

CHABAD'S CHILDREN OF CHERNOBYL

FINANCIAL STATEMENTS

JUNE 30, 2013

CHABAD’S CHILDREN OF CHERNOBYL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Chabad's Children of Chernobyl

I have audited the accompanying financial statements of Chabad's Children of Chernobyl, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

The organization's 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

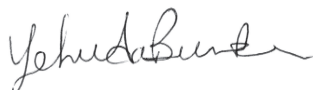
My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Chabad's Children of Chernobyl Inc. as of June 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.



September 17, 2014

**CHABAD'S CHILDREN OF CHERNOBYL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013**

ASSETS

Cash	\$ 2,250
Investments (donated equities)	39,345
Pledge receivable	614,075
Loan Receivable	30,000
Other Receivable	28,105
Furniture & Equipment, net	<u>2,092</u>
TOTAL ASSETS	<u>\$ 715,867</u>

LIABILITIES AND NET ASSETS

Cash Overdraft	\$ 78,448
Credit Cards Payable	32,160
Annuity Payable	1,135
Loans Payable	<u>375,281</u>
TOTAL LIABILITIES	<u>\$ 487,024</u>
Unrestricted Net Assets	<u>228,843</u>
TOTAL NET ASSETS	<u>\$ 228,843</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 715,867</u>

**CHABAD'S CHILDREN OF CHERNOBYL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

REVENUE

Contributions	\$ 582,832
Special Events	1,619,380
Special Event Administration Fund Raising	(362,519)
Special Event Direct Costs	(225,256)
Direct Mail Costs	(23,067)
Investment Income	(130)
	<hr/>
TOTAL REVENUE	<u>\$ 1,591,240</u>

EXPENSES

Administration	\$ 146,657
Fund Raising	162,253
Grant Program	1,462,139
	<hr/>
TOTAL EXPENSES	<u>\$ 1,771,049</u>
Change in Net Assets	\$ (179,809)
NET ASSETS BEGINNING	<hr/> 408,652
NET ASSETS ENDING	<u><u>\$ 228,843</u></u>

**CHABAD'S CHILDREN OF CHERNOBYL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Expenses</u>	<u>Admin & General</u>	<u>Fund Raising</u>	<u>Special Event Fund Raising</u>	<u>Special Event Direct Costs</u>	<u>Grant Program</u>	<u>Total</u>
Salaries	\$ 53,272	\$ 80,458	\$ 245,933	\$ -	\$ -	\$ 379,663
Fringe Benefits	8,349	12,609	25,639	-	-	46,597
Auction	-	-	-	15,231	-	15,231
Awards	-	-	-	16,513	-	16,513
Venue and Caterer	-	-	-	113,825	-	113,825
Set Up	-	-	-	19,277	-	19,277
Producer	-	-	-	4,135	-	4,135
Audio & Video	-	-	-	29,926	-	29,926
Security & Other	-	-	-	26,349	-	26,349
Travel	4,805	4,892	10,220	-	-	19,917
Internet	650	1,517	-	-	-	2,167
Office Expense	11,300	11,300	-	-	-	22,600
Postage	923	2,768	6,538	-	-	10,229
Printing	-	1,480	14,577	-	-	16,057
Supplies	3,147	3,147	-	-	-	6,294
Telephone	4,140	4,785	2,730	-	-	11,655
Insurance	17,221	-	-	-	-	17,221
Accounting & Legal	7,894	-	-	-	-	7,894
Development	-	5,347	43,517	-	-	48,864
Grants	-	-	-	-	1,462,139	1,462,139
Miscellaneous	10	-	13,365	-	-	13,375
Depreciation	542	542	-	-	-	1,084
Interest	996	-	-	-	-	996
Rent	33,408	33,408	-	-	-	66,816
Total	\$ 146,657	\$ 162,253	\$ 362,519	\$ 225,256	\$ 1,462,139	\$ 2,358,824

See notes to financial statements

**CHABAD'S CHILDREN OF CHERNOBYL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

CASH FLOWS FROM OPERATIONS

Change in Net Assets	\$ (179,809)
Adjustments to reconcile change in Net Assets to Net Cash Used by Operations:	
<i>Non-Cash items</i>	
Depreciation	1,084
Amortization of Discount on Pledge Receivable	(27,433)
Change in Fair Value of Securities	982
<i>Change in Cash due to:</i>	
Decrease in Pledges Receivable	200,000
Decrease in Accrued Expenses	(7,683)
	\$ (12,859)

CASH FLOWS FROM INVESTING

Investment in Other Receivable	\$ (28,105)
Equipment purchased	(2,386)
	\$ (30,491)

CASH FLOWS FROM FINANCING

Loan Payments	\$ (74,951)
Bank Overdraft	78,449
Credit Card debt	15,235
Annuity Payments	(1,148)
	\$ 17,585

CHANGE IN CASH	\$ (25,765)
Cash Balance - Beginning	28,015
	\$ 2,250

**CHABAD'S CHILDREN OF CHERNOBYL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Since 1990, Chabad's Children of Chernobyl has evacuated more than 2,863 children on 99 rescue missions from areas contaminated by the 1986 Chernobyl nuclear disaster, and brought them to Israel for extended medical care.

Note A – Summary of Significant Accounting Principles

The accounting policies of the organization conform to accounting principles generally accepted as applicable to Not for Profit organizations. The accrual basis of accounting is followed. Under the accrual basis of accounting, revenues are reported when earned. Expenditures are recorded when the goods are received or services are rendered. Sick and vacation pay is recorded when earned.

All depreciable assets that cost at least \$1,000 are recorded at cost and are depreciated on a straight-line basis. Machinery and equipment are depreciated over 5 to 10 years.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results can differ from those estimates.

The organization reports 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. Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restricted revenue whose restriction expired during the year is presented as unrestricted revenue.

The organization is tax-exempt under the law of New York State and under Internal Revenue Code 501(c) (3) as a non-private foundation.

Note B - Investment

Investment represents donated stock equities, shown at market value.

Note C – Pledge Receivable

A donor has promised \$20,000 a month for 50 months, beginning November 2011. The balance due at June 30, 2013 is shown at present value, net of a discount of \$29,925. The discount rate used is 4%. The amount due in less than one year is \$240,000.

Note D – Loan Receivable

A loan of \$30,000 to a Not-for-Profit organization was converted to a grant in 2014.

Note E – Fixed Assets

Furniture and equipment is shown net of \$66,515 in accumulated depreciation.

Note F - Loans Payable

This represents 11 non-interest bearing loans payable, ranging from \$5,000 to \$80,000. The loans are payable either upon demand or over one to three years. Imputed interest on these loans at .222% is \$909 included in contributions income.

Note G - Rental Agreements

Chabad’s Children of Chernobyl leases office space in New York, NY, for base rent of \$52,600 a year. The lease expires March 31, 2018. The amount payable in each of the next five years is:

June 30, 2014	\$52,568
June 30, 2015	52,568
June 30, 2016	52,568
June 30, 2017	52,568
June 30, 2018	39,426

Note H – Restrictions on Net Assets

As of June 30, 2013, there were no restrictions, temporary or permanent, on the net assets of the organization.

Note I—Subsequent Events

In preparing these financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through September 17, 2014 the date the financial statements were available to be issued.

Note J - Uncertain Tax Positions

The organization files Form 990, Return of Organization Exempt from Taxes. Years ended June 30, 2011 and thereafter are open for examination. There are no uncertain tax positions and no prospect of assessments for those years