
WORKFORCE SOLUTIONS
COASTAL BEND

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

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September 30, 2025 and 2024

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WORKFORCE SOLUTIONS
COASTAL BEND

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Coastal Bend Workforce Development Board
Corpus Christi, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Coastal Bend Workforce Development Board (a nonprofit organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Coastal Bend Workforce Development Board, as of September 30, 2025 and 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 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 Workforce Development Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Workforce Development Board's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coastal Bend Workforce Development Board'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 Workforce Development Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state 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 *State of Texas Single Audit Circular,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2026, on our consideration of Coastal Bend Workforce Development Board'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Coastal Bend Workforce Development Board's 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 Workforce Development Board's internal control over financial reporting and compliance.


WORKFORCE SOLUTIONS
COASTAL BEND

FINANCIAL SECTION


WORKFORCE SOLUTIONS
COASTAL BEND

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

STATEMENTS OF FINANCIAL POSITION

September 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	$ 996,751	$ 968,191
Grants receivable	3,828,791	5,998,816
Account receivable - other	24,472	-
Other assets	246,902	233,737
Total current assets	5,096,916	7,200,744
PROPERTY AND EQUIPMENT		
Property and equipment	12,771,043	9,339,904
Less accumulated depreciation	(5,120,722)	(3,689,745)
Net property and equipment	7,650,321	5,650,159
Total assets	$ 12,747,237	$ 12,850,903
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 1,217,750	$ 2,961,769
Accrued expenses	542,105	477,475
Deferred revenue	2,512,535	3,039,152
Accrued vacation	193,502	91,324
Lease liability	522,125	668,206
Total current liabilities	4,988,017	7,237,926
NONCURRENT LIABILITIES		
Lease liability	2,261,548	2,422,590
Total liabilities	7,249,565	9,660,516
NET ASSETS		
Without donor restrictions:		
Unrestricted	631,024	631,024
Investment in property and equipment, net	4,866,648	2,559,363
Total net assets	5,497,672	3,190,387
Total liabilities and net assets	$ 12,747,237	$ 12,850,903

The accompanying notes are an integral part of these financial statements.

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

For the year ended September 30, 2025

	WITHOUT DONOR RESTRICTIONS		
	UNRESTRICTED	INVESTMENT IN PROPERTY AND EQUIPMENT	TOTAL
SUPPORT AND REVENUE			
Grant revenue - federal	$ 41,162,117	$ -	$ 41,162,117
Grant revenue - state	5,320,789	-	5,320,789
Grant revenue - non federal	696,024	-	696,024
Interest income - non federal	19,076	-	19,076
Program income	7,741	-	7,741
Total support and revenue	47,205,747	-	47,205,747
EXPENSES			
Administration	2,600,249	(34,380)	2,565,869
Program services	44,605,498	(653,243)	43,952,255
Total expenses	47,205,747	(687,623)	46,518,124
Increase in net assets	-	687,623	687,623
OTHER REVENUES AND (EXPENSES)			
Fixed assets/right to use - additions	-	3,431,138	3,431,138
Right to use lease liability - additions	-	(380,500)	(380,500)
Depreciation/amortization expense	-	(1,430,976)	(1,430,976)
Change in net assets	-	2,307,285	2,307,285
NET ASSETS AT BEGINNING OF YEAR	631,024	2,559,363	3,190,387
NET ASSETS AT END OF YEAR	$ 631,024	$ 4,866,648	$ 5,497,672

The accompanying notes are an integral part of these financial statements.

