

**COMMUNITY SERVICES OF  
NORTHEAST TEXAS, INC.**  
Linden, Texas

Independent Auditors' Report and  
Financial Statements with  
Supplementary Information

For the Years Ended  
September 30, 2021 and 2020

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**  
Linden, Texas

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**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Community Services of Northeast Texas, Inc.  
Linden, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of Community Services of Northeast Texas, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Services of Northeast Texas, Inc. as of September 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Supplementary 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The combining schedule of activities (presented on Pages (17-21) is prepared for 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 information 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 January 29, 2022, on our consideration of Community Services of Northeast Texas, 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 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 Community Services of Northeast Texas, Inc.'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 Community Services of Northeast Texas, Inc.'s internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
January 29, 2022

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Linden, Texas

## Statements of Financial Position

September 30, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 605,203.03	\$ 659,427.75
Receivables, Net	90,812.71	602,776.92
Promises to Give, Current	25,000.00	-
Prepaid Expense	42,814.84	38,881.68
Total Current Assets	<u>763,830.58</u>	<u>1,301,086.35</u>
Capital Assets, Net	<u>1,421,798.13</u>	<u>1,481,464.98</u>
 TOTAL ASSETS	 <u>\$ 2,185,628.71</u>	 <u>\$ 2,782,551.33</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 45,514.26	\$ 597,090.65
Line of Credit	-	48,674.00
Accrued Salary and Fringe	167,382.31	166,560.66
Accrued Annual Leave	82,478.80	94,216.80
Refundable Grant Advances	285,002.29	194,087.24
Current Portion of Long-Term Debt	3,861.03	760.27
Total Current Liabilities	<u>584,238.69</u>	<u>1,101,389.62</u>
Long-Term Liabilities		
Notes Payable	150,000.00	150,000.00
Less Current Portion of Long-Term Debt	<u>(3,861.03)</u>	<u>(760.27)</u>
Total Long-Term Liabilities	<u>146,138.97</u>	<u>149,239.73</u>
 TOTAL LIABILITIES	 <u>730,377.66</u>	 <u>1,250,629.35</u>
Net Assets:		
Without Donor Restrictions	1,069,547.56	1,127,947.52
With Donor Restrictions	<u>385,703.49</u>	<u>403,974.46</u>
 TOTAL NET ASSETS	 <u>1,455,251.05</u>	 <u>1,531,921.98</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,185,628.71</u>	 <u>\$ 2,782,551.33</u>

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

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Linden, Texas

## Statements of Activities

For the Years Ended September 30, 2021 and 2020

<u>CHANGES IN NET ASSETS</u>	2021	2020
Net Assets without Donor Restrictions		
Revenues and Gains		
Contributions	\$ 10,240,941.17	\$ 9,315,323.02
Program Income	34,570.28	10,381.46
Miscellaneous Revenue	29,962.62	38,096.75
Gain (Loss) on Sale of Assets	-	(4,478.06)
Total Revenue and Gains	<u>10,305,474.07</u>	<u>9,359,323.17</u>
Expenses		
Program Services		
Early Childhood Development	5,536,767.04	4,899,155.23
Community Services	571,748.23	443,405.52
Emergency Assistance	3,217,172.36	2,879,518.35
Supporting Activities		
Management and General	1,088,394.90	1,052,554.59
Fundraising	7,307.32	4,514.06
Total Expenses	<u>10,421,389.85</u>	<u>9,279,147.75</u>
Net Assets Released From Restrictions through Satisfaction of Program Restrictions	<u>93,628.11</u>	<u>37,245.56</u>
Increase (Decrease) in Net Assets without Donor Restrictions	<u>(22,287.67)</u>	<u>117,420.98</u>
Net Assets with Donor Restrictions		
Contributions	39,244.85	85,088.31
Net Assets Released From Restrictions Through Satisfaction of Program Restrictions	<u>(93,628.11)</u>	<u>(37,245.56)</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>(54,383.26)</u>	<u>47,842.75</u>
Net Increase(Decrease) In Net Assets	(76,670.93)	165,263.73
NET ASSETS, Beginning of the Year	<u>1,531,921.98</u>	<u>1,366,658.25</u>
NET ASSETS, End of the Year	<u>\$ 1,455,251.05</u>	<u>\$ 1,531,921.98</u>

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

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Linden, Texas

Statement of Functional Expenses  
For the Year Ended September 30, 2021

	Program Services				Supporting Activities		Total Organization Services
	Early Childhood Development	Community Services	Emergency Assistance	Total Program Services	Management and General	Fundraising	
Expenses							
Salaries	\$ 2,950,854.66	\$ 54,295.76	\$ 333,442.80	\$ 3,338,593.22	\$ 669,623.08	\$ 4,593.85	\$ 4,012,810.15
Fringe Benefits	713,590.59	17,569.59	73,797.84	804,958.02	99,187.35	680.46	904,825.83
Supplies	455,777.40	15,309.74	2,014.40	473,101.54	23,828.63	163.47	497,093.64
Small Equipment	19,934.00	12,787.77	2,946.37	35,668.14	5,784.38	39.68	41,492.20
Insurance	20,433.15	9,049.57	4,334.44	33,817.16	29,095.54	199.61	63,112.31
Professional Fees	269,176.01	382.70	222.11	269,780.82	71,822.50	492.73	342,096.05
Space	591,611.37	15,105.59	8,824.47	615,541.43	80,655.56	553.33	696,750.32
Repairs and Maintenance	34,976.14	24,890.46	10,546.74	70,413.34	15,413.97	105.75	85,933.06
Travel	59,867.17	725.46	998.29	61,590.92	7,457.87	51.16	69,099.95
Utilities	99,359.22	27,701.67	17,331.69	144,392.58	20,864.54	143.14	165,400.26
Vehicle	69,470.02	25,130.90	5,887.81	100,488.73	8,803.09	35.53	109,327.35
Utility Assistance	-	308,724.78	2,690,983.33	2,999,708.11	-	-	2,999,708.11
Program Services	-	-	58,353.24	58,353.24	(536.17)	-	57,817.07
Food	131,150.19	90.94	57.67	131,298.80	189.16	-	131,487.96
Other	23,359.10	53,424.19	7,431.16	84,214.45	24,001.95	164.66	108,381.06
Depreciation	97,208.02	6,559.11	-	103,767.13	32,203.45	83.95	136,054.53
<b>Total Expenses</b>	<b>\$ 5,536,767.04</b>	<b>\$ 571,748.23</b>	<b>\$ 3,217,172.36</b>	<b>\$ 9,325,687.63</b>	<b>\$ 1,088,394.90</b>	<b>\$ 7,307.32</b>	<b>\$ 10,421,389.85</b>

