

February 18, 2025

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

We have audited the financial statements of Coastal Bend Bays & Estuaries Program, Inc. (CBBEP) for the year ended August 31, 2024 and have issued our report thereon dated February 18, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 15, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of CBBEP solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated with management. No significant changes in scope and timing were needed.

Compliance with All Ethics Requirements Regarding Independence

The engagement team has complied with all relevant ethical requirements regarding independence. Our preparation of the financial statements and schedules of expenditures of federal and state awards have been overseen and reviewed by qualified members of management.

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by CBBEP is included in Note 1 to the financial statements. As of the year ended August 31, 2023, a new accounting standard applicable to leasing transactions was implemented. This new standard requires organizations to recognize on the statement of financial condition the assets and liabilities for the rights and obligations created by leases if the lease terms are greater than 12 months. Also required are qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. This information is included in Note 5 to the financial statements.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No material misstatements were detected.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to CBBEP's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated February 18, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Matters

In the normal course of our professional association with CBBEP, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as CBBEP's auditors.

This information is intended solely for the use of the Board of Directors of CBBEP and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in blue ink that reads "Adamson & Company LLC". The signature is written in a cursive, flowing style.

Adamson & Company, LLC

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Audited Financial Statements

August 31, 2024



COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

August 31, 2024

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INDEPENDENT AUDITOR'S REPORT

February 18, 2025

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

Opinion

We have audited the financial statements of Coastal Bend Bays & Estuaries Program, Inc., which comprise the statement of financial position as of August 31, 2024, 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, 2024, 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.

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 audit. 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.
- 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 Texas *Uniform Grant Management Standards* 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 accompanying 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 February 6, 2025, 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.

Adams & Company LLC

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Statement of Financial Position

August 31, 2024

ASSETS

Current Assets

Cash and Cash Equivalents		\$ 1,226,142
Restricted Cash and Cash Equivalents (Note 7)		1,573,557
Grants Receivable (Note 3)		4,743,047
Prepaid Items		<u>64,968</u>

Total Current Assets 7,607,714

Noncurrent Assets

Investments - Unrestricted (Note 2)		11,359,971
Property and Equipment (Note 4)		
Land (Habitat) - Deed Restricted	18,383,775	
Vehicles and Equipment, Net	<u>424,210</u>	18,807,985

Right-to-Use Assets Under Operating Leases (Note 5) 231,974

Total Assets \$ 38,007,644

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses		\$ 1,166,159
Deferred Revenues (Note 6)		2,461,543
Current Portion of Obligations Under Operating Leases (Note 5)		<u>74,550</u>

Total Current Liabilities 3,702,252

Noncurrent Liabilities

Long-Term Portion of Obligations Under Operating Leases (Note 5) 165,316

Total Liabilities 3,867,568

Net Assets

Without Donor Restrictions		
Undesignated		13,758,534
Invested in Property and Equipment		
Land (Habitat) - Deed Restricted	18,383,775	
Other	<u>424,210</u>	18,807,985
Subtotal		<u>32,566,519</u>