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

For the year ended September 30, 2024

	WITHOUT DONOR RESTRICTIONS		
	UNRESTRICTED	INVESTMENT IN PROPERTY AND EQUIPMENT	TOTAL
SUPPORT AND REVENUE			
Grant revenue - federal	$ 41,921,507	$ -	$ 41,921,507
Grant revenue - state	2,924,928	-	2,924,928
Grant revenue - non federal	645,812	-	645,812
Interest income - non federal	18,942	-	18,942
Program income	25,011	-	25,011
Total support and revenue	45,536,200	-	45,536,200
EXPENSES			
Administration	2,060,801	(34,335)	2,026,466
Program services	43,458,408	(652,368)	42,806,040
Total expenses	45,519,209	(686,703)	44,832,506
Increase in net assets	16,991	686,703	703,694
OTHER REVENUES AND (EXPENSES)			
Fixed assets - additions	-	1,424,611	1,424,611
Right to use lease liability - additions		(152,162)	(152,162)
Depreciation/amortization expense	-	(661,394)	(661,394)
Change in net assets	16,991	1,297,758	1,314,749
NET ASSETS AT BEGINNING OF YEAR	614,033	1,261,605	1,875,638
NET ASSETS AT END OF YEAR	$ 631,024	$ 2,559,363	$ 3,190,387

The accompanying notes are an integral part of these financial statements.

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2025

	ADMINISTRATION	PROGRAM SERVICES	TOTAL
Direct care	$ -	$ 27,580,648	$ 27,580,648
Communication expense	29,803	183,209	213,012
Furniture and equipment	-	62,994	62,994
Insurance	32,742	40,972	73,714
Outreach/public notices	19,954	128,470	148,424
Office expense	69,553	420,109	489,662
Professional fees	227,945	2,762	230,707
Program services	90	11,947,201	11,947,291
Rent and rent related	168,004	1,732,560	1,900,564
Salaries and fringe benefits	1,849,378	1,535,161	3,384,539
Subscription/membership	14,837	122,243	137,080
Software	11,554	35,886	47,440
Travel/staff development/conference fee	113,604	282,586	396,190
Building improvement	10,966	530,697	541,663
Discretionary	51,819	-	51,819
Total expenses	$ 2,600,249	$ 44,605,498	$ 47,205,747

The accompanying notes are an integral part of these financial statements.

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2024

	ADMINISTRATION	PROGRAM SERVICES	TOTAL
Direct care	$ -	$ 28,269,577	$ 28,269,577
Communication expense	28,110	179,799	207,909
Furniture and equipment	-	31,856	31,856
Insurance	32,188	36,741	68,929
Outreach/public notices	4,619	37,434	42,053
Office expense	60,435	605,399	665,834
Professional fees	92,744	12,914	105,658
Program services	-	10,953,039	10,953,039
Rent and rent related	112,760	1,139,695	1,252,455
Salaries and fringe benefits	1,608,057	1,464,562	3,072,619
Subscription/membership	11,406	69,276	80,682
Software	12,778	211,205	223,983
Travel/staff development/conference fee	58,150	275,204	333,354
Building improvement	5,272	162,995	168,267
Discretionary	34,282	8,712	42,994
Total expenses	$ 2,060,801	$ 43,458,408	$ 45,519,209

The accompanying notes are an integral part of these financial statements.

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,307,285	$ 1,314,749
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation/amortization expense	1,430,976	661,394
(Increase) decrease in operating assets		
Grants receivable	2,170,025	(2,757,603)
Accounts receivable	(24,472)	21,215
Other assets	(13,165)	7,948
Increase (decrease) in operating liabilities		
Accounts payable	(1,744,019)	470,723
Deferred revenue	(526,617)	2,139,548
Accrued expenses	64,630	163,977
Accrued vacation	102,178	20,588
Net cash provided by operating activities	3,766,821	2,042,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,431,138)	(1,272,449)
Purchase of right to use asset	380,500	-
Net cash provided by (used in) investing activities	(3,050,638)	(1,272,449)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of principal on right of use lease liability	(687,623)	(686,703)
Net increase (decrease) in cash and cash equivalents	28,560	83,387
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	968,191	884,804
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 996,751	$ 968,191
NONCASH INVESTING AND FINANCING ACTIVITIES		
Right to use assets acquired under lease	$ 380,500	$ 152,162

The accompanying notes are an integral part of these financial statements.

(1) Organization and nature of activities

On July 1, 1997, the Private Industry Council (PIC) of Corpus Christi/Nueces County and the Rural Coastal Bend Services Delivery Areas merged to form the Coastal Bend Workforce Development Board (the Board) to comply with the Workforce and Economic Competitiveness Act Chapter 2308 of the Texas Government Code (the Act). The Board was incorporated under the Texas Non-Profit Corporation Act for the purpose of implementation and development of workforce related activities and programs in the eleven county Coastal Bend region. The Board, through the partnership and the interlocal agreements with the Coastal Bend Chief Elected Officials Council, is designated as the grant recipient and the administrative entity for the workforce development area. The Board receives funding from local, state and federal sources, and must comply with spending, reporting and record keeping requirements of these entities.

