



**Island Foundation
Seashore Charter
Schools**

Annual Financial Report
For the fiscal year ended
August 31, 2023

Raul Hernandez & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

5402 Holly Rd. Suite 102 Corpus Christi, TX 78411 Office: (361) 980-0428 Fax: (361) 980-1002

ISLAND FOUNDATION, INC.
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2023

ISLAND FOUNDATION, INC.

CERTIFICATE OF BOARD

Name of Charter School
Seashore Charter Schools

County
Nueces County

Co.-Dist.
178-808

We, the undersigned, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2023 from Raul Hernandez & Company, P.C., was reviewed and approved/ disapproved at a meeting of the Board of Directors held on the _____ day of January, 2024.



President, Board of Directors



Secretary, Board of Directors

ISLAND FOUNDATION, INC.

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Raul Hernandez & Company, P. C.

Certified Public Accountants
5402 Holly Rd., Ste 102
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

INDEPENDENT AUDITORS' REPORT

Board of Directors
Island Foundation, Inc.
Corpus Christi, Texas

Members of the Board of Directors:

Opinion

We have audited the accompanying financial statements of Island Foundation, Inc. (a non-profit organization) which comprise the statement of financial position as of August 31, 2023 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Island Foundation, Inc. as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Island Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 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 Island Foundation, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Island Foundation, Inc.'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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial schedules noted as supplementary information in the table of contents are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting procedures and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024 on our consideration of Island Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Island Foundation's internal control over financial reporting and compliance.

Raul Hernandez & Company, P.C.
Corpus Christi, TX
January 18, 2024

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FINANCIAL STATEMENTS

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Island Foundation, Inc.
Statement of Financial Position
August 31, 2023

Exhibit A-1

Assets

Current assets:

Cash in Bank	\$ 2,648,833
Due from State	365,050
Other Receivables	1,090
Prepaid Expenses	192,202
Total Current Assets	3,207,175

Fixed Assets:

Land, Buildings, and Improvements	10,854,274
Furniture, Fixtures and Equipment	386,004
Right to Use Asset	10,807
	11,251,085
Less: Accumulated Depreciation	(2,991,411)
	8,259,674

Total Assets

\$ 11,466,849

Liabilities and Net Assets

Current liabilities:

Accounts Payable	\$ 28,690
Accrued Salaries	139,144
Accrued Expenses	2,950
Deferred Revenue	41,619
Debt Payable-Current Portion	189,572
Total Current Liabilities	401,975

Long-Term Liabilities

Debt Payable-Long Term Portion	4,663,776
Total Liabilities	5,065,751

Net assets:

Without Donor Restrictions	3,569,801
With Donor Restrictions	2,831,297
Total net assets	6,401,098

Total Liabilities and Net Assets

\$ 11,466,849

The accompanying notes to financial statements are an integral part of this statement.

Island Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended August 31, 2023

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Local Support			
Contributions	\$ 405	\$ -	\$ 405
Tuition & Fees	582,732	-	582,732
Fundraisers	352,372	-	352,372
Earnings from Temporary Deposits	140	-	140
Rents	24,232	-	24,232
Food Service Activities	45,262	-	45,262
Athletic Activity	7,481	-	7,481
Extra/Cocurricular Activities	-	-	-
Other Income	298,885	-	298,885
Total local support	1,311,509	-	1,311,509
State Program Revenues			
Foundation School Program	-	3,943,203	3,943,203
State Program Revenues Distributed by the Texas Education Agency	-	253,285	253,285
Revenues from Texas Government Agencies	-	-	-
Total State Program Revenue	-	4,196,498	4,196,498
Federal program revenues			
Federal Revenues Distributed by the Texas Education Agency	-	457,097	457,097
Federal Revenues Distributed Directly from the Federal Government	-	52,447	52,447
Total Federal Program Revenue	-	509,544	509,544
Net assets released from restrictions:			
Restrictions satisfied by payments	4,706,042	(4,706,042)	-
Total Revenue and Other Support	6,017,551	-	6,017,551
EXPENSES			
Program Services			
Instruction and Instructional-Related Services	3,132,806	-	3,132,806
Instructional and School Leadership	459,840	-	459,840
Support Services:			
Administrative Support Services	166,744	-	166,744
Support Services - Non-Student Based	1,278,328	-	1,278,328
Support Services - Student	215,950	-	215,950
Debt Service	149,928	-	149,928
Community Service	15,591	-	15,591
Fundraising	143,557	-	143,557
Total Expenses	5,582,744	-	5,582,744
OTHER FINANCING SOURCES (USES)			
Transfers In	127,917	-	127,917
Transfers Out	(37,840)	(90,077)	(127,917)
Total Other Financing Sources (Uses)	90,077	(90,077)	-
CHANGE IN NET ASSETS	544,884	(90,077)	454,807
NET ASSETS BEGINNING OF YEAR	3,019,743	2,921,374	5,941,117
PRIOR PERIOD ADJUSTMENT	5,174	-	5,174
NET ASSETS BEGINNING OF YEAR, RESTATED	3,024,917	2,921,374	5,946,291
NET ASSETS END OF YEAR	\$ 3,569,801	\$ 2,831,297	\$ 6,401,098

