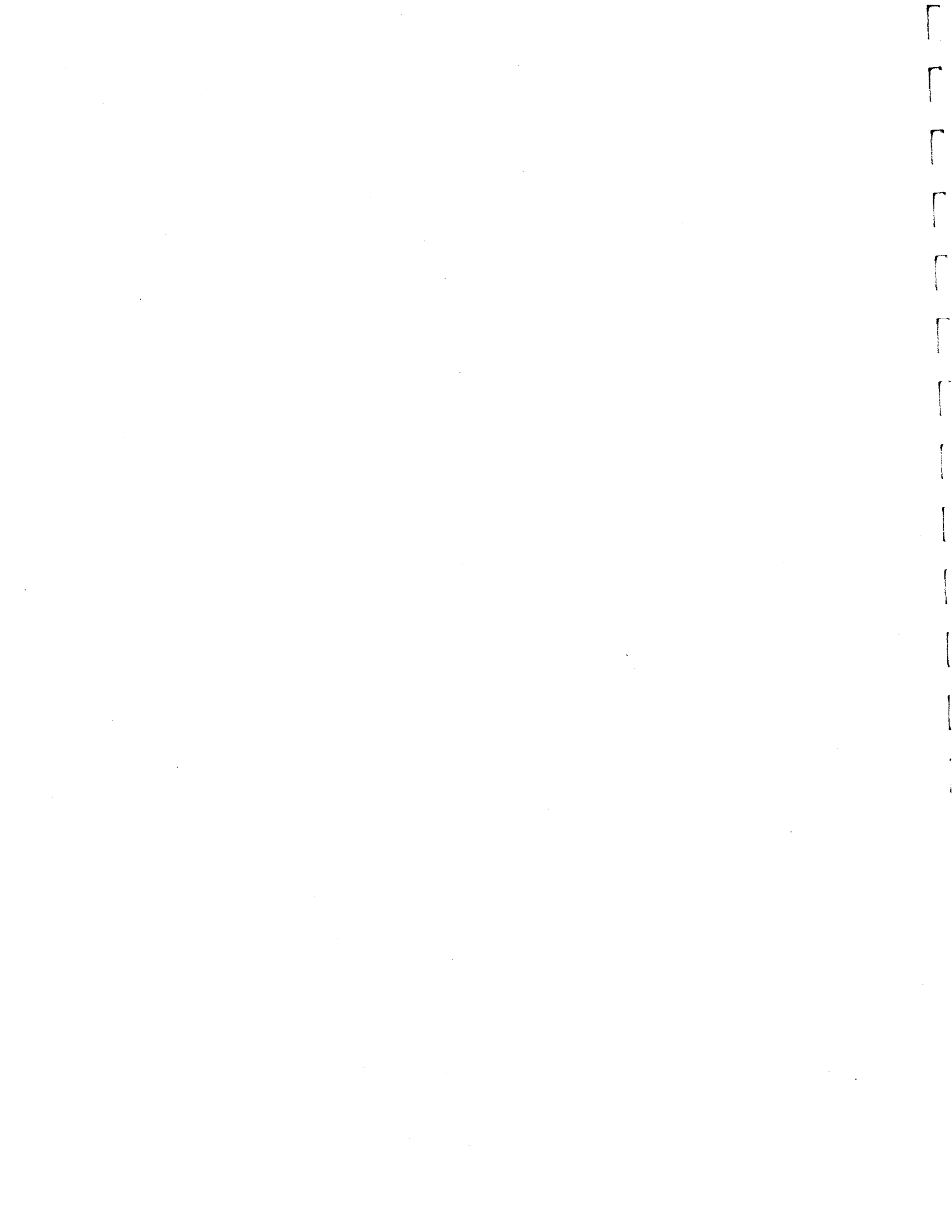


**COMMUNITY SERVICES OF  
NORTHEAST TEXAS, INC.**  
Linden, Texas

Independent Auditors' Report and  
Financial Statements with  
Supplementary Information

For the Years Ended  
September 30, 2020 and 2019



**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, 2020 and 2019, 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, 2020 and 2019, 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 March 19, 2021, 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  
March 19, 2021

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

Linden, Texas

Statements of Financial Position

September 30, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 659,427.75	\$ 169,290.59
Receivables, Net	602,776.92	201,776.44
Prepaid Expense	38,881.68	32,171.28
Total Current Assets	<u>1,301,086.35</u>	<u>403,238.31</u>
Capital Assets, Net	<u>1,481,464.98</u>	<u>1,534,207.58</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,782,551.33</u></u>	<u><u>\$ 1,937,445.89</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 597,090.65	\$ 293,332.92
Line of Credit	48,674.00	37,760.60
Accrued Salary and Fringe	166,560.66	139,845.08
Accrued Annual Leave	94,216.80	83,052.36
Refundable Grant Advances	194,087.24	16,796.68
Current Portion of Long-Term Debt	760.27	-
Total Current Liabilities	<u>1,101,389.62</u>	<u>570,787.64</u>
Long-Term Liabilities		
Notes Payable	150,000.00	-
Less Current Portion of Long-Term Debt	(760.27)	-
Total Long-Term Liabilities	<u>149,239.73</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>1,250,629.35</u>	<u>570,787.64</u>
Net Assets:		
Without Donor Restrictions	1,127,947.52	1,023,232.30
With Donor Restrictions	<u>403,974.46</u>	<u>343,425.95</u>
<b>TOTAL NET ASSETS</b>	<u>1,531,921.98</u>	<u>1,366,658.25</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,782,551.33</u></u>	<u><u>\$ 1,937,445.89</u></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, 2020 and 2019

