



# STEWARDSHIP CONNECTIONS

An Informational Newsletter For Financial Connections

Your

## INVESTMENT AT ANABAPTIST FINANCIAL

by Timothy Stoltzfus

*An inside look at our savings and loans pool and the security of your investment.*

From time to time, I am in conversation with someone who refers to Anabaptist Financial as a “bank.” I quickly inform the person I’m talking with that we are not a bank, but a constituency-defined investment and loans pool. In this article, I would like to outline what Anabaptist Financial is, explore the type of investment option we offer, and discuss how investment monies are secured.

Anabaptist Financial is a 501c3 non-profit organization which is registered with the appropriate Securities Commission agencies in states where we accept investments. This securities registration permits us to receive investment funds from conservative Anabaptist individuals within that respective state. Currently, we are registered with the Pennsylvania and Maryland Securities Commissions, and are able to accept investment funds from qualifying participants within these two states. We are in the process of registering in the state of Kansas, and are making plans to pursue registration next in Ohio, Virginia, and South Carolina. Anabaptist Financial’s vision is to expand its investment services into other states as time and resources permit, and in conjunction with local brotherhood interest.

Anabaptist Financial takes the

investment funds received and loans them back out to our own conservative people. We give a rate of return to the investor, charge a slightly higher rate to the borrower, and cover our operating costs on the margin of difference.

As of June 30, 2011, over 1,360 investors placed \$85.7 million with

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**"It is a joy to 'do business' with individuals and participants from our church groups who have the same values and embody biblical principles."**

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Anabaptist Financial and over 440 borrowers loaned \$82.7 million from Anabaptist Financial. We appreciate and value the relationship we have with each participant. It is a joy to “do business” with individuals and participants from our church groups who have the same values and embody biblical principles.

The overarching principle guiding our investment and loan program is to enhance financial fellowship by facilitating mutual aid with mutual gain

within the brotherhood. By placing investment monies at Anabaptist Financial, conservative Anabaptists put their funds to work within our own church constituency groups. Participation in this network of individuals who share common doctrine and a plain way of life holds unique value: the investor knows where his money will be used, and the borrower knows where his money comes from. This principle of mutual aid and brotherhood can never be matched at the bank, and offers protection and security for both borrower and investor.

Participation in Anabaptist Financial is limited to conservative Anabaptist individuals and groups. Our legal structure restricts participation to those who adhere to the 1963 Mennonite Confession of Faith, or earlier similar confession. We realize that there are other confessions of faith that our conservative groups uphold besides the 1963 Mennonite Confession, such as the 1921 Garden City Confession, the Dortrecht Confession of 1632, and the Schleithem Confession of 1527. We refer to these as “similar, earlier confessions.” Our Board of Directors has directed that from time to time, we request all participants in Anabaptist Financial to sign a doctrinal statement affirming

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## WINDFALLS AND UNPLANNED FINANCIAL BLESSINGS

**M**any different good motivations might get you “out of bed” in the morning and “out the door” to work. Work makes it possible to provide for your family. It enables you to be a good steward of the abilities and opportunities that God sends your way. Work allows you to be around other people and enjoy relationships with them. It also provides the dollars that you use to support church work, alms funds, the school, mission work, and the needy.

Proverbs 23:4 plainly defines a wrong motivation for being productive in life: “Labour not to be rich.” That thought is echoed in John 6:27: “Labour not for the meat which perisheth, but for that meat which endureth unto everlasting life.” Work, business, and finances are important parts of life and involve the practical living out of the Christian life, but you have gone seriously wrong if your motivation in life is to be rich. What gets you out of bed in the morning?

Many people in our conservative Anabaptist communities find themselves enjoying financial blessings. Although you didn’t “labor to be rich” or dream about building wealth, you find yourself in stewardship over significant financial resources. How did this unintentional (on your part) blessing happen to you?

- Your business grew far beyond your expectations.
- Rising land prices dramatically increased the value of your property.
- An inheritance was larger than you expected.
- You were offered a Marcellus shale lease that you couldn’t turn down.

If you did not “labor to be rich” but God chose to bless you financially beyond the provision of your daily needs, what now? Stewardship requires careful consideration of what God expects of you, including thinking about what level of material inheritance is spiritually healthy for family members and what can be done to build God’s Kingdom.

