

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Audited Financial Statements

August 31, 2023



# COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

August 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

March 28, 2024

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

### **Opinion**

We have audited the accompanying financial statements of Coastal Bend Bays & Estuaries Program, Inc. which comprise the statement of financial position as of August 31, 2023 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Coastal Bend Bays & Estuaries Program, Inc. as of August 31, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Coastal Bend Bays & Estuaries Program, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

## *Auditor's 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 GAAS 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 GAAS, 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 Coastal Bend Bays & Estuaries Program, Inc.'s internal control. Accordingly, no such opinion is expressed.<sup>4</sup>
- 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 Coastal Bend Bays & Estuaries Program, 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.

### **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 parts 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 schedule of expenditures of federal awards, and the accompanying schedule of expenditures of state awards, are 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 March 28, 2024, on our consideration of Coastal Bend Bays & 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 & Estuaries Program, Inc.'s internal control over financial reporting and compliance.



Adamson and Company, LLC

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Statement of Financial Position

August 31, 2023

ASSETS

Current Assets

Cash and Cash Equivalents		\$ 1,017,933
Restricted Cash and Cash Equivalents (Note 8)		1,201,545
Investments - Cash and Cash Equivalents (Note 2)		401,077
Grants Receivable (Note 3)		4,909,059
Prepaid Items		<u>66,121</u>

Total Current Assets 7,595,735

Noncurrent Assets

Investments - Unrestricted (Note 2)		10,148,135
Property and Equipment (Note 4)		
Land (Habitat) - Deed Restricted	18,383,775	
Vehicles and Equipment, Net	<u>382,320</u>	18,766,095

Right-to-Use Assets Under Operating Leases (Note 5) 302,617

Total Assets \$ 36,812,582

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable		\$ 3,187,565
Accrued Expenses		31,404
Deferred Revenues (Note 6)		605,511
Current Portion of Obligations Under Operating Leases (Note 5)		<u>70,224</u>

Total Current Liabilities 3,894,704

Noncurrent Liabilities

Long-Term Portion of Obligations Under Operating Leases (Note 5) 239,866

Total Liabilities 4,134,570

Net Assets (Note 7)

Without Donor Restrictions		
Undesignated		12,710,372
Invested in Property and Equipment		
Land (Habitat) - Deed Restricted	18,383,775	
Other	<u>382,320</u>	18,766,095
Subtotal		<u>31,476,467</u>

With Donor Restrictions (Note 8) 1,201,545

Total Net Assets 32,678,012

Total Liabilities and Net Assets \$ 36,812,582

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

**Statement of Activities**

**Year Ended August 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support and Revenue</b>			
Federal and State Funded			
Grant Agreements (Note 10)	\$ -	\$ 5,251,964	\$ 5,251,964
Local Government Contributions (Note 11)	275,000	-	275,000
Investment Income	326,799	-	326,799
In-Kind Contributions - Office Space (Note 13)	64,946		64,946
Private Contributions and Grants:			
Celanese	-	91,118	91,118
Cheniere	-	115,040	115,040
Citgo	-	36,552	36,552
Kleberg Foundation	-	83,845	83,845
Matagorda Bay Mitigation Trust	-	498,000	498,000
National Fish & Wildlife Foundation	-	960,834	960,834
Port of Corpus Christi Wetlands Mitigation	-	284,615	284,615
Valero	-	60,000	60,000
Other Private Contributions and Grants	381,036	55,963	436,999
Other Income	103,638	-	103,638
Gain on Disposal of Equipment	19,925	-	19,925
Net Assets Released From Restrictions (Note 9)	<u>7,006,445</u>	<u>(7,006,445)</u>	<u>-</u>
 Total Public Support and Revenue	 8,177,789	 431,486	 8,609,275
<b>Expenses</b>			
Program Services			
Federal and State Funded Program Projects	4,851,163	-	4,851,163
Other Grant and Local Program Projects	<u>2,332,094</u>	<u>-</u>	<u>2,332,094</u>
 Total Program Services	 7,183,257	 -	 7,183,257
Supporting Services			
Management and General	<u>713,281</u>	<u>-</u>	<u>713,281</u>
 Total Expenses	 <u>7,896,538</u>	 <u>-</u>	 <u>7,896,538</u>
Increase (Decrease) in Net Assets	281,251	431,486	712,737
Net Assets, Beginning of Year, As Originally Stated	31,195,216	701,243	31,896,459
Prior Period Adjustments (Note 7)	<u>-</u>	<u>68,816</u>	<u>68,816</u>
Net Assets, Beginning of Year, Restated	<u>31,195,216</u>	<u>770,059</u>	<u>31,965,275</u>
Net Assets, End of Year	<u>\$ 31,476,467</u>	<u>\$ 1,201,545</u>	<u>\$ 32,678,012</u>

