# COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.

Linden, Texas

Independent Auditor's Report and
Financial Statements with
Supplementary Information

For the Years Ended
September 30, 2025 and 2024

**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 financial statements of Community Services of Northeast Texas, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Services of Northeast Texas, Inc. as of September 30, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization'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 GAAS 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 GAAS 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 the Organization'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 the Organization'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 Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and combining schedule of activities (presented on pages 21-26) are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the schedule of expenditures of federal awards and combining schedule of activities are 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 13, 2026 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
January 13, 2026

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**
Linden, Texas
Statements of Financial Position
September 30, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash | $ 309,458.04 | $ 978,812.84 |
| Receivables, Net | 330,054.25 | 187,244.24 |
| Prepaid Expense | 35,770.69 | 8,721.63 |
| Total Current Assets | 675,282.98 | 1,174,778.71 |
| | | |
| Capital Assets, Net | 1,216,785.28 | 1,317,433.38 |
| Right to Use Assets, Net | 191,236.60 | 181,526.81 |
| | | |
| TOTAL ASSETS | $ 2,083,304.86 | $ 2,673,738.90 |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts Payable | $ 22,038.97 | $ 31,094.81 |
| Accrued Salary and Fringe | 80,093.45 | 75,884.38 |
| Accrued Annual Leave | 71,349.64 | 72,530.78 |
| Refundable Grant Advances | 131,833.90 | 473,722.47 |
| Current Portion of Long-Term Liabilities | 72,535.50 | 70,451.87 |
| Total Current Liabilities | 377,851.46 | 723,684.31 |
| | | |
| Long-Term Liabilities | | |
| Leases Payable | 192,844.15 | 181,858.73 |
| Less Current Portion of Long-Term Liabilities | (72,535.50) | (70,451.87) |
| Total Long-Term Liabilities | 120,308.65 | 111,406.86 |
| | | |
| TOTAL LIABILITIES | 498,160.11 | 835,091.17 |
| | | |
| Net Assets: | | |
| Without Donor Restrictions | 1,240,066.09 | 1,454,038.62 |
| With Donor Restrictions | 345,078.66 | 384,609.11 |
| | | |
| TOTAL NET ASSETS | 1,585,144.75 | 1,838,647.73 |
| | | |
| TOTAL LIABILITIES AND NET ASSETS | $ 2,083,304.86 | $ 2,673,738.90 |

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

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**
Linden, Texas
Statements of Activities
For the Years Ended September 30, 2025 and 2024

| CHANGES IN NET ASSETS | 2025 | 2024 |
|---|---|---|
| Net Assets without Donor Restrictions | | |
| Revenues and Gains | | |
| Contributions | $ 8,874,772.54 | $ 8,963,447.74 |
| Contributions - Non Cash | 1,647,815.93 | 1,496,305.27 |
| Program Income | 25.19 | 9,929.96 |
| Miscellaneous Revenue | 600.00 | 1,643.36 |
| Gain (Loss) on Sale of Assets | - | 7,395.50 |
| Total Revenue and Gains | 10,523,213.66 | 10,478,721.83 |
| | | |
| Expenses | | |
| Program Services | | |
| Early Childhood Development | 6,097,255.05 | 5,428,467.26 |
| Community Services | 333,725.30 | 316,591.22 |
| Emergency Assistance | 3,585,316.86 | 3,926,962.33 |
| Supporting Activities | | |
| Management and General | 750,519.98 | 1,082,751.58 |
| Fundraising | 10,558.55 | 9,866.86 |
| Total Expenses | 10,777,375.74 | 10,764,639.25 |
| Net Assets Released From Restrictions through Satisfaction of Program Restrictions | 40,189.55 | 143,425.99 |
| Increase (Decrease) in Net Assets without Donor Restrictions | (213,972.53) | (142,491.43) |
| | | |
| Net Assets with Donor Restrictions | | |
| Contributions | 659.10 | 167,254.63 |
| Net Assets Released From Restrictions Through Satisfaction of Program Restrictions | (40,189.55) | (143,425.99) |
| Increase (Decrease) in Net Assets with Donor Restrictions | (39,530.45) | 23,828.64 |
| | | |
| Net Increase(Decrease) In Net Assets | (253,502.98) | (118,662.79) |
| | | |
| NET ASSETS, Beginning of the Year | 1,838,647.73 | 1,957,310.52 |
| | | |
| NET ASSETS, End of the Year | $ 1,585,144.75 | $ 1,838,647.73 |

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, 2025

| | Program Services | | | | Supporting Activities | | |
|---|---|---|---|---|---|---|---|
| | Early Childhood Development | Community Services | Emergency Assistance | Total Program Services | Management and General | Fundraising | Total Organization Services |
| Expenses | | | | | | | |
| Salaries | $ 3,065,598.32 | $ 128,279.09 | $ 167,354.55 | $ 3,361,231.96 | $ 370,557.76 | $ 5,181.20 | $ 3,736,970.92 |
| Fringe Benefits | 686,955.22 | 23,156.89 | 25,896.39 | 736,008.50 | 151,971.99 | 1,886.21 | 889,866.70 |
| Depreciation | 78,096.44 | 5,844.12 | 11,159.38 | 95,099.94 | 28,684.98 | 465.73 | 124,250.65 |
| Food | 172,177.67 | - | 5.55 | 172,183.22 | 335.57 | 4.69 | 172,523.48 |
| Insurance | 46,174.39 | 22,530.75 | 13,557.02 | 82,262.16 | 157.00 | 2.20 | 82,421.36 |
| Other | 90,946.48 | 14,184.92 | 20,193.02 | 125,324.42 | 64,193.53 | 897.56 | 190,415.51 |
| Professional Fees | 407,409.21 | 3,854.03 | 2,353.32 | 413,616.56 | 29,490.00 | 412.33 | 443,518.89 |
| Program Services | 11,176.67 | 16.28 | 71,127.59 | 82,320.54 | - | - | 82,320.54 |
| Repairs and Maintenance | 103,894.70 | 27,012.27 | 10,299.72 | 141,206.69 | 39,621.01 | 553.99 | 181,381.69 |
| Small Equipment | 33,476.27 | 1,704.28 | 4,995.57 | 40,176.12 | - | - | 40,176.12 |
| Space | 884,163.88 | 8,240.63 | 11,285.94 | 903,690.45 | 1,957.76 | 27.37 | 905,675.58 |
| Supplies | 199,188.72 | 9,167.47 | 5,644.70 | 214,000.89 | 26,516.14 | 609.45 | 241,126.48 |
| Travel | 106,098.91 | 5,717.09 | 5,506.87 | 117,322.87 | 24,637.44 | 344.48 | 142,304.79 |
| Utilities | 133,033.44 | 15,490.14 | 9,044.20 | 157,567.78 | 12,386.94 | 173.20 | 170,127.92 |
| Utility Assistance | - | 51,677.53 | 3,226,790.18 | 3,278,467.71 | - | - | 3,278,467.71 |
| Vehicle | 78,864.73 | 16,849.81 | 102.86 | 95,817.40 | 9.86 | 0.14 | 95,827.40 |
| Total Expenses | $ 6,097,255.05 | $ 333,725.30 | $ 3,585,316.86 | $ 10,016,297.21 | $ 750,519.98 | $ 10,558.55 | $ 10,777,375.74 |