Anabaptist Foundation exists to help conservative Anabaptist people support church work and charities. The Charitable Gift Fund Program provides tax-deductible contribution receipts, the ability to give anonymously, and the flexibility to support a variety of charities over a period of time. You can even establish a family fund that allows children to make gifts of their own and be involved in making gift recommendations. Anabaptist Foundation also offers donors confidential, independent, and third-party charitable counsel, including research on charities, their finances, and their current needs.

If we can help you support Kingdom work, feel free to contact us. Ω

Marcellus Shale Leasing, LLC  
234 New Road  
Anytown, PA

60-73/433 204011  
Date July 27, 2011

Pay to the Order of Surprised Land Owner \$ 765,432.10

Seven Hundred Sixty Five Thousand Four Hundred Thirty Two & <sup>10</sup>/<sub>100</sub> Dollars

PNC BANK, N. A.

For gas rights lease

*[Signature]*

## OPEN HANDS FUND

In June, the national committee for the Haiti Benefit Auction added the AF Open Hands Fund to the list of ministries that are eligible to receive assistance through the benefit auctions held in various states. We are thankful for their consideration, since the work of establishing savings groups in Haiti has progressed well and other church communities are expressing strong interest in having savings groups begin in their areas. Roland Devalcy has been hired as our new supervisor and works alongside Lyndon Swarey, AF’s staff person on the ground in Haiti. Roland will oversee the work of the facilitators as they run the current groups and start new groups in Miragoane, Mesote, and LaColline. Roland is a minister at the Mennonite church in Cadiac and is the administrator of the local Christian school.



Roland Devalcy and his family

Anabaptist Financial's investment and loans pool continues to realize steady growth. On June 30, our fiscal year end balances were as follows:

- » Investments — \$ 85.72 million
- » Loans — \$82.68 million

For the fiscal year, we averaged \$2.37 million investments and \$2.42 million loans per month, and added a total of 1,082 new accounts.

Anabaptist Financial welcomed Melissa Moyer back to the AF office in June from her term of missionary service in Jamaica. The office is currently fully-staffed with five employees.



From left to right: Justin Zimmerman, Tim Stoltzfus, Nevin Beiler, Laura Beachy, Melissa Moyer.

## Open Hands Fund Newsletter

To receive a copy of the **NEW** Open Hands Fund newsletter, please contact the AF office.

Email: [info@afweb.org](mailto:info@afweb.org) | Phone: (800) 653-9817 Ext. 0



## Meet OUR BOARD MEMBERS

*This column features interviews with 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.*

### Dwayne Borkholder

Dwayne and his wife Jolene have been married for twenty-nine years, and live on a farmstead in Indiana between Nappanee and Bremen, a few miles from where Dwayne was raised. They have seven children ranging in age from nine to twenty-six, two of which are married, and the family also includes two grandchildren. Dwayne and his wife are members of Roselawn Conservative Mennonite Church in Middlebury, IN, and are involved in various capacities there.

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

*As president and owner of our company, the variety of my job is broad, but a few areas receive the bulk of my time. A large part of my time is spent in the sales and marketing area, and on developing new products or emphases, such as the integration of solar and high-efficiency products into our building. Of course, maintaining oversight of all areas is important to make sure that I am keeping the pulse of the operation. I can then “drop in” and focus on a specific area to see how well it is operating and being managed.*

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

*I get the most enjoyment and fulfillment from research and development. The last few years have seen the growth of several new areas in our business, including New Energy Homes and Net-Zero House designs. Creating these new designs has reinforced the fact that generating new ideas and then presenting the concepts and ideas to new customers is my forte.*

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

*I am chairman of the finance committee at our church, a board member of various non-profits organizations, and for the past 12 years have been developing and introducing Post-Frame Construction to church and non-profit organizations in Moldova, Belarus, and Ukraine.*

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

*I have been involved from the time the steering committee formed and helped the four men that had the original vision begin to flesh out the feasibility of the organization and the reality of practicing “mutual brotherhood” in the area of finance. One of the key areas of change was when AF recognized what really drove our growth and made the necessary structural changes on the board and put key accountability functions in place to support that. These kinds of changes will carry our organization for many years to come.*

**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?**

*One of the main reasons that I got involved in the beginning was because of educational possibilities. I believe the business community could be much more effective if more of us saw our business as part of the ministry that God has laid out for us, and structured our business plan and visions to reflect that. Helping to convey such ideas to our brothers and sisters in business is part of our responsibility to our constituents, and generates rewards beyond just monetary as we learn to use our profits and equity to fulfill our calling. Ω*

## Tutoring Your Successor

### Successor Tutoring Methods

**J**unior already knows how I run the business, and I plan for him to take over when I retire. He doesn't need special training! Oh? Then why do about 70% of all businesses crash within a few years after a child takes over management from the parent?