The accompanying notes to financial statements are an integral part of this statement

Island Foundation, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2023

Exhibit A-3

Expenses	<u>Program Activities</u>	<u>Support Activities</u>		<u>Totals</u>
	<u>Program Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	
Salaries and Wages	\$ 3,010,943	\$ 169,075	\$ -	\$ 3,180,018
Benefits	219,984	7,772	11	227,767
Payroll Taxes	45,593	6,849	9	52,451
Total Payroll Expenses	<u>3,276,520</u>	<u>183,696</u>	<u>20</u>	<u>3,460,236</u>
Contract Services	\$ 262,575	\$ 181,860	\$ -	\$ 444,435
Maintenance and Repairs	841	133,382	-	134,223
Utilities	-	138,942	-	138,942
Depreciation	-	281,337	-	281,337
Supplies	144,144	65,446	113,657	323,247
Travel	15,097	3,848	-	18,945
Instructional Materials	54,358	73,380	-	127,738
Insurance and Bonding	-	330,236	-	330,236
Professional Fees and Dues	-	30,527	-	30,527
Interest	-	149,928	-	149,928
Other	13,145	79,946	29,859	122,950
Total Non-Payroll Expenses	<u>\$ 490,160</u>	<u>\$ 1,468,832</u>	<u>\$ 143,516</u>	<u>\$ 2,102,508</u>
Total Expenses	<u><u>\$ 3,766,680</u></u>	<u><u>\$ 1,652,528</u></u>	<u><u>\$ 143,536</u></u>	<u><u>\$ 5,562,744</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Island Foundation, Inc.
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2023

Exhibit A-4

Cash Flows From Operating Activities

Change in Net Assets	\$ 454,807
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	284,039
Prior Period Adjustment	5,174
(Increase) Decrease in:	
Due from State	(364,801)
Other Receivables	51,765
Prepaid Expenses	(6,571)
Increase (Decrease) in:	
Accounts Payable	10,165
Accrued Salaries	(12,112)
Payroll Liabilities	-
Accrued Expenses	944
Deferred Revenue	40,894
	<u>464,304</u>

Cash Flows From Investing Activities

Purchase of furniture, fixtures & equipment	(138,722)
	<u>(138,722)</u>

Cash Flows From Financing Activities

Loan Proceeds	-
Principal payments	(146,692)
	<u>(146,692)</u>

Net Increase (Decrease) in Cash 178,890

Cash at Beginning of Year 2,469,943

Cash at End of Year 2,648,833

Summary of Cash:

Cash in Bank	2,648,833
Total Cash	<u>\$ 2,648,833</u>

Supplemental Information:

Cash Paid for Interest	\$ 149,928
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The accompanying notes to financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Island Foundation was incorporated July 5, 1994. It is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by the Board of Directors. The Board of Directors is selected pursuant to the bylaws of the Foundation and has the authority to make decisions, appoint the officers of the Foundation and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Foundation.

