

**THE BLUE CARD, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2017**

**THE BLUE CARD, INC**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of Directors of  
The Blue Card, Inc

We have audited the accompanying financial statements of The Blue Card, Inc (a non-for-profit organization), which comprise the statement of financial position as of December 31, 2017, 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those Standards require that we plan and 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 auditors' 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. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Blue Card, Inc as of December 31, 2017, and the changes in its assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Opinion on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Michael Koloden, CPA**

October 12, 2018

**THE BLUE CARD, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

**Assets**

Cash	\$	690,279	
Cemetery plots	\$	24,280	
Grants, Contracts and other Receivables	\$	761,431	
Equipment (net)	\$	-	
Investments	\$	87,196	
Prepaid expenses	\$	1,310	
Security deposit	\$	4,291	
<b>Total Assets</b>			\$ <u>1,568,787</u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable and accrued expenses	\$	39,846	
	\$	180,571	\$ <u>220,417</u>

**Net Assets**

Unrestricted (includes \$100,000 board designated operating reserve)	\$	1,348,370	
Temporarily restricted			
<b>Total Net Assets</b>	\$	<u>1,348,370</u>	

<b>Total Liabilities and Net Assets</b>			\$ <u>1,348,370</u>
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See accompanying notes.

**THE BLUE CARD, INC.**  
**STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2017**

**Changes in Unrestricted Net Assets**

**UNRESTRICTED NET ASSETS**

<b>Unrestricted revenues and gains</b>		
Contributions	\$	1,768,501
Legacies	\$	54,360
Grants	\$	206,672
Investment Return		
Dividends/Interest/Capital Gains - Charles Schwab	\$	3,293
Interest Income	\$	533
Dividends Income - Other	\$	368
TOTAL UNRESTRICTED REVENUES AND GAINS	\$	<u>2,033,727</u>
Net assets released from restrictions:		
Satisfaction of Purpose	\$	<u>1,912,835</u>
TOTAL UNRESTRICTED REVENUES GAINS AND OTHER SUPPORT	\$	3,946,562
Program Services	\$	3,810,536
Supporting Services		
Management and general	\$	283,354
Fundraising	\$	95,028
TOTAL EXPENSES	\$	<u>4,188,918</u>
DECREASE IN UNRESTRICTED NET ASSETS	\$	<u>(242,356)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Grants		
Claims Conference	\$	1,463,856
UJA Federation	\$	242,903
Other Grants	\$	206,075
Net assets released from restriction	\$	<u>(1,912,834)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS		<u>                    </u>
DECREASE IN NET ASSETS	\$	(242,356)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$	1,590,726
<b>NET ASSETS AT END OF YEAR</b>	\$	1,348,370

See accompanying notes.

**THE BLUE CARD, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED**  
**DECEMBER 31, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (242,356)
Adjustments to reconcile decrease in net assets used by operating activities:	
Cash in transit	\$ 32,571
Depreciation	\$ 7,487
Unrealized gain/loss on investment	\$ (9,960)
(Increase) decrease in operating assets	
Grants and contracts and other receivables	\$ 213,912
Prepaid expenses	\$ 155
(Increase) decrease in operating liabilities	
Accounts payable and accrued expenses	\$ (152,261)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (150,452)</b>

**NET DECREASE IN CASH** \$ 150,452

**BEGINNING CASH** \$ 539,827

**ENDING CASH** \$ 690,279

See accompanying notes.

**THE BLUE CARD, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities:**

The Blue Card, Inc. is a not-for-profit organization that provides assistance to needy Holocaust survivors and their families. The form of assistance and amount expended for each were detailed in the supplementary schedule on page 10. Funding for operations of The Blue Card, Inc. are derived from contributions from individuals, legacies, other not-for-profit organizations, income from idle funds and Claims Conference. Approximately 40% of Organization's support for the year ended December 31, 2017 came from Claims Conference.

**Cash and Cash Equivalent**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gain or losses are included in the change in net assets.

**Grants, Contracts and Other Receivables**

Contributions are recognized when the donor makes a promise to give to Organization 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 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 restrictions. When a restriction expires, temporarily restricted net assets are reclassified into unrestricted net assets.

The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific receivables.

**Property and Equipment**

The Organization capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated assets to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

**Income Tax Status**

**THE BLUE CARD, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

The Blue Card, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Code Section 509(a)(1) and 170(b)(1)(A)(vi).

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B- CASH**

Cash is composed of the following:

Checking	\$ 30,896
Money Market and Savings	<u>\$ 659,384</u>
	\$ 690,280

**NOTE C- GRANTS, CONTRACTS AND OTHER RECEIVABLES**

Unconditional grants, contracts and other receivables consist of the following:

Unrestricted receivables –	\$ 84,000
Restricted to Holocaust Survivor Emergency Assistance Program	<u>\$ 677,431</u>
Total unconditional grants, contracts and other receivables	\$ 761,431

All receivables are due in less than one year and recognized at fair value. No provision is made for uncollectible amounts. Uncollectible amounts for receivables are expected to be insignificant.

