

*Community Services of Northeast Texas, Inc.*

*Linden, Texas*

*REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION*

*For the Year Ended September 30, 2009*

*SAUNDERS & ASSOCIATES, PLLC*

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COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

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September 30, 2009

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# Saunders & Associates, PLLC

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

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

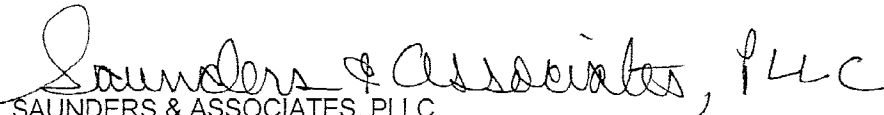
We have audited the accompanying statement of financial position of Community Services of Northeast Texas, Inc. as of September 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Community Services of Northeast Texas, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Services of Northeast Texas, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2010 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Community Services of Northeast Texas, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, accompanying supplemental information, as listed in the preceding table of contents, is presented for purposes of additional analysis. This supplemental information is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

April 27, 2010

**FINANCIAL STATEMENTS**

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

STATEMENT OF FINANCIAL POSITION

September 30, 2009

ASSETS

Current Assets:

Cash	\$ 380,622
Grant Receivables	236,381
Other Receivables	0
Prepaid Expenses	8,530
Total Current Assets	<u>625,533</u>

Property and Equipment

Property and Equipment	1,610,082
Accumulated Depreciation	<u>(1,248,127)</u>
Net Property and Equipment	<u>361,955</u>

TOTAL ASSETS

\$ 987,488

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 125,086
Accrued Expenses	249,914
Deferred Revenue	43,433
Current Portion of Long-Term Debt	42,344
Total Current Liabilities	<u>460,777</u>

Non-Current Liabilities:

Notes Payable	126,896
Current Portion	<u>(42,344)</u>
Total Non-Current Liabilities	<u>84,552</u>
Total Liabilities	<u>545,329</u>

Net Assets:

Unrestricted	(90,791)
Temporarily Restricted	170,995
Investment in Property and Equipment	361,955
Total Net Assets	<u>442,159</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 987,488

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2009

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Contract Revenue/Grants	\$ 0	\$ 6,547,675	\$ 6,547,675
Program Income	0	23,828	23,828
Other	23,821	2,750	26,571
In-Kind	0	1,036,870	1,036,870
Total Revenues	23,821	7,611,123	7,634,944
Net Assets Released From Restrictions: Satisfaction of Program Requirements	7,421,092	(7,421,092)	0
Total Revenues and Program Satisfaction	7,444,913	190,031	7,634,944
<b>EXPENSES</b>			
Head Start Program	4,237,749	0	4,237,749
Elderly Nutrition and Transportation	1,632,448	0	1,632,448
Energy Assistance	530,148	0	530,148
Emergency Assistance	3,407	0	3,407
Community Services	149,585	0	149,585
Management and General	917,389	0	917,389
Total Expenses	7,470,726	0	7,470,726
Change in Net Assets	(25,813)	190,031	164,218
Net Assets, Beginning of Year	(125,663)	357,956	232,293
Prior Period Adjustment	0	0	0
Returned to Grantor	0	0	0
Acquisition/(Disposition) of Fixed Assets	84,979	35,995	120,974
Depreciation	(72,551)	(2,775)	(75,326)
Transfers	(65,785)	65,785	0
<b>NET ASSETS, END OF YEAR</b>	<b>\$ (204,833)</b>	<b>\$ 646,992</b>	<b>\$ 442,159</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, 2009

<u>EXPENSES</u>	<u>Head Start</u>	<u>Elderly Nutrition and Transportation</u>	<u>Energy Assistance</u>	<u>Emergency Assistance</u>
Salaries	\$ 2,088,036	\$ 353,977	\$ 22,940	\$ 0
Payroll Taxes	165,866	30,076	1,944	0
Fringe Benefits	298,297	57,651	51	0
Accounting and Audit	0	(7)	0	0
Supplies	116,808	69,442	1,231	0
Dues and Subscriptions	331	40	0	0
Equipment	82,279	18,984	0	0
Insurance	6,414	6,346	0	0
Interest	0	746	0	0
Legal	0	0	0	0
Memberships	1,235	0	0	0
Employee Costs	11,249	4,549	0	0
Volunteer Expense	258	12	0	0
Postage and Shipping	5,981	4,349	94	22
Printing and Advertising	4,479	1,887	738	0
Space	72,547	7,100	1,208	0
Repairs and Maintenance	29,384	13,438	0	0
Software Support and Maintenance	1,676	(236)	958	0
Telephone	31,905	9,234	878	0
Training and Technical Assistance	20,215	0	0	0
Travel	20,347	10,583	71	0
Utilities	66,446	31,419	0	0
Vehicle	83,624	123,241	0	460
Community Grant	0	0	0	0
Utility Assistance	0	0	500,035	1,849
Consultants	33,171	0	0	0
Education Costs	460	0	0	0
Food	208,067	787,085	0	0
Parent Activities	1,002	0	0	0
Emergency Assistance	0	0	0	1,076
Other	12,623	530	0	0
InKind	875,049	102,002	0	0
<b>TOTAL EXPENSES</b>	<b>\$ 4,237,749</b>	<b>\$ 1,632,448</b>	<b>\$ 530,148</b>	<b>\$ 3,407</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, 2008

