



STEWARDSHIP CONNECTIONS

An Informational Newsletter For Financial Connections

Amidst economic uncertainty and downturn, Anabaptist Financial continues to experience growth from donors and investors; howbeit, our growth has slowed. We seek to engage the questions surrounding the current recession, and invite insights from donors, investors, and borrowers regarding how Anabaptist Financial can best prepare for and respond to the economic downturn.

The financial strength of Anabaptist Financial rests on several practices that keep us solidly separated from the procedures and losses common in the current credit troubles. We consistently use conservative and sound lending practices similar to those used by other Anabaptist lending institutions.

The borrowers are individuals from the Conservative Anabaptist community with spiritual values of brotherly accountability and conscientious attitudes towards financial responsibility. When evaluating a potential borrower, we not only attempt to judge their credit worthiness, but also to evaluate their commitment to Christ and the brotherhood. This does not mean that borrowers are immune from financial troubles and failure; however, we expect our borrowers to demonstrate brotherly accountability and openness in the event of encroaching financial hardship.

Our loans have mortgage security or liens to protect the investor's capital and in some cases we have secured co-signers to further reinforce the borrower's financial stability.

We are committed to reinvesting with creditworthy borrowers. We place a high priority on serving borrowers' needs with high standards of debt to asset ratios and income requirements. We believe this is the surest way to preserve the trust of investors and encourage a steady stream of capital from new investors.

A further goal of Anabaptist Financial is to intentionally build a strong visionary board of directors in order to increase financial trustworthiness. Trust in a financial organization is a sacred gift from customers, and any financial firm that manages people's money needs more than just competent administrators and ethical office procedures; a visionary board of directors is a vital component as well.

Trustees (Directors) are the literal bearers of the trust of the public community. Visionary directors literally do the work of directing an organization, as opposed to administrating the organization. They walk out ahead of an organization and lead the work into the future from an objective position. Financial trustworthiness is increased significantly if the directors are walking in front of the organization instead of behind the organization. This difference is subtle but substantial. Many boards walk behind strong organizational administration and merely respond to reports and proposals from administration. This is backward and does not exemplify ultimate trustworthiness. Leading from the front requires doing the work of creating the vision, sketching out a long term plan, verifying operational polices and maintaining objectivity from the daily operations. Ω

Merle Herr
Executive
Officer



Upcoming EVENTS

Ohio Seminar **April 21, 2009**
Carlisle Inn Banquet
Facilities
Walnut Creek, Ohio

Topics:

Characteristics of
Effective Leaders.....Bill Mullet

The Big Bad Economy
and Your Business.....Eddie Steiner

Marketing Methods for
Mid-size and Small Businesses.....Noah Yoder

Co-op Marketing of Hardwood
Furniture, Wholesale and RetailPanel Discussion

Workshops:

Financial and Legal Tools
of Estate Planning.....Ellis Miller

A Christian Response to
Delinquent Payments.....Richard Shank

Lessons from
Business Transitions.....Panel Discussion

Reading and Managing
From Financial Statements.....Larry Troyer

Mark your calenders for the following upcoming seminars:

Indiana..... September 22, 2009
Pennsylvania..... October 20, 2009

To Register, Call 800-653-9817

MAKING DECISIONS ABOUT CHARITABLE GIVING

The downturn in the economy has had a distinct effect on charitable giving. Many donors simply have less to give, and a number of nonprofit organizations are experiencing a drop in donations. Although the levels of giving that we see in the Foundation's Charitable Gift Fund Program have remained strong thus far, I know that some donors are cutting themselves short in order to keep commitments and maintain their level of giving. When you have less to give, how do you determine where resources should be placed? While each donor's situation is unique, here are some simple points to consider when thinking about charitable priorities.

1. All throughout the Old Testament, God's people were exhorted to **stand up for the widows and fatherless**. You act as the hand of God when you bring deliverance to people who cannot help themselves.

2. **Christians are to meet the needs of fellow Christians**. Whether it is a young family struggling to provide for their children, a widow in the church, or the persecuted church in other countries, we are to do good to all men, but especially to those of the household of faith.

3. **Look for programs that tackle the causes** of a problem, not just the results. This includes helping the poor learn how to be self-supporting and helping people who are on a wrong path get turned-around before sad and irreversible decisions are made.

