valued at \$25,000.

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.

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”).

Regency Lofts has a 20% investment in DWR Regency GP, LLC (“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 and pre-k program located in Houston, Texas (Note 13). The units opened for operations in November 2022, and the Lawson Pre-K program opened for the 2023 – 2024 school year. In October 2037, the end of a 15-year low-income housing tax credit compliance period, Regency Lofts has the option to purchase the other member’s interest in Regency GP at a price defined in the Regency GP Company Agreement. Regency GP is recorded on the equity basis of accounting. Regency GP had no operations in 2024 or 2023.

Principles of Consolidation

The consolidated financial statements include the accounts of WALIPP, Real Estate Co., Regency Lofts, WALIPP Senior, and Senior Residence Expansion (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:

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *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.

Revenue Recognition

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.

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.

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

In 2024, the Organization invested in money market accounts measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. See Note 4 for discussion of fair value measurements. Purchases and sales of marketable securities are recorded on a trade-date basis. Interest income is recorded as earned on the accrual basis. Dividends are recorded on the ex-dividend date. For 2024, investment income amounted to \$17,625 and is included in other revenue on the consolidated statements of activities and changes in net assets.

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 credit 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, 2024 and 2023, management determined no allowance for credit losses 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.

Income Taxes

WALIPP is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the 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 2024 and 2023, 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 2021.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Expenses are reported by their functional classification as program services or supporting services. 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.

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, 2024 and 2023 comprise the following:

	<u>2024</u>	<u>2023</u>
Cash	\$ 965,649	\$1,216,742
Investments	1,120,900	-
Contributions receivable	<u>241,780</u>	<u>161,269</u>
Total financial assets available for general expenditure	<u>\$2,328,329</u>	<u>\$1,378,011</u>

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.

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.

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NOTE 3 - CASH AND RESTRICTED CASH

The following table provides a reconciliation of cash and restricted cash in the Organization's consolidated statements of financial position to the total amount reported in the consolidated statements of cash flows at June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Cash	\$ 965,649	\$1,216,742
Restricted cash:		
State and federal grants	141,070	577,082
Lender funds under a debt agreement	<u>12,513</u>	<u>66,263</u>
Restricted cash	<u>153,583</u>	<u>643,345</u>
Total cash and restricted cash	<u>\$1,119,232</u>	<u>\$1,860,087</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

Various inputs are used in determining the fair value of Organization's investments. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy, including the types of investments that fall under each category and the valuation methodologies used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Money market: Comprised of funds invested in money market mutual funds. Money market mutual funds consist primarily of securities backed by the U.S. government and repurchase agreements backed by such investments. The funds seek to maintain a stable net asset value of \$1.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The inputs and methodologies used for valuing investments are not an indication of the risk associated with investing in those securities.

At June 30, 2024, the Organization's money market investments measured at fair value on a recurring basis are level 1 investments within the fair value hierarchy and valued at \$1,120,900 in the consolidated statements of financial position.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Teacher Education Agency ("TEA")	\$213,573	\$100,211
Other	<u>28,207</u>	<u>61,058</u>
	<u>\$241,780</u>	<u>\$161,269</u>

NOTE 6 - CAPITAL ASSETS

Capital assets at June 30, 2024 and 2023 consist of the following:

	<u>Useful Lives</u>	<u>2024</u>	<u>2023</u>
Land		\$ 6,457,084	\$ 6,457,084
Building and improvements	5 - 40 years	10,138,750	10,118,145
Furniture and equipment	3 - 5 years	391,345	391,457
Construction in progress		<u>34,750</u>	<u>8,350</u>
		17,021,929	16,975,036
Less: Accumulated depreciation		<u>4,005,534</u>	<u>3,652,219</u>
		<u>\$13,016,395</u>	<u>\$13,322,817</u>

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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, 2024, principal contractual maturities on the note receivable are \$3,168,655 in 2025; \$167,016 in 2026; \$168,692 in 2027; \$170,385 in 2028; \$172,095 in 2029; and \$3,406,457 thereafter.

