

The logo for The Joshua Fund features a stylized blue wave above the word "The" in a serif font, followed by "JOSHUA FUND" in a larger, bold serif font.

The JOSHUA FUND

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

THE JOSHUA FUND

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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, 2020 and 2019, and the related consolidated statements of activities, functional expenses, 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.

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, 2020 and 2019, 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
May 6, 2021

THE JOSHUA FUND

Consolidated Statements of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash and cash equivalents	\$ 3,539,156	\$ 2,790,659
Restricted cash	33,003	33,043
Certificates of deposit	1,631,797	1,901,177
Inventory	-	36,138
Prepaid expenses and other assets	63,249	64,942
Property and equipment—net	<u>6,776</u>	<u>19,988</u>
Total Assets	<u>\$ 5,273,981</u>	<u>\$ 4,845,947</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 217,177</u>	<u>\$ 164,135</u>
Net assets:		
Without donor restrictions:		
Operating	4,025,964	3,664,509
Board designated	<u>1,000,000</u>	<u>1,000,000</u>
	<u>5,025,964</u>	<u>4,664,509</u>
With donor restrictions	<u>30,840</u>	<u>17,303</u>
	<u>5,056,804</u>	<u>4,681,812</u>
Total Liabilities and Net Assets	<u>\$ 5,273,981</u>	<u>\$ 4,845,947</u>

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING:						
Support and Revenue:						
Contributions	\$ 5,625,247	\$ 465,236	\$ 6,090,483	\$ 5,307,601	\$ 162,096	\$ 5,469,697
Interest and other income	43,081	-	43,081	101,755	-	101,755
Total Support and Revenue	5,668,328	465,236	6,133,564	5,409,356	162,096	5,571,452
Net Assets Released:						
Purpose restrictions	451,699	(451,699)	-	182,552	(182,552)	-
Expenses:						
Program services	4,242,234	-	4,242,234	4,849,513	-	4,849,513
Supporting activities:						
General and administrative	997,176	-	997,176	1,043,880	-	1,043,880
Fundraising	78,231	-	78,231	65,052	-	65,052
Total Expenses	5,317,641	-	5,317,641	5,958,445	-	5,958,445
Change in Net Assets From Operations	802,386	13,537	815,923	(366,537)	(20,456)	(386,993)
NON-OPERATING:						
Grant expense due to deconsolidation	(440,931)	-	(440,931)	-	-	-
Gain on exchange rate	-	-	-	27,106	-	27,106
Change in Net Assets	361,455	13,537	374,992	(339,431)	(20,456)	(359,887)
Net Assets, Beginning of Year	4,664,509	17,303	4,681,812	5,003,940	37,759	5,041,699
Net Assets, End of Year	\$ 5,025,964	\$ 30,840	\$ 5,056,804	\$ 4,664,509	\$ 17,303	\$ 4,681,812

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	Supporting Activities			Total	Total Expenses
	Program Services	General and Administrative	Fundraising		
OPERATING:					
Grants and contracts	\$ 3,257,213	\$ -	\$ -	\$ -	\$ 3,257,213
Salaries and benefits	668,947	478,959	23,097	502,056	1,171,003
Professional services	31,307	230,219	4,218	234,437	265,744
Communications	130,191	20,835	43,416	64,251	194,442
Fees and insurance	4,596	167,255	-	167,255	171,851
Travel and hospitality	75,057	12,868	1,293	14,161	89,218
Information technology	22,339	48,437	2,405	50,842	73,181
Equipment and facilities	32,512	3,454	-	3,454	35,966
Office expenses	4,822	14,377	1,302	15,679	20,501
Organizational expenses	48	17,035	-	17,035	17,083
Depreciation and amortization	14,759	1,651	-	1,651	16,410
Other operating expenses	443	2,086	2,500	4,586	5,029
Total Operating Expenses	4,242,234	997,176	78,231	1,075,407	5,317,641
NON-OPERATING:					
Grant expense due to deconsolidation	440,931	-	-	-	440,931
Total Expenses	\$ 4,683,165	\$ 997,176	\$ 78,231	\$ 1,075,407	\$ 5,758,572

