Anabaptist Foundation

Lewisburg, Pennsylvania

Consolidated Financial Statements
and
Independent Auditor's Report
For the Year Ended June 30, 2021

Anabaptist Foundation

Lewisburg, Pennsylvania

June 30, 2021

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MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MARK A. PAYNE, CPA
JASON S. WHITE, CPA/PFS, CFP®
CHRISTIAN J. SCHMUTZ, CPA

PAYNE, WHITE & SCHMUTZ
CERTIFIED PUBLIC ACCOUNTANTS, PA
114 West North 1st Street, Seneca, SC 29678 (864) 882-1937 (864) 882-0849

Independent Auditor's Report

The Board of Directors
Anabaptist Foundation
Lewisburg, Pennsylvania

We have audited the accompanying consolidated financial statements of Anabaptist Foundation, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Anabaptist Foundation as of June 30, 2021, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA
September 13, 2021

Consolidated Financial Statements

Anabaptist Foundation

Consolidated Statement of Financial Position

June 30, 2021

Assets:	
Cash and cash equivalents	$ 11,552,585
Accounts receivable	12,827
Interest receivable	247
Investments	1,297,598
Real estate held for sale	2,073,000
Demand note receivable - related organization	19,000,000
Hardship loans receivable	1,477,802
Less allowance for loan losses	(74,715)
Net loans receivable	20,403,087
Future interest in real estate	390,000
Property and equipment net of accumulated depreciation of $34,375	1,635,363
Total assets	$ 37,364,707
Liabilities:	
Accounts payable	$ 192,311
Accrued expenses	9,123
Life estate liability	62,702
Discount for future interest - pooled income fund	135,728
Total liabilities	399,864
Net assets:	
Without donor restrictions	34,504,156
With donor restrictions	2,460,687
Total net assets	36,964,843
Total liabilities and net assets	$ 37,364,707

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

Anabaptist Foundation

Consolidated Statement of Activities

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Cash contributions	$ 29,021,531	$ 888,248	$ 29,909,779
Donated real estate	1,848,000	-	1,848,000
Donated securities, commodities and other items	791,204	-	791,204
Investment income	541,289	37,950	579,239
Other income	75,779	-	75,779
Contributed services from related organization	59,219	-	59,219
CSR program income	56,819	-	56,819
Imputed interest on hardship loans	35,493	-	35,493
Interest income from hardship loans	5,583	-	5,583
Change in value of split-interest agreements	-	(5,232)	(5,232)
Total revenue and support	32,434,917	920,966	33,355,883
Reclassifications:			
Satisfaction of program restrictions	666,915	(666,915)	-
Total reclassifications	666,915	(666,915)	-
Expenses:			
Program services	21,975,538	-	21,975,538
Total program expenses	21,975,538	-	21,975,538
Supporting activities:			
General administration	263,147	-	263,147
Fund raising	33,531	-	33,531
Rental expense	113,609	-	113,609
Total supporting activities	410,287	-	410,287
Total expenses	22,385,825	-	22,385,825
Change in net assets	10,716,007	254,051	10,970,058
Net assets, beginning of year	23,788,149	2,206,636	25,994,785
Net assets, end of year	$ 34,504,156	$ 2,460,687	$ 36,964,843

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

Anabaptist Foundation

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program	General Administration	Fund Raising	Rental Expense	Total
Charitable distributions	$ 21,655,141	$ -	$ -	$ -	$ 21,655,141
Payroll and related expenses	160,525	147,090	23,931	-	331,546
Occupancy	15,900	24,161	3,180	73,234	116,475
Contributed services	35,531	23,391	296	-	59,218
Travel	18,284	14,741	3,543	-	36,568
Office supplies and expenses	24,633	7,433	441	3,259	35,766
Depreciation	-	5,156	-	29,219	34,375
Advertising and promotion	27,355	2,505	806	-	30,666
Information technology	12,000	12,000	-	-	24,000
Other supplies	21,791	-	458	-	22,249
Professional fees	-	20,774	-	-	20,774
Filing and other fees	4,378	5,896	876	7,897	19,047
Total	$ 21,975,538	$ 263,147	$ 33,531	$ 113,609	$ 22,385,825

