

The logo for The Joshua Fund features a stylized blue wave above a large, black, serif letter 'J'. To the right of the 'J', the words 'OSHUA FUND' are written in a smaller, black, serif font. The word 'The' is in a smaller, black, serif font to the left of the 'J'.

The JOSHUA FUND

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2021

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 subsidiary, which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the nine-month period 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 audit. We conducted our audit 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 subsidiary as of September 30, 2021, and the changes in their net assets and cash flows for the nine-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
February 9, 2022

THE JOSHUA FUND

Consolidated Statement of Financial Position

September 30, 2021

ASSETS:

| | |
|-----------------------------------|--------------|
| Cash and cash equivalents | \$ 3,311,948 |
| Restricted cash | 33,005 |
| Certificates of deposit | 1,628,030 |
| Prepaid expenses and other assets | 57,795 |
| Property and equipment—net | <u>4,439</u> |

Total Assets \$ 5,035,217

LIABILITIES AND NET ASSETS:

Liabilities:

| | |
|---------------------------------------|-------------------|
| Accounts payable and accrued expenses | <u>\$ 366,146</u> |
|---------------------------------------|-------------------|

Net assets:

Without donor restrictions:

| | |
|------------------|------------------|
| Operating | 3,552,247 |
| Board designated | <u>1,000,000</u> |
| | <u>4,552,247</u> |

With donor restrictions

| | |
|------------------|------------------|
| Total net assets | <u>116,824</u> |
| | <u>4,669,071</u> |

Total Liabilities and Net Assets \$ 5,035,217

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statement of Activities

Nine-Month Period Ended September 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| OPERATING: | | | |
| Support and Revenue: | | | |
| Contributions | \$ 4,080,241 | \$ 270,054 | \$ 4,350,295 |
| Special events: | | | |
| Revenue | 324,795 | - | 324,795 |
| Costs of direct benefits to donors | (202,747) | - | (202,747) |
| Net special events income | 122,048 | - | 122,048 |
| Interest and other income | 4,424 | - | 4,424 |
| Total Support and Revenue | 4,206,713 | 270,054 | 4,476,767 |
| Net Assets Released: | | | |
| Purpose restrictions | 184,070 | (184,070) | - |
| Expenses: | | | |
| Program services | 3,914,766 | - | 3,914,766 |
| Supporting activities: | | | |
| General and administrative | 776,706 | - | 776,706 |
| Fundraising | 171,629 | - | 171,629 |
| Total Expenses | 4,863,101 | - | 4,863,101 |
| Change in Net Assets From Operations | (472,318) | 85,984 | (386,334) |
| NON-OPERATING: | | | |
| Loss on exchange rate | (1,399) | - | (1,399) |
| Change in Net Assets | (473,717) | 85,984 | (387,733) |
| Net Assets, Beginning of Period | 5,025,964 | 30,840 | 5,056,804 |
| Net Assets, End of Period | \$ 4,552,247 | \$ 116,824 | \$ 4,669,071 |

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statement of Functional Expenses

Nine-Month Period Ended September 30, 2021

| | Program Services | Supporting Activities | | Cost of Direct Benefits to Donors | Total Expenses |
|--|---------------------|----------------------------------|----------------|---|------------------|
| | | General and Administrative | Fundraising | | |
| Grants and contracts | \$ 2,955,295 | \$ - | \$ - | \$ - | \$ 2,955,295 |
| Salaries and benefits | 662,803 | 396,502 | 18,164 | - | 1,077,469 |
| Communications | 167,442 | 13,921 | 104,963 | - | 286,326 |
| Professional services | 22,418 | 129,659 | 33,590 | - | 185,667 |
| Travel and hospitality | 64,361 | 44,897 | 13,475 | - | 122,733 |
| Fees and insurance | 914 | 121,072 | - | - | 121,986 |
| Information technology | 14,702 | 28,756 | - | - | 43,458 |
| Equipment and facilities | 22,741 | 6,071 | - | - | 28,812 |
| Organizational expenses | 372 | 22,246 | - | - | 22,618 |
| Office expenses | 1,516 | 11,997 | 1,437 | - | 14,950 |
| Depreciation and amortization | 1,465 | 872 | - | - | 2,337 |
| Other operating expenses | 737 | 713 | - | - | 1,450 |
| | 3,914,766 | 776,706 | 171,629 | - | 4,863,101 |
| Special event expenses | - | - | - | 202,747 | 202,747 |
| Total Expenses and Special Event Expenses | \$ 3,914,766 | \$ 776,706 | \$ 171,629 | \$ 202,747 | \$ 5,065,848 |

