



2023 ANNUAL REPORT

STEWARDSHIP CONNECTIONS

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Anabaptist Industrial Plagiarism

By Paul A. Miller, Executive Administrator

The auctioneer's gavel fell time after time that day. After many years of horse-drawn equipment manufacturing, Pioneer Equipment was selling their entire inventory of implements and parts. But the highest bidders were buying more than excess inventory, they were buying the manufacturing rights to a product line of a well-known brand. Buyers who purchased the various implement designs benefited from Pioneer Equipment's years of research and development, and manufacturing experience. They received CAD drawings, jigs, customer and vendor lists, component lists, manuals, and marketing materials. In addition to the tangible assets, the highest bidders were buying a fully developed idea, ready to build and sell to an established market. And they outbid the rest of the bidders for this privilege. But why bid the highest when you could simply buy one of the new implements to measure and duplicate in your shop at home? Is there anything wrong with serving your community by copying someone else's design without permission? Isn't this just common practice? Perhaps it's common, but it's not good practice. It's plagiarism.

What is Plagiarism?

Plagiarism is not a word we often use. But it is something we may often do without being aware of it because we don't understand what it is, or is not. Sometimes it is done accidentally in innocence. Or perhaps we sometimes commit plagiarism intentionally but don't view it as a wrong action that harms someone else. According to the Cambridge online dictionary, plagiarism is the process or practice of using another person's original ideas or work and pretending it is your own¹. People often justify plagiarism as merely copying another's work or borrowing someone else's original idea. But terms like copying and borrowing can disguise the seriousness of this offense.

Plagiarism is commonly associated with intellectual property such as printed books or other published materials. It can also cover artistic expression in speech or song. Copyrights are used to protect such intellectual property from plagiarism. This kind of plagiarism can often be avoided by properly citing sources or seeking permission for use.

However, our people are probably more affected by the use of other people's ideas used in manufacturing that have industrial or commercial use. This kind of intellectual property is protected by patents. Just because something is patented doesn't mean this idea, concept, or process can't be used by others if proper arrangements are made. Generally royalties must be paid in exchange for the right to benefit from the value of someone else's patent.

Plagiarizing the compound bow

In the mid-1960s, Holless Wilbur Allen, Jr. took a device, the bow, that had stood relatively unchanged since ancient times, and transformed it into a more powerful, more accurate device shooting arrows with less effort from the archer. Allen invented the compound bow. He read some books on physics, learned about energy storage and transfer, and tried to find a better way to take

¹ <https://dictionary.cambridge.org/us/dictionary/english/plagiarism>

From the Board of Directors

Jesus calls His people to think, act, and live very differently than society around us. This way of thinking, acting, and living is counter to the preferences of our unredeemed flesh; we refer to this kind of living as counterintuitive. Counterintuitive is the opposite of “intuitive” — in other words, it’s not easily understood in an instinctive, subconscious way.

Something that is counterintuitive does not happen in the way you would expect it to. For example, steering a sailboat is counterintuitive—you push the tiller the opposite direction you intend to sail. The Sermon on the Mount is full of counterintuitive lessons. *Blessed are the poor, the ones who mourn, and the meek (v.3-5). Love your enemies and pray for those who persecute you (v.44). If someone slaps your right cheek, turn to him your other cheek (v.39).* Other Biblical examples of counterintuitive living:

- Building an ark when rain had never before come from the sky is counterintuitive.
- Leaving Ur of the Chaldees for an unknown land is counterintuitive.
- Crossing the Red Sea on dry ground is counterintuitive.
- Facing Goliath without armor is counterintuitive.

Our human internal processor (which we sometimes refer to as our gut feeling) has an inherent tendency to try and convince us that “this is the way to life. This is the way to fulfillment, joy, and happiness.” However, when we trust our intuition over the Word of God, we will repeatedly and inevitably end up in a place we had not planned to be.

Counterintuitive living is often contrary to what common sense would suggest. But a life of faith is mostly always counterintuitive. By faith the children of God move forward, oftentimes when it makes no sense to others.

Today we reflect back and agree together that counterintuitive

living worked out pretty well for Jesus, Moses, Noah, David, Joshua, the three Hebrew men, and others. And while we have trying moments, and sometimes some tendencies towards doubting, we hold onto the promise that, for those who live by faith, everything will make sense in the end. We place our confidence and trust in an almighty, sovereign, and powerful God. When we know enough about ourselves, it shouldn’t be difficult to persuade us that God and His instructions for living are so much wiser and smarter than what we intuitively think.

In Matthew 5, Jesus sums up his reasoning for counterintuitive living: “Let your light so shine before men, that they may see your good works, and glorify your Father which is in heaven.” From this verse, we see at least three good reasons to live counterintuitively:

1. To be a compelling light that will shine before men
2. To produce and observe good works
3. To glorify our Father who is in heaven

In addition, we realize through counterintuitive living that this is actually the “good life” all of us want and long for. It brings us the fulfillment and purpose we have been hoping for. And it is the most compelling beautiful thing that any of us can get involved in.

These good reasons for counterintuitive living impact the stewardship ministry of Anabaptist Financial and are incorporated into our programs and activities.



Ben A. Stoltzfus, *Chairman of the Board*



BEN STOLTZFUS
Morgantown, PA



AMOS HURST, JR.
Lititz, PA



KEN BURKHOLDER
Gordonville, PA



WAYNE KEIM
Berlin, OH



NATHAN ZIMMERMAN
Reinholds, PA



ANDREW ZIMMERMAN
Mifflintown, PA



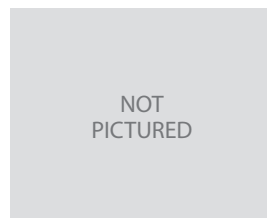
LARRY TROYER
Sugar creek, OH



RICHARD HOOVER
Narvon, PA



M. DEAN WENGERD
Chuckey, TN



STEVE STOLTZFUS
New Holland, PA

the energy of the draw and store it more efficiently in the bow limbs, while reducing the continuous effort required from the archer. He found he could do this by adding pulleys and extra cables to the limbs of the bow, which allowed the draw power to be constant, rather than gradually increasing as with the longbow, and he also found a way to arrange the pulleys so that the weight of the draw was greatly reduced during the last inch of so, so that one could aim the bow without straining at the same time to keep the bowstring under tension. Allen patented his compound bow in 1969, and although there was a great deal of initial resistance (that first bow was rather ungainly), he finally found a bow manufacturer who was impressed enough to take on production, and by 1975, their company was selling all the bows they could produce, over 60,000 a year. Now, almost 50 years later, it is hard to find any other kind of bow. Many improvements have been made, but the modern compound bow is still essentially Allen's invention. It is hard to think of another invention that has transformed its domain so radically as has Allen's compound bow.² Other bow manufacturers soon copied and improved on Allen's compound design, but he defended his patent against numerous challenges before his death in a tragic car accident in 1979³. His patent expired in 1989, and nowadays compound bows are produced and sold by a number of manufacturers all around the world.⁴

What is wrong with plagiarism?

Plagiarism is an act of fraud that involves both stealing someone else's work and lying about it afterward.⁵ It is easy to see how taking someone's physical property is wrong. But taking someone's intellectual property is just as wrong. It robs the creator of the ideas of their right to profit and build a reputation from their own original work.⁶ The Bible has much to say about the evils of stealing—to take what belongs to another without permission, and make it one's own. Stealing is a sin that was part of our old lives, not to be continued after we become believers. Rather, stealing must be replaced with working with our own hands. (Ephesians 4:28)⁷. Plagiarism is also dishonest because it advances a falsehood, passing off someone else's original work as your own, and the Bible has much to say about lying (Proverbs 6:17)⁸. Plagiarism has no part in the life of a Christian. (1 Peter 4:15).⁹

2 <https://www.lindahall.org/about/news/scientist-of-the-day/holless-wilbur-allen> downloaded by Paul A Miller | August 23, 2023

3 This is not an encouragement to defend patents, only recounting the history of the compound bow's development as an example of possible plagiarism.

4 <https://www.bow-international.com/features/the-history-of-compound-bows/> downloaded by Paul A Miller | August 23, 2023

5 <https://www.plagiarism.org/article/what-is-plagiarism> downloaded by Paul A Miller | August 23, 2023

6 <https://www.gotquestions.org/Bible-plagiarism.html> downloaded by Paul A Miller | August 23, 2023

7 Let him that stole steal no more: but rather let him labour, working with his hands the thing which is good, that he may have to give to him that needeth. Ephesians 4:28

8 These six things doeth the Lord hate...a lying tongue. Proverbs 6:16-17

9 But let none of you suffer as a murderer, or as a thief, or as an evildoer, or as a busybody in other men's matters. 1 Peter 4:15

How can I avoid plagiarism?

Conservative Anabaptist business people may often overlook the significance of copyrights and patents. Because they are enforceable by law, in our minds we may discount their application to us because we don't take our disputes to courts for settlement. Responsible business people are aware of areas where they may infringe upon copyrights and patents, and comply with the law. It is important to note that many if not most ideas we use in manufacturing and commercial business are not patentable because they are not sufficiently new or different from previous inventions. But it is not our focus to describe the legal requirements for a patent. Rather, our intent is to create awareness and sensitivity to the moral principles that underlie plagiarism. While we may be careful to avoid legal trouble through patent infringement, we may violate the underlying moral principles by the way in which we plagiarize from our fellow Anabaptist businesspeople by copying and borrowing their ideas without permission or other arrangements. While it may not be violating the law to "create" an unpatented product that is copied to "almost" exact measurements from someone else, is this a moral violation? Our conservative Anabaptist business community is perceived in the "outside" marketplace as producing high quality with ethical integrity. Do we employ equal ethics "inside" our own business community? It is contradictory that our manufacturers may find it necessary to avoid showcasing their new product lines at trade shows to avoid being copied. Otherwise, virtually identical products may be competing with their own new designs in a very short time, without communication or permission.

God is not a plagiarist.

From the beginning, God created original work. We are created in His image, and should likewise strive to create original work, unless we have made proper arrangements or are hired by the designer to produce his products for him. Historically, our conservative Anabaptist business community has been a creative dynamo that has served us well. The point is not that we should become unimaginative in our product development. But we should show respect for other's creative work and avoid copying and borrowing, whether openly or secretly. In addition to what the Bible says about stealing and lying, we are called to the standard of the Golden Rule, "Therefore all things whatsoever ye would that men should do to you: do ye even so to them."¹⁰ God is not a plagiarist, and we should not plagiarize either. In writing, cite your sources, whether or not the material is copyrighted. In industry, make proper arrangements, whether or not the product or process is patented. In integrity, give credit where credit is due. In all things, do unto others as you would have them do unto you. Such industrial respect in the conservative Anabaptist workplace is a rising tide that lifts all boats.

10 Matthew 7:12



Anabaptist
Financial

Stewardship Connections with Integrity

LOANS PROGRAM


Anabaptist Financial places investments into our loans pool. We provide financing to the conservative Anabaptist constituency for agricultural, commercial, and residential real estate loans (residential loans are not offered in all states). We do not offer loans for automobiles and other consumer items.

Our goal is to promote brotherhood assistance and good stewardship connections among borrowers and lenders to advance the kingdom of God within the Anabaptist brotherhood. Anabaptist Financial offers loans to members in good standing of churches who adhere to the 1963 Mennonite Confession of Faith or similar earlier confessions.

Fire and Storm Coverage

All loan collateral must be covered by a verified protection plan for fire, storm, and theft. Brotherhood aid plans are acceptable coverage.

Loan Default Plan

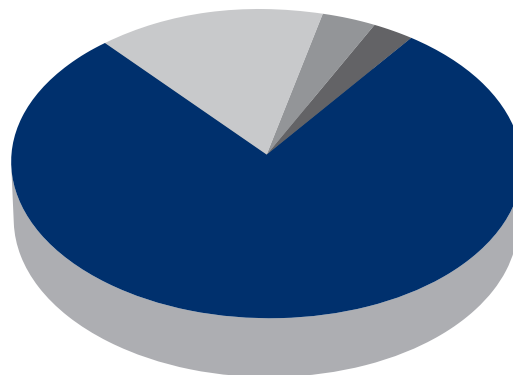
Delinquent loans with no acceptable resolution will require a church-appointed oversight committee. 