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, 2024

| | Program Services | | | | Supporting Activities | | |
|---|---|---|---|---|---|---|---|
| | Early Childhood Development | Community Services | Emergency Assistance | Total Program Services | Management and General | Fundraising | Total Organization Services |
| Expenses | | | | | | | |
| Salaries | $ 2,810,727.54 | $ 113,875.64 | $ 193,377.50 | $ 3,117,980.68 | $ 661,251.80 | $ 6,036.80 | $ 3,785,269.28 |
| Fringe Benefits | 664,751.20 | 20,979.99 | 25,742.23 | 711,473.42 | 94,315.14 | 861.04 | 806,649.60 |
| Depreciation | 79,658.06 | 6,055.61 | 11,159.37 | 96,873.04 | 32,819.24 | 299.62 | 129,991.90 |
| Food | 141,347.27 | 153.75 | 205.10 | 141,706.12 | 7.89 | 0.07 | 141,714.08 |
| Insurance | 14,686.22 | 7,185.07 | 6,770.84 | 28,642.13 | 26,655.46 | 243.35 | 55,540.94 |
| Other | 119,483.71 | 14,679.50 | 8,151.46 | 142,314.67 | 36,289.18 | 331.29 | 178,935.14 |
| Professional Fees | 314,452.62 | - | - | 314,452.62 | 85,692.54 | 782.32 | 400,927.48 |
| Program Services | - | - | 93,745.92 | 93,745.92 | 1,967.37 | - | 95,713.29 |
| Repairs and Maintenance | 73,932.78 | 19,989.96 | 9,365.41 | 103,288.15 | 23,725.86 | 216.60 | 127,230.61 |
| Small Equipment | 29,571.19 | 3,355.03 | 16,397.50 | 49,323.72 | 5,232.96 | 47.77 | 54,604.45 |
| Space | 715,858.32 | 9,778.86 | 8,151.01 | 733,788.19 | 10,840.79 | 98.97 | 744,727.95 |
| Supplies | 183,632.35 | 9,039.64 | 2,678.62 | 195,350.61 | 36,349.32 | 331.85 | 232,031.78 |
| Travel | 86,703.31 | 4,820.05 | 1,584.46 | 93,107.82 | 22,373.65 | 204.26 | 115,685.73 |
| Utilities | 118,927.77 | 26,301.86 | 7,836.89 | 153,066.52 | 24,119.21 | 220.19 | 177,405.92 |
| Utility Assistance | - | 59,877.99 | 3,538,513.77 | 3,598,391.76 | - | - | 3,598,391.76 |
| Vehicle | 74,734.92 | 20,498.27 | 3,282.25 | 98,515.44 | 21,111.17 | 192.73 | 119,819.34 |
| Total Expenses | $ 5,428,467.26 | $ 316,591.22 | $ 3,926,962.33 | $ 9,672,020.81 | $ 1,082,751.58 | $ 9,866.86 | $ 10,764,639.25 |

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

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**
Linden, Texas
Statements of Cash Flows
For the Years Ended September 30, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | $ (253,502.98) | $ (118,662.79) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities | | |
| Depreciation Expense | 124,250.65 | 129,991.90 |
| Lease Amortization Expense | 90,199.67 | 107,334.64 |
| (Gain) Loss on Sale of Assets | - | (7,395.50) |
| Noncash ROU Asset Additions | (99,909.46) | - |
| (Increase) Decrease in Receivables | (142,810.01) | 465,924.92 |
| (Increase) Decrease in Prepaid Expense | (27,049.06) | 4,195.22 |
| Increase (Decrease) in Accounts Payable | (9,055.84) | (189,838.03) |
| Increase (Decrease) in Accrued Salary and Fringe | 4,209.07 | 11,842.26 |
| Increase (Decrease) in Accrued Annual Leave | (1,181.14) | 7,425.19 |
| Increase (Decrease) in Advances from Grantor | (341,888.57) | 135,053.99 |
| Increase (Decrease) in Lease Obligations | 27,890.91 | (107,864.45) |
| Net cash provided by (used in) operating activities | (628,846.76) | 438,007.35 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash Payments for Capital Assets | (23,602.55) | (47,164.00) |
| Proceeds from Sale of Assets | - | 7,395.50 |
| Net cash provided by (used in) investing activities | (23,602.55) | (39,768.50) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Line of Credit | - | 135,900.00 |
| Principal Payments on Line of Credit | - | (154,300.00) |
| Principal Payments on Notes Payable | - | (150,000.00) |
| Principal Portion of Finance Lease Liability | (16,905.49) | - |
| Net cash provided by (used in) financing activities | (16,905.49) | (168,400.00) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (669,354.80) | 229,838.85 |
| Cash, Beginning of the Year | 978,812.84 | 748,973.99 |
| Cash, End of the Year | $ 309,458.04 | $ 978,812.84 |

**Supplemental Information**

| | 2025 | 2024 |
|---|---|---|
| Cash Paid During the Period for: | | |
| Interest Expense | $ - | $ 6,585.83 |
| Lease Interest Expense | 3,461.43 | 80.28 |
| Right to Use Assets Obtained in Exchange for New Finance Lease Liability | 99,081.66 | - |

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

## 1. NATURE OF ACTIVITIES

Community Services of Northeast Texas, Inc. (the "Organization") is a private, nonprofit corporation incorporated under the laws of the State of Texas in 1965. Its mission is to apply available strategies that enable low-income families in northeast Texas to achieve improved, empowered, and self-reliant lives by leveraging local, state, federal, and private resources. The Organization serves economically and socially disadvantaged persons residing in Bowie, Camp, Cass, Delta, Franklin, Harrison, Hopkins, Lamar, Marion, Morris, Rains, Red River, and Titus counties in northeast Texas.

To fulfill its mission, the Organization administers multiple federal and state-funded programs designed to aid those of low income by expanding employment and self-sufficiency opportunities, improving human performance and conditions in which individuals and families learn and work, and providing direct services and support to meet basic needs.

