

**COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.**

**Annual Financial Report**

**For the Year Ended August 31, 2020**



**Lowvorn & Kieschnick**

CERTIFIED PUBLIC ACCOUNTANTS

LOWVORN & KIESCHNICK, LLP

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COASTAL BEND BAYS AND ESTUARIES PROGRAM, INC.  
ANNUAL FINANCIAL REPORT  
YEAR ENDED AUGUST 31, 2020

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**Lovvorn & Kieschnick, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report**

To the Board of Directors  
Coastal Bend Bays and Estuaries Program, Inc.  
Corpus Christi, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of Coastal Bend Bays and Estuaries Program, Inc. (a nonprofit organization) which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

***Auditor's Responsibility***

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

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coastal Bend Bays and Estuaries Program, Inc. as of August 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

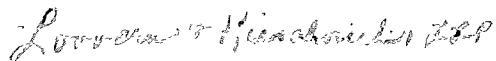
## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*; and the accompanying schedule of expenditures of state awards, as required by the State of Texas *Single Audit Circular* are presented for purposes of additional analysis and are not required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## ***Other Reporting Requirements by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2021, on our consideration of Coastal Bend Bays and Estuaries Program, Inc.'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coastal Bend Bays and Estuaries Program Inc.'s internal control over financial reporting and compliance.



Lovvorn & Kieschnick, LLP  
July 6, 2021

**COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**August 31, 2020**

**ASSETS**

**Current assets**

Cash and Cash Equivalents		\$ 2,170,791
Restricted Cash and Cash Equivalents (Note 5)		817,501
Investments - Cash and Cash Equivalents - Unrestricted (Note 9)		2,481,899
Prepaid Items		17,200
Accrued Interest Receivable		12,907
Grants Receivable		<u>2,269,262</u>

Total Current Assets 7,769,560

**Other Assets**

Investments - Long-term - Unrestricted (Note 9)	6,657,429	
Lease Security Deposit	<u>6,169</u>	6,663,598

**Long term assets**

Property and Equipment, Net (Note 4)		
Land (Habitat) - Deed Restricted	17,788,178	
Other	<u>168,193</u>	<u>17,956,371</u>

Total Assets \$ 32,389,529

**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts Payable		\$ 375,000
Accrued Expenses		27,968
Deferred Revenue		213,724
Note Payable (Note 10)		<u>124,500</u>

Total Current Liabilities 741,192

**Long-Term liabilities**

Note payable, net of current portion (Note 10)		<u>99,600</u>
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Total Liabilities 840,792

**Net Assets**

Without Donor Restrictions		
Undesignated		12,774,865
Invested in Property and Equipment		
Land (Habitat) - Deed Restricted	17,788,178	
Other	<u>168,193</u>	<u>17,956,371</u>
Total		30,731,236
With Donor Restrictions (Note 5)		<u>817,501</u>

Total Net Assets 31,548,737

Total Liabilities and Net Assets \$ 32,389,529

**See notes to financial statements.**

**COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue</b>			
Federal and State funded grant agreements (Note 2)	\$ -	\$3,004,602	\$ 3,004,602
Local Governmental contributions (Note 3)	345,842	-	345,842
Interest income	58,164	123	58,287
In-Kind Contributions - Land (Habitat) (Note 4)	428,746	-	428,746
Other income:			
Pipeline Easements	1,324,716	-	1,324,716
National Fish & Wildlife Foundation	-	3,023,832	3,023,832
Citgo	-	30,000	30,000
Cheniere	-	100,000	100,000
Celanese	-	75,000	75,000
AEP	-	125,000	125,000
American Bird Conservancy	-	43,125	43,125
Port of Corpus Christi Mitigation	-	125,800	125,800
Kleberg Foundation	-	42,876	42,876
Conoco Phillips	-	40,000	40,000
Port Industries of Corpus Christi	75,000	-	75,000
Other income	15,057	56,810	71,867
Net assets released from restrictions (Note 6)	6,539,559	(6,539,559)	-
	<u>8,787,084</u>	<u>127,609</u>	<u>8,914,693</u>
<b>Expenses</b>			
Program Services			
Federal and State funded program projects (Note 2)	3,004,602	-	3,004,602
Other Grant and Local program projects	3,669,475	-	3,669,475
	<u>6,674,077</u>	<u>-</u>	<u>6,674,077</u>
Supporting Services			
Management and General	943,699	-	943,699
	<u>7,617,776</u>	<u>-</u>	<u>7,617,776</u>
Change in net assets	1,169,308	127,609	1,296,917
Net assets, August 31, 2019 (Restated) (Note 12)	29,561,928	689,892	30,251,820
Net assets, August 31, 2020	<u>\$ 30,731,236</u>	<u>\$ 817,501</u>	<u>\$31,548,737</u>