<u>EXPENSES</u>	<u>Community Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 79,843	\$ 575,558	\$ 3,120,354
Payroll Taxes	5,185	44,095	247,166
Fringe Benefits	7,994	65,240	429,233
Accounting and Audit	0	44,416	44,409
Supplies	(6,200)	24,882	206,163
Dues and Subscriptions	409	1,920	2,700
Equipment	30,484	10,813	142,560
Insurance	2,875	11,584	27,219
Interest	23	6,996	7,765
Legal	0	1,094	1,094
Memberships	0	2,313	3,548
Employee Costs	4,802	1,822	22,422
Volunteer Expense	117	0	387
Postage and Shipping	209	4,611	15,266
Printing and Advertising	53	1,086	8,243
Space	10,240	13,916	105,011
Repairs and Maintenance	17	4,190	47,029
Software Support and Maintenance	4,431	5,150	11,979
Telephone	9,334	18,550	69,901
Training and Technical Assistance	843	433	21,491
Travel	1,250	16,938	49,189
Utilities	1,222	7,053	106,140
Vehicle	50	(7,856)	199,519
Community Grant	0	0	0
Utility Assistance	0	0	501,884
Consultants	0	0	33,171
Education Costs	0	67	527
Food	12	67	995,231
Parent Activities	0	0	1,002
Emergency Assistance	292	0	1,368
Other	(3,900)	2,632	11,885
InKind	0	59,819	1,036,870
<b>TOTAL EXPENSES</b>	<b>\$ 149,585</b>	<b>\$ 917,389</b>	<b>\$ 7,470,726</b>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2009

Cash Flows From Operating Activities:

Change in Net Assets		\$	164,218
Adjustment to Reconcile Change in Net Assets to			
Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Receivables	\$	(5,776)	
(Increase) Decrease in Prepaid Expense		(8,530)	
Increase (Decrease) in Account Payables		1,100	
Increase (Decrease) in Accrued Expenses		40,903	
Increase (Decrease) in Deferred Revenue		43,433	
Acquisition/Disposition of Property and Equipment		120,974	
Returned to Grantor		0	
Prior Period Adjustment		0	
			<u>192,104</u>
Total Adjustments			<u>192,104</u>
Net Cash Provided (Used) by Operating Activities			<u>356,322</u>
<u>Cash Flows From Investing Activities:</u>			
Acquisition/Disposition of Property and Equipment		<u>(120,974)</u>	
Net Cash Provided (Used) by Investing Activities			<u>(120,974)</u>
<u>Cash Flows From Financing Activities:</u>			
Debt Acquisiton		326,463	
Debt Retirement		<u>(327,164)</u>	
Net Cash Provided (Used) by Financing Activities			<u>(701)</u>
Net Increase (Decrease) in Cash and Cash Equivalents			234,647
Cash and Cash Equivalents, September 30, 2008			<u>145,975</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2009		\$	<u><u>380,622</u></u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 1: ORGANIZATION

Nature of Activities – Community Services of Northeast Texas, Inc. (CSNT) is a private non-profit corporation incorporated under the laws of the State of Texas. CSNT is governed by a Board of Directors composed of members from the counties they serve. CSNT operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in various counties in Texas that CSNT serves. The following programs are administered by CSNT.

Head Start Program – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Operates a food service program for eligible children in coordination with the Head Start program during the school year.

Elderly Nutrition and Transportation – Operates programs designed to provide nutrition, transportation and other services to the elderly persons of the community.

Energy Assistance – Operates an energy crisis intervention program to assist low-income households with an energy crisis in offsetting the burden of high energy costs.

Emergency Services – Provides emergency assistance to individuals and families in emergency situations.

Community Services – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of CSNT have been prepared on the accrual basis of accounting where revenues are recognized when earned and expenses when incurred.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. CSNT has no permanently restricted net assets. Therefore, this classification was omitted in the financial statement presentation. In addition, CSNT is required to present a statement of cash flows.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor imposed stipulations.