LOANS BY TYPE

AS OF JUNE 30, 2023

78.3%	16.5%	3.2%	1.6%	0.4%
Business Real Estate	Home Mortgages	Non-Profit	Business Operating	Other
\$523,699,280	\$110,095,697	\$21,370,901	\$10,874,114	\$2,391,767
<i>see Subtypes listed below</i>				



TOTAL: \$668,431,759

BUSINESS REAL ESTATE LOANS BY SUBTYPES

Ag - Cash Crop	65,800,730
Com - Wood Manufacturing	58,394,872
Com - Residential Rentals	53,866,551
Com - Other	37,823,266
Ag - Other	36,997,935
Ag - Dairy	33,974,973
Bare Land - Investment	33,046,625
Com - Other Retail	28,454,870
Ag - Beef	28,137,192
Com - Commercial Rentals	21,365,608
Ag - Poultry	21,242,108
Com - Metal Working	17,720,649
Com - Bulk Food/Grocery/Deli	15,848,490
Com - Construction Contractor	14,393,321
Construction - Commercial	10,818,152
Ag - Produce	10,044,565
Com - Auto Service & Sales	8,318,451
Com - Sawmill/Timber/Pallet	7,056,785
Ag - Timber	6,285,511
Ag - Hog	5,731,621
Non-Conforming Residential	3,187,924
Other	5,189,081

LOANS BY STATE

Pennsylvania	1,123
Ohio	479
New York	223
Virginia	150
Michigan	145
Missouri	116
Montana	92
Maryland	68
Indiana	60
Kentucky	58
Idaho	47
North Carolina	43
Colorado	37
Wisconsin	35
Oregon	34
Minnesota	29
Georgia	25
Tennessee	25
South Carolina	24
West Virginia	23
Illinois	21
Iowa	21
West Virginia	19
Texas	16
Kansas	16
California	16
Washington	15
Maine	11
Oklahoma	11
Delaware	11
Nevada	10
New Jersey	10
Mississippi	10
Arkansas	8
New Mexico	7
Florida	6
Nebraska	5
Massachusetts	4
Alabama	3
Arizona	2
Arkansas	2
North Dakota	2
Utah	1
South Dakota	1

Grand Total3,066

Whom We Serve

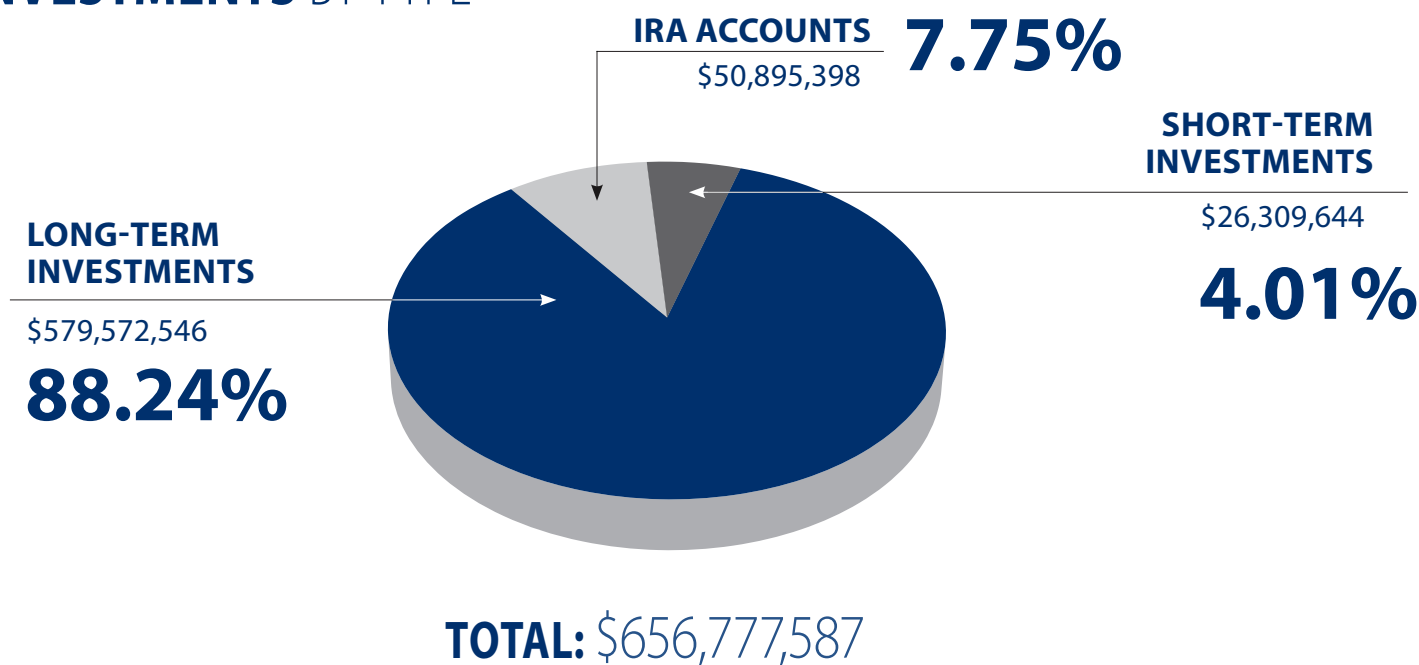
Anabaptist Financial serves conservative Anabaptist families, churches, and communities with stewardship-based educational, financial, and charitable gift services.

Brotherhood accountability and mutual aid are foundational to our existence and operations. Participation is limited to those who adhere to the 1963 Mennonite Confession of Faith or earlier similar confession such as the Garden City Confession (1921), Dordrecht Confession of Faith (1632), and Schleithem Confession (1527).

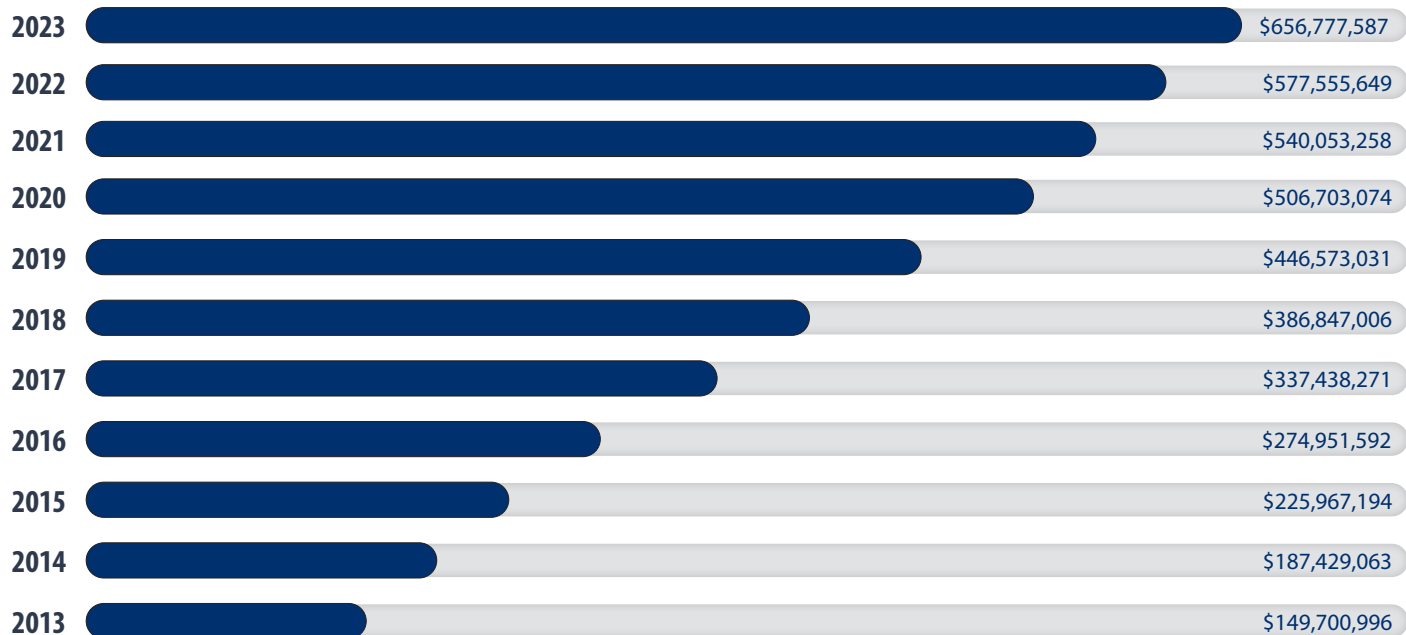
Church affiliation matters because it is a valid reflection of whom we are structured to serve and the level of accountability we value. In our motto, *Stewardship Connections with Integrity*, our core value of connections assumes shared beliefs and practices, and our core value of integrity is measured by accountability to others. The following list is not comprehensive, but it is representative of the church community we seek to serve.

- Agape Christian Churches
- Appalachian Mennonite Church
- Amish Churches
- Anabaptist Disciples of Christ
- Beachy Amish Churches
- Bethel Fellowship
- Biblical Mennonite Alliance
- Bible Mennonite Fellowship
- Charity Fellowship
- Church of the Brethren (Conservative)
- Conservative Mennonite Churches of York and Adams Counties, PA
- Cumberland Valley Mennonite Churches
- Dunkard Brethren
- Eastern Pennsylvania Mennonite Churches
- Groffdale Old Order Mennonite Conference
- Haven Mennonite Fellowship
- Hope Mennonite Fellowship
- Kleine Gemeinde
- Keystone Mennonite Fellowship
- Little Flock Mennonite Churches
- Meadow Springs Conference
- Mennonite Christian Fellowship
- Mid-Atlantic Mennonite Fellowship
- Midwest Mennonite Fellowship
- Midwest Conference
- Nationwide Fellowship
- Northeastern Mennonite Conference
- Old German Baptist Brethren
- Old Order Mennonite
- Pilgrim Mennonite Conference
- River Brethren
- Snyder County Mennonite Conference
- South Atlantic Mennonite Conference
- Southeastern Mennonite Conference
- Unaffiliated Amish Mennonite Churches
- Unaffiliated Mennonite Churches
- Washington-Franklin Mennonite Conference
- Weaverland Conference
- Western Conservative Mennonite Conference
- Wisler Mennonite

INVESTMENTS BY TYPE



GROWTH OF INVESTMENTS — FISCAL YEARS ENDING JUNE 30





Anabaptist
Foundation

Stewardship Connections with Integrity

We exist to serve.

Anabaptist Foundation's mission is twofold:

- ✓ We channel charitable resources within the kingdom of Christ.
- ✓ We provide donors with charitable counsel that aligns with their conservative Anabaptist values.

Channeling resources. Much of our work involves accepting contributions from donors and distributing those funds to churches and charities. Our core program is the Charitable Gift Fund, an IRS-approved donor-advised fund. This useful tool allows a donor to give generously while remaining anonymous. The anonymous aspect is key to our conservative Anabaptist church constituency who care about aligning with Jesus' command to avoid drawing attention to ourselves while giving.

Charitable counsel. AF's Foundation was not created to function as a financial machine, mechanically and efficiently moving money from "here to there." Such cold transactions are processed by many banks and secular donor-advised funds programs. Our goals are higher. The second part of our mission statement calls us to enable donors to be better stewards of the resources they manage. To that end, we seek to build relationships with the families we serve, our constituency church groups, and charities.

We also develop relationships with professional parties, such as accountants, attorneys, and government authorities, to ensure that our work is done ethically and legally. All the charitable resources we handle belong to God, so a high standard of accountability and testimony is required. Right things must be done in right ways.

