

Community Services of Northeast Texas, Inc.

Linden, Texas

***REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

For the Year Ended September 30, 2010

SAUNDERS & ASSOCIATES, PLLC

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COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

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September 30, 2010

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Community Services of Northeast Texas, Inc. as of September 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Community Services of Northeast Texas, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Services of Northeast Texas, Inc. as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2011 on our consideration of Community Services of Northeast Texas, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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


SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

May 3, 2011

FINANCIAL STATEMENTS

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

STATEMENT OF FINANCIAL POSITION

September 30, 2010

ASSETS

Current Assets:

Cash	\$ 361,294
Grant Receivables	331,670
Other Receivables	581
Prepaid Expenses	<u>10,225</u>
Total Current Assets	<u>703,770</u>

Property and Equipment

Property and Equipment	1,560,710
Accumulated Depreciation	<u>(1,200,053)</u>
Net Property and Equipment	<u>360,657</u>

TOTAL ASSETS

\$ 1,064,427

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 292,832
Accrued Expenses	268,195
Deferred Revenue	17,162
Current Portion of Long-Term Debt	<u>20,084</u>
Total Current Liabilities	<u>598,273</u>

Non-Current Liabilities:

Notes Payable	84,180
Current Portion	<u>(20,084)</u>
Total Non-Current Liabilities	<u>64,096</u>
Total Liabilities	<u>662,369</u>

Net Assets:

Unrestricted	(76,654)
Temporarily Restricted	118,055
Investment in Property and Equipment	<u>360,657</u>
Total Net Assets	<u>402,058</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 1,064,427

* 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, 2010

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Contract Revenue/Grants	\$ 0	\$ 7,330,683	\$ 7,330,683
Program Income	0	22,140	22,140
Other	638	2,632	3,270
In-Kind	0	1,324,017	1,324,017
	638	8,679,472	8,680,110
Total Revenues			
Net Assets Released From Restrictions: Satisfaction of Program Requirements	8,716,830	(8,716,830)	0
	8,717,468	(37,358)	8,680,110
Total Revenues and Program Satisfaction			
EXPENSES			
Head Start Program	4,859,091	0	4,859,091
Elderly Nutrition and Transportation	1,558,591	0	1,558,591
Energy Assistance	764,797	0	764,797
Emergency Assistance	4,665	0	4,666
Community Services	542,676	0	542,676
Management and General	989,093	0	989,093
	8,718,913	0	8,718,913
Total Expenses			
Change in Net Assets	(1,445)	(37,358)	(38,803)
Net Assets, Beginning of Year	(52,471)	494,630	442,159
Prior Period Adjustment	0	0	0
Returned to Grantor	0	0	0
Acquisition/(Disposition) of Fixed Assets	0	79,060	79,060
Depreciation	(8,899)	(71,459)	(80,358)
Transfers	15,582	(15,582)	0
	(47,233)	449,291	402,058
NET ASSETS, END OF YEAR	\$ (47,233)	\$ 449,291	\$ 402,058

* 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, 2010

<u>EXPENSES</u>	<u>Head Start</u>	<u>Elderly Nutrition and Transportation</u>	<u>Energy Assistance</u>	<u>Emergency Assistance</u>
Salaries	\$ 2,288,558	\$ 388,575	\$ 37,116	\$ 0
Payroll Taxes	194,044	35,084	3,029	0
Fringe Benefits	300,595	78,817	179	0
Accounting and Audit	0	0	0	0
Supplies	79,576	73,026	477	0
Dues and Subscriptions	25	6	0	0
Equipment	66,102	12,985	401	0
Insurance	11,142	2,752	0	0
Interest	0	1,163	0	0
Legal	0	0	0	0
Memberships	17	0	0	0
Employee Costs	10,602	1,895	80	0
Volunteer Expense	429	53	0	0
Postage and Shipping	2,917	1,129	57	24
Printing and Advertising	5,009	645	572	0
Space	86,285	4,449	2,700	0
Repairs and Maintenance	40,154	9,546	3	0
Software Support and Maintenance	1,676	(381)	1,914	0
Telephone	30,668	7,999	2,253	0
Training and Technical Assistance	67,239	0	60	0
Travel	14,344	1,718	943	0
Utilities	67,714	34,279	0	0
Vehicle	83,560	148,115	0	390
Community Grant	0	0	0	0
Utility Assistance	0	0	715,013	697
Consultants	33,171	0	0	0
Education Costs	460	0	0	0
Food	181,432	687,521	0	0
Parent Activities	435	0	0	0
Emergency Assistance	0	0	0	2,988
Other	97,505	331	0	566
InKind	1,195,432	68,884	0	0
TOTAL EXPENSES	\$ 4,859,091	\$ 1,558,591	\$ 764,797	\$ 4,665

