

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

Independent Auditor's Report and
Financial Statements with
Supplementary Information

For the Year Ended
September 30, 2023

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Services of Northeast Texas, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Services of Northeast Texas, Inc. as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are required to be independent of Community Services of Northeast Texas, Inc. as and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Services of Northeast Texas, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Services of Northeast Texas, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Services of Northeast Texas, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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 18 to 23) is prepared for additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, 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

January 29, 2024
Chanute, Kansas

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Linden, Texas

Statement of Financial Position

September 30, 2023

<u>ASSETS</u>	
Current Assets:	
Cash	\$ 748,973.99
Receivables, Net	653,169.16
Prepaid Expense	12,916.85
Total Current Assets	<u>1,415,060.00</u>
Capital Assets, Net	1,400,261.28
Right to Use Assets, Net	<u>288,861.45</u>
 TOTAL ASSETS	 <u><u>\$ 3,104,182.73</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 220,932.84
Line of Credit	18,400.00
Accrued Salary and Fringe	64,042.12
Accrued Annual Leave	65,105.59
Refundable Grant Advances	31,877.15
Current Portion of Long-Term Liabilities	111,062.87
Total Current Liabilities	<u>511,420.57</u>
Long-Term Liabilities	
Notes Payable	150,000.00
Leases Payable	289,723.18
Less Current Portion of Long-Term Liabilities	<u>(111,062.87)</u>
Total Long-Term Liabilities	<u>328,660.31</u>
 TOTAL LIABILITIES	 <u>840,080.88</u>
Net Assets:	
Without Donor Restrictions	1,903,321.38
With Donor Restrictions	<u>360,780.47</u>
 TOTAL NET ASSETS	 <u>2,264,101.85</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 3,104,182.73</u></u>

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, 2023

CHANGES IN NET ASSETS

Net Assets without Donor Restrictions	
Revenues and Gains	
Contributions	\$ 11,485,356.64
Contributions - Non Cash	1,424,793.57
Program Income	32,484.58
Miscellaneous Revenue	6,456.85
Total Revenue and Gains	<u>12,949,091.64</u>
Expenses	
Program Services	
Early Childhood Development	5,386,090.86
Community Services	312,037.17
Emergency Assistance	5,614,971.79
Supporting Activities	
Management and General	1,121,540.59
Fundraising	8,656.78
Total Expenses	<u>12,443,297.19</u>
Net Assets Released From Restrictions	
through Satisfaction of Program Restrictions	<u>57,074.88</u>
Increase (Decrease) in Net Assets	
without Donor Restrictions	<u>562,869.33</u>
Net Assets with Donor Restrictions	
Contributions	41,227.74
Net Assets Released From Restrictions	
Through Satisfaction of Program Restrictions	<u>(57,074.88)</u>
Increase (Decrease) in Net Assets	
with Donor Restrictions	<u>(15,847.14)</u>
Net Increase(Decrease) In Net Assets	547,022.19
NET ASSETS, Beginning of the Year	<u>1,717,079.66</u>
NET ASSETS, End of the Year	<u>\$ 2,264,101.85</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, 2023

	Program Services				Supporting Activities		Total Organization Services
	Early Childhood Development	Community Services	Emergency Assistance	Total Program Services	Management and General	Fundraising	
Expenses							
Salaries	\$ 2,598,797.84	\$ 107,296.00	\$ 278,244.33	\$ 2,984,338.17	\$ 703,007.18	\$ 5,430.43	\$ 3,692,775.78
Fringe Benefits	692,713.34	21,853.04	61,906.10	776,472.48	92,669.49	715.83	869,857.80
Supplies	289,461.43	7,587.27	58,739.11	355,787.81	35,201.81	271.92	391,261.54
Small Equipment	50,318.48	5,733.00	3,795.72	59,847.20	4,239.57	32.75	64,119.52
Insurance	18,568.16	7,617.37	6,084.73	32,270.26	38,912.24	300.58	71,483.08
Professional Fees	331,027.21	-	-	331,027.21	59,830.53	462.17	391,319.91
Space	838,025.85	12,611.39	14,238.54	864,875.78	15,731.25	114.86	880,721.89
Repairs and Maintenance	42,392.81	19,910.92	10,855.35	73,159.08	20,167.47	155.79	93,482.34
Travel	75,266.67	964.40	6,864.05	83,095.12	37,959.49	293.22	121,347.83
Utilities	115,644.28	25,937.33	10,871.89	152,453.50	27,268.95	210.64	179,933.09
Vehicle	43,053.30	22,448.93	3,117.23	68,619.46	19,886.33	153.61	88,659.40
Utility Assistance	-	44,576.43	5,023,269.35	5,067,845.78	-	-	5,067,845.78
Program Services	(0.60)	5.79	121,992.08	121,997.27	-	-	121,997.27
Food	153,988.92	134.87	324.05	154,447.84	255.71	1.98	154,705.53
Other	39,093.42	29,304.82	8,159.62	76,557.86	33,545.59	259.13	110,362.58
Depreciation	97,739.75	6,055.61	6,509.64	110,305.00	32,864.98	253.87	143,423.85
Total Expenses	\$ 5,386,090.86	\$ 312,037.17	\$ 5,614,971.79	\$ 11,313,099.82	\$ 1,121,540.59	\$ 8,656.78	\$ 12,443,297.19