With Donor Restrictions (Note 7) 1,573,557

Total Net Assets 34,140,076

Total Liabilities and Net Assets \$ 38,007,644

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Statement of Activities

Year Ended August 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Federal and State Funded			
Grant Agreements (Note 9)	\$ -	\$ 7,721,837	\$ 7,721,837
Local Government Contributions (Note 10)	280,000	180,498	460,498
Investment Income	1,007,233	-	1,007,233
Contribution of Nonfinancial Assets (Note 12)	78,585	-	78,585
Private Contributions and Grants:			
APEX	-	165,000	165,000
Celanese	-	50,000	50,000
Cheniere	-	150,000	150,000
Coastal Bend Industry Association	75,000	-	75,000
Kleberg Foundation	-	98,936	98,936
Knobloch Family Foundation	-	154,065	154,065
Matagorda Bay Mitigation Trust	-	507,525	507,525
National Fish & Wildlife Foundation	-	2,315,037	2,315,037
Port of Corpus Christi Wetlands Mitigation	-	130,000	130,000
Other Private Contributions and Grants	89,015	329,291	418,306
Net Assets Released From Restrictions (Note 8)	<u>11,430,177</u>	<u>(11,430,177)</u>	<u>-</u>
 Total Public Support and Revenue	 12,960,010	 372,012	 13,332,022
Expenses			
Program Services			
Federal and State Funded Program Projects	7,338,748	-	7,338,748
Other Grant and Local Program Projects	<u>3,772,612</u>	<u>-</u>	<u>3,772,612</u>
 Total Program Services	 11,111,360	 -	 11,111,360
Supporting Services			
Management and General	<u>758,598</u>	<u>-</u>	<u>758,598</u>
 Total Expenses	 <u>11,869,958</u>	 <u>-</u>	 <u>11,869,958</u>
 Increase in Net Assets	 1,090,052	 372,012	 1,462,064
Net Assets, Beginning of Year	<u>31,476,467</u>	<u>1,201,545</u>	<u>32,678,012</u>
Net Assets, End of Year	<u>\$ 32,566,519</u>	<u>\$ 1,573,557</u>	<u>\$ 34,140,076</u>

See accompanying notes to financial statements

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Statement of Functional Expenses

Year Ended August 31, 2024

	<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>
Personnel					
Salaries	\$ 820,629	\$ 249,871	\$ 1,070,500	\$ 346,687	\$ 1,417,187
Fringe Benefits					
Health and Life Insurance	115,063	29,898	144,961	67,465	212,426
Workers' Compensation Insurance	5,465	1,750	7,215	2,324	9,539
Pension Plan (Note 11)	67,970	22,947	90,917	29,303	120,220
Payroll Taxes	65,030	19,994	85,024	27,662	112,686
Total Personnel Expenses	1,074,157	324,460	1,398,617	473,441	1,872,058
Contractual	6,209,293	3,169,427	9,378,720	-	9,378,720
Supplies	25,561	47,421	72,982	16,062	89,044
Travel, Training, Conferences	6,817	33,418	40,235	22,363	62,598
Other Expenses					
Advertising and Promotional	-	12,359	12,359	700	13,059
Data Processing	95	1,076	1,171	1,812	2,983
Depreciation	-	70,256	70,256	-	70,256
Dues and Subscriptions	-	2,883	2,883	15,687	18,570
Equipment < \$1,000	1,200	5,950	7,150	-	7,150
Equipment Rental	1,295	3,583	4,878	6,352	11,230
Insurance	5,776	10,511	16,287	69,730	86,017
IT Security	-	-	-	12,722	12,722
Janitorial	-	1,920	1,920	238	2,158
Maintenance	2,659	31,490	34,149	3,658	37,807
Miscellaneous	271	6,158	6,429	22,926	29,355
Office Lease (Notes 5 and 12)	-	-	-	79,004	79,004
Postage and Freight	-	419	419	919	1,338
Printing and Duplication	1,602	11,013	12,615	2,578	15,193
Professional Services	2,500	-	2,500	16,526	19,026
Property Taxes	-	11,738	11,738	-	11,738
Registration Fees	790	1,559	2,349	5,161	7,510
Sponsorships	-	17,015	17,015	-	17,015
Telephone and Internet	2,172	5,906	8,078	8,177	16,255
Temporary Staff	-	4,050	4,050	542	4,592
Utilities	4,560	-	4,560	-	4,560
Total Other Expenses	22,920	197,886	220,806	246,732	467,538
Total Expenses	\$ 7,338,748	\$ 3,772,612	\$ 11,111,360	\$ 758,598	\$ 11,869,958

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Statement of Cash Flows

Year Ended August 31, 2024

Cash Flows from Operating Activities

Increase in Net Assets	\$ 1,462,064
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	70,257
Net Realized and Unrealized Gain on Investments	(583,951)
Change in:	
Grants Receivable	166,012
Prepaid Items	1,153
Accounts Payable	(2,052,809)
Deferred Revenue	1,856,032
	<hr/>
Net Cash Provided by Operating Activities	918,758