See notes to financial statements.



**COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	Program Services		Program Services Total	Management and General	Total
	Federal and State Funded Program Projects	Other Grant and Local Program Projects			
<b>Personnel</b>					
Salaries	\$ 646,866	\$ 155,729	\$ 802,595	\$ 260,806	\$ 1,063,401
<b>Fringe Benefits</b>					
Health Insurance	90,761	19,853	110,614	41,593	152,207
Workers' Compensation Insurance	7,023	1,753	8,776	2,969	11,745
Pension plan	58,195	9,592	67,787	21,285	89,072
Payroll taxes	60,432	13,423	73,855	9,268	83,123
Total personnel expenses	<u>863,277</u>	<u>200,350</u>	<u>1,063,627</u>	<u>335,921</u>	<u>1,399,548</u>
Travel, training, conferences	9,520	6,224	15,744	33,617	49,361
Supplies	37,301	62,055	99,356	65,081	164,437
Contractual	2,012,493	3,361,337	5,373,830	210,643	5,584,473
<b>Other expenses</b>					
Bad Debts Expense	-	-	-	3,541	3,541
Data Processing	2,214	108	2,322	182	2,504
Depreciation	-	-	-	37,781	37,781
Dues and Subscriptions	573	848	1,421	9,960	11,381
Equipment < \$1000	3,459	-	3,459	-	3,459
Equipment Rental	3,385	2,150	5,535	9,663	15,198
Insurance Expense	39,328	6,742	46,070	39,004	85,074
Janitorial	160	1,500	1,660	-	1,660
Maintenance	1,297	6,818	8,115	5,032	13,147
Miscellaneous	-	5,261	5,261	18,848	24,109
Office Lease	-	-	-	80,611	80,611
Parking Employees	-	-	-	2,360	2,360
Postage and Freight	301	1,049	1,350	263	1,613
Printing and Duplication	-	-	-	676	676
Professional Services	10,000	-	10,000	18,648	28,648
Property Taxes	-	-	-	12,963	12,963
Registration Fees	3,594	8,249	11,843	2,095	13,938
Sponsorship	-	1,000	1,000	17,535	18,535
Telephone and Internet	2,129	2,407	4,536	13,910	18,446
Temporary Staff	13,028	2,970	15,998	25,016	41,014
Utilities	2,543	406	2,949	349	3,298
Total Other expenses	<u>82,011</u>	<u>39,509</u>	<u>121,520</u>	<u>298,437</u>	<u>419,956</u>
Total expenses	<u>\$ 3,004,602</u>	<u>3,669,475</u>	<u>6,674,077</u>	<u>\$ 943,699</u>	<u>\$ 7,617,776</u>

See notes to financial statements.

**COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

<b>Cash flows from operating activities</b>	
Changes in net assets	\$ 1,296,917
Adjustments to reconcile change in net assets to net cash flow from operating activities:	
Depreciation	37,781
In-Kind Contribution of Land (Habitat)	(428,746)
 (Increase) decrease in operating assets:	
Grants Receivable	(751,902)
Prepaid Expenses	(4,673)
Accrued Interest Receivable	10,056
 Increase (decrease) in operating liabilities:	
Accounts payable and other payables	25,031
Accrued Expenses	7,684
Unearned Revenue	213,724
	<hr/>
Net cash provided by operating activities	405,872
 <b>Cash flows from investing activities</b>	
Purchase of Property	(48,847)
Sale/Purchase of Investments - Net	1,293,192
	<hr/>
Net cash provided (used) by investing activities	1,244,345
 <b>Cash flows from financing activities</b>	
Loan Proceeds	224,100
	<hr/>
Net increase in cash and cash equivalents	1,874,317
 <b>Cash and cash equivalents at the beginning of the year *</b>	<hr/> 3,595,874
 <b>Cash and cash equivalents at the end of the year *</b>	<hr/> <u>\$ 5,470,191</u>