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that may be maintained permanently by the organization. Generally, the donor of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Income Tax Status – CSNT is a non-profit corporation and is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Property and Equipment – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Grantors have a reversionary interest in property purchased with grant funds. It is the CSNT's policy to capitalize all items with a unit cost of \$5,000 or more.

Depreciation is calculated on the 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

In-Kind and Match Revenues, Expenses – Certain grants require in-kind and/or cash matching funds. CNST utilizes the fair market value of space and donated services as in-kind expenses. In-kind matching funds are included in both revenues and expenses.

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 3: CASH

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, cash consists of demand deposits maintained at financial institutions insured by the FDIC. Deposits are carried at cost. Bank balances at year-end are categorized as follows to give an indication of the level of risk assumed by the organization.

<u>Category</u>	<u>Bank Balance</u>
1) Insured or collateralized with securities held by the organization or by its agent in the organization's name.	\$ 251,957
2) Collateralized with securities held by the pledging financial institution's trust department.	203,937
3) Uncollateralized	<u>0</u>
TOTAL	<u>\$ 455,894</u>

NOTE 4: PROPERTY AND EQUIPMENT

Analysis of the property and equipment at September 30, 2009 is as follows:

	<u>Totals</u>
Buildings and Improvements	\$ 325,417
Furniture and Equipment	380,965
Vehicles	903,700
Accumulated Depreciation	<u>(1,248,127)</u>
Net Property and Equipment	<u>\$ 361,955</u>

NOTE 5: ACCRUED EXPENSES

Accrued expenses at September 30, 2009 were made up of the following:

Accrued Payroll	\$ 183,200
Accrued Leave	66,714
Other Payroll Liabilities	<u>0</u>
	<u>\$ 249,914</u>

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 6: DEBT

Notes Payable – Long-term debt at September 30, 2009 consisted of the following:

Note payable to Capital One Bank, with interest at 5%, payable in 60 monthly installments of \$312 including interest, with a final payment due May 1, 2014, secured by 2 automobiles.	\$ 15,539
Note payable to Capital One Bank, with interest at 5%, payable in 60 monthly installments of \$1,685 including interest, with the final payment due April 1, 2014, unsecured	87,806
Note Payable Line of Credit (1)	<u>23,551</u>
Total Note Payable	<u>\$ 126,896</u>

(1) Revolving Line of Credit – CSNT has a \$40,000 line of credit. The interest rate on this line of credit is 3% above the prime rate. Activity for the fiscal year ended September 30, 2009 was as follows:

<u>09/30/08</u>	<u>Advances</u>	<u>Retirements</u>	<u>09/30/09</u>
\$ <u>18,970</u>	\$ <u>221,103</u>	\$( <u>216,522</u> )	\$ <u>23,551</u>

Debt requirements for the next 5 years are as follows:

2010	\$ 42,344
2011	19,733
2012	20,719
2013	21,756
2014	21,988
Thereafter	<u>356</u>
Total	<u>\$ 126,896</u>

NOTE 7: ECONOMIC DEPENDENCY

CSNT receives a significant portion of its revenue from funds provided through federal and state grants. The grant amounts are appropriated each year at the federal and/or state level. If significant budget cuts are made at the federal and/or state level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the organization will receive in the next fiscal year.

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 8: OPERATING LEASES

The CSNT leases certain buildings and equipment various several operating leases. Rental costs on those items for the year ended September 30, 2009 was \$207,976. Future minimum lease payments for leases whose terms exceed one year are as follows:

<u>Year Ending</u> <u>September 30</u>	
2010	\$ 150,176
2011	53,368
2012	50,268
2013	22,656
2014	5,000
2015	<u>0</u>
	<u>\$ 281,468</u>

Leases contain termination clause.

NOTE 9: CONTINGENT LIABILITIES

The organization participates in a number of federally assisted programs. These programs are audited in accordance with *Government Auditing Standards and the Single Audit Act Amendments of 1996*, if applicable, in accordance with the required levels of federal financial assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

# Saunders & Associates, PLLC

Certified Public Accountants

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## 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

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

We have audited the financial statements of Community Services of Northeast Texas, Inc. as of and for the year ended September 30, 2009, and have issued our report thereon dated April 27, 2010. 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 of America.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Services of Northeast Texas, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Services of Northeast Texas, Inc.'s internal control over financial reporting.

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

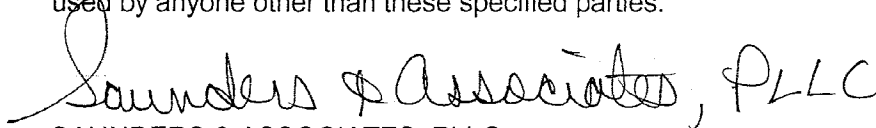
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Services of Northeast Texas, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of management, the board of directors, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

April 27, 2010

# Saunders & Associates, PLLC

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of Community Services of Northeast Texas, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. Community Services of Northeast Texas, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Services of Northeast Texas, Inc.'s management. Our responsibility is to express an opinion on Community Services of Northeast Texas, Inc.'s compliance based on our audit.