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

Anabaptist Foundation

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2021

Cash flows from operating activities	
Change in net assets	$ 10,970,058
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Donated items not converted to cash	(1,848,000)
Adjustment of planned giving obligations	5,232
Depreciation	34,375
Contributions restricted for long-term investment	(3,064)
Investment income restricted for long-term investment	(98)
Changes in assets and liabilities:	
(Increase)/decrease in accounts receivable	(12,827)
(Increase)/decrease in interest receivable	3,723
Increase/(decrease) in accounts payable	191,343
Increase/(decrease) in accrued expenses	(794)
Net cash provided (used) by operating activities	9,339,948
Cash flows from investing activities:	
Principal repayments on loans	1,196,735
Loan proceeds disbursed	(1,141,500)
Acquisition of capital assets	(1,669,738)
Purchases of investments	(680,318)
Net cash provided (used) by investing activities	(2,294,821)
Cash flows from financing activities:	
Contributions restricted to endowments	3,064
Investment income restricted for endowments	98
Net cash provided (used) by financing activities	3,162
Net change in cash and cash equivalents	7,048,289
Cash and cash equivalents, beginning of year	4,504,296
Cash and cash equivalents, end of year	$ 11,552,585

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

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies:

Nature of Organization
Anabaptist Foundation (AF) was incorporated May 2, 2005 under the Pennsylvania Non-Profit Corporation Law. The mission of AF is to assist donors in channeling material resources within the Kingdom of Christ and to provide donors with financial counsel consistent with conservative Anabaptist beliefs and values.

AF administers donor advised funds, endowments, and other estate planning gifting options. Donor advised fund agreements allow donors to make charitable contributions to a fund which is used to provide donations to qualified charitable organizations. The funds are under the complete control of the AF Board, but donors may make recommendations as to their distribution. AF charges each fund administrative fees and provides accounting, administration and compliance with Internal Revenue regulations. Donors may contribute cash, securities, or other non-cash gifts. Donor advised fund charitable distributions include 501 (c)(3) Christian organizations and churches.

AF operates a hardship loan program that endeavors to advance the religious beliefs, cultural traditions, and lifestyles of the Anabaptist faith by providing loans to charitable entities in need of special financial assistance that are affiliated or associated with the Anabaptist faith.

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 organized exclusively for charitable, religious, and educational purposes, and is exempt under section 501 (c)(3) of the Internal Revenue Code.

Basis of Accounting and Presentation
Financial statement presentation follows accounting principles generally accepted in the United States of America (GAAP) pertaining to Financial Statements of Nonprofit Organizations. Under Financial Statements of Nonprofit Organizations, AF is required to report information regarding its financial position and activities according to two classes of net assets consisting of net assets without donor restrictions and net assets with donor restrictions.

Principles of Consolidation
The consolidated financial statements include the accounts of Anabaptist Foundation, NCG Holdings, Ltd. (NCG), and Stewardship Holding Company (SHC). NCG and SHC are single member limited liability companies, wholly owned by AF and are considered disregarded entities for tax reporting purposes. NCG is used to receive and hold donated real estate and business interests until the time of their disposal. SHC holds real restate that is used in AF’s operations. Intercompany transactions and account balances have been eliminated.

Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts and 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 accounts as cash and cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Equity investments relate to donor advised funds, planned giving programs, and gifts of securities from the time of receipt until sold. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the changes in net assets. Realized gains or losses 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 consolidated statement of financial position date.

Real Estate Held for Sale

Real estate held for sale is carried at the lower of book value or fair value.

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.

Loan and Allowances for Loan Losses

Loans are stated at the unpaid principal balance. Hardship loans are not backed by collateral. Most hardship loans carry either no interest rate or minimal interest rates not exceeding 2.00%. Loan maturities vary depending on the circumstances surrounding each loan.

These loans are made available to organizations who might not possess the credit history required to qualify for bank financing; therefore, 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 collectibility 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.