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

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Linden, Texas

Statement of Functional Expenses  
For the Year Ended September 30, 2020

	Program Services				Supporting Activities		Total Organization Services
	Early Childhood Development	Community Services	Emergency Assistance	Total Program Services	Management and General	Fundraising	
Expenses							
Salaries	\$ 2,634,956.01	\$ 148,362.06	\$ 296,048.55	\$ 3,079,366.62	\$ 603,366.79	\$ 2,642.01	\$ 3,685,375.42
Fringe Benefits	674,448.83	30,279.14	65,890.47	770,618.44	75,583.20	330.96	846,532.60
Supplies	440,708.10	21,616.97	1,806.64	464,131.71	52,120.65	228.23	516,480.59
Small Equipment	24,358.79	9,341.72	2,660.85	36,361.36	9,831.70	43.05	46,236.11
Insurance	16,060.33	7,089.75	4,010.85	27,160.93	16,501.57	72.26	43,734.76
Professional Fees	50,033.04	342.02	-	50,375.06	60,060.67	262.99	110,698.72
Space	611,884.13	28,539.43	99,940.97	740,364.53	91,160.43	399.17	831,924.13
Repairs and Maintenance	16,327.33	15,167.36	6,608.94	38,103.63	33,227.48	145.50	71,476.61
Travel	62,647.22	1,514.05	1,329.40	65,490.67	13,123.69	57.47	78,671.83
Utilities	87,317.40	19,842.11	14,287.25	121,446.76	30,544.42	133.75	152,124.93
Vehicle	64,884.96	21,862.85	5,491.71	92,239.52	5,830.84	-	98,070.36
Utility Assistance	-	121,859.71	2,309,803.94	2,431,663.65	(25.00)	-	2,431,638.65
Program Services	-	-	64,437.38	64,437.38	-	-	64,437.38
Food	91,737.43	59.98	26.82	91,824.23	277.78	1.22	92,103.23
Other	33,388.45	9,381.66	7,174.58	49,944.69	18,471.87	80.88	68,497.44
Depreciation	90,403.21	8,146.71	-	98,549.92	42,478.49	116.58	141,144.99
<b>Total Expenses</b>	<b>\$ 4,899,155.23</b>	<b>\$ 443,405.52</b>	<b>\$ 2,879,518.35</b>	<b>\$ 8,222,079.10</b>	<b>\$ 1,052,554.59</b>	<b>\$ 4,514.06</b>	<b>\$ 9,279,147.75</b>

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



**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Linden, Texas

## Statements of Cash Flows

For the Years Ended September 30, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (76,670.93)	\$ 165,263.73
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation Expense	136,054.53	141,144.99
(Gain) Loss on Sale of Assets	-	4,478.06
(Increase) Decrease in Receivables	511,964.21	(401,000.48)
(Increase) Decrease in Promises to Give	(25,000.00)	-
(Increase) Decrease in Prepaid Expense	(3,933.16)	(6,710.40)
Increase (Decrease) in Accounts Payable	(551,576.39)	303,757.73
Increase (Decrease) in Accrued Salary and Fringe	821.65	26,715.58
Increase (Decrease) in Accrued Annual Leave	(11,738.00)	11,164.44
Increase (Decrease) in Advances from Grantor	90,915.05	177,290.56
	<u>70,836.96</u>	<u>422,104.21</u>
Net cash provided by (used in) operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Payments for Capital Assets	(76,387.68)	(104,937.64)
Proceeds from Sale of Assets	-	12,057.19
	<u>(76,387.68)</u>	<u>(92,880.45)</u>
Net cash provided by (used in) investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Notes Payable	-	150,000.00
Proceeds from Line of Credit	460,840.00	441,120.19
Principal Payments on Line of Credit	(509,514.00)	(430,206.79)
	<u>(48,674.00)</u>	<u>160,913.40</u>
Net cash provided by (used in) financing activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(54,224.72)	490,137.16
Cash, Beginning of the Year	659,427.75	169,290.59
Cash, End of the Year	<u>\$ 605,203.03</u>	<u>\$ 659,427.75</u>
<b>Supplemental Information</b>		
Cash Paid During the Period for:		
Interest Expense	<u>\$ 2,151.30</u>	<u>\$ 675.12</u>

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

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**  
Linden, Texas

Notes to the Financial Statements  
September 30, 2021 and 2020

**1. NATURE OF ACTIVITIES**

Community Services of Northeast Texas, Inc. (the "Organization") is a nonprofit organization established in 1965 which serves the economically and socially disadvantaged persons in north east Texas consisting of Bowie, Camp, Cass, Delta, Franklin, Harrison, Hopkins, Lamar, Marion, Morris, and Panola, Rains, Red River, and Titus counties.

The Organization provides services to stimulate a better focusing of all available local, state, federal and private resources upon the goal of enabling low income families and individuals to attain the skills, knowledge, motivations and to secure the opportunities needed for them to become more fully self sufficient. The Organization administers the following major sources of revenue to meet the needs of the area it serves: Head Start Programs, Low-Income Home Energy Assistance Programs, Community Services Block Grant Programs, Star-Plus Nutrition Service Programs, and others. Expenses are broken down by program services. The following is a description of the program services:

Early Childhood Development - Provides high quality comprehensive child and family development services to income and age eligible children and their families, which includes education, health, nutrition, mental health, and parent involvement.