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 of America; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* 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. Our audit does not provide a legal determination on Community Services of Northeast Texas, Inc.'s compliance with those requirements.

In our opinion, Community Services of Northeast Texas, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with *OMB Circular A-133*.

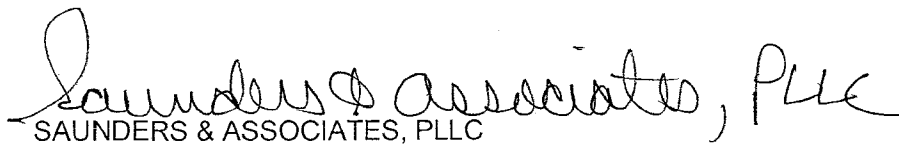
### Internal Control Over Compliance

The management of Community Services of Northeast Texas, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Services of Northeast Texas, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, 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 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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

  
SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

April 27, 2010

SUPPLEMENTAL INFORMATION

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2009

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Pass-through Granter Number	Expenditures
<u>U.S. Dept. of Health and Human Services</u>			
Direct Programs:			
Head Start	93.600	06CH5356/43	\$ 2,994,893
Head Start	93.600	06CH5356/42	518,608
ARRA - Head Start	93.708	06SE5356/01	37,469
Passed Through Texas Dept. of Housing and Community Affairs:			
Community Services Block Grant	93.569	61090000364	221,432
Community Services Block Grant	93.569	61080000212	73,049
ARRA - Community Services Block Grant	93.710	11090000541	69
Low-Income Home Energy Assistance-CEAP	93.568	58090000405	483,898
Low-Income Home Energy Assistance-CEAP	93.568	58080000160	72,059
Passed Through East Texas Council of Governments			
Special Programs For the Aging- Title III, Part C	93.045	1000859	<u>1,360,203</u>
Total U.S. Dept. of Health and Human Services			<u>5,761,680</u>
<u>U. S. Department of Agriculture</u>			
Child and Adult Care Food Program Head Start	10.558	FY 09-7516008	226,678
Child and Adult Care Food Program Head Start	10.558	FY 08-7516008	<u>66,451</u>
Total Department of Agriculture			<u>293,129</u>
Total Federal Expenditures			<u>\$ 6,054,809</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

NOTES TO EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2009

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of CSNT 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2: CONTINGENT LIABILITIES

The organization participates in a number of federally assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Single Audit Act Amendments of 1996*, if applicable, in accordance with the required levels of Federal Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

NOTE 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports filed with agencies.

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2009

<u>ASSETS</u>	<u>Head Start</u>	<u>DADS</u>	<u>CSBG</u>	<u>ETCOG</u>
	<u>01</u>	<u>Meals</u>	<u>05</u>	<u>07</u>
	<u>02</u>			
Current Assets:				
Cash	\$ 162,863	\$ 13,115	\$ 21,034	\$ 8,391
Grant Receivables	32,402	61,762	30,000	35,057
Other Receivables	0	0	0	0
Prepaid Expenses	6,390	65	1,132	700
Total Current Assets	<u>201,655</u>	<u>74,942</u>	<u>52,166</u>	<u>44,148</u>
Property and Equipment	1,416,153	39,800	0	66,523
Accumulated Depreciation	<u>(1,120,793)</u>	<u>(18,992)</u>	<u>0</u>	<u>(59,056)</u>
Total Net Property and Equipment	<u>295,360</u>	<u>20,808</u>	<u>0</u>	<u>7,467</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>497,015</u></b>	<b>\$ <u>95,750</u></b>	<b>\$ <u>52,166</u></b>	<b>\$ <u>51,615</u></b>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 22,604	\$ 39,850	\$ 2,731	\$ 9,061
Accrued Expenses	136,298	25,059	10,581	3,869
Deferred Revenue	43,433	0	0	0
Current Portion of Long Term Debt	0	15,000	8,551	0
Total Current Liabilities	<u>202,335</u>	<u>79,909</u>	<u>21,863</u>	<u>12,930</u>
Long-Term Liabilities:				
Notes Payable	0	15,000	8,551	0
Current Portion of Debt	0	<u>(15,000)</u>	<u>(8,551)</u>	<u>0</u>
Total Long-Term Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>202,335</u>	<u>79,909</u>	<u>21,863</u>	<u>12,930</u>
Net Assets:				
Unrestricted	0	0	0	0
Investment in Property and Equipment	295,360	20,808	0	7,467
Temporarily Restricted	<u>(680)</u>	<u>(4,967)</u>	<u>30,303</u>	<u>31,218</u>
Total Net Assets	<u>294,680</u>	<u>15,841</u>	<u>30,303</u>	<u>38,685</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>497,015</u></b>	<b>\$ <u>95,750</u></b>	<b>\$ <u>52,166</u></b>	<b>\$ <u>51,615</u></b>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

## COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2009

	CEAP 08	IP Grant 10	Utilities Upshur Rural 12	Salvation Army 13	TLC Program 14
<b>ASSETS</b>					
Current Assets:					
Cash	\$ 92,249	\$ 46	\$ 1,652	\$ 1,641	\$ 2,078
Grant Receivables	72,763	0	0	0	0
Other Receivables	0	0	0	0	0
Prepaid Expenses	243	0	0	0	0
Total Current Assets	<u>165,255</u>	<u>46</u>	<u>1,652</u>	<u>1,641</u>	<u>2,078</u>
Property and Equipment	0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0
Total Net Property and Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>165,255</u></b>	<b>\$ <u>46</u></b>	<b>\$ <u>1,652</u></b>	<b>\$ <u>1,641</u></b>	<b>\$ <u>2,078</u></b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts Payable	\$ 48,151	\$ 0	\$ 495	\$ 0	\$ 275
Accrued Expenses	3,670	0	0	0	0
Deferred Revenue	0	0	0	0	0
Current Portion of Long Term Debt	0	0	0	0	0
Total Current Liabilities	<u>51,821</u>	<u>0</u>	<u>495</u>	<u>0</u>	<u>275</u>
Long-Term Liabilities:					
Notes Payable	0	0	0	0	0
Current Portion of Debt	0	0	0	0	0
Total Long-Term Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>51,821</u>	<u>0</u>	<u>495</u>	<u>0</u>	<u>275</u>
Net Assets:					
Unrestricted	0	0	1,157	0	1,803
Investment in Property and Equipment	0	0	0	0	0
Temporarily Restricted	113,434	46	0	1,641	0
Total Net Assets	<u>113,434</u>	<u>46</u>	<u>1,157</u>	<u>1,641</u>	<u>1,803</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>165,255</u></b>	<b>\$ <u>46</u></b>	<b>\$ <u>1,652</u></b>	<b>\$ <u>1,641</u></b>	<b>\$ <u>2,078</u></b>

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



COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2009

	TLC Bowie County 15	CSBG ARRA 16	Head Start ARRA 17	Local Admin 20	Total
<u>ASSETS</u>					
Current Assets:					
Cash	\$ 5	\$ 0	\$ 940	\$ 76,608	\$ 380,622
Grant Receivables	0	69	4,328	0	236,381
Other Receivables	0	0	0	0	0
Prepaid Expenses	0	0	0	0	8,530
Total Current Assets	<u>5</u>	<u>69</u>	<u>5,268</u>	<u>76,608</u>	<u>625,533</u>
Property and Equipment	0	0	0	87,606	1,610,082
Accumulated Depreciation	0	0	0	(49,286)	(1,248,127)
Total Net Property and Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>38,320</u>	<u>361,955</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>5</u></b>	<b>\$ <u>69</u></b>	<b>\$ <u>5,268</u></b>	<b>\$ <u>114,928</u></b>	<b>\$ <u>987,488</u></b>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts Payable	\$ 0	\$ 69	\$ 1,545	\$ 305	\$ 125,086
Accrued Expenses	0	0	3,723	66,714	249,914
Deferred Revenue	0	0	0	0	43,433
Current Portion of Long Term Debt	0	0	0	18,793	42,344
Total Current Liabilities	<u>0</u>	<u>69</u>	<u>5,268</u>	<u>85,812</u>	<u>460,777</u>
Long-Term Liabilities:					
Notes Payable	0	0	0	103,345	126,896
Current Portion of Debt	0	0	0	(18,793)	(42,344)
Total Long-Term Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>84,552</u>	<u>84,552</u>
Total Liabilities	<u>0</u>	<u>69</u>	<u>5,268</u>	<u>170,364</u>	<u>545,329</u>
Net Assets:					
Unrestricted	5	0	0	(93,756)	(90,791)
Investment in Property and Equipment	0	0	0	38,320	361,955
Temporarily Restricted	0	0	0	0	170,995
Total Net Assets	<u>5</u>	<u>0</u>	<u>0</u>	<u>(55,436)</u>	<u>442,159</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>5</u></b>	<b>\$ <u>69</u></b>	<b>\$ <u>5,268</u></b>	<b>\$ <u>114,928</u></b>	<b>\$ <u>987,488</u></b>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2009