The Foundation operates the Seashore Learning Center as a Charter School. The school operates under an open enrollment charter granted by the Texas State Board of Education. The charter was initially issued for a period of five years. The school is part of the public school system of the state and is entitled to distribution from the State's available school fund. However, the School does not have the authority to impose taxes or charge tuition.

During fiscal year ended August 31, 2005, the Texas Education Agency approved a charter amendment request to add seventh through eighth grade effective August 2006. Seashore Learning Center currently serves kindergarten through fourth grade.

The Texas Education Agency also approved the addition of a new middle school charter and increased maximum enrollment. Seashore Middle Academy began operations in August, 2007 and currently services fifth through eighth grades.

On July 1, 2011, the Foundation merged the two campuses under one charter creating Seashore Charter Schools.

B. Basis of Presentation

The combined general-purpose financial statements include the accounts of Island Foundation, Inc. and the Seashore Charter Schools. All significant intercompany accounts and transactions have been eliminated in the combined general-purpose financial statements.

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Island Foundation, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

During the current year, the School adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires the School to recognize revenue when it transfers control of promised goods or services. Revenue is recognized in an amount that reflects the consideration the School expects to receive in exchange for those goods or services. The ASU also requires School to disclose sufficient quantitative and qualitative information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Management has determined that this ASU did not impact the School's financial statements.

C. Fixed Assets and Depreciation

All purchased fixed assets are valued at cost or estimated cost. Donated assets are reported at the fair market value at time of acquisition. Fixed assets are defined by the organization as capital assets with an individual cost of more than \$5,000. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis.

D. Revenues

Revenues from the state's available school fund are based on reported attendance. State foundation revenues are public funds held in trust by the charter holder for the benefit of the students of the charter school and as such are reported as temporarily restricted revenues.

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

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Governmental grant contracts that are entered into by the School are recognized as revenue when services are rendered or when the expenses in connection with those services are incurred.

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E Donated Goods and Services

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount.

F. Cash and Cash Equivalents

For financial statement purposes, the company considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In preparation of the financial statements in conformity with generally accepted accounting principles, management's estimates were considered for depreciation.

H. Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and Effort
Benefits	Time and Effort
Payroll Taxes	Time and Effort
Interest other than mortgage	Square Footage
Contracted Services	Full Time Equivalent
Maintenance and Repair	Time and Effort
Utilities	Square Footage
Depreciation	Square Footage
Supplies	Time and Effort
Travel	Time and Effort
Instructional Materials	Time and Effort
Insurance and Bonding	Square Footage
Professional Fees and Dues	Full Time Equivalent
Interest	Direct
Other	Time and Effort

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New Accounting Pronouncement

The new lease accounting standard consists of the statement ASC 842 which changed the way leases are documented on financial statements to ensure that financial statements are more transparent for leases. The lease standard effective date is fiscal years starting after December 15, 2021, for non-profit organizations. ASC 842 classifies leases as either operating or finance leases. The term "finance lease" replaced "capital lease" in ASC 842 as well as the criteria that defined each. On balance sheets, lessees are required to recognize the assets and liabilities for both operating and finance leases. The lease liability is calculated as the present value of lease payments. The right-of-use asset is the lease liability.

2. AVAILABILITY AND LIQUIDITY

The following represents the Charter School financial assets at August 31, 2023:

Financial assets at year end:	<u>2023</u>
Cash in bank	\$ 2,648,833
Due from state	365,050
Other receivables	1,090
Prepaid expenses	<u>192,202</u>
Total financial assets	3,207,175
Less amounts not available to be used within one year:	
Net assets with donor restrictions	2,831,297
Less net assets with purpose restrictions to be met in less than a year	-
Quasi endowment established by the board	<u>-</u>
	<u>2,831,297</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 375,878</u>

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due by maintaining a significant portion of its assets in cash.

3. FAIR VALUE MEASUREMENT OF FINANCIAL STATEMENTS

The requirements of Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification (ASC) apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB also

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

establishes a fair value hierarchy that categorizes the inputs used in valuation methodologies into three levels.

3. FAIR VALUE MEASUREMENT OF FINANCIAL STATEMENTS (Continued)

Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and the reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability. A three-tier hierarchy categorizes the inputs used to measure fair value as follows:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Foundation does not have any financial instruments that apply to this three-tier hierarchy.