Effective ninety days after the earlier of (1) the seventh anniversary of the last qualified equity investment ("QEI") by the Investment Fund from TMF Sub-CDE and WFCDE or (2) a specified recapture event such as a recapture, loss, or disallowance of NMTCs attributable to the applicable QEI, the sole member of the Investment Fund has one hundred eighty calendar days ("Put Exercise Period") to require the Organization to purchase the sole member's 100% interest in the Investment Fund. After the expiration of the Put Exercise Period, the Organization has a right and option to purchase the 100% interest in the Investment Fund for ninety days ("Call Exercise Period"). The put and call exercise prices are defined in the Investment Fund Put and Call Agreement.

In July 2024, the note receivable was fully collected, and the Organization purchased the 100% interest in the Investment Fund.

NOTE 8 - NOTES PAYABLE

Notes payable consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
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 \$950 and \$1,425 at June 30, 2024 and 2023, respectively.*	\$ 682,346	\$ 721,237
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 \$300 and \$3,871 at June 30, 2024 and 2023, respectively.** In July 2024, the note was amended to increase the interest rate to 8.125% and revise the maturity date to July 2029.	1,593,622	1,664,633

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NOTE 8 - NOTES PAYABLE (CONTINUED)

	<u>2024</u>	<u>2023</u>
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.	\$ 366,481	\$ 405,991
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.*** Principal prepayments are not allowed until July 2024. In July 18, 2024, the four notes were paid in full.	<u>10,435,000</u>	<u>10,435,000</u>
Total, net of debt issuance costs of \$1,250 and \$5,296 at June 30, 2024 and 2023, respectively	\$13,077,449	\$13,226,861
Less: Current maturities	<u>3,415,260</u>	<u>149,890</u>
	<u>\$ 9,662,189</u>	<u>\$13,076,971</u>

Future maturities of the notes payable, net of debt issuance costs, at June 30, 2024 are as follows:

<u>For the Year Ending June 30:</u>	
2025	\$ 3,415,260
2026	1,019,893
2027	622,951
2028	350,168
2029	358,429
Thereafter	<u>7,310,748</u>
	<u>\$13,077,449</u>

Amortization of debt issuance costs is included in interest expense on the consolidated statements of functional expenses.

*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.

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NOTE 8 - NOTES PAYABLE (CONTINUED)

**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. Subsequent to the full payment of the note payable agreements in July 2024, the funds were released to the Organization.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are subject to expenditure for a specific purpose, TEA federal and state grants. Total net assets with donor restrictions at June 30, 2024 and 2023 are \$141,070 and \$596,161, respectively.

Net assets were released from restrictions during 2024 and 2023 by the fulfillment of the requirement of the restriction or by incurring expenses satisfying the restriction, as follows:

	<u>2024</u>	<u>2023</u>
<i>Satisfaction of purpose restrictions:</i>		
TEA federal and state grants	\$3,426,147	\$2,490,350
Land	<u>-</u>	<u>4,730,000</u>
	<u>\$3,426,147</u>	<u>\$7,220,350</u>

The Organization had a \$4.73 million grant agreement with the City to acquire land for the current site of the Academy’s School. In accordance with the grant agreement, the Organization was subject to a five-year, restricted-use period of the land and campus. During the restricted-use period, the Organization was required to have at least 51% of low-income families comprise the student population and could not sell, transfer, or assign its interest in the land and campus without the City’s written approval. The restricted-use period terminated in May 2023, and the land under the grant was released by the City and included in net assets released from restrictions on the consolidated statements of activities and changes in net assets.

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June 30, 2024 and 2023

NOTE 10 - 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 downloading the report from the TRS website, www.trs.texas.gov.

For the years ended June 30, 2024 and 2023, plan members contributed 8.25% and 8.0% of their annual covered salary, respectively. The Academy and the State of Texas contributed 8.25% and 8.0%; and the Academy made a 1.9% and 1.8% non-OASDI surcharge payment for all TRS eligible employees for the years ended June 30, 2024 and 2023, respectively. For 2024 and 2023, the Academy contributed \$49,950 and \$63,933, respectively, which does not represent more than 5% of the TRS plan's total contributions.

The risks of participating in a multiple-employer defined benefit plan are different from single-employer plans because (a) amounts contributed to a multiple-employer 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, 2023 and 2022, TRS plan assets were \$213.5 billion and \$207.6 billion; plan accumulated benefit obligations were \$255.9 billion and \$243.6 billion; and the plan was 77.5% and 79.0% funded, respectively.