See notes to consolidated financial statements

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Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services	Supporting Activities		Supporting Activities Total	Total Expenses
		General and Administrative	Fundraising		
Grants and contracts	\$ 3,180,004	\$ -	\$ -	\$ -	\$ 3,180,004
Salaries and benefits	812,749	513,934	30,196	544,130	1,356,879
Travel and hospitality	507,725	31,115	-	31,115	538,840
Professional services	104,244	212,697	6,799	219,496	323,740
Fees and insurance	8,591	165,538	-	165,538	174,129
Communications	110,509	15,435	23,332	38,767	149,276
Information technology	20,396	42,548	480	43,028	63,424
Organizational expenses	58	48,218	-	48,218	48,276
Equipment and facilities	42,560	3,034	276	3,310	45,870
Depreciation and amortization	27,895	1,650	-	1,650	29,545
Other operating expenses	22,180	1,659	2,408	4,067	26,247
Office expenses	12,602	8,052	1,561	9,613	22,215
Total Expenses	\$ 4,849,513	\$ 1,043,880	\$ 65,052	\$ 1,108,932	\$ 5,958,445

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 374,992	\$ (359,887)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	16,410	29,545
Interest income on certificates of deposit	48,645	33,409
Gain on sale of property and equipment	-	(6,462)
Changes in operating assets and liabilities:		
Inventory	36,138	7,477
Prepaid expenses and other assets	1,693	(28,397)
Accounts payable and accrued expenses	53,042	(13,562)
Net Cash Provided (Used) by Operating Activities	530,920	(337,877)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of certificates of deposit	1,348,317	1,507,560
Purchases of certificates of deposit	(1,127,582)	(1,593,317)
Proceeds from sale of property and equipment	-	11,032
Purchases of property and equipment	(3,198)	(5,861)
Net Cash Provided (Used) by Investing Activities	217,537	(80,586)
Net Change in Cash and Cash Equivalents and Restricted Cash	748,457	(418,463)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	2,823,702	3,242,165
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 3,572,159	\$ 2,823,702
Cash and Cash Equivalents	\$ 3,539,156	2,790,659
Restricted Cash	33,003	33,043
Total Cash and Cash Equivalents and Restricted Cash	\$ 3,572,159	\$ 2,823,702

See notes to consolidated financial statements

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Notes to Consolidated Financial Statements

December 31, 2020 and 2019

1. NATURE OF ORGANIZATION:

The Joshua Fund (TJF) is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, TJF is subject to federal income tax on any unrelated business taxable income. In addition, TJF is not classified as a private foundation within the meaning of Section 509(a) of the IRC. 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.

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 the LLC noted above are consolidated in these financial statements because TJF is the sole member.

TJF established the Joshua Fund (R.A.) (TJFRA) in Israel in 2008; however, on January 1, 2020, TJF's board of directors decided to relinquish control over TJFRA and grant the net assets back to them. Accordingly, TJFRA's assets and liabilities were removed from the consolidated financial statements as of that date. The net of these amounts was \$440,931 and is recorded as a non-operating grant expense due to deconsolidation in the consolidated statements of activities and the consolidated statements of functional expenses for the year ended December 31, 2020.

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 as of and for the years ended December 31, 2020 and 2019 include the financial resources and activities of TJF and the LLC. All material transactions and balances between TJF and the LLC have been eliminated in the consolidation. TJF and the LLC will collectively be referred to as TJF. The consolidated financial statements as of and for the year ended December 31, 2019 include the financial resources and activities of TJFRA.

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Notes to Consolidated Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FOREIGN OPERATIONS

Management has reviewed the assets in other countries consolidated as of December 31, 2019, and in its opinion determined they are under the control and ownership of the ministry and 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. TJF has cash and cash equivalents on deposit with financial institutions that exceeded federally insured limits by approximately \$1,260,000 and \$1,490,000, as of December 31, 2020 and 2019, respectively. TJF has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

RESTRICTED CASH

Restricted cash consists of funds on deposit with a financial institution as collateral for foreign currency exchange transactions.

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.

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:

Net assets without donor restrictions are currently available at the discretion of the board for use in the TJF's operations.