* 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, 2010

<u>EXPENSES</u>	<u>Community Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 202,564	\$ 591,267	\$ 3,508,080
Payroll Taxes	17,863	48,295	298,315
Fringe Benefits	11,565	84,541	475,697
Accounting and Audit	0	46,482	46,482
Supplies	40,274	37,077	230,430
Dues and Subscriptions	909	2,778	3,718
Equipment	48,965	17,446	145,899
Insurance	1,365	13,548	28,807
Interest	10	4,935	6,108
Legal	0	0	0
Memberships	120	1,631	1,768
Employee Costs	17,173	2,283	32,033
Volunteer Expense	90	0	572
Postage and Shipping	1,185	3,450	8,762
Printing and Advertising	1,180	1,010	8,416
Space	14,660	14,981	123,075
Repairs and Maintenance	173	6,611	56,487
Software Support and Maintenance	3,976	5,807	12,992
Telephone	10,545	16,091	67,556
Training and Technical Assistance	405	2,011	69,715
Travel	1,661	18,823	37,489
Utilities	1,889	6,481	110,363
Vehicle	9,752	342	242,159
Community Grant	0	0	0
Utility Assistance	0	0	715,710
Consultants	0	0	33,171
Education Costs	0	0	460
Food	16,472	535	885,960
Parent Activities	0	0	435
Emergency Assistance	163,472	0	166,460
Other	(23,592)	2,967	77,777
InKind	0	59,701	1,324,017
TOTAL EXPENSES	\$ 542,676	\$ 989,093	\$ 8,718,913

* 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, 2010

Cash Flows From Operating Activities:

Change in Net Assets		\$	(38,803)
Adjustment to Reconcile Change in Net Assets to			
Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Receivables	\$	(95,289)	
(Increase) Decrease in Prepaid Expense		(1,695)	
(Increase) Decrease in Other Receivables		(581)	
Increase (Decrease) in Account Payables		167,746	
Increase (Decrease) in Accrued Expenses		18,281	
Increase (Decrease) in Deferred Revenue		(26,271)	
Acquisition/Disposition of Property and Equipment		79,060	
Returned to Grantor		0	
Prior Period Adjustment		0	
			<u>141,251</u>
Total Adjustments			<u>141,251</u>
Net Cash Provided (Used) by Operating Activities			<u>102,448</u>

Cash Flows From Investing Activities:

Acquisition/Disposition of Property and Equipment		<u>(79,060)</u>	
Net Cash Provided (Used) by Investing Activities			<u>(79,060)</u>

Cash Flows From Financing Activities:

Debt Acquisition		509,763	
Debt Retirement		<u>(552,479)</u>	
Net Cash Provided (Used) by Financing Activities			<u>(42,716)</u>

Net Increase (Decrease) in Cash and Cash Equivalents			(19,328)
Cash and Cash Equivalents, September 30, 2009			<u>380,622</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2010			<u>\$ 361,294</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE 1: ORGANIZATION

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

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. CSNT has no permanently restricted net assets. Therefore, this classification was omitted in the financial statement presentation. In addition, CSNT is required to present a statement of cash flows.