NOTE 11 - 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.

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NOTE 11 - POSTRETIREMENT HEALTH CARE BENEFIT (CONTINUED)

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, 2024 and 2023, contribution amounts for active members were \$4,733 and \$6,594 and contribution amounts for the Academy were \$5,461 and \$6,922, respectively.

NOTE 12 - 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, 2024 and 2023, 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 13 - REGENCY LOFTS PROJECT

In December 2020, WALIPP entered into a Development Services Agreement (“Development Agreement”) with the majority owner of Regency GP (Note 1) for the development, construction, maintenance and operation of the Regency Lofts project (the “Project”), a 120-unit low-income housing tax credit project located in Houston, Texas. Under the Development Agreement, WALIPP receives 20% of the development fee for the Project in exchange for providing certain services. For 2024, development fees of \$142,000 were received by WALIPP and included in other revenue on the consolidated statements of activities and changes in net assets. No development fees were received by WALIPP in 2023.

In December 2022, WALIPP entered into an Affordable Housing Program Agreement for Rental Projects (“AHP Agreement”) with Federal Home Loan Bank of Dallas (“FHLB of Dallas”) and Frost Bank. Under the AHP Agreement, FHLB of Dallas approved the funding of a direct subsidy to Frost Bank in an amount not to exceed \$750,000. Frost Bank provided the direct subsidy as a conditional grant to WALIPP for the construction of a low-income Rental Project. The Rental Project must be completed by October 2026, and subsequently, the rental units must remain occupied by low-income households. Additionally, WALIPP must remain in compliance with the AHP Agreement during a retention period of fifteen years after the Rental Project’s completion date. As of June 30, 2024 and 2023, no funding has been received from the direct subsidy.

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June 30, 2024 and 2023

NOTE 14 - RELATED PARTY TRANSACTIONS

CP, a joint venture partner of the Lawson Pre-K program, has an agreement with WALIPP to lease the Pre-K site at The Lawson Academy from August 2023 to July 2024 for \$5,000 per month. For the year ended June 30, 2024, total rental income is \$50,000. The leased site is included in building and improvements in capital assets on the consolidated statements of financial position.

For the 2023 – 2024 school year, CP provided food services to the Lawson Academy and Lawson Pre-K for 75% of the National School Lunch Program (“NSLP”) and School Breakfast Program federal funds. Effective July 15, 2024, the rate increased to 90% of the NSLP federal funds. The food service agreement terminates July 2025. CP also managed the Lawson Pre-K program’s average daily attendance analysis (“ADA”) in exchange for 80% - 85% of Foundation School Program state funds earned by dually enrolled students in the program. For the year ended June 30, 2024, total food service and ADA expenses are \$125,713 and \$168,067, respectively.

NOTE 15 - CONCENTRATIONS OF CREDIT RISK

The Organization receives a large portion of its funding from the TEA. As of June 30, 2024 and 2023 and for each of the years then ended, TEA funding comprised approximately 88% and 62% of contributions receivable, respectively, and approximately 74% of total support and revenue each year. 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.

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.

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.

NOTE 16 - SUBSEQUENT EVENTS

In August 2024, Senior Residence Expansion was awarded \$2 million under the Texas Department of Housing and Community Affairs 2024 Housing Tax Credit Program.

Management has evaluated subsequent events through November 11, 2024, the date the consolidated financial statements were available to be issued.

THE LAWSON ACADEMY
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash	\$ 716,137	\$ 1,051,601
Investments	714,318	-
Due from Texas Education Agency	213,573	100,211
Other receivables	24,796	-
Prepaid expenses	<u>67,671</u>	<u>-</u>
Total current assets	1,736,495	1,151,812
 Capital assets, net	 <u>17,232</u>	 <u>33,558</u>
	 <u>\$ 1,753,727</u>	 <u>\$ 1,185,370</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 263,405	\$ 49,985
Total current liabilities	<u>263,405</u>	<u>49,985</u>
 Net Assets:		
Without donor restrictions	1,349,252	539,224
With donor restrictions	<u>141,070</u>	<u>596,161</u>
	1,490,322	1,135,385
	 <u>\$ 1,753,727</u>	 <u>\$ 1,185,370</u>

