

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

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**REPORT ON THE AUDIT OF  
FINANCIAL STATEMENTS  
IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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**Years Ended  
September 30, 2012 and 2011**

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

September 30, 2012 and 2011

TABLE OF CONTENTS

	<b><u>PAGE</u></b> <b><u>NUMBER</u></b>
<b>I. FINANCIAL STATEMENTS</b>	
Independent Auditor's Report on Financial Statements	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-12
Schedule of Functional Expenses	13
Schedule of Expenditures of Federal Awards	14-15
Notes to Schedule of Expenditures of Federal Awards	16
<b>II. INDEPENDENT AUDITOR'S REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE</b>	
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	17-18
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	19-20
<b>Schedule of Findings and Questioned Costs:</b>	
Summary of Auditor's Results	21-22
Financial Statements Findings	23
Federal Awards Findings and Questioned Costs	23
Schedule of Prior Year Audit Finding	23

**KARIDAT**  
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**INDEPENDENT AUDITOR'S REPORT**  
**AND**  
**FINANCIAL STATEMENTS**

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**Years Ended**  
**September 30, 2012 and 2011**



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**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Karidat

I have audited the accompanying statement of financial position of Karidat (a nonprofit organization) as of September 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Karidat's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from Karidat's 2011 financial statements and, in our report dated April 19, 2012, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 Karidat's internal control over financial reporting. Accordingly, I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Karidat as of September 30, 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 3, 2013 on my consideration of Karidat's internal control over financial reporting and on my 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 my 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 my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of functional expenses on page 13 and the schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards on pages 14 through 15 are presented for purposes of additional analysis and as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and are not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*J. Scott Magliari & Company*

Saipan, Commonwealth of the Northern Mariana Islands  
May 3, 2013

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

Statement of Financial Position  
September 30, 2012  
(With Comparative information as of September 30, 2011)

Assets

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents (notes 1, 2 and 10)	\$ 193,599	\$ 226,813
Restricted cash (notes 1, 2 and 10)	6,834	31,312
Due from federal grantors (notes 1, 4 and 13)	142,451	246,055
Other receivables	<u>257</u>	<u>1,198</u>
Total current assets	343,141	505,378
Capital assets, net (notes 1 and 5)	<u>10,316</u>	<u>14,940</u>
Total assets	<u>\$ 353,457</u>	<u>\$ 520,318</u>

Liabilities and Net Assets

Current liabilities:		
Due to federal grantor	\$ 3,330	\$ 3,330
Deferred revenues	-	24,222
Accrued expenses	20,518	15,244
Other payables	<u>1,843</u>	<u>1,843</u>
Total current liabilities	25,691	44,639
Noncurrent liabilities:		
Accrued compensated absences (note 1)	<u>13,886</u>	<u>13,886</u>
Total liabilities	<u>39,577</u>	<u>58,525</u>
Contingencies (note 11)		
Net assets:		
Unrestricted:		
Expendable	251,515	373,848
Non-expendable	10,316	14,940
Temporarily restricted (notes 1, 6 and 7)	<u>52,049</u>	<u>73,005</u>
Total net assets	<u>313,880</u>	<u>461,793</u>
Total liabilities and net assets	<u>\$ 353,457</u>	<u>\$ 520,318</u>

See accompanying notes to financial statements.

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

Statement of Activities  
For the Year Ended September 30, 2012  
(With Comparative Summarized Information for the Year Ended September 30, 2011)