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

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

Depreciation is calculated on the estimated useful lives using the straight-line method as follows:

Buildings and Improvements	5 – 30 years
Furniture and Equipment	5 – 7 years
Vehicles	5 years

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE 3: CASH

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

<u>Category</u>	<u>Bank Balance</u>
1) Insured or collateralized with securities held by the organization or by its agent in the organization's name.	\$ 255,293
2) Collateralized with securities held by the pledging financial institution's trust department.	56,425
3) Uncollateralized	<u>0</u>
TOTAL	<u>\$ 311,718</u>

NOTE 4: PROPERTY AND EQUIPMENT

Analysis of the property and equipment at September 30, 2010 is as follows:

	<u>Totals</u>
Buildings and Improvements	\$ 325,417
Furniture and Equipment	380,965
Vehicles	854,328
Accumulated Depreciation	<u>(1,200,053)</u>
Net Property and Equipment	<u>\$ 360,657</u>

NOTE 5: ACCRUED EXPENSES

Accrued expenses at September 30, 2010 were made up of the following:

Accrued Payroll	\$ 193,335
Accrued Leave	74,860
Other Payroll Liabilities	<u>0</u>
	<u>\$ 268,195</u>

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE 6: DEBT

Notes Payable – Long-term debt at September 30, 2010 consisted of the following:

Note payable to Capital One Bank, with interest at 5%, payable in 60 monthly installments of \$312 including interest, with a final payment due May 1, 2014, secured by 2 automobiles.	\$ 12,511
Note payable to Capital One Bank, with interest at 5%, payable in 60 monthly installments of \$1,685 including interest, with the final payment due April 1, 2014, unsecured	71,669
Note Payable Line of Credit (1)	<u>0</u>
Total Note Payable	<u>\$ 84,180</u>

(1) **Revolving Line of Credit** – CSNT has a \$40,000 line of credit. The interest rate on this line of credit is 3% above the prime rate. Activity for the fiscal year ended September 30, 2010 was as follows:

<u>09/30/09</u>	<u>Advances</u>	<u>Retirements</u>	<u>09/30/10</u>
\$ <u>23,551</u>	\$ <u>509,763</u>	\$(<u>533,314</u>)	\$ <u>0</u>

Debt requirements for the next 5 years are as follows:

2011	\$ 20,084
2012	21,150
2013	22,271
2014	<u>20,675</u>
Total	<u>\$ 84,180</u>

NOTE 7: ECONOMIC DEPENDENCY

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE 8: OPERATING LEASES

The CSNT leases certain buildings and equipment various several operating leases. Rental costs on those items for the year ended September 30, 2010 was \$193,776. Future minimum lease payments for leases whose terms exceed one year are as follows:

Year Ending <u>September 30</u>	
2011	\$ 151,868
2012	104,868
2013	22,656
2014	5,000
2015	<u>0</u>
	<u>\$ 284,392</u>

Leases contain termination clause.

NOTE 9: CONTINGENT LIABILITIES

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

NOTE 10: SUBSEQUENT EVENTS

Date of Management Evaluation – Management of CSNT has evaluated subsequent events through May 3, 2011, which is the date the financial statements were available to be issued.

Saunders & Associates, PLLC

Certified Public Accountants

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

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

We have audited the financial statements of Community Services of Northeast Texas, Inc. as of and for the year ended September 30, 2010, and have issued our report thereon dated May 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Saunders & Associates, PLLC
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Certified Public Accountants

May 3, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Community Services of Northeast Texas, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. Community Services of Northeast Texas, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Services of Northeast Texas, Inc.'s management. Our responsibility is to express an opinion on Community Services of Northeast Texas, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Services of Northeast Texas, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Community Services of Northeast Texas, Inc.'s compliance with those requirements.

In our opinion, Community Services of Northeast Texas, Inc. complied, in all material respects, with the 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, 2010. The results of our auditing procedures disclosed no instances of noncompliance with those requirements.

Internal Control Over Compliance

The management of Community Services of Northeast Texas, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Services of Northeast Texas, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Services of Northeast Texas, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected, and corrected on a timely basis.

