



# STEWARDSHIP CONNECTIONS

An Informational Newsletter For Financial Connections

## Reflections AND VISION

by Merle Herr

The initial vision for Anabaptist Financial and Anabaptist Foundation emerged seven years ago, in 2004. Due to the breadth and depth of infrastructure required to build charitable and financial organizations, it took about two years of collaboration, research, and legal work before operations could begin. The last five years have been a steady, challenging climb, with the usual growing pains of start-up organizations. It seems that we now stand on somewhat of a plateau, compared to the steep climb of the previous five years. The following organizational milestones mark the journey to the present.

### Organizational Milestones:

**2004:** Board of directors and organizational structure established.

**2005:** Anabaptist Foundation (charitable fund) established.

**2006:** Anabaptist Financial (investment and loans fund; PA investments only) established.

**2007:** Business Seminars and Business Advising established.

**2008:** Launched Stewardship Connections (organizational newsletter) and the Open Hands Fund (micro-finance venture).

**2009:** Purchased a building for office headquarters in New Columbia, PA (central PA) and hired full time staff.

**2010:** Opened investment opportunities to residents in Maryland.

### Reflections

Anabaptist Foundation and Anabaptist Financial are Anabaptist-based financial services organizations. We are not a community bank. Anabaptist Foundation is a non-profit public foundation for conservative Anabaptist groups. Anabaptist Financial is a non-profit investment and

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**"The trust and participation by the Anabaptist community has been overwhelmingly rewarding and appreciated."**

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loan organization for long term investments and loans for home mortgage and business loans. The trust and participation by the Anabaptist community has been overwhelmingly rewarding and appreciated. We have grown well beyond the initial expectation and vision. Someone once said, "When thy ways have enlarged, forget not thy humble beginnings." Our fledging operations were weak and small, yet the Lord was gracious and blessed us with a solid and successful beginning.

Anabaptist Foundation began operations in 2005. Approximately \$150,000 of donated funds was invested to support the initial cost of startup operations. We give thanks to the Lord for generous donors. Anabaptist Financial began operations

in 2006 and incurred approximately \$147,000 of debt in startup operations. Looking back, we recall those beginnings with fond memories, but acknowledge that sweat, blood, and fears were real. Currently, the Foundation is covering its own operational cost. Anabaptist Financial has paid off the startup debt and is now building equity. We give thanks.

### Investments under Management

Receiving investments and reinvesting in loans is one of the principal service that AF offers. The combined assets under management at both organizations (investments from investors, donors, and non-profit organizations) are listed below by year:

- June 30, 2007: 11.8 million
- June 30, 2008: 27.8 million
- June 30, 2009: 43.4 million
- June 30, 2010: 71.4 million
- March 30, 2011: 97.1 million

This growth has kept us stretched to ensure that sufficient financial strength occurs simultaneously with increased assets under management. As asset growth occurs, responsibility increases, management increases, and labor increases. We are planning for future growth based on the historical trend that is evident above. We are preparing for investment growth of approximately \$30 million per year. As the Apostle James aptly instructs,

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## CHRISTIAN AID MINISTRIES JAPAN RESPONSE EFFORT

Some of our Charitable Gift Fund clients have asked about options for contributing to the relief efforts in Japan subsequent to the earthquake and tsunami. Although Japan is a highly developed country, the damage was significant and affected the lives of many people. Fewer than 2% of Japanese identify themselves as Christians, but relief efforts open the door for sharing Christ. Christian Aid Ministries is mounting a significant effort to provide both Christian literature and relief supplies to Japan, with a crisis team on the ground to put plans into action. If you are interested in making a contribution to assist this mission and relief effort, that gift may be sent directly to Christian Aid Ministries. To our knowledge, they are the only conservative mission that actually has people on-the-ground in Japan and is quickly prepared to do immediate relief work. If you wish to make an anonymous gift, you may also use the Anabaptist Foundation Charitable Gift Fund to send a contribution that way. Any checks sent for that purpose should have "CAM Japan Project" on the memo line.

## OPEN HANDS FUND: INDIA

The new effort in Vijayawada, India, is beginning to take shape. In that rural area, 75% of the people are manual laborers, and 90% cannot read or write. It is an overwhelmingly Hindu area, with only 11% of the population identifying

themselves as Christians. These Christian people have very few opportunities in life, since most of them are members of the lowest rung of the caste system, known as the "Untouchables."