(2) Summary of significant accounting policies

Financial statement presentation

The Board classifies its financial statements to present two (2) classes of net assets:

- *Net assets without donor restrictions* include those net assets whose use is not restricted by donor-imposed stipulations. Restricted grant proceeds or contributions whose restrictions are met in the same reporting period are reported as revenue without donor restrictions.

- *Net assets with donor restrictions* include net assets subject to donor-imposed restrictions that may or will be satisfied by the actions of the Board or the passage of time. The Board had no net assets with donor restrictions at September 30, 2025 and 2024.

Basis of accounting

The financial statements of the Board have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the report of revenues and expenses.

Allowances for uncollectable

No allowance for uncollectable has been established. All receivables from the state and sub-recipients are deemed fully collectible.

(2) Summary of significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, the Board considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. This includes cash in bank, certificates of deposit, and money market accounts.

Revenue/receivable concentrations

The Board receives substantially all of its revenue from grants through federal and state agencies. Grant revenue is recorded by the Board as it is earned with the offset to a receivable. The Board does not recognize an allowance for bad debt, as all receivables are deemed collectable.

Functional expense allocation

Costs incurred by the Board in providing management and oversight of various programs have been summarized on a functional basis. Accordingly, these costs are recognized among the programs either as administrative or program and are distributed to the various funding sources based upon an established cost allocation plan on a monthly basis. Unassignable administrative and program costs are allocated to each grant based upon each grant's proportional share of total Workforce Center's expenses.

Fixed assets

The Board capitalizes property and equipment with a unit cost of $5,000 or more and a useful life greater than 1 year for depreciation and financial statement presentation. Asset purchases under $5,000 are expensed. The Board tracks property with a unit cost of $500 or more to comply with internal policy. The valuation of the fixed assets is cost, if purchased, or fair market value, if donated. The Texas Workforce Commission (TWC) has an interest in all property purchased with TWC funds.

Income taxes

Income taxes are not provided for in the financial statements since the Board is exempt from federal income taxes and filing IRS Form 990 under Section 501(c)(3) of the Internal Revenue Code. The Board is not classified as a private foundation.

(3) Deposits and collateral

At September 30, 2025 and 2024, the total bank balances were $764,480 and $1,030,609, respectively. Bank balances of $250,000 are covered by federal depository insurance. At September 30, 2025 and 2024, all of the Board's bank balances were covered by federal depository insurance as well as collateralized securities held by the pledging institution.

(4) Grants receivable

	2025	2024
Due from Texas Workforce Commission		
Child Care	$ 1,787,733	$ 4,033,858
Child Care Department of Family Protective Services	290,693	79,230
Child Care Quality Improvement Activity Grant	384,763	350,740
Colocation	16,747	17,938
Healthcare Internship Fund	38,842	-
Middle Skills Employment Supplies Pilot Project	-	90
Military Family Support Pilot	-	3,748
Military to Civilian	13,037	-
Non-Custodial Parent Choices Program	23,907	2,227
Reemployment Services and Eligibility Assessment	66,980	122,048
Resource Administration Grant	866	1,731
Skilled Development Fund	10,285	-
SNAP Employment Training	98,939	198,540
Summer Earn and Learn Program	111,219	116,525
TEA	23,032	42,964
Temporary Assistance to Needy Families	20,744	67,480
Tesla Funding	2,038	-
Texas Industry Partnership	25,075	-
Texas Partnership Initiative	6,255	15,928
Upskill	12,000	12,000
Veterans Employment Services	27,043	1,427
VRS Student Hireability Navigator	34,923	6,181
Wagner-Peyser Employment Services	40,320	146
Women's Entrepreneurship	100	100
Workforce Commission Initiatives	32,310	21,297
Workforce Innovation and Opportunity Act Adult	111,285	41,067
Workforce Innovation and Opportunity Act Dislocated	51,353	23,784
Workforce Innovation and Opportunity Act Externships for Teachers Statewide	44,034	49,108
Workforce Innovation and Opportunity Act Rapid Response	122	12,199
Workforce Innovation and Opportunity Act Youth	554,146	778,460
Total due from Texas Workforce Commission	$ 3,828,791	$ 5,998,816