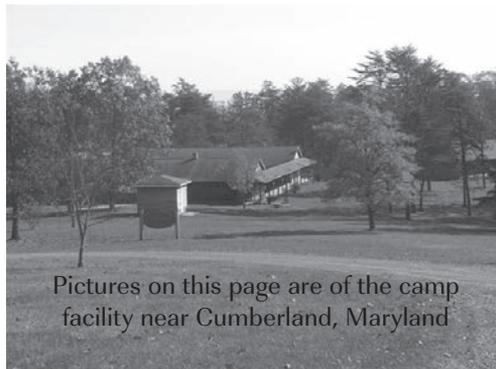
4. Not all charity work involves money. **A sincere friendship with a needy person will go much further than a financial gift**. Your time is a gift that can be given. Ω



WILDERNESS CAMP PROJECT FUND

"It's better to build boys than to mend men." ~Truett Cathy

Thank you to everyone who is supporting the Foundation's Wilderness Camp Project Fund (WCPF) and making a measurable difference in efforts to help troubled boys! Last May, WCPF was able to give the Ohio Wilderness Boys Camp a gift disbursement of \$86,000.00, which they used to purchase their first 70 acre tract



Pictures on this page are of the camp facility near Cumberland, Maryland

of land. In late October, an additional gift of \$25,000.00 was given to round out their purchase of a second 155 acre tract. There is additional land that could be purchased, but next priority for the Ohio group is construction of a building to house the "chuckwagon" (kitchen/dining area) and a staff family.

Wilderness Camp Project Fund is now helping the Bald Eagle Boys Camp (PA) in its efforts to purchase another camp facility near Cumberland, Maryland. This 300 acre property was operated by a secular company as a boys'

camp for many years and comes complete with infrastructure (roads, wells, septic), camp buildings (chuckwagon, maintenance buildings, showerhouse), and furnishings (canoes, kitchen equipment, furniture, tools). Although a new (January 2009) appraisal lists the value at \$940,000.00, Bald Eagle has purchased the property for \$450,000.00. As of press time, \$255,000.00 has been raised in donations or pledges for this effort, and another \$190,000.00 is needed to cover the purchase. If you are interested in learning more, in seeing either the Ohio or Maryland properties yourself, or in making a contribution, please contact Richie Lauer. Ω

CHARITABLE GIFT FUND (CGF) PROGRAM UPDATE

During 2008, a variety of businesses, individuals, and families contributed over \$1.2 million to the Charitable Gift Fund Program, our donor-advised charitable fund. Donors used the CGF program to anonymously support a wide variety of churches, church districts, schools, and nonprofit organizations. In a new development, CGF clients now have the ability to have funds automatically drafted from their personal or business account and transferred to Anabaptist Foundation electronically. These transfers offer the same tax-deductibility as contributions by check. If you are interested in using this new feature, please contact Tim Stoltzfus at our New Columbia office (800-653-9817). Ω

INVESTMENT MANAGEMENT AGREEMENT (IMA) PROGRAM UPDATE

The Foundation's Investment Management Agreement Program for churches and nonprofit organizations continues to grow. Fifteen churches or church districts, twenty-six nonprofit organizations, and two schools are participating. About \$6.3 million (money that otherwise would be in CDs at secular institutions)

is now funding 47 loans to conservative churches, nonprofit organizations, families, and businesses. The IMA Program is currently paying 3.75% on invested funds committed for one year or more, although we believe that the rate of return is a secondary consideration compared to the benefit of knowing that charitable funds are being put to work only within our conservative church constituency. Ω

MICROFINANCE PROJECT FUND UPDATE

A special thank you to the donors who helped get this project off the ground! In cooperation with Hope International, the Foundation's MicroFinance Project Fund now has a microloans "bank" of \$50,000.00 working in Haiti. The "bank" funds small business loans (average \$100) and coaching to help poor people become self-supporting. The program we are using has a 97% repayment rate, which is outstanding for a country like Haiti. Currently, we are undertaking a feasibility study in the area of Miragoane, Haiti. If the report is favorable and if additional funds are available, we hope to open another branch microloans "bank" there. The goal is to compliment mission efforts by making the native communities and churches less dependent on outside aid. One of our board members, Merle Burkholder, is heading up this effort. You can contact Merle (807-737-9215) or Richie Lauer to learn more if you would like to contribute. Ω

GIFTS OF I.R.A. FUNDS

Congress did finally renew the provision which permits you to gift part of your Individual Retirement Account (IRA) directly to charity. Talk with your tax advisor to see if this opportunity is a good option for you. Ω

PRESIDENT OBAMA AND FAITH-BASED INITIATIVES

President Bush supported the idea of government funds working through faith-based charities, and President Obama recently indicated his support for con-

tinuing this program... but with a catch. President Obama indicated that nonprofit organizations that accept government funds would be barred from holding "discriminatory" policies, including any hiring policy that limits employment to those who profess Christianity. If this occurs, some charities which did participate will have to decide if they will stand on principle and refuse future government funding. Some charities, having become dependent on the government funding, will chose to comply. The bait of government funding often seeks to cover the eventual hook of government control. Ω