Cash Flows from Investing Activities

Purchase of Property and Equipment	(111,639)
Purchases of Investments	(9,269,700)
Proceeds on Sale of Investments	8,641,725
	<hr/>
Net Cash Used in Investing Activities	(739,614)

Net Increase in Cash 179,144

Beginning Cash 2,620,555

Ending Cash \$ 2,799,699

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	\$ 1,226,142
Restricted Cash and Cash Equivalents	1,573,557
	<hr/>
	<u><u>\$ 2,799,699</u></u>

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Notes to the Financial Statements

August 31, 2024

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 or as deferred revenue.

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, 2024

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 for certain purposes 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 restricted cash 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, 2024

Note 1 - Summary Of Significant Accounting Policies (continued)

Deferred Revenues

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

Advertising

Advertising costs are charged to expense when incurred.

Subsequent Events

Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

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, 2024:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$ 6,180,573	-	-	\$ 6,180,573
Equities	2,339,132	-	-	2,339,132
Exchange Traded Funds	2,201,212	-	-	2,201,212
Corporate Bonds	-	91,862	-	91,862
Other Exchange Traded Assets	<u>547,192</u>	<u>-</u>	<u>-</u>	<u>547,192</u>
Total Investments	<u>\$11,268,109</u>	<u>\$91,862</u>	<u>\$ -</u>	<u>\$11,359,971</u>

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Notes to the Financial Statements

August 31, 2024

Note 3 - Grants Receivable

Grants receivable at August 31, 2024, consisted of the following:

Texas General Land Office	\$1,065,177
Texas Commission on Environmental Quality	1,008,662
Environmental Protection Agency	1,007,836
U.S. Fish & Wildlife Service	951,143
Matagorda Bay Mitigation Trust	507,525
Local Governments	82,500
National Fish & Wildlife Foundation	55,673
Texas Parks & Wildlife Department	12,812
Other	<u>51,719</u>
 Total Grants Receivable	 <u>\$4,743,047</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, 2024, consisted of the following:

Land (Habitat)-Deed Restricted	\$18,383,775
Classroom Structure and Improvements	43,961
Equipment	<u>696,817</u>
 Total	 19,124,552
 Less accumulated depreciation and amortization	 <u>(316,568)</u>
 Property and equipment, net	 <u>\$18,807,985</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, 2024

Note 5 – Lease Commitments

Accounting standards require organizations to recognize on the statement of financial condition the assets and liabilities for the rights and obligations created by leases if the lease terms are more than 12 months. 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.

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, 2024, maturities for the operating lease liabilities for office suites are as follows:

Year Ending <u>August 31</u>	
2025	\$ 80,728
2026	81,535
2027	82,351
2028	<u>6,874</u>
Total Payments	251,488
Less: Interest	<u>11,622</u>
Present Value of Lease Liability	<u>\$239,866</u>

Rent expense for real property for the years ended August 31, 2024 is \$79,004.

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 12.

Note 6 – Deferred Revenues

Deferred revenues at August 31, 2024, consist of advances from the following organizations:

San Patricio County GOMESA Funds	\$2,217,286
Knobloch Family Foundation	218,597
Kleberg Foundation	17,220
Aransas County	<u>8,440</u>
Total Deferred Revenues	<u>\$2,461,543</u>

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Notes to the Financial Statements

August 31, 2024

Note 7 - Donor Restricted Net Assets

Donor restricted net assets were available for particular purposes as of August 31, 2024:

Delta Land Service Mitigation	\$ 410,277
AEP Wetlands Mitigation	264,913
Port of Corpus Christi Wetlands Mitigation	201,979
Cheniere – Enhance Public Access and Nature Tourism	181,500
APEX & Nueces County Rain Garden Incentive Program	170,000
Coastal Waterbird Project	81,556
Coastal Conservation Association - Egery Marsh Restoration	65,400
Baffin Bay Monitoring	45,840
Jacob & Terese Hershey Foundation	27,214
Flatsworthy Ayers Point Restoration	25,000
Citgo – Caring for Our Coast	24,071
Tortuga Dunes	20,487
UP2U Litter Campaign	17,593
Voestalpine – Indian Point Access Improvements	15,000
Helix Energy – Mustang Island Wetlands Mitigation	12,852
Enbridge – Baffin Bay Project	<u>9,875</u>
 Total Donor Restricted Net Assets	 <u>\$1,573,557</u>

Note 8 - 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	\$ 7,902,335
Private non-profit corporate grants	<u>3,373,777</u>
 Total	 <u>\$11,276,112</u>

Funds totaling \$518,732 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, 2024

Note 9 - 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 10 - Local Governmental Contributions

As of August 31, 2024, the Organization had received the following contributions from local governmental sources:

San Patricio County – GOMESA Funds	\$180,498
Port of Corpus Christi	90,000
City of Corpus Christi	75,000
Nueces County	50,000
San Patricio County	50,000
City of Ingleside	5,000
City of Port Aransas	5,000
City of Portland	<u>5,000</u>

Total Local Governmental Contributions \$460,498

Note 11 - 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, 2024 the Organization contributed \$120,220.

Note 12 – 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.

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Notes to the Financial Statements

August 31, 2024

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, 2024 is shown below:

Financial Assets:	
Cash and cash equivalents	\$1,226,142
Restricted cash and cash equivalents	1,573,557
Grants receivable	<u>4,743,047</u>
Total Financial Assets	7,542,746
Less assets unavailable for General Expenditures:	
Donor restricted net assets	<u>(1,573,557)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$5,969,189</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*

February 6, 2025

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, 2024, 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 February 6, 2025.

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 Federal and State Program
and on Internal Control Over Compliance Required by the Uniform Guidance
and by the Texas Grant Management Standards**

February 6, 2025

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

Report on Compliance for Each Major Federal and State Program

Opinion on 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 *Texas Grant Management Standards* 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, 2024. 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.

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, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Texas Grant Management Standards. Our responsibilities under those standards, the Uniform Guidance and the Texas Grant Management Standards are further described in the Auditor's Responsibilities for the Audit of Compliance 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 relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Coastal Bend Bays & Estuaries Program, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Coastal Bend Bays & Estuaries Program, Inc.'s federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Coastal Bend Bays & Estuaries Program, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Texas Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Coastal Bend Bays & Estuaries Program, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Texas Grant Management Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Coastal Bend Bays & Estuaries Program, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Coastal Bend Bays & Estuaries Program, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Texas Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of Coastal Bend Bays & Estuaries Program, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 a 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 a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Adamson & Company, LLC

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2024

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>
15.654	Hurricane Harvey Shoreline Projects

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

Auditee qualified as low-risk auditee? Yes No

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2024

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>
582-22-30190	Implement Coastal Bend Bays Plan
582-24-50315	Implement 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, 2024

