



Stewardship
Resources

Lewisburg, Pennsylvania

Financial Statements and Independent Auditor's Report

For the Year Ended June 30, 2021

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PAYNE, WHITE & SCHMUTZ

CERTIFIED PUBLIC ACCOUNTANTS, PA

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Independent Auditor's Report

To the Board of Directors
Stewardship Resources
Lewisburg, Pennsylvania

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Stewardship Resources as of June 30, 2021, and the 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

Financial Statements

Stewardship Resources

Statement of Financial Position

June 30, 2021

Assets:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 381,379 |
| Accounts receivable | 79,937 |
| Inventory | <u>11,225</u> |
| Total assets | <u>\$ 472,541</u> |

Liabilities:

| | |
|---------------------|---------------|
| Accounts payable | \$ 68,519 |
| Accrued liabilities | <u>9,461</u> |
| Total liabilities | <u>77,980</u> |

Net assets:

| | |
|----------------------------------|-------------------|
| Without donor restrictions | 394,561 |
| With donor restrictions | <u>-</u> |
| Total net assets | <u>394,561</u> |
| Total liabilities and net assets | <u>\$ 472,541</u> |

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

Stewardship Resources

Statement of Activities

For the Year Ended June 30, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|--|-------------------|
| Revenue and support: | | | |
| Contributions | \$ 212,787 | \$ 2,578 | \$ 215,365 |
| Contributed items and services from related organization | 215,127 | - | 215,127 |
| Business advising fees | 430,076 | - | 430,076 |
| Seminar and workshop registration fees | 284,766 | - | 284,766 |
| Stewardship educational resources income | 48,334 | - | 48,334 |
| Private loan servicing fees | 28,433 | - | 28,433 |
| Business advising application fees | 14,925 | - | 14,925 |
| Miscellaneous | 1,046 | - | 1,046 |
| | <u>1,235,494</u> | <u>2,578</u> | <u>1,238,072</u> |
| Total revenue and support | | | |
| | <u>1,235,494</u> | <u>2,578</u> | <u>1,238,072</u> |
| Reclassifications: | | | |
| Satisfaction of program restrictions | <u>2,578</u> | <u>(2,578)</u> | <u>-</u> |
| Program Expenses: | | | |
| Business advising | 427,752 | - | 427,752 |
| Private loan servicing | 1,476 | - | 1,476 |
| Business seminars | 118,242 | - | 118,242 |
| Stewardship educational resources | 103,523 | - | 103,523 |
| Family finance seminars | 179,443 | - | 179,443 |
| Business workshops | 222,840 | - | 222,840 |
| | <u>1,053,276</u> | <u>-</u> | <u>1,053,276</u> |
| Total program expenses | | | |
| | <u>1,053,276</u> | <u>-</u> | <u>1,053,276</u> |
| Supporting activities: | | | |
| Administrative | 245,320 | - | 245,320 |
| Fundraising | 2,061 | - | 2,061 |
| | <u>247,381</u> | <u>-</u> | <u>247,381</u> |
| Total supporting activities | | | |
| | <u>247,381</u> | <u>-</u> | <u>247,381</u> |
| Total expenses | <u>1,300,657</u> | <u>-</u> | <u>1,300,657</u> |
| Change in net assets | (62,585) | - | (62,585) |
| Net assets, beginning of year | <u>457,146</u> | <u>-</u> | <u>457,146</u> |
| Net assets, end of year | <u>\$ 394,561</u> | <u>\$ -</u> | <u>\$ 394,561</u> |

