

Minutes

of the

One-Hundredth Annual Session

of the

Arkansas State Association

of

Free Will Baptist

Held at the

Camp Beaverfork & Conway High School Auditorium

Conway, Arkansas

August 6-7, 1997

Moderator Of The 101th Session

James Forlines

40 Barrett Lane

Batesville, Arkansas 72501

Clerk for the 101th Session

David Winfrey

P.O. Box 418

Tuckerman, Arkansas 72473

OFFICERS AND STANDING BOARDS

1995-96

EXECUTIVE BOARD

Larry Doggett.....	2000
Randell Williams.....	2000
Doug Little.....	1999
Andy Percy.....	1999
Hoover Lewis.....	1998
Raymond Chronister	1998

MISSIONS BOARD

Bobby Shepherd.....	2000
Johnny Fowlkes.....	2000
Kerry Gandy.....	1999
Norman McFall	1999
David Copeland	1998
Paul Payne.....	1998

YOUTH BOARD

Randall Ray.....	2000
Patrick Baze	2000
Don Guthrie	1999
Scott Real.....	1999
Leo Martin	1998
David Watson.....	1998

CHRISTIAN EDUCATION BOARD

Doug Harris.....	2000
Jackie Brown.....	2000
Joe Kircher.....	1999
Nelson Henderson	1999
Mike Hutsell.....	1998
Harvey Butler.....	1998

MODERATOR	James Forlines
ASSISTANT MODERATOR	David Bishop
CLERK	David Winfrey
ASSISTANT CLERK	Randy Ledbetter
STATISTICIAN	Frank Matchett

OFFICERS OF DISTRICT ASSOCIATIONS

ANTIOCH

Moderator--Fred Goates
304 E. Holly
Russellville, AR 72801

Clerk--Robert Williams
3894 Hwy. 9
Springfield, AR 72157

ARKANSAS

Moderator--J.L. Bonds
Rt. 1, Box 231
Booneville, AR 72926

Clerk--Nancy Moore
P.O. Box 641
Charleston, AR 72933

CENTRAL

Moderator--Wendell Leckbee
#1 Amber Lane
North Little Rock, AR 72118

Clerk--Melba Brown
13801 Ox Bow Trail
Little Rock, AR 72206

FELLOWSHIP

Moderator--Frank Matchett
1000 South Larado
Russellville, AR 72801

Clerk--Dalton Johnson
825 Parker Road
Russellville, AR 72801

HARMONY

Moderator--Troy Dobbs
P.O. Box 96
Plainview, AR 72857

Clerk--Rhonda Mitchell
P.O. Box 233
Belleville, AR 72824

LITTLE MISSOURI RIVER

Moderator--Joe Ray Short
Box 1586
Glenwood, AR 71943

Clerk--Eddie Ary
45 Central Road
Arkadelphia, AR 71923

NEW HOPE

Moderator--Ronnie Whitten
9 Whitten Lane
Vilonia, AR 72173

Clerk--Linda Whitten
9 Whitten Lane
Vilonia, AR 72173

NORTHWEST

Moderator--Doug Harris
460 CR 430
Berryville, AR 72616

Clerk--Kenneth L. Booth
P.O. Box 116
Alpena, AR 72611

OLD MOUNT ZION

Moderator--Eldon Bagwell
23502 Trails End
Hindsville, AR 72738

Clerk--Gayla Haywood
Rt. #2, Box 197
Hindsville, AR 72738

POLK BAYOU

Moderator--David Winfrey
P.O. Box 418
Tuckerman, AR 72473

Clerk--Carolyn Winfrey
P.O. Box 418
Tuckerman, AR 72473

SALINE

Moderator--Billy Wilson
915 Woodlawn
Warren, AR 71671

Clerk--Linda Stevens
2178 Hwy 425 North
Monticello, AR 71655

SOCIAL BAND

Moderator--Dale Blackwell
5805 South Wick
Jonesboro, AR 72404

Clerk--Janet Gandy
5489 Hwy. 62 West
Pocahontas, AR 72455

SOUTHEAST ARKANSAS

Moderator--Ronnie Garrett
259 Bill Young Rd.
Lake Village, AR 71653

Clerk--Ann Garrett
259 Bill Young Rd.
Lake Village, AR 71653

UNITY

Moderator--Joel Kircher
4017 Armour Ave.
Fort Smith, AR 72904

Clerk--John R. Hays
1103 N. 28th Place
Van Buren, AR 72956

ZION HOPE #2

Moderator--Loyd Shores
3517 N. Mt. Grove Road
Alma, AR 72921

Clerk--Gary O'Kelley
P.O. Box 1424
Van Buren, AR 72956

PROCEEDINGS

Wednesday Evening, August 6, 1997

The 100th annual session of the Arkansas State Association of Free Will Baptists met at the Conway High School Auditorium and Camp Beaverfork in Conway, Arkansas on August 6-7, 1997. The convention theme was "Holiness" taken from Romans 6:19b. Sidney Sawrie served as song director and Sue Patton was the pianist.