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

Loan and Allowances for Loan Losses (continued)
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. 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 $74,715 at June 30, 2021. There was no charge to the provision for loan losses account for the year ended June 30, 2021. Management considers that a loan is delinquent when a payment is ten 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 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 the amount of payment 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 the borrower that has a loan on nonaccrual status significantly improves, management may decide to remove that loan from nonaccrual status. Management believes it had no impaired loans as of June 30, 2021.

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, 2021.

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

Split-Interest Agreements

AF's split-interest agreements with donors consist of a pooled income fund for which AF serves as trustee. Assets are recorded at fair value and are invested in conservative investments. Payments are made to beneficiaries in accordance with the respective agreements. Contribution revenue from pooled income funds is recognized upon establishment of each agreement. Contribution revenue is calculated as the difference between the fair value of the assets donated less a discount for future interest which is determined by various actuarial factors including donor age, life expectancy, number of beneficiaries, and an applicable interest rate factor. The discount for future interest is revalued at the end of each fiscal year. Changes in the discount for future interest is recognized in the consolidated statement of activities as a change in value of split-interest agreements.

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:

Description	Useful Life	Method
Buildings	40 years	Straight line
Equipment	5-7 years	Straight line

Net Assets

The consolidated financial statements report amounts by classification of net assets:

- Net assets without donor restrictions are those available at the discretion of the board for use in AF's programs and other functions, and those resources invested in property 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.

Support, Revenue, and Reclassifications

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to AF. Donated property (including securities, real property and other items) is recorded at fair value at the date of the gift.

Future interests in real estate are recorded at fair value on the date of contribution.

AF reports gifts of cash and other assets as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions to donor advised funds are reported as contributions without donor restrictions because AF has the unilateral power to redirect these funds.

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

Support, Revenue, and Reclassifications (continued)

Contributed services are provided by the employees of an affiliated organization and these services benefit AF's program, administrative, and fund raising functions. The value of these services was based upon the estimated wages paid to the employees that provided these services to AF. During the year, AF recognized $59,219 of contributed services.

Contributions and investment income to AF's endowment program are recognized as net assets with donor restrictions until the minimum non-distributable balance is reached for each endowment. Additional contributions and investment income over an endowment's minimum non-distributable balance are also categorized as net assets with donor restrictions until utilized for its intended purpose.

Income allocations to the operating fund are typically based on a standard percentage of assets donated. Income allocations on non-liquid assets are accrued and are collected when the underlying assets are sold.

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

Advertising Costs

Advertising costs are expensed as incurred.

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.

Income Taxes

Anabaptist Foundation 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, 2021. Fiscal years ending on or after June 30, 2018, remain subject to examination by federal and state authorities.

Subsequent Events Evaluation

Management has evaluated subsequent events through September 13, 2021, which is the date the consolidated financial statements were available to be issued.

Note 2 – Financial Assets and Liquidity Resources:

AF's operations are primarily funded by contributions of cash and non-cash items. Some of these contributions may contain donor restrictions. Those restrictions require that resources be used for specific activities. Therefore, AF must maintain adequate resources to meet its responsibilities to its donors 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 does not currently try to maintain an established minimum balance in its operational bank accounts, but does closely monitor its operational cash balances in relation to its general expenditure obligations. The governing board may consider authorizing the borrowing of funds should it be deemed necessary to do so.

AF had deposits in a financial institution totaling $11,902,456 that were not covered by depository insurance. Management believes that the credit risk related to these deposits is minimal.

The following schedule reflects AF's financial assets as of its fiscal year-end in 2021, 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 approved their use.