Major sources of revenue include grants under the Head Start Program, Low-Income Home Energy Assistance Program (LIHEAP), Community Services Block Grant (CSBG) Program, Tenant Based Rental Assistance (TBRA), and other governmental and private funding. Expenses are reported primarily by program service categories. The principal program services include:

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 Presentation
The accompanying financial statements have been prepared 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.

The Organization'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 Presentation (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 U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents
The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying values of these instruments approximate their fair values due to the short maturities involved.

Allowance for Doubtful Accounts
Grants and accounts receivable are reported at net realizable value. An allowance for doubtful accounts is established when management determines collection is uncertain.

Revenue Recognition
The Organization recognizes revenue in accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, and ASC 606, *Revenue from Contracts with Customers*, depending on the nature of the underlying transaction.

*Contributions and Grants (ASC 958-605):*
The Organization receives grants and contributions from federal, state, and local governments; foundations; and private donors. These agreements are evaluated to determine whether they represent conditional or unconditional contributions. Governmental and private grants that contain both (1) a barrier that must be overcome (such as allowable-cost requirements) and (2) a right of return or release of assets are considered conditional contributions. Revenue from these awards is recognized as conditions are met, generally as allowable costs are incurred under the terms of the grant.

## 2. **<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>** (Continued)

<u>Revenue Recognition</u> (Continued)
Most of the Organization's federal and state program awards, including Head Start Programs, Low-Income Home Energy Assistance Programs, Community Service Block Grant Programs, Star-Plus Nutrition Service Programs, and other cost-reimbursement grants, meet the definition of conditional contributions. Amounts received before the conditions have been met are recorded as refundable grant advances. Donor-restricted contributions are recorded as net assets with donor restrictions and released from restriction when the applicable time or purpose restriction has been satisfied.

Noncash contributions such as donated space, commodities, professional services, and rental subsidies are recognized at estimated fair value on the date received, provided they meet the criteria for recognition under ASC 958-605.

*Exchange Transactions (ASC 606):*
Certain revenues earned by the Organization are accounted for as exchange transactions under ASC 606. These arrangements include program service fees. Revenue is recognized when the related performance obligation is satisfied. Program service fees are recognized at the point in time when the service is delivered. The transaction price is based on the consideration expected to be received and does not include significant variable consideration.

*Other Income:*
Other income consists primarily of interest income and miscellaneous receipts and is recognized as earned. Gains and losses on the sale of capital assets are recognized when control transfers to the buyer.

<u>Capital Assets</u>
It is the Organization's policy to capitalize costs 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 revisionary interest in the property. Capital assets purchased or donated to the Organization are depreciated based on estimated useful lives using the straight-line method as follows:

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

<u>Income Taxes</u>
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). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization follows FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, and management has determined there are no material uncertain tax positions.

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

Leases

The Organization accounts for leases in accordance with FASB ASC 842, Leases. Right-of-use ("ROU") assets and related lease liabilities are recognized for all leases with terms greater than 12 months. Leases are classified as either finance or operating, with classification affecting the timing of expense recognition. Short-term leases with terms of 12 months or less are excluded from recognition on the statement of financial position.

Lease assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. ROU assets and liabilities are measured at the present value of lease payments over the lease term, using the implicit rate when readily determinable or otherwise a risk-free rate. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The Organization has elected certain practical expedients under ASC 842, including the short-term lease exemption and the election not to separate lease and nonlease components.

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:

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

The Organization allocates indirect costs to program services in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The de minimis rate is applied consistently to all applicable federal awards and, where allowable, to non-federal awards to recover indirect costs associated with general administration and facilities.

**3. CONCENTRATION OF CREDIT RISK**

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it.

At September 30, 2025, the carrying amount of the Organization's deposits was \$308,458.04. The bank balance was held at one bank resulting in a concentration of credit risk. The bank balance was \$352,823.80. Of the bank balance, \$250,000.00 was covered by FDIC insurance, and the remaining \$102,823.80 was collateralized by a pledged letter of credit by the bank.

## 3. **CONCENTRATION OF CREDIT RISK** (Continued)

At September 30, 2024, the carrying amount of the Organization's deposits was $977,812.84. The bank balance was held at one bank resulting in a concentration of credit risk. The bank balance was $1,066,546.94. Of the bank balance, $250,000.00 was covered by FDIC insurance, and the remaining $816,546.94 was collateralized by a pledged letter of credit by the bank.

## 4. **RECEIVABLES, NET**

Receivables at September 30, 2025 and 2024, consist of amounts due as follows:

| | 2025 | 2024 |
|---|---|---|
| Head Start | $ 247,093.90 | $ 85,336.00 |
| USDA Center Reimbursement | 15,634.01 | 18,390.33 |
| Early Head Start | 14,536.36 | 3,037.47 |
| Vet Services Now | 0.00 | 57,324.85 |
| Atmos Energy Share the Warmth | 0.00 | 2,447.00 |
| Comprehensive Energy Assistance Program | 7,454.64 | 0.00 |
| Community Services Block Grant | 45,335.34 | 20,708.59 |
| Total Receivables, Net | $ 330,054.25 | $ 187,244.24 |

Accounts receivable are stated at unpaid balances. A majority of accounts receivable at September 30, 2025 and 2024, are due from federal and state government agencies or their pass-through entities. Historically, the Organization has collected substantially all such amounts, and management evaluates the collectability of receivables based on historical experience, grantor relationships, and other relevant factors. Based on this evaluation, management considers all receivables to be fully collectible at September 30, 2025 and 2024, and therefore no allowance for doubtful accounts has been recorded.

