

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Audited Financial Statements

August 31, 2021



COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

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INDEPENDENT AUDITOR'S REPORT

March 24, 2022

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

We have audited the accompanying financial statements of the Coastal Bend Bays & Estuaries Program, Inc. (a nonprofit organization) which comprise the statements of financial position as of August 31, 2021, 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's Responsibility for the Financial Statements

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

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 audits 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 that 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 the Coastal Bend Bays & Estuaries Program, Inc. as of August 31, 2021, 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 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 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 March 24, 2022, 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, 2021

ASSETS

Current Assets

Cash and Cash Equivalents		\$ 3,262,362
Restricted Cash and Cash Equivalents (Note 4)		747,013
Investments - Cash and Cash Equivalents (Notes 2 and 9)		1,897,519
Grants Receivable		981,494
Prepaid Items		<u>24,062</u>
Total Current Assets		6,912,450

Noncurrent Assets

Investments - Unrestricted (Notes 2 and 9)	7,498,936	
Lease Security Deposit	<u>6,169</u>	7,505,105
Property and Equipment, Net (Note 3)		
Land (Habitat) - Deed Restricted	17,846,852	
Vehicles and Equipment	<u>180,432</u>	<u>18,027,284</u>
Total Assets		<u><u>\$ 32,444,839</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable		\$ 221,581
Accrued Expenses		16,135
Deferred Revenue		<u>367,801</u>
Total Current Liabilities		605,517

Net Assets

Without Donor Restrictions		
Undesignated		13,065,025
Invested in Property and Equipment		
Land (Habitat) - Deed Restricted	17,846,852	
Other	<u>180,432</u>	<u>18,027,284</u>
Subtotal		<u>31,092,309</u>
With Donor Restrictions (Note 4)		<u>747,013</u>
Total Net Assets		<u><u>31,839,322</u></u>
Total Liabilities and Net Assets		<u><u>\$ 32,444,839</u></u>

See accompanying notes to financial statements

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Statement of Activities

Year Ended August 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Federal and State Funded			
Grant Agreements (Note 6)	\$ -	\$ 2,428,865	\$ 2,428,865
Local Government Contributions (Note 7)	361,529	-	361,529
Investment Income (Note 2)	246,761	-	246,761
Private Contributions and Other Income:			
AEP	-	125,000	125,000
Cheniere	-	48,518	48,518
Citgo	-	30,000	30,000
Coastal Conservation Association	-	60,000	60,000
Delta Land Services Mitigation	-	125,661	125,661
Kleberg Foundation	-	70,201	70,201
National Fish & Wildlife Foundation	-	363,905	363,905
Pipeline Easements	24,134	-	24,134
Port Industries of Corpus Christi	75,000	-	75,000
Other Private Contributions and Income	19,207	56,871	76,078
Gain on Forgiveness of Note Payable (Note 10)	224,100	-	224,100
Net Assets Released From Restrictions (Note 5)	<u>3,379,509</u>	<u>(3,379,509)</u>	<u>-</u>
 Total Public Support and Revenue	 4,330,240	 (70,488)	 4,259,752
 Expenses			
Program Services			
Federal and State Funded Program Projects	2,072,766	-	2,072,766
Other Grant and Local Program Projects	<u>1,068,701</u>	<u>-</u>	<u>1,068,701</u>
 Total Program Services	 3,141,467	 -	 3,141,467
Supporting Services			
Management and General	<u>827,700</u>	<u>-</u>	<u>827,700</u>
 Total Expenses	 <u>3,969,167</u>	 <u>-</u>	 <u>3,969,167</u>
 Increase (Decrease) in Net Assets	 361,073	 (70,488)	 290,585
 Net Assets, August 31, 2020	 <u>30,731,236</u>	 <u>817,501</u>	 <u>31,548,737</u>
 Net Assets, August 31, 2021	 <u>\$ 31,092,309</u>	 <u>\$ 747,013</u>	 <u>\$ 31,839,322</u>

See accompanying notes to financial statements

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Statement of Functional Expenses