4. CONCENTRATIONS

The principal source of revenue for the School is its receipt of state program revenues received from the Texas Education Agency.

5. DEPOSITS AND INVESTMENTS

Cash Deposits

At August 31, 2023, the carrying amount of the organization's deposits (cash and interest-bearing savings accounts) was \$2,648,833 and the bank balance was \$2,742,921. The organization's cash deposits at August 31, 2023 and during the year ended August 31, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the bank. The Organization maintains its cash with high quality financial institutions which the Organization believes limits these risks.

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

6. PENSION DISCLOSURE

The Foundation participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

Detailed information about TRS' fiduciary net position is available in a separately issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Name of Plan: Teacher Retirement System of Texas
Plan Number: N/A
Zone Status: Unknown

	(Dollars in Thousands)
1. Total Plan Assets	\$ 207,621,898
2. Accumulated Benefit Obligations	243,553,045
3. The plan is 75.62% funded	

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

6. PENSION DISCLOSURE (continued)

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee and employer contribution rates for fiscal years 2020 thru 2025.

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

6. PENSION DISCLOSURE (continued)

	Contribution Rates	
	2023	2022
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	8.0%	7.75%
Employers	8.0%	7.75%
2023 Employer Contributions		\$ 95,962
2023 Member Contributions		\$ 177,159

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). The School’s contribution does not represent more than 5 percent of total contributions to the TRS plan.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public or charter school, the employer shall contribute 1.8% of covered payroll to the pension fund beginning in fiscal year 2023.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

The charter school did not contribute to any other defined benefit pension plans.

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

7. FIXED ASSETS

Fixed Assets at August 31, 2023 were as follows:	Beginning Balance	Additions	Deletions	Ending Balance
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Land	709,131	-	-	709,131
Land Improvements	55,186	-	-	55,186
Buildings and Improvements	9,999,882	90,075	-	10,089,957
Furniture and Equipment	276,160	37,840	-	314,000
Vehicles	72,004	-	-	72,004
Right to Use Asset	-	10,807	-	10,807
Total Property and Equipment	<u>11,112,363</u>	<u>138,722</u>	<u>-</u>	<u>\$ 11,251,085</u>
Less: Accumulated Depreciation	<u>(2,707,372)</u>	<u>(284,039)</u>	<u>-</u>	<u>(2,991,411)</u>
Property and Equipment, net	<u><u>\$ 8,404,991</u></u>	<u><u>(145,317)</u></u>	<u><u>-</u></u>	<u><u>\$ 8,259,674</u></u>

Depreciation expense for the year ended August 31, 2023 was \$284,039.

8. OWNERSHIP IN PROPERTY AND EQUIPMENT

Capital assets acquired with public funds received by the Foundation for the operation of the charter schools constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets.

9. RIGHT TO USE LIABILITY

Seashore Charter Schools currently has ownership of all their buildings during the fiscal year and does not lease any outside facilities.

On September 1, 2022, Seashore Early Childhood Academy entered into a 12-month operating lease agreement with the Seashore Charter Schools. The rent payment was 4,166.67 for the twelve months. The facility lease payments totaled \$55,000 for the year ended August 31, 2023. This amount has been eliminated from the combined general-purpose financial statements. This is a yearly contract and does not qualify as a right to use asset or liability.

The Schools and Foundation leased copiers during the fiscal year. The interest rate was 2.65%. The copier base lease payments were \$192.50/month. Total lease payments were \$2,310 for the year ended August 31, 2023. The balance at August 31, 2023 is \$6,121. The liability has been added to the long-term debt schedule.

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

10. LONG-TERM DEBT PAYABLE

On March 8, 2017, the Foundation entered into a loan agreement with the Ed Rachal Foundation. The Foundation borrowed \$4,500,000 with an interest rate of 3% to refinance the prior loan balance of \$3,383,103 for the American Bank loan. Additional funds will be used to construct a new building at the Seashore Learning Center. The monthly payment for this loan is \$21,339.51.