Maybe you have no children interested in getting into the harness. Why bother tutoring an employee if you expect to sell your business to an outside person? A new owner will operate the business in the way he wants to run it, won't he? Teaching an employee the methods which have been successful for me may seem like a counterproductive waste of time. However, several factors argue for training an employee who can successfully operate your business, if necessary.

Have you considered the fact that you may die prematurely? Also, most businesses without an adequately trained successor will be dead before a sale can occur. What about the indisputable fact that a business, without an employee who can run it successfully, is worth much less to most buyers? Convinced? Let's begin.

**Step 1.** Make a list of all the important things a manager should know in order to successfully manage your business. Here are a few most should teach: inventory purchasing and control; equipment

acquisition; employee hiring, disciplining, and nurturing; banking; product pricing; and marketing. Explain your management of Accounts Receivable and Accounts Payable. Explain how to prepare and use financial statements such as P&L's, Balance sheets, and cash flow projections. Prepare written contingency plans. For example, if your business uses a computer for order entry, detail what to do if it crashes or if critical data is lost.

**Step 2.** Set aside a specific time for training, and make such times virtually non-cancelable. To avoid interruptions a good time is often before or after normal business hours. Allow a minimum of one hour "class time" each occasion. Once each week is best, but it certainly shouldn't be less than once each month.

**Step 3.** Plan the items in a logical arrangement. Prepare for each "class." This shouldn't be a casual lesson. Teach basic principles and concepts, not merely answers. Learning that you use a markup of 36% is inadequate. Your student must know why you use this number, the circumstances which may cause it to change, and how to calculate a new percentage. Try to remember good teachers from your school days, and teach accordingly. Have a well organized plan. Require the student to take notes. Buttress

your teaching with charts, written instructions, and graphs. Explain decision making steps. Do you remember assembling a new bicycle or knocked-down furniture? You received an instruction sheet with orderly steps and illustrations. Provide one for the 'bicycle assembly' you are teaching.

**Step 4.** Give tests. Involve the student in real-life situations. Tell him to price the next shipment you receive. Check his prices for accuracy. Ask him which brand of truck he would purchase. Have him explain how he reached that decision, and then critique his thinking pattern. Remember math class in school? In addition to achieving the correct answer, your teacher wanted your test paper to show how you calculated the answer. You have a choice with most major equipment acquisitions: you may either pay with your cash, you may apply for a bank loan, or you may lease the equipment. Teach the thought process involved in deciding which of the three is best. Remember the 'best' will vary depending on circumstances. He needs to know what will trigger different decisions. He should know the way to recognize and why to choose each one.

**Step 5.** Allow him to make mistakes. If your boyhood was lived on a farm, were you able to plant

*Continued on page 8 »*

continued qualification.

Money is a resource, and we believe stewardship includes deciding where your funds are put to work. Whenever possible, you should place your resources among those who share your beliefs and values. The rate of return you receive for your investment is an element of stewardship, but should be considered

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alongside the place of investment. When I speak to a prospective investor on the phone, I am always glad to answer his questions about where his investment monies will be used—an investor should always know how his invested funds will be used. Funds placed at Anabaptist Financial are reinvested only within conservative Anabaptist circles in the form of loans to individuals, families, businesses, and nonprofit organizations. No funds are reinvested in secular circles, such as bonds, mutual funds, or the stock market.

Of course, a primary consideration in stewardship is the safety of your invested funds—actual return of funds is always more important than the rate of return on funds. While no investment can ever be perfectly secure in this world, we believe that a loans program within our own brotherhoods backed by real estate

and real property is a safe investment. Our people, due to general backgrounds in agriculture and construction trades, have traditionally understood how to create and maintain value in real estate and real property. Our loans program includes a thorough application process, review by a loans committee, filing of mortgages and liens, and a provision for brotherhood accountability. Borrowers must complete a detailed application, submit adequate financial records, and provide a church reference. A standing Loan Review Committee must review and approve each application individually before it can be accepted. A loan will supply no greater than 85% of an appraisal or purchase price, whichever is lower.