Year Ended August 31, 2021

	Federal and State Funded Program Projects	Other Grant and Local Program Projects	Program Services Total	Management and General	Total
Personnel					
Salaries	\$ 604,894	\$ 188,411	\$ 793,305	\$ 357,327	\$ 1,150,632
Fringe Benefits					
Health Insurance	82,027	24,472	106,499	66,728	173,227
Workers' Compensation Insurance	7,675	2,018	9,693	3,147	12,840
Pension Plan (Note 8)	52,802	17,025	69,827	32,262	102,089
Payroll Taxes	46,877	14,143	61,020	28,282	89,302
Total Personnel Expenses	794,275	246,069	1,040,344	487,746	1,528,090
Contractual	1,205,888	683,510	1,889,398	-	1,889,398
Supplies	53,952	41,467	95,419	16,218	111,637
Travel, Training, Conferences	1,210	4,407	5,617	29,282	34,899
Other Expenses					
Data Processing	-	81	81	1,627	1,708
Depreciation	2,990	23,165	26,155	11,051	37,206
Dues and Subscriptions	-	817	817	12,039	12,856
Employee Parking	-	-	-	6,424	6,424
Equipment < \$1,000	-	5,124	5,124	-	5,124
Equipment Rental	-	3,180	3,180	4,815	7,995
Insurance	10,588	10,779	21,367	72,188	93,555
Janitorial	-	-	-	1,680	1,680
Maintenance	-	24,542	24,542	855	25,397
Miscellaneous	75	777	852	14,887	15,739
Office Lease	-	-	-	77,110	77,110
Postage and Freight	470	676	1,146	51	1,197
Printing and Duplication	988	-	988	2,929	3,917
Professional Services	-	-	-	54,025	54,025
Property Taxes	-	18,121	18,121	306	18,427
Registration Fees	2,330	2,272	4,602	7,873	12,475
Sponsorships	-	-	-	7,150	7,150
Telephone and Internet	-	3,659	3,659	16,401	20,060
Utilities	-	55	55	3,043	3,098
Total Other Expenses	17,441	93,248	110,689	294,454	405,143
Total Expenses	\$ 2,072,766	\$ 1,068,701	\$ 3,141,467	\$ 827,700	\$ 3,969,167

See accompanying notes to financial statements

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Statement of Cash Flows

Year Ended August 31, 2021

Cash Flows from Operating Activities

Increase in Net Assets	\$ 290,585
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	37,206
Realized and Unrealized Gains on Investments	(116,098)
Gain on Forgiveness of Note Payable	(224,100)
Change in:	
Grants Receivable	1,287,768
Accrued Interest Receivable	5,337
Prepaid Items	(6,862)
Accounts Payable	(153,419)
Accrued Expenses	(11,833)
Deferred Revenue	154,077

Net Cash Provided by Operating Activities 1,262,661

Cash Flows from Investing Activities

Purchase of Property and Equipment	(108,120)
Purchases of Investments	(8,859,319)
Proceeds on Sale of Investments	8,141,481

Net Cash Used in Investing Activities (825,958)

Net Increase in Cash 436,703

Beginning Cash 5,470,191

Ending Cash \$ 5,906,894

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Notes to the Financial Statements

August 31, 2021

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, 2021

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 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.

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.

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>
Equipment	5-10
Classroom Structure and Improvements	25

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Notes to the Financial Statements

August 31, 2021

Note 1 - Summary Of Significant Accounting Policies (continued)

Subsequent Events

Management has evaluated subsequent events through March 24, 2022, the date which the financial statements were available to be issued.

Note 2 - Investments

The Organization's investments consist of marketable securities and are held in fixed income securities, equities, exchange traded funds and other assets.

The cost of securities and their approximate fair values as of August 31, 2021 are as follows:

<u>Description</u>	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$1,897,519	\$ -	\$1,897,519
Fixed Income	4,458,637	9,150	4,467,787
Equities	1,608,657	155,761	1,764,418
Exchange Traded Funds	462,351	9,496	471,847
Other Assets	<u>758,203</u>	<u>36,681</u>	<u>794,884</u>
Total	<u>\$9,185,367</u>	<u>\$ 211,088</u>	<u>\$9,396,455</u>

Investment income is comprised of the following:

Interest Income	\$130,663
Realized and Unrealized Gains on Investments	<u>116,098</u>
	<u>\$246,761</u>

Note 3 - Property and Equipment

Property and equipment at August 31, 2021 consisted of the following:

Land (Habitat)-Deed Restricted	\$17,846,852
Classroom Structure and Improvements	63,686
Equipment	<u>361,626</u>
Total	18,272,164
Less accumulated depreciation and amortization	<u>(244,880)</u>
Property and equipment, net	<u>\$18,027,284</u>

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Notes to the Financial Statements

August 31, 2021

Note 3 - Property and Equipment (continued)

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.

