

KARIDAT
(A NONPROFIT ORGANIZATION)

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

Years Ended
September 30, 2013 and 2012

KARIDAT
(A NONPROFIT ORGANIZATION)

September 30, 2013 and 2012

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KARIDAT
(A NONPROFIT ORGANIZATION)

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

Years Ended
September 30, 2013 and 2012



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Karidat

Report on the Financial Statements

I have audited the accompanying financial statements of Karidat (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Karidat's 2012 financial statements, and my report dated May 3, 2013, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Other Matters

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Karidat' basic financial statements. The Schedule of Functional Expenses is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 15, 2014, 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 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 Karidat's internal control over financial reporting and compliance.


Saipan, Commonwealth of the Northern Mariana Islands
May 15, 2014

KARIDAT
(A NONPROFIT ORGANIZATION)

Statement of Financial Position
September 30, 2013
(With Comparative information as of September 30, 2012)

Assets

	2013	2012
Current assets:		
Cash and cash equivalents (notes 1, 2 and 10)	\$ 201,675	\$ 193,599
Restricted cash (notes 1, 2 and 10)	6,682	6,834
Due from federal grantors (notes 1, 4 and 13)	112,153	142,451
Other receivables	-	257
Total current assets	320,510	343,141
Capital assets, net (notes 1 and 5)	48,820	10,316
Total assets	\$ 369,330	\$ 353,457

Liabilities and Net Assets

Current liabilities:		
Due to federal grantor	\$ 4,087	\$ 3,330
Unearned revenues	67	-
Accrued expenses	41,487	20,518
Other payables	9,011	1,843
Total current liabilities	54,652	25,691
Noncurrent liabilities:		
Accrued compensated absences (note 1)	13,886	13,886
Total liabilities	68,538	39,577
Contingencies (note 10)		
Net assets:		
Unrestricted:		
Expendable	203,006	251,515
Non-expendable	48,820	10,316
Temporarily restricted (notes 1 and 6)	48,966	52,049
Total net assets	300,792	313,880
Total liabilities and net assets	\$ 369,330	\$ 353,457

See accompanying notes to financial statements.

KARIDAT
(A NONPROFIT ORGANIZATION)

Statement of Activities
For the Year Ended September 30, 2013
(With Comparative Summarized Information for the Year Ended September 30, 2012)

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
Revenues and other supports:				
Appropriations (notes 3)	\$ 36,371	\$ -	\$ 36,371	\$ 31,269
Fundraising, net (note 7)	15,891	-	15,891	4,068
In-kind contributions (note 8)	-	57,521	57,521	25,002
Other revenues and supports	16,393	-	16,393	43,980
Federal grants (note 12)	-	764,144	764,144	814,066
Grants and restricted contributions	5,210	8,404	13,614	8,651
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>833,152</u>	<u>(833,152)</u>	<u>-</u>	<u>-</u>
 Total revenues and other supports	 <u>907,017</u>	 <u>(3,083)</u>	 <u>903,934</u>	 <u>927,036</u>
 Expenses:				
Program services:				
Guma Esperanza	435,706	-	435,706	591,942
Victims of Human Trafficking	160,808	-	160,808	69,826
Victim of Crime Act	68,990	-	68,990	145,870
Emergency Food and Shelter	47,131	-	47,131	54,645
Hotline	25,847	-	25,847	32,970
Youth Programs	-	-	-	994
Supporting services:				
General and administration	116,105	-	116,105	149,076
Depreciation	4,914	-	4,914	4,624
In-kind contributions (note 8)	<u>57,521</u>	<u>-</u>	<u>57,521</u>	<u>25,002</u>
 Total expenses	 <u>917,022</u>	 <u>-</u>	 <u>917,022</u>	 <u>1,074,949</u>
 Changes in net assets	 (10,005)	 (3,083)	 (13,088)	 (147,913)
 Net assets at beginning of year	 <u>261,831</u>	 <u>52,049</u>	 <u>313,880</u>	 <u>461,793</u>
 Net assets at end of year	 <u>\$ 251,826</u>	 <u>\$ 48,966</u>	 <u>\$ 300,792</u>	 <u>\$ 313,880</u>

See accompanying notes to financial statements.