<u>CHANGES IN NET ASSETS</u>	2020	2019
Net Assets without Donor Restrictions		
Revenues and Gains		
Contributions	\$ 9,315,323.02	\$ 8,151,439.19
Program Income	10,381.46	-
Miscellaneous Revenue	38,096.75	31,539.80
Gain (Loss) on Sale of Assets	(4,478.06)	1,000.00
Total Revenue and Gains	<u>9,359,323.17</u>	<u>8,183,978.99</u>
Expenses		
Program Services		
Early Childhood Development	4,899,155.23	4,764,441.87
Nutrition Services	-	2,057.00
Community Services	443,405.52	192,930.66
Emergency Assistance	2,879,518.35	2,368,576.63
Supporting Activities		
Management and General	1,052,554.59	964,421.89
Fundraising	4,514.06	4,563.82
Total Expenses	<u>9,279,147.75</u>	<u>8,296,991.87</u>
Net Assets Released From Restrictions through Satisfaction of Program Restrictions	<u>37,245.56</u>	<u>316,463.78</u>
Increase (Decrease) in Net Assets without Donor Restrictions	<u>117,420.98</u>	<u>203,450.90</u>
Net Assets with Donor Restrictions		
Contributions	85,088.31	9,151.18
Net Assets Released From Restrictions Through Satisfaction of Program Restrictions	<u>(37,245.56)</u>	<u>(316,463.78)</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>47,842.75</u>	<u>(307,312.60)</u>
Net Increase(Decrease) In Net Assets	165,263.73	(103,861.70)
NET ASSETS, Beginning of the Year	<u>1,366,658.25</u>	<u>1,470,519.95</u>
NET ASSETS, End of the Year	<u>\$ 1,531,921.98</u>	<u>\$ 1,366,658.25</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, 2020

Expenses	Program Services				Total Program Services
	Early Childhood Development	Nutrition Services	Community Services	Emergency Assistance	
Salaries	\$ 2,634,956.01	\$ -	\$ 148,362.06	\$ 296,048.55	\$ 3,079,366.62
Fringe Benefits	674,448.83	-	30,279.14	65,890.47	770,618.44
Supplies	440,708.10	-	21,616.97	1,806.64	464,131.71
Small Equipment	24,358.79	-	9,341.72	2,660.85	36,361.36
Insurance	16,060.33	-	7,089.75	4,010.85	27,160.93
Professional Fees	50,033.04	-	342.02	-	50,375.06
Space	611,884.13	-	28,539.43	99,940.97	740,364.53
Repairs and Maintenance	16,327.33	-	15,167.36	6,608.94	38,103.63
Travel	62,647.22	-	1,514.05	1,329.40	65,490.67
Utilities	87,317.40	-	19,842.11	14,287.25	121,446.76
Vehicle	64,884.96	-	21,862.85	5,491.71	92,239.52
Utility Assistance	-	-	121,859.71	2,309,803.94	2,431,663.65
Program Services	-	-	-	64,437.38	64,437.38
Food	91,737.43	-	59.98	26.82	91,824.23
Other	33,388.45	-	9,381.66	7,174.58	49,944.69
Depreciation	90,403.21	-	8,146.71	-	98,549.92
<b>Total Expenses</b>	<b>\$ 4,899,155.23</b>	<b>\$ -</b>	<b>\$ 443,405.52</b>	<b>\$ 2,879,518.35</b>	<b>\$ 8,222,079.10</b>

Expenses	Supporting Activities		
	Management and General	Fundraising	Total Organization Services
Salaries	\$ 603,366.79	\$ 2,642.01	\$ 3,685,375.42
Fringe Benefits	75,583.20	330.96	846,532.60
Supplies	52,120.65	228.23	516,480.59
Small Equipment	9,831.70	43.05	46,236.11
Insurance	16,501.57	72.26	43,734.76
Professional Fees	60,060.67	262.99	110,698.72
Space	91,160.43	399.17	831,924.13
Repairs and Maintenance	33,227.48	145.50	71,476.61
Travel	13,123.69	57.47	78,671.83
Utilities	30,544.42	133.75	152,124.93
Vehicles	5,830.84	-	98,070.36
Utility Assistance	(25.00)	-	2,431,638.65
Program Services	-	-	64,437.38
Food	277.78	1.22	92,103.23
Other	18,471.87	80.88	68,497.44
Depreciation	42,478.49	116.58	141,144.99
<b>Total Expenses</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