Note 4 - Donor Restricted Net Assets

Donor restricted net assets were available for particular purposes as of August 31, 2021:

Ed Rachal Foundation	\$311,589
AEP	174,633
Delta Land Service Mitigation	125,661
Conoco Phillips	37,252
Coastal Conservation Association	31,776
Tortuga Dunes	20,107
Citgo	14,258
Port of Corpus Christi Mitigation	14,185
Helix	12,852
Polk Technologies	2,922
Celanese	1,737
City of Corpus Christi	<u>41</u>
Total Donor Restricted Net Assets	<u>\$747,013</u>

Note 5 - 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	\$2,428,865
Private non-profit corporate grants	<u>950,644</u>
Total	<u>\$3,379,509</u>

Funds totaling \$359,091 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.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Notes to the Financial Statements

August 31, 2021

Note 6 - 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

Note 7 - Local Governmental Contributions

As of August 31, 2021, the Organization had received the following contributions from local governmental sources:

Port of Corpus Christi	\$171,529
City of Corpus Christi	75,000
Nueces County	50,000
San Patricio County	50,000
City of Port Aransas	5,000
City of Ingleside	5,000
City of Portland	<u>5,000</u>
Total Contributions	<u>\$361,529</u>

Note 8 - 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 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, 2021 the Organization contributed \$102,089.

Note 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.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Notes to the Financial Statements

August 31, 2021

Note 9 - Fair Value Measurement – Investments (continued)

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, 2021:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$1,897,519	\$ -	\$ -	\$1,897,519
Fixed Income	4,467,787	-	-	4,467,787
Equities	1,764,418	-	-	1,764,418
Exchange Traded Funds	471,847	-	-	471,847
Other Assets	<u>794,884</u>	<u>-</u>	<u>-</u>	<u>794,884</u>
Total Investments	<u>\$9,396,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,396,455</u>

Note 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 the full loan amount of \$224,100 was forgiven effective July 29, 2021.

Note 11 - Uncertainties

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, 2021

Note 12 – Operating Lease

The Organization leases office space in downtown Corpus Christi. The current lease agreement requires monthly payments of \$6,271 through May 2022.

The Port of Corpus Christi Authority (POCCA) has provided contributions to the Organization to offset facilities costs. POCCA is currently making arrangements for providing office facilities that will include space for the organization's use rent-free. The arrangements for these facilities is estimated to be completed during Summer 2022.

Note 13 - Liquidity and Availability of Financial Assets

The liquidity and availability of the Organization's financial assets to fund general expenditures as of August 31, 2021 is shown below:

Financial Assets:	
Cash and cash equivalents	\$ 3,262,362
Restricted cash and cash equivalents	747,013
Investments - Cash and cash equivalents – Unrestricted	1,897,519
Grants receivable	981,494
Investments - Noncurrent – Unrestricted	<u>7,498,936</u>
Total Financial Assets	14,387,324
Less assets unavailable for General Expenditures:	
Donor restricted net assets	(747,013)
Investments - Long-term – Unrestricted	<u>(7,498,936)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$6,141,375</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 24, 2022

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, 2021, 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 24, 2022.

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 24, 2022

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, 2021. 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, 2021.