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Notes to Consolidated Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS, continued

Net assets with donor restrictions 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. Contributions of goods, services, and other assets are recorded at the fair market value at the time of the gift. Contributed services of \$64,250 and \$133,300 are included in contributions in the consolidated statements of activities for the years ended December 31, 2020 and 2019, respectively. 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

FUNCTIONAL ALLOCATION OF EXPENSES

The statements of functional expenses report certain categories of expenses that are attributable to program or support activities of TJF. These expenses include depreciation and amortization, which are allocated based on the useful lives of the assets. Salaries and benefits are allocated based on time and effort, and costs of other categories are allocated based on the purpose of the expense.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects TJF's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or the governing board has set aside the funds for specific contingency reserves and projects. TJF structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Because TJF provides resources to partners in a region of the world that sometimes experiences unrest, TJF endeavors to keep adequate liquidity to meet short-term critical and humanitarian needs emanating from crisis events. Management monitors cash flows closely through board meetings and detailed financial analysis.

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Notes to Consolidated Financial Statements

December 31, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	December 31,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 3,539,156	\$ 2,790,659
Restricted cash	33,003	33,043
Certificates of deposit	1,631,797	1,901,177
Financial assets, at year-end	5,203,956	4,724,879
Less those unavailable for general expenditures within one year, due to:		
Restricted cash	(33,003)	(33,043)
Project funds not expected to be spent	(30,840)	-
Board designated	(1,000,000)	(1,000,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,140,113	\$ 3,691,836

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	December 31,	
	2020	2019
Software	\$ 198,669	\$ 195,379
Vehicles	-	175,227
Website development	37,190	37,190
Furniture, fixtures, and equipment	5,861	7,705
	241,720	415,501
Less: Accumulated depreciation and amortization	(234,944)	(395,513)
	\$ 6,776	\$ 19,988

5. BOARD DESIGNATED:

TJF has board designated net assets of \$1,000,000 for both years ended December 31, 2020 and 2019, respectively. Balance consist of board designated funds for safety reserves.

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Notes to Consolidated Financial Statements

December 31, 2020 and 2019

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following as of:

	December 31,	
	2020	2019
Rapid response fund	\$ 30,840	\$ -
Humanitarian projects	-	2,694
Israeli relief projects	-	14,609
	<u>\$ 30,840</u>	<u>\$ 17,303</u>

7. COMMITMENTS:

TJF has accounting service agreements and also leases an apartment through various cancellable and noncancellable operating leases. Service agreement and rent expense, for both cancellable and noncancellable commitments, for the years ended December 31, 2020 and 2019, was \$331,364 and \$359,600, respectively. Future minimum payments for noncancellable agreements as of December 31, 2021 are \$19,350.

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 six months, but are not fully vested until one year of service. 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 \$25,263 and \$26,184 for the years ended December 31, 2020 and 2019, respectively.

9. RELATED PARTIES:

Approximately \$113,000 (1.9%) and \$60,000 (1.1%) of contribution revenue was received from related parties, including certain members of the Board of Directors and their immediate family members, during the years ended December 31, 2020 and 2019, respectively.

During the years ended December 31, 2020 and 2019, the TJF Founder and Chairman of the Board of Directors donated contributed services to TJF in the amounts \$64,250 and \$133,300, respectively, which are included in contributions in the consolidated statements of activities.

TJF shares a common member of its Board of Directors with TJFRA. In addition, the Executive Director of TJF is a member of the Board of Directors of TJFRA. During the year ended December 31, 2020, TJF granted funds of approximately \$700,000 to TJFRA. In addition, included within accounts payable and accrued expenses on the consolidated statements of financial position is \$84,933 owed from TJF to TJFRA as of December 31, 2020.

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Notes to Consolidated Financial Statements

December 31, 2020 and 2019

10. 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 and grant expense due to deconsolidation during the years ended December 31, 2020 and 2019.

11. RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread through the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and change in net assets of TJF for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

12. SUBSEQUENT EVENTS:

Subsequent events were evaluated through May 6, 2021, which is the date the consolidated financial statements were available to be issued.