*See accompanying notes to financial statements*

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

**Statement of Functional Expenses**

**Year Ended August 31, 2023**

	<u>Federal and State Funded Program Projects</u>	<u>Other Grant and Local Program Projects</u>	<u>Program Services Total</u>	<u>Management and General</u>	<u>Total</u>
<b>Personnel</b>					
Salaries	\$ 672,686	\$ 157,135	\$ 829,821	\$ 269,716	\$ 1,099,537
<b>Fringe Benefits</b>					
Health and Life Insurance	115,358	40,589	155,947	72,176	228,123
Workers' Compensation Insurance	5,078	1,830	6,908	2,252	9,160
Pension Plan (Note 10)	41,848	30,613	72,461	22,296	94,757
Payroll Taxes	52,185	13,958	66,143	21,773	87,916
<b>Total Personnel Expenses</b>	<b>887,155</b>	<b>244,125</b>	<b>1,131,280</b>	<b>388,213</b>	<b>1,519,493</b>
Contractual	3,892,322	1,851,440	5,743,762	50,000	5,793,762
Supplies	33,181	63,535	96,716	13,676	110,392
Travel, Training, Conferences	632	34,346	34,978	21,368	56,346
<b>Other Expenses</b>					
Advertising and Promotional	-	7,139	7,139	-	7,139
Bad Debts	-	-	-	480	480
Data Processing	-	508	508	1,745	2,253
Depreciation	-	42,372	42,372	-	42,372
Dues and Subscriptions	302	2,345	2,647	13,367	16,014
Employee Parking	-	-	-	1,000	1,000
Equipment < \$1,000	1,302	1,448	2,750	-	2,750
Equipment Rental	4,430	1,219	5,649	7,423	13,072
Insurance	11,175	7,290	18,465	52,165	70,630
Janitorial	-	1,920	1,920	555	2,475
Maintenance	713	29,544	30,257	646	30,903
Miscellaneous	-	4,319	4,319	38,031	42,350
Office Lease (Notes 5 and 13)	-	-	-	83,080	83,080
Postage and Freight	-	175	175	698	873
Printing and Duplication	1,763	2,432	4,195	468	4,663
Professional Services	-	-	-	23,996	23,996
Property Taxes	-	12,621	12,621	213	12,834
Registration Fees	1,245	1,779	3,024	4,684	7,708
Sponsorships	10,000	15,100	25,100	-	25,100
Telephone and Internet	3,172	5,675	8,847	8,023	16,870
Temporary Staff	-	2,227	2,227	3,186	5,413
Utilities	3,771	535	4,306	264	4,570
<b>Total Other Expenses</b>	<b>37,873</b>	<b>138,648</b>	<b>176,521</b>	<b>240,024</b>	<b>416,545</b>
<b>Total Expenses</b>	<b>\$ 4,851,163</b>	<b>\$ 2,332,094</b>	<b>\$ 7,183,257</b>	<b>\$ 713,281</b>	<b>\$ 7,896,538</b>