## 5. **CAPITAL ASSETS, NET**

Following are the changes in capital assets for the year ended September 30, 2025:

| | Balance 9/30/2024 | Additions | Retirements | Balance 9/30/2025 |
|---|---|---|---|---|
| Capital Assets | | | | |
| Land | $ 192,630.00 | $ - | $ - | $ 192,630.00 |
| Buildings | 1,663,677.00 | - | - | 1,663,677.00 |
| Equipment | 410,883.90 | 23,602.55 | (62,500.00) | 371,986.45 |
| Vehicles | 953,903.43 | - | (13,580.00) | 940,323.43 |
| Total Capital Assets | 3,221,094.33 | 23,602.55 | (76,080.00) | 3,168,616.88 |
| Accumulated Depreciation | (1,903,660.95) | (124,250.65) | 76,080.00 | (1,951,831.60) |
| Total Net Capital Assets | $ 1,317,433.38 | $ (100,648.10) | $ - | $ 1,216,785.28 |

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

Following are the changes in capital assets for the year ended September 30, 2024:

| | Balance 9/30/2023 | Additions | Retirements | Balance 9/30/2024 |
|---|---|---|---|---|
| Capital Assets | | | | |
| Land | $ 192,630.00 | $ - | $ - | $ 192,630.00 |
| Buildings and Improvements | 1,663,677.00 | - | - | 1,663,677.00 |
| Equipment | 410,883.90 | - | - | 410,883.90 |
| Vehicles | 1,011,335.49 | 47,164.00 | (104,596.06) | 953,903.43 |
| Total Capital Assets | 3,278,526.39 | 47,164.00 | (104,596.06) | 3,221,094.33 |
| Accumulated Depreciation | (1,878,265.11) | (129,991.90) | 104,596.06 | (1,903,660.95) |
| Total Net Capital Assets | $ 1,400,261.28 | $ (82,827.90) | $ - | $ 1,317,433.38 |

**6. REFUNDABLE GRANT ADVANCES**

Refundable grant advances at September 30, 2025 and 2024, consist of grant funds received in advance of expenditures in the following programs:

| | 2025 | 2024 |
|---|---|---|
| Comprehensive Energy Assistance Program | $ 90,577.95 | $ 378,974.55 |
| Community Services Block Grant | 0.00 | 31,095.68 |
| Community Services Block Grant – Discretionary | 22,449.09 | 23,443.67 |
| Low Income Household Water Assistance Program | 18,806.86 | 40,208.57 |
| Total Refundable Grant Advances | $ 131,833.90 | $ 473,722.47 |

**7. 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 was paid off during the September 30, 2024 fiscal year.

The following is a summary of changes in notes payable for the year ended September 30, 2024:

| Obligations: | Principal September 30, 2023 | Principal Received (Paid) | Principal September 30, 2024 | Interest Paid |
|---|---|---|---|---|
| SBA Loan | $ 150,000.00 | $ (150,000.00) | $ 0.00 | $ 5,249.49 |

## 8. LEASES

The Organization has obligations as a lessee for office and classroom space under noncancelable lease agreements with initial terms greater than one year. These leases are classified as either operating or finance leases. Many of the Organization's leases include renewal options ranging from two to five years; however, since management is not reasonably certain to exercise these options, they are excluded from the lease term and related lease liabilities. Short-term leases with terms of 12 months or less are not recorded as right-of-use assets or lease liabilities.

The Organization's leases do not include termination options for either party or restrictive financial or other covenants. Lease payments include fixed amounts and, for certain office leases, variable payments related to the Organization's proportionate share of property taxes, insurance, and common area maintenance. Variable lease payments are not included in the measurement of lease liabilities and are recognized as expense in the period incurred.

Right-of-use assets, net are presented separately on the statement of financial position and lease liabilities are presented separately on the statement of financial position as current and long-term lease liabilities.

*Significant Judgments and Assumptions*
Lease liabilities are measured at the present value of future minimum lease payments using the implicit interest rate in each lease when readily determinable; otherwise, the Organization uses a risk-free rate based on the remaining lease term at lease commencement. The lease term includes noncancelable periods and excludes renewal options unless management is reasonably certain the option will be exercised. Variable lease payments, including shared maintenance costs, are excluded from the lease liability and recognized as expense as incurred.

*Policy Elections*
The Organization has elected the short-term lease exemption and does not record ROU assets or lease liabilities for leases with original terms of 12 months or less. The Organization has also elected the practical expedient to not separate lease and non-lease components for all asset classes.

| Lease Expense | 2025 | 2024 |
|---|---|---|
| Finance Lease Expense | | |
| Amortization of ROU assets | $ 19,981.92 | $ 21,218.95 |
| Interest on lease liabilities | 3,461.43 | 80.28 |
| Operating Lease Expense | 72,179.88 | 89,219.96 |
| Short-Term Lease Expense | 1,100.00 | 11,848.00 |
| Total Lease Expense | $ 96,723.23 | $ 122,367.19 |

| Other Information | | |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from finance leases (interest) | $ 3,200.31 | $ 96.31 |
| Financing cash flows from finance leases (principal) | 16,905.49 | 21,298.69 |
| Operating cash flows from operating leases | 72,414.00 | 89,654.00 |

**8. LEASES** (Continued)

| | | |
|---|---|---|
| ROU Assets obtained in exchange for new finance lease liabilities | | |
| | 98,081.66 | 0.00 |
| ROU Assets obtained in exchange for new operating lease liabilities | | |
| | 0.00 | 0.00 |

Other information related to leases is as follows:

| | | |
|---|---|---|
| Lease term (in years) and discount rate: | | |
| Weighted-average remaining lease term, finance leases | 4.00 | 0.00 |
| Weighted-average remaining lease term, operating leases | 2.38 | 3.03 |
| Weighted-average discount rate, finance leases | 3.86% | 0.00% |
| Weighted-average discount rate, operating leases | 1.42% | 1.44% |

| | | |
|---|---|---|
| Right to Use Assets | | |
| Beginning ROU, Net | $ 181,526.81 | $ 288,861.45 |
| Additions of ROU Assets | 99,909.46 | 0.00 |
| Less Accumulated Amortization | (90,199.67) | (107,334.64) |
| Ending ROU, Net | $ 191,236.60 | $ 181,526.81 |

The maturities of lease liabilities as of September 30, 2025 were as follows:

| | Finance | Operating |
|---|---|---|
| Year ending September, | | |
| 2026 | $ 21,933.60 | $ 54,574.00 |
| 2027 | 21,933.60 | 40,080.50 |
| 2028 | 21,933.60 | 12,000.00 |
| 2029 | 21,933.60 | 7,000.00 |
| Total lease payments | 87,734.40 | 113,654.50 |
| Less: Present Value Discount | (6,297.11) | (2,247.64) |
| Total Lease Liability | 81,437.29 | 111,406.86 |
| Less Current Portion | (19,197.95) | (53,337.55) |
| Total Long Term Lease Liability | $ 62,239.34 | $ 58,069.31 |

## 9. COMPENSATED ABSENCES

Employees earn annual leave based upon the following schedule:

| LENGTH OF SERVICE | FULL-TIME 8 Hours Per Day | PART-TIME 6 Hours Per Day | PART-TIME 4 Hours Per Day |
|---|---|---|---|
| 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 vacation pay which has been earned, but not taken, by Organization employees. The Organization has not accrued a liability for sick leave earned, but not taken, by Organization employees, in accordance with guidance provided by FASB ASC 710-10-25-7, as the amounts cannot be reasonably estimated at this time.