Nutrition Services - Provides meals to home bound citizens.

Emergency Assistance - Provides utility assistance to low-income individuals to assist them with energy bills, this could be gas, electric, Propane, etc.

Community Services - Community services programs strive to reduce poverty and empower low-income families to become self-sufficient.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, Community Services of Northeast Texas, Inc.'s net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions - consists of amounts that are available for use in carrying out the activities of Community Services of Northeast Texas, Inc. and are not subject to donor-imposed restrictions.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### Basis of Accounting (Continued)

Net assets with donor restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

### Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid instruments with a maturity of three months or less when acquired.

### Allowance for Doubtful Accounts

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of their grantors to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

### Contributions and Unconditional Promises to Give

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets

It is the Organization's policy to capitalize capital assets with a useful life of more than one year and a value over \$5,000.00. Capital assets are stated at cost, if purchased, and at fair value at the date of donation, if donated. Such items acquired under grants from Federal and state sources are considered to be owned by the Organization while used in the programs for which they are purchased or in programs authorized in the future. However, the funding source has a reversionary interest in the property. Property and equipment purchased or donated to the corporate account are depreciated based on estimated useful lives using the straight-line method as follows:

Buildings and Improvements	5-30 Years
Furniture and Equipment	5-7 Years
Vehicles	5 Years

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Income Taxes

The Organization is exempt from Federal income taxes under IRS Code Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

In-Kind Goods/Services

The Organization receives donated goods and services as part of its programs. In-kind contributions are shown both as support and expenditures in these programs, and are recorded at the fair value of the goods or services at the time of donation. Amounts included are only those allowable under generally accepted accounting principles.

Allocated Costs

The Organization allocates its expenses on a functional basis among its various programs and support activities. Expenses that can be identified with a specific program and support activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using various allocation methods.

**3. CONCENTRATION OF CREDIT RISK**

At September 30, 2021, the carrying amount of the Organization's deposits was \$605,203.03. The bank balance was held at one bank resulting in a concentration of credit risk. The bank balance was \$837,071.86. Of the bank balance, \$250,000.00 was covered by FDIC insurance, and the remaining \$587,071.86 was collateralized by three pledged letter of credits by the bank.

At September 30, 2020, the carrying amount of the Organization's deposits was \$659,427.75. The bank balance was held at one bank resulting in a concentration of credit risk. The bank balance was \$733,115.90. Of the bank balance, \$250,000.00 was covered by FDIC insurance, and the remaining \$483,115.90 was collateralized by three pledged letter of credits by the bank.

**4. RECEIVABLES, NET**

Receivables at September 30, 2021 and 2020, consist of amounts due as follows:

	2021	2020
Head Start	\$ 51,823.62	\$ 29,305.48
Head Start - USDA	16,675.04	14,211.32
Head Start - Other	0.00	172.20
Comprehensive Energy Assistance Program	0.00	403,703.30
Community Services Block Grant - Discretionary	0.00	4,165.52
Community Services Block Grant - CARES	0.00	81,506.06
Community Services Block Grant	22,314.05	69,713.04
Total Receivables, Net	<u>\$ 90,812.71</u>	<u>\$ 602,776.92</u>

All accounts receivable at September 30, 2021 and 2020, are considered collectible, therefore, the allowance for uncollectibility is zero.

**5. PROMISES TO GIVE**

Receivable at September 30, 2021 and 2020, consist of the following:

	2021	2020
Contributions Due within one year	<u>\$ 25,000.00</u>	<u>\$ 0.00</u>
Total Promises to Give	25,000.00	0.00
Less Present Value Discount	<u>(0.00)</u>	<u>(0.00)</u>
Total Promises to Give	<u>\$ 25,000.00</u>	<u>\$ 0.00</u>

Uncollectible amounts for promises to give are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

**6. CAPITAL ASSETS, NET**

Following are the changes in capital assets for the year ended September 30, 2021:

	Balance 9/30/2020	Additions	Retirements	Balance 9/30/2021
Capital Assets				
Land	\$ 192,630.00	\$ -	\$ -	\$ 192,630.00
Buildings	1,578,588.94	19,021.81	-	1,597,610.75
Equipment	329,183.90	30,257.00	-	359,440.90
Vehicles	748,026.48	27,108.87	-	775,135.35
Total Capital Assets	<u>2,848,429.32</u>	<u>76,387.68</u>	<u>-</u>	<u>2,924,817.00</u>
Accumulated Depreciation	<u>(1,366,964.34)</u>	<u>(136,054.53)</u>	<u>-</u>	<u>(1,503,018.87)</u>
Total Net Capital Assets	<u>\$ 1,481,464.98</u>	<u>\$ (59,666.85)</u>	<u>\$ -</u>	<u>\$ 1,421,798.13</u>

Following are the changes in capital assets for the year ended September 30, 2020:

	Balance 9/30/2019	Additions	Retirements	Balance 9/30/2020
Capital Assets				
Land	\$ 192,630.00	\$ -	\$ -	\$ 192,630.00
Buildings	1,520,109.05	58,479.89	-	1,578,588.94
Equipment	359,176.90	21,450.00	51,443.00	329,183.90
Vehicles	723,018.73	25,007.75	-	748,026.48
Total Capital Assets	<u>2,794,934.68</u>	<u>104,937.64</u>	<u>51,443.00</u>	<u>2,848,429.32</u>
Accumulated Depreciation	<u>(1,260,727.10)</u>	<u>(141,144.99)</u>	<u>34,907.75</u>	<u>(1,366,964.34)</u>
Total Net Capital Assets	<u>\$ 1,534,207.58</u>	<u>\$ (36,207.35)</u>	<u>\$ 86,350.75</u>	<u>\$ 1,481,464.98</u>

**7. REFUNDABLE GRANT ADVANCES**

Refundable grant advances at September 30, 2021 and 2020, consist of grant funds received in advance of expenditures in the following programs:

	2021	2020
Comprehensive Energy Assistance Program	\$ 154,734.42	\$ 193,497.77
Comprehensive Energy Assistance Program – CARES	83,998.95	0.00
Community Services Block Grant – Discretionary	36,804.00	0.00
Community Services Block Grant – CARES	8,546.69	0.00
Tenant Based Rental Assistance	<u>918.23</u>	<u>589.47</u>
Total Refundable Grant Advances	<u>\$ 285,002.29</u>	<u>\$ 194,087.24</u>

## 8. LINE OF CREDIT

The Organization has obtained a line of credit with Texana Bank for operating expenses awaiting grant agreement reimbursement. The note is due annually, including interest of 7.00%. The balance on the note at September 30, 2021 and 2020 was \$0.00 and \$48,674.00, respectively and interest paid during the fiscal year ended September 30, 2021 and 2020 was \$2,151.30 and \$675.12, respectively.