THE LAWSON ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>Restrictions</u>	<u>Restrictions</u>	
Revenues:						
Local support:						
5743 Rent	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -
5744 Gifts and bequests	34,191	-	34,191	20,000	-	20,000
5749 Other revenues from local sources	163,828	-	163,828	39,855	-	39,855
	<u>248,019</u>	<u>-</u>	<u>248,019</u>	<u>59,855</u>	<u>-</u>	<u>59,855</u>
State program revenues:						
5811 Per capita apportionment	-	50,167	50,167	-	101,699	101,699
5812 Foundation School Program entitlements	-	1,625,948	1,625,948	-	1,387,351	1,387,351
5829 State program revenues distributed by the Texas Education Agency	<u>-</u>	<u>235,652</u>	<u>235,652</u>	<u>-</u>	<u>13,958</u>	<u>13,958</u>
	<u>-</u>	<u>1,911,767</u>	<u>1,911,767</u>	<u>-</u>	<u>1,503,008</u>	<u>1,503,008</u>
Federal program revenues:						
5921 School breakfast program	-	53,516	53,516	-	24,681	24,681
5922 National school lunch program	-	105,261	105,261	-	72,865	72,865
5923 United States Department of Agriculture (USDA) Commodities	-	9,456	9,456	-	-	-
5929 Federal revenues distributed by the Texas Education Agency	<u>-</u>	<u>891,056</u>	<u>891,056</u>	<u>-</u>	<u>745,596</u>	<u>745,596</u>
	<u>-</u>	<u>1,059,289</u>	<u>1,059,289</u>	<u>-</u>	<u>843,142</u>	<u>843,142</u>
Net assets released from restrictions:						
8910 Net assets released from restrictions	<u>3,426,147</u>	<u>(3,426,147)</u>	<u>-</u>	<u>2,490,350</u>	<u>(2,490,350)</u>	<u>-</u>
Total revenues	<u>3,674,166</u>	<u>(455,091)</u>	<u>3,219,075</u>	<u>2,550,205</u>	<u>(144,200)</u>	<u>2,406,005</u>

THE LAWSON ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
For the Years Ended June 30, 2024 and 2023

		<u>2024</u>			<u>2023</u>		
		<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
		<u>Restrictions</u>	<u>Restrictions</u>		<u>Restrictions</u>	<u>Restrictions</u>	
Expenses:							
11	Instruction	\$ 1,136,610	\$ -	\$ 1,136,610	\$ 1,304,982	\$ -	\$ 1,304,982
13	Curriculum development and instructional staff development	33,077	-	33,077	1,280	-	1,280
23	School leadership	170,665	-	170,665	145,686	-	145,686
34	Student transportation	117,881	-	117,881	211,381	-	211,381
35	Food services	175,485	-	175,485	145,653	-	145,653
36	Extracurricular activities	15,637	-	15,637	12,795	-	12,795
41	General administration	407,717	-	407,717	185,293	-	185,293
51	Facilities maintenance and operations	466,460	-	466,460	413,871	-	413,871
52	Security and monitoring services	211,105	-	211,105	26,326	-	26,326
53	Data processing services	129,501	-	129,501	73,242	-	73,242
	Total expenses	<u>2,864,138</u>	<u>-</u>	<u>2,864,138</u>	<u>2,520,509</u>	<u>-</u>	<u>2,520,509</u>
	Change in net assets	810,028	(455,091)	354,937	29,696	(144,200)	(114,504)
	Net assets, beginning of year	<u>539,224</u>	<u>596,161</u>	<u>1,135,385</u>	<u>509,528</u>	<u>740,361</u>	<u>1,249,889</u>
	Net assets, end of year	<u>\$ 1,349,252</u>	<u>\$ 141,070</u>	<u>\$ 1,490,322</u>	<u>\$ 539,224</u>	<u>\$ 596,161</u>	<u>\$ 1,135,385</u>