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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	547,022.19
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation Expense		143,423.85
Lease Amortization Expense		119,108.23
(Increase) Decrease in Receivables		(463,380.03)
(Increase) Decrease in Prepaid Expense		5,680.00
Increase (Decrease) in Accounts Payable		207,002.49
Increase (Decrease) in Accrued Salary and Fringe		2,732.25
Increase (Decrease) in Accrued Annual Leave		(12,434.32)
Increase (Decrease) in Advances from Grantor		(156,468.17)
Increase (Decrease) in Lease Obligations		(118,246.50)
		<hr/>
Net cash provided by (used in) operating activities		274,439.99

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Payments for Capital Assets		(101,831.88)
		<hr/>
Net cash provided by (used in) investing activities		(101,831.88)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Line of Credit		239,400.00
Principal Payments on Line of Credit		(221,000.00)
		<hr/>
Net cash provided by (used in) financing activities		18,400.00

Net Increase (Decrease) in Cash and Cash Equivalents 191,008.11

Cash, Beginning of the Year

 557,965.88

Cash, End of the Year

 \$ 748,973.99

Supplemental Information

Cash Paid During the Period for:

Interest Expense	\$	7,520.20
Lease Interest Expense		287.77

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, 2023

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.

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.

Revenue Recognition

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)

Revenue Recognition (Continued)

Contributions may be considered conditional or non-conditional. A conditional contribution exists if a) one or more barrier exists and b) the right to receive or retain payment or delivery of the promised asset depends on meeting those barriers. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional are presumed to be conditional.

Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Non-conditional contributions are recognized when received or right to receive is obtained through documentation.

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered.

Non Cash Contributions

Contributed personnel services are recognized and recorded at fair value only to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Contributed goods are recognized at fair value on the date received.

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

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Effective October 1, 2022, the Organization adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability.

The Organization elected to adopt these ASUs effective October 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. Adoption of the standard required the Organization to restate amounts as of October 1, 2022, resulting in an increase in operating lease ROU assets of \$407,969.68, and an increase in other current and long-term liabilities of \$407,969.68.

The Organization leases buildings and office equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Lease assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Lease assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses a risk-free rate based on the information available at lease commencement.

The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Operating lease assets also include any lease payments made and exclude any lease incentives. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Allocated Costs

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

- 1) Personnel is based on functions performed by staff.
- 2) Travel is based on program/service which directly benefits by such travel costs and/or percentages derived from staffing allocations.
- 3) Occupancy costs are based primarily on utilization.
- 4) Phone is based primarily on number of lines and history of long distance charges.
- 5) Printing/Supplies are based primarily on utilization

3. CONCENTRATION OF CREDIT RISK

At September 30, 2023, the carrying amount of the Organization's deposits was \$747,973.99. The bank balance was held at one bank resulting in a concentration of credit risk. The bank balance was \$894,564.26. Of the bank balance, \$250,000.00 was covered by FDIC insurance, and the remaining \$644,564.26 was collateralized by a pledged letter of credit by the bank.

4. RECEIVABLES, NET

Receivables at September 30, 2023, consist of amounts due as follows:

Head Start	\$	99,890.16
USDA Center Reimbursement		16,378.80
Vet Services Now		59,290.06
Tenant-Based Rental Assistance		11,497.77
Low-Income Household Water Assistance Program		8,314.83
Comprehensive Energy Assistance Program/CARES		453,877.15
Community Services Block Grant		<u>3,920.39</u>
Total Receivables, Net	\$	<u>653,169.16</u>

All accounts receivable at September 30, 2023, 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, 2023:

	Balance 9/30/2022	Additions	Retirements	Balance 9/30/2023
Capital Assets				
Land	\$ 192,630.00	\$ -	\$ -	\$ 192,630.00
Buildings	1,643,707.00	19,970.00	-	1,663,677.00
Equipment	359,440.90	-	-	359,440.90
Vehicles	774,292.61	81,861.88	-	856,154.49
Total Capital Assets	<u>2,970,070.51</u>	<u>101,831.88</u>	<u>-</u>	<u>3,071,902.39</u>
Accumulated Depreciation	<u>(1,528,217.26)</u>	<u>(143,423.85)</u>	<u>-</u>	<u>(1,671,641.11)</u>
Total Net Capital Assets	<u>\$ 1,441,853.25</u>	<u>\$ (41,591.97)</u>	<u>\$ -</u>	<u>\$ 1,400,261.28</u>