ENDOWED FUNDS PROGRAM UPDATE

The Endowment Program is growing, with over \$460,000.00 contributed to date. Endowments are special funds set aside to provide long-term, annual support for a particular ministry. If you are interested in supporting one of the organizations listed below, please contact Richie Lauer. Ω

- Bald Eagle Boys Camp
- Deeper Life Ministries
- Faith Builders Christian School
- Faith Builders Educational Programs
 - » (Capital Fund, FB Resource Group)
- Faith Builders Training Institute
 - » (Scholarship Fund)
- Global Tribes Outreach
- Home Messenger Literature Service
- Institute for Global Opportunities
- Lebanon Valley Christian School
- Pequea Christian School
- Terre Hill Mennonite School
- Tidings of Peace Mennonite School



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Business ADVISING

by Richard Shank

A Painful Malady

The following story is a composite of several situations. Names, locations, and other facts have been changed to illustrate and simplify the case.

Cases have been reported in almost every state and province. Not much is discussed about it, because the victims are usually too embarrassed to let others know they have the disease. But authorities have learned it's usually transmitted from father to son. Harry suffered in agony. Although he'd had symptoms for several years, it was on his fiftieth birthday that the blisters opened.

The day had begun as usual. But a cold feeling of discouragement engulfed him when he saw with new eyes his diploma on the office wall: a degree in business administration. He keenly remembered his anticipation of turbocharging Dad's business when he began work here 28 years ago. But today his hopes were crushed. Dad still held the same full-owner grip even though he was nearing 75.

Earlier that morning the roof had caved in. Dad announced he was dividing the business equally between his 6 children—three boys, three girls. Harry was the only child who had continued to work for Dad. All of the others had left many years ago for jobs elsewhere. Harry had given the best years of his life here, with a salary no more than the other employees. He had turned down opportunities elsewhere, in anticipation of Dad's promise. Why hadn't he left to start his own business when he was young enough to do it?

He clearly remembered that day 28 years ago. Dad had placed his hand on Harry's shoulder as they stood outside the factory. "Son, someday this will all be yours if you stick with me." But now he was faced with the prospect of working under his two brothers and

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Greetings from the Anabaptist Financial office. We are now situated in our own office building, and give praise to the Lord for His direction and guidance during the past few months of transition. This report is intended to briefly update you on the overall progress and development of Anabaptist Financial.

Anabaptist Financial/Foundation now has the capability of receiving funds by Electronic Funds Transfer (EFT). If you are an investor or borrower and would like to send funds to your account electronically, please contact the office and we will send you the necessary instructions and authorization form.

We have felt the effects of the recession during the past few months, as Anabaptist Financial's overall growth slowed from an earlier rate of \$1.5 million per month. As a consequence, more loan applications are going unfunded.

We are working actively to expand investment opportunities to those in other states besides PA. One of the primary legal requirements to proceed is to achieve tax exempt status as a financial organization. We are nearing the end of the application process and hope to achieve 501 (c)(3) status within several months. As soon as we achieve this milestone, the directors have decided to complete the remaining legal hurdles so that we can receive investments from Ohio. We will inform Ohio individuals that are on our mailing list as soon as this occurs.