The involvement of a conservative Anabaptist mission organization is the key factor in deciding where to place new Open Hands Fund outreaches. Our "on-the-ground" partner organization is AE Mission, which is sponsored by the Cold Spring Mennonite Church (Beachy-Amish constituency). AE Mission is at the heart of the Cold Spring Harvest Church network of 180 pastors who minister to house churches and small congregations of believers. We are placing the program at Vijayawada to support this network of Indian believers with Christ-centered teaching on stewardship and the opportunity to join savings groups to increase their ability to support themselves. Translation of the curriculum and the training and hiring of staff (a local coordinator and two savings group facilitators) are the first steps and are on track to occur in April and May.

## OPEN HANDS FUND: HAITI

Four more savings groups have started in the last few months, bringing the total to 16 savings groups with 384 participants. The impact that the savings groups have on the local church community is becoming evident.

» Attendance has increased at one church since the savings groups began. Community people who joined the savings groups

and received Biblical teaching there are now deciding to attend church as well.

» Giving to the local church has increased.

These two facts are indications that the Open Hands Fund is achieving its objectives. When provided with financial teaching and group accountability, Haitians are well able to exercise leadership and to manage their own funds without North American oversight. Haitian church communities can take steps toward self-sufficiency and mutual aid, and the best relief that can be sent to Haiti is not a handout . . . it is an escape from the mind-set of dependency. All of the current savings groups are in the Cadiac area. LORD willing, we plan to start expand the savings group program into three new church communities: Miragoane, LaColline, and Mesote. What is working at Cadiac can and should spread.

The costs of the programs in India and Haiti are about \$4,000.00 per month for each project. If you would like to help with those costs, you may send your tax-deductible contribution to Anabaptist Foundation, with "Open Hands Fund" written on the memo line of the check. Special thanks to all who are making the program possible!

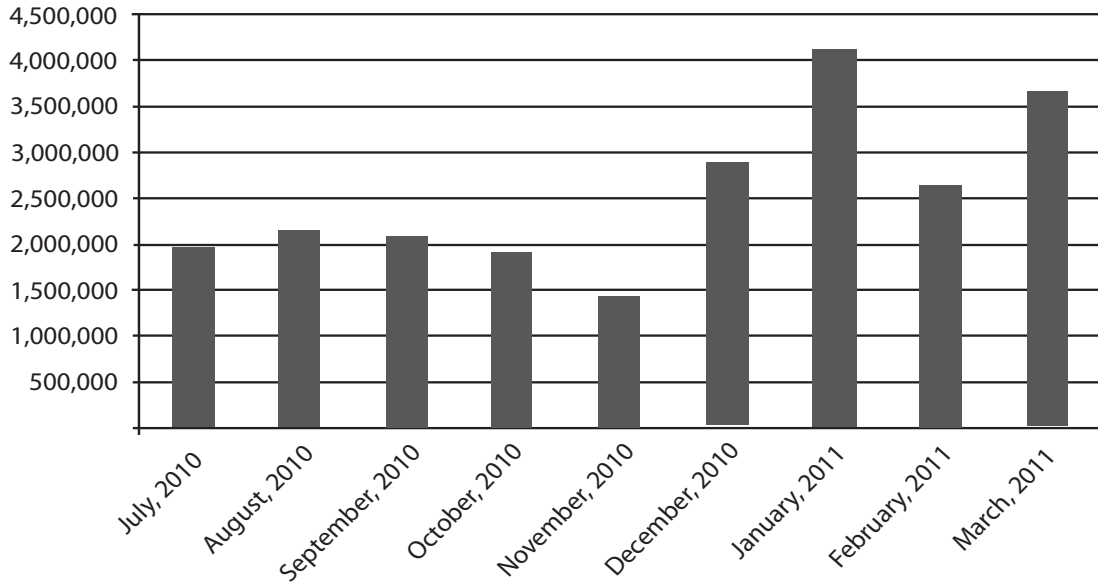
## SUMMARY OF THE SEMINAR FOR NON-PROFIT ORGANIZATIONS