6. REFUNDABLE GRANT ADVANCES

Refundable grant advances at September 30, 2023, consist of grant funds received in advance of expenditures in the following programs:

Comprehensive Energy Assistance Program	\$ 30,145.87
Community Services Block Grant – Discretionary	<u>1,731.28</u>
Total Refundable Grant Advances	<u>\$ 31,877.15</u>

7. LINE OF CREDIT

The Organization has obtained a line of credit with Texana Bank, NA for operating expenses awaiting grant agreement reimbursement. The note is due annually, including interest of 6.00%. The balance on the note at September 30, 2023 was \$18,400.00, and interest paid during the fiscal year ended September 30, 2023 was \$469.20.

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 December 14, 2022, 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, 2023 was \$150,000.00.

The following is a summary of changes in notes payable for the year ended September 30, 2023:

	Principal September 30, <u>2022</u>	Principal Received (Paid)	Principal September 30, <u>2023</u>	Interest <u>Paid</u>
<u>Obligations:</u>				
SBA Loan	\$ 150,000.00	\$ 0.00	\$ 150,000.00	\$ 0.00

The schedule of maturities of notes payable is as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2024	\$ 3,198.42
2025	3,298.87
2026	3,403.14
2027	3,510.36
2028	3,620.94
Thereafter	<u>132,968.27</u>
Total	<u>\$ 150,000.00</u>

9. LEASES

The Organization has obligations as a lessee for copiers and office/classroom space with initial noncancelable terms in excess of one year. The Organization classified these leases as operating leases or financing leases. These leases generally contain renewal options for periods ranging from two to five years. Because the Organization is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. The Organization's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus, for many of the Organization's leases, variable payments.

Lease Expense

Finance Lease Expense	
Amortization of ROU assets	\$ 23,148.00
Interest on lease liabilities	287.77
Operating Lease Expense	100,419.96
Short-Term Lease Expense	22,345.00
Total Lease Expense	<u>\$ 146,200.73</u>

Other Information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases (interest)	\$ 271.74
Financing cash flows from finance leases (principal)	23,068.26
Operating cash flows from operating leases	99,654.00

ROU Assets obtained in exchange for new finance lease liabilities	44,366.95
ROU Assets obtained in exchange for new operating lease liabilities	363,602.73

Other information related to leases is as follows:

Lease term (in years) and discount rate:

Weighted-average remaining lease term, finance leases	.92
Weighted-average remaining lease term, operating leases	3.70

Weighted-average discount rate, finance leases	0.90%
Weighted-average discount rate, operating leases	1.44%

Right to Use Assets

Beginning ROU, Net	\$ 0.00
Additions of ROU Assets	407,969.68
Less Accumulated Amortization	<u>(119,108.23)</u>
Ending ROU, Net	<u>\$ 288,861.45</u>

9. LEASES (Continued)

The maturities of lease liabilities as of September 30, 2023 were as follows:

	Finance	Operating
Year ending September,		
2024	\$ 21,395.00	\$ 89,654.00
2025	0.00	72,414.00
2026	0.00	54,574.00
2027	0.00	40,080.50
2028	0.00	12,000.00
Thereafter	<u>0.00</u>	<u>7,000.00</u>
Total lease payments	21,395.00	275,722.50
Less: Present Value Discount	<u>(80.28)</u>	<u>(7,314.04)</u>
Total Lease Liability	21,314.72	268,408.46
Less Current Portion	<u>(21,314.72)</u>	<u>(86,549.73)</u>
Total Long Term Lease Liability	<u>\$ 0.00</u>	<u>\$ 181,858.73</u>

10. COMPENSATED ABSENCES

Employees earn annual leave based upon the following schedule:

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

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

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

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

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

11. NET ASSETS

Net assets without donor restrictions

At September 30, 2023, 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:

Utilities-Upshur Rural	\$ 22,930.74
Youth Empowerment	20,897.85
SSA Administration	5,525.99
Salvation Army	1,833.32
Targeted Local Community Assistance	8,915.48
Share the Warmth	21,668.31
Kaufman Building	<u>279,008.78</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 360,780.47</u>

12. LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, certain certificates of deposits, and certain receivables.

For purposes of analyzing resources available to meet general expenditures over a one year period, the Organization considers conduct of services undertaken to support program activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by resources restricted by grantors or donors.

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following.

Cash and Cash Equivalents - Unrestricted	\$ 748,973.99
Accounts Receivable, Net	653,169.16
Less: Cash Received with Donor Restrictions	(81,771.69)
Less: Cash Received with Grant Advances	<u>(31,877.15)</u>
 Assets Available to Satisfy Current Obligations	 <u>\$ 1,288,494.31</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.

