



Stewardship
Resources

Lewisburg, Pennsylvania

Financial Statements and Independent Auditor's Report

For the Year Ended June 30, 2023

Table of Contents

	<u>Page</u>
Financial Statements:	
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10



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
Stewardship Resources
Lewisburg, Pennsylvania

Opinion

We have audited the financial statements of Stewardship Resources, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Stewardship Resources as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Stewardship Resources and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Stewardship Resources' ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Stewardship Resources' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stewardship Resources' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA
Seneca, South Carolina
September 12, 2023

Financial Statements

Stewardship Resources

Statement of Financial Position

June 30, 2023

Assets:

Cash and cash equivalents	\$	475,651
Accounts receivable		108,772
Inventory		<u>21,010</u>
Total assets	\$	<u><u>605,433</u></u>

Liabilities:

Accounts payable	\$	83,656
Accrued liabilities		50,684
Deferred revenue		<u>10,795</u>
Total liabilities		<u>145,135</u>

Net assets:

Without donor restrictions		460,298
With donor restrictions		<u>-</u>
Total net assets		<u>460,298</u>
Total liabilities and net assets	\$	<u><u>605,433</u></u>

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

Stewardship Resources

Statement of Activities

For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions of cash	\$ 375,401	\$ 11,994	\$ 387,395
Contributions of nonfinancial assets	228,437	-	228,437
Business advising fees	628,396	-	628,396
Seminar and workshop registration fees	565,766	-	565,766
Stewardship educational resources income	120,521	-	120,521
Business advising application fees	21,646	-	21,646
Miscellaneous	2,510	-	2,510
	<u>1,942,677</u>	<u>11,994</u>	<u>1,954,671</u>
Total revenue and support			
	1,942,677	11,994	1,954,671
Reclassifications:			
Satisfaction of program restrictions	<u>11,994</u>	<u>(11,994)</u>	<u>-</u>
Program Expenses:			
Business advising	614,242	-	614,242
Business seminars	332,708	-	332,708
Stewardship educational resources	145,935	-	145,935
Family finance seminars	213,554	-	213,554
Business workshops	284,311	-	284,311
	<u>1,590,750</u>	<u>-</u>	<u>1,590,750</u>
Total program expenses			
	1,590,750	-	1,590,750
Supporting activities:			
Administrative	296,971	-	296,971
Fundraising	1,677	-	1,677
	<u>298,648</u>	<u>-</u>	<u>298,648</u>
Total supporting activities			
	298,648	-	298,648
Total expenses	<u>1,889,398</u>	<u>-</u>	<u>1,889,398</u>
Change in net assets	65,273	-	65,273
Net assets, beginning of year	<u>395,025</u>	<u>-</u>	<u>395,025</u>
Net assets, end of year	<u>\$ 460,298</u>	<u>\$ -</u>	<u>\$ 460,298</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, 2023

	Program Expenses					Administrative	Fundraising	Total
	Business Advising	Business Seminars	Stewardship Educational Resources	Family Finance Seminars	Business Workshops			
Payroll and contract services	\$ 506,337	\$ 144,178	\$ 85,046	\$ 128,877	\$ 179,217	\$ 26,276	\$ 1,534	\$ 1,071,465
Payroll taxes	3,460	5,528	6,146	7,393	3,747	1,534	110	27,918
Contributed services	2,284	2,284	2,284	2,284	2,284	217,015	-	228,435
Employee benefits	440	954	738	2,057	788	467	33	5,477
Occupancy	-	-	-	600	-	1,123	-	1,723
Travel	90,634	18,323	-	12,015	567	10,794	-	132,333
Supplies	-	-	31,353	-	-	-	-	31,353
Office expense	2,065	15,671	16,558	3,940	24,518	21,171	-	83,923
Conferences and meetings	5,665	104,927	-	20,797	37,600	-	-	168,989
Training and development	569	-	400	1,140	5,631	3,977	-	11,717
Professional fees	281	-	480	-	-	13,205	-	13,966
Advertising and promotions	1,729	35,772	-	33,638	25,237	1,235	-	97,611
Royalties and other fees	778	5,071	2,930	813	4,722	174	-	14,488
Total expenses	\$ 614,242	\$ 332,708	\$ 145,935	\$ 213,554	\$ 284,311	\$ 296,971	\$ 1,677	\$ 1,889,398

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

Stewardship Resources

Statement of Cash Flows

For the Year Ended June 30, 2023

Cash flows from operating activities

Change in net assets	\$ 65,273
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
(Increase)/decrease in accounts receivable	15,295
(Increase)/decrease in inventory	(9,387)
Increase/(decrease) in accounts payable	13,522
Increase/(decrease) in accrued liabilities	43,041
Increase/(decrease) in deferred revenue	<u>(7,385)</u>
Net cash provided (used) by operating activities	<u>120,359</u>
Net change in cash and cash equivalents	120,359
Cash and cash equivalents, beginning of year	<u>355,292</u>
Cash and cash equivalents, end of year	<u><u>\$ 475,651</u></u>

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

Notes to Financial Statements

Stewardship Resources

Notes to Financial Statements

For the Year Ended June 30, 2023

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

For the Year Ended June 30, 2023

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.

Advertising and Promotion Costs

Advertising and promotional costs are expensed as incurred and amounted to \$99,145 for the reporting period.

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 for the current or prior years, and accordingly, no liability has been accrued.

Stewardship Resources

Notes to Financial Statements

For the Year Ended June 30, 2023

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

Subsequent Events Evaluation

Management has evaluated subsequent events through September 12, 2023, 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, 2023, 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	\$ 475,651
Accounts receivable	<u>108,772</u>
Total financial assets	584,423
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>\$ 584,423</u>

Note 3 – Cash Deposits:

SR had deposits in a financial institution totaling \$260,282 that were not covered by depository insurance.

Stewardship Resources

Notes to Financial Statements

For the Year Ended June 30, 2023

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 \$102,084 and \$110,899 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. Accounts receivable totaled \$4,058 and \$11,973 as of the current and prior year-ends, respectively. Deferred revenue totaled \$10,795 and \$18,180 as of the current and prior year-ends, respectively.

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 \$2,630 and \$1,195 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 – Contributed Nonfinancial Assets:

For the year ended June 30, 2023, contributed nonfinancial assets recognized within the statement of activities included the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Contributed services	<u>\$ 228,437</u>	<u>\$ -</u>

SR recognized contributed nonfinancial assets within revenue consisting of contributed services. There were no donor-imposed restrictions related to this contribution source.

Contributed services are provided by the employees of an affiliated organization and these services benefit SR’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 SR.

Note 6 – 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 \$275,000 from Anabaptist Financial and \$90,000 from Anabaptist Foundation for operational purposes in the current year. These donations amounted to 94.22% of total contributions of cash for the year.

Note 7- Subsequent Event:

The governing board has decided to move the operation of the program activities of SR to Anabaptist Financial, a related organization. This transition will be completed by the end of June 2024. Afterwards, SR will cease all operations.