## 10. NET ASSETS

Net assets without donor restrictions

Net assets without donor restrictions consist of resources available to support the Organization's operations and programs and are not subject to donor-imposed stipulations.

**10. NET ASSETS** (Continued)

Net assets with donor restrictions
The Organization does not maintain any donor-restricted net assets that are required to be held in perpetuity. Net assets with donor restrictions consist of donations of cash received & restricted to purpose and use. Below is a detailed list of net assets by donor restriction:

| | 2025 | 2024 |
|---|---|---|
| Utilities-Upshur Rural | $ 23,461.93 | $ 25,536.59 |
| Youth Empowerment | 15,897.85 | 20,897.85 |
| Salvation Army | 1,242.54 | 1,242.54 |
| Targeted Local Community Assistance | 26,447.92 | 34,282.42 |
| Share the Warmth | 21,668.31 | 34,965.27 |
| Kaufman Building | 256,360.11 | 267,684.44 |
| Total Net Assets with Donor Restrictions | $ 345,078.66 | $ 384,609.11 |

**11. 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.

Management has structured its financial assets to be available to meet cash needs for general expenditures for at least 30 days beyond year-end.

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:

| | 2025 | 2024 |
|---|---|---|
| Cash and Cash Equivalents - Unrestricted | $ 309,458.04 | $ 978,812.84 |
| Accounts Receivable, Net | 330,054.25 | 187,244.24 |
| Less: Cash Received with Donor Restrictions | (88,718.55) | (116,924.67) |
| Less: Cash Received with Grant Advances | (131,833.90) | (473,722.47) |
| Assets Available to Satisfy Current Obligations | $ 418,959.84 | $ 575,409.94 |

## 12. IN-KIND CONTRIBUTIONS

The Organization receives contributed goods, services, facilities, and rental subsidies in support of its programs. In-kind contributions are recognized when they meet the criteria for recognition under ASC 958-605, which requires that the contributed goods or services (1) create or enhance non-financial assets, or (2) require specialized skills, are provided by individuals possessing those skills, and would otherwise need to be purchased by the Organization.

- *Valuation of Contributed Facilities (Donated Space):* Contributed use of facilities is valued based on market rental rates for comparable properties in the geographic area at the time of donation, considering property type, condition, and location. Amounts recognized represent the estimated fair rental value of the space used during the period.

- *Valuation of Contributed Professional Services:* Contributed professional services are valued at the standard hourly rates charged by the providers or at market rates for similar services within the region when provider rates are not available. Professional services recognized consist of services that require specialized skills and would have been purchased if not donated.

- *Valuation of Contributed Commodities and Materials:* Donated materials, supplies, and food commodities are valued at the estimated acquisition cost or fair value at the date of receipt, generally using published USDA commodity values or vendor price lists, depending on the program.

The Organization does not record the value of contributed services that do not require specialized skills, such as general volunteer time, in accordance with U.S. generally accepted accounting principles (GAAP). In-kind contributions recognized for the Head Start program are summarized as follows:

| | 2025 | 2024 |
|---|---|---|
| Head Start | | |
| Non-Professional Volunteers | $ 53,921.00 | $ 56,255.58 |
| Professional Services | 874,943.96 | 787,092.67 |
| Travel | 83,940.69 | 64,700.72 |
| Other | 464.28 | 6,409.88 |
| Space | 688,467.00 | 638,102.00 |
| Total In-Kind | 1,701,736.93 | 1,552,560.85 |
| Non-GAAP | (53,921.00) | (56,255.58) |
| In-Kind per GAAP | $ 1,647,815.93 | $ 1,496,305.27 |

## 13. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Such audits could result in disallowances of expenditures. The ultimate costs of any such disallowances cannot be reasonably determined at this time. However, management believes that any such adjustments, if required, would not have a material effect on the financial statements.

## 14. 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.

In addition, a majority of the Organization's receivables are from governmental sources. Management believes this concentration does not expose the Organization to significant credit risk, as substantially all such receivables have historically been collected.

## 15. SUBSEQUENT EVENTS

The Organization evaluated events and transactions occurring subsequent to September 30, 2025 through January 13, 2026, 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, 2025

| | Head Start | Early Head Start | Head Start | Early Head Start |
|---|---|---|---|---|
| Program Code | 01 | 32 | 01 | 32 |
| Grant Year End | 11/30/2024 | 11/30/2024 | 11/30/2025 | 11/30/2025 |
| ALN No. | 93.600/10.558 | 93.600/10.558 | 93.600/10.558 | 93.600/10.558 |
| | Early Childhood | Early Childhood | Early Childhood | Early Childhood |
| Revenues and Gains | | | | |
| Contributions | | | | |
| Grant Revenue - Federal | $ 1,059,122.23 | $ 44,477.49 | $ 3,382,392.60 | $ 142,403.85 |
| Grant Revenue - Federal USDA | 30,782.15 | 4,413.13 | 95,177.32 | 14,852.03 |
| Grant Revenue - State | - | - | - | - |
| Local | - | - | - | - |
| Local Non-Cash | 296,466.91 | 4,043.78 | 1,382,677.31 | 18,548.93 |
| Program Income | - | - | - | - |
| Miscellaneous Revenue | - | - | - | - |
| Gain (Loss) on Sale of Assets | - | - | - | - |
| Total Revenue and Gains | 1,386,371.29 | 52,934.40 | 4,860,247.23 | 175,804.81 |
| Expenses | | | | |
| Salaries | 475,715.93 | 28,596.83 | 1,775,016.96 | 104,352.77 |
| Salaries Non-Cash | 134,400.25 | 1,732.22 | 580,839.53 | 7,160.02 |
| Fringe Benefits | 83,857.25 | 2,745.88 | 396,459.21 | 11,044.75 |
| Fringe Benefits Non-Cash | 33,630.22 | 433.06 | 168,413.25 | 2,076.41 |
| Depreciation | - | - | - | - |
| Food | 41,714.85 | 1,928.84 | 121,497.37 | 7,036.61 |
| Indirect Costs | 96,701.46 | 4,123.41 | 269,068.09 | 12,424.61 |
| Insurance | 4,715.51 | 86.27 | 40,877.91 | 494.70 |
| Other | 19,451.91 | 926.16 | 69,331.24 | 1,237.17 |
| Professional Fees | 177,024.18 | 2,948.26 | 223,221.93 | 4,034.84 |
| Professional Fees Non-Cash | - | - | 180.00 | - |
| Program Services | - | - | 10,184.67 | 992.00 |
| Repairs and Maintenance | 8,064.90 | 88.26 | 114,556.83 | 2,364.76 |
| Small Equipment | 6,536.75 | 154.91 | 26,003.67 | 780.94 |
| Space | 46,793.08 | 1,095.79 | 138,670.49 | 4,137.52 |
| Space Non-Cash | 104,164.00 | 1,878.50 | 573,112.00 | 9,312.50 |
| Supplies | 87,510.77 | 4,327.35 | 101,673.05 | 5,213.27 |
| Supplies Non-Cash | 11.28 | - | 453.00 | - |
| Transfers | 2,537.22 | 1,243.28 | - | - |
| Travel | 4,188.37 | 28.93 | 17,857.12 | 83.80 |
| Travel Non-Cash | 24,261.16 | - | 59,679.53 | - |
| Utilities | 19,607.77 | 596.45 | 109,771.08 | 3,058.14 |
| Utility Assistance | - | - | - | - |
| Vehicle | 15,484.43 | - | 63,380.30 | - |
| Total Expenses | 1,386,371.29 | 52,934.40 | 4,860,247.23 | 175,804.81 |
| 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, 2025