*See accompanying notes to financial statements*



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

**Statement of Cash Flows**

**Year Ended August 31, 2023**

<b>Cash Flows from Operating Activities</b>	
Increase in Net Assets	\$ 712,737
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	41,783
Net Realized and Unrealized Loss on Investments	32,882
Gain on Disposal of Equipment	(19,925)
Change in:	
Grants Receivable	(3,631,259)
Prepaid Items	(39,455)
Lease Security Deposit	6,169
Accounts Payable	2,994,229
Accrued Expenses	(21,356)
Deferred Revenue	153,146
	<hr/>
<b>Net Cash Provided by Operating Activities</b>	228,951
<b>Cash Flows from Investing Activities</b>	
Purchase of Property and Equipment	(222,288)
Proceeds from Disposal of Equipment	19,925
Purchases of Investments	(10,058,047)
Proceeds on Sale of Investments	7,572,277
	<hr/>
<b>Net Cash Used in Investing Activities</b>	(2,688,133)
<b>Net Decrease in Cash</b>	(2,459,182)
<b>Beginning Cash</b>	<hr/> 5,079,737
<b>Ending Cash</b>	<hr/> <hr/> \$ 2,620,555

A reconciliation of cash and restricted cash reported within the statement of financial position to the total of the same amounts shown in the statement of cash flows is as follows:

Cash and Cash Equivalents	\$ 1,017,933
Restricted Cash and Cash Equivalents	1,201,545
Investments - Cash and Cash Equivalents	401,077
	<hr/>
	\$ 2,620,555
	<hr/> <hr/>

*See accompanying notes to financial statements*

# COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

## Notes to the Financial Statements

August 31, 2023

### Note 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 & 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.

#### 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.

#### 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.

#### 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 fiscal year on Form 990, Return of Organization Exempt from Income Tax, to report details of operations and financial position.

#### 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.

#### Government Grant Revenues

A significant portion 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.

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

**Notes to the Financial Statements**

**August 31, 2023**

Note 1 - Summary Of Significant Accounting Policies (continued)

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.

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.

Functional Allocation of Expenses

The costs of providing Coastal Bend Bays & Estuaries Program, Inc.'s programs and other activities have been presented in the statement of functional expenses. Indirect or shared costs, including personnel 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.

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 considered to be a cash equivalent for purposes of the statement of cash flows.

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.

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.

Grants Receivable

Grants receivable represent amounts due under grant contracts after expenditure of allowable costs.

Property and Equipment

Property and equipment are stated at cost or donated value. Improvement and replacement of property and equipment greater than \$5,000 are capitalized. 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>
Equipment	5-10
Classroom Structure and Improvements	15-25

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

**Notes to the Financial Statements**

**August 31, 2023**

Note 1 - Summary Of Significant Accounting Policies (continued)

Deferred Revenues

Grants funds advanced before incurrence of related expenses are recorded as a liability. When related expenses are incurred, the deferred amounts are recognized as revenue.

Subsequent Events

Management has evaluated subsequent events through March 28, 2024, the date which the financial statements were available to be issued.

Note 2 - 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, 2023:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 401,077	\$ -	\$ -	\$ 401,077
Fixed Income	6,959,800	-	-	6,959,800
Equities	1,634,512	-	-	1,634,512
Exchange Traded Funds	919,055	-	-	919,055
Other Assets	<u>634,768</u>	<u>-</u>	<u>-</u>	<u>634,768</u>
Total Investments	<u>\$10,549,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,549,212</u>

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

**Notes to the Financial Statements**

**August 31, 2023**

Note 3 - Grants Receivable

Grants receivable at August 31, 2023, consisted of the following:

Texas General Land Office	\$1,770,872
Texas Commission on Environmental Quality	769,483
Environmental Protection Agency	734,072
Matagorda Bay Mitigation Trust	498,000
National Fish & Wildlife Foundation	481,900
U.S. Fish & Wildlife Service	452,493
Texas Parks & Wildlife Department	139,156
Local Governments	22,500
Coastal Bend Industry Association	18,750
Other	<u>21,833</u>
 Total Grants Receivable	 <u>\$4,909,059</u>

All grants receivable are due in less than one year. Management believes all grants receivable to be collectible.