Head Start	
Non-Professional Volunteers	\$ 66,838.89
Professional Services	717,103.60
Travel	67,356.97
Space	<u>640,333.00</u>
Total In-Kind	1,491,632.46
Non-GAAP	<u>(66,838.89)</u>
 In-Kind per GAAP	 <u>\$ 1,424,793.57</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, 2023 through January 29, 2024, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring recognition in the financial statements..

SUPPLEMENTARY INFORMATION

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Combining Schedule of Activities
For the Year Ended September 30, 2023

	Head Start	Early Head Start	Head Start	Early Head Start	Head Start-C5
Program Code	01	32	01	32	01/32
Grant Year End	11/30/2022	11/30/2022	11/30/2023	11/30/2023	3/31/2023
CFDA No.	93.600/10.558	93.600/10.558	93.600/10.558	93.600/10.558	93.600
	Early Childhood	Early Childhood	Early Childhood	Early Childhood	Early Childhood
Revenues and Gains					
Contributions					
Grant Revenue - Federal	\$ 951,729.19	\$ 41,223.88	\$ 3,233,486.37	\$ 176,368.85	\$ 11,414.41
Grant Revenue - Federal USDA	26,176.67	3,545.46	98,434.57	13,937.17	-
Grant Revenue - State	-	-	-	-	-
Local	-	-	-	-	-
Local Non-Cash	272,408.11	4,229.60	1,196,620.21	18,374.54	-
Program Income	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Total Revenue and Gains	1,250,313.97	48,998.94	4,528,541.15	208,680.56	11,414.41
Administration					
Salaries	31,238.53	-	139,531.75	41.44	-
Salaries Non-Cash	2,243.07	-	3,263.57	-	-
Fringe Benefits	3,647.67	-	17,165.66	5.25	-
Fringe Benefits Non-Cash	560.77	-	815.90	-	-
Supplies	3,697.33	11.93	7,594.68	16.80	-
Indirect Costs	97,088.13	(1,280.26)	290,290.60	16,759.00	4,893.69
Small Equipment	599.56	0.93	2,751.52	-	-
Insurance	2,079.28	-	10,204.11	25.46	-
Professional Fees	6,897.25	91.66	24,021.62	481.13	-
Space	530.43	10.31	4,694.86	25.90	-
Space Non-Cash	1,876.00	16.00	9,830.00	80.00	-
Repairs and Maintenance	76.26	-	1,083.81	-	-
Transfers	(188.68)	(1,545.34)	-	-	(15.32)
Travel	135.57	-	2,911.78	1.10	-
Travel Non-Cash	281.65	-	389.15	-	-
Utilities	(462.47)	(9.23)	1,741.23	7.30	-
Vehicle	-	-	-	-	-
Program Services	-	-	-	-	-
Food	-	-	6.08	-	-
Other	44.78	0.11	2,514.30	26.49	-
Depreciation	-	-	-	-	-
Program					
Salaries	339,945.87	30,140.84	1,569,104.29	104,064.75	-
Salaries Non-Cash	120,171.71	1,829.68	492,716.23	6,929.62	-
Fringe Benefits	88,903.75	7,634.13	401,380.07	39,383.45	-
Fringe Benefits Non-Cash	30,042.95	457.42	123,179.15	1,732.42	-
Supplies	90,012.15	4,234.28	148,748.52	10,480.51	153.00
Supplies Non-Cash	-	-	-	-	-
Small Equipment	5,922.83	238.22	43,568.53	588.90	-
Insurance	8,526.00	248.02	9,481.20	312.94	-
Professional Fees	146,488.40	1,239.50	178,616.51	4,682.80	-
Professional Fees Non-Cash	-	-	-	-	-
Space	58,997.41	1,683.83	145,223.40	3,590.21	-
Space Non-Cash	102,912.00	1,926.50	514,060.00	9,632.50	-
Repairs and Maintenance	3,138.75	(152.43)	46,923.39	560.70	6,383.04
Travel	1,673.65	14.62	6,485.45	406.78	-
Travel Non-Cash	14,319.96	-	52,366.21	-	-
Utilities	18,862.01	464.27	94,115.43	2,202.57	-
Vehicle	20,802.80	-	48,315.50	-	-
Utility Assistance	-	-	-	-	-
Program Services	(0.60)	-	-	-	-
Food	41,242.11	1,655.74	105,940.79	5,150.28	-
Other	8,007.09	88.21	29,505.86	1,492.26	-
Total Expenses	1,250,313.97	48,998.94	4,528,541.15	208,680.56	11,414.41
Increase (Decrease) in Net Assets	-	-	-	-	-
NET ASSETS, Beginning of Year	-	-	-	-	-
NET ASSETS, End of the Year	\$ -	\$ -	\$ -	\$ -	\$ -

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Combining Schedule of Activities
For the Year Ended September 30, 2023