## 9. NOTES PAYABLE

The Organization signed an agreement dated June 14, 2020, with the Small Business Administration to assist with cash flow, which requires 360 monthly consecutive principal and interest payments currently at \$641.00 each, beginning June 14, 2021, including interest currently at 2.75% through June 14, 2051. However, no payments were made through September 30, 2021. The note is secured by all tangible and intangible personal property of the Organization. The balance on this note at September 30, 2021 and 2020 was \$150,000.00 and 150,000.00, respectively.

The following is a summary of changes in notes payable for the year ended September 30, 2021:

	Principal September 30, 2020	Principal Received (Paid)	Principal September 30, 2021	Interest Paid
<u>Obligations:</u>				
SBA Loan	\$ 150,000.00	\$ 0.00	\$ 150,000.00	\$ 0.00

The following is a summary of changes in notes payable for the year ended September 30, 2020:

	Principal September 30, 2019	Principal Received (Paid)	Principal September 30, 2020	Interest Paid
<u>Obligations:</u>				
SBA Loan	\$ 0.00	\$ 150,000.00	\$ 150,000.00	\$ 0.00

The schedule of maturities of notes payable is as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2022	\$ 3,861.03
2023	3,198.42
2024	3,298.87
2025	3,403.14
2026	3,510.36
Thereafter	132,728.18
Total	<u>\$ 150,000.00</u>

## 10. OPERATING LEASES

As of September 30, 2021 and 2020, the Organization has entered into a number of operating leases for space and equipment. Total payments for the year ended September 30, 2021 and 2020, were \$161,313.89 and \$160,370.51, respectively. Under the current lease agreements, the future minimum lease rentals are as follows:

2022	\$ 101,877.00
2023	68,298.00
2024	28,990.50

**11. COMPENSATED ABSENCES**

Employees earn annual leave based upon the following schedule:

<u>LENGTH OF SERVICE</u>	<u>FULL-TIME</u>	<u>PART-TIME</u>	<u>PART-TIME</u>
	<u>8 Hours Per Day</u>	<u>6 Hours Per Day</u>	<u>4 Hours Per Day</u>
0 – 3 Years	3 Hours	2.25 Hours	1.5 Hours
4 – 10 Years	5 Hours	3.75 Hours	2.5 Hours
11 – 19 Years	7 Hours	5.25 Hours	3.5 Hours
20 and Over	8 Hours	6 Hours	4 Hours

Hours are awarded per pay period. Employees may accumulate up to a maximum balance of 208 hours. No employee may carry over more than 208 hours of accrued leave into a new fiscal year and hours in excess of 208 hours will be forfeited. Upon termination of employment, permanent employees will be paid for unused Personal Leave that has been earned through the last actual day worked up to a maximum of 80 hours. However, if a reduction in force occurs as a result of a decrease in or elimination of grant funds, the full 80 hours may not be reimbursed upon termination of employment.

The Organization determines a liability for compensated absences when the following conditions are met:

1. The Organization’s obligation relating to employees’ rights to receive compensation for future absences is attributable to employee services already rendered;
2. The obligation relates to rights that vest or accumulate;
3. Payment of the compensation is probable; and
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria, the Organization has accrued a liability for annual leave which has been earned, but not taken, by Organization employees.

**12. NET ASSETS**

Net assets without donor restrictions

At September 30, 2021 and 2020, all unrestricted net assets are undesignated as to their use.

Net assets with donor restrictions

Net assets with donor restrictions consist of donations of cash received & restricted to use and the donation of a building that has a use provision. Below is a detailed list of net assets by donor restriction:

	2021	2020
Utilities-Upshur Rural	\$ 29,200.67	\$ 21,353.74
Youth Empowerment	20,897.85	42,739.33
SSA Administration	1,780.09	1,246.54
Salvation Army	2,302.61	214.82
Targeted Local Community Assistance	4,864.83	25,438.25
Share the Warmth	25,000.00	0.00
Kaufman Building	<u>301,657.44</u>	<u>312,981.78</u>
Total Net Assets with Donor Restrictions	<u>\$ 385,703.49</u>	<u>\$ 403,974.46</u>



**13. LIQUIDITY**

At September 30, 2021 and 2020, all net assets with donor restrictions are available for payment of qualifying expenses within the respective Community Services of Northeast Texas, Inc. funds as such expenses are incurred, except for contributions receivable which are available when the receivable is collected which is expected within the next year and the expense is incurred. Likewise, as of September 30, 2021 and 2020, all net assets without donor restrictions are available to meet cash needs for general expenses of the organization within one year.

	2021	2020
Cash and Cash Equivalents - Unrestricted	\$ 605,203.03	\$ 659,427.75
Accounts Receivable, Net	90,812.71	602,776.92
Less: Cash Received with Donor Restrictions	(59,046.05)	(90,992.68)
Less: Cash Received with Grant Advances	<u>(285,002.29)</u>	<u>(194,087.24)</u>
Assets Available to Satisfy Current Obligations	<u>\$ 633,969.69</u>	<u>\$ 977,124.75</u>

**14. IN-KIND CONTRIBUTIONS**

Under the grant agreements, the Organization (grantee) receives a percentage of total estimated project funds from the Federal government. The balance of the project funds is contributed to the Organization from non-Federal sources in the form of "in-kind" contributions of services or goods from the Organization, delegated agencies, the community, or non-Federal governmental organizations. The services and goods donated are valued according to the grant guidelines. In-kind revenues and in-kind expenses that are allowable under generally accepted accounting principles (GAAP) have been recognized in the Head Start programs.