Eighty-seven people representing 45 different mission organiza-

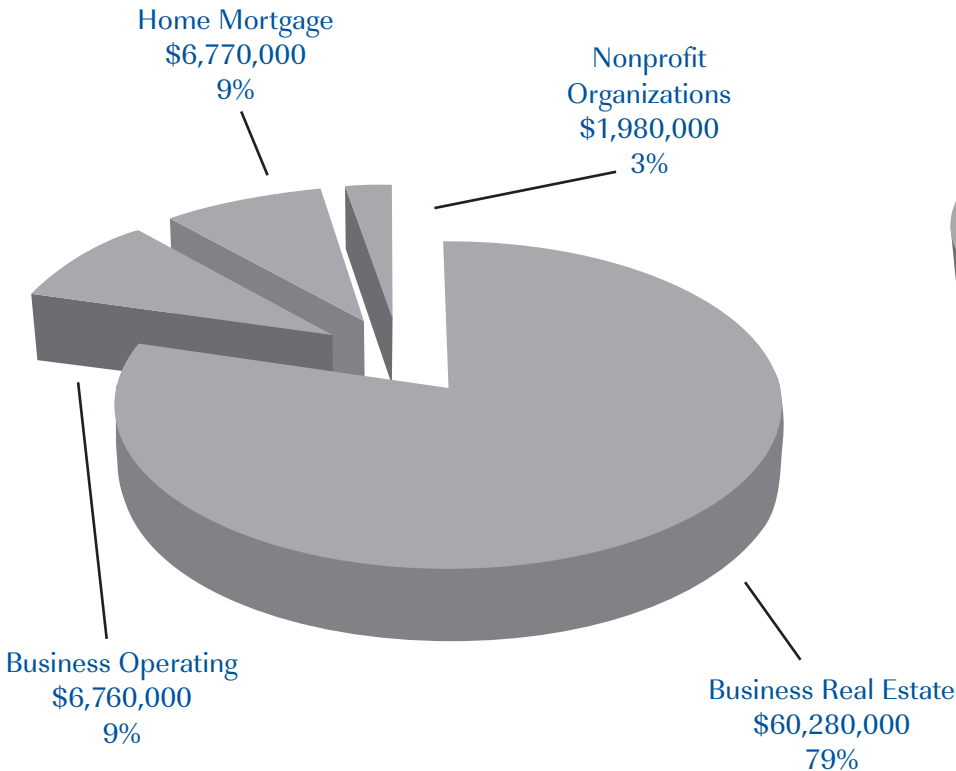
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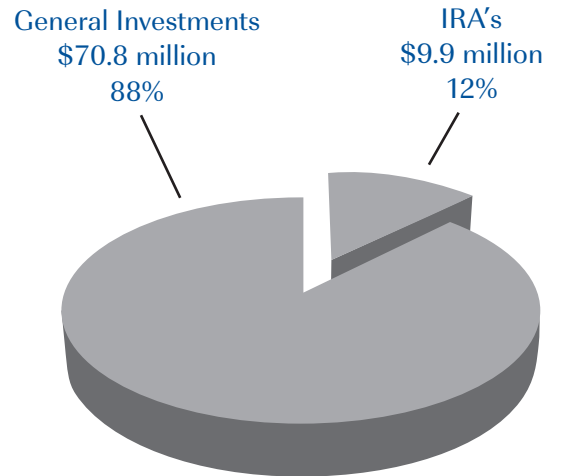
**Growth by Month**  
 Fiscal Year to Date



**Loans Chart**



**Assets Managed Chart**



## Meet OUR BOARD MEMBERS

*This column features interviews with two of our board members responding to questions about work, hobbies, and goals, giving you an opportunity to connect with and learn about them on a personal level. Subsequent issues will feature additional members of the board.*

### Richard Hoover

Richard and Martha Hoover live in Coatesville, Pennsylvania. They have four children, three of whom are married, and three grandchildren. They are members at Muddy Creek Mennonite Church, and the owners of Hoover Building Specialists, a general construction firm specializing in the designing and building of commercial and industrial projects.

#### **What responsibilities and roles do you fill in your current job?**

*My responsibilities would seem to be best covered by the term “general manager;” however, I am blessed with a very capable team that makes my work easier. We have weekly meetings involving accounting, sales, design, estimating, and project managers. We also have a monthly meeting with the field personnel.*

#### **What is your favorite part of your work?**

*It’s difficult to narrow it down to one thing. I enjoy sales and designing buildings that work for our customers. It’s also rewarding to see employees developing their talents and being able to do things better than I can.*

#### **What are your family’s hobbies?**

*We enjoy playing games, an occasional meal around a campfire, and most, if not all of us, are book worms. Some seemingly do have more time than others for reading!*