THE LAWSON ACADEMY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
State grant receipts	\$ 1,852,598	\$ 1,526,100
Federal grant receipts	1,005,096	843,642
Property rental receipts	50,000	-
Contribution receipts	34,191	20,000
Receipts from miscellaneous sources	139,032	39,855
Payments to vendors for goods and services rendered	(1,717,671)	(1,200,509)
Payments to or on behalf of employees for services rendered	<u>(984,392)</u>	<u>(1,254,765)</u>
Net cash provided by (used in) operating activities	<u>378,854</u>	<u>(25,677)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investment	-	28,434
Purchase of investments	<u>(714,318)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(714,318)</u>	<u>28,434</u>
Net increase (decrease) in cash	(335,464)	2,757
Cash, beginning of year	<u>1,051,601</u>	<u>1,048,844</u>
Cash, end of year	<u>\$ 716,137</u>	<u>\$ 1,051,601</u>
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in)		
Operating Activities:		
Change in net assets	\$ 354,937	\$ (114,504)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,326	16,940
Changes in operating assets and liabilities:		
Due from Texas Education Agency	(113,362)	23,592
Other receivables	(24,796)	-
Prepaid expenses	(67,671)	-
Accounts payable and accrued expenses	<u>213,420</u>	<u>48,295</u>
Net cash provided by (used in) operating activities	<u>\$ 378,854</u>	<u>\$ (25,677)</u>

THE LAWSON ACADEMY
SCHEDULES OF EXPENSES
For the Years Ended June 30, 2024 and 2023

		<u>2024</u>	<u>2023</u>
Expenses:			
6100	Payroll costs	\$ 984,392	\$ 1,254,765
6200	Professional and contracted services	1,373,300	1,096,532
6300	Supplies and materials	219,069	113,407
6400	Other operating costs	<u>287,377</u>	<u>55,805</u>
	Total expenses	<u>\$ 2,864,138</u>	<u>\$ 2,520,509</u>

THE LAWSON ACADEMY
SCHEDULES OF ASSETS
June 30, 2024 and 2023

	<u>2024</u>	<u>Ownership Interest</u>			
	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>	
1110 Cash	\$ 939,388	\$ (294,977)	\$ 71,726	\$ 716,137	
1120 Investments - current	256	714,062	-	714,318	
1539 Furniture and equipment	34,654	140,256	124,942	299,852	
Total cash, investments, and capital assets	<u>\$ 974,298</u>	<u>\$ 559,341</u>	<u>\$ 196,668</u>	<u>\$ 1,730,307</u>	

Reconciliation of schedule of assets to statement of financial position:

Total cash, investments, and capital assets	\$ 1,730,307
1573 Accumulated depreciation - furniture and equipment	(282,620)
1241 Due from Texas Education Agency	213,573
1290 Other receivables	24,796
1410 Deferred expenses	67,671
Total assets - statement of financial position	<u>\$ 1,753,727</u>

	<u>2023</u>	<u>Ownership Interest</u>			
	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>	
1110 Cash	\$ 580,683	\$ 1,189,982	\$ (719,064)	\$ 1,051,601	
1539 Furniture and equipment	34,654	140,256	124,942	299,852	
Total cash, investments, and capital assets	<u>\$ 615,337</u>	<u>\$ 1,330,238</u>	<u>\$ (594,122)</u>	<u>\$ 1,351,453</u>	

Reconciliation of schedule of assets to statement of financial position:

Total cash, investments, and capital assets	\$ 1,351,453
1573 Accumulated depreciation - furniture and equipment	(266,294)
1241 Due from Texas Education Agency	100,211
Total assets - statement of financial position	<u>\$ 1,185,370</u>

THE LAWSON ACADEMY
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
For the Year Ended June 30, 2024