Note 4 - Property and Equipment

Property and equipment at August 31, 2023 consisted of the following:

Land (Habitat)-Deed Restricted	\$18,383,775
Classroom Structure and Improvements	43,961
Equipment	<u>584,670</u>
 Total	 19,012,406
 Less accumulated depreciation and amortization	 <u>(246,311)</u>
 Property and equipment, net	 <u>\$18,766,095</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 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, 2023**

Note 5 – Lease Commitments

New Accounting Standard - Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* intended to improve financial reporting regarding leasing transactions. The new standard affects all organizations that lease assets. The standard will require organizations to recognize on the statement of financial condition the assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. This standard was implemented effective fiscal years beginning after December 15, 2021. The effect of implementation was to establish right-to-use assets of \$366,586 and related lease obligations of \$366,586.

CBBEP has elected to use a risk-free discount rate of 3% to measure the lease liability at the present value of the lease payment not yet incurred on the office space facility.

Leasing Arrangements

CBBEP leases office suites at the Port Annex Building, 1305 Shoreline Blvd. in Corpus Christi, Texas. The office suites lease commenced October 2022, contains a 1% increase every twelve months and runs through September 2027.

At August 31, 2023, maturities for the operating lease liabilities for office suites are as follows:

Year Ending	
<u>August 31</u>	
2024	\$ 78,585
2025	80,728
2026	81,535
2027	82,351
2028	<u>6,874</u>
Total Payments	330,073
Less: Interest	<u>19,982</u>
Present Value of Lease Liability	<u>\$310,090</u>

Rent expense for real property for the years ended August 31, 2023 is \$83,080.

Per an agreement with the Port of Corpus Christi Authority (the Port), CBBEP is allowed to use the office suites noted above rent-free when providing certain services to the Port. When the rent-free terms are in effect, an in-kind contribution from the Port is recognized along with a corresponding in-kind lease expense. See Note 13.

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

**Notes to the Financial Statements**

**August 31, 2023**

Note 6 – Deferred Revenues

Deferred revenues at August 31, 2023, consist of advances from the following organizations:

Knobloch Family Foundation	\$372,662
Kleberg Foundation	116,155
Aransas County	52,194
Jacob and Terese Hershey Foundation	50,000
Aransas County Navigation District	<u>14,500</u>
Total Deferred Revenues	<u>\$605,511</u>

Note 7 – Prior Period Adjustments

During the fiscal year ended August 31, 2023, a prior period adjustment was made to increase restricted net assets by \$114,280 to correct the classification of certain amounts from deferred revenues to contributions subject to conditions. Another prior period adjustment was made to decrease restricted net assets by \$45,464 to record the return of a prior year contribution for a project no longer needing to be performed.

Note 8 - Donor Restricted Net Assets

Donor restricted net assets were available for particular purposes as of August 31, 2023:

Delta Land Service Mitigation	\$ 410,277
AEP Wetlands Mitigation	272,913
NDP Improvements	97,822
Port of Corpus Christi Wetlands Mitigation	71,980
Coastal Waterbird Project	69,514
Coastal Conservation Association - Egery Marsh Restoration	65,400
Coastal Conservation Association - Nueces Bay Oyster Reef	2,617
Baffin Bay Monitoring	45,251
Cheniere – Enhance Public Access and Nature Tourism	38,786
Citgo – Caring for Our Coast	32,474
TAMUCC - CINDI Project	20,328
Tortuga Dunes	20,323
Delta Discovery	16,054
Voestalpine – Indian Point Access Improvements	15,000
Helix Energy – Mustang Island Wetlands Mitigation	12,852
UP2U Litter Campaign	<u>9,954</u>
Total Donor Restricted Net Assets	<u>\$1,201,545</u>

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

**Notes to the Financial Statements**

**August 31, 2023**

Note 9 - 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	\$5,251,964
Private non-profit corporate grants	<u>1,754,481</u>
Total	<u>\$7,006,445</u>

Funds totaling \$400,778 provided by certain federal and state grants, and as allowed by the grant contracts, were used as and are included in management and general expenses presented on the statement of functional expenses.

Note 10 - Federal, State and Other Funded Grant Agreements

CBBEF 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

Note 11 - Local Governmental Contributions

As of August 31, 2023, the Organization had received the following contributions from local governmental sources:

Port of Corpus Christi	\$90,000
City of Corpus Christi	75,000
Nueces County	50,000
San Patricio County	50,000
City of Port Aransas	5,000
City of Portland	<u>5,000</u>
Total Contributions	<u>\$275,000</u>

Note 12 - Retirement Plan

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 the Organization contributes 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, 2023 the Organization contributed \$94,757.