We help conservative Anabaptist individuals and families to learn about and live out Biblical stewardship, leveraging their godly heritage and financial resources to expand God's kingdom in this generation. We wish to build open relationships with donors to discern the calling God is placing on their hearts and resources.

In our 2022-2023 fiscal year, which ended on June 30, Anabaptist Foundation received contributions of \$40,525,062. This was an increase of 14.8% over the previous fiscal year. The Foundation also issued 4,469 gift disbursements totaling \$35,763,957 to a wide variety of churches and charities. This was an increase of 41% over the previous fiscal year.

The income earned by the Foundation, in excess of our operating costs, is used to benefit our church constituency. We provide free services to churches and charities, support church alms funds via our Charity Hardship Fund, and fund stewardship education for families, deacons, and church-appointed financial trustees through our Stewardship Education Fund. As the LORD blesses our work, we wish to be a blessing to those we serve.

WE CARE FOR THE SOUL OF

THE DONOR, THE RECIPIENT

CHARITIES, AND THE GIFT ITSELF.

What type of people use our services?

People who wish to give anonymously use our services. As Jesus taught in Matthew 6:1-4, Christians should seek to give without seeking recognition. We distribute thousands of gifts each year, and almost all of them are sent anonymously.

People who wish to give responsibly use our services. A good steward manages "giving" dollars as carefully as his or her family's spending or saving funds. They wish to make decisions based on Biblical counsel and factual information. That's why we assign each Charitable Gift Fund client to a personal case worker who walks alongside the donor to find and support charities that align with their values. The exchange of information flows both ways—we collect updated information about charities and their needs and pass it on to donors so they can make informed decisions, and the donors give us feedback on what they appreciate or don't appreciate about specific charities which we feed back to the charities.

Our role in serving conservative Anabaptist donors and charities is a supportive (not a leadership) one. Churches and charities take the lead to minister within their brotherhood, local community, and across the globe. We avoid operating missions or relief programs of our own that could compete with their efforts. Because the Foundation intentionally avoids operating mission programs of its own, we can serve as a neutral, third-party advisor to both donors and charities.

What is the Charitable Gift Fund?

The Charitable Gift Fund is our core program. It is what the IRS defines as a "donor-advised fund." Donors make tax-deductible contributions to the AF Foundation, which we then place into an account tagged to the donor, donor business, or donor family. Donors can recommend which churches, charities, and

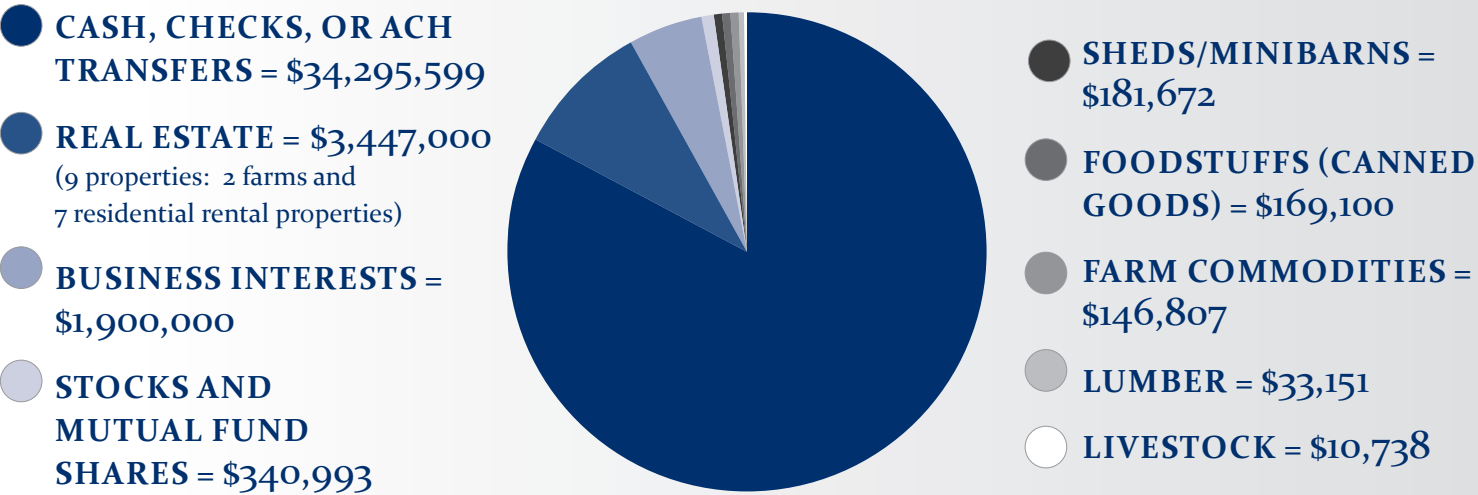
programs should benefit from their funds as long as they come under our *Guidelines for Giving* policy.

The Charitable Gift Fund program is convenient to use. Donors can contribute a wide variety of assets: cash, real estate, securities, business interests and products, or farm commodities. Quarterly reports help donors keep track of their giving.

Strong cash reserves are maintained to process outgoing gifts to charity with longer-term funds invested in the Anabaptist Financial loans program. In the loans program, they generate funds to help the Foundation operate while also blessing the broader AF church constituency.

Charitable Gift Fund			
	2020/2021	2021/2022	2022/2023
Number of accounts managed	518	561	634
New contributions	\$32,556,454	\$35,273,592	\$40,525,062
Gifts issued to churches and charities	3,328	3,770	4,469
Amount distributed	\$21,463,477	\$25,314,055	\$35,763,957

Types of assets contributed



Where were Charitable Gift Fund contributions sent?



Special Gift Funds

The Foundation operates several “field-of-interest” funds that enable many different donors to give toward a focused sphere of charitable work or special project. Donors who wish to support one of these “Special Gift Fund” accounts may make tax-deductible contributions to them, allowing their contribution to be distributed where most needed. Examples include:

Stewardship Education Fund – Supports Biblical teaching on finances and stewardship within our church circles by way of support for Young Family Finance, Family Budgeting, Deacon and Trustee seminars, children’s books on stewardship and finances, and other educational resources.

Charity Hardship Fund – Supports church alms and deacon funds in congregations facing heavy brotherhood-assistance needs. Access to up-front funding in the form of low- or no-interest loans enables local congregations to negotiate significant discounts with medical providers, while providing time to raise local support. During our last fiscal year, we were able to support 13 different church alms funds with about \$2.7M of interest-free loans so they could secure better discounts while addressing local brotherhood needs.

Colony Mennonite Fund – Invests in education, mission, and relief work among colony Mennonite people, via support for conservative Anabaptist charities engaged in this important work.

Wilderness Camp Project Fund – Provides financial support for capital projects and special needs at a wide variety of conservative Anabaptist programs focused on helping troubled boys and girls in a residential setting.

Urban School Missions – Addresses capital needs at mission schools operated by conservative Anabaptist missions. The goal is to support Christian education opportunities for children from disadvantaged situations in city settings, exposing them to the Gospel and godly mentors.

Endowment Accounts

We also manage 12 endowment accounts established to benefit conservative Anabaptist ministries. At the end of our last fiscal year, we held \$1,728,099 in endowment accounts. Ten schools and nonprofit organizations qualified for payouts totaling \$116,823 in July 2023.

Charitable GIFT FUND

A TOOL FOR SIMPLIFIED, TAX-DEDUCTIBLE GIVING TO CHURCHES AND CHARITIES.

The Charitable Gift Fund Program enables donors to:

- Anonymously support the churches and charities of their choice (gifts to individuals NOT permitted)
- Simplify their giving by writing one check to Anabaptist Foundation with disbursements to various charities
- Qualify for an immediate tax-deduction for their contribution and track their giving with quarterly statements
- Give gifts of cash, real estate, or stocks




For a FREE information packet, please contact Anabaptist Foundation



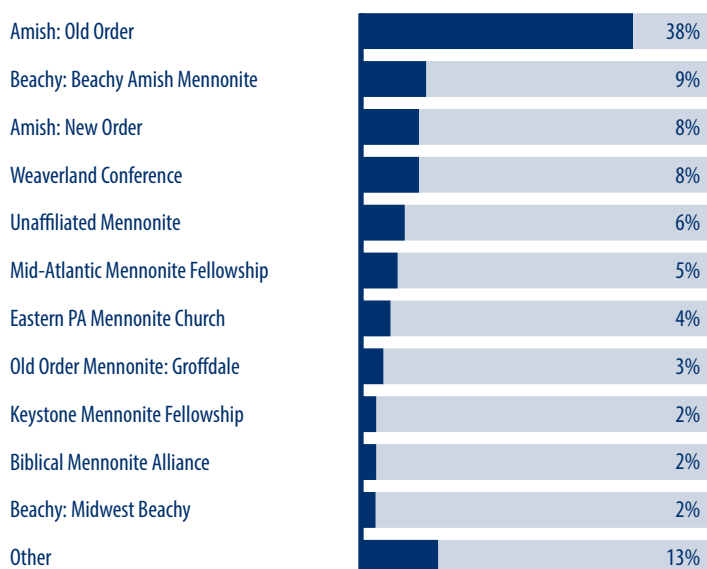
Anabaptist
Foundation

55 Whisper Creek Drive
Lewisburg, PA 17837
800-653-9817 | info@afweb.org

Charitable Solicitation Registration (CSR) Program

We serve conservative Anabaptist charities by assisting them with their state-level Charitable Solicitation Registrations. If a charity solicits contributions from residents in a particular state, most states require the charity to file a report with the state on an annual basis. They require this because they are attempting to protect their residents from fraudulent charities. The registration requirements vary from state to state. Fines and penalties are assessed on charities that fail to register or miss reporting deadlines. Using our CSR program allows a conservative Anabaptist charity to address these complex registration requirements without diverting focus from its mission. During our most recent fiscal year, we served 39 different charities (29 charities a year ago), processing 485 state filings on their behalf. 

CHARITABLE GIFT FUND ACCOUNTS BY CHURCH AFFILIATION



2023 TAX DEDUCTION REMINDER

If you wish to receive a tax-deductible contribution receipt for a 2023 gift to Anabaptist Foundation, carefully follow these three steps:

1. Write your contribution check payable to “**Anabaptist Foundation**.” Do not write “Anabaptist Financial,” as that is a separate organization and does not handle gifts for the Charitable Gift Fund program.
2. Send your contributions to: **Anabaptist Foundation, 55 Whisper Creek Drive, Lewisburg, PA 17837.** Please do NOT send your contributions to our old discontinued New Columbia, PA, address. It will not be delivered to us, causing you to lose your 2023 tax deduction!
3. To receive a 2023 contribution receipt, your mail must be **postmarked no later than December 31, 2023.** The Internal Revenue Service stipulates that year-end receipt dates be determined by the postmark stamped on the envelope, not by the date on the check.

REMEMBER! Procrastination may cause you to lose a 2023 tax-deduction. At year-end, we must date contribution receipts by the date postmarked on the envelope, not by the day on which you say you mailed it. Postal processing machines regularly fail to stamp a postmarked date on mailed envelopes or sometimes stamp a later date from a distant postal processing center. And, dates stamped by your in-house postage meter does not qualify as a postmark for these purposes.

If it is essential that your contribution be receipted for 2023 but you delay mailing your contribution until near the end of the year, please take your envelope inside your post office and ask the clerk at the counter to **manually stamp it with a 2023 postmark.**

NOTE: December 31 falls on a Sunday this year, so your local post office will be closed on that day.

***Avoid the pressure of year-end events
and make your contribution now to lock
in a 2023 contribution receipt!***




Stewardship
Resources

Stewardship Connections with Integrity

STEWARDSHIP EDUCATION FOR THE BUSINESS AND FAMILY.

In-the-Field Business Education

AF interacts with thousands of Anabaptist businesspeople and families each year by providing stewardship education through published resources, seminars, workshops, and one-on-one business advising. One of the significant changes we made this year is switching to offering all our published resources free of charge. Call to request a catalog of our free resources or view online. 