Statement of Functional Expenses  
For the Year Ended September 30, 2019

Expenses	Program Services				Total Program Services
	Early Childhood Development	Nutrition Services	Community Services	Emergency Assistance	
Salaries	\$ 2,654,435.86	\$ -	\$ 79,068.50	\$ 287,261.60	\$ 3,020,765.96
Fringe Benefits	696,282.93	-	24,898.72	54,650.53	775,832.18
Supplies	158,366.40	-	6,148.68	1,879.16	166,394.24
Small Equipment	29,141.47	-	2,044.72	3,141.18	34,327.37
Insurance	12,646.26	-	5,980.16	2,979.56	21,605.98
Professional Fees	50,338.64	-	80.00	-	50,418.64
Space	645,015.00	-	8,512.88	4,120.21	657,648.09
Repairs and Maintenance	17,267.52	-	4,227.71	17,711.04	39,206.27
Travel	84,083.44	-	2,271.79	1,737.80	88,093.03
Utilities	94,796.48	-	18,039.46	11,345.14	124,181.08
Vehicle	82,776.06	-	20,447.59	6,452.39	109,676.04
Utility Assistance	-	-	11,587.15	1,937,303.60	1,948,890.75
Program Services	-	-	-	36,158.75	36,158.75
Food	120,449.65	-	58.93	55.03	120,563.61
Other	24,952.75	-	1,629.14	3,780.64	30,362.53
Depreciation	93,889.41	2,057.00	7,935.23	-	103,881.64
<b>Total Expenses</b>	<b>\$ 4,764,441.87</b>	<b>\$ 2,057.00</b>	<b>\$ 192,930.66</b>	<b>\$ 2,368,576.63</b>	<b>\$ 7,328,006.16</b>

Expenses	Supporting Activities		
	Management and General	Fundraising	Total Organization Services
Salaries	\$ 517,829.45	\$ 2,498.35	\$ 3,541,093.76
Fringe Benefits	105,329.34	516.27	881,677.79
Supplies	20,600.09	96.67	187,091.00
Small Equipment	10,282.88	48.50	44,658.75
Insurance	2,185.86	5.99	23,797.83
Professional Fees	62,267.24	293.89	112,979.77
Space	119,657.06	586.41	777,891.56
Repairs and Maintenance	30,439.57	146.49	69,792.33
Travel	17,616.40	85.26	105,794.69
Utilities	29,856.68	136.08	154,173.84
Vehicles	2,291.47	-	111,967.51
Utility Assistance	-	-	1,948,890.75
Program Services	74.45	0.37	36,233.57
Food	392.26	1.74	120,957.61
Other	11,298.32	53.68	41,714.53
Depreciation	34,300.81	94.13	138,276.58
<b>Total Expenses</b>	<b>\$ 964,421.89</b>	<b>\$ 4,563.82</b>	<b>\$ 8,296,991.87</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, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 165,263.73	\$ (103,861.70)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation Expense	141,144.99	138,276.58
(Gain) Loss on Sale of Assets	4,478.06	(1,000.00)
(Increase) Decrease in Receivables	(401,000.48)	(104,241.61)
(Increase) Decrease in Prepaid Expense	(6,710.40)	17,133.95
Increase (Decrease) in Accounts Payable	303,757.73	(21,047.13)
Increase (Decrease) in Accrued Salary and Fringe	26,715.58	2,988.21
Increase (Decrease) in Accrued Annual Leave	11,164.44	28,414.89
Increase (Decrease) in Advances from Grantor	177,290.56	(169,718.06)
	<u>422,104.21</u>	<u>(213,054.87)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Payments for Capital Assets	(104,937.64)	(154,830.00)
Proceeds from Sale of Assets	12,057.19	1,000.00
	<u>(92,880.45)</u>	<u>(153,830.00)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Notes Payable	150,000.00	-
Proceeds from Line of Credit	441,120.19	347,234.24
Principal Payments on Line of Credit	(430,206.79)	(309,473.64)
	<u>160,913.40</u>	<u>37,760.60</u>
Net cash provided by (used in) operating activities		
Net Increase (Decrease) in Cash and Cash Equivalents	490,137.16	(329,124.27)
Cash, Beginning of the Year	169,290.59	498,414.86
Cash, End of the Year	<u>\$ 659,427.75</u>	<u>\$ 169,290.59</u>
<b>Supplemental Information</b>		
Cash Paid During the Period for:		
Interest Expense	<u>\$ 675.12</u>	<u>\$ 1,862.08</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, 2020 and 2019

**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, 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.

At September 30, 2019, the carrying amount of the Organization's deposits was \$169,290.59. The bank balance was held at one bank resulting in a concentration of credit risk. The bank balance was \$461,300.56. Of the bank balance, \$250,000.00 was covered by FDIC insurance, and the remaining \$211,300.56 was collateralized by two pledged letter of credits by the bank.

**4. RECEIVABLES, NET**

Receivables at September 30, 2020 and 2019, consist of amounts due as follows:

	2020	2019
Head Start	\$ 29,305.48	\$ 113,131.83
Head Start - USDA	14,211.32	17,067.95
Head Start - Other	172.20	0.00
Comprehensive Energy Assistance Program	403,703.30	0.00
Vet Services Now	0.00	45,187.10
Community Services Block Grant - Discretionary	4,165.52	1,823.30
Community Services Block Grant - CARES	81,506.06	0.00
Community Services Block Grant	69,713.04	24,566.26
Total Receivables, Net	<u>\$ 602,776.92</u>	<u>\$ 201,776.44</u>

All accounts receivable at September 30, 2020 and 2019, are considered collectible, therefore, the allowance for uncollectibility is zero.

