The JOSHUA FUND

COMBINED FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2009 and 2008

THE JOSHUA FUND

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Joshua Fund
McLean, Virginia

We have audited the accompanying combined statements of financial position of The Joshua Fund as of December 31, 2009 and 2008, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Joshua Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of The Joshua Fund as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
May 11, 2010

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Combined Statements of Financial Position

	December 31, 2009	December 31, 2008
ASSETS:		
Cash and cash equivalents	$ 4,026,113	$ 2,003,018
Investments	-	30,795
Contribution receivable	-	51,200
Prepaid expenses and other assets	72,829	5,470
Property and equipment - net	213,778	19,688
Total Assets	$ 4,312,720	$ 2,110,171
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 81,125	$ 46,762
Net assets:		
Unrestricted:		
Operating	3,990,029	1,968,881
Equity in property and equipment	213,778	19,688
	4,203,807	1,988,569
Temporarily restricted	27,788	74,840
Total net assets	4,231,595	2,063,409
Total Liabilities and Net Assets	$ 4,312,720	$ 2,110,171

See notes to combined financial statements

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Combined Statements of Activities

	Year Ended December 31,					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	$ 5,379,193	$ 337,050	$ 5,716,243	$ 2,736,879	$ 225,232	$ 2,962,111
Interest income	68,271	-	68,271	31,756	-	31,756
Contributed services	-	-	-	1,936	-	1,936
Other income	-	-	-	844	-	844
Total Support and Revenue	5,447,464	337,050	5,784,514	2,771,415	225,232	2,996,647
NET ASSETS RELEASED:						
From purpose restrictions	384,102	(384,102)	-	170,892	(170,892)	-
EXPENSES:						
Program services	3,013,849	-	3,013,849	1,409,036	-	1,409,036
Supporting activities:						
General and administrative	563,051	-	563,051	312,212	-	312,212
Fund-raising	39,428	-	39,428	13,794	-	13,794
Total Expenses	3,616,328	-	3,616,328	1,735,042	-	1,735,042
Change in Net Assets	2,215,238	(47,052)	2,168,186	1,207,265	54,340	1,261,605
Net Assets, Beginning of Year	1,988,569	74,840	2,063,409	781,304	20,500	801,804
Net Assets, End of Year	$ 4,203,807	$ 27,788	$ 4,231,595	$ 1,988,569	$ 74,840	$ 2,063,409

See notes to combined financial statements

THE JOSHUA FUND

Combined Statements of Cash Flows

	Year Ended December 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,168,186	$ 1,261,605
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	9,897	2,596
Realized and unrealized (gains) losses on investments	(212)	(795)
Contributions of noncash gifts	(34,803)	-
Changes in operating assets and liabilities:		
Contribution receivable	51,200	(51,200)
Prepaid expenses and other assets	(67,359)	(4,931)
Accounts payable and accrued expenses	34,363	18,153
Net Cash Provided by Operating Activities	2,161,272	1,225,428
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	65,810	-
Purchase of investments	-	(30,000)
Purchases of property and equipment	(203,987)	(18,951)
Net Cash Used by Investing Activities	(138,177)	(48,951)
Net Increase in Cash and Cash Equivalents	2,023,095	1,176,477
Cash and Cash Equivalents, Beginning of Year	2,003,018	826,541
Cash and Cash Equivalents, End of Year	$ 4,026,113	$ 2,003,018

See notes to combined financial statements

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Notes to Combined Financial Statements

December 31, 2009 and 2008

1. NATURE OF ORGANIZATION:
The Joshua Fund (TJF), a nonprofit organization incorporated in the State of Virginia, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). TJF was founded in 2006 to bless Israel and her neighbors in the name of Jesus, according to Genesis 12:1-3. Blessing Israel and the nations of the Middle East means praying for the peace of Jerusalem, bringing good news to the afflicted, caring for the poor, and being a light to the nations of the Middle East. TJF relies primarily on contributions to operate and conduct its programs and activities.