Business Seminars

Business seminars have been the signature educational service of Anabaptist Financial for the past sixteen years. We provide annual or biannual seminars in fourteen Anabaptist communities. These seminars enable owners, managers, and employees to learn from our own seasoned businesspeople with shared values and beliefs.

Business Seminar – Hutchinson, Kansas

Tuesday, November 14, 2023

Pleasantview Activity Center

5015 S. Dean Road, Hutchinson, KS 67501

Employee Seminar – Seneca Falls, NY

Employee Seminar, Tuesday, January 16, 2024

Finger Lakes Fellowship Center

3403 SR 414, Seneca Falls, NY 13148

Business Seminar – Arthur, IL

Tuesday, February 20, 2024

Yoder's Kitchen

1195 E. Columbia St., Arthur, IL 61911

Business Seminar – Belle Rive, IL

Thursday, February 22, 2024

Sugar Camp Event Center

1620 N Ina Ln., Belle Rive, IL 62810

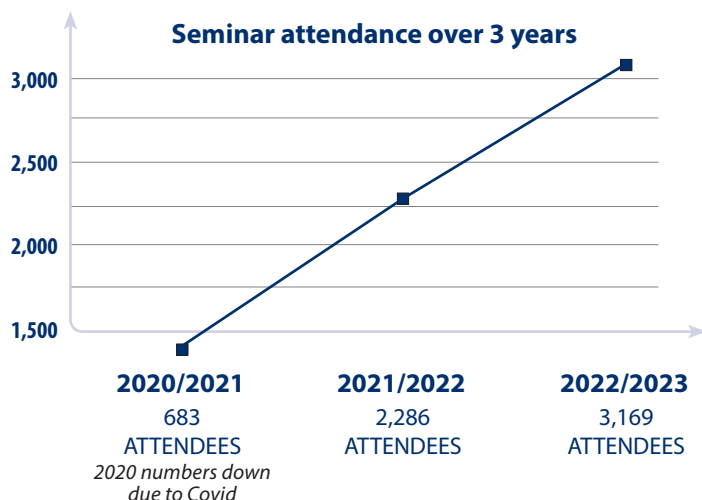
Business & Employee Seminars – Berlin, OH

Business Seminar, Tuesday, March 12, 2024

Employee Seminar, Wednesday, March 13, 2024

Heritage Community Center

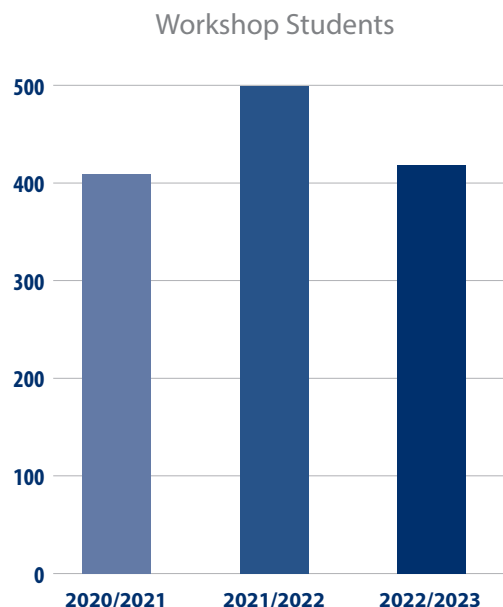
3558 US-62, Millersburg, OH 44654



Business Workshops

NEW ACCOUNTING WORKSHOP added in 2023

To meet the growing interest in AF's business workshops and to broaden the scope of topics offered, AF is developing additional workshops. Most recently, an accounting workshop debuted in the spring of 2023. This workshop sheds valuable light on the subject of financial record-keeping that a few love, but many businesspeople dislike. While acknowledging the reality of information needs for tax authorities and lenders, the accounting workshop helps prepare students to utilize reliable financial records to impact management decisions for good.



Following is an overview of the workshop:

- The Stewardship of Accounting
- The Basis of Accounting
- The Practice of Accounting
- The Reporting of Accounting
- The Impact of Accounting

Our business workshops complement our business seminars and advising. They provide a focused two-day learning approach by business topic in a classroom-style setting. Workshops are limited to no more than 30 students to enhance the learning experience through personal interaction. Designed for owners, managers, and key employees, they are built on a well-designed curriculum that emphasizes sound business practices presented in the context of a conservative Anabaptist worldview.

Stewardship Educational Resources

All AF-published resources— NOW AVAILABLE AT NO COST

The AF Libraries continue to be valuable resources for business owners and their employees. This includes an audio library with recordings of our last 12 years of seminars and a digital library of articles and booklets. To build these unique Libraries, we tap into some of the most knowledgeable Anabaptist businessmen who teach on a broad range of business principle and practice in the context of the conservative Anabaptist worldview.

Beginning in 2023, Stewardship Resources is making these Libraries and all AF-published materials available free of charge. You can request a catalog with the content of our Libraries or a Stewardship Resources catalog with other resources covering areas of financial stewardship for both the business and the home. **In the spirit of stewardship, we ask that you only order what you are committed to read.**



Call or write to Anabaptist Financial, 55 Whisper Creek Drive, Lewisburg, PA 17837

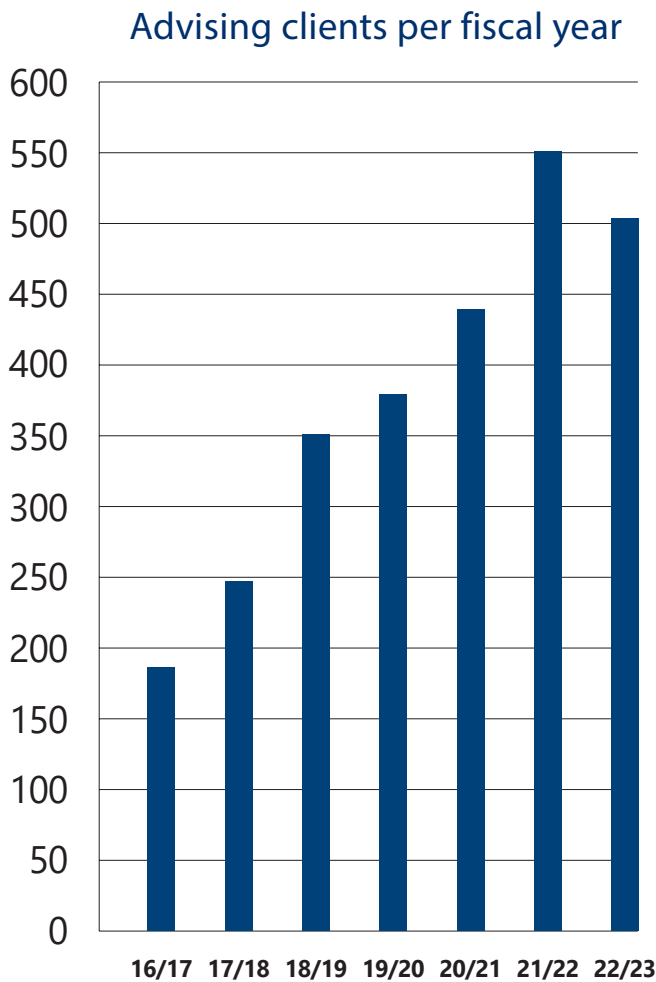
Business Advising

by Dave Swearingen, Advising Manager

BUSINESS ADVISING 2023:

The 2022/2023 fiscal year is when, in many ways, the accelerated growth of the advising program caught up to us. Requests for business advising have more than doubled. It would be tempting to simply add advisors to our team and allow the growth to continue, but we are concerned that growing without intentionality could dilute the quality of our advising. We are also concerned that our advising team is experiencing an overload, and advisors cannot give their clients the best service because there is always a new opportunity that needs help.

We are tackling these issues with two program modifications—a pause in new clients and a renewed focus on advisor training. This gives our advising team a chance to keep working with existing clients and provide a strong finish to each relationship. We greatly appreciate our applicants who have been willing to accept this delay in service! In August 2023, we also had a day of extensive orientation for new advisors and another day of additional training for all our advisors. The training sessions, while occasionally technical in nature, attempt to reinforce a strong kingdom stewardship approach and a reminder that our advising affects the spiritual health of our clients, their families, and their church communities.



UPCOMING EVENTS

- Nov. 14, 2023Hutchinson, KS Business Seminar
- Dec. 9, 2023Pembroke, KY Young Family Finance and Budgeting Seminars
- Jan. 16-17, 2024Cutler, IN Business Succession Workshop
- Jan. 16, 2024Seneca Falls, NY Employee Seminar
- Jan. 22, 2024Quarryville, PA Young Family Finance Seminar
- Jan. 23, 2024Gordonville, PA Young Family Finance Seminar
- Jan. 23-24, 2024New Holland, PA Sales Workshop
- Jan. 30-31, 2024Millersburg, OH Human Resources Workshop
- Feb. 5, 2024Quarryville, PA Budgeting Seminar
- Feb. 6, 2024Gordonville, PA Budgeting Seminar
- Feb. 6-7, 2024Middlebury, IN Business Planning Workshop
- Feb. 10, 2024Phelps, NY Young Family Finance Seminar
- Feb. 20-21, 2024Roanoke, VA Marketing Workshop
- Feb. 20, 2024Arthur, IL Business Seminar
- Feb. 21, 2024Belle Rive, IL Business Seminar
- Feb. 27-28, 2024Hutchinson, KS Business Succession Workshop
- Mar. 5-6, 2024Chambersburg, PA Human Resources Workshop
- Mar. 12, 2024Berlin, OH Business Seminar
- Mar. 13, 2024Berlin, OH Employee Seminar
- Apr. 2-3, 2024New Holland, PA Business Planning Workshop
- Apr. 16-17, 2024Millersburg, OH Sales Workshop
- Apr. 22-23, 2024Pasco, WA Accounting Workshop
- Apr. 25-26, 2024Brownsville, OR Accounting Workshop

Family Finance

Stewardship Resources provides free seminars in collaboration with a local committee interested in promoting financial stewardship education in their community. If you would like to host one of these seminars, contact our Family Finance manager: jasonsensenig@afweb.org; phone: 570-468-1357.

Young Family Finance Seminar—Prepares youth and young married couples for the major expenses in raising a family and being good stewards of their money. Topics include a scriptural view of giving, debt, saving, and more.

Budgeting Seminar—A budget is a steward's tool during financial struggles, as well as during prosperity. This seminar guides attendees through four steps of making a simple budget.

Seminar Report for the 22/23 Fiscal Year:

- 26 seminars (Family Finance and Budgeting)
- 4,939 free resources distributed (books, budgeting resources)

Seminar Attendees per Fiscal Year:

- 20/21: 1,452 attendees
- 21/22: 1,600 attendees
- 22/23: 2,054 attendees

Deacon and Trustee Seminar—The local church is responsible to support those who struggle financially, while also providing guidance for those in prosperity. To help equip leaders in this role, AF provides the Deacon and Trustee Seminar. This seminar is for anyone who serves in a leadership or advisory role in the church community, including bishops, ministers, deacons, trustee committees, and financial advisors. The goal is to support the church in working redemptively with those in financial difficulty and inspiring a stewardship mindset for those in prosperity.

Deacon and Trustee Seminars 2023

- Guthrie, KY – 93 attendees
- West Manchester, OH – 80 attendees
- Versailles, MO – 100 attendees



Family Finances Resources & Tools:

Articles: We offer book-bound articles related to financial stewardship as well as other tools to help you be a better steward. These include our Cash Organizer, Family Budget Planner, and Budget Tracking Guide. We also have three children's books to teach children the importance of financial stewardship. All of these resources can be picked up at a Family Finance seminar or ordered from the AF office. Visit us online at www.afweb.org or call **570-800-2191** to place your order or to request a catalog.

Seminar Recordings: Recordings of both the Family Finance Seminar and the Deacon and Trustee Seminar can be downloaded free of charge from our website. You can also listen to the recordings through a phone conference line by dialing 1-712-432-8788; the conference ID is AF# (23#). Call or write to us for a list of topics and their ID numbers.