	Head Start 01	DADS Meals 02	CSBG 05	ETCOG 07
<u>REVENUES AND OTHER SUPPORT</u>				
Contract Revenue/Grants	\$ 3,806,629	\$ 1,444,382	\$ 289,737	\$ 322,604
Program Income	0	0	0	19,780
Other	0	0	0	2,750
In-Kind	934,868	0	0	102,002
Total Revenue and Other Support	<u>4,741,497</u>	<u>1,444,382</u>	<u>289,737</u>	<u>447,136</u>
<u>EXPENSES</u>				
Administrative				
Salaries	315,729	98,017	123,229	13,524
Payroll Taxes	23,815	7,809	9,290	1,109
Fringe Benefits	50,089	3,583	10,735	802
Accounting and Audit	29,777	7,251	4,081	2,643
Supplies	10,410	2,540	4,045	334
Dues and Subscriptions	1,197	516	207	0
Equipment	7,068	974	2,771	0
Insurance	7,361	1,135	3,088	0
Interest	0	150	0	0
Legal	876	127	91	0
Memberships	791	91	1,431	0
Employee Costs	940	622	185	0
Volunteer Expense	0	0	0	0
Postage and Shipping	2,315	777	1,265	165
Printing and Advertising	362	55	194	1
Space	8,675	1,225	3,971	0
Repairs and Maintenance	3,468	235	467	0
Software Support and Maintenance	3,105	596	1,221	0
Telephone	10,860	2,172	5,347	171
Training and Technical Assistance	396	15	22	0
Travel	8,524	3,806	3,844	745
Utilities	4,506	614	1,933	0
Vehicle	(8,588)	732	0	0
Education Costs	67	0	0	0
Food	41	5	21	0
Other	1,753	329	410	0
InKind	59,819	0	0	0
Total Administrative	<u>543,356</u>	<u>133,376</u>	<u>177,848</u>	<u>19,494</u>
Program				
Salaries	2,080,108	316,059	64,946	37,918
Payroll Taxes	165,215	26,855	5,185	3,221
Fringe Benefits	298,297	49,075	7,994	8,576
Accounting and Audit	0	0	0	(7)
Supplies	89,983	48,281	2,770	21,161
Dues and Subscriptions	331	40	358	0
Equipment	82,279	4,734	5,188	14,250
Insurance	6,414	978	2,875	5,368
Interest	0	746	0	0
Legal	0	0	0	0

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2009

	Head Start 01	DADS Meals 02	CSBG 05	ETCOG 07
<u>EXPENSES, Continued</u>				
Memberships	1,235	0	0	0
Employee Costs	11,249	3,121	398	1,428
Volunteer Expense	258	12	68	0
Postage and Shipping	4,633	3,133	209	1,216
Printing and Advertising	4,479	1,301	53	586
Space	72,547	0	10,065	7,100
Repairs and Maintenance	29,384	6,408	17	7,030
Software Support and Maintenance	1,676	(236)	4,431	0
Telephone	31,905	2,702	9,235	6,532
Training and Technical Assistance	19,965	0	0	0
Travel	20,347	8,349	1,250	2,234
Utilities	66,446	24	1,222	31,395
Vehicle	83,624	106,460	50	16,781
Community Grant	0	0	0	0
Utility Assistance	0	0	0	0
Consultants	33,171	0	0	0
Education Costs	460	0	0	0
Food	208,067	648,556	12	138,529
Parent Activities	1,002	0	0	0
Emergency Assistance	0	0	292	0
Other	12,623	229	303	301
InKind	875,049	0	0	102,002
Total Program	<u>4,200,747</u>	<u>1,226,827</u>	<u>116,921</u>	<u>405,621</u>
Total Expenses	<u>4,744,103</u>	<u>1,360,203</u>	<u>294,769</u>	<u>425,115</u>
Change in Net Assets	(2,606)	84,179	(5,032)	22,021
Net Assets, September 30, 2008	298,709	(11,803)	42,866	4,576
Transfers In (Out)	3	(68,676)	(7,531)	10,375
Returned to Grantor	0	0	0	0
Acquisition/(Disposition) of Fixed Assets	58,000	22,466	0	4,513
Depreciation	(59,426)	(10,325)	0	(2,800)
Prior Period Adjustment	0	0	0	0
NET ASSETS, SEPTEMBER 30, 2009	<u>\$ 294,680</u>	<u>\$ 15,841</u>	<u>\$ 30,303</u>	<u>\$ 38,685</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2009