On February 14, 2019, the Foundation entered into a loan agreement with the Ed Rachal Foundation. The Foundation borrowed \$1,300,000 with an interest rate of 3% for construction of improvements on five tracts of land. The monthly payment for this loan is \$6,164.75.

DESCRIPTION	Interest Rate Payable	Interest Current Year	Amounts Outstanding 9/1/2022	Increase	Decrease	Amounts Outstanding 8/31/2023	Current Portion
Ed Rachal Loan Payable	3.00%	\$ 122,258	\$ 3,792,455	\$ -	\$ 114,723	\$ 3,677,732	\$ 148,562
Ed Rachal Loan Payable	3.00%	37,337	1,207,585	-	32,625	1,174,960	38,837
Right to Use Liability	2.65%	193	-	10,807	4,686	6,121	2,174
		<u>\$ 159,595</u>	<u>\$ 5,000,040</u>	<u>\$ 10,807</u>	<u>\$ 147,348</u>	<u>\$ 4,858,813</u>	<u>\$ 189,573</u>

Maturities of the note payable over the next five years are as follows:

Year Ending August 31,	Principal	Interest	Total
2024	\$ 189,573	\$ 166,494	\$ 356,067
2025	195,754	161,442	357,196
2026	201,140	156,236	357,376
2027	205,508	151,011	356,519
2028	211,694	136,529	348,223
Thereafter	<u>3,855,144</u>	<u>715,192</u>	<u>4,570,336</u>
Total	<u>\$ 4,858,813</u>	<u>\$ 1,486,904</u>	<u>\$ 6,345,717</u>

11. GROUP HEALTH INSURANCE

During the year ended August 31, 2023, employees of the charter school were covered by a health Insurance Plan (the Plan). The charter school contributed an average of \$225 per month per employee enrolled in the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums. All premiums were paid to licensed insurers.

ISLAND FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2023

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at August 31, 2023 were as follows:

Foundation School Program	\$2,831,297
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13. COMMITMENTS AND CONTINGENCIES

The School receives federal and state funds which are governed by various rules and regulations of the grantor. Expenses charged to the grant program are subject to audit and adjustment by the grantor agency. In the opinion of management, there are not contingent liabilities related to compliance with the rules and regulations governing the grants other than as reflected in the financial statements.

14. SUBSEQUENT EVENTS

The organization has evaluated subsequent events through January 18, 2024, which is the date the financial statements were available to be issued.

**SPECIFIC-PURPOSE
FINANCIAL STATEMENTS**

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**Seashore Charter Schools
Statement of Financial Position
August 31, 2023**

Exhibit B-1

Assets

Current assets:

Cash in Bank	\$ 1,159,903
Due from State	365,050
Other Receivables	500
Prepaid Expenses	192,202
Total Assets	1,717,655

Fixed Assets:

Land, Building and Improvements	10,854,274
Furniture, Fixtures and Equipment	386,004
Right to Use Asset	10,807
Less: Accumulated Depreciation	(2,991,411)
	8,259,674

Total Assets

\$ 9,977,329

Liabilities and Net Assets

Current liabilities:

Accounts Payable	\$ 28,690
Accrued Wages Payable	139,144
Accrued Expenditures	2,950
Deferred Revenue	41,619
Debt Payable-Current Portion	189,572
Total Current Liabilities	401,975

Long Term Liabilities

Debt Payable-Long-term Portion	4,663,776
Total Liabilities	5,065,751

Net assets:

Without Donor Restrictons	2,080,281
With Donor Restrictions	2,831,297
Total net assets	4,911,578