**5. CAPITAL ASSETS, NET**

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>

5. **CAPITAL ASSETS, NET** (Continued)

Following are the changes in capital assets for the year ended September 30, 2019:

	Balance 9/30/2018	Additions	Retirements	Balance 9/30/2019
Capital Assets				
Land	\$ 192,630.00	\$ -	\$ -	\$ 192,630.00
Buildings	1,468,183.05	51,926.00	-	1,520,109.05
Equipment	359,176.90	-	-	359,176.90
Vehicles	716,062.74	102,904.00	95,948.01	723,018.73
Total Capital Assets	<u>2,736,052.69</u>	<u>154,830.00</u>	<u>95,948.01</u>	<u>2,794,934.68</u>
Accumulated Depreciation	<u>(1,218,398.53)</u>	<u>(138,276.58)</u>	<u>95,948.01</u>	<u>(1,260,727.10)</u>
Total Net Capital Assets	<u>\$ 1,517,654.16</u>	<u>\$ 16,553.42</u>	<u>\$ 191,896.02</u>	<u>\$ 1,534,207.58</u>

6. **REFUNDABLE GRANT ADVANCES**

Refundable grant advances at September 30, 2020 and 2019, consist of grant funds received in advance of expenditures in the following programs:

	2020	2019
Comprehensive Energy Assistance Program	\$ 193,497.77	\$ 14,669.83
Tenant Based Rental Assistance	<u>589.47</u>	<u>2,126.85</u>
Total Refundable Grant Advances	<u>\$ 194,087.24</u>	<u>\$ 16,796.68</u>

7. **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, 2020 and 2019 was \$48,674.00 and \$37,760.60, respectively and interest paid during the fiscal year ended September 30, 2020 and 2019 was \$675.12 and \$1,862.08, respectively.

**8. 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. The note is secured by all tangible and intangible personal property of the Organization. The balance on this note at September 30, 2020 and 2019 was \$150,000.00 and 0.00, respectively.

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

<u>Obligations:</u>	Principal September 30, 2019	Principal Received (Paid)	Principal September 30, 2020	Interest Paid
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>
2021	\$ 760.27
2022	3,100.76
2023	3,198.42
2024	3,298.87
2025	3,403.14
Thereafter	<u>136,238.54</u>
Total	<u>\$ 150,000.00</u>

**9. OPERATING LEASES**

As of September 30, 2020 and 2019, the Organization has entered into a number of operating leases for space and equipment. Total payments for the year ended September 30, 2020 and 2019, were \$160,370.51 and \$157,043.52, respectively. Under the current lease agreements, the future minimum lease rentals are as follows:

2021	\$ 57,556.00
2022	41,553.00
2023	21,724.00
2024	5,760.00



**10. COMPENSATED ABSENCES**

Employees earn annual leave based upon the following schedule:

<u>LENGTH OF SERVICE</u>	<u>FULL-TIME 8 Hours Per Day</u>	<u>PART-TIME 6 Hours Per Day</u>	<u>PART-TIME 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.

**11. NET ASSETS**

Net assets without donor restrictions

At September 30, 2020 and 2019, 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:

	2020	2019
Utilities-Upshur Rural	\$ 21,353.74	\$ 16,883.97
Youth Empowerment	42,739.33	0.00
SSA Administration	1,246.54	0.00
Salvation Army	214.82	114.00
Targeted Local Community Assistance	25,438.25	2,121.87
Kaufman Building	<u>312,981.78</u>	<u>324,306.11</u>
Total Net Assets with Donor Restrictions	<u>\$ 403,974.46</u>	<u>\$ 343,425.95</u>

**12. LIQUIDITY**

At September 30, 2020 and 2019, 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, 2020 and 2019, all net assets without donor restrictions are available to meet cash needs for general expenses of the organization within one year.

	2020	2019
Cash and Cash Equivalents - Unrestricted	\$ 659,427.75	\$ 169,290.59
Accounts Receivable, Net	602,776.92	201,776.44
Less: Cash Received with Donor Restrictions	(90,992.68)	(19,119.84)
Less: Cash Received with Grant Advances	<u>(194,087.24)</u>	<u>(16,796.68)</u>
Assets Available to Satisfy Current Obligations	<u>\$ 977,124.75</u>	<u>\$ 335,150.51</u>

**13. 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.

	2020	2019
Head Start		
Non-Professional Volunteers	\$ 42,839.12	\$ 87,754.13
Professional Services	631,465.68	643,773.50
Supplies	93.44	935.45
Disabilities	0.00	4,567.74
Travel	58,917.41	75,289.07
Space	<u>564,774.00</u>	<u>601,896.87</u>
Total In-Kind	1,298,089.65	1,417,216.76
Non-GAAP	<u>(42,839.12)</u>	<u>(87,754.13)</u>
In-Kind per GAAP	<u>\$ 1,255,250.53</u>	<u>\$ 1,326,462.63</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.