	Unrestricted	Temporarily Restricted	Total 2012	Total 2011
<b>Revenues and other supports:</b>				
Appropriations (notes 3)	\$ 31,269	\$ -	\$ 31,269	\$ 70,616
Fundraising, net (note 8)	4,068	-	4,068	12,986
In-kind contributions (note 9)	-	25,002	25,002	44,317
Other revenues and supports	31,252	12,728	43,980	83,238
Federal grants (note 13)	-	814,066	814,066	889,922
Grants and restricted contributions	-	8,651	8,651	23,226
<b>Net assets released from restrictions:</b>				
Satisfaction of program restrictions	<u>881,403</u>	<u>(881,403)</u>	<u>-</u>	<u>-</u>
 Total revenues and other supports	 <u>947,992</u>	 <u>(20,956)</u>	 <u>927,036</u>	 <u>1,124,305</u>
 <b>Expenses:</b>				
<b>Program services:</b>				
Guma Esperanza	591,942	-	591,942	580,515
Victim of Crime Act	145,870	-	145,870	149,125
Victims of Human Trafficking	69,826	-	69,826	142,310
Emergency Food and Shelter	54,645	-	54,645	93,397
Hotline	32,970	-	32,970	39,134
Youth Programs	994	-	994	960
<b>Supporting services:</b>				
General and administration	149,076	-	149,076	111,306
Depreciation	4,624	-	4,624	6,230
In-kind contributions (note 9)	<u>25,002</u>	<u>-</u>	<u>25,002</u>	<u>44,317</u>
 Total expenses	 <u>1,074,949</u>	 <u>-</u>	 <u>1,074,949</u>	 <u>1,167,294</u>
 Changes in net assets	 (126,957)	 (20,956)	 (147,913)	 (42,989)
Net assets at beginning of year	<u>388,788</u>	<u>73,005</u>	<u>461,793</u>	<u>504,782</u>
Net assets at end of year	<u>\$ 261,831</u>	<u>\$ 52,049</u>	<u>\$ 313,880</u>	<u>\$ 461,793</u>

See accompanying notes to financial statements.

**KARIDAT**  
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Statement of Cash Flows  
For the Year Ended September 30, 2012  
(With Comparative Information for the Year Ended September 30, 2011)

	2012	2011
Cash flows from operating activities:		
Changes in net assets	\$ (147,913)	\$ (42,989)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,624	6,230
(Increase) decrease in operating assets:		
Restricted cash	24,478	46,441
Due from federal grantors	103,604	7,740
Other receivables	941	2,365
Increase (decrease) in operating liabilities:		
Deferred revenues	(24,222)	(46,440)
Accrued expenses	5,274	(6,807)
Other payables	-	1,843
Accrued compensated absences	-	3,481
	(33,214)	(28,136)
Net cash used in operating activities		
Cash flows from investing activities:		
Capital expenditures	-	(8,499)
Net cash used in investing activities	-	(8,499)
Net decrease in cash and cash equivalents	(33,214)	(36,635)
Cash and cash equivalents at beginning of year	226,813	263,448
Cash and cash equivalents at end of year	\$ 193,599	\$ 226,813

See accompanying notes to financial statements.



**KARIDAT**  
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Notes to Financial Statements  
September 30, 2012 and 2011

(1) Purpose and Summary of Significant Accounting Policies

*Purpose*

Karidat provides emergency food and shelter to displaced persons, victims of crime, youth at risk, and administers Federal award programs designed to promote the development of young adults on the island of Saipan in the Commonwealth of the Northern Mariana Islands (CNMI). Karidat also provides counseling services to assist individuals with housing, employment, domestic violence, and substance abuse problems. Karidat is funded primarily through United States of America Federal award programs, CNMI government appropriations and private donations.

*Financial Statements Presentation*

The financial statements of Karidat are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205, *Presentation of Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, Karidat 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. In addition, Karidat is required to present a statement of cash flows.

Karidat has determined that all assets, revenues, expenses, gains and losses resulting from CNMI government appropriations and Federal grants are unrestricted and temporarily restricted, respectively.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended September 30, 2011, from which the summarized information was derived.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, Karidat considers cash on hand, cash in bank and highly liquid investments available for current use with an initial maturity of three months or less as cash and cash equivalents.

Karidat maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in 2012 and 2011. Karidat's cash in bank accounts are within insured limits as of September 30, 2012 and 2011.

**KARIDAT**  
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Notes to Financial Statements  
September 30, 2012 and 2011

(1) Purpose and Summary of Significant Accounting Policies, Continued

*Capital Assets*

It is Karidat's policy to capitalize capital assets with a cost or basis of \$1,000 or more. Lesser amounts are expensed as incurred. Purchased property and equipment is capitalized at cost. Donated property and equipment is recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. In the absence of donor stipulations regarding how long those donated assets must be maintained, Karidat reports expirations of restrictions when the assets are placed in service; at that time Karidat reclassifies temporarily restricted net assets to unrestricted net assets. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to seven years.