The Wednesday evening service, held at the Conway High School Auditorium, opened with the congregation singing "Revive Us Again." Prayer by Jerry Brumley. The congregation sang "To God Be The Glory."

The offertory prayer was led by Nelson Henderson. The offering is to be divided 1/3 to National Home Missionaries present (Ron Parker, George Harvey, Tommy Jones, and Norman Richards), 1/3 to Foreign Missionaries present (David Aycock, Anthony Edgmon, and Jaimie Lancaster), and 1/3 to State Missionaries present (Levan Hubbard and Don Guthrie).

David Winfrey, clerk, called the meeting to order and introduced the moderator, James Forlines.

The Committee on Committees were elected who were as follows: Lowell Graham-chairman, Harvey Butler, Earl Stapleton, Scott Real, and Raymond Chronister.

A proposed constitutional change (listed in the Executive Committee Report) affecting Article III, Section 5 was presented. Motion passed to place this on the table.

The congregation sang "He Keeps Me Singing."

The Polk Bayou Association Choir sang "His Majesty, The King," "Lord, Most Holy," and "Satisfied" directed by Doug Little.

The congregation sang "Blessed Assurance."

The moderator introduced the evening speaker, Dr. Robert Picirilli, who spoke on the subject "The Foundation Of Holiness" from Romans 6:1-10.

The congregation sang "Breathe On Me."

Announcements were made by the moderator.

Report # 1 (see page 9). Report of the Committee on Committees was given and accepted.

The service was dismissed in prayer by Kerry Phillips.

Thursday Morning, August 7, 1997

The service opened at Camp Beaverfork with the congregation singing "Stand Up For Jesus." Prayer was led by Dale Blackwell.

Special music was by Cassy Hewett from Dardanelle, who played the flute.

Ken Winningham was introduced to bring the devotion. He read from Hebrews 12:14 and I Peter 1:13-16 and spoke on the subject of "No Holiness, No Heaven."

Report # 2 (see page 9). The Credential Committee Report was given. Motion passed to receive the report.

The moderator read from Article III, Section I of the Constitution and recognized these delegates. Section 2 was read and these delegates were recognized. Visitors were introduced and welcomed to this meeting.

Report # 3 (see pages 10-11). Report of the Executive Board was given by Hoover Lewis. Motion passed that this report be received.

Report # 4 (see pages 12-38). Report of the Promotional Director was given by David Joslin. Motion passed to receive this report and adopt the budgets.

Report # 5 (see pages 39-46). Report of the Christian Supply Store was given by Keith Johnson. Motion passed to receive this report and adopt the budget.

Report # 6 (see page 47). Report of the Book Store Committee was given by Keith Johnson. Motion passed to receive this report as information.

Report # 7 (see page 48). The Hospitalization Insurance Committee Report was given by David Bishop. Motion passed to receive this report.

Attention was called to the constitutional change given in the Executive Committee Report (see page 48). Motion passed to take the proposed constitutional change from the table. Motion passed to make this change in the constitution.

Report # 8 (see page 49). Report of the Nominating Committee was given by Dwayne Roper. Motion passed to receive this report, act on each separately, and elect the board members following each board's report.

Larry Doggett and Randell Williams were elected to the Executive Board.

Kevin Trimble brought a report from the Free Will Baptist Family Ministries. He shared that Roger Hood had resigned as director. Kevin is the acting Executive Director at the present. Motion passed to receive his report as information. Motion passed to elect Jim Walker as representative to the Free Will Baptist Family Ministeries.

Frank Guinta, field representative of the Free Will Baptist Foundation, shared about the work of the Foundation.

The meeting was recessed for a few minutes.

Thursday Morning Worship Service

The service opened with the congregation singing "The Banner Of The Cross" and "At The Cross."

David Outlaw was introduced as the morning speaker, who brought a message on the subject "The Fruit Of Holiness" reading from Col. 3:1-17.

The Sutton Ensemble sang "Thy Word."

Jim Chronister led the dismissal prayer and also asked the blessing on the noon meal.

Thursday Afternoon Business Session

The session opened with the congregation singing "Tis So Sweet To Trust In Jesus." Jim Walker led in prayer.