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

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


SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

May 3, 2011

SUPPLEMENTAL INFORMATION

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2010

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Pass-through Granter Number	<u>Expenditures</u>
<u>U.S. Dept. of Health and Human Services</u>			
Direct Programs:			
Head Start	93.600	06CH5356/43	\$ 552,459
Head Start	93.600	06CH5356/44	3,152,161
ARRA - Head Start	93.708	06SE5356/01	219,757
Passed Through Texas Dept. of Housing and Community Affairs:			
Community Services Block Grant	93.569	61090000364	71,819
Community Services Block Grant	93.569	61100000855	202,670
ARRA - Community Services Block Grant	93.710	11090000541	426,226
Low-Income Home Energy Assistance-CEAP	93.568	58090000405	590,716
Low-Income Home Energy Assistance-CEAP	93.568	58100000800	211,520
Passed Through East Texas Council of Governments			
Special Programs For the Aging- Title III, Part C	93.045	1000859	<u>1,321,519</u>
Total U.S. Dept. of Health and Human Services			<u>6,748,847</u>
<u>U. S. Department of Agriculture</u>			
Child and Adult Care Food Program Head Start	10.558	FY 09-7516008	55,180
Child and Adult Care Food Program Head Start	10.558	FY 10-7516008	<u>205,798</u>
Total Department of Agriculture			<u>260,978</u>
Total Federal Expenditures			<u>\$ 7,009,825</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

NOTES TO EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2010

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of CSNT of Northeast Texas, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2: CONTINGENT LIABILITIES

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

NOTE 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2010

	Head Start 01	DADS Meals 02	CSBG 05	ETCOG 07
ASSETS				
Current Assets:				
Cash	\$ 154,508	\$ 29,047	\$ 49,520	\$ 542
Grant Receivables	33,547	89,249	16,816	69,038
Other Receivables	581	0	0	0
Prepaid Expenses	7,207	150	1,830	763
Total Current Assets	<u>195,843</u>	<u>118,446</u>	<u>68,166</u>	<u>70,343</u>
Property and Equipment	1,327,721	39,800	3,906	66,523
Accumulated Depreciation	<u>(1,047,491)</u>	<u>(27,925)</u>	<u>(460)</u>	<u>(61,856)</u>
Total Net Property and Equipment	<u>280,230</u>	<u>11,875</u>	<u>3,446</u>	<u>4,667</u>
TOTAL ASSETS	\$ <u>476,073</u>	\$ <u>130,321</u>	\$ <u>71,612</u>	\$ <u>75,010</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 28,784	\$ 145,461	\$ 6,393	\$ 11,425
Accrued Expenses	150,577	21,629	9,179	8,508
Deferred Revenue	17,162	0	0	0
Current Portion of Long Term Debt	0	0	0	0
Total Current Liabilities	<u>196,523</u>	<u>167,090</u>	<u>15,572</u>	<u>19,933</u>
Long-Term Liabilities:				
Notes Payable	0	0	0	0
Current Portion of Debt	0	0	0	0
Total Long-Term Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>196,523</u>	<u>167,090</u>	<u>15,572</u>	<u>19,933</u>
Net Assets:				
Unrestricted	0	0	0	0
Investment in Property and Equipment	280,230	11,875	3,446	4,667
Temporarily Restricted	<u>(680)</u>	<u>(48,644)</u>	<u>52,594</u>	<u>50,410</u>
Total Net Assets	<u>279,550</u>	<u>(36,769)</u>	<u>56,040</u>	<u>55,077</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>476,073</u>	\$ <u>130,321</u>	\$ <u>71,612</u>	\$ <u>75,010</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2009

	CEAP 08	IP Grant 10	Utilities Upshur Rural 12	Salvation Army 13	TLC Program 14
ASSETS					
Current Assets:					
Cash	\$ 33,982	\$ 46	\$ 4,089	\$ 4,890	\$ 1,478
Grant Receivables	123,020	0	0	0	0
Other Receivables	0	0	0	0	0
Prepaid Expenses	275	0	0	0	0
Total Current Assets	<u>157,277</u>	<u>46</u>	<u>4,089</u>	<u>4,890</u>	<u>1,478</u>
Property and Equipment	0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0
Total Net Property and Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 157,277</u>	<u>\$ 46</u>	<u>\$ 4,089</u>	<u>\$ 4,890</u>	<u>\$ 1,478</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts Payable	\$ 94,397	\$ 0	\$ 1,084	\$ 0	\$ 0
Accrued Expenses	3,441	0	0	0	0
Deferred Revenue	0	0	0	0	0
Current Portion of Long Term Debt	0	0	0	0	0
Total Current Liabilities	<u>97,838</u>	<u>0</u>	<u>1,084</u>	<u>0</u>	<u>0</u>
Long-Term Liabilities:					
Notes Payable	0	0	0	0	0
Current Portion of Debt	0	0	0	0	0
Total Long-Term Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>97,838</u>	<u>0</u>	<u>1,084</u>	<u>0</u>	<u>0</u>
Net Assets:					
Unrestricted	0	0	3,005	0	1,478
Investment in Property and Equipment	0	0	0	0	0
Temporarily Restricted	59,439	46	0	4,890	0
Total Net Assets	<u>59,439</u>	<u>46</u>	<u>3,005</u>	<u>4,890</u>	<u>1,478</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 157,277</u>	<u>\$ 46</u>	<u>\$ 4,089</u>	<u>\$ 4,890</u>	<u>\$ 1,478</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2010