*Promises to Give*

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Karidat uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

*Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and current liability. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as a non-current liability. The compensated absence liability as of September 30, 2012 and 2011 was \$13,886 each year. Management estimates that none of the accrued compensated absences are due in one year.

*Income Taxes*

Karidat is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Karidat is also exempt from CNMI Territorial Income Tax and Gross Revenue Tax. Therefore, no provision for income tax has been made in the accompanying financial statements.

Tax years that remain subject to examination by major tax jurisdiction for Karidat are 2011, 2010 and 2009. The Organization shall record as current period expense any interest that may be assessed on prior years' taxes.

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

Notes to Financial Statements  
September 30, 2012 and 2011

(1) Purpose and Summary of Significant Accounting Policies, Continued

*Contributions*

Karidat has also adopted FASB ASC Section 958-605-25, *Not-for-Profit Entities - Revenue Recognition*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

All contributions are considered to be available for the general programs of Karidat unless specifically restricted by the donor. Karidat reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions are recorded in the temporarily restricted class for restrictions expiring during the current fiscal year, and then reclassified to the unrestricted class.

*Fair Value of Financial Instruments*

The carrying amounts reflected in the statement of financial position for cash and cash equivalents, restricted cash, due from federal grantors, other receivables, due to federal grantor, deferred revenues, accrued expenses and other payables approximate their respective fair values due to the short-term maturities of those instruments.

*Advertising Costs*

Advertising costs are expensed as incurred. For the years ended September 30, 2012 and 2011, Karidat incurred advertising expense of \$8,637 and \$6,915, respectively.

*Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

Notes to Financial Statements  
September 30, 2012 and 2011

(2) Cash and Cash Equivalents

As of September 30, 2012 and 2011, cash and cash equivalents consist of the following:

	2012	2011
Cash in bank	\$ 158,694	\$ 216,437
Time certificate of deposit	41,589	41,538
Petty cash	150	150
 Total	 200,433	 258,125
Restricted cash	(6,834)	(31,312)
 Cash and cash equivalents	 <u>\$ 193,599</u>	 <u>\$ 226,813</u>

The restricted cash of \$6,834 and \$31,312 as of September 30, 2012 and 2011, respectively, pertains to deposits in interest bearing cash account maintained exclusively for federal cash advances. The carrying value of the restricted cash exceeds the restrictions by \$6,834 and \$7,090 as of September 30, 2012 and 2011, respectively.

(3) Appropriations Receivable

Karidat receives appropriations from the CNMI government to finance its general and administrative expenses. Total appropriations received for the years ended September 30, 2012 and 2011 were \$31,269 and \$70,616, respectively.

(4) Grantor Contributions Receivable

Karidat's receivables from Federal grantors, using a cost reimbursement method, as of September 30, 2012 and 2011 are as follows:

	2012	2011
Balance at beginning of year	\$ 246,055	\$ 253,795
Expenditures during the year	773,932	809,215
 Cash received during the year	 1,019,987	 1,063,010
	(877,536)	(816,955)
 Balance at end of year	 <u>\$ 142,451</u>	 <u>\$ 246,055</u>

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Notes to Financial Statements  
September 30, 2012 and 2011

(5) Capital Assets

The following is a summary of capital assets; at cost, less accumulated depreciation, at September 30, 2012 and 2011:

	Estimated Useful lives	<u>2012</u>	<u>2011</u>
Furniture and equipment	3 - 5 years	\$ 149,296	\$ 149,296
Leasehold improvements	7 years	30,674	30,674
Vehicles	5 years	<u>52,888</u>	<u>52,888</u>
		232,858	232,858
Accumulated depreciation		<u>(222,542)</u>	<u>(217,918)</u>
Capital assets, net		<u>\$ 10,316</u>	<u>\$ 14,940</u>

Depreciation expense for the years ended September 30, 2012 and 2011 was \$4,624 and \$6,230, respectively.