(5) Deferred revenue

	2025	2024
Deferred revenue		
Cheniere Kiosk	$ 30,000	$ 30,000
Child Care	1,850,129	1,841,706
Child Care Protective Services	-	22,635
Colocation	-	44
Discretionary Fund	55,175	-
Healthcare Internship Fund	90	-
Non-Custodial Parent Choices Program	-	15,592
PBS Ready to Learn	-	1,000
PBS Ready to Learn	1,000	-
Perkins	-	20,868
Port of Corpus Christi	44,545	24,876
SNAP Employment Training	-	122,753
Student Hireability	30,047	2,317
Temporary Assistance to Needy Families	126,103	561,724
Texas Industry Partnership	72,943	-
TIP Kingsville Chamber	-	140,328
University of Incarnate Word	-	341
Vocational Rehabilitation	20,971	20,971
Walmart Foundation	62,174	69,509
Women's Entrepreneurship	11,250	7,233
Workforce Innovation and Opportunity Act Adult	38,836	139,578
Workforce Innovation and Opportunity Act Dislocated	161,737	17,677
Workforce Innovation and Opportunity Youth	7,535	-
Total deferred revenue	$ 2,512,535	$ 3,039,152

(6) Fixed assets

	BALANCE 09/30/2024	ADDITIONS	DELETIONS	BALANCE 09/30/2025
Fixed assets:				
Equipment	$ 624,963	$ 71,775	$ -	$ 696,738
Building improvements	3,921,605	3,003,788	-	6,925,393
Right to use	4,793,336	355,575	-	5,148,911
Total fixed assets	9,339,904	3,431,138	-	12,771,042
Accumulated depreciation:				
Equipment	(490,059)	(5,606)	-	(495,665)
Building improvements	(1,664,849)	(803,835)	-	(2,468,684)
Right to use	(1,534,837)	(621,535)	-	(2,156,372)
Total accumulated depreciation	(3,689,745)	(1,430,976)	-	(5,120,721)
Fixed assets - net	$ 5,650,159	$ 2,000,162	$ -	$ 7,650,321

(7) Compensated absences

The Board employees are granted vacation pay in varying amounts based on length of service. Accrued unused vacation is paid upon an employee's termination. Compensated absences are charged to the applicable program when taken. The earned amount as of September 30, 2025 and 2024, was $193,502 and $91,324, respectively.

(8) Leases

The Organization leases office facilities and equipment under leases expiring in various years through 2032. The Organization determined to use the 10-year treasury rate in effect at the inception of each lease as discount rates.

Minimum future rental payments under operating leases, which have remaining terms beyond September 30, 2025, are in the aggregate, as follows:

YEAR ENDED SEPTEMBER 30,	AMOUNT
2026	$ 600,118
2027	470,775
2028	446,406
2029	396,854
2030	367,067
Thereafter	786,543
	3,067,763
Less interest	(284,090)
Total	$ 2,783,673

Minimum future rental payments under operating leases, which have remaining terms beyond September 30, 2024, are in the aggregate, as follows:

YEAR ENDED SEPTEMBER 30,	AMOUNT
2025	$ 703,154
2026	709,408
2027	637,636
2028	645,456
2029	653,459
Thereafter	1,520,396
	4,869,509
Less interest	(1,778,713)
Total	$ 3,090,796

During the years ended September 30, 2025 and 2024, the Organization incurred $703,154 and $759,154, respectively, of lease expense which is included in the accompanying statement of functional expenses.

(9) Retirement plan

The Board provides employees the opportunity to participate in the Board's retirement plan. The plan is a 401(k) profit sharing plan. The Board's profit sharing plan and the provisions in this policy are subject to the rules and regulations of the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Service.