	TLC Bowie County 15	CSBG ARRA 16	Head Start ARRA 17	Local Admin 20	Total
ASSETS					
Current Assets:					
Cash	\$ 5	\$ 5,071	\$ 0	\$ 78,116	\$ 361,294
Grant Receivables	0	0	0	0	331,670
Other Receivables	0	0	0	0	581
Prepaid Expenses	0	0	0	0	10,225
Total Current Assets	<u>5</u>	<u>5,071</u>	<u>0</u>	<u>78,116</u>	<u>703,770</u>
Property and Equipment	0	35,154	0	87,606	1,560,710
Accumulated Depreciation	0	(4,136)	0	(58,185)	(1,200,053)
Total Net Property and Equipment	<u>0</u>	<u>31,018</u>	<u>0</u>	<u>29,421</u>	<u>360,657</u>
TOTAL ASSETS	<u>\$ 5</u>	<u>\$ 36,089</u>	<u>\$ 0</u>	<u>\$ 107,537</u>	<u>\$ 1,064,427</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts Payable	\$ 0	\$ 5,071	\$ 0	\$ 217	\$ 292,832
Accrued Expenses	0	0	0	74,861	268,195
Deferred Revenue	0	0	0	0	17,162
Current Portion of Long Term Debt	0	0	0	20,084	20,084
Total Current Liabilities	<u>0</u>	<u>5,071</u>	<u>0</u>	<u>95,162</u>	<u>598,273</u>
Long-Term Liabilities:					
Notes Payable	0	0	0	84,180	84,180
Current Portion of Debt	0	0	0	(20,084)	(20,084)
Total Long-Term Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>64,096</u>	<u>64,096</u>
Total Liabilities	<u>0</u>	<u>5,071</u>	<u>0</u>	<u>159,258</u>	<u>662,369</u>
Net Assets:					
Unrestricted	5	0	0	(81,142)	(76,654)
Investment in Property and Equipment	0	31,018	0	29,421	360,657
Temporarily Restricted	0	0	0	0	118,055
Total Net Assets	<u>5</u>	<u>31,018</u>	<u>0</u>	<u>(51,721)</u>	<u>402,058</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5</u>	<u>\$ 36,089</u>	<u>\$ 0</u>	<u>\$ 107,537</u>	<u>\$ 1,064,427</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2010

	Head Start 01	DADS Meals 02	CSBG 05	ETCOG 07
<u>REVENUES AND OTHER SUPPORT</u>				
Contract Revenue/Grants	\$ 3,965,598	\$ 1,300,955	\$ 289,249	\$ 380,657
Program Income	0	0	0	14,226
Other	2,176	51	0	405
In-Kind	1,255,133	0	0	68,884
Total Revenue and Other Support	<u>5,222,907</u>	<u>1,301,006</u>	<u>289,249</u>	<u>464,172</u>
<u>EXPENSES</u>				
Administrative				
Salaries	314,215	109,863	71,259	48,060
Payroll Taxes	25,759	9,235	5,500	3,985
Fringe Benefits	66,801	6,507	7,080	3,233
Accounting and Audit	27,715	5,450	2,653	2,832
Supplies	11,890	2,945	2,977	952
Dues and Subscriptions	595	93	2,034	52
Equipment	10,027	1,075	729	404
Insurance	8,735	806	3,574	339
Interest	0	137	0	0
Legal	0	0	0	0
Memberships	1,573	24	21	11
Employee Costs	1,295	308	215	90
Volunteer Expense	0	0	0	0
Postage and Shipping	2,481	226	237	442
Printing and Advertising	521	47	421	15
Space	6,601	1,177	6,369	463
Repairs and Maintenance	2,246	381	558	156
Software Support and Maintenance	4,091	584	654	372
Telephone	9,009	2,473	3,502	772
Training and Technical Assistance	1,891	0	60	0
Travel	10,520	1,566	5,732	472
Utilities	4,080	739	1,108	308
Vehicle	0	342	0	0
Education Costs	0	0	0	0
Food	(41)	501	75	0
Other	2,242	319	97	203
InKind	59,701	0	0	0
Total Administrative	<u>571,947</u>	<u>144,798</u>	<u>114,855</u>	<u>63,161</u>
Program				
Salaries	2,220,657	302,329	78,087	86,246
Payroll Taxes	187,612	27,370	6,492	7,714
Fringe Benefits	301,191	64,755	10,866	14,062
Accounting and Audit	0	0	0	0
Supplies	51,852	56,315	4,824	16,711
Dues and Subscriptions	25	4	358	2
Equipment	66,102	9,959	9,711	3,026
Insurance	11,142	1,725	947	1,027
Interest	0	1,163	0	0
Legal	0	0	0	0