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, 2021

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, 2021

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>
582-20-10191	TCEQ - Support Coastal Bend Bays Plan

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, 2021

<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, 2021

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, 2021

Grantor Agency/Program Title	Federal CFDA Number	Grant Contract Number	Expenditures
U.S. Fish and Wildlife Service			
Direct Programs:			
Coastal Program	15.630	F16AC00617	\$ 12,418
Coastal Program	15.630	F18AC00828	76,671
Coastal Program	15.630	F19AC00578	7,440
Coastal Program	15.630	F20AC00359	<u>28,000</u>
	Total Direct Programs CFDA Number 15.630		124,529
Pass-Through Program to Louisiana Board of Regents, Universities Marine Consortium:			
Barataria-Terebonne National Estuary Program	15.630	BTNEP20-07	<u>3,107</u>
	Total CFDA Number 15.630		127,636
Direct Programs:			
Partners for Fish and Wildlife	15.631	F16AC00813	22,999
Partners for Fish and Wildlife	15.631	F17AC00834	28,968
Partners for Fish and Wildlife	15.631	F20AC11408	<u>1,604</u>
	Total CFDA Number 15.631		53,571
Hurricane Harvey Shoreline Projects	15.654	F19AC00054	191,379
Midcontinent Shorebird Conservation Initiative	15.655	F20AC00281	<u>25,953</u>
Total U.S. Fish and Wildlife Service			398,539
U.S. Environmental Protection Agency			
Direct Programs:			
Gulf of Mexico Program	66.475	MX-01D07220-0	80,304
National Estuary Program	66.456	CE-98685915-0	25,840
National Estuary Program	66.456	CE-98686016-0	16,991
National Estuary Program	66.456	CE-98685917-0	<u>662,500</u>
	Total CFDA Number 66.456		705,331
Pass-Through Programs To:			
Texas Commission on Environmental Quality:			
Water Quality Management Planning	66.454	582-20-10190	37,846
Water Quality Management Planning	66.454	582-21-10109	<u>172,478</u>
	Total CFDA Number 66.454		<u>210,324</u>
Nonpoint Source Implementation Grant	66.460	582-21-10090	<u>3,401</u>
Total U.S. Environmental Protection Agency			999,360

(continued)

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Schedule of Expenditures of Federal Awards

Year Ended August 31, 2021

<u>Grantor Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
(continued)			
U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA)			
Direct Program:			
Marine Debris Program	11.999	NA20NOS9990022	12,454
Pass-Through Program To:			
Texas GLO - University of Texas at Austin			
Marine Debris Removal Along the Texas Coast			
Following Hurricane Harvey	11.022	UTA19-000451	84,229
Texas GLO - Coastal Management			
Texas Coastal Management Program	11.419	19-057-000-B091	159
Texas Coastal Management Program	11.419	21-060-010-C670	10,757
Texas Coastal Management Program	11.419	21-060-008-C668	<u>50,097</u>
	Total CFDA Number 11.419		<u>61,013</u>
Total U.S. Department of Commerce, NOAA			<u>157,696</u>
Total Federal Financial Assistance			<u><u>\$1,555,595</u></u>

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

There were no payments to subrecipients.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Schedule of Expenditures of State of Texas Awards

Year Ended August 31, 2021

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas General Land Office		
Direct Programs - CEPRA:		
Aransas NWR Dagger Point Shoreline Protection	19-226-001-B781	\$ 87,153
Triangle Tree Rookery Island Shoreline Protection	19-226-003-B784	40,917
Nueces Bay Rookery Island Shoreline Protection	20-132-001-C110	2,500
Causeway Rookery Island Shoreline Protection	20-132-005-C188	<u>64,019</u>
Total Direct Programs Texas General Land Office - CEPRA		194,589
Direct Programs - GOMESA		
Restoring Colonial Waterbird Populations on Texas Coast	21-155-004-C876	<u>4,537</u>
Total Direct Programs Texas General Land Office		199,126
Pass-Through Program To:		
Texas A&M University Corpus Christi	M2101943	<u>124</u>
Total Texas General Land Office		199,250
Texas Commission on Environmental Quality		
Direct Programs:		
Water Quality Management Planning	582-18-80263	21,901
Implement Coastal Bend Bays Plan	582-20-10191	<u>611,033</u>
Total Texas Commission on Environmental Quality		<u>632,934</u>
Texas Parks and Wildlife Department		
Direct Program:		
Management of Brazilian Pepper Trees - Port Aransas	534609	<u>41,087</u>
Total State of Texas Financial Assistance		<u>\$ 873,271</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.

Note 2 - Subrecipients

There were no payments to subrecipients.