Benefits under the plan are based on the employee's vested interest in the value of his/her account at the time their benefits become payable as a result of his/her retirement or other separation from service or other distribution event. That value will depend on the contributions credited to their account and on the investment performance of the nest fund established to hold and invest those contributions. On September 24, 2021 the Board changed the vesting period to 100% vested on day one of the employee's employment date and all active employees were 100% vested as of that date.

Effective October 1, 2013 employees can make plan contributions up to the maximum allowed by the plan, not to exceed the IRS limits, and they can choose to make contributions before paying taxes and/or after-tax contributions through the plan's Roth 401(k) option. Employees may increase or decrease their contributions to the plan each payroll period. Employees are automatically 100% vested in their contributions and roll over contributions.

Coastal Bend Workforce Development Board will make a safe harbor matching contribution equal to 100% of the first 5% of eligible pay that the employee contributes.

More specific information on the retirement plan can be found in the summary plan description of the plan.

Existing and new employees, who have previously worked with any workforce organization (Board, One-Stop contractors, or TWC) within the State of Texas, shall be allowed to carry over their years of service earned at that organization to the Board's retirement plan. Contributions paid during the fiscal period were $64,070 and $61,945 for years ended 2025 and 2024, respectively.

(10) Economic dependence

Coastal Bend Workforce Development Board receives a significant portion of its revenue from pass-through funds of federal and state grants. The Board operated during the fiscal year under one major source of funds, the Texas Workforce Commission. The grant amounts are appropriated each year at the federal and state level. If significant budget cuts are made at the federal and state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations.

(11) Contingencies

Individual grants are subject to additional financial and compliance audits by the grantors or their representatives. Such audits could result in requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. The Board's management is of the opinion that disallowance, if any, will not have a material effect on the financial statements.

(12) Subsequent events

Management has evaluated subsequent events through May 20, 2026, the date the financial statements were available to be issued. No significant subsequent events occurred.

SINGLE AUDIT SECTION


WORKFORCE SOLUTIONS
COASTAL BEND

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Coastal Bend Workforce Development Board
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 Workforce Development Board (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025 and 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, and have issued our report thereon dated May 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coastal Bend Workforce Development Board's internal control over financial reporting (internal control) as a basis for designing 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 Workforce Development Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Coastal Bend Workforce Development Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coastal Bend Workforce Development Board's financial statements are free from 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 financial statements. 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 Coastal Bend Workforce Development Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Board of Directors
Coastal Bend Workforce Development Board
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 Workforce Development Board (a non-profit organization) compliance with the types of compliance requirements identified as subject to audit 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 Workforce Development Board's major federal and state programs for the year ended September 30, 2025. Coastal Bend Workforce Development Board's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Coastal Bend Workforce Development Board 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 September 30, 2025.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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*. Our responsibilities under those standards, the Uniform Guidance and the *State of Texas Single Audit Circular,* 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 Workforce Development Board 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 Workforce Development Board'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 Workforce Development Boards' 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 Workforce Development Board'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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State of Texas Single Audit Circular,* 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 Workforce Development Board's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* the Uniform Guidance, and the *State of Texas Single Audit Circular,* 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 Workforce Development Board'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 Workforce Development Board'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 the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of Coastal Bend Workforce Development Board'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 and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.