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2010

	Head Start 01	DADS Meals 02	CSBG 05	ETCOG 07
<u>EXPENSES, Continued</u>				
Memberships	17	0	0	0
Employee Costs	10,602	1,528	329	367
Volunteer Expense	429	44	90	9
Postage and Shipping	1,697	893	381	236
Printing and Advertising	5,009	433	385	212
Space	86,285	41	11,660	4,408
Repairs and Maintenance	40,154	3,550	159	5,996
Software Support and Maintenance	1,676	(381)	3,976	0
Telephone	30,668	2,148	9,509	5,851
Training and Technical Assistance	14,789	0	0	0
Travel	14,344	1,278	1,408	440
Utilities	67,714	(1)	1,614	34,280
Vehicle	83,560	123,430	577	24,685
Community Grant	0	0	0	0
Utility Assistance	0	0	0	0
Consultants	33,171	0	0	0
Education Costs	460	0	0	0
Food	181,432	580,081	16,472	107,440
Parent Activities	435	0	0	0
Emergency Assistance	0	0	1,128	0
Other	44,505	108	661	223
InKind	1,195,432	0	0	68,884
Total Program	<u>4,650,960</u>	<u>1,176,772</u>	<u>159,634</u>	<u>381,819</u>
Total Expenses	<u>5,222,907</u>	<u>1,321,570</u>	<u>274,489</u>	<u>444,980</u>
Change in Net Assets	0	(20,564)	14,760	19,192
Net Assets, September 30, 2009	294,680	15,841	30,303	38,685
Transfers In (Out)	0	(23,113)	7,531	0
Returned to Grantor	0	0	0	0
Acquisition/(Disposition) of Fixed Assets	40,000	0	3,906	0
Depreciation	(55,130)	(8,933)	(460)	(2,800)
Prior Period Adjustment	0	0	0	0
NET ASSETS, SEPTEMBER 30, 2010	<u>\$ 279,550</u>	<u>\$ (36,769)</u>	<u>\$ 56,040</u>	<u>\$ 55,077</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2010