(6) Restrictions on Net Assets

The breakdown of temporarily restricted net assets as of September 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Guma Esperanza – various donations and Fundraisings	\$ 23,420	\$ 30,265
Mempton Foundation	<u>28,629</u>	<u>42,740</u>
Total temporarily restricted	<u>\$ 52,049</u>	<u>\$ 73,005</u>

(7) Deferred Revenue

Karidat receives funding from the Federal Emergency Management Agency to provide emergency food and shelter to various individuals. This program is operated on a cash-advance basis. Grant activities for the years ended September 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Deferred revenue for refundable advances at beginning of year	\$ 24,222	\$ 70,662
Grant receipts	24,054	34,267
Grant expenditures	<u>(48,533)</u>	<u>(80,707)</u>
Deferred revenue for refundable advances (other receivable) at end of year	<u>\$ (257)</u>	<u>\$ 24,222</u>

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Notes to Financial Statements  
September 30, 2012 and 2011

(8) Fundraising

Fundraising revenues represents the net revenues earned from the fundraising events for the years ended September 30, 2012 and 2011 as follows:

	<u>2012</u>	<u>2011</u>
Sale and monetary contributions	\$ 4,531	\$ 17,256
Direct benefit costs to participants	-	(3,383)
Fundraising expenses	<u>(463)</u>	<u>( 887)</u>
Fundraising, net	<u>\$ 4,068</u>	<u>\$ 12,986</u>

(9) In-Kind Contributions

In-kind contributions are valued at the fair market value at the date of the donation. In-kind contributions for the years ended September 30, 2012 and 2011 of \$25,002 and \$44,317, respectively, which consist of donated services, clothing, food supplies, materials for the shelter program and shelter rent.

(10) Concentrations of Credit Risk

Financial instruments which potentially subject Karidat to concentrations of credit risk consist primarily of cash and cash equivalents and restricted cash.

At September 30, 2012 and 2011, Karidat's cash and cash equivalents and restricted cash are within the federal depository insurance limits. Karidat has not experienced any losses on such accounts.

(11) Contingencies

Karidat participated in federally assisted grants from the U.S. Department of Justice, Interior, Housing and Urban Development, and from the Federal Emergency Management Agency in fiscal years 2012 and 2011. Federally assisted grants can be subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. There were no questioned costs for the fiscal years ended September 30, 2012 and 2011.

(12) Risk Management

Karidat is subject to various risks in the normal course of business. Karidat protects itself against property and liability risks by purchasing insurance from private companies.

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Notes to Financial Statements  
September 30, 2012 and 2011

(13) Economic Dependency

Karidat receives a substantial amount of its support from Federal and local governments.

Federal contributions accounts for 88% and 79% of total revenues and other support in the fiscal years ending September 30, 2012 and 2011, respectively. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on Karidat's programs and activities.

(14) Schedule of Functional Expenses

The costs of providing various programs and other activities have been summarized in the Schedule of Functional Expenses. Certain costs have been allocated among the programs and supporting activities benefited.

(15) Subsequent Events

Karidat evaluated subsequent events from October 1, 2013 through May 3, 2013 the date the financial statements were available to be issued. The Organization did not note any material subsequent events requiring disclosure or adjustment to the statement of financial condition.

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**SUPPLEMENTARY INFORMATION**

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**Year Ended September 30, 2012**



**KARIDAT**  
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Schedule of Functional Expenses  
For the Year Ended September 30, 2012

(With Comparative Summarized Information for the Year Ended September 30, 2011)