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CERTIFIED PUBLIC ACCOUNTANTS



PAYNE, WHITE & SCHMUTZ
— CERTIFIED PUBLIC ACCOUNTANTS, PA —
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MARK A. PAYNE, CPA
JASON S. WHITE, CPA/PFS, CFP®
CHRISTIAN J. SCHMUTZ, CPA

Independent Auditor's Report

To the Board of Directors

Anabaptist Financial
Lewisburg, Pennsylvania

Opinion

We have audited the financial statements of Anabaptist Financial, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Anabaptist Financial as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Anabaptist Financial and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Anabaptist Financial's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Anabaptist Financial's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Anabaptist Financial's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

September 14, 2023

Anabaptist Financial

Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets:		
Cash and cash equivalents	\$ 28,553,373	\$ 34,028,319
Accounts receivable	7,830	28,900
Interest receivable	3,190,552	1,848,624
Investments	10,403,454	10,377,977
Loans receivable, net of allowance for loan losses of \$1,917,434 and \$1,769,855	666,514,325	576,284,755
Capital assets, net of accumulated depreciation of \$375,912 and \$291,648	3,289,905	3,361,866
Total assets	<u>\$ 711,959,439</u>	<u>\$ 625,930,441</u>
Liabilities:		
Investment agreements payable	\$ 656,777,587	\$ 577,555,649
Accounts payable	53,554	25,098
Accrued expenses	78,104	54,799
Demand note payable - related organization	34,000,000	31,000,000
Total liabilities	<u>690,909,245</u>	<u>608,635,546</u>
Net Assets:		
Net assets without donor restrictions	<u>21,050,194</u>	<u>17,294,895</u>
Total Net Assets	<u>21,050,194</u>	<u>17,294,895</u>
Total liabilities and net assets	<u>\$ 711,959,439</u>	<u>\$ 625,930,441</u>

The notes to financial statements are an integral part of these statements.

Anabaptist Financial

Statements of Activities

For the Years Ended June 30, 2023 and 2022

	Without Donor Restrictions	
	2023	2022
Revenue:		
Interest income on loans	\$ 28,015,551	\$ 17,346,230
Investment income	390,872	86,900
Loan origination fees	699,331	711,892
Other income	272,154	293,344
Commitment fees	77,331	110,305
Total revenue	29,455,239	18,548,671
Expenses:		
Program	24,294,495	14,160,570
General administration	1,359,123	1,054,466
Fund raising	46,322	58,111
Total expenses	25,699,940	15,273,147
Change in net assets	3,755,299	3,275,524
Net assets, beginning of year	17,294,895	14,019,371
Net assets, end of year	\$ 21,050,194	\$ 17,294,895

The notes to financial statements are an integral part of these statements.

Anabaptist Financial**Statements of Functional Expenses****For the Years Ended June 30, 2023 and 2022**

	2023			
	Program Expenses	General Administration	Fund Raising	Total
Interest expense	\$ 22,178,431	\$ -	\$ -	\$ 22,178,431
Payroll and related expenses	1,061,143	857,419	7,397	1,925,959
Office and communications	375,606	292,046	11,952	679,604
Grants and assistance	275,000	-	-	275,000
Filing and search fees	163,760	-	-	163,760
Provision for loan losses	137,578	-	-	137,578
Professional fees	370	112,697	-	113,067
Travel	37,505	47,713	-	85,218
Depreciation	42,132	42,132	-	84,264
Printing and promotions	22,970	7,116	26,973	57,059
Total	\$ 24,294,495	\$ 1,359,123	\$ 46,322	\$ 25,699,940

	2022			
	Program Expenses	General Administration	Fund Raising	Total
Interest expense	\$ 12,529,005	\$ -	\$ -	\$ 12,529,005
Provision for loan losses	108,124	-	-	108,124
Payroll and related expenses	840,547	691,187	5,681	1,537,415
Grants and assistance	162,000	-	-	162,000
Office and communications	234,237	183,310	7,089	424,636
Professional fees	495	100,136	-	100,631
Travel	22,114	32,220	-	54,334
Printing and promotions	42,344	6,198	45,341	93,883
Filing and search fees	180,289	-	-	180,289
Depreciation	41,415	41,415	-	82,830
Total	\$ 14,160,570	\$ 1,054,466	\$ 58,111	\$ 15,273,147

The notes to financial statements are an integral part of these statements.

Anabaptist Financial

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 3,755,299	\$ 3,275,524
Noncash expenses included in change in net assets:		
Interest expense added to investment agreements	18,327,098	10,319,514
Provision for loan losses	137,578	108,124
Depreciation	84,264	82,830
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable	21,070	6,550
(Increase)/decrease in interest receivable	(1,341,928)	(72,190)
Increase/(decrease) in accounts payable and accrued expenses	51,761	9,084
Net cash provided (used) by operating activities	21,035,142	13,729,436
Cash flows from investing activities:		
Acquisition of capital assets	(2,302)	-
Purchase of investments	(25,477)	(14,504)
Principal repayments on loans	122,585,815	142,575,494
Loans proceeds disbursed	(212,962,964)	(214,586,193)
Net cash provided (used) by investing activities	(90,404,928)	(72,025,203)
Cash flows from financing activities:		
Sale of investment agreements	138,936,959	96,852,822
Redemption of investment agreements	(78,042,119)	(69,669,944)
Proceeds from demand note payable	3,000,000	12,000,000
Net cash provided (used) by financing activities	63,894,840	39,182,878
Net increase (decrease) in cash and cash equivalents	(5,474,946)	(19,112,889)
Cash and cash equivalents, beginning	34,028,319	53,141,208
Cash and cash equivalents, ending	\$ 28,553,373	\$ 34,028,319
Supplemental disclosure of cash flow information		
Cash payments for interest on investments agreements	\$ 3,851,333	\$ 2,209,492
Schedule of non-cash financing activities:		
Interest expense added to investment agreements	\$ 18,327,098	\$ 10,319,514

The notes to financial statements are an integral part of these statements.

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies:

Nature of Business

Anabaptist Financial (AF) was incorporated September 16, 2005, under the Pennsylvania Non-Profit Corporation Law. AF operates with a purpose to advance the religious beliefs, cultural traditions and lifestyles of the Anabaptist faith by providing loans for home mortgages, business real estate, and business operations to individuals, businesses, churches, and other charitable entities affiliated or associated with the Anabaptist faith. Consumer loans are not offered. The revenue of AF is generated primarily from the interest received on these loans.

Entity Status

AF is organized on a non-stock basis and does not contemplate pecuniary gain or profit, incidental or otherwise. No part of the net earnings of AF shall inure to the benefit of or be distributable to its directors, officers, or other private persons, except that AF shall be authorized to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above. AF has no members and is governed by a ten member board. AF is recognized by the Internal Revenue Service as an exempt organization under Section 501(c) (3) of the Internal Revenue Code.

Basis of Accounting and Presentation

AF recognizes revenue and expenses on the accrual basis of accounting. The financial statement presentation follows the recommendation of the Financial Accounting Standards Board for exempt organizations. AF is required to report information regarding its financial practice and activities according to two classes of net assets consisting of net assets without donor restrictions and net assets with donor restrictions.

Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts. Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less at the time of purchase. It is AF's policy not to treat cash deposits and money market funds held in its investment account as cash and cash equivalents.

Estimates

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 of assets and liabilities and disclosure of contingent assets and liabilities 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. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for loan losses.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the change in net assets. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of sale. Unrealized gains or losses are calculated by comparing cost to market values at the statement of financial position date.

Loans and Allowances for Loan Losses

Loans are stated at the unpaid principal balance. It is the policy of AF to collateralize its loans to the maximum extent possible and to maintain a loan-to-value ratio of not greater than 85%. Loans generally carry a variable interest rate, adjusted quarterly, based upon the six-month Treasury Bill rate plus a minimum of 2.50% with a minimum rate of 5.25% and 3.25% as of June 30, 2023 and 2022, respectively. Interest rates on loans cannot increase or decrease by more than .50% per calendar quarter. Loans require monthly principal and interest payments or monthly interest payments with balloon payments at loan maturity. Loan terms can extend up to 25 years.

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies (continued):

Loans and Allowances for Loan Losses (continued)

Loans are made available to individuals who might not possess the credit history required to qualify for bank financing. Accordingly, AF's credit policies may be riskier than those traditionally used by banks and other financial institutions. A higher than average rate of loan losses may result from AF's adherence to such credit policies. AF's management evaluates the collectability of the loan portfolio to determine the level of allowance for loan losses required. This evaluation includes using a four-point rating system to assess each loan's probability of default. Based on this rating system, each loan is placed into categories of acceptable, substandard, or doubtful. An acceptable rating represents loans that are expected to be fully collectible and represent the highest quality. A substandard rating represents loans that exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan. A doubtful rating represents loans that exhibit similar weaknesses to a substandard rating. However, a doubtful rating has additional weaknesses in existing facts, conditions, and values that make collection in full highly questionable. Loans that receive a substandard or doubtful rating are further evaluated for impairment using additional qualitative and quantitative measures.

The credit risk rating methodology is a key component of AF's allowance for loan losses evaluation and is generally incorporated into AF's loan approval process. The allowance for loan losses is maintained at a level considered adequate by management to provide for probable and estimable losses inherent in the loan portfolio as of year-end. As the entire loan portfolio is with those affiliated or associated with the Anabaptist faith, AF believes that risk characteristics are consistent between portfolio segments. The allowance is increased by provisions charged to operating expense and decreased by charge-offs net of recoveries. A review of individual loans in AF's loan portfolio is performed periodically to determine the appropriateness of risk ratings and to ensure loss exposure to AF has been identified. The allowance for loan losses is a valuation account used to reasonably estimate loan losses as of the financial statement date. Determining the appropriate allowance for loan losses balance involves significant judgment about when a loss has been incurred and the amount of that loss. AF considers such factors as credit risk classification, collateral values, risk concentrations, economic conditions, and prior loan loss experience when determining the allowance for loan losses. Loans determined to be uncollectible are charged to the allowance during the period in which such determination is made. The allowance for loan losses was \$1,917,434 and \$1,769,855 at June 30, 2023 and 2022, respectively. AF recorded a provision for loan losses of \$137,578 for the current year and recorded a \$108,124 charge in the prior reporting period. Management believes the balance in the allowance for loan losses is sufficient to cover future loan losses. No loans were charged off for either audit year. Management considers that a loan is delinquent when a payment is sixty days past due.

A specific allowance may be established for impaired loans under Financial Accounting Standards Board (FASB) guidance on accounting by creditors for impairment of a loan. A general allowance may also be established under FASB guidance on accounting for contingencies to reflect estimated probable and expected credit losses incurred in the remainder of the loan portfolio at the financial statement date which excludes loans included under the specific allowance. A general allowance can be evaluated on a pool basis for those loans with similar characteristics. The level of the general allowance may be based on management's best estimate of the likelihood of default adjusted for other factors reflecting the current environment.

Loans are defined as impaired when, based on current information and events, it is probable that AF will be unable to collect all amounts due according to the contractual terms of the loan agreement. Management does not consider an insignificant delay or insignificant shortfall in amount of payments to impair loans. Also, management does not consider a loan impaired during a period of delay in payment if it expects to collect all amounts due, including interest accrued at the contractual interest rate for the period of delay. Impaired loans are measured by the present value of expected future cash flows or the fair value of the collateral of the loan, if collateral dependent. The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to fully meet the contractual interest obligation under the original loan agreement. Interest income is subsequently recognized only to the extent cash payments are received. If the financial condition of a borrower that has a loan on nonaccrual status significantly improves, management may decide to remove that loan from nonaccrual status. Management believes it had thirteen impaired loans as of June 30, 2023 and 2022, respectively.