	CEAP 08	IP Grant 10	Utilities Upshur Rural 12	Salvation Army 13	TLC Program 14
<u>REVENUES AND OTHER SUPPORT</u>					
Contract Revenue/Grants	\$ 748,241	\$ 0	\$ 0	\$ 0	\$ 0
Program Income	0	0	0	7,914	0
Other	0	0	3,787	0	551
In-Kind	0	0	0	0	0
Total Revenue and Other Support	748,241	0	3,787	7,914	551
<u>EXPENSES</u>					
Administrative					
Salaries	31,907	0	0	0	0
Payroll Taxes	2,470	0	0	0	0
Fringe Benefits	564	0	0	0	0
Accounting and Audit	2,096	0	0	0	0
Supplies	314	0	0	0	0
Dues and Subscriptions	4	0	0	0	0
Equipment	111	0	0	0	0
Insurance	94	0	0	0	0
Interest	0	0	0	0	0
Legal	0	0	0	0	0
Memberships	2	0	0	0	0
Employee Costs	57	0	0	0	500
Volunteer Expense	0	0	0	0	0
Postage and Shipping	63	0	0	0	0
Printing and Advertising	6	0	0	0	0
Space	371	0	0	0	0
Repairs and Maintenance	107	0	0	0	0
Software Support and Maintenance	106	0	0	0	0
Telephone	335	0	0	0	0
Training and Technical Assistance	60	0	0	0	0
Travel	407	0	0	0	0
Utilities	246	0	0	0	0
Vehicle	0	0	0	0	0
Education Costs	0	0	0	0	0
Food	0	0	0	0	0
Other	58	0	0	0	0
InKind	0	0	0	0	0
Total Administrative	39,378	0	0	0	500
Program					
Salaries	37,116	0	0	0	0
Payroll Taxes	3,029	0	0	0	0
Fringe Benefits	179	0	0	0	0
Accounting and Audit	0	0	0	0	0
Supplies	477	0	0	0	0
Dues and Subscriptions	0	0	0	0	0
Equipment	401	0	0	0	0
Insurance	0	0	0	0	0
Interest	0	0	0	0	0
Legal	0	0	0	0	0

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2010

	CEAP 08	IP Grant 10	Utilities Upshur Rural 12	Salvation Army 13	TLC Program 14
<u>EXPENSES, Continued</u>					
Memberships	0	0	0	0	0
Employee Costs	80	0	0	0	248
Volunteer Expense	0	0	0	0	0
Postage and Shipping	57	0	0	24	0
Printing and Advertising	572	0	0	0	0
Space	2,700	0	0	0	0
Repairs and Maintenance	3	0	0	0	0
Software Support and Maintenance	1,914	0	0	0	0
Telephone	2,253	0	0	0	0
Training and Technical Assistance	60	0	0	0	0
Travel	943	0	0	0	0
Utilities	0	0	0	0	0
Vehicle	0	0	0	390	0
Community Grant	0	0	0	0	0
Utility Assistance	713,074	0	1,939	697	0
Consultants	0	0	0	0	0
Education Costs	0	0	0	0	0
Food	0	0	0	0	0
Parent Activities	0	0	0	0	0
Emergency Assistance	0	0	0	2,988	0
Other	0	0	0	566	128
InKind	0	0	0	0	0
Total Program	<u>762,858</u>	<u>0</u>	<u>1,939</u>	<u>4,665</u>	<u>376</u>
Total Expenses	<u>802,236</u>	<u>0</u>	<u>1,939</u>	<u>4,665</u>	<u>876</u>
Change in Net Assets	(53,995)	0	1,848	3,249	(325)
Net Assets, September 30, 2009	113,434	46	1,157	1,641	1,803
Transfers In (Out)	0	0	0	0	0
Returned to Grantor	0	0	0	0	0
Acquisition/(Disposition) of Fixed Assets	0	0	0	0	0
Depreciation	0	0	0	0	0
Prior Period Adjustment	0	0	0	0	0
NET ASSETS, SEPTEMBER 30, 2010	<u><u>\$ 59,439</u></u>	<u><u>\$ 46</u></u>	<u><u>\$ 3,005</u></u>	<u><u>\$ 4,890</u></u>	<u><u>\$ 1,478</u></u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2010