KARIDAT
(A NONPROFIT ORGANIZATION)

Statement of Cash Flows
For the Year Ended September 30, 2013
(With Comparative Information for the Year Ended September 30, 2012)

	2013	2012
Cash flows from operating activities:		
Changes in net assets	\$ (13,088)	\$ (147,913)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	4,914	4,624
(Increase) decrease in operating assets:		
Restricted cash	152	24,478
Due from federal grantors	30,298	103,604
Other receivables	257	941
Increase (decrease) in operating liabilities:		
Unearned revenues	67	(24,222)
Accrued expenses	20,969	5,274
Other payables	7,168	-
Accrued compensated absences	-	-
Net cash provided by (used for) operating activities	51,494	(33,214)
Cash flows from investing activities:		
Capital expenditures	(43,418)	-
Net cash used for investing activities	(43,418)	-
Net change in cash and cash equivalents	8,076	(33,214)
Cash and cash equivalents at beginning of year	193,599	226,813
Cash and cash equivalents at end of year	\$ 201,675	\$ 193,599

See accompanying notes to financial statements.

KARIDAT
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Notes to Financial Statements
September 30, 2013 and 2012

(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, 2012, 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 2013 and 2012. Karidat's cash in bank accounts are within insured limits as of September 30, 2013 and 2012.

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Notes to Financial Statements
September 30, 2013 and 2012

(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, 2013 and 2012 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 2012, 2011 and 2010. The Organization shall record as current period expense any interest that may be assessed on prior years' taxes.

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Notes to Financial Statements
September 30, 2013 and 2012

(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, 2013 and 2012, Karidat incurred advertising expense of \$288 and \$9,114, 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
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Notes to Financial Statements
September 30, 2013 and 2012

(2) Cash and Cash Equivalents

As of September 30, 2013 and 2012, cash and cash equivalents consist of the following:

	2013	2012
Cash in bank	\$ 166,567	\$ 158,694
Time certificate of deposit	41,640	41,589
Petty cash	150	150
 Total	 208,357	 200,433
Restricted cash	(6,682)	(6,834)
 Cash and cash equivalents	 \$ 201,675	 \$ 193,599

The restricted cash of \$6,682 and \$6,834 as of September 30, 2013 and 2012, 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 \$6,615 and \$6,834 as of September 30, 2013 and 2012, 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, 2013 and 2012 were \$36,371 and \$31,269, respectively.

(4) Grantor Contributions Receivable

Karidat's receivables from Federal grantors, using a cost reimbursement method, as of September 30, 2013 and 2012 are as follows:

	2013	2012
Balance at beginning of year	\$ 142,451	\$ 246,055
Expenditures during the year	764,144	773,932
 Cash received during the year	 906,595	 1,019,987
	(794,442)	(877,536)
 Balance at end of year	 \$ 112,153	 \$ 142,451

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Notes to Financial Statements
September 30, 2013 and 2012

(5) Capital Assets

The following is a summary of capital assets; at cost, less accumulated depreciation, at September 30, 2013 and 2012:

	Estimated Useful lives	<u>2013</u>	<u>2012</u>
Furniture and equipment	3 - 5 years	\$ 153,121	\$ 149,296
Leasehold improvements	7 years	30,674	30,674
Vehicles	5 years	<u>92,481</u>	<u>52,888</u>
		276,276	232,858
Accumulated depreciation		<u>(227,456)</u>	<u>(222,542)</u>
Capital assets, net		<u>\$ 48,820</u>	<u>\$ 10,316</u>

Depreciation expense for the years ended September 30, 2013 and 2012 was \$4,914 and \$4,624, respectively.

(6) Restrictions on Net Assets

The breakdown of temporarily restricted net assets as of September 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Guma Esperanza – various donations and Fundraisings	\$ 20,337	\$ 23,420
Mempton Foundation	<u>28,629</u>	<u>28,629</u>
Total temporarily restricted	<u>\$ 48,966</u>	<u>\$ 52,049</u>

KARIDAT
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Notes to Financial Statements
September 30, 2013 and 2012

(7) Fundraising

Fundraising revenues represents the net revenues earned from the fundraising events for the years ended September 30, 2013 and 2012 as follows:

	<u>2013</u>	<u>2012</u>
Sale and monetary contributions	\$ 20,376	\$ 4,531
Direct benefit costs to participants	(2,965)	-
Fundraising expenses	<u>(1,520)</u>	<u>(463)</u>
Fundraising, net	<u>\$ 15,891</u>	<u>\$ 4,068</u>

(8) 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, 2013 and 2012 of \$57,521 and \$25,002, respectively, which consist of donated services, clothing, food supplies, materials for the shelter program and shelter rent.