Special music was presented by the Phillip's Chapel Duet, who sang "Heaven's Child."

Kevin Jewell was introduced for the devotion. He spoke about "The Amazing Grace Of God."

Report # 9 (see pages 50-51). Report of the A.C.T.S. 1:8 Task Force was given by Doug Little. We have much to rejoice over. Three new missionary families (Jaimie & Tammy Lancaster, David & Annette Aycock, and Anthony & Lea Edgmon) were introduced and were recommended to adopt them as part of the A.C.T.S. 1:8 Plan. Motion passed to receive this report, to accept the revised recommended allotments for 1997, to adopt the three new missionaries for the 1998 budget, and to accept the recommended allotments for 1998 (see A.C.T.S. 1:8 Task Force Report under June 26, 1997 on page).

Carl Cheshier, the new president of Hillsdale F.W.B. Bible College, was introduced and he shared some of his goals for Hillsdale.

Will Harmon was elected to the Hillsdale Board of Trustees, with the contingency that his credentials are received into the Unity Association.

Report # 10 (see pages 52-53). Report of the Christian Education Board was given by Nelson Henderson. Motion passed to receive this report and adopt the budget. Plaques were presented to Wayne Writer and Bill Johnson for their years of service. Doug Harris and Jackie Brown were elected to the Christian Education Board.

Tim Campbell, director of Alumni Affairs, brought greetings from Free Will Baptist Bible College. He expressed his thanks to the State Of Arkansas.

Alton Loveless, Director of Randall House Publications gave a report from Randall House and their work.

Report # 11 (see page 54). Report of the State Youth Board was given by Don Guthrie. Motion passed to receive this report and adopt the budget. Leo Martin was elected to finish Toby Youngblood's one year term. Randall Ray and Patrick Baze were elected to the State Youth Board.

Report # 12 (see pages 55-62). Report of the State Youth Board Director was presented by Bob Thompson. He expressed his appreciation for those who won in the Competition, especially the Bible categories.

Melvin Worthington, Executive Secretary of the National Association of Free Will Baptists, brought greetings from the Executive office and expressed his thanks for the work of Free Will Baptists and for the National Association of Free Will Baptist.

Report # 13 (see pages 63-79). Report of the State Home Mission Board was given by David Copeland. Motion passed to accept the report and to adopt the budget. Don Guthrie brought a report from the Lake Hills Church in Hot Springs. Plaques were presented to Carl Cheshier and Hursel Parker for years of service on the State Home Mission Board. Bobby Shepherd and Johnny Fowlkes were elected to the State Home Mission Board.

Trymon Messer, National Home Mission Director, gave a report on the National Home Mission's work.

Eddie Payne gave a report from the National Foreign Missions Department.

Report # 14 (see page 81). Mary Ann Chronister gave a report from the Arkansas Women Active For Christ. Motion passed to receive this report.

Johnny Fowlkes gave a report from the State Master's Men and the National Master's men. It was received as information. (See page 80).

Report # 15 (see pages 81-82). Report of the Resolution Committee was given. Motion passed to accept the report and adopt the resolution. The total offering for Bro. Mark Elliot was \$712.39.

Delegates elected to the National Association in Tulsa, OK were as follows: Dick Martin, Willia Jean Lewis, Judy Payne, Steve Downum, and Shirley Smith.

Report # 16 (see page 83). Report of the Statistician was given by Bob Isbell. Motion passed to receive this report and to commend Bob Isbell for his many years of services as Statistician.

Report # 17 (see page 83). Report of the Registration Committee was given as information.

Officers elected for the next year were as follows: James Forlines—moderator, David Bishop—assistant moderator, David Winfrey—clerk, Randy Ledbetter—assistant clerk, and Frank Matchett—statistician.

Report # 18 (see page 84-85). Report of the Obituary Committee was given by Randy Ledbetter. The congregation stood in honor of their memories and thankfulness of their lives. After a moment of silence, Paul Payne led in prayer.

Motion passed to adjourn this business session.

Thursday Evening Worship Service

The service opened with the congregation singing "Victory In Jesus."

Prayer was led by Andy Percy.

The congregation sang "He Lives."

Orville Berg led the offertory prayer. The total received in Wednesday and Thursday night offerings was \$1,175.79. Melissa Haralson played "Holy, Holy, Holy" on the clarinet during the offering.

The congregation sang "Nothing But The Blood."

The Fellowship Association Choir sang "Heaven Came Down," "Wonderful Grace Of Jesus," and "I've Got That Old Time Religion In My Heart," directed by Darwin Kelton and accompanied by the Oak Grove Band.