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statement of Cash Flows

Nine-Month Period Ended September 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|------------------|
| Change in net assets | \$ (387,733) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | |
| Depreciation and amortization | 2,337 |
| Interest income on certificates of deposit | 7,767 |
| Changes in operating assets and liabilities: | |
| Prepaid expenses and other assets | 5,454 |
| Accounts payable and accrued expenses | 148,969 |
| Net Cash Used by Operating Activities | <u>(223,206)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|------------------|
| Proceeds from sale of certificates of deposit | 743,000 |
| Purchases of certificates of deposit | <u>(747,000)</u> |
| Net Cash Used by Investing Activities | <u>(4,000)</u> |

Net Change in Cash and Cash Equivalents and Restricted Cash (227,206)

Cash and Cash Equivalents and Restricted Cash, Beginning of Period 3,572,159

Cash and Cash Equivalents and Restricted Cash, End of Period \$ 3,344,953

Cash and Cash Equivalents \$ 3,311,948

Restricted Cash 33,005

Total Cash and Cash Equivalents and Restricted Cash \$ 3,344,953

See notes to consolidated financial statements

THE JOSHUA FUND

Notes to Consolidated Financial Statements

September 30, 2021

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.

In 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.

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 nine-month period ended September 30, 2021 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.

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 \$2,025,000, as of September 30, 2021. 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.

THE JOSHUA FUND

Notes to Consolidated Financial Statements

September 30, 2021

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 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.

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 \$84,500 are included in contributions in the consolidated statement of activities for the nine-month period ended September 30, 2021. 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 statement of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

TJF has revenue from a special event in which registration fees are earned. Registration fee payments are collected prior to the event and are initially recorded as deferred revenue. The revenue is recognized upon the fulfillment of the performance obligation, which is when the special event occurs. TJF earned \$324,795 of special event revenue during the nine-month period ended September 30, 2021. This amount is reduced by the costs of direct benefits to donors of \$202,747 on the consolidated statement of activities.

FUNCTIONAL ALLOCATION OF EXPENSES

The statement 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.

THE JOSHUA FUND

Notes to Consolidated Financial Statements

September 30, 2021

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects TJF's financial assets as of September 30, 2021, 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.

Financial assets:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 3,311,948 |
| Restricted cash | 33,005 |
| Certificates of deposit | <u>1,628,030</u> |
| Financial assets, at nine-month period-end | <u>4,972,983</u> |
| | |
| Less those unavailable for general expenditures within one year, due to: | |
| Restricted cash | (33,005) |
| Board designated | <u>(1,000,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 3,939,978</u> |

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net as of September 30, 2021, consists of:

| | |
|---|------------------|
| Software | \$ 198,669 |
| Website development | 37,190 |
| Furniture, fixtures, and equipment | <u>5,861</u> |
| | 241,720 |
| Less: Accumulated depreciation and amortization | <u>(237,281)</u> |
| | <u>\$ 4,439</u> |

5. BOARD DESIGNATED:

TJF has board designated net assets of \$1,000,000 as of September 30, 2021. The balance consists of board designated funds for safety reserves.

THE JOSHUA FUND

Notes to Consolidated Financial Statements

September 30, 2021

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following as of September 30, 2021:

| | |
|-----------------------------|-------------|
| Relief and humanitarian aid | \$ 73,988 |
| Advocacy and education | 28,250 |
| Evangelism and discipleship | 14,586 |
| | <hr/> |
| | \$ 116,824 |
| | <hr/> <hr/> |

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 nine-month period ended September 31, 2021, was \$210,600. Future minimum payments for noncancellable agreements as of September 30, 2021 is \$118,400 for the year ended September 30, 2022, and \$24,600 for the year ended September 30, 2023.

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 was \$19,911 for the nine-month period ended September 30, 2021.

9. RELATED PARTIES:

Approximately \$55,400 (1.3%) of contribution revenue was received from related parties, including certain members of the Board of Directors and their immediate family members, during the nine-month period ended September 30, 2021.

During the nine-month period ended September 30, 2021, the TJF Founder and Chairman of the Board of Directors donated contributed services to TJF in the amount of \$84,500, which are included in contributions in the consolidated statement of activities.

TJF shares a common member of its Board of Directors with The Joshua Fund (R.A.) (TJFRA). In addition, the President of TJF is a member of the Board of Directors of TJFRA. During the nine-month period ended September 30, 2021, TJF granted funds of approximately \$780,000 to TJFRA. In addition, included within accounts payable and accrued expenses on the consolidated statement of financial position is \$27,592 owed from TJF to TJFRA as of September 30, 2021.

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Notes to Consolidated Financial Statements

September 30, 2021

10. OPERATING AND NON-OPERATING ACTIVITIES:

The activity of TJF has been reported in the consolidated statement 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.

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 February 9, 2022, which is the date the consolidated financial statements were available to be issued.