(9) 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, 2013 and 2012, 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.

(10) 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 2013 and 2012. 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, 2013 and 2012.

(11) 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, 2013 and 2012

(12) Economic Dependency

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

Federal contributions accounts for 85% and 88% of total revenues and other support in the fiscal years ending September 30, 2013 and 2012, 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.

(13) 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.

(14) Subsequent Events

Karidat evaluated subsequent events from October 1, 2013 through May 15, 2014 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.

KARIDAT
(A NONPROFIT ORGANIZATION)

SUPPLEMENTARY INFORMATION

Year Ended September 30, 2013

KARIDAT
(A NONPROFIT ORGANIZATION)

Schedule of Functional Expenses
For the Year Ended September 30, 2013
(With Comparative Summarized Information for the Year Ended September 30, 2012)

	Program Services					Youth Program	Supporting Services	Total	
	Guma Esperanza	Victims of Human Trafficking	Victim of Crime Assistance	Emergency Food Shelter	Hotline		Management and General	2013	2012
Salaries	\$ 187,225	\$ 58,176	\$ 47,494	\$ 14,454	\$ 18,886	-	\$ 75,507	\$ 401,742	\$ 420,530
Direct assistance	50,809	65,561	-	-	-	-	-	116,370	184,597
Food	52,778	-	-	20,524	-	-	-	73,302	170,270
Utilities	49,219	108	498	933	-	-	6,618	57,376	61,142
Materials and supplies	30,022	696	347	-	184	-	855	32,104	16,008
Payroll taxes	14,261	4,525	3,633	1,106	1,445	-	5,776	30,746	32,144
Professional fees	1,802	2,480	5,170	-	-	-	15,470	24,922	44,771
Communications	2,841	1,499	2,178	5,018	2,278	-	2,091	15,905	18,112
Repairs and maintenance	14,675	-	-	-	-	-	859	15,534	9,319
Travel	35	12,998	-	-	-	-	-	13,033	15,873
Furnitures and equipment	12,460	-	-	-	-	-	-	12,460	1,852
Fuel and lubricant	4,952	2,203	1,810	1,016	-	-	849	10,830	12,944
Employee benefits	3,400	2,784	410	825	63	-	3,050	10,532	6,978
Rental	5,200	-	1,372	-	-	-	2,853	9,425	10,577
Case management	-	6,908	-	-	-	-	-	6,908	1,865
Vehicle lease	-	-	5,250	-	-	-	-	5,250	-
Insurance	2,263	-	-	1,235	-	-	-	3,498	3,330
Staff training	-	-	828	-	2,508	-	-	3,336	13,214
Cleaning services	2,400	-	-	-	-	-	190	2,590	958
Printing and advertising	-	-	-	-	-	-	288	288	9,114
Indirect costs	-	-	-	-	-	-	-	-	212
Program evaluation	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	-
Freight and handling	-	-	-	-	-	-	-	-	-
Miscellaneous	1,364	2,870	-	2,020	483	-	1,699	8,436	11,513
	<u>\$ 435,706</u>	<u>\$ 160,808</u>	<u>\$ 68,990</u>	<u>\$ 47,131</u>	<u>\$ 25,847</u>	<u>\$ -</u>	<u>\$ 116,105</u>	<u>\$ 854,587</u>	<u>\$ 1,045,323</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, 2013