#### **Other than AF, what other efforts are you and your family involved in?**

*I serve as minister at Muddy Creek Mennonite Church and am on the pastoral board of the Muddy Creek Christian Day School. My schedule is kept busy with studying, preaching, instruction, meetings, visitation, and other pastoral work. My wife is a great help and support to me and reaches out to many with her cards of encouragement.*

#### **What is on your “to do” list?**

*I would love for my wife and I to take a “leisurely” trip to the west coast visiting our many friends along the way. Over the years, due to some of my mission interests and*

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### Richard Shank

Richard and his wife, Julia, live in Hagerstown, Maryland. They have four children and twenty grandchildren, and attend Paradise Mennonite Church. Richard has owned and operated a variety of businesses over the years, and currently serves as Business Advising Administrator for Anabaptist Financial.

#### **What responsibilities and roles do you fill in your current job?**

*In my role as the AF Business Advising administrator, I have the initial contact with all advising clients—explaining the service, answering questions, and facilitating their selection of an advisor. When I’m chosen to be the personal advisor for a client, I then work one-on-one with the client or his business in any area in which assistance is needed.*

#### **What is your favorite part of your work?**

*Finding a solution to a client’s problems; making a positive difference in their situation is very fulfilling for me.*

#### **Other than AF, what other efforts are you and your family involved in?**

*I have served Christian Light Publications (USA) as a Director for almost 30 years, and as chair of several CLP committees. In addition, I have held similar roles with Christian Light Publications (Canada) since its beginning.*

#### **How long have you been involved at AF and what would you see to be the important changes happening along the way?**

*My election to the Board was about four years ago. I’ve been pleased to see an increase in the organization’s professionalism, and in our efforts to safeguard the interests of our customers.*

#### **AF is involved in a lot of things (Foundation, investment and loans program, seminars, business advising). Which of these programs or activities matters the most to you?**

*They are all important, but the majority of my time is spent in business advising and in the various aspects of our*

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## Tutoring Your Successor

Let's face it. About 90% of all new businesses fail within a few years of start up. Of the 10% who succeed, only 30% of these survive more than a few years after the original owner is no longer active in the business. Do the math. The numbers are very discouraging, but your business doesn't need to be included in these statistical failures, if you take the right precautions far in advance of retirement. And that means beginning with a good tutoring plan today, even if you are only 40 years old.

One major reason why small businesses fail is because the owner failed to adequately train his successor. Large businesses have on-going training programs for their employees. They can assign staff to conduct formal training sessions in all of the need-to-know areas, preparing their employees to eventually step up to the next level. But smaller businesses usually lack the resources of training procedures, time, and funds to groom their people in this manner.

So we go to the opposite extreme. We expect our team to develop and learn with 'on-the-job' training. Well, that sounds great. Monkey see, monkey do. But there are problems with this training method. Employees observe and learn bad habits and methods as well as good. But perhaps worse, they don't learn the reasons behind why things are done your way. Hopefully you know why you do it your way, but do your employees understand? To further complicate the situation, we owners sometimes act erratically. We do it one way on this job, but another way on the next. We may not be consistent on almost identical jobs.

But tutoring is so critical that we must find a way to do it correctly.

Let's begin by thinking about what your eventual successor will need to know about your business in order to continue or surpass your achievements.

For example, how to price the products or services you offer. Yes, we sometimes need to 'wing it', but that method is fraught with danger. To be successful, you understand that you must know your true cost, your overhead factor, and what constitutes a realistic profit goal. There are other reasons; the competition, the risks, your capabilities, and the availability of time and resources. Availability of labor determines if you will be required to pay overtime rates in order to complete the prospective job in a timely manner.

Another biggie is major purchasing decisions. When faced with deciding between three brands, what thought process do you use to make an excellent buying decision for your business requirements? Maybe you never learned the proper way, but that fact shouldn't stop you from learning a proper way today, while your apprentice sits beside you.

After you finish the work, what steps do you take to collect your money? Actually that is the wrong way to do it. A good collection process begins before you have a signed contract. Really it does. But regardless if you've done everything you should have done to assure payment, we know that not everyone is waiting checkbook in hand the moment the work is completed. So what do you do to collect? The person you are tutoring as your eventual successor needs to know. And please, don't say you don't understand these things either, unless you are willing to take the necessary steps to stop your

bad habits and learn good ones.