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

**Notes to the Financial Statements**

**August 31, 2023**

Note 13 – Port Development Services Agreement

Effective for calendar year 2023, the Organization entered into a development services agreement with the Port of Corpus Christi Authority (POCCA). In return for providing services to POCCA related to the implementation of the Coastal Bend Bays Plan, POCCA is paying \$90,000 to the Organization and is providing office facilities that include space for the organization's use rent-free. The agreement also provides for POCCA to appoint one representative to the Organization's Board of Directors.

Note 14 - Liquidity and Availability of Financial Assets

The liquidity and availability of the Organization's financial assets to fund general expenditures as of August 31, 2023 is shown below:

Financial Assets:	
Cash and cash equivalents	\$ 1,017,933
Restricted cash and cash equivalents	1,201,545
Investments - Cash and cash equivalents – Unrestricted	401,077
Grants receivable	4,909,059
Investments - Noncurrent – Unrestricted	<u>10,148,135</u>
Total Financial Assets	17,677,749
Less assets unavailable for General Expenditures:	
Donor restricted net assets	(1,201,545)
Investments - Long-term – Unrestricted	<u>(10,148,135)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$6,328,069</u>

## SINGLE AUDIT SECTION

**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***

March 28, 2024

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

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 & Estuaries Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, 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 March 28, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Coastal Bend Bays & 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coastal Bend Bays & 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 & 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**

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 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.



Adamson & Company, LLC

**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***

March 28, 2024

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

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

We have audited Coastal Bend Bays & 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 & Estuaries Program, Inc.'s major federal and state programs for the year ended August 31, 2023. Coastal Bend Bays & 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 & 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 & 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 & Estuaries Program, Inc.'s compliance.

## Opinion on Each Major Federal and State Program

In our opinion, Coastal Bend Bays & 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, 2023.

## Report on Internal Control Over Compliance

Management of Coastal Bend Bays & 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 & 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 & 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.



Adamson & Company, LLC

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2023

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  No

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

Noncompliance material to financial statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  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 the Uniform Guidance Section 516(a)?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.456	National Estuary Program

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

Auditee qualified as low-risk auditee?  Yes  No

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2023

3. State Awards

Internal control over major programs:

Material weakness(es) identified?  Yes  No

One or more significant deficiencies identified  
that are not considered to be material weaknesses?  Yes  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 the Texas State  
Single Audit Circular?  Yes  No

Identification of major programs:

<u>Grant Contract Number(s)</u>	<u>Name of State Program or Cluster</u>
20-132-002-C152	Texas General Land Office – CEPRA Matagorda Island West Marsh Protection

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

Auditee qualified as low-risk auditee?  Yes  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, 2023