	Head Start-C6	Youth	CSBG	CSBG	CSBG
Program Code	01/32	31	05	22	25
Grant Year End	3/31/2023	9/30/2023	3/31/2023	12/31/2023	9/30/2023
CFDA No.	93.600	N/A	93.569	93.569	93.569
	Early Childhood	Early Childhood	Community Services	Community Services	Community Services
Revenues and Gains					
Contributions					
Grant Revenue - Federal	\$ 50,386.58	\$ -	\$ 137,325.86	\$ 280,035.07	\$ 17,170.85
Grant Revenue - Federal USDA	-	-	-	-	-
Grant Revenue - State	-	-	-	-	-
Local	-	-	-	-	-
Local Non-Cash	-	-	-	-	-
Program Income	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Total Revenue and Gains	50,386.58	-	137,325.86	280,035.07	17,170.85
Administration					
Salaries	-	-	19,431.15	43,938.11	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	-	1,692.07	5,625.44	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	-	-	692.86	830.46	-
Indirect Costs	6,561.17	-	18,220.85	21,772.00	-
Small Equipment	-	-	268.56	667.75	-
Insurance	-	-	2,073.46	7,911.86	-
Professional Fees	-	-	1,064.34	2,297.60	-
Space	-	-	278.85	786.06	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	-	131.41	209.52	-
Transfers	1,749.34	-	(513.94)	-	-
Travel	-	-	221.21	2,027.40	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	-	157.54	680.53	-
Vehicle	-	-	7,705.18	12,334.76	-
Program Services	-	-	-	-	-
Food	-	-	1.13	3.06	-
Other	-	-	109.15	10,618.67	-
Depreciation	-	-	-	-	-
Program					
Salaries	733.74	-	37,510.36	69,785.64	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	-	7,731.38	14,121.66	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	35,832.97	-	2,540.18	5,047.09	-
Supplies Non-Cash	-	-	-	-	-
Small Equipment	-	-	2,187.97	3,545.03	-
Insurance	-	-	3,845.82	3,771.55	-
Professional Fees	-	-	-	-	-
Professional Fees Non-Cash	-	-	-	-	-
Space	-	-	4,083.03	8,528.36	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	5,509.36	-	3,408.51	16,502.41	-
Travel	-	-	100.67	863.73	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	-	5,881.45	16,348.33	-
Vehicle	-	-	7,564.46	14,884.47	-
Utility Assistance	-	-	8,291.03	11,102.28	17,170.85
Program Services	-	-	5.79	-	-
Food	-	-	26.08	108.79	-
Other	-	-	2,615.31	5,722.51	-
Total Expenses	50,386.58	-	137,325.86	280,035.07	17,170.85
Increase (Decrease) in Net Assets	-	-	-	-	-
NET ASSETS, Beginning of Year	-	20,897.85	-	-	-
NET ASSETS, End of the Year	\$ -	\$ 20,897.85	\$ -	\$ -	\$ -

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Combining Schedule of Activities
For the Year Ended September 30, 2023

	CSBG DISCRETIONARY -				
	3945	SSA Administration	CEAP	CEAP	CEAP-CARES
Program Code	25	28	21	08	38
Grant Year End	9/30/2023	9/30/2023	12/31/2023	2/28/2023	3/31/2024
CFDA No.	93.569	N/A	93.568	93.568	93.568
	Community Services	Community Services	Emergency Services	Emergency Services	Emergency Services
Revenues and Gains					
Contributions					
Grant Revenue - Federal	\$ 3,998.87	\$ -	\$ 3,546,702.13	\$ 554,880.57	\$ 1,276,457.25
Grant Revenue - Federal USDA	-	-	-	-	-
Grant Revenue - State	-	-	-	-	-
Local	-	-	-	-	-
Local Non-Cash	-	-	-	-	-
Program Income	-	32,484.58	-	-	-
Miscellaneous Revenue	-	191.64	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Total Revenue and Gains	3,998.87	32,676.22	3,546,702.13	554,880.57	1,276,457.25
Administration					
Salaries	-	-	14,173.23	6,072.83	5,506.85
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	-	2,583.81	382.72	947.44
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	-	-	1,561.29	816.88	241.87
Indirect Costs	-	-	193,482.83	102,519.07	64,063.35
Small Equipment	-	-	282.17	214.18	130.96
Insurance	-	-	1,423.81	1,133.24	540.10
Professional Fees	-	-	-	-	-
Space	-	-	2,816.85	1,921.98	920.89
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	-	3,021.24	424.74	301.88
Transfers	-	-	-	-	-
Travel	3,523.87	-	5,234.22	1,418.27	217.00
Travel Non-Cash	-	-	-	-	-
Utilities	-	-	3,031.18	2,379.45	1,026.26
Vehicle	-	-	-	-	-
Program Services	-	-	-	-	-
Food	-	-	-	1.67	-
Other	475.00	-	4,685.66	387.09	1,348.14
Depreciation	-	-	-	-	-
Program					
Salaries	-	-	152,582.63	58,470.45	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	-	30,546.06	16,782.69	5,582.77
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	-	-	300.00	37.00	-
Supplies Non-Cash	-	-	-	-	-
Small Equipment	-	-	1,363.35	664.44	-
Insurance	-	-	1,540.33	3,181.32	1,363.08
Professional Fees	-	-	-	-	-
Professional Fees Non-Cash	-	-	-	-	-
Space	-	-	2,740.65	7,882.89	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	-	3,988.48	1,591.85	-
Travel	-	-	4,581.23	528.10	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	3,707.55	7,344.62	3,447.19	14.52
Vehicle	-	-	-	-	-
Utility Assistance	-	8,012.27	3,040,411.32	307,357.90	887,303.96
Program Services	-	-	66,159.77	35,813.47	-
Food	-	-	119.39	11.52	122.85
Other	-	20,967.00	2,728.01	1,439.63	34.00
Total Expenses	3,998.87	32,686.82	3,546,702.13	554,880.57	969,665.92
Increase (Decrease) in Net Assets	-	(10.60)	-	-	-
NET ASSETS, Beginning of Year	-	5,536.59	-	-	-
NET ASSETS, End of the Year	\$ -	\$ 5,525.99	\$ -	\$ -	\$ -