**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, 2020 through March 19, 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. However, in recent months, 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..

## **SUPPLEMENTARY INFORMATION**

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

Combining Schedule of Activities

For the Year Ended September 30, 2020

	Head Start	Head Start	Youth Empowerment	Adult Nutrition	CSBG
Program Code	01	01	31	02	05
Grant Year End	11/30/2019	11/30/2020	9/30/2020	9/30/2020	12/31/2020
CFDA No.	93.600/10.558	93.600/10.558	N/A	N/A	93.569
	Early Childhood	Early Childhood	Early Childhood	Nutrition Services	Community Services
<b>Revenues and Gains</b>					
<b>Contributions</b>					
Grant Revenue - Federal	\$ 685,179.96	\$ 3,480,755.93	\$ -	\$ -	\$ 431,143.00
Grant Revenue - Federal USDA	32,194.76	68,777.89	-	-	-
Grant Revenue - State	-	-	-	-	-
Local	-	-	50,000.00	60,548.36	-
Local Non-Cash	276,396.03	1,021,693.62	-	-	-
Program Income	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Transfers	-	-	-	-	6,930.08
<b>Total Revenue and Gains</b>	<b>993,770.75</b>	<b>4,571,227.44</b>	<b>50,000.00</b>	<b>60,548.36</b>	<b>438,073.08</b>
<b>Administration</b>					
Salaries	60,152.10	308,328.00	-	-	137,398.58
Salaries Non-Cash	529.10	3,402.57	-	-	-
Fringe Benefits	8,773.76	46,925.49	-	-	19,104.03
Fringe Benefits Non-Cash	132.28	850.66	-	-	-
Supplies	5,386.15	24,926.62	-	-	12,781.86
Small Equipment	1,609.15	13,345.08	-	-	4,204.98
Insurance	1,572.52	7,752.54	-	-	3,936.92
Professional Fees	6,318.12	30,833.43	-	-	10,902.35
Space	694.48	4,099.60	-	-	4,167.38
Space Non-Cash	12,345.00	61,725.00	-	-	-
Repairs and Maintenance	3,345.90	17,888.94	-	-	4,973.95
Travel	522.05	372.99	-	-	4,744.94
Travel Non-Cash	47.73	273.48	-	-	-
Utilities	2,663.25	12,222.25	-	-	7,386.68
Vehicle	-	-	-	-	1,909.79
Program Services	-	-	-	-	-
Food	39.84	82.38	-	-	52.99
Other	196.19	2,645.67	-	-	5,579.35
Depreciation	-	-	-	-	-
<b>Program</b>					
Salaries	362,876.87	1,770,588.67	249.60	-	103,438.79
Salaries Non-Cash	121,112.61	414,399.56	-	-	-
Fringe Benefits	79,828.77	469,291.68	18.07	-	22,428.62
Fringe Benefits Non-Cash	30,278.17	103,599.96	-	-	-
Supplies	50,248.48	383,689.27	6,677.02	-	19,598.34
Supplies Non-Cash	67.83	25.50	-	-	-
Small Equipment	21,732.75	78,488.88	-	-	1,150.63
Insurance	2,220.86	13,839.47	-	-	4,780.63
Professional Fees	17,158.31	32,874.73	-	-	342.02
Professional Fees Non-Cash	-	-	-	-	-
Space	18,949.76	102,230.37	-	-	22,243.22
Space Non-Cash	86,050.00	404,654.00	-	-	-
Repairs and Maintenance	1,370.08	19,534.81	225.00	-	9,297.82
Travel	1,108.15	2,942.87	-	-	720.75
Travel Non-Cash	25,833.31	32,762.89	-	-	-
Utilities	15,026.23	72,291.17	-	-	13,038.73
Vehicle	16,572.76	48,312.20	-	-	15,206.48
Utility Assistance	-	-	-	-	7,451.68
Program Services	-	-	-	-	-
Food	33,590.66	58,146.77	-	-	43.39
Other	5,417.53	27,879.94	90.98	-	1,188.18
<b>Total Expenses</b>	<b>993,770.75</b>	<b>4,571,227.44</b>	<b>7,260.67</b>	<b>-</b>	<b>438,073.08</b>
Increase (Decrease) in Net Assets	-	-	42,739.33	60,548.36	-
NET ASSETS, Beginning of Year	-	-	-	(213,805.88)	-
NET ASSETS, End of the Year	\$ -	\$ -	\$ 42,739.33	\$ (153,257.52)	\$ -