| | Youth Empowerment | CSBG-4130 | CSBG-4345 | CSBG DISCRETIONARY-4250 |
|---|---|---|---|---|
| Program Code | 31 | 05 | 22 | 25 |
| Grant Year End | 9/30/2025 | 06/30/2025 | 12/31/2025 | 08/31/2025 |
| ALN No. | N/A | 93.569 | 93.569 | 93.569 |
| | Early Childhood | Community Services | Community Services | Community Services |
| Revenues and Gains | | | | |
| Contributions | | | | |
| Grant Revenue - Federal | $ - | $ 184,593.93 | $ 125,451.11 | $ 11,064.32 |
| 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 | - | 184,593.93 | 125,451.11 | 11,064.32 |
| Expenses | | | | |
| Salaries | - | 72,774.67 | 54,772.24 | 732.18 |
| Salaries Non-Cash | - | - | - | - |
| Fringe Benefits | - | 17,339.81 | 5,727.65 | 89.43 |
| Fringe Benefits Non-Cash | - | - | - | - |
| Depreciation | - | - | - | - |
| Food | - | - | - | - |
| Indirect Costs | - | 22,161.41 | (15,101.05) | 1,311.72 |
| Insurance | - | 11,084.21 | 11,446.54 | - |
| Other | - | 7,955.21 | 5,454.71 | 775.00 |
| Professional Fees | - | 3,173.17 | 680.86 | - |
| Professional Fees Non-Cash | - | - | - | - |
| Program Services | - | 16.28 | - | - |
| Repairs and Maintenance | - | 11,187.56 | 17,035.96 | - |
| Small Equipment | - | 1,007.49 | 696.79 | - |
| Space | 5,000.00 | 3,892.61 | 4,348.02 | - |
| Space Non-Cash | - | - | - | - |
| Supplies | - | 3,049.24 | 6,118.23 | - |
| Supplies Non-Cash | - | - | - | - |
| Transfers | - | (16,355.15) | - | - |
| Travel | - | 2,161.85 | 3,555.24 | - |
| Travel Non-Cash | - | - | - | - |
| Utilities | - | 10,194.78 | 5,295.36 | - |
| Utility Assistance | - | 24,413.69 | 18,971.24 | 8,292.60 |
| Vehicle | - | 10,537.10 | 6,449.32 | (136.61) |
| Total Expenses | 5,000.00 | 184,593.93 | 125,451.11 | 11,064.32 |
| Increase (Decrease) in Net Assets | (5,000.00) | - | - | - |
| NET ASSETS, Beginning of Year | 20,897.85 | - | - | - |
| NET ASSETS, End of the Year | $ 15,897.85 | $ - | $ - | $ - |

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**
Combining Schedule of Activities
For the Year Ended September 30, 2025

| | CEAP - 4381 | CEAP - 4019 | LI-WAP-3677 | Utilities-Upshur Rural |
|---|---|---|---|---|
| Program Code | 21 | 08 | 43 | 12 |
| Grant Year End | 12/31/2024 | 12/31/2025 | 3/15/2025 | 9/30/2025 |
| ALN No. | 93.568 | 93.568 | 93.568 | N/A |
| | Emergency Services | Emergency Services | Emergency Services | Emergency Services |
| Revenues and Gains | | | | |
| Contributions | | | | |
| Grant Revenue - Federal | $ 2,702,774.64 | $ 727,380.13 | $ 3,243.34 | $ - |
| 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 | 2,702,774.64 | 727,380.13 | 3,243.34 | - |
| Expenses | | | | |
| Salaries | 70,087.24 | 87,127.40 | - | - |
| Salaries Non-Cash | - | - | - | - |
| Fringe Benefits | 10,110.30 | 14,969.82 | - | - |
| Fringe Benefits Non-Cash | - | - | - | - |
| Depreciation | - | - | - | - |
| Food | 5.55 | - | - | - |
| Indirect Costs | 51,293.52 | 158,815.02 | 3,243.34 | - |
| Insurance | 9,701.12 | 3,855.90 | - | - |
| Other | 7,994.41 | 2,734.12 | - | - |
| Professional Fees | 1,359.91 | 993.41 | - | - |
| Professional Fees Non-Cash | - | - | - | - |
| Program Services | 36,675.88 | 34,451.71 | - | - |
| Repairs and Maintenance | 6,139.07 | 4,109.71 | - | - |
| Small Equipment | 2,704.38 | 2,291.19 | - | - |
| Space | 5,199.05 | 4,803.90 | - | - |
| Space Non-Cash | - | - | - | - |
| Supplies | 1,648.18 | 3,441.67 | - | - |
| Supplies Non-Cash | - | - | - | - |
| Transfers | (1,349.23) | - | - | - |
| Travel | 3,281.20 | 1,924.83 | - | - |
| Travel Non-Cash | - | - | - | - |
| Utilities | 4,114.43 | 4,929.77 | - | - |
| Utility Assistance | 2,493,729.88 | 402,931.68 | - | 2,074.66 |
| Vehicle | 79.75 | - | - | - |
| Total Expenses | 2,702,774.64 | 727,380.13 | 3,243.34 | 2,074.66 |
| Increase (Decrease) in Net Assets | - | - | - | (2,074.66) |
| NET ASSETS, Beginning of Year | - | - | - | 25,536.59 |
| NET ASSETS, End of the Year | $ - | $ - | $ - | $ 23,461.93 |