<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, 2024

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, 2024

Grantor Agency/Program Title	Federal CFDA Number	Grant Contract Number	Total Expenditures
U.S. Department of Agriculture			
Pass-Through Program from Texas A&M Forest Service			
Cooperative Forestry Assistance	10.664	CO-22-264	<u>4,500</u>
Total U.S. Department of Agriculture			4,500
U.S. Department of Commerce, National Oceanic			
Pass-Through Program From Texas General Land Office			
Coastal Zone Management Program	11.419	23-020-020-E049	<u>36,000</u>
Total U.S. Department of Commerce, NOAA			36,000
U.S. Department of the Interior - Fish and Wildlife Service			
Fish and Wildlife Cluster			
Pass-Through Program From Texas Parks and Wildlife Department			
Wildlife Restoration and Basic Hunter Education	15.611	F21AF03228	37,315
Wildlife Restoration and Basic Hunter Education	15.611	F23AF01464	<u>132,805</u>
Total - Fish & Wildlife Cluster - Assistance Listing Number 15.611			170,120
Direct Programs			
Coastal Program	15.630	F19AC00578	53,976
Coastal Program	15.630	F20AC00359	24,000
Coastal Program	15.630	F23AC02140	9,382
Coastal Program	15.630	F23AC02321	16,128
Pass-Through Program from American Bird Conservancy			
Texas Shorebird and Seabird Stewardship	15.630	F21AC02453	<u>1,220</u>
Total Assistance Listing Number 15.630			104,706
Texas Breeding Shorebird and Seabird Stewardship	15.658	F24AC00584	49,845
Direct Programs			
Partners for Fish and Wildlife	15.631	F20AC11408	51,118
Partners for Fish and Wildlife	15.631	F22AC02089	<u>22,421</u>
Total Assistance Listing Number 15.631			73,539
Hurricane Harvey Shoreline Projects	15.654	F19AC00054	1,335,709
Midcontinent Shorebird Management	15.655	F20AC00281	<u>30,359</u>
Total U.S. Fish and Wildlife Service			1,764,278

COASTAL BEND BAYS & ESTUARIES PROGRAM, INC.

Schedule of Expenditures of Federal Awards

Year Ended August 31, 2024

Grantor Agency/Program Title	Federal CFDA Number	Grant Contract Number	Total Expenditures
U.S. Environmental Protection Agency			
Pass-Through Program From Texas Commission on Environmental Quality			
Water Quality Management Planning	66.454	582-24-50164	296,232
Nonpoint Source Implementation Grant	66.460	582-21-10090	29,340
Direct Programs			
National Estuary Program	66.456	CE-98685818-0	15,715
National Estuary Program	66.456	CE-98685819-0	68,040
National Estuary Program	66.456	CE-98685820-0	618,018
National Estuary Program	66.456	4T-02F49201-0	453,575
National Estuary Program	66.456	4T-02F24501-0	80,618
		Total Assistance Listing Number 66.456	1,235,966
Gulf of Mexico Program	66.475	MX-01D07220-0	121,915
Gulf of Mexico Program	66.475	MX-02D18822-0	162,287
		Total Assistance Listing Number 66.475	284,202
			Total U.S. Environmental Protection Agency
			<u>1,845,740</u>
			Total Federal Financial Assistance
			<u><u>3,650,518</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, 2024

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas General Land Office		
Coastal Erosion Planning and Response Act (CEPRA)		
Direct Programs		
Matagorda Island West March Protection	20-132-002-C152	\$ 1,441,419
Triangle Tree Rookery Island Shoreline Protection Ph I	20-132-025-D151	2,734
Triangle Tree Rookery Island Shoreline Protection Ph II	20-132-006-C189	18,074
Nueces Delta Shoreline Protection and Restoration Ph II	22-113-004-D363	1,389,793
Aransas National Wildlife Refuge GIWW Shoreline Protection Ph I	22-113-010-D369	40,714
Tern Island Rookery Shoreline Protection Ph II	22-113-017-D381	5,477
	Total CEPRA	2,898,211
Gulf of Mexico Energy Security Act (GOMESA)		
Direct Programs		
Restoring Colonial Waterbird Populations on Texas Coast	21-155-004-C876	192,745
Restoring Colonial Waterbird Populations on Texas Coast	24-099-001-E375	601
		193,346
		3,091,557
Texas Commission on Environmental Quality		
Direct Programs		
Implement Coastal Bend Bays Plan	582-22-30190	65,212
Implement Coastal Bend Bays Plan	582-24-50315	864,517
		929,729
Texas Parks and Wildlife Department		
Direct Programs		
Migratory Bird Sanctuary Program along Gulf Coast of Texas	CA-0005295	44,268
Texas Gulf Region - Cooperative Weed Management Area Outreach	CA-0006217	5,500
		49,768
		\$ 4,071,054

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.