Total Liabilities and Net Assets

\$ 9,977,329

**Seashore Charter Schools
Statement of Activities
For the Year Ended August 31, 2023**

Exhibit B-2

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Local Support			
5742 Earnings from Temporary Deposits	\$ 140	\$ -	\$ 140
5743 Rents	79,232	-	79,232
5744 Contributions	405	-	405
5749 Other Revenues from Local Sources	173,621	-	173,621
5751 Food Services	45,262	-	45,262
5752 Athletic Activity	7,481	-	7,481
5753 Extracurricular Activities	-	-	-
Total local support	306,141	-	306,141
State Program Revenues			
5810 Foundation School Program	-	3,943,203	3,943,203
5820 State Program Revenues Distributed by the Texas Education Agency	-	253,295	253,295
5830 Revenues from Texas Government Agencies	-	-	-
Total State Program Revenue	-	4,196,498	4,196,498
Federal program revenues			
5920 Federal Revenues Distributed by the Texas Education Agency	-	457,097	457,097
5940 Federal Revenues Distributed Directly from the Federal Government	-	52,447	52,447
Total Federal Program Revenue	-	509,544	509,544
Net assets released from restrictions:			
Restrictions satisfied by payments	4,706,042	(4,706,042)	-
Total Revenue and Other Support	5,012,183	-	5,012,183
EXPENSES			
11 Instruction	2,503,797	-	2,503,797
12 Instructional Resources and Media Services	-	-	-
13 Curriculum Development and Instructional Staff Development	80,159	-	80,159
21 Instructional Leadership	39,830	-	39,830
23 School Leadership	420,010	-	420,010
31 Guidance, Counseling, and Evaluation Services	131,188	-	131,188
33 Health Services	1,785	-	1,785
35 Food Services	43,300	-	43,300
36 Cocurricular/Extracurricular Activities	29,823	-	29,823
41 General Administration	111,576	-	111,576
51 Plant Maintenance and Operations	1,113,772	-	1,113,772
52 Security and Monitoring Service	39,112	-	39,112
53 Data Processing	68,909	-	68,909
61 Community Services	-	-	-
72 Debt Service	149,928	-	149,928
81 Fund Raising	37,518	-	37,518
Total Expenses	4,770,707	-	4,770,707
Excess (Deficiency) of Revenues Over (Under) Expenses	241,476	-	241,476
OTHER FINANCING SOURCES (USES)			
Transfers In	127,917	-	127,917
Transfers Out	(37,840)	(90,077)	(127,917)
Total Other Financing Sources (Uses)	90,077	(90,077)	-
CHANGE IN NET ASSETS	331,553	(90,077)	241,476
NET ASSETS BEGINNING OF YEAR	1,748,861	2,921,374	4,670,235
PRIOR PERIOD ADJUSTMENT	(133)	-	(133)
NET ASSETS BEGINNING OF YEAR, RESTATED	1,748,728	2,921,374	4,670,102
NET ASSETS END OF YEAR	\$ 2,080,281	\$ 2,831,297	\$ 4,911,578

**Seashore Charter Schools
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2023**

Exhibit B -3

Cash Flows From Operating Activities	
Change in Net Assets	\$ 241,476
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	284,039
Prior Period Adjustment	(133)
(Increase) Decrease in:	
Due from State	(364,801)
Other Receivables	-
Prepaid Expenses	(6,571)
Increase (Decrease) in:	
Accounts Payable	10,165
Payroll Liabilities	-
Accrued Wages	(12,112)
Accrued Expenses	942
Deferred Revenues	40,894
	<u>193,899</u>
 Cash Flows From Investing Activities	
Acquisition of fixed assets	(138,722)
	<u>(138,722)</u>
 Cash Flows From Financing Activities	
Issuance of debt	-
Principal payments	(146,690)
	<u>(146,690)</u>
 Net Increase (Decrease) in Cash	(91,513)
 Cash at Beginning of Year	<u>1,251,416</u>
 Cash at End of Year	<u><u>1,159,903</u></u>
 Summary of Cash:	
Cash in Bank	1,159,903
Cash in Money Market Funds	-
Total Cash	<u>\$ 1,159,903</u>
 Supplemental Information:	
Cash Paid for Interest	\$ 149,928

**Seashore Charter Schools
Schedule of Expenses
For the Year Ended August 31, 2023**

Exhibit C-1

Expenses

6100 Payroll Costs	\$ 2,948,034
6200 Professional and Contract Services	761,072
6300 Supplies and Materials	283,441
6400 Other Operating Costs	613,695
6500 Debt Related Costs	149,928
6600 Capital Outlay	14,537
Total Expenses	<u>\$ 4,770,707</u>