We maintain a cash reserve of \$3-5 million to cover withdrawals. Along with monthly loan payments, the program has experienced a steady growth rate of about \$2.2 million per month. Anabaptist Financial is also building a Loan Loss Reserve from our operating profit to help absorb any loss that could occur from a loan default. As of June 30, 2011, we have \$486,000 set aside for this purpose.

An integral part of investor security is our organizational structure. Anabaptist Financial and its programs are not privately controlled operations. No single person or small group has control or oversight of operations. This aspect of accountability includes the following features:

- Four paid officers work in day-to-day operations.
- A ten-member Board of Directors from a variety of church

groups exercise oversight and are actively involved.

- An Advisory Group of 45 men selected from a broad range of business and church experience review our operations, give recommendations, and elect board members.
- An independent Certified Public Accountant audits our finances each year.
- We are pursuing membership in the Evangelical Council for Financial Accountability (ECFA).

Additionally, Anabaptist Financial is legally registered and files applicable returns, including an annual Form 990 with the Internal Revenue Service which details all of our activities.

Anabaptist Financial operates to serve the conservative church brotherhood. We are not perfect, and if there is something we can do to improve the financial services we provide, we welcome your ideas and

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brotherhood."**

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suggestions. We conduct periodic surveys, and appreciate the responses our participants give; though we are unable to implement all ideas, we evaluate all responses and do strive to make suggested improvements. Within the bounds of preserving confidentiality for investors and borrowers, we want to be open and transparent in operating our investment and loans program. Ω

Indiana Seminar ----- September 13, 2011

Shipshewana Town Center ----- 8:30 AM—5:00 PM

**Program:**

The Greatest Commission in the Business World .....	Norman Yoder
Effectively Selling Wholesale and Retail .....	Dwayne Borkholder & Perry J. Miller
Marketing Aesthetics and Message .....	Howard Horst
Be a Lead Horse in Your Industry .....	Steve Jones
Boost Productivity – An Overview of Lean Production .....	Ray Randolph
Effective Management from the Profit & Loss Statement.....	LaMar Hochstetler
Debt and Finances .....	LaMar Hochstetler
Implementing Lean in Real Life Production .....	Ray Randolph
Maximizing Internet Presence .....	Leon Yoder
Tracking Numbers to Increase Your Profit .....	Richard Shank
Roundtable #1: Compensation .....	Everett Hochstetler
Roundtable #2: Marketing.....	Howard Horst & Leon Yoder
Roundtable #3: Lean Application .....	Ray Randolph

Pennsylvania Seminar----- September 27, 2011

Shady Maple Banquet Facility----- 8:30 AM—5:00 PM

**Program:**

Leading with Excellence.....	Bill Mullet
Loving God in Business .....	Steve Byler
Coping with the Pressures of Responsibility.....	Bill Mullet
Effective Salespeople.....	Rodney Martin
Debt and Finances .....	Mark Martin
Arranging Our Stores to Maximize Sales .....	Dale Witmer
Learning the Ropes of Land Development and Permitting.....	Ezra Martin
Strategic Planning.....	Leland Ulrich
Tracking Numbers to Increase Your Profit.....	Richard Shank
Leading Crucial Conversations.....	Tony Hollinger
Design and Estimating for Building Contractors .....	Jay Horst
Effective Sales .....	Rodney Martin & Jay Laughman

**For a detailed program or to register, please contact Anabaptist Financial at  
(800) 653-9817, ext. 0 or by email: [info@afweb.org](mailto:info@afweb.org).**

corn in perfectly straight rows the first time your father permitted you to try? He knew you wouldn't be able to do it as well as he the first few times. Worse yet, the passersby on the road next to the field would see your blundering efforts, and they may have blamed your father for becoming senile. But the wise father gave you instructions, allowed you to test your abilities, and if the results were poor, he explained what you did wrong, and you discussed ways you could do better the next time.

Is that all? No, but it's enough for you to start tutoring in your business this week. Ω

*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

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