		<u>Budgeted Amounts</u>			<u>Variance from</u>
		<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:					
5700	Local and intermediate sources	\$ 190,000	\$ 186,000	\$ 248,019	\$ (62,019)
5800	State program	1,667,171	1,540,000	1,911,767	(371,767)
5900	Federal program	<u>586,113</u>	<u>916,527</u>	<u>1,059,289</u>	<u>(142,762)</u>
	Total revenues	<u>2,443,284</u>	<u>2,642,527</u>	<u>3,219,075</u>	<u>(576,548)</u>
Expenses:					
11	Instruction	1,229,473	1,151,001	1,136,610	14,391
13	Curriculum development and instructional staff development	2,600	26,310	33,077	(6,767)
23	School leadership	184,247	178,100	170,665	7,435
34	Student transportation	119,000	121,000	117,881	3,119
35	Food services	130,533	141,083	175,485	(34,402)
36	Extracurricular activities	11,000	12,408	15,637	(3,229)
41	General administration	229,459	261,935	407,717	(145,782)
51	Facilities maintenance and operations	411,538	440,670	466,460	(25,790)
52	Security and monitoring services	22,214	222,814	211,105	11,709
53	Data processing services	<u>77,250</u>	<u>151,859</u>	<u>129,501</u>	<u>22,358</u>
	Total expenses	<u>2,417,314</u>	<u>2,707,180</u>	<u>2,864,138</u>	<u>(156,958)</u>
	Change in net assets	25,970	(64,653)	354,937	(419,590)
Net assets, beginning of year		<u>760,651</u>	<u>915,310</u>	<u>1,135,385</u>	<u>(220,075)</u>
Net assets, end of year		<u>\$ 786,621</u>	<u>\$ 850,657</u>	<u>\$ 1,490,322</u>	<u>\$ (639,665)</u>

THE LAWSON ACADEMY
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) (CONTINUED)
For the Year Ended June 30, 2024

MATERIAL BUDGET VARIANCE REVENUE

- (1) The following is an explanation of the 10% variances from original budget to final budget of revenues reported on the Budgetary Comparison Schedule for the year ended June 30, 2024.

Object 5900 – Additional grants were received under the Title I, Part A and ESSER programs.

MATERIAL BUDGET VARIANCE REVENUE

- (1) The following is an explanation of the 10% variances from final budget to actual revenues reported on the Budgetary Comparison Schedule for the year ended June 30, 2024.

Object 5700 – A development fee and property rental income were received for the Lawson Pre-K childcare program which first opened for the 2023 – 2024 school year.

Object 5800 – Enrollment was higher than projected, resulting in a larger grant for textbooks, and the receipt of the School Safety Standards grant for campus improvements.

Object 5900 – Additional funds were awarded under the ARP ESSER III grant.

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, 2024.

Function 13 – A stipend was paid to the Campus Coordinator for College Readiness, Career Planning and Character Development.

Function 36 – Enrollment was higher than projected.

Function 41 – Original budget did not include estimated costs under the ARP ESSER III grant.

Function 52 – The School Safety Standards grant for campus improvements was used for fencing and campus doors.

Function 53 – Enrollment was higher than projected, and an IT technician was hired.

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, 2024.

Function 13, 36 – Enrollment was higher than projected.

Function 35 – Enrollment was higher than projected, and the Lawson Pre-K childcare program began operations in the 2023 – 2024 school year.

Function 41 – An average daily attendance analysis was performed for the Lawson Pre-K childcare program.

Function 53 – Laptops were not purchased for students.

THE LAWSON ACADEMY
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS
(UNAUDITED)
For the Year Ended June 30, 2024

<u>Data Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did the charter school expend any state compensatory Education program state allotment funds during the charter school's fiscal year?	Yes
AP2	Does the charter school have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the charter school's fiscal year.	<u>\$292,831</u>
AP4	Actual direct program expenditures for state compensatory education programs during the charter school's fiscal year. (PICs 24, 26, 28, 29, 30)	<u>\$ 37,639</u>
<u>Section B: Bilingual Education Allotment Programs</u>		
AP5	Did the charter school expend any bilingual education program state allotment funds during the district's fiscal year?	No
AP6	Does the charter school have written policies and procedures for its bilingual education allotment program?	No
AP7	Total state allotment funds received for bilingual education allotment programs during the charter school's fiscal year.	\$ _____ -
AP8	Actual direct program expenditures for bilingual education allotment programs during the charter school's fiscal year. (PIC 25)	\$ _____ -

THE LAWSON ACADEMY
SCHEDULES OF RELATED PARTY TRANSACTIONS
For the Years Ended June 30, 2024 and 2023