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

Combining Schedule of Activities

For the Year Ended September 30, 2020

	CSBG	CSBG DISCRETIONARY	CSBG CARES	SSA Administration	CEAP
Program Code	22	25	35	28	21
Grant Year End	12/31/2019	8/31/2020	7/31/2021	09/30/2019	03/31/2020
CFDA No.	93.569	93.569	93.569	N/A	93.568
	Community Services	Community Services	Community Services	Community Services	Emergency Services
<b>Revenues and Gains</b>					
<b>Contributions</b>					
Grant Revenue - Federal	\$ 158,227.21	\$ 14,290.30	\$ 102,006.06	\$ -	\$ 1,676,717.08
Grant Revenue - Federal USDA	-	-	-	-	-
Grant Revenue - State	-	-	-	-	-
Local	-	-	-	-	-
Local Non-Cash	-	-	-	-	-
Program Income	-	-	-	10,381.46	-
Miscellaneous Revenue	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Total Revenue and Gains</b>	<b>158,227.21</b>	<b>14,290.30</b>	<b>102,006.06</b>	<b>10,381.46</b>	<b>1,676,717.08</b>
<b>Administration</b>					
Salaries	33,821.16	-	-	-	30,721.18
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	4,855.90	-	-	-	3,410.60
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	2,157.12	-	149.93	-	5,897.25
Small Equipment	282.26	-	-	-	643.21
Insurance	1,040.04	-	-	-	1,166.28
Professional Fees	2,152.83	-	-	-	9,132.62
Space	1,131.15	-	-	-	4,588.79
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	2,012.65	-	-	-	4,024.60
Travel	6,940.65	-	-	-	232.70
Travel Non-Cash	-	-	-	-	-
Utilities	2,931.05	-	-	-	3,904.85
Vehicle	-	-	-	-	-
Program Services	-	-	-	-	-
Food	42.84	-	-	-	48.93
Other	2,271.61	-	107.61	-	1,340.59
Depreciation	-	-	-	-	-
<b>Program</b>					
Salaries	44,923.27	-	-	-	143,626.79
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	7,850.52	-	-	-	44,239.09
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	2,018.63	-	-	-	541.56
Supplies Non-Cash	-	-	-	-	-
Small Equipment	8,191.09	-	-	-	3,980.07
Insurance	1,529.22	-	-	779.90	2,119.68
Professional Fees	-	-	-	-	-
Professional Fees Non-Cash	-	-	-	-	-
Space	5,363.98	-	-	932.23	6,810.55
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	15,301.70	-	-	-	5,161.58
Travel	793.30	-	-	-	1,004.56
Travel Non-Cash	-	-	-	-	-
Utilities	4,178.50	-	-	2,624.88	8,827.60
Vehicle	6,476.70	-	33.50	146.17	1,469.74
Utility Assistance	1,855.11	14,290.30	98,134.75	127.87	1,353,523.02
Program Services	-	-	-	-	37,478.43
Food	9.46	-	-	7.13	19.84
Other	96.47	-	3,580.27	4,516.74	2,802.97
<b>Total Expenses</b>	<b>158,227.21</b>	<b>14,290.30</b>	<b>102,006.06</b>	<b>9,134.92</b>	<b>1,676,717.08</b>
Increase (Decrease) in Net Assets	-	-	-	1,246.54	-
NET ASSETS, Beginning of Year	-	-	-	-	-
NET ASSETS, End of the Year	\$ -	\$ -	\$ -	\$ 1,246.54	\$ -

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

Combining Schedule of Activities

For the Year Ended September 30, 2020

	CEAP	CEAP-CARES	Utilities-Upshur Rural	Salvation Army	TLC
Program Code	08	38	12	13	14
Grant Year End	03/31/2021	03/31/2021	9/30/2019	9/30/2019	9/30/2019
CFDA No.	93.568	93.568	N/A	N/A	N/A
	Emergency Services	Emergency Services	Emergency Services	Emergency Services	Emergency Services
<b>Revenues and Gains</b>					
<b>Contributions</b>					
Grant Revenue - Federal	\$ 906,255.37	\$ 35,756.38	\$ -	\$ -	\$ -
Grant Revenue - Federal USDA	-	-	-	-	-
Grant Revenue - State	-	-	-	-	-
Local	-	-	8,192.94	3,975.39	22,919.98
Local Non-Cash	-	-	-	-	-
Program Income	-	-	-	-	-
Miscellaneous Revenue	-	-	-	500.00	1,824.30
Gain (Loss) on Sale of Assets	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Total Revenue and Gains</b>	<b>906,255.37</b>	<b>35,756.38</b>	<b>8,192.94</b>	<b>4,475.39</b>	<b>24,744.28</b>
<b>Administration</b>					
Salaries	20,491.67	-	-	-	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	2,450.92	-	-	-	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	941.53	-	-	-	-
Small Equipment	539.34	-	-	-	-
Insurance	525.88	-	-	-	-
Professional Fees	984.17	-	-	-	-
Space	1,220.32	-	-	-	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	1,126.94	-	-	-	-
Travel	38.62	-	-	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	1,512.96	-	-	-	-
Vehicle	-	-	-	-	-
Program Services	-	-	-	-	-
Food	12.02	-	-	-	-
Other	220.81	32.80	-	-	-
Depreciation	-	-	-	-	-
<b>Program</b>					
Salaries	137,820.22	14,601.54	-	-	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	20,415.77	1,235.61	-	-	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	16.20	-	-	-	-
Supplies Non-Cash	-	-	-	-	-
Small Equipment	760.71	-	-	-	-
Insurance	1,891.17	-	-	-	-
Professional Fees	-	-	-	-	-
Professional Fees Non-Cash	-	-	-	-	-
Space	2,790.45	-	-	-	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	3,458.24	-	-	-	-
Travel	324.84	-	-	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	5,459.65	-	-	-	-
Vehicle	667.13	-	-	85.00	-
Utility Assistance	673,820.45	19,653.23	3,723.17	3,154.73	500.00
Program Services	26,958.95	-	-	-	-
Food	6.98	-	-	-	-
Other	1,799.43	233.20	-	1,134.84	927.90
<b>Total Expenses</b>	<b>906,255.37</b>	<b>35,756.38</b>	<b>3,723.17</b>	<b>4,374.57</b>	<b>1,427.90</b>
Increase (Decrease) in Net Assets	-	-	4,469.77	100.82	23,316.38
NET ASSETS, Beginning of Year	-	-	16,883.97	114.00	2,121.87
NET ASSETS, End of the Year	\$ -	\$ -	\$ 21,353.74	\$ 214.82	\$ 25,438.25

