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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Blue Card, Inc.
New York, NY

We have audited the accompanying financial statements of The Blue Card, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016, 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

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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

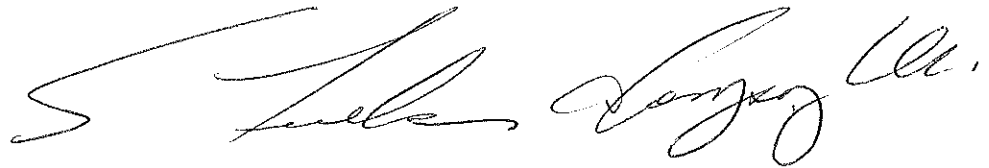
Opinion

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with the 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 9 & 10 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 fairly stated in all material respects in relation to the financial statements as a whole.

Englewood, NJ.
August 10, 2017



THE BLUE CARD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS		
Cash	\$ 539,827	
Cash in transit	32,571	
Grants, contracts and other receivables	975,343	
Prepaid expenses	1,465	
Investments	73,038	
Equipment, net	7,487	
Cemetery plots	24,280	
Security deposit	<u>4,291</u>	
		<u>\$ 1,658,302</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	<u>\$ 67,576</u>	
		\$ 67,576
NET ASSETS		
Unrestricted (includes \$100,000 board designated operating reserve)	1,590,726	
Temporarily restricted	<u>-</u>	
		<u>1,590,726</u>
		<u>\$ 1,658,302</u>

See accompanying notes.

THE BLUE CARD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

UNRESTRICTED NET ASSETS		
Unrestricted revenues and gains		
Contributions	\$ 1,078,007	
Legacies	600,831	
Grants	447,750	
Investment return	2,540	
Other	<u>1,646</u>	
	TOTAL UNRESTRICTED REVENUES AND GAINS	<u>2,130,774</u>
Net assets released from restrictions:		
Satisfaction of purpose		<u>1,877,186</u>
	TOTAL UNRESTRICTED REVENUES GAINS AND OTHE SUPPORT	<u>4,007,960</u>
Program services	3,818,957	
Supporting Services		
Management and general	245,754	
Fundraising	<u>385,981</u>	
	TOTAL EXPENSES	<u>4,450,692</u>
	DECREASE IN UNRESTRICTED NET ASSETS	<u>(442,732)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Grants		
Claims Conference	1,496,029	
UJA Federation of NY	63,657	
Other grants	317,500	
Net assets released from restrictions		<u>(1,877,186)</u>
	INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>
	DECREASE IN NET ASSETS	<u>(442,732)</u>
NET ASSETS AT BEGINNING OF YEAR		<u>2,033,458</u>
	 NET ASSETS AT END OF YEAR	 <u><u>\$ 1,590,726</u></u>

See accompanying notes.

THE BLUE CARD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	(\$442,732)
Adjustment to reconcile decrease in net assets to net cash used by operating activities:	
Cash in transit	155,129
Depreciation	3,803
Unrealized loss on investment	1,765
(Increase) decrease in operating assets	
Grants and contracts and other receivables	(844,098)
Prepaid expenses	155
Increase (decrease) in operating liabilities	
Accounts Payable	32,871
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,093,107)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Software subscriptions	(6,886)
Additional investment in securities	(2,695)
Donated stock	(143)
NET CASH USED BY INVESTING ACTIVITIES	<u>(9,724)</u>
NET DECREASE IN CASH	(1,102,831)
BEGINNING CASH	<u>1,642,658</u>
ENDING CASH	<u>\$ 539,827</u>

See accompanying notes.

THE BLUE CARD, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 38% of Organization's support for the year ended December 31, 2016 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 \$1,000. 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.

THE BLUE CARD, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

Income Tax Status

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	\$ 343,968
Money Market and Savings	195,859
	<u>\$ 539,827</u>

NOTE C - GRANTS, CONTRACTS AND OTHER RECEIVABLES

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

Unrestricted receivables -	\$ 347,068
Restricted to Holocaust Survivor Emergency Assistance Program	628,275
Total unconditional grants, contracts and other receivables	<u>\$ 975,343</u>

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 \$73,038 at December 31, 2016.

The following schedule summarizes investment returns:

	<u>Unrestricted</u>
Interest/Dividend Income	\$ 4,305
Net unrealized loss	(1,765)
Total investment return	<u>\$ 2,540</u>

Cumulative unrealized gain as of December 31, 2016 totaled \$12,361 on the original cost of \$60,677.

NOTE E - PROPERTY AND EQUIPMENT

Equipment at December 31, 2016 consists of the following:

Computer Software	\$ 7,736
Equipment	2,223
Furniture	3,139
	<u>13,098</u>
Less accumulated depreciation	(5,611)
Equipment - net	<u>\$ 7,487</u>

THE BLUE CARD, INC
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE F - 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, 2016, are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>
Marketable Securities	<u>\$ 73,038</u>	<u>\$ 73,038</u>

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There was no transfers between levels in the year ended December 31, 2016.

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

NOTE G - 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, 2016 the lease was amended to extend its expiration to 2021. As of December 31, 2016 the minimum lease payments are as follows:

2017	\$ 94,680
2018	97,520
2019	100,446
2020	103,459
2021	106,563
	<u>\$ 502,668</u>

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 H - CONCENTRATION OF CREDIT RISK

The Blue Card, Inc. maintains checking, and/or money market accounts at four 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. The amount in excess of the FDIC insured limit totaled \$10,960 on December 31, 2016.

NOTE I - 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 2013, 2014, 2015 and 2016. There are currently no examinations in progress.

NOTE J - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the balance sheet date through the date of August 10, 2017 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.

SUPPLEMENTARY INFORMATION

THE BLUE CARD, INC.
 SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
 DECEMBER 31, 2016

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 directly according to their natural expenditure classification. Other expenses are common to several functions and are allocated by management.

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT & GENERAL EXPENSES	FUNDRAISING	
Salary	\$ 177,813	\$ 63,505	\$ 12,701	\$ 254,019
Payroll taxes and fringe benefits	43,028	15,367	3,073	61,468
Professional fees	79,510	97,178		176,688
Computer supplies	2,846	949		3,795
Depreciation		3,803		3,803
Insurance	5,371	1,790		7,161
Office expenses	30,786	10,995	2,199	43,980
Postage	8,041	2,144	536	10,721
Printing & artwork	34,047	34,047		68,094
Rent	40,053	13,352		53,405
Miscellaneous		500		500
Telephone	6,372	2,124		8,496
Outreach & education	60,657			60,657
Fundraising				-
Events			340,503	340,503
Mailing & artwork			26,968	26,968
Total expenses	488,524	245,754	385,980	1,120,258
Grants to clients	3,330,433	-	-	3,330,433
Total expenses and grants to clients	<u>\$3,818,957</u>	<u>\$245,754</u>	<u>\$385,980</u>	<u>\$4,450,691</u>

See independent auditor's report.

THE BLUE CARD, INC.
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSE
(GRANT TO CLIENT - PROVIDED ASSISTANCE)
DECEMBER 31, 2016

GRANTS AND TRANSFERS TO CLIENTS

Grants were made by The Blue Card, Inc. during the year ended December 31, 2016 to designated individuals as follows:

	<u>DOLLAR AMOUNT</u>
Monthly Assistance	\$ 726,478
Clients qualified for Emergency Assistance	802,499
Homecare	1,239,298
Telephone Emergency Response Systems	294,916
Jewish Holidays	164,108
Summer Retreat Program	42,590
Birthday Program	60,544
Total	<u>\$ 3,330,433</u>

See independent auditor's report.