The JOSHUA FUND

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2010 and 2009

CAPINCROUSE LLP
Certified Public Accountants

THE JOSHUA FUND

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CAPINCROUSE LLP
Certified Public Accountants
www.capincrouse.com 2435 Research Parkway, Suite 200 Colorado Springs, CO 80920 719.528.6225

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Joshua Fund
McLean, Virginia

We have audited the accompanying consolidated statements of financial position of The Joshua Fund (TJF) as of December 31, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the organization's management. 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 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 TJF'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 consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TJF as of December 31, 2010 and 2009, and the changes in its net assets and 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
March 23, 2011

THE JOSHUA FUND

Consolidated Statements of Financial Position

	December 31, 2010	December 31, 2009
ASSETS:		
Cash and cash equivalents	$ 4,713,288	$ 4,026,113
Inventory	189,069	-
Prepaid expenses and other assets	21,490	72,829
Property and equipment–net	266,964	213,778
Total Assets	$ 5,190,811	$ 4,312,720
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 95,934	$ 81,125
Net assets:		
Unrestricted:		
Operating	2,565,446	3,990,029
Board designated	2,250,000	-
Equity in property and equipment	266,964	213,778
	5,082,410	4,203,807
Temporarily restricted	12,467	27,788
	5,094,877	4,231,595
Total Liabilities and Net Assets	$ 5,190,811	$ 4,312,720

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statements of Activities

	Year Ended December 31,					
	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	$ 5,370,224	$ 246,910	$ 5,617,134	$ 5,454,193	$ 337,050	$ 5,791,243
Interest and other income	60,710	-	60,710	68,271	-	68,271
Total Support and Revenue	5,430,934	246,910	5,677,844	5,522,464	337,050	5,859,514
NET ASSETS RELEASED:						
From purpose restrictions	262,231	(262,231)	-	384,102	(384,102)	-
EXPENSES:						
Program services	3,785,189	-	3,785,189	3,032,599	-	3,032,599
Supporting activities:						
General and administrative	869,625	-	869,625	581,801	-	581,801
Fund-raising	159,748	-	159,748	76,928	-	76,928
Total Expenses	4,814,562	-	4,814,562	3,691,328	-	3,691,328
Change in Net Assets	878,603	(15,321)	863,282	2,215,238	(47,052)	2,168,186
Net Assets, Beginning of Year	4,203,807	27,788	4,231,595	1,988,569	74,840	2,063,409
Net Assets, End of Year	$ 5,082,410	$ 12,467	$ 5,094,877	$ 4,203,807	$ 27,788	$ 4,231,595

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statements of Cash Flows

	Year Ended December 31, 2010	Year Ended December 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 863,282	$ 2,168,186
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	46,073	9,897
Realized and unrealized gains on investments	-	(212)
Contributions of noncash gifts	(4,451)	(34,803)
Contributions of property and equipment	(36,191)	-
Changes in operating assets and liabilities:		
Contribution receivable	-	51,200
Inventory	(189,069)	-
Prepaid expenses and other assets	51,339	(67,359)
Accounts payable and accrued expenses	14,809	34,363
Net Cash Provided by Operating Activities	745,792	2,161,272
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	4,451	65,810
Purchases of property and equipment	(63,068)	(203,987)
Net Cash Used by Investing Activities	(58,617)	(138,177)
Net Increase in Cash and Cash Equivalents	687,175	2,023,095
Cash and Cash Equivalents, Beginning of Year	4,026,113	2,003,018
Cash and Cash Equivalents, End of Year	$ 4,713,288	$ 4,026,113

See notes to consolidated financial statements

THE JOSHUA FUND

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

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 consolidated 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 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 and TJFRA. All material transactions and balances between TJF and TJFRA have been eliminated in the consolidation. 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 exceeded federally insured limits by approximately $3,910,000 and $3,526,000, as of December 31, 2010 and 2009, respectively. TJF has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

INVENTORY

Inventory is stated at the lower of cost or market using the weighted-average method, which approximates the first-in-first-out method. No obsolescence is recorded because the inventory items that are obsolete are not included in the inventory valuation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 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.

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 the fair market value at the time of the gift. 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 consolidated 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 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, 2010 and 2009, TJF had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	December 31, 2010	December 31, 2009
Vehicles	$ 191,622	$ 191,622
Equipment	31,316	31,316
Software	36,191	-
Website development	11,400	4,000
	270,529	226,938
Less: Accumulated amortization	(59,234)	(13,160)
	211,295	213,778
Software in process	55,669	-
	$ 266,964	$ 213,778

4. BOARD DESIGNATED AND TEMPORARILY RESTRICTED NET ASSETS:

Board designated net assets consist of:

	December 31, 2010	December 31, 2009
Warehouse purchase	$ 2,000,000	$ -
Israeli fire relief	250,000	-
	$ 2,250,000	$ -

Temporarily restricted net assets consist of:

	December 31, 2010	December 31, 2009
Muslim outreach	$ 4,965	$ 4,485
Israeli fire relief	4,409	-
Other Projects	2,893	2,803
Translating and publishing	200	20,500
	$ 12,467	$ 27,788

5. 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,	
	2010	2009
Cash and cash equivalents	$ 385,301	$ 89,900
Inventory	189,069	-
Prepaid expenses and other assets	-	60,308
Property and equipment–net	168,523	213,111
	$ 742,893	$ 363,319

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 combination 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.

6. 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, 2010 and 2009, was $110,293 and $44,103, respectively. Future minimum lease payments under the noncancellable operating leases for the year ending December 31, 2011, is $18,900. All of the noncancellable operating leases expire during the year ending December 31, 2011.

7. 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.