\* Includes restricted cash and cash equivalents

Noncash Investing Activities:	
In-Kind Contribution of Land (Habitat) is a Noncash Investing Transaction	\$ 428,746

**See notes to financial statements.**

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Coastal Bend Bays & Estuaries Program, Inc. is a nonprofit Texas corporation chartered in August 1999. The Organization was organized to implement the Coastal Bend Bays Plan, which seeks to ensure that the Coastal Bend bays and estuaries remain a vibrant part of the region's environmental and economic landscape by preserving and enhancing their roles as a recreational resource, international seaport, and habitat for fish and wildlife.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management's discretion, and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time, or which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor.

Use of 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.

Revenue Accounting

Government grants are recognized as revenue in the period of related expenses. Therefore, unreimbursed expenses are accrued as accounts receivable and excess reimbursements are accrued as a liability, to be refunded to the government.

Functional Allocation of Expenses

The costs of providing Coastal Bend Bays and Estuaries Program, Inc.'s programs and other activities have been presented in the statement of functional expenses. Indirect or shared costs, including personal costs, management fees, and occupancy and maintenance, are allocated among the program and support services by a method that best measures the relative degree of benefit.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC  
 NOTES TO THE FINANCIAL STATEMENTS  
 AUGUST 31, 2020

Property and Equipment

Property and equipment are stated at cost or donated value. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Classroom Structure and Improvements	25
Equipment	5-10

Government Grant Revenues

Substantially all of the Organization's public support and revenues are from various government grants. Federal funds and state funds are provided through the Texas General Land Office, Texas Commission On Environmental Quality, U.S. Fish & Wildlife Service, U.S. Environmental Protection Agency and U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA). Local funds are provided by the City of Corpus Christi, Port of Corpus Christi, San Patricio County, City of Ingleside, City of Portland, City of Port Aransas and Nueces County.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The cash restricted is not considered to be a cash equivalent for purposes of the statement of cash flows.

Federal Income Tax Accounting

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, an annual return must be filed for each calendar year on Form 990, Return of Organization Exempt from Income Tax, to report details of operations and financial position.

Donated Materials, Equipment and Services (In Kind Services)

Donated materials and equipment and donated services are recorded as contributions at their estimated values at the date of receipt.

Concentrations of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to completely perform as contracted. Management believes the likelihood of incurring material losses due to concentration of credit risk is remote. The principal financial instruments subject to credit risk are as follows:

The Organization's cash and cash - restricted are deposited with a financial institution (bank). The cash deposited exceeds the FDIC (Federal Deposit Insurance Corporation) insured limits and is not secured by any other collateral.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statement of activities.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC  
 NOTES TO THE FINANCIAL STATEMENTS  
 AUGUST 31, 2020

2. FEDERAL, STATE, AND OTHER FUNDED GRANT AGREEMENTS

CBBEP has ongoing grants with the following:

- National Fish & Wildlife Foundation
- Texas Commission On Environmental Quality
- Texas General Land Office
- United States Fish and Wildlife Service
- United States Environmental Protection Agency Region VI

3. LOCAL GOVERNMENTAL CONTRIBUTIONS

As of August 31, 2020, the Organization had received the following contributions from local governmental sources:

Port of Corpus Christi	\$162,508
City of Corpus Christi	75,000
Nueces County	50,000
San Patricio County	43,334
City of Port Aransas	5,000
City of Ingleside	5,000
City of Portland	<u>5,000</u>
Total Contributions	<u>\$345,842</u>

4. PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2020 consisted of the following:

Land (Habitat) – Deed Restricted	\$ 17,788,178
Classroom Structure and Improvements	63,683
Equipment	<u>341,136</u>
Total	\$ 18,192,997
Less accumulated depreciation and amortization	<u>(236,626)</u>
Property and equipment, net	<u>\$ 17,956,371</u>

Land (Habitat) – The Coastal Bend Bays & Estuaries Program Inc. acquires real property interests in wetlands and associated uplands to ensure that the real property will be administered for the long-term conservation of such lands and waters and the migratory birds and fish and other wildlife dependent thereon. Acquisitions of real property are reported at cost and donations of land are reported at fair value at the date of donation based on highest and best use, as required by accounting standards.