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

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2023

Program

Corrective Action Plan

N/A

No Corrective Action Required

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

**Schedule of Expenditures of Federal Awards**

**Year Ended August 31, 2023**

Grantor Agency/Program Title	Federal CFDA Number	Grant Contract Number	Total Expenditures
U.S. Fish and Wildlife Service			
Pass-Through Program from Texas Parks and Wildlife Department			
Wildlife Restoration and Basic Hunter Education	15.611	F21AF03228-01	\$ 146,461
Direct Programs:			
Coastal Program	15.630	F18AC00828-01	107,193
Coastal Program	15.630	F19AC00578	5,353
Coastal Program	15.630	F21AC02225-00	<u>102,000</u>
		Total Direct Programs CFDA Number 15.630	214,546
Pass-Through Program from Louisiana Board of Regents, Universities Marine Consortium:			
Barataria-Terebonne National Estuary Program	15.630	BTNEP20-07	29
Pass-Through Program from American Bird Conservancy			
Texas Shorebird and Seabird Stewardship	15.630	F21AC02453	<u>21,832</u>
		Total CFDA Number 15.630	236,407
Direct Programs:			
Partners for Fish and Wildlife	15.631	F20AC11408	6,346
Partners for Fish and Wildlife	15.631	F22AC02089-00	<u>4,869</u>
		Total CFDA Number 15.631	11,215
Hurricane Harvey Shoreline Restoration	15.654	F19AC00054	345,659
Genetic Investigation of Non-Breeding Red Knots	15.657	F20AP10540-00	<u>26,000</u>
Total U.S. Fish and Wildlife Service			765,742
U.S. Environmental Protection Agency			
Direct Programs:			
National Estuary Program	66.456	CE-98685918-0	58,733
National Estuary Program	66.456	CE-98686019-0	681,929
National Estuary Program	66.456	4T-02F24501-0	<u>245,323</u>
		Total CFDA Number 66.456	985,985
Gulf of Mexico Program	66.475	MX-01D07220-0	64,070
Gulf of Mexico Program	66.475	MX-02D18822-0	<u>204,392</u>
		Total CFDA Number 66.475	268,462
Pass-Through Programs From:			
Texas Commission on Environmental Quality:			
Water Quality Management Planning	66.454	582-22-30188	42,994
Water Quality Management Planning	66.454	582-23-40190	<u>508,284</u>
		Total CFDA Number 66.454	551,278
Nonpoint Source Implementation Grant	66.460	582-21-10090	<u>30,117</u>
Total U.S. Environmental Protection Agency			1,835,842

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

**Schedule of Expenditures of Federal Awards**

**Year Ended August 31, 2023**

Grantor Agency/Program Title	Federal CFDA Number	Grant Contract Number	Total Expenditures
U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA)			
Direct Program:			
Marine Debris Program	11.999	NA20NOS9990022	41,262
Pass-Through Program From:			
Texas GLO - Coastal Management			
Texas Coastal Management Program	11.419	22-045-010-D107	22,506
Texas Coastal Management Program	11.419	21-060-008-C668	40,954
			<hr/>
Total Passed Through Texas GLO - Coastal Management CFDA 11.419			63,460
			<hr/>
Total U.S. Department of Commerce, NOAA			104,722
			<hr/>
Total Federal Financial Assistance			\$ 2,706,306
			<hr/> <hr/>

Note 1 - 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.

Note 2 - Subrecipients

During the year ended August 31, 2023, Coastal Bend Bays and Estuaries Program, Inc. provided a subaward of \$50,000, \$47,000 from U.S. Fishing and Wildlife Services Coastal Program grant funds and \$3,000 from local funds, to Texas General Land Office as match for the Newcomb Marsh Shoreline Protection, Phase I project.

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

**Schedule of Expenditures of State of Texas Awards**

**Year Ended August 31, 2023**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas General Land Office		
Direct Programs - CEPRAs:		
Matagorda Island West Marsh Protection	20-132-002-C152	\$ 981,592
Triangle Tree Rookery Island Shoreline Protection Ph I	20-132-025-D151	10,003
Nueces Delta Shoreline Protection and Restoration Ph II	22-113-004-D363	568,238
Aransas National Wildlife Refuge GIWW Shoreline Protection Ph I	22-113-010-D369	64,447
Tern Island Rookery Shoreline Protection Ph II	22-113-017-D381	<u>104,727</u>
Total Direct Programs Texas General Land Office - CEPRAs		1,729,007
Direct Programs - GOMESA		
Restoring Colonial Waterbird Populations on Texas Coast	21-155-004-C876	<u>198,267</u>
Total Direct Programs Texas General Land Office		1,927,274
Pass-Through Program - GOMESA from:		
Texas A&M University Corpus Christi	21-155-008-C880	<u>2,331</u>
Total Texas General Land Office		1,929,605
Texas Commission on Environmental Quality		
Direct Programs:		
Implement Coastal Bend Bays Plan	582-22-30190	586,448
Implement Coastal Bend Bays Plan	582-20-10191	<u>29,605</u>
Total Texas Commission on Environmental Quality		<u>616,053</u>
Total State of Texas Financial Assistance		<u><u>\$2,545,658</u></u>

Note 1 - 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 & 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 the 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 basic financial statements.