TJF established The Joshua Fund (R.A.) (TJFRA) in Israel in 2008. TJFRA is registered as a non-profit association under Israeli laws. TJFRA's goals in general are to promote social justice by establishing and managing a fund for humanitarian assistance to the needy in Israel regardless of religion, race or gender, and also by initiating and managing social and humanitarian projects in the State of Israel.

The financial resources of TJFRA are combined in these financial statements because TJFRA is economically dependent upon TJF and its board of directors is appointed by TJF.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
TJF maintains its accounts and prepares its combined financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the combined financial statements to the reader.

PRINCIPLES OF COMBINATION
The combined financial statements include the financial resources and activities of TJF and TJFRA. All material transactions and balances between TJF and TJFRA have been eliminated in the combination. TJF and TJFRA will collectively be referred to as TJF.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents consist of cash and short-term, highly liquid investments with an original maturity term of three months or less. The balances, at times, may exceed federally insured limits. TJF has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

INVESTMENTS
Investments consist of a certificate of deposit with an original maturity greater than three months. The investments are reported at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Topics of the FASB Accounting Standards Codification: Fair Value Measurements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTION RECEIVABLE
The contribution receivable was fully collected in 2009.

PROPERTY AND EQUIPMENT
TJF capitalizes property and equipment purchases exceeding $3,000 and expenses lesser amounts in the year purchased. Property and equipment are recorded at cost. Donated items are recorded at their fair market value on the date of the gift. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of three to five years.

CLASSES OF NET ASSETS
The net assets of TJF are reported in the following classes:

Unrestricted amounts are currently available at the discretion of the board for use in the organization's operations and those resources invested in property and equipment.

Temporarily restricted amounts include resources restricted by donors primarily for use with certain projects.

SUPPORT AND REVENUE
Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. TJF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the contributed amounts. When the purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

FUNCTIONAL ALLOCATION OF EXPENSES
The costs of providing various program services and supporting activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs, such as salaries and benefits and depreciation, have been allocated among the program services and supporting activities benefited.

FOREIGN OPERATIONS
In connection with TJFRA and its ministry in Israel and neighboring countries, TJF has certain supporting facilities outside the United States of America. As of December 31, 2009 and 2008, assets in other countries totaled approximately $363,319 and $25,021, respectively, with liabilities of $0 and $0, respectively. Total support and revenue received from foreign sources totaled approximately $71,087 and $78,420 for the years ended December 31, 2009 and 2008, respectively. The account balances relating to foreign operations are reflected in the combined financial statements in United States of American dollars.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

On January 1, 2009, TJF adopted the new provisions of the Income Tax topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the combined financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the combined statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the combined statements of activities. As of December 31, 2009, TJF had no uncertain tax positions that qualify for recognition or disclosure in the combined financial statements.

3. PROPERTY AND EQUIPMENT - NET:

Property and equipment - net consists of the following:

	December 31, 2009	December 31, 2008
Vehicles	$ 191,622	$ 18,951
Equipment	31,316	-
Website development	4,000	4,000
	226,938	22,951
Accumulated amortization	(13,160)	(3,263)
	$ 213,778	$ 19,688

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following:

	December 31, 2009	December 31, 2008
Translating and publishing	$ 20,500	$ 20,500
Muslim outreach	4,485	-
Arabic bibles	1,205	-
Bomb shelters	1,045	995
Other Projects	553	120
Contribution receivable	-	51,200
Iraq radio project	-	2,025
	$ 27,788	$ 74,840

5. COMMITMENTS:

During the year ended December 31, 2008, TJF entered into an operating lease for an apartment in Israel, which expires September 2010. Rent expense for the years ended December 31, 2009 and 2008, was $24,000 and $9,941, respectively. Future minimum payments are $18,900 for December 31, 2010.

During the year ended December 31, 2009, TJF entered into an operating lease for a building in Israel, which expires September 30, 2010. Rent expense for the year ended December 31, 2009, was $20,103. During October 2009, TJF prepaid a full year of rent. Therefore there are no future minimum payments for this lease.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.