WORKFORCE SOLUTIONS
COASTAL BEND

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended September 30, 2025

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN NUMBER	PASS-THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	CURRENT FISCAL YEAR EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
FEDERAL FUNDS					
U.S. Department of Labor					
Passed Through Texas Workforce Commission and Texas Veteran's Commission:					
Employment Service Cluster					
Wagner-Peyser Employment Services	17.207	2224WPA001	$ 2,032	$ 80,304	$ 80,960
Wagner-Peyser Employment Services	17.207	2225WPA001	38,304	38,304	38,304
Workforce Commission Initiatives	17.207	2225WCI001	19,224	19,224	14,922
Workforce Commission Initiatives	17.207	2226WCI001	56,224	1,000	1,000
Reemployment Services and Eligibility Assessment	17.225	2224REA001	634,768	61,215	52,984
Reemployment Services and Eligibility Assessment	17.225	2225REA001	632,499	622,061	530,012
Resource Administration Grant	17.207	2224RAG001	2,042	2,042	2,042
Veterans Employment Services	17.801	2224TVC001	37,412	37,412	6,000
Total Employment Service Cluster			1,422,505	861,562	726,224
WIOA Cluster					
Workforce Innovation and Opportunity Act - Adult	17.258	2223WOA001	2,261,393	90,773	90,383
Workforce Innovation and Opportunity Act - Adult	17.258	2225WOA001	1,844,779	126,815	74,239
Workforce Innovation and Opportunity Act - Adult	17.258	2224WOA001	2,175,039	1,846,673	1,341,845
Middle Skills Employment Supplies Pilot Project (WOS)	17.258	2223WOS002	61,749	(90)	(90)
Texas Partnership Initiative	17.258	2225TIP001	134,082	67,385	67,385
Healthcare Internship Fund - Statewide	17.258	2225WOS001	99,438	43,554	43,391
Military to Civilian	17.258	2225MTC001	212,197	13,290	13,290
Military Family Support Pilot	17.278	2224WOS001	55,240	16,093	14,483
Workforce Innovation and Opportunity Act- Youth	17.259	2223WOY001	2,449,912	270,899	270,465
Workforce Innovation and Opportunity Act- Youth	17.259	2224WOY001	2,357,433	1,802,073	1,265,844
Workforce Innovation and Opportunity Act- Youth	17.259	2225WOY001	1,981,620	553,490	336,547
WIOA - Externships for Teachers Statewide	17.258	2224EXT001	183,170	19,247	-
WIOA - Externships for Teachers Statewide	17.258	2225EXT001	178,448	122,726	122,657
Workforce Innovation and Opportunity Act- Dislocated	17.278	2225WOD001	1,184,124	11,640	-
Workforce Innovation and Opportunity Act- Dislocated	17.278	2224WOD001	1,383,730	994,635	769,413
Workforce Innovation and Opportunity Act- Dislocated	17.278	2223WOD001	1,571,984	16,411	10,893
Workforce Innovation and Opportunity Act- Rapid Response	17.278	2225WOR001	21,991	123	123
Workforce Innovation and Opportunity Act- Rapid Response	17.278	2224WOR001	25,122	8,246	8,246
Total WIOA Cluster			18,181,451	6,003,983	4,429,114
Resource Administration Grant	17.273	2225RAG001	520	520	520
Total U.S. Department of Labor			19,604,476	6,866,065	5,155,858
U.S. Department of Agriculture					
Passed Through Texas Workforce Commission:					
SNAP Cluster					
Supplemental Nutrition Assistance Program	10.561	2225SDR001	30,000	11,315	10,778
Supplemental Nutrition Assistance Program	10.561	2224SNE001	390,775	390,775	385,419
Supplemental Nutrition Assistance Program	10.561	2224SNE001	389,895	5,952	5,952
Total U.S. Department of Agriculture			810,670	408,042	402,149

(continued)