	2021	2020
Head Start		
Non-Professional Volunteers	\$ 12,937.86	\$ 42,839.12
Professional Services	832,386.41	631,465.68
Supplies	184,667.96	93.44
Disabilities	3,153.75	0.00
Travel	54,363.63	58,917.41
Space	<u>464,003.19</u>	<u>564,774.00</u>
Total In-Kind	1,551,512.80	1,298,089.65
Non-GAAP	<u>(12,937.86)</u>	<u>(42,839.12)</u>
In-Kind per GAAP	<u>\$ 1,538,574.94</u>	<u>\$ 1,255,250.53</u>

#### **14. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

In January 2020, the novel coronavirus “COVID-19” pandemic in the United States has resulted in classroom buildings being closed, activities canceled and the temporary closure of operating hours for the offices. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of the date of this report, management believes that a material impact on the Organization’s financial position and results of future operations is reasonably possible.

#### **15. CONCENTRATION OF RISK**

The Organization receives substantial revenue in the form of Federal and State grants. The effect on the Organization’s ability to continue operations if these funding sources were lost or cancelled is unknown.

#### **16. SUBSEQUENT EVENTS**

The Organization evaluated events and transactions occurring subsequent to September 30, 2021 through January 29, 2021, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring recognition in the financial statements..

## **SUPPLEMENTARY INFORMATION**

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Combining Schedule of Activities

For the Year Ended September 30, 2021

	Head Start	Early Head Start	Head Start	Early Head Start	Youth Empowerment
Program Code	01	32	01	32	31
Grant Year End	11/30/2020	11/30/2020	11/30/2021	11/30/2021	9/30/2021
CFDA No.	93.600/10.558	93.600/10.558	93.600/10.558	93.600/10.558	N/A
	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood
<b>Revenues and Gains</b>					
<b>Contributions</b>					
Grant Revenue - Federal	\$ 854,071.24	\$ 29,255.11	\$ 3,340,628.20	\$ 178,852.20	\$ -
Grant Revenue - Federal USDA	25,688.00	-	120,179.97	10,567.97	-
Grant Revenue - State	-	-	-	-	-
Local	-	-	-	-	-
Local Non-Cash	417,332.40	17,033.00	1,100,153.89	16,993.67	-
Program Income	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Total Revenue and Gains</b>	<b>1,297,091.64</b>	<b>46,288.11</b>	<b>4,560,962.06</b>	<b>206,413.84</b>	<b>-</b>
<b>Administration</b>					
Salaries	60,779.23	-	310,847.99	7,943.68	-
Salaries Non-Cash	252.34	-	3,630.44	-	-
Fringe Benefits	9,256.97	-	44,422.17	1,073.56	477.21
Fringe Benefits Non-Cash	63.09	-	907.65	-	-
Supplies	4,676.66	11.27	8,257.90	171.89	-
Small Equipment	529.95	-	3,193.06	4.52	-
Insurance	1,292.64	-	18,229.59	43.72	-
Professional Fees	11,642.01	-	35,565.74	2,051.34	91.99
Space	736.74	-	7,427.85	93.64	-
Space Non-Cash	12,211.50	-	34,508.15	469.20	-
Repairs and Maintenance	551.02	-	7,675.68	258.71	-
Travel	58.11	-	423.10	-	-
Travel Non-Cash	61.49	-	548.42	-	-
Utilities	837.27	-	8,675.86	138.92	-
Vehicle	-	-	-	-	-
Program Services	-	-	-	-	-
Food	19.54	-	64.26	1.26	-
Other	77.68	0.12	3,416.37	41.07	-
Depreciation	-	-	-	-	-
<b>Program</b>					
Salaries	345,227.03	2,076.00	1,809,454.69	118,176.20	13,894.40
Salaries Non-Cash	124,921.08	-	543,195.14	4,260.41	-
Fringe Benefits	81,454.47	147.32	429,981.20	33,495.53	3,005.36
Fringe Benefits Non-Cash	31,230.28	-	135,798.89	1,065.11	-
Supplies	129,198.47	9,984.85	127,628.99	8,015.65	1,281.48
Supplies Non-Cash	163,950.00	17,033.00	2,434.96	1,250.00	-
Small Equipment	5,020.88	13,199.81	46,357.43	5,384.75	2,337.00
Insurance	2,686.28	-	17,592.57	154.30	-
Professional Fees	123,275.20	-	140,628.65	2,118.41	-
Professional Fees Non-Cash	1,162.50	-	1,678.75	312.50	-
Space	26,727.99	6.94	142,551.46	4,823.10	687.54
Space Non-Cash	73,252.00	-	333,925.89	9,636.45	-
Repairs and Maintenance	5,780.14	-	48,203.82	13.99	-
Travel	2,451.46	-	3,662.16	(0.17)	-
Travel Non-Cash	10,228.12	-	43,525.60	-	-
Utilities	14,951.19	-	83,038.23	1,369.80	-
Vehicle	12,996.20	-	56,443.82	-	30.00
Utility Assistance	-	-	-	-	-
Program Services	-	-	-	-	-
Food	33,067.50	265.67	94,314.44	3,502.58	-
Other	6,464.61	3,563.13	12,751.14	543.72	36.50
<b>Total Expenses</b>	<b>1,297,091.64</b>	<b>46,288.11</b>	<b>4,560,962.06</b>	<b>206,413.84</b>	<b>21,841.48</b>
Increase (Decrease) in Net Assets	-	-	-	-	(21,841.48)
NET ASSETS, Beginning of Year	-	-	-	-	42,739.33
NET ASSETS, End of the Year	\$ -	\$ -	\$ -	\$ -	\$ 20,897.85

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Combining Schedule of Activities