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

Combining Schedule of Activities

For the Year Ended September 30, 2020

	Tenant Based			
	Rental Assistance	Vet Servies Now	Vet Servies Now	Local Admin
Program Code	26	29	29	20/27
Grant Year End	09/30/2019	06/30/2020	06/30/2021	9/30/2019
CFDA No.	14.239	N/A	N/A	N/A
	Emergency Services	Emergency Services	Emergency Services	Management and General
<b>Revenues and Gains</b>				
<b>Contributions</b>				
Grant Revenue - Federal	\$ 108,021.38	\$ -	\$ -	\$ -
Grant Revenue - Federal USDA	-	-	-	-
Grant Revenue - State	-	142,310.68	154,188.13	-
Local	-	-	-	108,637.64
Local Non-Cash	-	-	-	-
Program Income	-	-	-	-
Miscellaneous Revenue	-	-	-	35,772.45
Gain (Loss) on Sale of Assets	-	-	-	(4,478.06)
Transfers	-	(52,024.67)	(1,931.09)	47,025.68
<b>Total Revenue and Gains</b>	<b>108,021.38</b>	<b>90,286.01</b>	<b>152,257.04</b>	<b>186,957.71</b>
<b>Administration</b>				
Salaries	-	-	-	11,164.44
Salaries Non-Cash	-	-	-	-
Fringe Benefits	-	-	-	(6,294.05)
Fringe Benefits Non-Cash	-	-	-	-
Supplies	-	-	-	38.75
Small Equipment	-	-	-	-
Insurance	-	-	-	579.65
Professional Fees	-	-	-	-
Space	-	-	-	(165.70)
Space Non-Cash	-	-	-	-
Repairs and Maintenance	-	-	-	-
Travel	-	-	-	8.00
Travel Non-Cash	-	-	-	-
Utilities	-	-	-	4.95
Vehicle	-	-	-	-
Program Services	-	-	-	-
Food	-	-	-	-
Other	0.16	-	-	871.97
Depreciation	-	-	-	141,144.99
<b>Program</b>				
Salaries	-	-	-	-
Salaries Non-Cash	-	-	-	-
Fringe Benefits	-	-	-	(4,295.43)
Fringe Benefits Non-Cash	-	-	-	-
Supplies	1,248.88	-	-	69.67
Supplies Non-Cash	-	-	-	-
Small Equipment	-	-	-	-
Insurance	-	-	-	-
Professional Fees	-	-	-	0.14
Professional Fees Non-Cash	-	-	-	-
Space	-	-	90,339.97	1,753.58
Space Non-Cash	-	-	-	-
Repairs and Maintenance	-	-	-	-
Travel	-	-	-	-
Travel Non-Cash	-	-	-	-
Utilities	-	-	-	52.18
Vehicle	775.98	1,873.55	620.31	3,921.05
Utility Assistance	105,780.00	88,352.58	61,296.76	(25.00)
Program Services	-	-	-	-
Food	-	-	-	-
Other	216.36	59.88	-	5,285.99
<b>Total Expenses</b>	<b>108,021.38</b>	<b>90,286.01</b>	<b>152,257.04</b>	<b>154,115.18</b>
Increase (Decrease) in Net Assets	-	-	-	32,842.53
NET ASSETS, Beginning of Year	-	-	-	1,561,344.29
NET ASSETS, End of the Year	\$ -	\$ -	\$ -	\$ 1,594,186.82