Conservation Easements – CBBEP holds third-party conservation easements on 1,100.00 acres of property owned by various local governments. These properties were acquired by local governments for use as parks and protected green space. The conservation easements were donated at no cost to CBBEP in order to satisfy the requirements of the grants used by local governments to purchase the properties. No values have been placed on these easements, due to the lack of foreseeable future cash flow benefits and absence of a secondary conservation easement market.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC  
 NOTES TO THE FINANCIAL STATEMENTS  
 AUGUST 31, 2020

5. DONOR RESTRICTED NET ASSETS

Donor restricted net assets were available for the following purposes as of August 31, 2020:

Ed Rachal Foundation	369,484
Cheniere	200,000
AEP	108,180
Conoco Phillips	40,000
Port of Corpus Christi Mitigation	26,705
Tortuga Dunes	20,107
Celanese	40,082
Kate's Hole	12,852
City of Corpus Christi	<u>91</u>
Total Donor Restricted Net Assets	<u><u>817,501</u></u>

6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes by donors as follows:

Environmental projects funded by federal and state grants	\$3,004,602
Private non-profit corporate grants	<u>3,534,957</u>
Total	<u><u>\$6,539,559</u></u>

7. RETIREMENT PLAN

Effective September 1, 2010, the Organization established a defined contribution Section 401(k) employee retirement plan. All employees are eligible to participate in the plan immediately upon employment. The Plan requires that the Organization make discretionary contributions in each Plan Year to the Individual Retirement Accounts of all eligible employees. The plan provides that Organization contribute 3% of the gross compensation of all eligible employees and also make matching contributions equal to 100% of the portion of each eligible employee's 401(k) contributions that do not exceed 6% of the employee's eligible pay. For the year ended August 31, 2020 the Organization contributed \$89,072.

8. UNCERTAINTIES

Covid-19:

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The CBBEP is closely monitoring the situation, but the extent of financial impact to the Organization is unknown at this time.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020

9. FAIR VALUE MEASUREMENT - INVESTMENTS

The Organization’s assets and liabilities reported at fair value are valued using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The Organization uses the following hierarchical disclosure framework:

Level 1 -- Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the Organization’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

The following table sets forth by level within the fair value hierarchy, the Organization’s assets measured at fair value on a recurring basis as of August 31, 2020:

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	2,481,899	-	-	2,481,899
Fixed Income	4,787,501	-	-	4,787,500
Equities	1,342,125	-	-	1,342,125
Exchange Traded Funds	161,131	-	-	161,131
Other Assets	366,672	-	-	366,672
Total Investments	<u>9,139,328</u>	<u>-</u>	<u>-</u>	<u>9,139,327</u>

10. NOTE PAYABLE

In April, 2020, the Organization borrowed \$224,100 from the Small Business Administration (SBA). The loan was a Paycheck Protection Loan (PPP), which was designed to provide a direct incentive to small businesses and not-for-profit organizations to keep their workers on payroll, as a result of the COVID-19 epidemic. The terms of the loan provided for an interest rate of 1%, with a maturity date of two years after the date of the loan. However, SBA also provided that loan payments will be deferred for borrowers who apply for loan forgiveness. Subsequent to August 31, 2020, the Organization applied for loan forgiveness and anticipates that the forgiveness criteria has been met and that the loan amount of \$224,100 will be forgiven in fiscal year August 31, 2021. The loan is not collateralized.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The liquidity and availability of the Organization's financial assets to fund general expenditures as of August 31, 2020 is shown below:

Financial Assets:	
Cash and cash equivalents	2,170,791
Restricted cash and cash equivalents	817,501
Investments - Cash and cash equivalents - Unrestricted	2,481,899
Accrued interest receivable	12,907
Grants receivable	2,269,262
Investments - Long-term - Unrestricted	<u>6,657,429</u>
Total Financial Assets	14,409,789
Less assets unavailable for General Expenditures:	
Donor restricted net assets	(817,501)
Investments - Long-term - Unrestricted	<u>(6,657,429)</u>
Financial assets available to meet cash needs for general expenses within one year	<u><u>6,934,859</u></u>

12. RESTATEMENT OF NET ASSETS

During the year, management discovered errors in recording the following assets in prior years that caused them to be either overstated or understated. Management determined that capital assets and local government support receivables had been understated in prior years, and grants receivable had been overstated in prior years. Beginning net assets have been restated as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning net assets as			
Previously reported	\$30,533,272	\$689,892	\$31,223,164
Restatement of:			
Capital Assets	18,596	-	18,596
Local Government Support Receivable	80,000	-	80,000
Grants Receivable	<u>(1,069,940)</u>	-	<u>(1,069,940)</u>
Beginning net assets, as restated	<u><u>\$29,561,928</u></u>	<u><u>\$689,892</u></u>	<u><u>\$30,251,820</u></u>

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 6, 2021, the date which the financial statements were available to be issued.





**Lovvorn & Kieschnick, LLP**  
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  
Coastal Bend Bays and Estuaries Program, Inc.  
Corpus Christi, Texas

Members of the Board:

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 financial statements of Coastal Bend Bays and Estuaries Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated July 6, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Coastal Bend Bays and Estuaries Program, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coastal Bend Bays and Estuaries Program, Inc.'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 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.

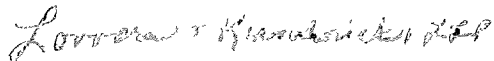
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Coastal Bend Bays and Estuaries Program, 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**

This 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lovvorn & Kieschnick, LLP

July 6, 2021



**Lovvorn & Kieschnick, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance  
and by the State of Texas Single Audit Circular**

To the Board of Directors  
Coastal Bend Bays and Estuaries Program, Inc.  
Corpus Christi, Texas

Members of the Board:

**Report on Compliance for Each Major Federal and State Program**

We have audited Coastal Bend Bays and Estuaries Program, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Single Audit Circular* that could have a direct and material effect on each of Coastal Bend Bays and Estuaries Program, Inc.'s major federal and state programs for the year ended August 31, 2020. Coastal Bend Bays and Estuaries Program, Inc.'s major federal and state programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on Coastal Bend Bays and Estuaries Program, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Coastal Bend Bays and Estuaries Program, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2020.

### **Report on Internal Control Over Compliance**

Management of Coastal Bend Bays and Estuaries Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Coastal Bend Bays and Estuaries Program, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coastal Bend Bays and Estuaries Program, Inc.'s 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than as material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Lovvorn & Kieschnick, LLP  
July 6, 2021

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2020

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes       X  No

One or more significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes       X  None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes       X  No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes       X  No

One or more significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes       X  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? \_\_\_\_\_ Yes       X  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.654	Hurricane Harvey Shoreline Projects

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

Auditee qualified as low-risk auditee?  X  Yes      \_\_\_\_\_ No

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2020

3. State Awards

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with it's Texas State *Single Audit Circular*        Yes   X   No

Identification of major programs:

<u>Grant Contract Number(s)</u>	<u>Name of State Program or Cluster</u>
20-132-001-C110	Nueces Bay Rookery Islands Shoreline Protection