For the Year Ended September 30, 2021

	Adult Nutrition	CSBG	CSBG	CSBG	CSBG CARES
Program Code	02	05	22	DISCRETIONARY 25	35
Grant Year End	9/30/2020	12/31/2020	12/31/2021	8/31/2021	12/31/2021
CFDA No.	N/A	93.569	93.569	93.569	93.569
	Nutrition Services	Community Services	Community Services	Community Services	Community Services
<b>Revenues and Gains</b>					
Contributions					
Grant Revenue - Federal	\$ -	\$ 33.08	\$ 381,018.06	\$ 6,939.70	\$ 455,185.25
Grant Revenue - Federal USDA	-	-	-	-	-
Grant Revenue - State	-	-	-	-	-
Local	-	-	-	-	-
Local Non-Cash	-	-	-	-	-
Program Income	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Transfers	153,257.52	(6,963.16)	-	(6,939.70)	-
<b>Total Revenue and Gains</b>	<b>153,257.52</b>	<b>(6,930.08)</b>	<b>381,018.06</b>	<b>-</b>	<b>455,185.25</b>
<b>Administration</b>					
Salaries	-	6,936.15	162,148.98	-	38,003.08
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	3,452.01	20,551.30	-	2,961.74
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	-	383.50	6,531.12	-	130.98
Small Equipment	-	(1,291.62)	946.65	-	1,440.00
Insurance	-	672.07	5,377.21	-	-
Professional Fees	-	1,113.14	10,263.34	-	-
Space	-	871.75	3,587.20	-	138.00
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	631.17	2,286.26	-	-
Travel	-	54.00	5,853.11	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	824.68	3,992.55	-	-
Vehicle	-	-	8,838.62	-	-
Program Services	-	-	-	-	-
Food	-	10.84	44.98	-	-
Other	-	106.37	11,303.67	-	-
Depreciation	-	-	-	-	-
<b>Program</b>					
Salaries	-	(34,358.73)	36,890.38	-	51,764.11
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	3,981.86	12,260.56	-	1,327.17
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	-	(8,228.68)	3,648.64	-	19,784.70
Supplies Non-Cash	-	-	-	-	-
Small Equipment	-	2,027.11	10,495.45	-	-
Insurance	-	1,325.69	6,477.93	-	-
Professional Fees	-	-	225.00	-	-
Professional Fees Non-Cash	-	157.70	-	-	-
Space	-	2,762.48	11,948.91	-	169.20
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	(2,060.77)	15,630.73	-	11,320.50
Travel	-	375.83	349.63	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	4,805.05	15,819.28	-	-
Vehicle	-	6,028.39	18,064.76	-	-
Utility Assistance	-	2,125.48	1,887.53	-	304,682.77
Program Services	-	-	-	-	-
Food	-	27.76	63.18	-	-
Other	-	336.69	5,531.09	-	23,463.00
<b>Total Expenses</b>	<b>-</b>	<b>(6,930.08)</b>	<b>381,018.06</b>	<b>-</b>	<b>455,185.25</b>
Increase (Decrease) in Net Assets	153,257.52	-	-	-	-
NET ASSETS, Beginning of Year	(153,257.52)	-	-	-	-
NET ASSETS, End of the Year	\$ -	\$ -	\$ -	\$ -	\$ -

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Combining Schedule of Activities

For the Year Ended September 30, 2021

	SSA Administration	CEAP	CEAP	CEAP-CARES	Utilities-Upshur
Program Code	28	21	08	38	Rural
Grant Year End	9/30/2021	12/31/2021	9/30/2021	9/30/2021	9/30/2021
CFDA No.	N/A	93.568	93.568	93.568	N/A
	Community Services	Emergency Services	Emergency Services	Emergency Services	Emergency Services
<b>Revenues and Gains</b>					
Contributions					
Grant Revenue - Federal	\$ -	\$ 419,669.51	\$ 1,536,509.63	\$ 1,071,725.43	\$ -
Grant Revenue - Federal USDA	-	-	-	-	-
Grant Revenue - State	-	-	-	-	-
Local	-	-	-	-	8,499.82
Local Non-Cash	-	-	-	-	-
Program Income	34,570.28	-	-	-	-
Miscellaneous Revenue	42.01	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Total Revenue and Gains</b>	<b>34,612.29</b>	<b>419,669.51</b>	<b>1,536,509.63</b>	<b>1,071,725.43</b>	<b>8,499.82</b>
<b>Administration</b>					
Salaries	-	21,896.63	36,105.21	37,411.20	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	3,847.68	7,220.60	4,264.60	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	-	2,752.89	3,123.99	-	-
Small Equipment	-	597.28	404.22	-	-
Insurance	-	3,080.97	552.85	-	-
Professional Fees	-	2,954.63	5,014.22	1,622.79	-
Space	-	4,047.01	3,383.05	-	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	1,938.80	1,764.47	418.50	-
Travel	-	106.21	160.05	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	3,201.94	2,899.49	-	-
Vehicle	-	-	-	-	-
Program Services	-	45.93	6.57	-	-
Food	-	5.46	3.41	-	-
Other	-	1,953.68	1,331.24	-	-
Depreciation	-	-	-	-	-
<b>Program</b>					
Salaries	-	25,799.91	99,078.06	133,170.59	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	19,471.79	29,279.14	14,916.99	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	105.08	1,177.60	505.78	-	-
Supplies Non-Cash	-	-	-	-	-
Small Equipment	265.21	1,489.25	1,018.83	-	-
Insurance	1,245.95	2,577.49	1,656.89	-	-
Professional Fees	-	189.00	-	-	-
Professional Fees Non-Cash	-	-	-	-	-
Space	225.00	203.68	5,183.69	3,437.10	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	5,016.11	5,530.63	-	-
Travel	-	424.86	573.43	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	7,077.34	7,251.49	9,242.53	-	-
Vehicle	1,037.75	223.31	551.50	-	-
Utility Assistance	29.00	278,514.90	1,291,216.55	873,934.66	652.89
Program Services	-	27,046.05	28,758.19	2,549.00	-
Food	-	24.82	32.85	-	-
Other	24,093.41	3,830.14	1,912.19	-	-
<b>Total Expenses</b>	<b>34,078.74</b>	<b>419,669.51</b>	<b>1,536,509.63</b>	<b>1,071,725.43</b>	<b>652.89</b>
Increase (Decrease) in Net Assets	533.55	-	-	-	7,846.93
NET ASSETS, Beginning of Year	1,246.54	-	-	-	21,353.74
NET ASSETS, End of the Year	\$ 1,780.09	\$ -	\$ -	\$ -	\$ 29,200.67