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Combining Schedule of Activities
For the Year Ended September 30, 2023

	LI-WAP	Utilities-Upshur Rural	Share the Warmth	Salvation Army	TLC
Program Code	43	12	41	13	14
Grant Year End	12/31/2023	9/30/2023	9/30/2023	9/30/2023	9/30/2023
CFDA No.	93.568	N/A	N/A	N/A	N/A
	Emergency Services	Emergency Services	Emergency Services	Emergency Services	Emergency Services
Revenues and Gains					
Contributions					
Grant Revenue - Federal	\$ 519,553.13	\$ -	\$ -	\$ -	\$ -
Grant Revenue - Federal USDA	-	-	-	-	-
Grant Revenue - State	-	-	-	-	-
Local	-	4,618.44	-	1,599.65	368.22
Local Non-Cash	-	-	-	-	-
Program Income	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	1,965.21
Gain (Loss) on Sale of Assets	-	-	-	-	-
Total Revenue and Gains	519,553.13	4,618.44	-	1,599.65	2,333.43
Administration					
Salaries	-	-	-	-	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	-	-	-	-	129.63
Indirect Costs	45,882.42	-	-	-	-
Small Equipment	-	-	-	-	-
Insurance	-	-	-	-	-
Professional Fees	-	-	-	-	-
Space	-	-	-	-	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Transfers	-	-	-	-	-
Travel	-	-	-	-	3,292.91
Travel Non-Cash	-	-	-	-	-
Utilities	-	-	-	-	-
Vehicle	-	-	-	-	-
Program Services	-	-	-	-	-
Food	-	-	-	-	-
Other	-	-	-	-	169.90
Depreciation	-	-	-	-	-
Program					
Salaries	8,891.02	-	-	-	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	719.91	-	-	-	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	475.96	-	-	-	-
Supplies Non-Cash	-	-	-	-	-
Small Equipment	-	-	-	-	2,000.00
Insurance	-	-	-	-	-
Professional Fees	-	-	-	-	-
Professional Fees Non-Cash	-	-	-	-	-
Space	-	-	-	-	(1,800.00)
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Travel	-	-	-	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	-	-	-	-
Vehicle	-	-	-	-	-
Utility Assistance	463,583.82	5,776.39	2,264.76	-	-
Program Services	-	-	-	119.37	-
Food	-	-	-	-	-
Other	-	-	-	-	1,110.77
Total Expenses	519,553.13	5,776.39	2,264.76	119.37	4,903.21
Increase (Decrease) in Net Assets	-	(1,157.95)	(2,264.76)	1,480.28	(2,569.78)
NET ASSETS, Beginning of Year	-	24,088.69	23,933.07	353.04	11,485.26
NET ASSETS, End of the Year	\$ -	\$ 22,930.74	\$ 21,668.31	\$ 1,833.32	\$ 8,915.48

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Combining Schedule of Activities
For the Year Ended September 30, 2023