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

Auditee qualified as low-risk auditee?        Yes   X   No

B. Financial Statement Findings

NONE

C. Federal and State Award Findings and Questioned Costs

NONE

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2020

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No Prior Findings		

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2020

<u>Program</u>	<u>Corrective Action Plan</u>
N/A	No Corrective Action Required



COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2020

<u>Grantor Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
U.S. Fish and Wildlife Service				
Direct Programs:				
Coastal Program	15.630	F15AC01077	-	42,022
Coastal Program	15.630	F16AC00567	-	1,256
Coastal Program	15.630	F16AC00617	-	48,649
Coastal Program	15.630	F17AC00579	-	20,000
Coastal Program	15.630	F18AC00828	-	21,420
Coastal Program	15.630	F19AC00558	-	20,000
	Total CFDA Number 15.630		<u>\$ -</u>	<u>\$ 153,347</u>
Partners for Fish and Wildlife	15.631	F16AC00813	-	2,002
	Total CFDA Number 15.631		<u>\$ -</u>	<u>\$ 2,002</u>
Hurricane Harvey Shoreline Projects	15.654	F19AC00054	-	303,305
Midcontinent Shorebird Conservation Initiative	15.655	F20AC00281	-	13,271
Tracking Red Knots from Louisiana with Satellite Tags	15.657	F19AP00937	-	22,000
Total U.S. Fish and Wildlife Service			<u>\$ -</u>	<u>\$ 493,925</u>
U.S. Environmental Protection Agency				
Direct Programs:				
National Estuary Program	66.456	CE-00F39301	-	2,615
National Estuary Program	66.456	CE-98685811-0	-	375
National Estuary Program	66.456	CE-98685815-0	-	1,859
National Estuary Program	66.456	CE-98685816-0	-	608,009
	Total CFDA Number 66.456		<u>\$ -</u>	<u>\$ 612,858</u>
Pass-Through Program From:				
Texas Commission on Environmental Quality: Water Quality Management Planning	66.454	582-20-10190	-	135,359
Total U.S. Environmental Protection Agency			<u>\$ -</u>	<u>\$ 748,217</u>

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2020

<u>Grantor Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA) Pass-Through Program From: Texas GLO - University of Texas at Austin Marine Debris Removal along the Texas Coast Following Hurrican Harvey	11.022	19-237-000-B682	<u>\$ -</u>	<u>\$ 9,859</u>
Texas GLO - Coastal Management Texas Coastal Management Program	11.419	19-057-000-B091	-	1,703
Texas Coastal Management Program	11.419	20-062-000-B921	-	22,041
Total U.S. Department of Commerce, NOAA			<u>\$ -</u>	<u>\$ 33,602</u>
Louisiana Board of Regents, Universities Marine Consortium Direct Program: Barataria-Terrebonne National Estuary Program	15.630	BTNEP20-07	<u>\$ -</u>	<u>\$ 2,400</u>
Total Federal Financial Assistance			<u>\$ -</u>	<u>\$ 1,278,144</u>

The accompanying notes are an integral part of this schedule.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2020

Note 1: Federal Assistance Reconciliation

Federal Expenditures per Schedule of Expenditures of Federal Awards	\$1,278,144
Less: Capitalization of Assets Purchased	<u>(2,990)</u>
Federal Expenses on Statement of Activities	1,275,154
Add: Expenses of State Awards	<u>1,729,448</u>
Federal and State Expenses on Statement of Activities	<u><u>\$3,004,602</u></u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coastal Bend Bays & Estuaries Program, Inc. and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Coastal Bend Bays and Estuaries Program, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended August 31, 2020

Grantor Agency/Program Title	Grant Contract Number	Expenditures	Amounts Passed Through to Subrecipients
Texas GLO - CEPRA			
Aransas NWR Dagger Point Shoreline Protection	19-226-001-B781	10,347	-
Triangle Tree Rookery Island Shoreline Protection	19-226-003-B784	34,069	-
Nueces Bay Rookery Islands Shoreline Protection	20-132-001-C110	1,249,942	-
		<u>\$ 1,294,358</u>	<u>\$ -</u>
Texas Commission On Environmental Quality			
	582-18-80263	62,090	-
	582-20-10191	372,999	-
		<u>\$ 435,089</u>	<u>\$ -</u>
Total State Financial Assistance		<u>\$ 1,729,448</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

Note 1: State Assistance Reconciliation

State Expenditures per Schedule of Expenditures of State Awards	\$ 1,729,448
Capitalization of Assets Purchased - Land	-
State Expenses on Statement of Activities	<u>\$ 1,729,448</u>

Note 2: Significant Accounting Policies Used In Preparing the Schedule

The accompanying schedule of expenditures of state awards includes the state grant activity of Coastal Bend Bays & Esturaries Program, Inc. and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of State of Texas *Single Audit Circular*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.