	CEAP 08	IP Grant 10	Utilities Upshur Rural 12	Salvation Army 13	TLC Program 14
<b>REVENUES AND OTHER SUPPORT</b>					
Contract Revenue/Grants	\$ 646,785	\$ 0	\$ 0	\$ 0	\$ 0
Program Income	0	0	0	4,048	0
Other	0	0	2,825	0	4,597
In-Kind	0	0	0	0	0
Total Revenue and Other Support	<u>646,785</u>	<u>0</u>	<u>2,825</u>	<u>4,048</u>	<u>4,597</u>
<b>EXPENSES</b>					
<b>Administrative</b>					
Salaries	24,636	0	0	0	0
Payroll Taxes	2,040	0	0	0	0
Fringe Benefits	75	0	0	0	0
Accounting and Audit	652	0	0	0	0
Supplies	0	0	0	0	0
Dues and Subscriptions	0	0	0	0	0
Equipment	0	0	0	0	0
Insurance	0	0	0	0	0
Interest	0	0	0	0	0
Legal	0	0	0	0	0
Memberships	0	0	0	0	0
Employee Costs	0	0	0	0	75
Volunteer Expense	0	0	0	0	0
Postage and Shipping	89	0	0	0	0
Printing and Advertising	255	0	0	0	0
Space	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Software Support and Maintenance	228	0	0	0	0
Telephone	0	0	0	0	0
Training and Technical Assistance	0	0	0	0	0
Travel	6	0	0	0	0
Utilities	0	0	0	0	0
Vehicle	0	0	0	0	0
Education Costs	0	0	0	0	0
Food	0	0	0	0	0
Other	0	0	0	0	0
InKind	0	0	0	0	0
Total Administrative	<u>27,981</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75</u>
<b>Program</b>					
Salaries	22,940	0	0	0	0
Payroll Taxes	1,944	0	0	0	0
Fringe Benefits	51	0	0	0	0
Accounting and Audit	0	0	0	0	0
Supplies	1,231	0	0	0	22
Dues and Subscriptions	0	0	0	0	0
Equipment	0	0	0	0	0
Insurance	0	0	0	0	0
Interest	0	0	0	0	0
Legal	0	0	0	0	0

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

## COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2009

	CEAP 08	IP Grant 10	Utilities Upshur Rural 12	Salvation Army 13	TLC Program 14
<u>EXPENSES, Continued</u>					
Memberships	0	0	0	0	0
Employee Costs	0	0	0	0	3,686
Volunteer Expense	0	0	0	0	0
Postage and Shipping	94	0	0	22	0
Printing and Advertising	738	0	0	0	0
Space	1,208	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Software Support and Maintenance	958	0	0	0	0
Telephone	878	0	0	0	0
Training and Technical Assistance	0	0	0	0	0
Travel	71	0	0	0	0
Utilities	0	0	0	0	0
Vehicle	0	0	0	460	0
Community Grant	0	0	0	0	0
Utility Assistance	497,863	0	2,172	1,849	0
Consultants	0	0	0	0	0
Education Costs	0	0	0	0	0
Food	0	0	0	0	0
Parent Activities	0	0	0	0	0
Emergency Assistance	0	0	0	1,076	0
Other	0	0	0	0	305
InKind	0	0	0	0	0
Total Program	<u>527,976</u>	<u>0</u>	<u>2,172</u>	<u>3,407</u>	<u>4,013</u>
Total Expenses	<u>555,957</u>	<u>0</u>	<u>2,172</u>	<u>3,407</u>	<u>4,088</u>
Change in Net Assets	90,828	0	653	641	509
Net Assets, September 30, 2008	22,562	46	504	1,000	1,294
Transfers In (Out)	44	0	0	0	0
Returned to Grantor	0	0	0	0	0
Acquisition/(Disposition) of Fixed Assets	0	0	0	0	0
Depreciation	0	0	0	0	0
Prior Period Adjustment	0	0	0	0	0
NET ASSETS, SEPTEMBER 30, 2009	<u>\$ 113,434</u>	<u>\$ 46</u>	<u>\$ 1,157</u>	<u>\$ 1,641</u>	<u>\$ 1,803</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2009