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Combining Schedule of Activities

For the Year Ended September 30, 2021

	Share the Warmth	Salvation Army	TLC	Tenant Based	Vet Servies Now
Program Code	12	13	14	Rental Assistance	29
Grant Year End	9/30/2021	9/30/2021	9/30/2021	9/30/2021	9/30/2021
CFDA No.	N/A	N/A	N/A	14.239	N/A
	Emergency Services	Emergency Services	Emergency Services	Emergency Services	Emergency Services
<b>Revenues and Gains</b>					
<b>Contributions</b>					
Grant Revenue - Federal	\$ -	\$ -	\$ -	\$ 33,659.31	\$ -
Grant Revenue - Federal USDA	-	-	-	-	-
Grant Revenue - State	-	-	-	-	235,808.08
Local	25,000.00	5,082.55	662.48	-	-
Local Non-Cash	-	-	-	-	-
Program Income	-	-	-	-	-
Miscellaneous Revenue	-	-	1,500.00	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Transfers	-	-	-	-	47,434.77
<b>Total Revenue and Gains</b>	<b>25,000.00</b>	<b>5,082.55</b>	<b>2,162.48</b>	<b>33,659.31</b>	<b>283,242.85</b>
<b>Administration</b>					
Salaries	-	-	-	-	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	-	-	-	-	-
Small Equipment	-	-	-	-	-
Insurance	-	-	-	-	46.10
Professional Fees	-	-	-	-	1,673.61
Space	-	-	-	-	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Travel	-	-	-	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	-	-	-	-
Vehicle	-	-	-	-	-
Program Services	-	-	-	-	-
Food	-	-	-	-	-
Other	-	-	64.00	-	118.64
Depreciation	-	-	-	-	-
<b>Program</b>					
Salaries	-	-	-	-	75,394.24
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	-	-	-	10,129.92
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	-	-	-	139.43	191.59
Supplies Non-Cash	-	-	-	-	-
Small Equipment	-	-	-	-	438.29
Insurance	-	-	-	-	100.06
Professional Fees	-	-	-	-	33.11
Professional Fees Non-Cash	-	-	-	-	-
Space	-	-	-	-	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Travel	-	-	-	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	-	-	-	837.67
Vehicle	-	-	-	66.80	5,046.20
Utility Assistance	-	2,301.26	22,000.00	33,440.00	188,923.07
Program Services	-	-	-	-	-
Food	-	-	-	-	-
Other	-	693.50	671.90	13.08	310.35
<b>Total Expenses</b>	<b>-</b>	<b>2,994.76</b>	<b>22,735.90</b>	<b>33,659.31</b>	<b>283,242.85</b>
<b>Increase (Decrease) in Net Assets</b>	<b>25,000.00</b>	<b>2,087.79</b>	<b>(20,573.42)</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS, Beginning of Year</b>	<b>-</b>	<b>214.82</b>	<b>25,438.25</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS, End of the Year</b>	<b>\$ 25,000.00</b>	<b>\$ 2,302.61</b>	<b>\$ 4,864.83</b>	<b>\$ -</b>	<b>\$ -</b>

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Combining Schedule of Activities

For the Year Ended September 30, 2021

	Local Admin		Elimination	
Program Code	20/27		Entries	Consolidated
Grant Year End	9/30/2021	Combined	and GAAP	Totals
CFDA No.	N/A	Sub - Totals	Adjustments	
	Management and General			
<b>Revenues and Gains</b>				
<b>Contributions</b>				
Grant Revenue - Federal	\$ -	\$ 8,307,546.72	\$ -	\$ 8,307,546.72
Grant Revenue - Federal USDA	-	156,435.94	-	156,435.94
Grant Revenue - State	-	235,808.08	-	235,808.08
Local	78,963.01	118,207.86	(76,387.68)	41,820.18
Local Non-Cash	-	1,551,512.96	(12,937.86)	1,538,575.10
Program Income	-	34,570.28	-	34,570.28
Miscellaneous Revenue	28,420.61	29,962.62	-	29,962.62
Gain (Loss) on Sale of Assets	-	-	-	-
Transfers	(186,789.43)	-	-	-
<b>Total Revenue and Gains</b>	<b>(79,405.81)</b>	<b>10,434,044.46</b>	<b>(89,325.54)</b>	<b>10,344,718.92</b>
<b>Administration</b>				
Salaries	(11,738.00)	670,334.15	-	670,334.15
Salaries Non-Cash	-	3,882.78	-	3,882.78
Fringe Benefits	1,369.23	98,897.07	-	98,897.07
Fringe Benefits Non-Cash	-	970.74	-	970.74
Supplies	(2,048.10)	23,992.10	-	23,992.10
Small Equipment	-	5,824.06	-	5,824.06
Insurance	-	29,295.15	-	29,295.15
Professional Fees	322.42	72,315.23	-	72,315.23
Space	13,734.80	34,020.04	-	34,020.04
Space Non-Cash	-	47,188.85	-	47,188.85
Repairs and Maintenance	(4.89)	15,519.72	-	15,519.72
Travel	244.54	6,899.12	-	6,899.12
Travel Non-Cash	-	609.91	-	609.91
Utilities	436.97	21,007.68	-	21,007.68
Vehicle	-	8,838.62	-	8,838.62
Program Services	(588.67)	(536.17)	-	(536.17)
Food	39.41	189.16	-	189.16
Other	5,753.77	24,166.61	-	24,166.61
Depreciation	136,054.53	136,054.53	-	136,054.53
<b>Program</b>				
Salaries	-	2,676,566.88	-	2,676,566.88
Salaries Non-Cash	-	672,376.63	(10,350.29)	662,026.34
Fringe Benefits	-	639,451.31	-	639,451.31
Fringe Benefits Non-Cash	-	168,094.28	(2,587.57)	165,506.71
Supplies	-	293,433.58	(5,000.00)	288,433.58
Supplies Non-Cash	-	184,667.96	-	184,667.96
Small Equipment	-	88,034.01	(52,365.87)	35,668.14
Insurance	-	33,817.16	-	33,817.16
Professional Fees	-	266,469.37	-	266,469.37
Professional Fees Non-Cash	-	3,311.45	-	3,311.45
Space	-	198,727.09	-	198,727.09
Space Non-Cash	-	416,814.34	-	416,814.34
Repairs and Maintenance	-	89,435.15	(19,021.81)	70,413.34
Travel	-	7,837.20	-	7,837.20
Travel Non-Cash	-	53,753.72	-	53,753.72
Utilities	-	144,392.58	-	144,392.58
Vehicle	-	100,488.73	-	100,488.73
Utility Assistance	-	2,999,708.11	-	2,999,708.11
Program Services	-	58,353.24	-	58,353.24
Food	-	131,298.80	-	131,298.80
Other	-	84,214.45	-	84,214.45
<b>Total Expenses</b>	<b>143,576.01</b>	<b>10,510,715.39</b>	<b>(89,325.54)</b>	<b>10,421,389.85</b>
Increase (Decrease) in Net Assets	(222,981.82)	(76,670.93)	-	(76,670.93)
NET ASSETS, Beginning of Year	1,594,186.82	1,531,921.98	-	1,531,921.98
NET ASSETS, End of the Year	\$ 1,371,205.00	\$ 1,455,251.05	\$ -	\$ 1,455,251.05