<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>
<u>2024</u>								
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 August 31, 2024; renewed September 1, 2024 for one year, at \$20,000 payable, monthly	State Funds	Monthly	<u>\$ 240,000</u>	<u>\$ -</u>
The Lawson Academy Real Estate Co.	William A. Lawson Institute for Peace and Prosperity	100% Owned Subsidiary	Additional Rental Expense	\$5,000 Payable, monthly; from September 2023 to December 2023	State Funds	Monthly	<u>\$ 20,000</u>	<u>\$ -</u>
Community Preschools	William A. Lawson Institute for Peace and Prosperity	Lawson Pre-K Partner	Rental Income	\$5,000 Received, monthly; from August 2023 to July 2024	N/A	N/A	<u>\$ -</u>	<u>\$ -</u>
Community Preschools	William A. Lawson Institute for Peace and Prosperity	Lawson Pre-K Partner	Professional Services Expense	75% of federal funds, received under the National School Lunch Program ("NSLP") and School Breakfast Program for the 2023-2024 school year. Effective July 15, 2024, the expense is increased to 90% of federal funds received from the NSLP, terminating July 2025.	Federal Funds	Monthly	<u>\$ 125,713</u>	<u>\$ -</u>
Community Preschools	William A. Lawson Institute for Peace and Prosperity	Lawson Pre-K Partner	Average Daily Attendance Analysis	80% - 85% of state funds received under the Foundation School Program and earned by dually-enrolled students in the Lawson Pre-K program for the 2023-2024 school year	State Funds	Monthly	<u>\$ 168,067</u>	<u>\$ -</u>
<u>2023</u>								
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 August 31, 2023; renewed September 1, 2023 for one year, at \$20,000 payable, monthly	State Funds	Monthly	<u>\$ 240,000</u>	<u>\$ -</u>



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, 2024 and 2023, 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 11, 2024 (pages 2 - 3).

Report On 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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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.

Matt: Matt L.L.P.

Houston, Texas
November 11, 2024



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, 2024. 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, 2024.

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 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 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 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.

Mark: Mark C.L.P.

Houston, Texas
November 11, 2024

WILLIAM A. LAWSON INSTITUTE FOR PEACE AND PROSPERITY
AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Department of Education:			
<i>Passed Through Texas Education Agency:</i>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101101864	\$ 36,345
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101101864	149,440
ESEA, Title I, 1003 School Improvement	84.010A	23610141101864	22,636
ESEA, Title I, 1003 ESF-Focused Support	84.010A	246101397110026	50,126
Total ESEA, Title I, Part A			<u>258,547</u>
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	24694501101864	12,015
ESEA, Title IV, Part A - Student Support and Academic Enrichment	84.424A	24680101101864	842
Elementary Secondary School Emergency Relief (ESSER):			
COVID-19, ESSER II, Coronavirus Response and Relief (CRRSA)	84.425D	21521001101864	77,385
COVID-19, ESSER III, American Rescue Plan (ARP)	84.425U	21528001101864	390,389
COVID-19, ESSER III, Texas COVID Learning Acceleration Supports (TCLAS)	84.425U	21528042101864	44,167
			<u>511,941</u>
Special Education Cluster (IDEA)			
IDEA, Part B, Formula	84.027A	23600011018646000	2,047
IDEA, Part B, Formula	84.027A	24600011018646000	28,798
Total IDEA, Part B, Formula			<u>30,845</u>
Total passed through Texas Education Agency			<u>814,190</u>
Total Department of Education			<u>814,190</u>
Department of Agriculture			
<i>Passed through Texas Education Agency:</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	71402301	8,922
School Breakfast Program	10.553	71402401	44,594
National School Lunch Program	10.555	71302301	16,116
National School Lunch Program	10.555	71302401	54,931
Total Child Nutrition Cluster			<u>124,563</u>
Total passed through Texas Education Agency			<u>124,563</u>

(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, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<i>Passed through Texas Department of Agriculture</i>			
Child and Adult Care Food Program	10.558		\$ 9,456
Total passed through Texas Department of Agriculture			9,456
Total Department of Agriculture			134,019
Total Expenditures of Federal Awards			<u>\$ 948,209</u>

(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, 2024

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, 2024. 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: Charter Schools – Financial Accounting and Reporting Non-Profit 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 codes.

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, 2024

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 ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ 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 ☒ 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 ☐ No

Section II: Financial Statement Findings

None

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, 2024

Finding 2023-001

Status of Prior Finding: Planned corrective action completed this fiscal year.