	TLC Bowie County 15	CSBG ARRA 16	Head Start ARRA 17	Local Admin 20	Total
<b>REVENUES AND OTHER SUPPORT</b>					
Contract Revenue/Grants	\$ 0	\$ 69	\$ 37,469	\$ 0	\$ 6,547,675
Program Income	0	0	0	0	23,828
Other	0	0	0	16,399	26,571
In-Kind	0	0	0	0	1,036,870
Total Revenue and Other Support	<u>0</u>	<u>69</u>	<u>37,469</u>	<u>16,399</u>	<u>7,634,944</u>
<b>EXPENSES</b>					
<b>Administrative</b>					
Salaries	0	0	423	0	575,558
Payroll Taxes	0	0	32	0	44,095
Fringe Benefits	0	0	0	(44)	65,240
Accounting and Audit	0	0	12	0	44,416
Supplies	0	0	0	7,553	24,882
Dues and Subscriptions	0	0	0	0	1,920
Equipment	0	0	0	0	10,813
Insurance	0	0	0	0	11,584
Interest	0	0	0	6,846	6,996
Legal	0	0	0	0	1,094
Memberships	0	0	0	0	2,313
Employee Costs	0	0	0	0	1,822
Volunteer Expense	0	0	0	0	0
Postage and Shipping	0	0	0	0	4,611
Printing and Advertising	0	69	0	150	1,086
Space	0	0	0	45	13,916
Repairs and Maintenance	0	0	0	20	4,190
Software Support and Maintenance	0	0	0	0	5,150
Telephone	0	0	0	0	18,550
Training and Technical Assistance	0	0	0	0	433
Travel	0	0	0	13	16,938
Utilities	0	0	0	0	7,053
Vehicle	0	0	0	0	(7,856)
Education Costs	0	0	0	0	67
Food	0	0	0	0	67
Other	0	0	0	140	2,632
InKind	0	0	0	0	59,819
Total Administrative	<u>0</u>	<u>69</u>	<u>467</u>	<u>14,723</u>	<u>917,389</u>
<b>Program</b>					
Salaries	0	0	7,928	14,897	2,544,796
Payroll Taxes	0	0	651	0	203,071
Fringe Benefits	0	0	0	0	363,993
Accounting and Audit	0	0	0	0	(7)
Supplies	0	0	26,825	(8,992)	181,281
Dues and Subscriptions	0	0	0	51	780
Equipment	0	0	0	25,296	131,747
Insurance	0	0	0	0	15,635
Interest	0	0	0	23	769
Legal	0	0	0	0	0

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2009

	TLC Bowie County 15	CSBG ARRA 16	Head Start ARRA 17	Local Admin 20	Total
<u>EXPENSES, Continued</u>					
Memberships	0	0	0	0	1,235
Employee Costs	0	0	0	718	20,600
Volunteer Expense	0	0	0	49	387
Postage and Shipping	0	0	1,348	0	10,655
Printing and Advertising	0	0	0	0	7,157
Space	0	0	0	175	91,095
Repairs and Maintenance	0	0	0	0	42,839
Software Support and Maintenance	0	0	0	0	6,829
Telephone	0	0	0	99	51,351
Training and Technical Assistance	0	0	250	843	21,058
Travel	0	0	0	0	32,251
Utilities	0	0	0	0	99,087
Vehicle	0	0	0	0	207,375
Community Grant	0	0	0	0	0
Utility Assistance	0	0	0	0	501,884
Consultants	0	0	0	0	33,171
Education Costs	0	0	0	0	460
Food	0	0	0	0	995,164
Parent Activities	0	0	0	0	1,002
Emergency Assistance	0	0	0	0	1,368
Other	0	0	0	(4,508)	9,253
InKind	0	0	0	0	977,051
Total Program	<u>0</u>	<u>0</u>	<u>37,002</u>	<u>28,651</u>	<u>6,553,337</u>
Total Expenses	<u>0</u>	<u>69</u>	<u>37,469</u>	<u>43,374</u>	<u>7,470,726</u>
Change in Net Assets	0	0	0	(26,975)	164,218
Net Assets, September 30, 2008	5	0	0	(127,466)	232,293
Transfers In (Out)	0	0	0	65,785	0
Returned to Grantor	0	0	0	0	0
Acquisition/(Disposition) of Fixed Assets	0	0	0	35,995	120,974
Depreciation	0	0	0	(2,775)	(75,326)
Prior Period Adjustment	0	0	0	0	0
NET ASSETS, SEPTEMBER 30, 2009	<u>\$ 5</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (55,436)</u>	<u>\$ 442,159</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

STATUS OF PRIOR AUDIT FINDINGS

September 30, 2009

**Section II – Financial Statement Findings and Questioned Costs:**

None reported.

**Section III – Federal Awards Findings and Questioned Costs:**

None reported.

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



COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.  
Linden, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2009

**Section I – Summary of Auditor Findings:**

*Financial Statements:*

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) identified?  Yes  No

Significant deficiencies identified not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards:*

Internal Control Over Major Programs:

Material weakness(es) identified?  Yes  No

Significant deficiencies identified not considered to be material weakness(es)?  Yes  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?  Yes  No

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee?  Yes  No

*Identification of Major Programs:*

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
93.600	Head Start
93.708	ARRA – Head Start
93.568	CEAP
93.045	Nutrition

**Section II – Financial Statement Findings and Questioned Costs:**

None reported.

**Section III – Federal Awards Findings and Questioned Costs:**

None reported.

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