**Seashore Charter Schools
Schedule of Assets
For the Year Ended August 31, 2023**

Exhibit D-1

	Ownership Interest			Total
	Local	State	Federal	
1110 Cash and Cash Equivalents	\$ (2,219,645)	\$ 3,667,919	\$ (288,371)	\$ 1,159,903
1510 Land and Improvements	726,778	-	-	726,778
1520 Buildings and Improvements	9,998,297	186,229	5,564	10,190,090
1531 Vehicles	72,004	-	-	72,004
1539 Furniture, Fixtures and Equipment	110,267	95,071	35,261	240,599
1550 Right to Use Assets	10,807	-	-	10,807
1580 Construction in Progress	-	-	-	-
Total Property and Equipment	\$ 8,698,508	\$ 3,949,219	\$ (247,546)	\$ 12,400,181

**Seashore Charter Schools
Schedule of Real Property Ownership Interest
For the Year Ended August 31, 2023**

Exhibit D-2

Description	Property Address	Total Assessed Value	Ownership Interest			Total
			Local	State	Federal	
Seashore Middle Academy	15437 SPID, Corpus Christi, TX	\$ 3,389,069	\$ 3,028,071	\$ 186,229	\$ 5,564	3,219,864
Seashore Academy	15733 SPID, Corpus Christi, TX	3,152,870	3,152,870	-	-	3,152,870
Island Foundation	15801 SPID, Corpus Christi, TX	801,971	801,971	-	-	801,971
Seashore Learning Center	15802 SPID, Corpus Christi, TX	1,033,352	1,037,383	-	-	1,037,383
Total Real Property Ownership Interest		\$ 8,377,262	\$ 8,020,295	\$ 186,229	\$ 5,564	\$ 8,212,088

**Seashore Charter Schools
Budgetary Comparison Schedule
For the Fiscal Year Ended August 31, 2023**

Exhibit E-1

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUE AND OTHER SUPPORT				
Local Support				
5742 Earnings on Temporary Deposits	\$ 150	\$ 150	\$ 140	\$ (10)
5743 Rents	73,900	80,583	79,232	(1,351)
5744 Contributions	2	2	405	403
5749 Other Revenues from Local Sources	106,701	137,681	173,621	35,940
5751 Food Services	37,000	42,101	45,262	3,161
5752 Athletic Activity	8,000	8,000	7,481	(519)
5753 Extracurricular Activities	-	-	-	-
Total local support	<u>225,753</u>	<u>288,517</u>	<u>306,141</u>	<u>37,624</u>
State Program Revenues				
5810 Foundation School Program	4,143,904	4,143,904	3,943,203	(200,701)
5820 State Program Revenues Distributed by the Texas Education Agency	33,000	294,995	253,295	(41,700)
5830 Revenues from Texas Government Agencies	-	-	-	-
Total State Program Revenue	<u>4,176,904</u>	<u>4,438,899</u>	<u>4,196,498</u>	<u>(242,401)</u>
Federal program revenues				
5920 Federal Revenues Distributed by the Texas Education Agency	274,228	297,294	457,097	159,803
5940 Federal Revenues Distributed Directly from the Federal Government	12,000	12,000	52,447	40,447
Total Federal Program Revenue	<u>286,228</u>	<u>309,294</u>	<u>509,544</u>	<u>200,250</u>
Total Revenue and Other Support	<u>4,688,885</u>	<u>5,016,710</u>	<u>5,012,183</u>	<u>(4,527)</u>
EXPENSES				
11 Instruction	2,505,999	2,531,740	2,503,797	27,943
12 Instructional Resources and Media Services	-	-	-	-
13 Curriculum Development and Instructional Staff Development	27,925	85,275	80,159	5,116
21 Instructional Leadership	39,260	39,260	39,830	(570)
23 School Leadership	430,064	420,084	420,010	54
31 Guidance, Counseling, and Evaluation Services	116,490	131,990	131,188	802
33 Health Services	2,000	2,000	1,785	215
35 Food Services	38,200	43,301	43,300	1
36 Cocurricular/Extracurricular Activities	27,120	29,303	29,823	(520)
41 General Administration	114,882	114,882	111,578	3,308
51 Plant Maintenance and Operations	1,160,246	1,388,748	1,113,772	274,976
52 Security and Monitoring Services	30,000	32,000	39,112	(7,112)
53 Data Processing	70,450	70,450	68,909	1,541
61 Community Services	500	500	-	500
71 Debt Service	330,856	330,856	149,928	180,928
81 Facilities Acquisition and Construction	38,877	38,877	37,518	1,359
Total Expenses	<u>4,932,869</u>	<u>5,259,246</u>	<u>4,770,707</u>	<u>488,539</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>(243,984)</u>	<u>(242,536)</u>	<u>241,476</u>	<u>484,012</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	127,917	127,917
Transfers Out	-	-	(127,917)	(127,917)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(243,984)	(242,536)	241,476	484,012
NET ASSETS BEGINNING OF PERIOD	4,670,235	4,670,235	4,670,235	-
PRIOR PERIOD ADJUSTMENT	-	-	(133)	(133)
NET ASSETS BEGINNING OF PERIOD, RESTATED	<u>4,670,235</u>	<u>4,670,235</u>	<u>4,670,102</u>	<u>(133)</u>
NET ASSETS END OF PERIOD	<u>\$ 4,426,251</u>	<u>\$ 4,427,699</u>	<u>\$ 4,911,578</u>	<u>\$ 483,879</u>

