

THE BLUE CARD, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2018

THE BLUE CARD, INC.

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
Supplementary Information	
Independent Auditors' Report on Supplementary Information.....	10-11
Schedule of Functional Expenses	12
Schedule of Grants	13

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INDEPENDENT AUDITORS' REPORT

To the Board 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, 2018, 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, 2018, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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

September 5, 2019

THE BLUE CARD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

Assets

Cash	\$	<u>893,332</u>
Cemetery plots	\$	24,280
Grants, Contracts and other Receivables	\$	863,514
Equipment (net)	\$	-
Investments	\$	104,097
Prepaid expenses	\$	1,154
Security deposit	\$	4,291

Total Assets \$ 1,890,668

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	251,500
	\$	-
		\$ <u>251,500</u>

Net Assets

Unrestricted (includes \$100,000 board designated operating reserve)	\$	1,639,168
Temporarily restricted		

Total Net Assets \$ 1,639,168

Total Liabilities and Net Assets \$ 1,639,168

See accompanying notes.

THE BLUE CARD, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2018

Changes in Unrestricted Net Assets

UNRESTRICTED NET ASSETS

Unrestricted revenues and gains

Contributions	\$	255,680
Legacies	\$	25,000
Grants	\$	1,751,810
Claims Conference	\$	2,140,044
Investment Return		
Dividends/Interest/Capital Gains - Charles Schwab	\$	2,720
Interest Income	\$	1,092
Dividends Income - Other	\$	141
TOTAL UNRESTRICTED REVENUES AND GAINS	\$	<u>4,176,487</u>

Net assets released from restrictions:

Satisfaction of Purpose	\$	63,657
Other Changes in net assets of fund balances	\$	<u>(92,286)</u>
	\$	(28,629)

TOTAL UNRESTRICTED REVENUES GAINS AND OTHER SUPPORT \$ 4,147,858

Program Services	\$	3,666,574
Supporting Services		
Management and general	\$	272,971
Fundraising	\$	81,250
TOTAL EXPENSES	\$	<u>4,020,796</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$	127,063

TEMPORARILY RESTRICTED NET ASSETS

Grants		
Claims Conference		
UJA Federation	\$	63,657
Other Grants		
Net assets released from restriction	\$	<u>(63,657)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS		

INCREASE (DECREASE) IN NET ASSETS \$ 127,063

NET ASSETS AT BEGINNING OF YEAR	\$	1,348,370
NET ASSETS AT END OF YEAR	\$	1,475,433

See accompanying notes.

THE BLUE CARD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED
DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	\$	127,063
Decrease in net assets		
Adjustments to reconcile decrease in net assets used by operating activities:		
Cash in transit	\$	(138,761)
Depreciation	\$	-
Unrealized gain/loss on investment	\$	(21,948)
(Increase) decrease in operating assets		
Grants and contracts and other receivables	\$	(98,233)
Prepaid expenses	\$	155
(Increase) decrease in operating liabilities		
Accounts payable and accrued expenses	\$	(71,329)
NET CASH USED BY OPERATING ACTIVITIES	\$	(203,053)
NET DECREASE IN CASH	\$	203,053
BEGINNING CASH	\$	690,279
ENDING CASH	\$	893,332

See accompanying notes.

THE BLUE CARD, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018 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, 2018

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	\$ 25,278
Money Market and Savings	<u>\$ 868,054</u>
	\$ 893,332

NOTE C- GRANTS, CONTRACTS AND OTHER RECEIVABLES

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

Unrestricted receivables –	\$ 57,896
Restricted to Holocaust Survivor Emergency Assistance Program	<u>\$ 805,618</u>
Total unconditional grants, contracts and other receivables	\$ 863,514

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 \$104,097 as of December 31, 2018.

The following schedule summarizes investment returns:	<u>Unrestricted:</u>
Unrestricted interest/Dividend Income	\$ 3,953
Net unrealized loss	<u>\$ 21,948</u>
Total Investment Return	\$ 25,901

THE BLUE CARD, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018, are as follows:

Description

	<u>Fair Value</u>	<u>Level 1</u>
Marketable Securities	\$104,097	\$87,195

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, 2018.

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, 2018 the lease was amended to extend its expiration to 2021. As of December 31, 2018 the minimum lease payments are as follows:

2019	\$	90,446
2020	\$	93,459
2021	\$	<u>96,563</u>
		\$280,468

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 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 2015, 2016, 2017 and 2018. There are currently no examinations in progress.

THE BLUE CARD, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the balance sheet date of September 5, 2019 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.

SUPPLEMENTAL INFORMATION

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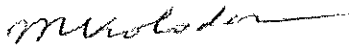
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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of The Blue Card, Inc. as of December 31, 2018, and our report thereon dated September 5, 2019 which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2018 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
September 5, 2019

THE BLUE CARD, INC.
STATEMENT OF FUNCTION EXPENSES
DECEMBER 31, 2018

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.

	Program Services	Management and General	Fundraising	Total Expenses
Salary	\$ 277,911	\$ 99,254	\$ 19,851	\$ 397,016
Payroll taxes and employee benefits	\$ 17,867	\$ 6,381	\$ 1,276	\$ 25,524
Professional fees	\$ 128,454	\$ 105,099	\$ -	\$ 233,553
Computer supplies	\$ 695	\$ 232	\$ -	\$ 927
Depreciation	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 7,262	\$ 2,421	\$ -	\$ 9,682
Office expenses	\$ 88,982	\$ 11,062	\$ 5,265	\$ 105,309
Advertising and Promotions	\$ 8,500	\$ 6,330	\$ -	\$ 14,830
Rent	\$ 72,760	\$ 24,253	\$ -	\$ 97,013
Telephone	\$ 10,276	\$ 3,425	\$ -	\$ 13,701
Employee Benefits	\$ 16,785	\$ 5,995	\$ 1,199	\$ 23,979
Fundraising	\$ -	\$ 1,570	\$ 53,659	\$ 55,229
Education	\$ 16,650	\$ -	\$ -	\$ 16,650
Repairs	\$ -	\$ 6,950	\$ -	\$ 6,950
				\$ -
Total Expenses	\$ 646,141	\$ 272,971	\$ 81,250	\$ 1,000,363
Grants to Clients	\$ 3,020,433	\$ -	\$ -	\$ 3,020,433
Total Expenses and grant to clients	\$ 3,666,574	\$ 272,971	\$ 81,250	\$ 4,020,796

See accompanying notes.

THE BLUE CARD, INC.
STATEMENT OF FUNCTION EXPENSES
(GRANTS TO CLIENT - PROVIDED ASSISTANCE)
DECEMBER 31, 2018

GRANTS AND TRANSFERS TO CLIENTS

Grants were made by The Blue Card, Inc. during the year ended December 31, 2018 to designated individuals as follows:

	Amount
Monthly Assistance	\$ 736,955
Clients qualified for Emergency Assistance	\$ 265,236
Homecare	\$ 1,712,796
Telephone Emergency Resp.System	\$ 209,088
Jewish Holidays	\$ 38,508
Summer Retreat Program	\$ 20,620
Birthday Program	\$ 37,230
	<u>\$ 3,020,433</u>

See accompanying notes.