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

Stewardship Resources

Statement of Functional Expenses

For the Year Ended June 30, 2021

| | Program Expenses | | | | | | Administrative | Fundraising | Total |
|-------------------------------|-------------------|------------------------|-------------------|-----------------------------------|-------------------------|--------------------|-------------------|-----------------|---------------------|
| | Business Advising | Private Loan Servicing | Business Seminars | Stewardship Educational Resources | Family Finance Seminars | Business Workshops | | | |
| Payroll and contract services | \$ 343,635 | \$ - | \$ 68,369 | \$ 67,048 | \$ 106,703 | \$ 153,299 | \$ 9,584 | \$ 1,291 | \$ 749,929 |
| Payroll taxes | 3,256 | - | 6,161 | 4,203 | 7,501 | 2,217 | - | - | 23,338 |
| Contributed services | 1,476 | 1,476 | 1,476 | 1,476 | 1,476 | 1,476 | 206,271 | - | 215,127 |
| Employee benefits | 595 | - | 1,231 | 815 | 1,503 | 439 | - | - | 4,583 |
| Occupancy | - | - | 371 | - | 500 | - | 1,146 | - | 2,017 |
| Travel | 72,493 | - | 6,183 | 866 | 9,884 | 6,833 | 2,738 | - | 98,997 |
| Supplies | - | - | - | 13,536 | - | - | - | - | 13,536 |
| Office expense | 953 | - | 1,356 | 7,545 | 5,080 | 8,808 | 5,867 | - | 29,609 |
| Conferences and meetings | 2,638 | - | 22,520 | 255 | 26,596 | 36,918 | - | - | 88,927 |
| Training and development | - | - | 32 | 1,683 | 254 | 2,285 | 360 | - | 4,614 |
| Professional fees | - | - | - | - | - | 250 | 16,882 | - | 17,132 |
| Advertising and promotions | 1,721 | - | 9,791 | 4,900 | 19,891 | 7,415 | 1,314 | 770 | 45,802 |
| Miscellaneous | - | - | - | - | - | - | - | - | - |
| Royalties and other fees | 76 | - | 752 | 1,196 | 55 | 2,900 | 1,158 | - | 6,137 |
| Bad debt expense | 909 | - | - | - | - | - | - | - | 909 |
| Total expenses | \$ 427,752 | \$ 1,476 | \$ 118,242 | \$ 103,523 | \$ 179,443 | \$ 222,840 | \$ 245,320 | \$ 2,061 | \$ 1,300,657 |

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

Stewardship Resources

Statement of Cash Flows

For the Year Ended June 30, 2021

Cash flows from operating activities

| | |
|--|-------------------|
| Change in net assets | \$ (62,585) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | |
| (Increase)/decrease in accounts receivable | (49,315) |
| (Increase)/decrease in other receivables | 1,833 |
| (Increase)/decrease in inventory | (275) |
| Increase/(decrease) in accounts payable | 60,158 |
| Increase/(decrease) in accrued liabilities | (159) |
| Increase/(decrease) in deferred revenue | <u>(12,100)</u> |
| Net cash provided (used) by operating activities | <u>(62,443)</u> |
| Net change in cash and cash equivalents | (62,443) |
| Cash and cash equivalents, beginning of year | <u>443,822</u> |
| Cash and cash equivalents, end of year | <u>\$ 381,379</u> |

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

Notes to Financial Statements

Stewardship Resources

Notes to Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies:

Nature of Organization

Stewardship Resources (SR) was incorporated May 30, 2007, under the Pennsylvania Non-Profit Corporation Law. SR operates with the religious purpose of protecting, restoring, and advancing the traditional Anabaptist community and faith by teaching personal financial responsibility, stewardship, and business management, promoting the charitable purpose of mutual aid and assistance, and by lessening the burden on government by teaching personal financial responsibility.

Entity Status

SR 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 SR shall inure to the benefit of or be distributable to its directors, officers, or other private persons, except that SR shall be authorized to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above. SR has no members and is governed by a ten member board. SR 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

The accounts of SR are maintained, and these financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned regardless of when received and expenses when incurred regardless of when paid. Financial statement presentation is in accordance with generally accepted accounting principles within the United States of America (GAAP). Under GAAP, the organization 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts and include investments in highly liquid debt instruments with an original maturity of three months or less at the time of purchase.

Accounts and Other Receivables

Accounts and other receivables are comprised of amounts billed for various services rendered but payment has not been received as of the current year-end. Management periodically evaluates the collectability of receivables. When management believes that it is probable that a receivable will not be collected, it is written off. No allowance for bad debts was recorded since management believes any balance would be trivial to its financial statements.

Inventory

Inventory, such as books, booklets, CDs and DVDs are stated at the lower of cost or net realizable value.

Net Assets

The 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 SR's programs and other functions.
- Net assets with donor restrictions are those restricted by donors for specific operating purposes or for use in a future reporting period.

Stewardship Resources

Notes to Financial Statements

June 30, 2021

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

Revenue and Support

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 SR.

SR reports gifts of cash and other assets as support 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 and reported in the statement of activities as net assets released from restriction.

Gifts of property and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, SR reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Items

Donated supplies and other items are recorded at estimated fair value at the date of contribution.