Seashore Charter Schools
Schedule of State Compliance Questions
For the year ended August 31, 2023

Exhibit J-4

Data Code	Description	Column Response
Section A - Compensatory Education Program		
AP1	Did your Charter expend any state compensatory education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education program during the charter fiscal year?	9,856
AP4	List the actual direct program expenditures for state compensatory education program during the charter fiscal year?	7,189
Section B - Bilingual Education Program		
AP1	Did your Charter expend any bilingual education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its bilingual education program?	Yes
AP3	List the total state allotment funds received for bilingual education program during the charter fiscal year?	2,566
AP4	List the actual direct program expenditures for bilingual education program during the charter fiscal year?	4,839

COMPLIANCE
AND
INTERNAL CONTROL

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Raul Hernandez & Company, P. C.

Certified Public Accountants
5402 Holly Rd., Ste 102
Corpus Christi, Texas 78411
(361)980-0428 Fax (361)980-1002

**Independent Auditors' 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**

Board of Directors
Island Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Island Foundation, Inc. (a non-profit organization), which comprise the statement of financial position as of August 31, 2023, and related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Island Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Island Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Island Foundation, Inc.'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Raul Hernandez & Company, P.C.

Corpus Christi, TX

January 18, 2024

ISLAND FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Fiscal Year Ended August 31, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of Report on Financial Statements Unmodified

Internal Control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that
Are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements
Noted? Yes No

2. Federal Awards N/A

B. Findings related to the Financial Statements which are required to be reported in accordance with generally accepted government auditing standards.

NONE

C. Findings and Questioned Costs

NONE

ISLAND FOUNDATION, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended August 31, 2023

None



Seashore Charter Schools

Audit Explanations of Variances

Amended Budget vs Actual Budget

Function 52 Security

Seashore Charter Schools had a higher cost and focus on security than was budgeted. Additional safety items were purchased to ensure the safety of all our staff & students, and we overspent by \$7112.

Original Budget vs. Amended Budget

Function 13 Curriculum Development & Instructional Staff Development

Seashore Charter Schools received a Strong Foundation Grant that was not budgeted for 22-23. This grant was utilized to set up new procedures in Math with the Carnegie vendor.

Function 31 Guidance, Counseling & Evaluation

Seashore Charter Schools had higher costs with evaluation than originally budgeted. Therefore the budget was amended to support higher expenses for evaluations. We changed vendors and had more evaluations.

Function 35 Food Service

Seashore Charter Schools lunch program did more volume than last year.

Function 51 Plan Maintenance & Operations

Seashore Charter Schools amended the maintenance budget for higher costs but many of these amendments were capitalized and fell under the safety grant, so the amended amount was not needed.

Function 81 Facilities Acquisition & Construction

Seashore Middle Academy Journalism department was budgeted at a flat rate but they purchased new technology for the classroom, so a BCR was needed to amend the budget.