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies (continued):

Loans and Allowances for Loan Losses (continued)

In cases where a borrower experiences financial difficulties and AF makes certain monetary concessions to the borrower through modifications to the contractual terms of the loan, the loan is classified as a restructured loan. A restructured loan constitutes a troubled debt restructuring if for economic or legal reasons related to the debtor's financial difficulties, AF grants a concession to the debtor that it would not otherwise consider. AF did not have any loans that met these conditions at June 30, 2023 and 2022.

Capital Assets

Property and equipment are recorded at cost for items purchased. It is AF's policy to capitalize equipment which costs at least \$5,000 per unit item. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income. Depreciation is based on the following policy:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Buildings	40 years	Straight line
Equipment	3-5 years	Straight line

Fair Value Measurements

Fair value is defined under GAAP as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. AF uses market information or assumptions that participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market information exists, therefore requiring an entity to develop its own assumptions.

Interest Income on Loans

Interest income on loans is computed daily based on the principal amount of the loans outstanding.

Loan Origination Fees

Loan origination fees are recognized as revenue in the year earned. Unamortized loan origination fees are not recorded since management has concluded that any such fees are trivial to its financial statements.

Commitment Fees

Commitment fees are recognized as income in the year received. Deferred commitment fees are not recorded since management has determined that they are trivial to its financial statements.

Net Assets

The financial statements report amounts separately by class of net assets:

- Net assets without restrictions are those available at the discretion of the board for use in AF's programs and other functions, and those resources invested in land, buildings and equipment.
- Net assets with donor restrictions are those restricted by donors for specific operating purposes or for use in a future reporting period. Also included in this category are net assets subject to donor-imposed restrictions to be held in perpetuity such as endowments or irrevocable trusts.

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies (continued):

Revenue and Support with or without Donor Restrictions

Contributions are recorded with or without donor restrictions depending on the expressed intentions of the donors. Support or revenue is recognized as it is received or as it is earned.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

Anabaptist Financial is recognized as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. Accordingly, its income is not subject to federal or state income tax.

AF has adopted accounting principles related to accounting for uncertainty in income tax positions. AF's policy is to record a liability for any tax position taken that is beneficial to AF, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Penalties and interest related to underpayment of income taxes are not recorded as income taxes but as penalties and interest expense. Management has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2023 and 2022.

Functional Allocation of Expenses

Natural expenses attributable to more than one functional expense category are allocated to the appropriate functional category based upon reasonable estimates made by management. Administrative expenses are supporting activities that are not directly identifiable with program activities. Fund raising expenses promote the solicitation of support from current and potential donors for its program and other functional activities. Administrative and fund raising expenses are funded from net assets without donor restrictions.

Subsequent Events Evaluation

Subsequent events have been evaluated through September 14, 2023, which is the date the financial statements were available to be issued.

Note 2 – Financial Assets and Liquidity Resources:

AF's operations are primarily funded by interest earned on loans made from funds received from investment agreements of qualified investors. AF must maintain adequate resources to meet its responsibilities to its investors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, AF has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. AF is required to maintain a minimum of \$2,500,000 in liquid cash reserves. Two states prefer that AF maintain 6% to 8% of its outstanding investment agreements in liquid cash reserves. The governing board may consider authorizing the borrowing of funds should it be deemed necessary to do so.

AF maintains various deposit accounts with banks. At June 30, 2023 and 2022, \$28,958,135 and \$34,472,406, respectively, of AF's deposits were not covered by FDIC insurance. Management believes that any credit risk related to these uninsured deposits is minimal.

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 – Financial Assets and Liquidity Resources (continued):

The following schedule reflects AF's financial assets as of its fiscal years ended in 2023 and 2022, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include board designated amounts, if any, that could be utilized if the board of directors approved their use.

	2023	2022
Cash and cash equivalents	\$ 28,553,373	\$ 34,028,319
Accounts receivable	7,830	28,900
Interest receivable	3,190,552	1,848,624
Investments	10,403,454	10,377,977
Loans receivable, net of allowance for loan losses	666,514,325	576,284,755
Total financial assets	708,669,534	622,568,575
Less those unavailable for general expenditures within one year due to:		
Estimated loan receivable principal expected to be received after one year	(585,628,605)	(494,255,846)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 123,040,929</u>	<u>\$ 128,312,729</u>

Note 3 – Investments:

Investments are recorded at fair value and consist of the following:

	2023	2022
Insured Deposit Account	\$ 9,407,276	\$ 10,377,977
Certificates of deposit	996,178	-
Total investments	<u>\$ 10,403,454</u>	<u>\$ 10,377,977</u>

Investment income consisted of the following:

Interest income	<u>\$ 390,872</u>	<u>\$ 86,900</u>
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Note 4 – Loans and Allowance for Loan Losses:

AF's loan portfolio has been segmented into the following types:

- Business Real Estate Loans – generally used to purchase rental property, farm real estate, and commercial real estate, or to refinance existing mortgages on such property. These loans may be made only in amounts up to 85 percent of the value of the property.
- Business Operating Loans – generally used to finance current business operations including inventory and cash flow. These loans generally require real estate or other collateral.
- Home Mortgage Loans – used to purchase a primary home residence. These loans may be made only in amounts up to 85 percent of the value of the property.
- Nonprofit Entity Loans – generally used to purchase real estate owned by exempt organizations. These loans may be made only in amounts up to 85 percent of the value of the property.
- Community Assistance – Various loans purchased to assist the Anabaptist community.

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 4 – Loans and Allowance for Loan Losses (continued):

Loans at June 30, 2023 and 2022, consist of the following:

	2023	2022
Business real estate	\$ 523,699,280	\$ 456,379,971
Business operating	10,874,114	13,350,413
Home mortgages	110,095,697	90,100,576
Nonprofit entities	21,370,901	15,629,878
Community Assistance	2,391,767	2,593,772
Total	<u>\$ 668,431,759</u>	<u>\$ 578,054,610</u>

Business real estate, home mortgage, and nonprofit entity loans are secured primarily by first mortgages on the related real estate. Business operating loans are also secured primarily by first mortgages on real estate, and in some instances, security interests. Interest receivable represents the amount of accrued, but uncollected, interest on all loans at June 30, 2023 and 2022.

A significant source of AF's liquidity is the repayments and maturities of the loans. The following table presents the contractual maturity distribution of loans by loan type at June 30, 2023 and 2022:

2023	Due Less than 1 Year	Due 1 thru 5 Years	Due after 5 Years	Total
Business real estate	\$ 68,012,127	\$ 140,738,791	\$ 314,948,362	\$ 523,699,280
Business operating	1,520,737	6,204,833	3,148,544	10,874,114
Home mortgages	10,518,347	17,832,834	81,744,516	110,095,697
Nonprofit entities	3,431,694	11,070,049	6,869,158	21,370,901
Community Assistance	1,772,884	2,845,788	225,730	4,844,402
Total	<u>\$ 85,255,789</u>	<u>\$ 178,692,295</u>	<u>\$ 406,936,310</u>	<u>\$ 670,884,394</u>
		Less discount on purchase of community assistance loans		(2,452,635)
				<u>\$ 668,431,759</u>
2022	Due Less than 1 Year	Due 1 thru 5 Years	Due after 5 Years	Total
Business real estate	\$ 68,648,743	\$ 136,722,005	\$ 251,009,223	\$ 456,379,971
Business operating	1,987,682	7,566,184	3,796,547	13,350,413
Home mortgages	11,159,504	18,528,515	60,412,557	90,100,576
Nonprofit entities	4,317,150	5,227,951	6,084,777	15,629,878
Community Assistance	138,320	4,084,828	823,259	5,046,407
Total	<u>\$ 86,251,399</u>	<u>\$ 172,129,483</u>	<u>\$ 322,126,363</u>	<u>\$ 580,507,245</u>
		Less discount on purchase of community assistance loans		(2,452,635)
				<u>\$ 578,054,610</u>

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 4 – Loans and Allowance for Loan Losses (continued):

The above maturities indicate that approximately 12.71% and 14.86% of loans had maturities of one year or less for years ended June 30, 2023 and 2022, respectively.

The following table shows loans and related accrued interest according to AF's credit quality rating system as of June 30, 2023 and 2022:

2023	Acceptable	Substandard	Doubtful	Total
Business real estate	\$ 520,718,963	\$ 4,392,516	\$ 1,038,127	\$ 526,149,606
Business operating	9,730,787	231,819	1,175,642	11,138,248
Home mortgages	109,801,645	538,061	55,954	110,395,660
Nonprofit entities	21,452,885	-	-	21,452,885
Community Assistance	2,485,911	-	-	2,485,911
Total	<u>\$ 664,190,191</u>	<u>\$ 5,162,396</u>	<u>\$ 2,269,723</u>	<u>\$ 671,622,310</u>

2022	Acceptable	Substandard	Doubtful	Total
Business real estate	\$ 451,859,710	\$ 4,216,857	\$ 1,157,376	\$ 457,233,943
Business operating	12,048,424	244,972	1,290,087	13,583,483
Home mortgages	90,268,626	451,098	57,154	90,776,878
Nonprofit entities	15,667,614	-	-	15,667,614
Community Assistance	2,641,317	-	-	2,641,317
Total	<u>\$ 572,485,691</u>	<u>\$ 4,912,927</u>	<u>\$ 2,504,617</u>	<u>\$ 579,903,235</u>

The following table provides an aging analysis of past due loans and the related accrued interest as of June 30, 2023 and 2022:

2023	60-89 Days Past Due	90-120 Days Past Due	More than 120 Days Past Due	Total Past Due	Current	Total Loans	Recorded Investment > 90 Day and Accruing
Business real estate	\$ 954,687	\$ 1,248,077	\$ 9,632,508	\$ 11,835,272	\$ 514,314,334	\$526,149,606	\$ 9,715,933
Business operating	-	286,274	1,838,912	2,125,186	9,013,062	11,138,248	934,742
Home mortgages	275,965	-	1,022,737	1,298,702	109,096,959	110,395,661	966,783
Nonprofit entities	-	-	-	-	21,452,885	21,452,885	-
Community Assistance	-	-	-	-	4,938,545	4,938,545	-
Total	<u>\$ 1,230,652</u>	<u>\$ 1,534,351</u>	<u>\$ 12,494,157</u>	<u>\$ 15,259,160</u>	<u>\$ 658,815,785</u>	<u>\$674,074,945</u>	<u>\$ 11,617,458</u>
				Less discount on purchase of community assistance loans		<u>(2,452,635)</u>	
						<u>\$671,622,310</u>	

2022	60-89 Days Past Due	90-120 Days Past Due	More than 120 Days Past Due	Total Past Due	Current	Total Loans	Recorded Investment > 90 Day and Accruing
Business real estate	\$ 2,516,714	\$ -	\$ 4,184,048	\$ 6,700,762	\$ 450,533,181	\$457,233,943	\$ 3,120,114
Business operating	-	132,587	1,855,851	1,988,438	11,595,045	13,583,483	681,189
Home mortgages	158,307	103,316	508,252	769,875	90,007,003	90,776,878	554,414
Nonprofit entities	-	-	-	-	15,667,614	15,667,614	-
Community Assistance	-	-	-	-	5,093,952	5,093,952	-
Total	<u>\$ 2,675,021</u>	<u>\$ 235,903</u>	<u>\$ 6,548,151</u>	<u>\$ 9,459,075</u>	<u>\$ 572,896,795</u>	<u>\$582,355,870</u>	<u>\$ 4,355,717</u>
				Less discount on purchase of community assistance loans		<u>(2,452,635)</u>	
						<u>\$579,903,235</u>	

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 4 – Loans and Allowance for Loan Losses (continued):

Nonperforming assets including accrued interest and related credit quality statistics are as follows:

Nonaccrual Loans	2023	2022
Business real estate	\$ 1,164,651	\$ 1,063,933
Business operating	1,190,444	1,307,249
Home Mortgage	55,954	57,154
Nonprofit entities	-	-
Total nonaccrual loans	\$ 2,411,049	\$ 2,428,336
Nonaccrual loans as a % of total loans	0.36%	0.42%
Nonaccrual loans as a % of net assets	11.45%	14.04%

Accruing Loans 90 Days or More Past Due	2023	2022
Business real estate	\$ 9,715,933	\$ 3,120,114
Business operating	934,742	681,189
Home mortgage	966,783	554,414
Nonprofit entities	-	-
Total accruing loans 90 days or more past due	\$ 11,617,458	\$ 4,355,717
Accruing loans as a % of total loans	1.74%	0.75%
Accruing loans as a % of net assets	55.19%	25.18%

The following table presents information relating to impaired loans including accrued interest as defined in Note 1:

2023	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Number of Loans
Business real estate	\$ 1,038,127	\$ 945,403	\$ 350,000	\$ 1,097,752	\$ 545	7
Business operating	1,175,642	1,013,861	525,000	1,232,864	-	5
Home Mortgage	55,954	55,954	25,000	56,554	-	1
Total	\$ 2,269,723	\$ 2,015,218	\$ 900,000	\$ 2,387,170	\$ 545	13

2022	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Number of Loans
Business real estate	\$ 1,157,376	\$ 1,063,830	\$ 350,000	\$ 1,223,401	\$ 390	7
Business operating	1,290,087	1,123,786	525,000	1,291,057	-	5
Home Mortgage	57,154	57,077	25,000	57,154	-	1
Total	\$ 2,504,617	\$ 2,244,693	\$ 900,000	\$ 2,571,612	\$ 390	13

Each of the impaired loans is 90 days or more past due in principal and interest payments.