**NOTE D - INVESTMENTS**

The fair value of investment which consisted of marketable securities available for sale totaled \$87,195 as of December 31, 2017.

The following schedule summarizes investment returns:	<b><u>Unrestricted:</u></b>
Unrestricted interest/Dividend Income	\$ 4,194
Net unrealized loss	<u>\$ 9,960</u>
Total Investment Return	\$ 14,154

**THE BLUE CARD, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE E - FAIR VALUE MEASUREMENTS**

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2017, are as follows:

**Description**

	<u>Fair Value</u>	<u>Level 1</u>
Marketable Securities	\$87,195	\$87,105

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causing the transfer. There was no transfers between levels in the year ended 31, 2017.

Investments are reported at fair value on recurring basis determined by reference to quoted market prices.

**NOTE F - DESCRIPTION OF LEASING ARRANGEMENTS**

On April 7, 2014, The Blue Card, Inc. signed a renewal lease of five years for office space commencing April 15, 2013 through March 31, 2019. On December 13, 2017 the lease was amended to extend its expiration to 2021. As of December 31, 2017 the minimum lease payments are as follows:

2017	\$	94,880
2018	\$	87,520
2019	\$	90,446
2020	\$	93,459
2021	\$	<u>96,563</u>
		\$462,668

Lease payment will increase by 3% annually.

The Blue Card, Inc. has also entered into equipment lease of three years for postage machine with Neopost. The lease requires quarterly payment of \$704 and will expire October 12, 2019,

**NOTE G - CONCENTRATION OF CREDIT RISK**

The Blue Card, Inc. maintains checking, and/or money market accounts at five different banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at one of these institutions exceeded the FDIC insured limits.

**NOTE G - TAX RETURNS**

**THE BLUE CARD, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

The Organization's Federal Tax Return filed on Form 990 and NYS Annual Filing for Charitable Organization on Form CHAR 500 are open for examination for the years of 2014, 2015, 2016 and 2017. There are currently no examinations in progress.

**NOTE I - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring after the balance sheet date of October 12, 2018 which is the date the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in the financial statements.

**THE BLUE CARD, INC.**  
**STATEMENT OF FUNCTION EXPENSES**  
**DECEMBER 31, 2017**

**FUNCTIONAL EXPENSES**

Expenses are allocated on a functional basis between the program expenses, management and general expenses and fundraising. Expenses that can be identified with a specific program and support service are allocated according to their natural expenditure are allocated by management classification. Other expenses are common to several functions and are allocated by management.

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salary	\$ 244,992	\$ 87,497	\$ 17,499	\$ 349,988
Payroll taxes and employee benefits	\$ 17,543	\$ 6,266	\$ 1,253	\$ 25,062
Professional fees	\$ 136,854	\$ 112,552	\$ -	\$ 249,406
Computer supplies	\$ 2,924	\$ 975	\$ -	\$ 3,899
Depreciation	\$ -	\$ 7,487	\$ -	\$ 7,487
Insurance	\$ 5,581	\$ 1,860	\$ -	\$ 7,441
Office expenses	\$ 81,218	\$ 29,007	\$ 5,801	\$ 116,026
Advertising and Promotions	\$ 8,066			\$ 8,066
Rent	\$ 75,748	\$ 20,891	\$ -	\$ 96,639
Telephone	\$ 8,810	\$ 2,936	\$ -	\$ 11,746
Employee Benefits	\$ 27,673	\$ 9,883	\$ 1,977	\$ 39,533
Fundraising	\$ -	\$ -	\$ 68,498	\$ 68,498
Education	\$ -	\$ -		\$ -
Repairs	\$ -	\$ 4,000		\$ 4,000
				\$ -
Total Expenses	\$ 534,430	\$ 283,354	\$ 95,028	\$ 912,812
Grants to Clients	\$ 3,276,106	\$ -	\$ -	\$ 3,276,106
Total Expenses and grant to clients	\$ 3,810,536	\$ 283,354	\$ 95,028	\$ 4,188,918

See accompanying notes.

THE BLUE CARD, INC.  
STATEMENT OF FUNCTION EXPENSES  
(GRANTS TO CLIENT - PROVIDED ASSISTANCE)  
DECEMBER 31, 2017

**GRANTS AND TRANSFERS TO CLIENTS**

Grants were made by The Blue Card, Inc. during the year ended December 31, 2017 to designated individuals as follows:

	<b>Amount</b>
Monthly Assistance	\$ 587,090
Clients qualified for Emergency Assistance	\$ 717,555
Homecare	\$ 1,368,457
Telephone Emergency Resp.System	\$ 321,627
Jewish Holidays	\$ 123,086
Summer Retreat Program	\$ 17,732
Birthday Program	\$ 65,580
	<u>\$ 3,201,127</u>

See accompanying notes.