The JOSHUA FUND

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2014 and 2013

CAPINCROUSE LLP

THE JOSHUA FUND

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Joshua Fund
McLean, Virginia

We have audited the accompanying consolidated financial statements of The Joshua Fund and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years 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 consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Board of Directors
The Joshua Fund
McLean, Virginia

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Joshua Fund and its subsidiaries as of December 31, 2014 and 2013, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
April 20, 2015

THE JOSHUA FUND

Consolidated Statements of Financial Position

	December 31, 2014	December 31, 2013
ASSETS:		
Cash and cash equivalents	$ 5,199,203	$ 4,150,538
Certificates of deposit	1,512,222	1,506,671
Inventory	486,365	515,740
Prepaid expenses and other assets	39,176	73,698
Property and equipment–net	124,025	186,211
Total Assets	$ 7,360,991	$ 6,432,858
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 408,618	$ 183,829
Net assets:		
Unrestricted:		
Operating	5,533,163	4,255,715
Board designated	1,188,713	1,500,000
Equity in property and equipment	124,025	186,211
	6,845,901	5,941,926
Temporarily restricted	106,472	307,103
	6,952,373	6,249,029
Total Liabilities and Net Assets	$ 7,360,991	$ 6,432,858

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statements of Activities

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING:						
Support and Revenue:						
Contributions	$ 7,410,948	$ 419,457	$ 7,830,405	$ 5,819,911	$ 436,378	$ 6,256,289
Interest and other income	22,555	-	22,555	26,625	-	26,625
Total Support and Revenue	7,433,503	419,457	7,852,960	5,846,536	436,378	6,282,914
Net Assets Released:						
Purpose restrictions	620,088	(620,088)	-	621,510	(621,510)	-
Expenses:						
Program services	5,682,779	-	5,682,779	6,337,574	-	6,337,574
Supporting activities:						
General and administrative	1,230,230	-	1,230,230	935,099	-	935,099
Fund-raising	12,914	-	12,914	63,443	-	63,443
Total Expenses	6,925,923	-	6,925,923	7,336,116	-	7,336,116
Change in Net Assets From Operation	1,127,668	(200,631)	927,037	(868,070)	(185,132)	(1,053,202)
NON-OPERATING:						
Gain (loss) on exchange rate	(223,693)	-	(223,693)	64,776	-	64,776
Change in Net Assets	903,975	(200,631)	703,344	(803,294)	(185,132)	(988,426)
Net Assets, Beginning of Year	5,941,926	307,103	6,249,029	6,745,220	492,235	7,237,455
Net Assets, End of Year	$ 6,845,901	$ 106,472	$ 6,952,373	$ 5,941,926	$ 307,103	$ 6,249,029

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statements of Cash Flows

	Year Ended December 31, 2014	Year Ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 703,344	$ (988,426)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	68,292	93,034
Interest income on certificates of deposit	(7,723)	(2,859)
Loss on property and equipment	(6,016)	1,107
Changes in operating assets and liabilities:		
Inventory	29,375	(168,780)
Prepaid expenses and other assets	34,522	(37,334)
Accounts payable and accrued expenses	224,789	123,091
Net Cash Provided (Used) by Operating Activities	1,046,583	(980,167)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of certificates of deposit	34,764	-
Proceeds from sale of property and equipment	7,016	-
Purchases of certificates of deposit	(32,592)	(500,000)
Purchases of property and equipment	(7,106)	(19,132)
Net Cash Provided (Used) by Investing Activities	2,082	(519,132)
Net Change in Cash and Cash Equivalents	1,048,665	(1,499,299)
Cash and Cash Equivalents, Beginning of Year	4,150,538	5,649,837
Cash and Cash Equivalents, End of Year	$ 5,199,203	$ 4,150,538

See notes to consolidated financial statements

THE JOSHUA FUND

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

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.

   During the year ended December 31, 2013, TJF established a limited liability corporation (LLC) incorporated in the State of Delaware, established in order to further TJF's missions to the Middle East.

   The financial resources of TJFRA and the LLC noted above are consolidated in these financial statements because they are economically dependent upon TJF. Additionally, both Boards of Directors have a majority of voting members that are either on the TJF Board of Directors or are members of management of TJF.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

   TJF maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated 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 consolidated 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 consolidated financial statements to the reader.