	Program Services						Supporting Services	Total	
	Guma Esperanza	Victim of Crime Assistance	Victims of Human Trafficking	Emergency Food Shelter	Hotline	Youth Programs	Management and General	2012	2011
Salaries	\$ 223,589	\$ 65,908	\$ 9,894	\$ 1,284	\$ 16,175	\$ -	\$ 103,680	\$ 420,530	\$ 506,517
Direct assistance	94,438	52,575	29,767	7,817	-	-	-	184,597	180,594
Food	140,468	-	-	29,802	-	-	-	170,270	97,395
Utilities	55,963	2,038	-	-	-	-	3,141	61,142	75,869
Professional fees	4,020	2,770	22,971	-	-	-	15,010	44,771	47,999
Payroll taxes	17,109	5,049	757	95	1,237	-	7,897	32,144	38,754
Communications	2,538	3,422	-	6,715	3,260	58	2,119	18,112	19,341
Materials and supplies	4,903	3,153	397	3,395	3,308	-	852	16,008	34,795
Travel	11,794	-	3,941	-	-	-	138	15,873	34,105
Staff training	10,010	3,204	-	-	-	-	-	13,214	13,065
Fuel and lubricant	8,153	1,233	-	2,881	-	-	677	12,944	10,479
Rental	117	5,925	-	-	-	-	4,535	10,577	10,158
Repairs and maintenance	6,800	462	-	-	60	262	1,735	9,319	21,156
Printing and advertising	477	131	-	-	7,078	-	1,428	9,114	6,915
Employee benefits	1,689	-	234	-	-	-	5,055	6,978	6,750
Insurance	-	-	-	2,656	-	674	-	3,330	2,788
Case management	-	-	1,865	-	-	-	-	1,865	4,931
Equipment	-	-	-	-	1,852	-	-	1,852	898
Cleaning services	730	-	-	-	-	-	228	958	1,558
Indirect costs	-	-	-	-	-	-	212	212	205
Miscellaneous	9,144	-	-	-	-	-	2,369	11,513	2,475
	<u>\$ 591,942</u>	<u>\$ 145,870</u>	<u>\$ 69,826</u>	<u>\$ 54,645</u>	<u>\$ 32,970</u>	<u>\$ 994</u>	<u>\$ 149,076</u>	<u>\$ 1,045,323</u>	<u>\$ 1,116,747</u>

See independent auditor's report and accompanying notes to financial statements.

**KARIDAT**  
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Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2012

Federal Grantor/ Program Title	CFDA Number	(Receivable from Grantor)/ Deferred Revenue at October 1, 2011	Cash Receipts FY 2012	Expen- ditures/ Transfer FY 2012	(Receivable from Grantor)/ Deferred Revenue at September 30, 2012
<b><u>U.S. Department of Justice</u></b>					
Passed through the CNMI Criminal Justice Planning Agency:					
Victim of Crime Act (VOCA-ARRA)	16.575	\$ (2,732)	\$ 18,251	\$ (16,857)	\$ (1,338)
Victim of Crime Act (VOCA)	16.575	(16,165)	54,416	(50,026)	(11,775)
Hotline	16.575	(11,959)	39,470	(32,972)	(5,461)
Total (CFDA 16.575)		(30,856)	112,137	(99,855)	(18,574)
GE Shelter-House of Hope (VAWA)	16.588	(52,345)	207,663	(179,576)	(24,258)
Battered Women Shelter-Guma Esperanza	16.588	(12,323)	57,918	(67,025)	(21,430)
Total (CFDA 16.588)		(64,668)	265,581	(246,601)	(45,688)
Sexual Assault Services Formula Program	16.017	(442)	21,053	(20,611)	-
Total (CFDA 16.017)		(442)	21,053	(20,611)	-
Total U.S. Department of Justice		(95,966)	398,771	(367,067)	(64,262)
<b><u>Department of Interior-Office of Insular Affairs</u></b>					
Direct Program:					
Guma Esperanza - House of Hope CNMI Initiative (IALR)	15.875	(49,325)	220,549	(222,792)	(51,568)
Total U.S. Department of Interior Office of Insular Affairs		(49,325)	220,549	(222,792)	(51,568)
<b><u>U.S. Department of Justice</u></b>					
Direct Programs:					
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault (GETHOPE)	16.736	(30,247)	92,824	(83,026)	(20,449)
Victim of Human Trafficking	16.320	(43,559)	103,384	(61,324)	(1,499)
Total U.S. Department of Justice		(73,806)	196,208	(144,350)	(21,948)
Balance carried forward		\$ (219,097)	\$ 815,528	\$ (734,209)	\$ (137,778)