Contributed Services

Contributed services are provided by the employees of an affiliated organization and they benefit SR's program and administrative functions. The value of these services was based upon the wages paid to the employees and related expenses attributable to SR. During the year, recognized \$215,127 of contributed services.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs may be allocated among the program and supporting services benefited. If amounts required allocation, such as salaries for individuals who perform both program and administrative functions, these amounts would be allocated accordingly. Natural expenses attributable to more than one functional expense category would be allocated using a variety of cost allocation techniques such as square footage or time and effort, as deemed appropriate.

Income Tax

Stewardship Resources is recognized as a tax-exempt status provided by 501(c)(3) of the Internal Revenue Code. Accordingly, its income is not subject to federal and state income tax.

SR has adopted accounting principles related to accounting for uncertainty in income taxes. SR's policy is to record a liability for any tax position taken that is beneficial to SR, 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 believes there are no such positions as of year-end and, accordingly, no liability has been accrued. Fiscal years ending on or after June 30, 2018, remain subject to examination by federal and state authorities.

Stewardship Resources

Notes to Financial Statements

June 30, 2021

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

Subsequent Events Evaluation

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

Note 2 – Financial Assets and Liquidity Resources:

SR's operations are primarily funded by program income fees and contributions. Some of these contributions are restricted by donors. Those restrictions require that resources be used for specific program activities. Therefore, SR must maintain resources to meet those responsibilities to its donors and certain assets may not be available for general expenditure within one year. As part of its liquidity management, SR has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. SR does not hold a policy that a minimum balance will be maintained in its operating bank account. If the balance of the operating bank account drops below the amount required to meet payments due to vendors, additional funding is requested from outside parties. SR closely monitors cash in its operating account in relation to its general expenditure obligations. The governing board would not consider borrowing funds to meet obligations, but would consider minimizing expenditures, as deemed necessary.

The following schedule reflects SR's financial assets as of June 30, 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 of directors approved their use.

| | <u>Amount</u> |
|--|--------------------------|
| Cash and cash equivalents | \$ 381,379 |
| Accounts receivable | <u>79,937</u> |
| Total financial assets | 461,316 |
| Less those unavailable for general expenditures within one year due to: | |
| Restricted by donors with time or purpose restrictions | <u>-</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 461,316</u></u> |

Note 3 – Cash Deposits:

SR had deposits in a financial institution totaling \$161,178 that were not covered by depository insurance.

Stewardship Resources

Notes to Financial Statements

June 30, 2021

Note 4 – Revenue from Contracts with Customers:

Revenue from contracts with customers should be recognized when SR fulfills its performance obligations to its customers. The sources of revenue from contracts with customers are as follows:

Business advising fees – Business advising fees are earned as the advising services are rendered. Payment is due upon billing. Contract assets include accounts receivable and there are no contract liabilities associated with this revenue source. Related accounts receivable amounted to \$77,095 and \$25,534 as of the current and prior year-ends, respectively.

Seminar and workshop registration fees – Revenue is earned at the beginning of the seminars and workshops. Registration fees are due prior to the beginning of the seminars and workshops and registration fees are refundable prior to the beginning of the events. Contract assets include accounts receivable and contract liabilities include deferred revenue. There were no accounts receivable as of the current year-end and accounts receivable totaled \$3,850 as of the prior year-end. Deferred revenue totaled zero as of the current year-end and \$12,100 as of the prior year-end.

Private loan servicing fees – Revenue is earned over time as interest accrues on the loans that are being serviced. Payments are due monthly. Contract assets include accounts and other receivables and there are no contract liabilities associated with this revenue source. There were no receivables as of the current year-end and receivables totaled \$2,673 as of the prior year-end.

Stewardship educational resources income – Revenue is earned from the sale of various educational materials including books and media items. Income is recognized at the time of purchase. Refunds are not granted. Contract assets include accounts receivable and there are no contract liabilities associated with this revenue stream. Related accounts receivable amounted to \$2,842 and \$398 at the current and prior year-ends, respectively.

Business advising application fees – Revenue is earned at the time of receipt of the application. Application fees are non-refundable and there are no contract assets or contract liabilities associated with this revenue source.

Note 5 – Related Party and Related Party Transactions:

Anabaptist Financial and Anabaptist Foundation are related organizations due to common control, operating with the same board of directors as SR. SR received \$142,000 from Anabaptist Financial and \$32,400 from Anabaptist Foundation for operational purposes in the current year. These donations amounted to 80.98% of total contributions for the year.