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

Combining Schedule of Activities  
For the Year Ended September 30, 2020

	Program Code Grant Year End CFDA No.	Combined Sub - Totals	Elimination Entries and GAAP Adjustments	Consolidated Totals
<b>Revenues and Gains</b>				
<b>Contributions</b>				
Grant Revenue - Federal		\$ 7,598,352.67	\$ -	\$ 7,598,352.67
Grant Revenue - Federal USDA		100,972.65	-	100,972.65
Grant Revenue - State		296,498.81	-	296,498.81
Local		254,274.31	(104,937.64)	149,336.67
Local Non-Cash		1,298,089.65	(42,839.12)	1,255,250.53
Program Income		10,381.46	-	10,381.46
Miscellaneous Revenue		38,096.75	-	38,096.75
Gain (Loss) on Sale of Assets		(4,478.06)	-	(4,478.06)
Transfers		-	-	-
<b>Total Revenue and Gains</b>		<u>9,592,188.24</u>	<u>(147,776.76)</u>	<u>9,444,411.48</u>
<b>Administration</b>				
Salaries		602,077.13	-	602,077.13
Salaries Non-Cash		3,931.67	-	3,931.67
Fringe Benefits		79,226.65	-	79,226.65
Fringe Benefits Non-Cash		982.94	-	982.94
Supplies		52,279.21	-	52,279.21
Small Equipment		20,624.02	(10,749.27)	9,874.75
Insurance		16,573.83	-	16,573.83
Professional Fees		60,323.52	-	60,323.52
Space		15,736.02	-	15,736.02
Space Non-Cash		74,070.00	-	74,070.00
Repairs and Maintenance		33,372.98	-	33,372.98
Travel		12,859.95	-	12,859.95
Travel Non-Cash		321.21	-	321.21
Utilities		30,625.99	-	30,625.99
Vehicle		1,909.79	-	1,909.79
Program Services		-	-	-
Food		279.00	-	279.00
Other		13,266.76	-	13,266.76
Depreciation		141,144.99	-	141,144.99
<b>Program</b>				
Salaries		2,578,125.75	-	2,578,125.75
Salaries Non-Cash		535,512.17	(34,271.30)	501,240.87
Fringe Benefits		641,012.70	-	641,012.70
Fringe Benefits Non-Cash		133,878.13	(8,567.82)	125,310.31
Supplies		464,108.05	-	464,108.05
Supplies Non-Cash		93.33	-	93.33
Small Equipment		114,304.13	(77,942.77)	36,361.36
Insurance		27,160.93	-	27,160.93
Professional Fees		50,375.20	-	50,375.20
Professional Fees Non-Cash		-	-	-
Space		251,414.11	-	251,414.11
Space Non-Cash		490,704.00	-	490,704.00
Repairs and Maintenance		54,349.23	(16,245.60)	38,103.63
Travel		6,894.47	-	6,894.47
Travel Non-Cash		58,596.20	-	58,596.20
Utilities		121,498.94	-	121,498.94
Vehicle		96,160.57	-	96,160.57
Utility Assistance		2,431,638.65	-	2,431,638.65
Program Services		64,437.38	-	64,437.38
Food		91,824.23	-	91,824.23
Other		55,230.68	-	55,230.68
<b>Total Expenses</b>		<u>9,426,924.51</u>	<u>(147,776.76)</u>	<u>9,279,147.75</u>
Increase (Decrease) in Net Assets		165,263.73	-	165,263.73
NET ASSETS, Beginning of Year		1,366,658.25	-	1,366,658.25
NET ASSETS, End of the Year		<u>\$ 1,531,921.98</u>	<u>\$ -</u>	<u>\$ 1,531,921.98</u>

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

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Year End	Pass-Through Entity Identifying Number	CFDA #	Provided to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>					
Direct Programs:					
Head Start Cluster					
Head Start	11/30/2019	N/A	93.600	\$ -	\$ 685,179.96
Head Start	11/30/2020	N/A	93.600	-	3,480,755.93
Total Head Start Cluster		Total 93.600		-	4,165,935.89
Passed-through:					
Texas Department of Housing and Community Affairs					
Low-Income Home Energy Assistance Program (CEAP)-CARES	7/30/2021	58990003297	93.568	-	35,756.38
Low-Income Home Energy Assistance Program (CEAP)	6/30/2020	58190002982	93.568	-	1,676,717.08
Low-Income Home Energy Assistance Program (CEAP)	3/21/2021	58200003154	93.568	-	906,255.37
		Total 93.568		-	2,618,728.83
Texas Department of Housing and Community Affairs					
Community Services Block Grant - CARES	7/31/2021	61200003337	93.569	-	102,006.06
Community Services Block Grant - Discretionary	8/31/2020	61200003277	93.569	-	14,290.30
Community Services Block Grant	12/31/2020	61200003216	93.569	-	431,143.00
Community Services Block Grant	12/31/2019	61190003044	93.569	-	158,227.21
		Total 93.569		-	705,666.57
Total U.S. Department of Health and Human Services					
				-	7,490,331.29
<b>U.S. Department of Agriculture</b>					
Passed-through:					
State of Texas Department of Agriculture					
Child and Adult Care Food Program	11/30/2019	FY19-7516008	10.558	-	32,194.76
Child and Adult Care Food Program	11/30/2020	FY20-7516008	10.558	-	68,777.89
		Total 10.558		-	100,972.65
Total U.S. Department of Agriculture					
				-	100,972.65

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

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Year End	Pass-Through Entity Identifying Number	CFDA #	Provided to Subrecipients	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>					
Passed-through the Texas Department of Housing and Community Affairs:					
HOME Investment Partnership Program	9/30/2020	M-14-SG-48-0100	14.239	-	108,021.38
Total U.S. Department of Agriculture				-	108,021.38
Total Expenditures of Federal Awards				-	\$ 7,699,325.32

**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, 2020 and 2019, 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 March 19, 2021.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
March 19, 2021

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, 2020. 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  
March 19, 2021

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

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2020

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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**

Head Start CFDA 93.600

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, 2020

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None