**KARIDAT**  
**(A NONPROFIT CORPORATION)**

Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended September 30, 2012

Federal Grantor/ Program Title	CFDA Number	(Receivable from Grantor)/ Deferred Revenue at October 1, 2011	Cash Receipts FY 2012	Expen- ditures/ Transfer FY 2012	(Receivable from Grantor)/ Deferred Revenue at September 30, 2012
Balance brought forward		\$ (219,097)	\$ 815,528	\$ (734,209)	\$ (137,778)
<b><u>Department of Housing and Urban Development</u></b>					
Direct Program:					
Emergency Shelter Grant	14.231	(26,958)	53,877	(31,071)	(4,152)
Total U.S. Department of Housing and Urban Development		(26,958)	53,877	(31,071)	(4,152)
<b><u>Department of Health and Human Services</u></b>					
Direct Program:					
Services to Victims of a Severe Form of Trafficking	93.598	-	8,131	(8,651)	(520)
Total U.S. Department of Health and Human Services		-	8,131	(8,651)	(520)
Sub-total grant award (cost reimbursement)		(246,055)	877,536	(773,931)	(142,450)
<b><u>Federal Emergency Management Agency (FEMA)</u></b>					
Direct Program:					
Emergency Food and Shelter	83.523	24,222	24,266	(48,745)	(257)
Total FEMA		24,222	24,266	(48,745)	(257)
Sub-total grant award (cash advance)		24,222	24,266	(48,745)	(257)
<b>Total</b>		<b>\$ (221,833)</b>	<b>\$ 901,802</b>	<b>\$ (822,676)</b>	<b>\$ (142,707)</b>

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

Notes to the Schedule of Expenditures of Federal Awards  
September 30, 2012

(1) Scope of Review

Karidat was granted a nonprofit organization charter by the Governor of the Commonwealth of the Northern Mariana Islands (CNMI) on May 8, 1980. Karidat has been designated by the Office of the Governor as the administrating agency for federal grants that further the purpose of Karidat to promote the welfare of the people of the CNMI. All projects of Karidat funded either directly by U.S. Federal agencies or passed through the CNMI, are in the scope of the OMB Circular A-133 audit.

(2) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Karidat 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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**Year Ended September 30, 2012**



CERTIFIED PUBLIC ACCOUNTANT

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**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  
Karidat

I have audited the financial statements of Karidat, a nonprofit organization, as of and for the year ended September 30, 2012, and have issued my report thereon dated May 3, 2013. I conducted my 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.

Internal Control Over Financial Reporting

Management of Karidat is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Karidat's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Karidat's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Karidat'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Karidat's financial statements will not be prevented, or detected and corrected on a timely basis.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Karidat's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance 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 of Karidat, the Board of Directors, federal awarding agencies, the cognizant audit and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

  
Saipan, Commonwealth of the Northern Mariana Islands  
May 3, 2013



CERTIFIED PUBLIC ACCOUNTANT

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Karidat

Compliance

I have audited Karidat's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Karidat's major federal programs for the year ended September 30, 2012. Karidat'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 Karidat's management. My responsibility is to express an opinion on Karidat's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I 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 Karidat's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Karidat's compliance with those requirements.

In my opinion, Karidat 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, 2012.



Internal Control Over Compliance

Management of Karidat is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Karidat's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of Karidat'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.

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

This report is intended for the information and use of management of Karidat, the Board of Directors, federal awarding agencies, the cognizant audit and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

  
Saipan, Commonwealth of the Northern Mariana Islands  
May 3, 2013

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes     X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_yes     X none reported

Noncompliance material to financial statements noted? \_\_\_\_\_yes     X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes     X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_yes     X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_yes     X no

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SECTION I – SUMMARY OF AUDITOR’S RESULTS, CONTINUED**

Identification of major programs:

<u>CFDA Number</u>	<u>Description</u>	<u>Federal Expenditures</u>
15.875	U.S Department of Interior – Guma Esperanza- House of Hope CNMI Initiative (IALR)	<u>\$ 222,792</u>
	Total Federal expenditures	<u>\$ 822,677</u>
	% of Federal expenditures tested as major	<u>27.08%</u>
Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$ 300,000</u>
Auditee qualified as low-risk auditee		<u> X </u> yes <u>      </u> no

**KARIDAT**  
**(A NONPROFIT ORGANIZATION)**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SECTION II – FINANCIAL STATEMENTS FINDINGS**

There were no financial statement audit findings during fiscal year ending September 30, 2012.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no federal awards audit findings and questioned costs during fiscal year ending September 30, 2012.

**SECTION IV – SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

There were no unresolved prior year audit findings.