	Tenant Based Rental Assistance	Texas Homeowner Funds	Vet Servies Now	Local Admin	INDIRECT COST
Program Code	26	44	29	20/27/42	40
Grant Year End	9/30/2023	9/7/2024	9/30/2023	9/30/2023	9/30/2023
CFDA No.	14.239	93.568	N/A	N/A	N/A
	Emergency Services	Emergency Services	Emergency Services	Management and General	Management and General
Revenues and Gains					
Contributions					
Grant Revenue - Federal	\$ 305,780.49	\$ 212,111.31	\$ -	\$ -	\$ -
Grant Revenue - Federal USDA	-	-	-	-	-
Grant Revenue - State	-	-	57,324.85	-	-
Local	-	-	-	103,786.42	-
Local Non-Cash	-	-	-	-	-
Program Income	-	-	-	-	893,001.28
Miscellaneous Revenue	-	-	-	4,300.00	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Total Revenue and Gains	305,780.49	212,111.31	57,324.85	108,086.42	893,001.28
Administration					
Salaries	1,269.18	5,288.95	-	-	436,438.95
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	218.01	451.05	-	(1,926.59)	61,216.12
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	3.44	-	-	2,675.14	17,201.42
Indirect Costs	-	18,691.41	14,057.02	-	-
Small Equipment	-	-	-	(742.50)	99.19
Insurance	-	-	-	13,821.50	-
Professional Fees	-	-	-	639.10	24,800.00
Space	-	-	-	(7,960.42)	18.40
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	12.96	-	-	-	15,061.44
Transfers	-	-	-	(300,027.91)	300,541.85
Travel	-	-	-	1,611.86	16,986.72
Travel Non-Cash	-	-	-	-	-
Utilities	-	-	-	2,741.63	16,186.17
Vehicle	-	-	-	-	-
Program Services	-	-	-	-	-
Food	-	-	-	-	245.75
Other	60.21	82.86	-	9,077.09	4,205.27
Depreciation	-	-	-	143,423.85	-
Program					
Salaries	3,538.50	34,109.73	20,652.00	-	-
Salaries Non-Cash	-	-	-	-	-
Fringe Benefits	243.16	5,191.53	2,839.98	-	-
Fringe Benefits Non-Cash	-	-	-	-	-
Supplies	1,150.09	56,479.86	296.20	-	-
Supplies Non-Cash	-	-	-	-	-
Small Equipment	65.56	55,499.25	-	-	-
Insurance	-	-	-	-	-
Professional Fees	-	-	-	-	-
Professional Fees Non-Cash	-	-	-	-	-
Space	-	5,415.00	-	-	-
Space Non-Cash	-	-	-	-	-
Repairs and Maintenance	389.76	4,495.50	389.76	-	-
Travel	318.63	1,436.09	-	-	-
Travel Non-Cash	-	-	-	-	-
Utilities	-	-	65.56	-	-
Vehicle	5.89	2,210.21	901.13	-	-
Utility Assistance	298,496.00	-	18,075.20	-	-
Program Services	-	19,899.47	-	-	-
Food	-	70.29	-	-	-
Other	9.10	2,790.11	48.00	-	-
Total Expenses	305,780.49	212,111.31	57,324.85	(136,667.25)	893,001.28
Increase (Decrease) in Net Assets	-	-	-	244,753.67	-
NET ASSETS, Beginning of Year	-	-	-	1,630,785.16	-
NET ASSETS, End of the Year	\$ -	\$ -	\$ -	\$ 1,875,538.83	\$ -

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Combining Schedule of Activities
For the Year Ended September 30, 2023

	Program Code Grant Year End CFDA No.	Combined Sub - Totals	Elimination Entries and GAAP Adjustments	Consolidated Totals
Revenues and Gains				
Contributions				
Grant Revenue - Federal		\$ 11,318,624.81	\$ -	\$ 11,318,624.81
Grant Revenue - Federal USDA		142,093.87	-	142,093.87
Grant Revenue - State		57,324.85	-	57,324.85
Local		110,372.73	(101,831.88)	8,540.85
Local Non-Cash		1,491,632.46	(66,838.89)	1,424,793.57
Program Income		925,485.86	(893,001.28)	32,484.58
Miscellaneous Revenue		6,456.85	-	6,456.85
Gain (Loss) on Sale of Assets		-	-	-
Total Revenue and Gains		<u>14,051,991.43</u>	<u>(1,061,672.05)</u>	<u>12,990,319.38</u>
Administration				
Salaries		702,930.97	-	702,930.97
Salaries Non-Cash		5,506.64	-	5,506.64
Fringe Benefits		92,008.65	-	92,008.65
Fringe Benefits Non-Cash		1,376.67	-	1,376.67
Supplies		35,473.73	-	35,473.73
Indirect Costs		893,001.28	(893,001.28)	-
Small Equipment		4,272.32	-	4,272.32
Insurance		39,212.82	-	39,212.82
Professional Fees		60,292.70	-	60,292.70
Space		4,044.11	-	4,044.11
Space Non-Cash		11,802.00	-	11,802.00
Repairs and Maintenance		20,323.26	-	20,323.26
Transfers		-	-	-
Travel		37,581.91	-	37,581.91
Travel Non-Cash		670.80	-	670.80
Utilities		27,479.59	-	27,479.59
Vehicle		20,039.94	-	20,039.94
Program Services		-	-	-
Food		257.69	-	257.69
Other		33,804.72	-	33,804.72
Depreciation		143,423.85	-	143,423.85
Program				
Salaries		2,429,529.82	-	2,429,529.82
Salaries Non-Cash		621,647.24	(66,838.89)	554,808.35
Fringe Benefits		621,060.54	-	621,060.54
Fringe Benefits Non-Cash		155,411.94	-	155,411.94
Supplies		355,787.81	-	355,787.81
Supplies Non-Cash		-	-	-
Small Equipment		115,644.08	(55,796.88)	59,847.20
Insurance		32,270.26	-	32,270.26
Professional Fees		331,027.21	-	331,027.21
Professional Fees Non-Cash		-	-	-
Space		236,344.78	-	236,344.78
Space Non-Cash		628,531.00	-	628,531.00
Repairs and Maintenance		93,129.08	(19,970.00)	73,159.08
Travel		16,408.95	-	16,408.95
Travel Non-Cash		66,686.17	-	66,686.17
Utilities		152,453.50	-	152,453.50
Vehicle		94,684.46	(26,065.00)	68,619.46
Utility Assistance		5,067,845.78	-	5,067,845.78
Program Services		121,997.27	-	121,997.27
Food		154,447.84	-	154,447.84
Other		76,557.86	-	76,557.86
Total Expenses		<u>13,504,969.24</u>	<u>(1,061,672.05)</u>	<u>12,443,297.19</u>
Increase (Decrease) in Net Assets		547,022.19	-	547,022.19
NET ASSETS, Beginning of Year		<u>1,717,079.66</u>	-	<u>1,717,079.66</u>
NET ASSETS, End of the Year		<u>\$ 2,264,101.85</u>	<u>\$ -</u>	<u>\$ 2,264,101.85</u>