	TLC Bowie County 15	CSBG ARRA 16	Head Start ARRA 17	Local Admin 20	Total
<u>REVENUES AND OTHER SUPPORT</u>					
Contract Revenue/Grants	\$ 0	\$ 426,226	\$ 219,757	\$ 0	\$ 7,330,683
Program Income	0	0	0	0	22,140
Other	0	0	0	(3,700)	3,270
In-Kind	0	0	0	0	1,324,017
Total Revenue and Other Support	<u>0</u>	<u>426,226</u>	<u>219,757</u>	<u>(3,700)</u>	<u>8,680,110</u>
<u>EXPENSES</u>					
Administrative					
Salaries	0	0	5,440	10,523	591,267
Payroll Taxes	0	0	512	834	48,295
Fringe Benefits	0	0	356	0	84,541
Accounting and Audit	0	471	5,265	0	46,482
Supplies	0	16,084	6	1,909	37,077
Dues and Subscriptions	0	0	0	0	2,778
Equipment	0	0	0	5,100	17,446
Insurance	0	0	0	0	13,548
Interest	0	0	0	4,798	4,935
Legal	0	0	0	0	0
Memberships	0	0	0	0	1,631
Employee Costs	0	0	0	(182)	2,283
Volunteer Expense	0	0	0	0	0
Postage and Shipping	0	0	0	1	3,450
Printing and Advertising	0	0	0	0	1,010
Space	0	0	0	0	14,981
Repairs and Maintenance	0	0	47	3,116	6,611
Software Support and Maintenance	0	0	0	0	5,807
Telephone	0	0	0	0	16,091
Training and Technical Assistance	0	0	0	0	2,011
Travel	0	126	0	0	18,823
Utilities	0	0	0	0	6,481
Vehicle	0	0	0	0	342
Education Costs	0	0	0	0	0
Food	0	0	0	0	535
Other	0	0	0	48	2,967
InKind	0	0	0	0	59,701
Total Administrative	<u>0</u>	<u>16,681</u>	<u>11,626</u>	<u>26,147</u>	<u>989,093</u>
Program					
Salaries	0	121,491	67,901	2,986	2,916,813
Payroll Taxes	0	11,782	6,432	(411)	250,020
Fringe Benefits	0	2,177	(596)	(1,478)	391,156
Accounting and Audit	0	0	0	0	0
Supplies	0	34,625	27,724	825	193,353
Dues and Subscriptions	0	0	0	551	940
Equipment	0	39,254	0	0	128,453
Insurance	0	418	0	0	15,259
Interest	0	0	0	10	1,173
Legal	0	0	0	0	0

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended September 30, 2010

	TLC Bowie County 15	CSBG ARRA 16	Head Start ARRA 17	Local Admin 20	Total
<u>EXPENSES, Continued</u>					
Memberships	0	0	0	120	137
Employee Costs	0	16,370	0	226	29,750
Volunteer Expense	0	0	0	0	572
Postage and Shipping	0	43	1,220	761	5,312
Printing and Advertising	0	795	0	0	7,406
Space	0	3,000	0	0	108,094
Repairs and Maintenance	0	0	0	14	49,876
Software Support and Maintenance	0	0	0	0	7,185
Telephone	0	990	0	46	51,465
Training and Technical Assistance	0	0	52,450	405	67,704
Travel	0	763	0	(510)	18,666
Utilities	0	275	0	0	103,882
Vehicle	0	9,158	0	17	241,817
Community Grant	0	0	0	0	0
Utility Assistance	0	0	0	0	715,710
Consultants	0	0	0	0	33,171
Education Costs	0	0	0	0	460
Food	0	0	0	0	885,425
Parent Activities	0	0	0	0	435
Emergency Assistance	0	162,344	0	0	166,460
Other	0	6,060	53,000	(30,441)	74,810
InKind	0	0	0	0	1,264,316
Total Program	<u>0</u>	<u>409,545</u>	<u>208,131</u>	<u>(26,879)</u>	<u>7,729,820</u>
Total Expenses	<u>0</u>	<u>426,226</u>	<u>219,757</u>	<u>(732)</u>	<u>8,718,913</u>
Change in Net Assets	0	0	0	(2,968)	(38,803)
Net Assets, September 30, 2009	5	0	0	(55,436)	442,159
Transfers In (Out)	0	0	0	15,582	0
Returned to Grantor	0	0	0	0	0
Acquisition/(Disposition) of Fixed Assets	0	35,154	0	0	79,060
Depreciation	0	(4,136)	0	(8,899)	(80,358)
Prior Period Adjustment	0	0	0	0	0
NET ASSETS, SEPTEMBER 30, 2010	<u>\$ 5</u>	<u>\$ 31,018</u>	<u>\$ 0</u>	<u>\$ (51,721)</u>	<u>\$ 402,058</u>

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

STATUS OF PRIOR AUDIT FINDINGS

September 30, 2010

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

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

COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.
Linden, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2010

Section I – Summary of Auditor Findings:

Financial Statements:

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

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

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

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

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

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
93.600	Head Start
93.708	ARRA – Head Start
93.568	CEAP
93.045	Nutrition
93.569	Community Services Block Grant
93.710	ARRA – Community Services Block Grant

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

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