   PRINCIPLES OF CONSOLIDATION

   The consolidated financial statements include the financial resources and activities of TJF, TJFRA, and the LLC. All material transactions and balances between TJF, TJFRA, and the LLC have been eliminated in the consolidation. TJF, TJFRA, and the LLC will collectively be referred to as TJF.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FOREIGN OPERATIONS
Management has reviewed the assets in other countries and, in its opinion, determined they are under the control and ownership of the ministry or meet the requirements for consolidation as set forth by the Not-for-Profit-Entities Topic of the FASB ASC. While such items are recognized as assets of the ministry, it should be noted that the political situation in many other countries is subject to rapid change. Therefore, the reader should be aware that while the ministry believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood the carrying value of the assets in other countries may not be representative of the amount that could be realized should the assets be sold. The account balances relating to foreign operations are reflected in the consolidated financial statements in U.S. dollars.

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 exceeded federally insured limits by approximately $4,000,000 and $3,000,000 as of December 31, 2014 and 2013, respectively. TJF has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

CERTIFICATES OF DEPOSIT
Certificates of deposit consist of certificates of deposit with an original maturity term of more than three months and are carried at cost.

INVENTORY
Inventory is stated using the first-in-first-out method. No obsolescence is recorded because the inventory items that are obsolete are not included in the inventory valuation.

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 ten years.

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

Unrestricted net assets 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 net assets include resources restricted by donors primarily for use with certain projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. Contributions of goods, services, and other assets are recorded at the fair market value at the time of the gift. Contributed services of $85,000 are included in contributions in the consolidated statements of activities for the years ended December 31, 2014 and 2013. 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 a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

FUNCTIONAL ALLOCATION OF EXPENSES

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

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of December 31, 2014, TJF had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

TJF's federal Exempt Organization Business Income Tax Returns (Form 990) for the years ended December 31, 2013, 2012, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified in order to conform to current year presentation.

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	December 31, 2014	December 31, 2013
Vehicles	$ 255,949	$ 274,095
Furniture, fixtures, and equipment	87,510	82,672
Software	91,860	91,860
Website development	32,490	17,890
Leasehold improvements	8,887	8,887
	476,696	475,404
Less: Accumulated depreciation and amortization	(352,671)	(302,793)
	124,025	172,611
Software in process	-	13,600
	$ 124,025	$ 186,211

4. BOARD DESIGNATED:

TJF has board designated net assets of $1,188,713 and $1,500,000 for the years ended December 31, 2014 and 2013, respectively. This board designated $1,000,000 for operating reserves for both years, and $118,713 and $500,000 for cash reserves for the years ended December 31, 2014 and 2013, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following as of:

	December 31, 2014	December 31, 2013
War preparation	$ 48,670	$ 670
Israeli relief projects	30,777	245,548
Other projects	20,633	17,608
Humanitarian projects	6,392	22,750
Holocaust and Jewish relief	-	10,803
Warehouse and supplies	-	9,724
	$ 106,472	$ 307,103

6. 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. Assets in other countries consist of:

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 1,088,426	$ 920,190
Inventory	486,365	515,740
Prepaid expenses and other assets	13,444	15,463
Property and equipment–net	114,003	167,391
Accounts payable and accrued expenses	(68,543)	(63,834)
	$ 1,633,695	$ 1,554,950

7. COMMITMENTS:

TJF leases office and warehouse space through various cancellable and noncancellable operating leases. Rent expense, for both cancellable and noncancellable leases, for the years ended December 31, 2014 and 2013, was $332,039 and $237,940, respectively. Future minimum payments are:

Year Ending December 31,	
2015	$ 232,992
2016	216,192
2017	90,080
	$ 539,264

8. RETIREMENT PLAN:

TJF sponsors a 401(k) defined contribution plan for all employees who are over the age of 21 and have worked at TJF for at least a year. TJF provides a direct match up to 3% of employee contributions and 1/2 match of employee contributions between 3% and 5%. Total contributions were $11,871 and $11,663 for the years ended December 31, 2014 and 2013, respectively.

9. OPERATING AND NON-OPERATING ACTIVITIES:

The activity of TJF has been reported in the consolidated statements of activities in the following two categories: operating and non-operating. Operating includes the core activities of the organization. Non-operating includes all other activities that are not recurring and normally carried on in the course of TJF's operations, consisting of the gains and losses related to foreign translation differences during the years ended December 31, 2014 and 2013.

10. SUBSEQUENT EVENTS:

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