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**
Combining Schedule of Activities
For the Year Ended September 30, 2025

| | Share the Warmth-Donations | Share the Warmth-4167 | Share the Warmth-4416 | Salvation Army |
|---|---|---|---|---|
| Program Code | 41 | 41 | 41 | 13 |
| Grant Year End | 09/30/2025 | 03/31/2025 | 12/31/2025 | 9/30/2025 |
| ALN No. | 93.568 | 93.568 | 93.568 | N/A |
| | Emergency Services | Emergency Services | Emergency Services | Emergency Services |
| Revenues and Gains | | | | |
| Contributions | | | | |
| Grant Revenue - Federal | $ - | $ 21,372.00 | $ 107,484.00 | $ - |
| 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 | - | 21,372.00 | 107,484.00 | - |
| Expenses | | | | |
| Salaries | - | - | - | - |
| Salaries Non-Cash | - | - | - | - |
| Fringe Benefits | - | - | - | - |
| Fringe Benefits Non-Cash | - | - | - | - |
| Depreciation | - | - | - | - |
| Food | - | - | - | - |
| Indirect Costs | - | 10,067.00 | 7,760.00 | - |
| Insurance | - | - | - | - |
| Other | - | - | - | - |
| Professional Fees | - | - | - | - |
| Professional Fees Non-Cash | - | - | - | - |
| Program Services | - | - | - | - |
| Repairs and Maintenance | - | - | - | - |
| Small Equipment | - | - | - | - |
| Space | - | - | - | - |
| Space Non-Cash | - | - | - | - |
| Supplies | - | - | - | - |
| Supplies Non-Cash | - | - | - | - |
| Transfers | 13,296.96 | (13,296.96) | - | - |
| Travel | - | - | - | - |
| Travel Non-Cash | - | - | - | - |
| Utilities | - | - | - | - |
| Utility Assistance | - | 24,601.96 | 99,724.00 | - |
| Vehicle | - | - | - | - |
| Total Expenses | 13,296.96 | 21,372.00 | 107,484.00 | - |
| Increase (Decrease) in Net Assets | (13,296.96) | - | - | - |
| NET ASSETS, Beginning of Year | 34,965.27 | - | - | 1,242.54 |
| NET ASSETS, End of the Year | $ 21,668.31 | $ - | $ - | $ 1,242.54 |

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

Combining Schedule of Activities

For the Year Ended September 30, 2025

| | TLC | Tenant Based Rental Assistance | Local Admin | Indirect Costs |
|---|---|---|---|---|
| Program Code | 14 | 26 | 20/27/42 | 40 |
| Grant Year End | 9/30/2025 | 9/30/2025 | 9/30/2025 | 9/30/2025 |
| ALN No. | N/A | 14.239 | N/A | N/A |
| | Emergency Services | Emergency Services | Management and General | Management and General |
| Revenues and Gains | | | | |
| Contributions | | | | |
| Grant Revenue - Federal | $ - | $ 215,334.81 | $ - | $ - |
| Grant Revenue - Federal USDA | - | - | - | - |
| Grant Revenue - State | - | - | - | - |
| Local | 59.10 | - | 26,656.01 | - |
| Local Non-Cash | - | - | - | - |
| Program Income | - | - | 25.20 | 618,124.28 |
| Miscellaneous Revenue | 600.00 | - | - | - |
| Gain (Loss) on Sale of Assets | - | - | - | - |
| Total Revenue and Gains | 659.10 | 215,334.81 | 26,681.21 | 618,124.28 |
| Expenses | | | | |
| Salaries | - | 10,139.91 | (1,181.14) | 376,920.10 |
| Salaries Non-Cash | - | - | - | - |
| Fringe Benefits | - | 816.27 | 4,425.95 | 149,432.25 |
| Fringe Benefits Non-Cash | - | - | - | - |
| Depreciation | - | - | 124,250.65 | - |
| Food | - | - | 340.26 | - |
| Indirect Costs | (2,564.14) | (1,180.10) | - | - |
| Insurance | - | - | 38.07 | 121.13 |
| Other | 9,385.76 | 78.73 | 60,077.86 | 5,013.23 |
| Professional Fees | - | - | 3.30 | 29,899.03 |
| Professional Fees Non-Cash | - | - | - | - |
| Program Services | - | - | - | - |
| Repairs and Maintenance | 6.60 | 1,255.59 | (11,320.83) | 51,495.83 |
| Small Equipment | - | - | - | - |
| Space | 1,282.99 | - | 1,525.63 | 459.50 |
| Space Non-Cash | - | - | - | - |
| Supplies | 432.39 | 122.46 | 21,074.43 | 6,051.16 |
| Supplies Non-Cash | - | - | - | - |
| Transfers | - | - | 52,303.70 | (38,379.82) |
| Travel | - | 300.84 | 430.19 | 24,551.73 |
| Travel Non-Cash | - | - | - | - |
| Utilities | - | - | - | 12,560.14 |
| Utility Assistance | (50.00) | 203,778.00 | - | - |
| Vehicle | - | 23.11 | 10.00 | - |
| Total Expenses | 8,493.60 | 215,334.81 | 251,978.07 | 618,124.28 |
| Increase (Decrease) in Net Assets | (7,834.50) | - | (225,296.86) | - |
| NET ASSETS, Beginning of Year | 34,282.42 | - | 1,721,723.06 | - |
| NET ASSETS, End of the Year | $ 26,447.92 | $ - | $ 1,496,426.20 | $ - |

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**
Combining Schedule of Activities
For the Year Ended September 30, 2025