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 4 – Loans and Allowance for Loan Losses (continued):

A summary of changes in the allowance for loan losses and the June 30, 2023, recorded investment in loans is as follows:

2023	Business Real Estate	Business Operating	Home Mortgage	Nonprofit Entities	Community Assistance	Total
Allowance for credit losses:						
Balance at June 30, 2022	\$ 988,473	\$ 604,260	\$ 171,017	\$ 15,613	\$ 492	\$ 1,779,855
Charge-offs	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-
Provision for loan losses	107,779	2,282	22,614	4,395	509	137,579
Balance at June 30, 2023	<u>\$ 1,096,252</u>	<u>\$ 606,542</u>	<u>\$ 193,631</u>	<u>\$ 20,008</u>	<u>\$ 1,001</u>	<u>\$ 1,917,434</u>

June 30, 2023, allowance ending balance:

Loans individually evaluated for impairment	<u>\$ 350,000</u>	<u>\$ 525,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900,000</u>
Loans collectively evaluated for impairment	<u>\$ 746,252</u>	<u>\$ 81,542</u>	<u>\$ 168,631</u>	<u>\$ 20,008</u>	<u>\$ 1,001</u>	<u>\$ 1,017,434</u>

Recorded investment in loans outstanding at June 30, 2023, is as follows:

2023	Business Real Estate	Business Operating	Home Mortgage	Nonprofit Entities	Community Assistance	Total
Balance at June 30, 2023	<u>\$ 526,149,606</u>	<u>\$ 11,138,248</u>	<u>\$ 110,395,660</u>	<u>\$ 21,452,885</u>	<u>\$ 2,485,911</u>	<u>\$ 671,622,310</u>
Loans individually evaluated for impairment	<u>\$ 5,430,642</u>	<u>\$ 1,407,461</u>	<u>\$ 594,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,432,118</u>
Loans collectively evaluated for impairment	<u>\$ 520,718,964</u>	<u>\$ 9,730,787</u>	<u>\$ 109,801,645</u>	<u>\$ 21,452,885</u>	<u>\$ 2,485,911</u>	<u>\$ 664,190,192</u>

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 4 – Loans and Allowance for Loan Losses (continued):

A summary of changes in the allowance for loan losses and the June 30, 2022, recorded investment in loans is as follows:

2022	Business Real Estate	Business Operating	Home Mortgage	Nonprofit Entities	Community Assistance	Total
Allowance for credit losses:						
Balance at June 30, 2021	\$ 928,221	\$ 601,727	\$ 129,091	\$ 12,692	\$ -	\$ 1,671,731
Charge-offs	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-
Provision for loan losses	60,252	2,533	41,926	2,921	492	108,124
Balance at June 30, 2022	<u>\$ 988,473</u>	<u>\$ 604,260</u>	<u>\$ 171,017</u>	<u>\$ 15,613</u>	<u>\$ 492</u>	<u>\$ 1,779,855</u>

June 30, 2022, allowance ending balance:

Loans individually evaluated for impairment	<u>\$ 350,000</u>	<u>\$ 525,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900,000</u>
Loans collectively evaluated for impairment	<u>\$ 638,473</u>	<u>\$ 79,260</u>	<u>\$ 146,017</u>	<u>\$ 15,613</u>	<u>\$ 492</u>	<u>\$ 879,855</u>

Recorded investment in loans outstanding at June 30, 2022, is as follows:

2022	Business Real Estate	Business Operating	Home Mortgage	Nonprofit Entities	Community Assistance	Total
Balance at June 30, 2022	<u>\$ 457,233,943</u>	<u>\$ 13,583,483</u>	<u>\$ 90,776,878</u>	<u>\$ 15,667,614</u>	<u>\$ 2,641,317</u>	<u>\$ 579,903,235</u>
Loans individually evaluated for impairment	<u>\$ 5,374,233</u>	<u>\$ 1,535,059</u>	<u>\$ 508,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,417,544</u>
Loans collectively evaluated for impairment	<u>\$ 451,859,710</u>	<u>\$ 12,048,424</u>	<u>\$ 90,268,626</u>	<u>\$ 15,667,614</u>	<u>\$ 2,641,317</u>	<u>\$ 572,485,691</u>

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 5 – Capital Assets:

Property and equipment consisted of the following:

Description	2023	2022
Land	\$ 641,198	\$ 641,198
Buildings and improvements	2,885,362	2,885,362
Office equipment and software	139,257	126,954
Total	3,665,817	3,653,514
Less accumulated depreciation	(375,912)	(291,648)
Property and equipment, net	<u>\$ 3,289,905</u>	<u>\$ 3,361,866</u>

Note 6 – Fair Value Measurements:

The carrying amount of cash and cash equivalents, accounts and interest receivable approximate fair value because of the short-term maturities of those instruments. The fair value of investments is based on market prices obtained from financial institutions. Loans receivable are carried at the unpaid principal balance which approximates fair value since the loans re-price frequently with no significant change in credit risk.

The carrying amount of accounts and grants payable and accrued expenses approximates fair value because of the short-term maturities of those instruments. Investment agreements and demand notes payable are carried at the amount payable upon demand by the investors, which approximates fair value.

Prices for U. S. government agency instruments which are readily available in the active markets in which those securities are traded, are categorized as Level 1. Prices for non-U.S. government agency fixed income instruments are based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2. Prices for privately held stocks are based on assumptions developed by management and are categorized as Level 3.

There were no changes during the year ended June 30, 2023 and 2022, to AF's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following table sets forth by level within the fair value hierarchy AF's assets accounted for at fair value on a recurring basis as of June 30, 2023 and 2022. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. AF's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

As of June 30, 2023				
Description	Level 1	Level 2	Level 3	Total
Fixed income				
Insured Deposit Account	\$ 9,407,276	\$ -	\$ -	\$ 9,407,276
Certificates of deposit	-	996,178	-	996,178
Total	<u>\$ 9,407,276</u>	<u>\$ 996,178</u>	<u>\$ -</u>	<u>\$ 10,403,454</u>

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 6 – Fair Value Measurements (continued):

As of June 30, 2022				
Description	Level 1	Level 2	Level 3	Total
Fixed income				
Insured Deposit Account	\$ 10,377,977	\$ -	\$ -	\$ 10,377,977
Certificates of deposit	-	-	-	-
Total	<u>\$ 10,377,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,377,977</u>

Cash and cash equivalents, money market deposit accounts, and certificates of deposit carried at cost are not defined within the levels as prescribed in ASC 820, *Fair Value Measurements and Disclosures*. At June 30, 2023 and 2022, \$28,553,373 and \$34,028,319, respectively, of cash and cash equivalents, money market account deposits, and certificates of deposit carried at cost are not included in the table.

Note 7 – Investment Agreements Payable:

AF has entered into issuing investment agreements to provide working capital and to fund its lending activities. These agreements are made available to qualified investors (members of the Anabaptist faith) whose bona fide principal residence is in Pennsylvania, Maryland, Ohio, New York and numerous other states. The minimum initial investment is \$2,500 (\$1,000 for minors) and each subsequent investment must be in the minimum amount of \$1,000 (\$500 for minors). The interest rate is based on the six-month Treasury Bill as of November 1, February 1, April 1, and August 1 plus 1.50%. The interest rate was 4.25% and 2.25% at June 30, 2023 and 2022, respectively. Rates are adjusted quarterly on January 1, April 1, July 1, and October 1. The interest rate cannot increase or decrease by more than .50% in any calendar quarter, unless the governing board determines otherwise. Interest is paid to investors on a quarterly basis with payments due on March 31, June 30, September 30, and December 31 of each calendar year. Except for South Carolina, a demand rate option exists. Interest is based upon the six-month Treasury Bill rate minus .50% adjusted quarterly in the same manner as mentioned previously. The demand rate was 2.25% and 0.5% at June 30, 2023 and 2022, respectively. Investors may elect to have their quarterly interest payments added to their outstanding investment in lieu of receiving cash payments. The majority of investors generally elect this option. The agreements are unsecured and will be due on demand plus 60 days and are redeemable by AF upon 30 days prior written notice, except for South Carolina where a 90 day maturity exists with an option to automatically renew. Requests by investors to have their securities redeemed will be handled on a first-come, first-serve basis, and AF provides no assurance to investors that sufficient funds will be available to redeem securities. Investment agreements payable totaled \$656,777,587 and \$577,555,649 at June 30, 2023 and 2022, respectively.

Note 8 – Demand Note Payable:

Anabaptist Financial owed Anabaptist Foundation, a related organization, \$34,000,000 and \$31,000,000 as of June 30, 2023 and 2022, respectively. The loan is due on demand with an interest rate of 4.25% and 3.00% as of June 30, 2023 and 2022, respectively. Interest expense on this loan for the current year totaled \$1,094,418 and \$659,863 for the prior year.

Anabaptist Financial

Notes to Financial Statements

June 30, 2023 and 2022

Note 9 – Related Party and Related Party Transactions:

Anabaptist Foundation and Stewardship Resources are related organizations due to common control, operating with the same Board of Directors as Anabaptist Financial. Anabaptist Financial contributed \$275,000 and \$162,000 to Stewardship Resources for operational purposes during the current and prior reporting periods, respectively, and also contributed an additional \$350,694 to Anabaptist Foundation in the prior year, with no additional contribution made in the current year.

At June 30, 2023 and 2022, AF had made loans to officers, board members, and their close relatives. These loans had outstanding principal balances totaling \$10,519,703 and \$4,863,314, respectively. Normal lending policies were followed in the issuance of these loans. Related party interest income earned during the years ended June 30, 2023 and 2022, totaled \$341,348 and \$245,031 respectively.

At June 30, 2023 and 2022, AF owed to officers, board members, and their close relatives through investment agreements \$15,380,013 and \$13,457,504, respectively. Related party interest expense incurred for the years ended June 30, 2023 and 2022, totaled \$415,752 and \$252,161, respectively.

Note 10 – Commitments:

At June 30, 2023 and 2022, AF had loan commitments of \$80,915,015 and \$93,579,489, respectively.

Note 11 – Simple IRA Plan:

AF began offering its employees the opportunity to participate in a Simple IRA plan in a prior year. Employees qualify to participate whenever they have compensation of at least \$5,000 in a prior year and expect to earn \$5,000 in the current plan year. AF matches up to 3% of employee salary deferrals. During the fiscal years ended June 30, 2023 and 2022, AF made matching contributions totaling \$22,980 and \$24,749, respectively.