Federal Grantor/ Program Title	CFDA Number	(Receivable from Grantor)/ Deferred Revenue at October 1, 2012	Cash Receipts FY 2013	Expen- ditures/ Transfer FY 2013	(Receivable from Grantor)/ Deferred Revenue at September 30, 2013
<u>U.S. Department of Justice</u>					
Passed through the CNMI Criminal Justice Planning Agency:					
Victim of Crime Act (VOCA-ARRA)	16.575	\$ (1,338)	\$ -	\$ -	\$ (1,338)
Victim of Crime Act (VOCA)	16.575	(11,775)	50,607	(49,845)	(11,013)
Victim of Crime Act - Supplemental (VO Hotline	16.575	-	12,380	(18,881)	(6,501)
	16.575	(5,461)	29,705	(25,846)	(1,602)
Total (CFDA 16.575)		(18,574)	92,692	(94,572)	(20,454)
GE Shelter-House of Hope (VAWA)	16.588	(24,258)	145,293	(150,158)	(29,123)
Battered Women Shelter-Guma Esperanza	16.588	(21,430)	82,659	(80,845)	(19,616)
Total (CFDA 16.588)		(45,688)	227,952	(231,003)	(48,739)
Total U.S. Department of Justice		(64,262)	320,644	(325,575)	(69,193)
<u>Department of Interior-Office of Insular Affairs</u>					
Direct Program:					
Guma Esperanza - House of Hope CNMI Initiative (IALR)	15.875	(51,568)	139,510	(93,592)	(5,650)
Total U.S. Department of Interior Office of Insular Affairs		(51,568)	139,510	(93,592)	(5,650)
<u>U.S. Department of Justice</u>					
Direct Programs:					
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault (GETHOPE)	16.736	(20,449)	84,584	(78,308)	(14,173)
Victim of Human Trafficking	16.320	(1,499)	59,361	(77,990)	(20,128)
Total U.S. Department of Justice		(21,948)	143,945	(156,298)	(34,301)
Balance carried forward		\$ (137,778)	\$ 604,099	\$ (575,465)	\$ (109,144)

See independent auditor's report.

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, 2012	Cash Receipts FY 2013	Expen- ditures/ Transfer FY 2013	(Receivable from Grantor)/ Deferred Revenue at September 30, 2014
Balance brought forward		\$ (137,778)	\$ 604,099	\$ (575,465)	\$ (109,144)
<u>Department of Housing and Urban Development</u>					
Direct Program:					
Emergency Shelter Grant	14.231	(4,152)	27,199	(25,591)	(2,544)
Total U.S. Department of Housing and Urban Development		(4,152)	27,199	(25,591)	(2,544)
<u>Department of Health and Human Services</u>					
Direct Program:					
Services to Victims of a Severe Form of Trafficking	93.598	(520)	4,419	(3,899)	-
Passed through the CNMI Department of Community and Cultural Affairs:					
Family Violence Prevention & Services	93.671	-	107,238	(107,171)	67
Total U.S. Department of Health and Human Services		(520)	111,657	(111,070)	67
<u>Department of Homeland Security</u>					
Direct Program:					
Emergency Food and Shelter	97.024	(257)	51,811	(52,018)	(464)
Total FEMA		(257)	51,811	(52,018)	(464)
Total		\$ (142,707)	\$ 794,766	\$ (764,144)	\$ (112,085)

See independent auditor's report.

KARIDAT
(A NONPROFIT ORGANIZATION)

Notes to the Schedule of Expenditures of Federal Awards
September 30, 2013

(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)

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

Year Ended September 30, 2013



CERTIFIED PUBLIC ACCOUNTANT

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

Board of Directors
Karidat

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Karidat (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated May 15, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Karidat's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Karidat's internal control. Accordingly, I 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Karidat's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


Saipan, Commonwealth of the Northern Mariana Islands
May 15, 2014



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Karidat

Report on Compliance for Each Major Federal Program

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, 2013. Karidat's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Karidat's major federal programs based on my audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, my audit does not provide a legal determination of Karidat's compliance.

Opinion on Each Major Federal Program

In my opinion, Karidat complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of Karidat is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Karidat's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. 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.

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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Saipan, Commonwealth of the Northern Mariana Islands
May 15, 2014

KARIDAT
(A NONPROFIT ORGANIZATION)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

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: Unmodified

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, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS, CONTINUED

Identification of major programs:

<u>CFDA Number</u>	<u>Description</u>	<u>Federal Expenditures</u>
93.671	U.S. Department of Health and Human Services – Family Violence Prevention & Services	\$ 107,171
16.588	U.S. Department of Justice – Violence Against Women Act	<u>231,003</u>
	Total major programs	<u>\$ 338,174</u>
	Total Federal expenditures	<u>\$ 764,144</u>
	% of Federal expenditures tested as major	<u>44.25%</u>

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

Auditee qualified as low-risk auditee X yes no

KARIDAT
(A NONPROFIT ORGANIZATION)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

SECTION II – FINANCIAL STATEMENTS FINDINGS

There were no financial statement audit findings during fiscal year ending September 30, 2013.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal awards audit findings and questioned costs during fiscal year ending September 30, 2013.

SECTION IV – SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

There were no unresolved prior year audit findings.