The day is long gone for most of us in which we can travel home by telling Sam to 'giddy up' at the end of the day, and good horse Sam will take us safely home. Financial traveling is the same. The methods our parents or grandparents used in managing the financial aspects of a business won't usually work today. We need to have a working knowledge of financial statements, and how to use them in making business decisions. Profit & Loss reports, Balance Sheets, Percentages, Cash Flow projections, and Ratios are important tools that you must know how to understand and use. Yes, I recognize that some folks may have a financially successful business without bothering with these crutches, but even those businesses could improve by having and using the right tools.

There are many more 'courses' you need to teach in addition to the above. If you are sincere about wanting your business to continue after you retire, begin by making a list of all of the issues your successor would need to know if your funeral is tomorrow. And then begin a systematical tutoring plan now.

You may ask, "But what steps should I take in tutoring? I'm just a simple carpenter." Simple or no, you have the ability to effect the necessary tutoring. We'll discuss how to tutor in the next issue.

*To help you improve your business, and for information on the services AF Business Advising has to offer, contact Richard Shank:*

Phone 800-653-9817 ext 701  
Email: richard@reshank.com

we plan for the future under the rubric of “the Lord willing.” This plan includes strengthening the organization in proportion to the amount of assets managed.

## Office Personnel

Currently, we have a staff of four officers, three full-time office staff, and several part-time individuals. We have plans this summer to add two more full time positions, including an in-house accountant. In addition, we are planning to renovate the AF central office in New Columbia, Pennsylvania to accommodate future operations. When completed, the office will be able to accommodate up to eleven full time staff.

## Clients with Connections

Our tag line is “Stewardship Connections with Integrity.” A key purpose in operations is to create a real connection between investor and borrower, and also between donors and non-profit organizations. We want people to experience meaningful relationships and belong to each other through investing, donating, and borrowing. Money is not non-relational; it is the extension of heart and hands. At Anabaptist Financial, 1,325 investors are helping 426 borrowers. At the Foundation, donors support almost 100 churches, schools, and charities. In addition, non-profit organizations and churches are reinvesting their charitable funds with the Foundation, which in turn helps 117 borrowers. This is brotherhood! A second key purpose of AF is to help facilitate stewardship practices and convictions. Every loan that we consider is analyzed in the spirit of stewardship principles, attitudes, and practices. We seek borrowers that embrace biblical stewardship

and exercise integrity in financial decisions and brotherly accountability.

## Expansion into Additional States

In the first four years, investment opportunities were available only to Pennsylvania residents, while during the same period, borrowing became available in 35 states. Since November, 2010, Maryland residents can participate as investors. The plan for 2011 includes bringing investment opportunities to residents in Kansas, South Carolina, and Virginia. In addition, in 2012 we plan to bring investment opportunities to Ohio residents. With the large Anabaptist population in Ohio, we expect significant activity from Ohio investors and borrowers. After 2012, expansion into additional states will likely continue. We will not sacrifice financial stability for increased growth. The general expansion vision includes states that have significant number of conservative Anabaptist residents, such as Indiana, Michigan, Illinois, Iowa, and Missouri.

## Increasing Financial Strength

As AF grows, we experience increased efficiency because we are able to more fully utilize overhead. Initially, operations did not produce retained earnings (profits) until we reached a volume of investments under management of approximately \$25 million dollars, a number which was reached in 2008. Cash reserves are a key measurement of our financial stability and strength, and are the means by which we reserve funds in the event of a loan that cannot be repaid by a borrower. To date, the combined cash reserve from both organizations is \$512,600.00.

In addition to building cash reserves, organizational strength is cur-

rently being built by designing a plan to respond prudently in the event that many investors would request large sums of money to be withdrawn from the fund simultaneously. This is often referred to a “run on investments.” Among other Anabaptist investment and loan funds, historically a “run” never exceeded 8 percent of a given fund. This is likely due to the level of trust and self-control among God-fearing people. The plan we are currently developing is designed to address a run on investment well above the historical record-high of 8 percent. We do not want to be groping in the dark in the middle of a midnight financial storm.

## Educational Stewardship Resources

AF offers various business educational services for people in business. In 2007, we launched business seminars and business advising. In 2008, a vision emerged to help Haitian people manage financial matters in effective ways. In addition, we have facilitated the writing of several articles on business issues.