Anabaptist Foundation**Consolidated Statement of Financial Position****June 30, 2023**

Assets:

Cash and cash equivalents	\$ 5,242,599
Accounts receivable	182,092
Interest receivable	238
Investments	2,180,801
Real estate held for sale	6,317,000
 Demand note receivable - related organization	 34,000,000
Hardship loans receivable	2,701,862
Less allowance for loan losses	(74,715)
Net loans receivable	<u>36,627,147</u>
 Future interest in real estate	 390,000
Property and equipment net of accumulated depreciation of \$113,508	<u>1,576,900</u>
 Total assets	 <u><u>\$ 52,516,777</u></u>

Liabilities:

Accounts payable	\$ 6,885
Accrued expenses	37,382
Life estate liability	106,007
Discount for future interest - pooled income fund	<u>127,191</u>
 Total liabilities	 <u>277,465</u>

Net assets:

Without donor restrictions	50,004,205
With donor restrictions	<u>2,235,107</u>
 Total net assets	 <u>52,239,312</u>
 Total liabilities and net assets	 <u><u>\$ 52,516,777</u></u>

Anabaptist Foundation**Consolidated Statement of Activities****For the Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions of cash and other financial assets	\$ 36,124,175	\$ 407,937	\$ 36,532,112
Contributions of nonfinancial assets	4,064,615	-	4,064,615
Investment income	1,068,425	58,757	1,127,182
CSR program income	80,519	-	80,519
Other income	69,000	-	69,000
Imputed interest on hardship loans	66,122	-	66,122
Rent income	46,931	-	46,931
Income from business interests	13,732	-	13,732
Interest income from hardship loans	3,000	-	3,000
Change in value of split-interest agreements	-	2,917	2,917
Gain/(loss) on sale of donated real estate	(8,787)	-	(8,787)
Total revenue and support	41,527,732	469,611	41,997,343
Reclassifications:			
Satisfaction of program restrictions	588,110	(588,110)	-
Total reclassifications	588,110	(588,110)	-
Expenses:			
Program services	36,269,899	-	36,269,899
Total program expenses	36,269,899	-	36,269,899
Supporting activities:			
General administration	375,402	-	375,402
Fund raising	37,243	-	37,243
Rental expense	205,534	-	205,534
Total supporting activities	618,179	-	618,179
Total expenses	36,888,078	-	36,888,078
Change in net assets	5,227,764	(118,499)	5,109,265
Net assets, beginning of year	44,776,441	2,353,606	47,130,047
Net assets, end of year	\$ 50,004,205	\$ 2,235,107	\$ 52,239,312

Complete audited financial statement is available upon request at 800-653-9817,
delivered by mail, fax, email, or may be accessed on our website at afweb.org/about.

Stewardship Resources**Statement of Financial Position****June 30, 2023**

Assets:

Cash and cash equivalents	\$	475,651
Accounts receivable		108,772
Inventory		<u>21,010</u>
Total assets	\$	<u><u>605,433</u></u>

Liabilities:

Accounts payable	\$	83,656
Accrued liabilities		50,684
Deferred revenue		<u>10,795</u>
Total liabilities		<u>145,135</u>

Net assets:

Without donor restrictions		460,298
With donor restrictions		<u>-</u>
Total net assets		<u>460,298</u>
Total liabilities and net assets	\$	<u><u>605,433</u></u>

Stewardship Resources

Statement of Activities

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions of cash	\$ 375,401	\$ 11,994	\$ 387,395
Contributions of nonfinancial assets	228,437	-	228,437
Business advising fees	628,396	-	628,396
Seminar and workshop registration fees	565,766	-	565,766
Stewardship educational resources income	120,521	-	120,521
Business advising application fees	21,646	-	21,646
Miscellaneous	2,510	-	2,510
Total revenue and support	1,942,677	11,994	1,954,671
Reclassifications:			
Satisfaction of program restrictions	11,994	(11,994)	-
Program Expenses:			
Business advising	614,242	-	614,242
Business seminars	332,708	-	332,708
Stewardship educational resources	145,935	-	145,935
Family finance seminars	213,554	-	213,554
Business workshops	284,311	-	284,311
Total program expenses	1,590,750	-	1,590,750
Supporting activities:			
Administrative	296,971	-	296,971
Fundraising	1,677	-	1,677
Total supporting activities	298,648	-	298,648
Total expenses	1,889,398	-	1,889,398
Change in net assets	65,273	-	65,273
Net assets, beginning of year	395,025	-	395,025
Net assets, end of year	\$ 460,298	\$ -	\$ 460,298



PAUL A. MILLER
Executive Administrator
Walnut Creek, OH



DENNIS MARTIN
Assistant Executive
Administrator
Newmanstown, PA



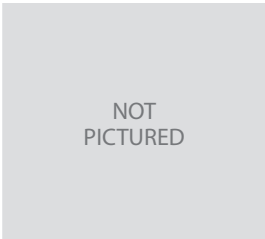
FLOYD MILLER
Operations Administrator
Mifflinburg, PA



**MARK ANTHONY
PEACHEY**
Foundation Administrator
& Planned Giving Manager
McVeytown, PA



MERLE HERR
Resource Administrator
Guys Mills, PA



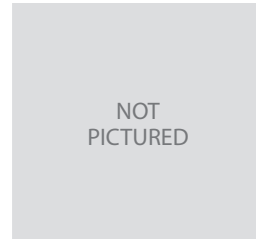
TIM THOMAS
Financial Administrator
Pickens, SC



RICHIE LAUER
Gift Fund Manager
Hillsville, VA



ANDREW BEACHY
Foundation Account
Supervisor
Winfield, PA



LAURA BEACHY
Foundation Secretary
Winfield, PA



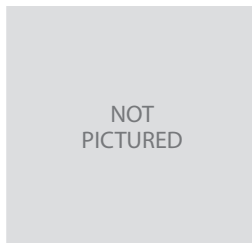
DAVE STOLTZFUS
Charitable Gift Fund
Caseworker
Honey Brook, PA



AMOS KAUFFMAN
Charitable Gift Fund
Caseworker
Lewisburg, PA



**DAVID MARK
MARTIN**
Charitable Gift Fund
Caseworker
Halifax, PA



**DORIS
KAUFFMAN**
CSR Secretary
Woodward, PA



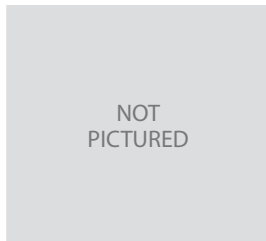
ESTHER ZEAGER
CSR Secretary
Kalona, IA



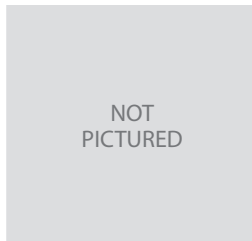
KENDALL MARTIN
Loan Manager
Cedarville, NJ



JOEL LANDIS
Loan Facilitator
Richfield, PA



DAVID KEENER
Loan Facilitator
Danville, PA



**JAMES
NEWSWANGER**
Loan Facilitator
Danville, PA



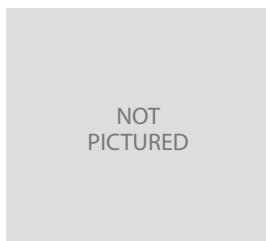
TIM LAUVER
Loan Reviewer
Mifflintown, PA



BRIAN STAUFFER
Loan Reviewer
Liverpool, PA



ROLIN MILLER
Loan Reviewer
Woodlawn, VA



IVAN BENDER
Loan Reviewer
Nashville, MI



DREW ROTH
Loan Closing Supervisor
Mifflinburg, PA



MERVIN PEACHEY
Loan Closing Coordinator
Belleville, PA



ANDREW WARNER
Loan Closing Coordinator
Lewisburg, PA



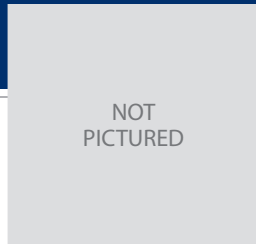
NATHAN WEAVER
Loan Closing Coordinator
Middleburg, PA



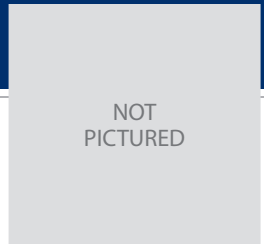
JARED MILLER
Loan Servicing
Coordinator
Mill Hall, PA



SHANIA WHITE
Loan Secretary
Port Trevorton, PA



NICOLE THOMAS
Loan Secretary
Pickens, SC



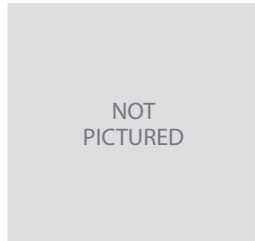
**MICHELLE
MARTIN**
Loan Secretary
Cedarville, NJ



**MARISSA
KAUFFMAN**
Central Services Secretary
Mifflinburg, PA



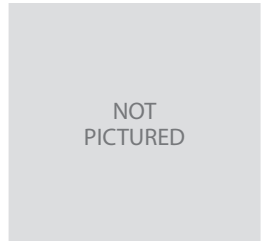
**JASON
NEWSWANGER**
Investment Manager &
Loan Manager
Milton, PA



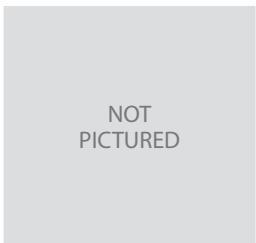
DEANIEL YODER
Investments
Bemidji, MN



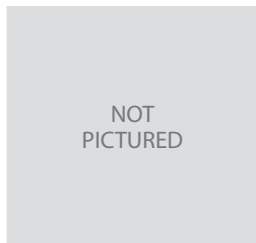
RHODA SENSENIG
Investment Secretary
Middleburg, PA



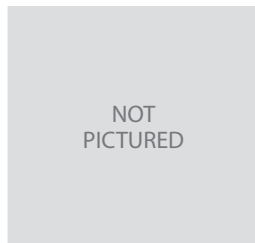
**MATTHEW
KAUFFMAN**
IRA Trust Manager
Canton, OH



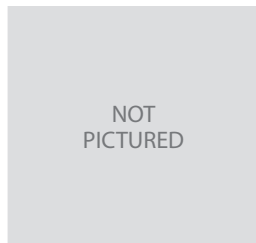
JASON PEACHEY
Accounting Manager
Berlin, OH



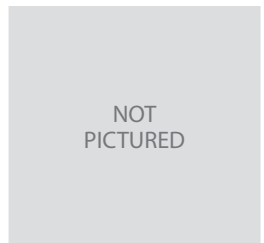
**JASON A.
PEACHEY**
Bookkeeper
McVeytown, PA



**MELISSA
STOLTZFUS**
Bookkeeper
Canton, OH



SHERRISA MARTIN
Bookkeeper
Trout Run, PA



JUSTIN MILLER
Bookkeeper
Berlin, OH



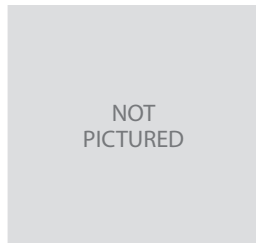
GRANT ROPP
IT Support
Milton, PA



JASON SENSENIG
Family Finance Manager
Tyrone, PA



DAVE SWEARINGEN
Business Advising
Manager
Dayton, OH



**EDWARD
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2023 ANNUAL REPORT

Stewardship Connections

* * Address service requested * *

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LAND AND HOUSES FOR CHARITY

Avoid capital gains tax and redirect funds to church work or charity by gifting all or a portion of your property.

- Supporting God's work is the most important priority; significant tax advantages also exist.
- If you are considering the sale of a property and expect to owe capital gains taxes on the appreciated value, don't delay calling us for more information.
- You must start this process before selling the property or placing it under a sales agreement.
- The most common reason a gift of real estate cannot be accomplished is because the donor waited too long to begin the process.

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Barnabas... having land, sold it, brought the money and laid it at the apostles' feet. Acts 4:37



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