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended September 30, 2025

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN NUMBER	PASS-THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	CURRENT FISCAL YEAR EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
FEDERAL FUNDS (CONTINUED)					
U.S. Department of Health and Human Services					
Passed Through Texas Workforce Commission:					
CCDF Cluster					
Child Care Services Formula Grant	93.596	2224CCF001	$ 4,504,579	$ (1,800,506)	$ (1,807,583)
Child Care Services Formula Grant	93.596	2225CCF001	4,530,072	4,530,072	-
Childcare Local Initiative Grant	93.596	2224CCM001	1,897,372	1,897,372	1,897,372
Childcare Local Initiative Grant	93.596	2225CCM001	1,865,656	1,865,656	1,865,656
Child Care Services Formula Grant	93.575	2225CCF001	21,866,873	21,724,198	23,204,470
Childcare Quality Improvement Activity Grant	93.575	2225CCQ001	1,077,773	934,148	934,148
Childcare Quality Improvement Activity Grant	93.575	2225CCQ001	1,234,931	1,101,548	1,101,548
Childcare Quality Improvement Activity Grant	93.575	2224CCQ001	1,736,117	489,151	486,865
Total CCDF Cluster			38,713,373	30,741,639	27,682,476
TANF Cluster					
Wagner-Peyser Employment Services	93.558	2225WPA001	2,016	2,016	660
Non-Custodial Parent Choices Program	93.558	2225NCP001	179,940	179,940	134,123
Non-Custodial Parent Choices Program	93.558	2224NCP001	87,632	1,422	1,422
Temporary Assistance to Needy Families	93.558	2225TAF001	2,461,249	2,335,146	1,481,148
Temporary Assistance to Needy Families	93.558	2224TAF001	2,560,010	474,958	432,655
Texas Internship Initiative	93.558	2225TAN003	100,000	19,494	19,357
Texas Internship Initiative	93.558	2224TAN003	100,000	52,280	41,956
Workforce Commission Initiatives	93.558	2225WCI001	36,067	36,000	36,000
Total TANF Cluster			5,526,914	3,101,256	2,147,321
Social Services Block Grant					
Child Care Services Formula Grant	93.667	2225CCF001	45,115	45,115	45,115
Total Social Services Block Grant			45,115	45,115	45,115
Total U.S. Department of Health and Human Services			44,285,402	33,888,010	29,874,912
Total Federal Awards			64,700,548	41,162,117	35,432,919
STATE FUNDS					
Texas Workforce Commission					
Temporary Assistance to Needy Families		2225TAF001	331,007	331,007	331,007
Temporary Assistance to Needy Families		2226TAF001	333,626	61	-
Non-Custodial Parent Choices Program		2226NCP001	112,463	22,723	10,234
Non-Custodial Parent Choices Program		2225NCP001	112,463	112,463	112,463
Resource Administration Grant		2225RAG001	900	900	900
Supplemental Nutrition Assistance Program		2225SNE001	109,493	109,493	-
Child Care Department of Family Protective Services		2224CCP001	941,000	40,145	52
Child Care Department of Family Protective Services		2225CCP001	1,217,562	1,038,400	1,032,830
Child Care Department of Family Protective Services		2226CCP001	1,131,248	113,508	112,676
Child Care Services Formula Grant		2226CCF001	2,028,853	1,739,028	1,414,869
Child Care Services Formula Grant		2225CCF001	2,314,672	1,813,061	2,314,672
Total State Awards			8,633,287	5,320,789	5,329,703
TOTAL FEDERAL AND STATE AWARDS			$ 73,333,835	$ 46,482,906	$ 40,762,622

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

September 30, 2025

(1) Basis of presentation

The schedule of expenditures of federal and state awards presents expenditures for all federal and state assistance awards that were in effect for the year ended September 30, 2025 for Coastal Bend Workforce Development Board. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and State of Texas Single Audit Circular.

(2) Summary of significant accounting policies

Expenditures are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as further described in the notes to financial statements.

Coastal Bend Workforce Development Board elected not to use the 10 percent de minimus indirect cost rate.

(3) Relationship to financial statements

Total expenses:		
Per statement of activities and change in net assets	$	47,205,747
Per schedule of federal awards		41,162,117
	$	6,043,630
Non federal and state expenses:		
State	$	5,320,789
Non-federal		696,024
Program income/related expenses		26,817
	$	6,043,630

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2025

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ____ Yes __X__ None reported

Noncompliance material to the financial statements noted? ____ Yes __X__ No

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ____ Yes __X__ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ____ Yes __X__ No

Identification of major programs:

Federal:

ALN NUMBER(S)	NAME OF FEDERAL/STATE PROGRAM OR CLUSTER
93.575/93.596	Child Care Development Fund Cluster

State:

N/A	Child Care Development Funds

Dollar threshold used to distinguish between Type A and Type B programs:

- Federal - $1,234,864
- State - $1,000,000

Auditee qualified as low-risk auditee? __X__ Yes ____ No

(continued)

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2025

SECTION II: FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III: FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

COASTAL BEND WORKFORCE DEVELOPMENT BOARD

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

For the year ended September 30, 2025

FINDINGS/RECOMMENDATION	CURRENT STATUS	MANAGEMENT'S EXPLANATION IF NOT IMPLEMENTED
None	-	No prior year findings