	Amount
Cash and cash equivalents	$ 11,552,585
Accounts receivable	12,827
Interest receivable	247
Investments	1,297,598
Loans receivable, net of allowance for loan losses	20,403,087
Total financial assets	33,266,344
Less those unavailable for general expenditures within one year, due to:	
Restricted amounts associated with special gift funds	(338,848)
Amounts held in endowment funds	(1,693,629)
Amounts held in pooled income funds	(236,640)
Estimated loan receivable principal expected to be received after one year	(20,093,900)
Financial assets available to meet cash needs for general expenditures within one year	$ 10,903,327

Note 3 – Investments:

Investments consist of the following:

	Fair Value
Government money market fund	$ 1,297,598

Investment income consisted of the following:

	Amount
Interest and dividends	$ 569,499
Realized gains/(losses) on investments	9,740
Total	$ 579,239

Note 4 – Loans and Allowance for Loan Losses:

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

- Hardship Loans – made to Anabaptist organizations in need special financial assistance. These loans are not secured by collateral.
- Related Organization Loan – made to related organization for the purpose of generating an investment return on AF assets.

Loans at June 30, 2021, consist of the following:

	Amount
Hardship loans	$ 1,477,802
Related organization loan	19,000,000
Total	$ 20,477,802

The above hardship loans carries either a 2.00% interest rate or no interest. The related organization loan is a demand loan and carries a variable interest rate that is adjustable each quarter upon the decision of management. At the current year-end, the interest rate was 3.0%.

A significant source of AF's liquidity is the repayments and maturities of the loans. The following table presents the contractual principal repayments of loans by loan type at June 30, 2021:

Loan Category	Due Less than 1 Year	Due 1 thru 5 Years	Due after 5 Years	Total
Hardship loans	$ 383,902	$ 1,048,900	$ 45,000	$ 1,477,802
Related organization loan	19,000,000	-	-	19,000,000
Total	$ 19,383,902	$ 1,048,900	$ 45,000	$ 20,477,802

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

The above maturities indicated that approximately 94.66% of loans had maturities of one year or less for the year ended June 30, 2021.

The following table shows loans and related accrued interest according to AF's credit quality rating system as of June 30, 2021:

Loan Category	Acceptable	Substandard	Doubtful	Total
Hardship loans	$ 1,478,048	$ -	$ -	$ 1,478,048
Related organization loan	19,000,000	-	-	19,000,000
Total	$ 20,478,048	$ -	$ -	$ 20,478,048

The following table provides an aging analysis of past due loans and the related accrued interest as of June 30, 2021:

Loan Category	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
Hardship loans	$ -	$ -	$ -	$ -	$ 1,478,048	$ 1,478,048	$ -
Related organization loan	-	-	-	-	19,000,000	19,000,000	-
Total	$ -	$ -	$ -	$ -	$ 20,478,048	$ 20,478,048	$ -

AF did not have any loans that were on nonaccrual status as of June 30, 2021. AF had no loans that it considered impaired at year-end.

A summary of changes in the allowance for loan losses and period end recorded investment in loans is as follows:

2021	Hardship	Related Organization	Total
Allowance for credit losses:			
Balance at June 30, 2020	$ 74,715	$ -	$ 74,715
Charge-offs	-	-	-
Recoveries	-	-	-
Provision for loan losses	-	-	-
Balance at June 30, 2021	$ 74,715	$ -	$ 74,715
June 30, 2021 allowance ending balance:			
Loans individually evaluated for impairment	$ -	$ -	$ -
Loans collectively evaluated for impairment	$ 74,715	$ -	$ 74,715

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

Recorded investment in loans outstanding at June 30, 2021, is as follows:

2021	Hardship	Related Organization	Total
Balance at June 30, 2021	$ 1,478,048	$ 19,000,000	$ 20,478,048
Loans individually evaluated for impairment	$ -	$ -	$ -
Loans collectively evaluated for impairment	$ 1,478,048	$ 19,000,000	$ 20,478,048

Note 5 – Planned Giving Program:

The assets and liabilities of AF's planned giving programs are as follows:

Assets:	
Pooled income fund assets	$ 236,640
Future interest in real estate	390,000
Total	$ 626,640
Liabilities:	
Discount for future interest (PIF)	$ 135,728
Life estate liability	62,702
Total	$ 198,430

AF received contribution revenue of $7,528 in the current year from pooled income fund donations. The change in value of split-interest agreements consists of:

	PIF	Life Estate	Total
Interest	$ 5,718	$ -	$ 5,718
Payments to beneficiaries	(5,718)	-	(5,718)
Actuarial adjustment	2,888	(8,120)	(5,232)
Total	$ 2,888	$ (8,120)	$ (5,232)

Note 6 – Capital Assets:

Capital assets consists of the following:

Description	Basis
Land	$ 100,000
Buildings	1,569,738
Total	1,669,738
Less accumulated depreciation	(34,375)
Total	$ 1,635,363

Note 7 – Net Assets with Donor Restrictions:

Net assets with donor restrictions are available for the following purposes as of the current reporting period:

	Amount
Endowment funds	$ 1,693,629
Special gift funds	338,848
Time restrictions	428,210
Total net assets with donor restrictions	$ 2,460,687

Note 8 – Revenue from Contracts with Customers:

Revenue from contracts with customers should be recognized when AF fulfills its performance obligations to its customers. AF had the following source of revenue from contracts with customers:

CSR program income – AF offers a service to conservative Anabaptist organizations of preparing an organization's state charitable solicitation registrations. The performance obligation is deemed complete when the registration applications are completed. Billing for this service occurs after completion and payment is due at the time of billing. Contract assets include accounts receivable and there are no contract liabilities associated with this revenue stream. As of the current year-end, AF had outstanding contract assets totaling $12,827 and had no contract assets as of the prior year-end.

Note 9 – Related Party and Related Party Transactions:

Anabaptist Financial and Stewardship Resources are related organizations due to common control, operating with the same Board of Directors as Anabaptist Foundation. Anabaptist Foundation paid Anabaptist Financial $30,000 for occupancy related expenses. AF made contributions totaling $1,862,641 to various organizations that are considered related parties because certain members of AF's governing board and management team serve on the governing boards of those organizations.

Anabaptist Financial owes Anabaptist Foundation a demand loan totaling $19,000,000 as of the current year-end. Related party interest income earned during the year totaled $569,215.

Note 10 – Major Contributors:

AF had no donors during the current year that it considered a major contributor.

Note 11 – Fair Value Measurements:

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, 2021, 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, 2021. 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, 2021

Description	Level 1	Level 2	Level 3	Total
U. S. government money market	$ 1,297,598	$ -	$ -	$1,297,598
Real estate	-	2,073,000	-	2,073,000
Total	$ 1,297,598	$ 2,073,000	$ -	$3,370,598

Cash and cash equivalents carried at cost are not defined within the levels as prescribed in ASC 820, *Fair Value Measurements and Disclosures.* At June 30, 2021, $11,552,585 of cash and cash equivalents carried at cost are not included in the table.

Note 12 – Endowments:

AF has entered into endowment fund agreements with several Anabaptist charitable organizations. Interested donors can contribute to these endowment funds. Each endowment agreement requires a minimum balance of at least $10,000 before any benefits can be distributed to the recipient organization. Annual distributions are calculated by paying up to 10% of the value of the endowment fund or the annual interest yield from the assets of the endowment fund. Distributions generally cannot reduce an endowment fund below its minimum required balance. AF maintains a very conservative investment policy. Each endowment earns quarterly interest at a rate as determined by management. The endowment interest rate at June 30, 2021, was 2.25%.

Management reports all contributions to and interest earnings of an endowment fund as donor restricted. Amounts in excess of the minimum required balance become expendable, but are classified as net assets with donor restrictions until expended. AF does not have any underwater endowment funds as of the current reporting period. Should and endowment fund's value go below the required minimum balance, spending from that fund ceases until the endowment fun's value exceeds the required minimum balance.

Note 12 – Endowments (continued):

The following schedule details AF's endowment fund net assets by type as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ -	$ 1,693,629	$ 1,693,629

Changes in endowment net assets for the year ended June 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	$ -	$ 1,659,749	$ 1,659,749
Endowment activity this year:			
Contributions	-	88,000	88,000
Interest income	-	37,950	37,950
Other additions	-	-	-
Distributions	-	(92,070)	(92,070)
Endowment net assets, ending	$ -	$ 1,693,629	$ 1,693,629