



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2008 and 2007

THE JOSHUA FUND

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Joshua Fund
McLean, Virginia

We have audited the accompanying statements of financial position of The Joshua Fund as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these 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 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Joshua Fund as of December 31, 2008 and 2007, and the results of its activities 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
June 2, 2009

THE JOSHUA FUND

Statements of Financial Position

	December 31,	
	2008	2007
ASSETS:		
Cash and cash equivalents	\$ 2,003,018	\$ 826,541
Investments	30,795	-
Contribution receivable	51,200	-
Prepaid expenses and other assets	5,470	539
Property and equipment - net	19,688	3,333
Total Assets	\$ 2,110,171	\$ 830,413
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 46,762	\$ 28,609
Net assets:		
Unrestricted:		
Operating	1,968,881	777,971
Equity in property and equipment	19,688	3,333
	1,988,569	781,304
Temporarily restricted	74,840	20,500
Total net assets	2,063,409	801,804
Total Liabilities and Net Assets	\$ 2,110,171	\$ 830,413

See notes to financial statements

THE JOSHUA FUND

Statements of Activities

For the Year Ended December 31,

	2008			2007		
	Unrestricted	Temporarily		Unrestricted	Temporarily	
		Restricted	Total		Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,736,879	\$ 225,232	\$ 2,962,111	\$ 1,254,272	\$ 201,500	\$ 1,455,772
Interest income	31,756	-	31,756	3,406	-	3,406
Contributed services	1,936	-	1,936	4,000	-	4,000
Other income	844	-	844	150	-	150
Total Support and Revenue	2,771,415	225,232	2,996,647	1,261,828	201,500	1,463,328
NET ASSETS RELEASED:						
From purpose restrictions	170,892	(170,892)	-	181,000	(181,000)	-
EXPENSES:						
Program services	1,409,036	-	1,409,036	556,327	-	556,327
Supporting activities:						
General and administrative	312,212	-	312,212	109,748	-	109,748
Fund-raising	13,794	-	13,794	14,685	-	14,685
Total Expenses	1,735,042	-	1,735,042	680,760	-	680,760
Change in Net Assets	1,207,265	54,340	1,261,605	762,068	20,500	782,568
Net Assets—Beginning of Year	781,304	20,500	801,804	19,236	-	19,236
Net Assets—End of Year	\$ 1,988,569	\$ 74,840	\$ 2,063,409	\$ 781,304	\$ 20,500	\$ 801,804

See notes to financial statements

THE JOSHUA FUND

Statements of Cash Flows

	Year Ended December 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,261,605	\$ 782,568
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	2,596	667
Realized and unrealized (gain) loss on investments	(795)	-
Contributions of noncash gifts	-	(38,332)
Changes in operating assets and liabilities:		
Contribution receivable	(51,200)	-
Prepaid expenses and other assets	(4,931)	6,961
Accounts payable and accrued expenses	18,153	16,893
Net Cash Provided by Operating Activities	<u>1,225,428</u>	<u>768,757</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of noncash gifts	-	38,332
Purchase of investments	(30,000)	-
Purchases of property and equipment	(18,951)	(4,000)
Net Cash Provided (Used) by Investing Activities	<u>(48,951)</u>	<u>34,332</u>
Net Increase in Cash and Cash Equivalents	1,176,477	803,089
Cash and Cash Equivalents—Beginning of Year	<u>826,541</u>	<u>23,452</u>
Cash and Cash Equivalents—End of Year	<u>\$ 2,003,018</u>	<u>\$ 826,541</u>

See notes to financial statements

THE JOSHUA FUND

Notes to Financial Statements

December 31, 2008 and 2007

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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 SFAS No. 157, *Fair Value Measurements*.

CONTRIBUTION RECEIVABLE

Management believes the contribution receivable to be fully collectible, thus there was no allowance recorded at December 31, 2008.

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.

THE JOSHUA FUND

Notes to Financial Statements

December 31, 2008 and 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 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 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 its ministry in Israel and neighboring countries, TJF has certain supporting facilities outside the United States of America. As of December 31, 2008 and 2007, assets in other countries totaled approximately \$25,021 and \$0, respectively, with liabilities of \$0 and \$0, respectively. Total support and revenue received from foreign sources totaled approximately \$78,420 and \$22,043 for the years ended December 31, 2008 and 2007, respectively. The account balances relating to foreign operations are reflected in the financial statements in United States of American dollars.

3. PROPERTY AND EQUIPMENT - NET:

Property and equipment - net consists of the following:

	December 31,	
	2008	2007
Vehicle	\$ 18,951	\$ -
Website development	4,000	4,000
	<u>22,951</u>	<u>4,000</u>
Accumulated amortization	<u>(3,263)</u>	<u>(667)</u>
	<u>\$ 19,688</u>	<u>\$ 3,333</u>

THE JOSHUA FUND

Notes to Financial Statements

December 31, 2008 and 2007

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following:

	December 31,	
	2008	2007
Contribution receivable	\$ 51,200	\$ -
Translating and publishing	20,500	20,500
Iraq radio project	2,025	-
Bomb shelters	995	-
Afghan and Pakistani Christians	120	-
	<u>\$ 74,840</u>	<u>\$ 20,500</u>

5. COMMITMENTS:

TJF entered into a contract with VisionQuest Alliance (VQA) on July 1, 2008, for VQA to provide TJF accounting and data processing services for the year ending June 30, 2009 at a base rate of \$826 per month. The contract can be terminated by either party with a 120 day notice. Future minimum payments for the year ending December 31, 2009, are \$3,304.

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 year ended December 31, 2008, was \$9,941. Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2009	\$ 24,300
2010	<u>18,900</u>
	<u>\$ 43,200</u>

6. RELATED PARTY TRANSACTIONS:

One board member of TJF also serves on the board of directors of an organization that TJF sends grants to. TJF granted \$0 and \$46,000 to this organization in the years ended December 31, 2008 and 2007, respectively.