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Linden, Texas

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Year End	Pass-Through Entity Identifir Number	CFDA #	Provided to Subrecipients	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>					
Direct Programs:					
Head Start Cluster					
Head Start	11/30/2022	N/A	93.600	\$ -	\$ 992,953.07
Head Start	11/30/2023	N/A	93.600	-	3,409,855.22
Head Start - COVID 19	3/31/2023	N/A	93.600	-	61,800.99
Total Head Start Cluster			Total 93.600	-	4,464,609.28
Passed-through:					
Texas Department of Housing and Community Affairs					
Texas Homeowner Funds					
	9/7/2023	22210001005	93.568	-	212,111.31
Low-Income Home Energy Assistance Program (CEAP) - ARP - COVID 19	9/30/2023	58930003982	93.568	-	1,276,457.25
Low-Income Home Energy Assistance Program (CEAP)	12/31/2023	28230003829	93.568	-	3,546,702.13
Low-Income Home Energy Assistance Program (CEAP)	2/28/2023	58220003579	93.568	-	554,880.57
Low-Income Water Assistance Program (CEAP)	12/31/2023	34210003677	93.568	-	519,553.13
			Total 93.568	-	6,109,704.39
Community Services Block Grant	3/31/2023	61220003639	93.569	-	137,325.86
Community Services Block Grant	12/31/2023	61230003793	93.569	-	280,035.07
Community Services Block Grant - Discretionary	9/30/2023	61220003910	93.569	-	17,170.85
Community Services Block Grant - Discretionary	9/30/2023	61220003945	93.569	-	3,998.87
			Total 93.569	-	438,530.65
Total U.S. Department of Health and Human Services				-	11,012,844.32

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Linden, Texas

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Year End	Pass-Through Entity Identifir Number	CFDA #	Provided to Subrecipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>					
Passed-through:					
State of Texas Department of Agriculture					
Child and Adult Care Food Program	11/30/2022	806780706	10.558	\$ -	\$ 29,722.13
Child and Adult Care Food Program	11/30/2023	806780706	10.558	-	112,371.74
			Total 10.558	-	142,093.87
Total U.S. Department of Agriculture				-	142,093.87
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through the Texas Department of Housing and Community Affairs:					
HOME Investment Partnership Program	9/30/2023	2023-0006	14.239	-	305,780.49
Total U.S. Department of Housing and Urban Development				-	305,780.49
Total Expenditures of Federal Awards				\$ -	\$ 11,460,718.68

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. has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**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, 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, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Services of Northeast Texas, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Services of Northeast Texas, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Services of Northeast Texas, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
January 29, 2024

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited Community Services of Northeast Texas, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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 major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Services of Northeast Texas, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Services of Northeast Texas, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Services of Northeast Texas, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

January 29, 2024
Chanute, Kansas

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

The auditor's 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 auditor's 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	_____ <u>X</u> _____	No
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Identification of major programs:

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start Cluster	CFDA 93.600
Community Services Block Grant Program	CFDA 93.569

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

Auditee qualified as a low risk auditee?	_____ <u>X</u> _____	Yes	_____	No
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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, 2023

None