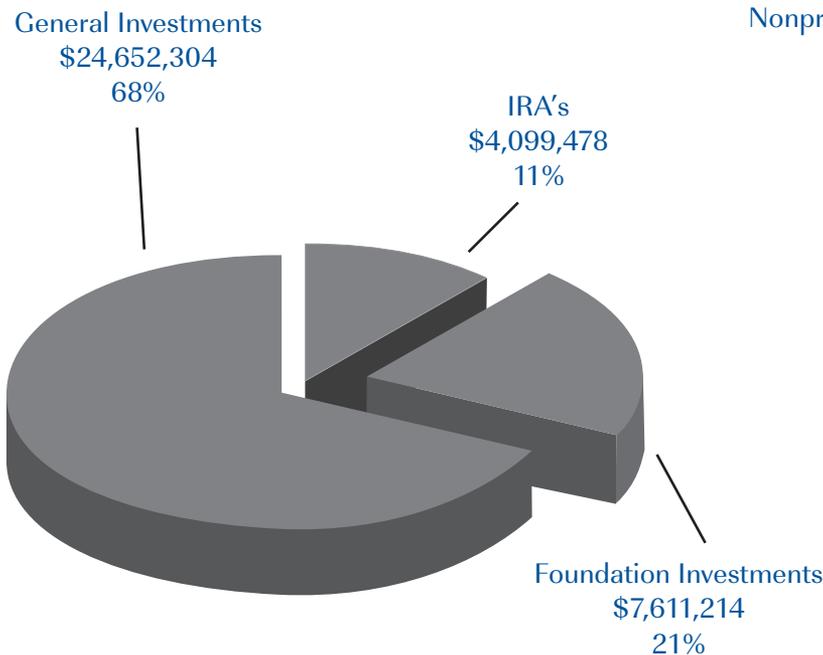


The office building in New Columbia

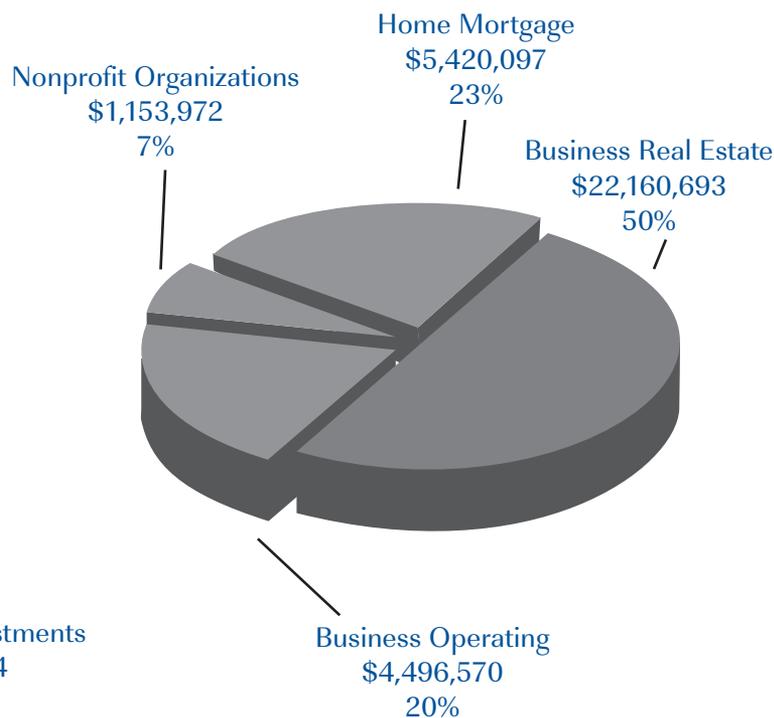


Timothy Stoltzfus at work in the AF office

Assets Chart



Loans Chart



Are you an *Anabaptist businessman* who is:

- looking for sound financial advice from a biblical perspective?
- interested in applying Anabaptist principles to business?
- concerned about growing as a businessman and leader?
- desiring to connect to a broader community of businessmen?

... then consider subscribing to **BUSINESS LEADER**, a quarterly newsletter for Anabaptist businessmen. A free sample issue is available upon request. One-year subscriptions are available for \$24.50 and two-year subscriptions for \$46.50. Email subscriptions are \$19.50 and \$36.50, respectively. To order, call 800-653-9817 or email info@afweb.org.

The following articles are featured this quarter in **BUSINESS LEADER**:

Selling Your Business With the Most Value
Keys to Successfully Transitioning Your Business
(Part 2 of 2) by David Bohlander

This article tackles the issues surrounding transitioning a business through sale to a third party, and maximizing the sale value of your business.

Strategic Thinking, Planning, and Implementing
(Part 2 of 2) by Merle Herr

How can one develop the crucial skill of accurately envisioning the future? This question and more are answered in an article highlighting the need for businessmen of vision.

Keeping a Business Vow
by Crown Financial Ministries

Loyalty on a Christian business owner's part is not so much to the public or to customers as it is to God and His Word.



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three brothers-in-law, none of whom knew or cared anything about the business. They saw the business as a cash cow; an opportunity to milk it for all they could each get. It had started already. One of his brothers-in-law had told him to expect some major management changes now that he owned a 'piece of the pie.'

“Harry’s loyalty to dad was rewarded by this death-knell.”

Harry’s loyalty to Dad was rewarded by this death-knell. After the meeting, Harry reminded his father about his promise, but Dad was offended that Harry wasn’t grateful for his gift

of 1/6 share. Harry now realized that if he stayed longer, the remainder of his business life would be intolerable. But if he left now, the family would blame him for scuttling ‘their’ business.

Bitterness permeated his chest as he remembered cousin John had told him many years ago how his Dad had set up a plan for their business. John was given the permission to purchase shares in the business at regular intervals, beginning his purchases when he was 25 years old.

When his father was 60 years old, and John was 39, John was allowed to purchase enough additional shares to have controlling interest. His father had made these arrangements so he would continue to have an income during his twilight years, and he would still be available to mentor John as needed. John was now the pilot, and was re-

sponsible for all takeoffs and landings. Harry groaned. Why hadn’t he been more proactive?

Situations like Harry’s occur far too often in our circles. The Business Advising service at Anabaptist Financial helps families structure succession plans to avoid the turbulence caused by the hidden rocks in almost all businesses. Solid planning considers the interests of the entire family. Ω



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