**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Linden, Texas

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Year End	Pass-Through Entity Identifying Number	CFDA #	Provided to Subrecipients	Federal Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>					
Direct Programs:					
Head Start Cluster					
Head Start	11/30/2020	N/A	93.600	\$ -	\$ 883,326.35
Head Start	11/30/2021	N/A	93.600	-	3,519,480.40
Total Head Start Cluster			Total 93.600	-	4,402,806.75
Passed-through:					
Texas Department of Housing and Community Affairs					
Low-Income Home Energy Assistance Program (CEAP)-CARES	7/30/2022	58990003297	93.568	-	1,071,725.43
Low-Income Home Energy Assistance Program (CEAP)	6/30/2021	58210003385	93.568	-	419,669.51
Low-Income Home Energy Assistance Program (CEAP)	3/21/2022	58200003154	93.568	-	1,536,509.63
			Total 93.568	-	3,027,904.57
Texas Department of Housing and Community Affairs					
Community Services Block Grant - CARES	7/31/2022	61200003337	93.569	-	455,185.25
Community Services Block Grant - Discretionary	8/31/2021	61200003277	93.569	-	6,939.70
Community Services Block Grant	12/31/2021	61210003447	93.569	-	381,018.06
Community Services Block Grant	12/31/2020	61200003216	93.569	-	33.08
			Total 93.569	-	843,176.09
Total U.S. Department of Health and Human Services				-	8,273,887.41
<b><u>U.S. Department of Agriculture</u></b>					
Passed-through:					
State of Texas Department of Agriculture					
Child and Adult Care Food Program	11/30/2020	806780706	10.558	-	25,688.00
Child and Adult Care Food Program	11/30/2021	806780706	10.558	-	130,747.94
			Total 10.558	-	156,435.94
Total U.S. Department of Agriculture				-	156,435.94

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**  
Linden, Texas  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Year End	Pass-Through Entity Identifying Number	CFDA #	Provided to Subrecipients	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Passed-through the Texas Department of Housing and Community Affairs:					
HOME Investment Partnership Program	9/30/2021	M-14-SG-48-0100	14.239	\$ -	\$ 33,659.31
Total U.S. Department of Agriculture				-	33,659.31
Total Expenditures of Federal Awards				\$ -	\$ 8,463,982.66

**NOTE A -- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Services of Northeast Texas, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B: INDIRECT COST RATE**

Community Services of Northeast Texas, Inc. did not elect to use the 10% de minimis cost rate.

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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**

Board of Directors  
Community Services of Northeast Texas, Inc.  
Linden, 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 Community Services of Northeast Texas, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, 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 January 29, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Services of Northeast Texas, Inc.'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 Community Services of Northeast Texas, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Services of Northeast Texas, Inc.'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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Services of Northeast Texas, Inc.'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 the Organization'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.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
January 29, 2022

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

Board of Directors  
Community Services of Northeast Texas, Inc.  
Linden, Texas

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

We have audited Community Services of Northeast Texas, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Community Services of Northeast Texas, Inc.'s major federal programs for the year ended September 30, 2021. Community Services of Northeast Texas, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal programs. However, our audit does not provide a legal determination of Community Services of Northeast Texas, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Community Services of Northeast Texas, 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 other major federal programs for the year ended September 30, 2020.

**Report on Internal Control Over Compliance**

Management of Community Services of Northeast Texas, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Services of Northeast Texas, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express

an opinion on the effectiveness of Community Services of Northeast Texas, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

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.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
January 29, 2022

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**  
Linden, Texas

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2021

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**I. SUMMARY OF AUDITORS' RESULTS**

**Financial statements:**

The auditors' report expresses an unmodified opinion on the financial statements of Community Services of Northeast Texas, Inc..

**Internal Control over Financial Reporting:**

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	None Reported
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i> ?	_____	Yes	_____ <u>X</u> _____	No

**Federal Awards:**

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	None Reported

The auditors' report on compliance for the major federal award programs for Community Services of Northeast Texas, Inc. expresses an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

Identification of major programs:

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Low-Income Home Energy Assistance Program	CFDA 93.568
Community Services Block Grant	CFDA 93.569

The threshold for distinguishing Types A and B programs was \$750,000.00.

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

**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**

Linden, Texas

Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2021

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None