| Program Code<br>Grant Year End<br>ALN No. | Combined Sub - Totals | Elimination Entries and GAAP Adjustments | Consolidated Totals |
|---|---|---|---|
| Revenues and Gains | | | |
| Contributions | | | |
| Grant Revenue - Federal | $ 8,727,094.45 | $ - | $ 8,727,094.45 |
| Grant Revenue - Federal USDA | 145,224.63 | - | 145,224.63 |
| Grant Revenue - State | - | - | - |
| Local | 26,715.11 | (23,602.55) | 3,112.56 |
| Local Non-Cash | 1,701,736.93 | (53,921.00) | 1,647,815.93 |
| Program Income | 618,149.48 | (618,124.29) | 25.19 |
| Miscellaneous Revenue | 600.00 | - | 600.00 |
| Gain (Loss) on Sale of Assets | - | - | - |
| Total Revenue and Gains | 11,219,520.60 | (695,647.84) | 10,523,872.76 |
| Expenses | | | |
| Salaries | 3,055,055.09 | - | 3,055,055.09 |
| Salaries Non-Cash | 724,132.02 | (42,216.19) | 681,915.83 |
| Fringe Benefits | 697,018.57 | - | 697,018.57 |
| Fringe Benefits Non-Cash | 204,552.94 | (11,704.81) | 192,848.13 |
| Depreciation | 124,250.65 | - | 124,250.65 |
| Food | 172,523.48 | - | 172,523.48 |
| Indirect Costs | 618,124.29 | (618,124.29) | - |
| Insurance | 82,421.36 | - | 82,421.36 |
| Other | 190,415.51 | - | 190,415.51 |
| Professional Fees | 443,338.89 | - | 443,338.89 |
| Professional Fees Non-Cash | 180.00 | - | 180.00 |
| Program Services | 82,320.54 | - | 82,320.54 |
| Repairs and Maintenance | 204,984.24 | (23,602.55) | 181,381.69 |
| Small Equipment | 40,176.12 | - | 40,176.12 |
| Space | 217,208.58 | - | 217,208.58 |
| Space Non-Cash | 688,467.00 | - | 688,467.00 |
| Supplies | 240,662.20 | - | 240,662.20 |
| Supplies Non-Cash | 464.28 | - | 464.28 |
| Transfers | - | - | - |
| Travel | 58,364.10 | - | 58,364.10 |
| Travel Non-Cash | 83,940.69 | - | 83,940.69 |
| Utilities | 170,127.92 | - | 170,127.92 |
| Utility Assistance | 3,278,467.71 | - | 3,278,467.71 |
| Vehicle | 95,827.40 | - | 95,827.40 |
| Total Expenses | 11,473,023.58 | (695,647.84) | 10,777,375.74 |
| Increase (Decrease) in Net Assets | (253,502.98) | - | (253,502.98) |
| NET ASSETS, Beginning of Year | 1,838,647.73 | - | 1,838,647.73 |
| NET ASSETS, End of the Year | $ 1,585,144.75 | $ - | $ 1,585,144.75 |

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**
Linden, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

| Federal Grantor/Pass-Through Grantor/Program Title | Year End | Pass-Through Entity Identifying Number | Assistance Listing # | Provided to Subrecipients | Federal Expenditures |
|---|---|---|---|---|---|
| **U.S. Department of Health and Human Services** | | | | | |
| Direct Programs: | | | | | |
| Head Start Cluster | | | | | |
| Head Start | 11/30/2024 | N/A | 93.600 | $ - | $ 1,103,599.72 |
| Head Start | 11/30/2025 | N/A | 93.600 | - | 3,524,796.45 |
| Total Head Start Cluster | | | Total 93.600 | - | 4,628,396.17 |
| | | | | | |
| Passed-through: | | | | | |
| Texas Department of Housing and Community Affairs | | | | | |
| Low-Income Home Energy Assistance Program (Share the Warmth) | 3/31/2025 | 58940004167 | 93.568 | - | 21,372.00 |
| Low-Income Home Energy Assistance Program (Share the Warmth) | 12/31/2025 | 58950004416 | 93.568 | - | 107,484.00 |
| Low-Income Home Energy Assistance Program (CEAP) | 12/31/2023 | 58250004381 | 93.568 | - | 2,702,774.64 |
| Low-Income Home Energy Assistance Program (CEAP) | 12/31/2024 | 58240004019 | 93.568 | - | 727,380.13 |
| Low-Income Water Assistance Program (CEAP) | 3/15/2025 | 34210003677 | 93.568 | - | 3,243.34 |
| | | | Total 93.568 | - | 3,562,254.11 |
| | | | | | |
| Community Services Block Grant | 6/30/2025 | 61240004130 | 93.569 | - | 184,593.93 |
| Community Services Block Grant | 12/31/2025 | 61250004345 | 93.569 | - | 125,451.11 |
| Community Services Block Grant - Discretionary | 8/31/2025 | 61240004250 | 93.569 | - | 11,064.32 |
| | | | Total 93.569 | - | 321,109.36 |
| | | | | | |
| Total U.S. Department of Health and Human Services | | | | - | 8,511,759.64 |
| | | | | | |
| **U.S. Department of Agriculture** | | | | | |
| Passed-through: | | | | | |
| State of Texas Department of Agriculture | | | | | |
| Child and Adult Care Food Program | 11/30/2024 | 806780706 | 10.558 | - | 35,195.28 |
| Child and Adult Care Food Program | 11/30/2025 | 806780706 | 10.558 | - | 110,029.35 |
| | | | Total 10.558 | - | 145,224.63 |
| | | | | | |
| Total U.S. Department of Agriculture | | | | - | 145,224.63 |

**COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.**
Linden, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

| Federal Grantor/Pass-Through Grantor/Program Title | Year End | Pass-Through Entity Identifying Number | Assistance Listing # | Provided to Subrecipients | Federal Expenditures |
|---|---|---|---|---|---|
| **U.S. Department of Housing and Urban Development** | | | | | |
| Passed-through the Texas Department of Housing and Community Affairs: | | | | | |
| HOME Investment Partnership Program | 9/30/2025 | 2023-0006 | 14.239 | $ - | $ 215,334.81 |
| Total U.S. Department of Housing and Urban Development | | | | - | 215,334.81 |
| Total Expenditures of Federal Awards | | | | $ - | $ 8,872,319.08 |

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 de minimis indirect cost rate allowed under the Uniform Guidance.

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

## 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*

### INDEPENDENT AUDITOR'S REPORT

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 (*Government Auditing Standards*), the financial statements of Community Services of Northeast Texas, Inc. (the Organization), as of September 30, 2025 and 2024 and for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 13, 2026.

**Report on Internal Control Over Financial Reporting**
In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 the Organization'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
January 13, 2026

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

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

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, 2025. 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 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, 2025.

***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 GAAS, *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 GAAS, *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

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
January 13, 2026

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

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

## 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 | X | No |
| Significant deficiency(ies) identified? | ____ | Yes | X | None Reported |
| Non compliance or other matters required to be reported under *Government Auditing Standards* | ____ | Yes | X | No |

**Federal Awards:**
Internal control over major programs:

| | | | | |
|---|---|---|---|---|
| Material weakness(es) identified? | ____ | Yes | X | No |
| Significant deficiency(ies) identified? | ____ | Yes | X | 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 | X | No |

Identification of major programs:

**U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES**
Low-Income Home Energy Assistance Program — Assistance Listing # 93.568

**U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**
HOME Investment Partnership Program — Assistance Listing # 14.239

The threshold for distinguishing Types A and B programs was $1,000,000.00.

| | | | | |
|---|---|---|---|---|
| Auditee qualified as a low risk auditee? | X | Yes | ____ | No |

## II. FINANCIAL STATEMENT FINDINGS

NONE

## III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

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

Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2025

NONE