## Business Seminars

Currently, AF offers Business Seminars in three locations: New Holland, Pennsylvania; Dalton, Ohio; and Shipshewana, Indiana. Last year, approximately 950 persons attended these business seminars which include a full day of educational presentations on a wide variety of business management subjects. We have also received requests to bring business seminars to other communities. However, more help is needed to fulfill these requests, and we are in the process of recruiting assistance to manage the planning and execution of business seminars. Our future vision anticipates offering business

seminars in the larger Anabaptist communities where we also have heavy participation of loans and investments. In addition, the AF website contains recordings of past seminars. To access these educational resources go to [www.afweb.org](http://www.afweb.org), or call the office and request an order form.

## Business Advising

Business Advising is a service in which older, seasoned businessmen help younger businessmen on a one-to-one basis to deal with business challenges, planning, and growth. Business advisors come alongside business owners and offer advice and counsel on issues at hand. Often, these advising interactions are not long term, but helpful in the moment of need. Currently, we have 5 business advisors. To date, we have assisted over 100 businesses in 17 states. The nucleus of available advisors has been concentrated in Pennsylvania and Maryland. In the future, advisors are needed in Ohio, Indiana, and beyond to serve advising needs in their local areas. I envision advisors scattered across Anabaptist communities; the older advising the younger and passing the baton of experiential knowledge to the next generational of business leaders. May God raise up these older men with zeal and energy to empower the next generation!

## Business Literature and Resources

This is the least developed aspect of Anabaptist Financial's mission. It is the hardest to achieve. Most people are generally better at doing something with their hands than describing something—especially on paper. Nonetheless, a vision lies before us. Someday, I hope

we can produce an online store of articles, books, management tools, and business resource links to educational sites. Business wisdom and knowledge are precious graces from God to fuel the advance of His Kingdom. We must rise to the challenge of making business knowledge and stories available and accessible to all.

## Microfinance and Savings Groups in Haiti

The Anabaptist Foundation Open Hands Fund committee is overseeing the development of savings and credit associations in Haiti. We currently have 16 functional groups with a total of over 300 members. Our plans are to expand the program this year by hiring and training more Haitian staff to start and supervise savings groups. By the end of this calendar year, we project that we will have 45 groups with over 1,000 members. We are also in the beginning stages of developing a similar program in India, with the vision to promote economic development opportunities for the poor. We are particularly interested in doing this among Anabaptist believers in the Third World. Currently, we are experiencing rapid growth in the savings and credit association programs, and we anticipate this will continue. We are receiving requests from Anabaptist missions in other countries asking us to come and develop savings and credit associations with their people. We need financial support for these programs and the administrative personnel to administrate the growing programs effectively. Ω

*Merle Herr is the owner of AgSalt Processing and serves as Executive Officer for Anabaptist Financial.*

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tions, camps, care homes, and schools attended the Seminar for Conservative Nonprofit Organizations that Anabaptist Foundation and Faith Builders co-hosted on March 25th. The unique opportunity to simply meet and fellowship with “fellow laborers” from such a variety of conservative nonprofit organizations was definitely a highlight of the day. Participants expressed appreciation for different aspects of the day, especially the topic “Vision in Anabaptist Ministries,” the panel discussion on voluntary service, and the topic regarding health care reform legislation and its impact on conservative organizations and church medical aid plans. Thanks to all of the speakers for preparing and sharing! Based on the input received, the seminar will likely be repeated sometime. The main sessions were recorded and may be obtained from Christian Learning Resource ([clr@fbep.org](mailto:clr@fbep.org) or [www.christianlearning.org](http://www.christianlearning.org)). Ω

*For more information on the services of Anabaptist Foundation, contact Richie Lauer at 800-653-9817, ext. 709, or [richielauer@afweb.org](mailto:richielauer@afweb.org).*

*involvements, I have traveled to other countries such as Canada, Haiti, Paraguay, and Guatemala, but would enjoy seeing a little more of the United States.*

**Is there an experience in your life that really changed you or how you think about things?**

*Twenty four years ago I was in the lot for a deacon ordination and a year later at the age of 27, I was ordained minister. Those experiences caused me to take a close look at my life, church life, and consider more seriously what God would have me do. Ω*

*three annual seminars.*

**What do you think is going to be the greatest challenge AF will face in the next 5 years?**

*Balancing the value of our loans with the amount of investments as we expand into more states, and doing so in a way which is appreciated by our entire constituency.*

**What is on your "to do" list?**

*Since my wife and I are both senior citizens, health issues have become a limiting factor in our lives. If our health in this life should ever improve enough to permit it, I'd like to visit some of my friends scattered over the Americas, and view some of God's natural handiwork which up to this time I've only been able to dream about seeing. Ω*

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