David Winfrey was introduced as the evening speaker, who read from Romans 6:19-23 and spoke on the subject "Fulfillment of Holiness."

The congregation sang "Just As I Am" as a hymn of invitation.

The 100th session of the Arkansas State Association was dismissed with prayer led by David Bishop.

REPORTS

REPORT # 1: COMMITTEE ON COMMITTEES

Credentials: Ben Scott, J.W. Blanks, Frank Cope, Frank Matchett, Dwayne Goforth.

Resolutions: Lawnie Coffman, Doug Harris, Carmen Rushing, Doug Little, Bobby Shepherd.

Nominating: Tim Morgan, Patrick Baze, David Outlaw, Berton Perry, and Sidney Sawrie.

Obituary: Bob Isbell, Kevin Jewell, Robert Williams, Darwin Kelton, R.H. McCuin.

Registration: Orville Berg, Brooks Crossno, Andy Percy, David Copeland, Gene Cullum.

Committee:
Lowell Graham
Scott Real
Raymond Chronister
Earl Stapleton
Harvey Butler

REPORT # 2: CREDENTIALS COMMITTEE

We, the Credentials Committee find that the following Associations have fully represented by letter, delegates, and fees: Antioch, Arkansas District, Central, Fellowship, Harmony, Little Missouri River, New Hope, Northwest, Old Mt. Zion, Polk Bayou, Saline, Social Band, Southeast Arkansas and Unity.

One association, Zion Hope #2 represented by letter, delegates, and partial fees. The following churches from Zion Hope #2 did not pay: Centerpoint, Chester, and Van Buren.

Committee:
Ben Scott
J.W. Blanks
Frank Cope
Frank Matchett
Dwayne Goforth

REPORT # 3

STATE EXECUTIVE BOARD REPORT

The Arkansas State Executive Board met five times during the year and conducted two conference calls.

October 15, 1996

The Executive Board met at the state office in Conway, Arkansas, with all members present as well as Moderator James Forlines, Keith Johnson, and David Joslin and conducted business as follows:

(1) Motion passed to elect Hoover Lewis, Chairman; Raymond Chronister, Vice-Chairman; and Dwayne Roper, as Secretary for the coming year.

(2) Motion passed to accept the report of the Christian Supply Store.

(3) Motion passed to pay the premium increase for health insurance for bookstore manager Keith Johnson.

(4) Motion passed to authorize the bookstore manager to explore the purchase of new fixtures for the bookstore.

(5) Motion passed to accept the report of the Promotional Director.

(6) Motion passed to allow David Joslin and Keith Johnson to change banks for Arkansas Free Will Baptists and Christian Supply Store to First Financial Bank, Conway, Arkansas.

(7) Motion passed to transfer \$4,300.00 from the Contingency Fund to the General Fund upon the recommendation of the Promotional Director. *(The \$4,300.00 was paid back to the Contingency Fund in November 1996.)*

(8) Motion passed to increase the yearly subscription for *THE VISION* from \$2.50 to \$3.00 following the recommendation of the Promotional Director.

(9) Motion passed to revise the Operational Fund receipts as follows:

Sunday School Literature.....from \$1,000.00 to \$900.00

Christian Supply Store.....from \$1,000.00 to \$900.00

Christian Supply Store extra loan principal payment from \$200.00 to \$300.00

(8) Motion passed that no payment be made to the Computer Fund for the next six months.

(9) The Promotional Director gave an update on Hillsdale College.

(10) Motion passed to sponsor a fund raising for additional funds needed to finish the facilities at the church in Agnibilekro, Cote d'Ivoire (the Norman Invasion Project).

January 6, 1997

A conference call was made to reschedule the January 6, 1997, board meeting to January 14, 1997, due to extenuating circumstances.

January 14, 1997

The Executive Board met at the state office in Conway, Arkansas, with all members present as well as Moderator James Forlines, Keith Johnson and David Joslin, and the following business was conducted:

(1) Bookstore Manager Keith Johnson gave a report regarding the Christian Supply Store Committee's recommendation of increasing the amount of money being placed in the Contingency Fund from \$400 to \$1,000. Motion passed to approve the recommendation.

(2) Motion passed to approve the report of the Christian Supply Store given by Manager Keith Johnson.

(3) Motion passed to accept the reports given by Promotional Director David Joslin.

(4) Motion passed to renew the Contractual Agreement between Christian Supply Store Manager Keith Johnson and the State Executive Board of Arkansas Free Will Baptists.

(5) The Promotional Director reported on (1) A.C.T.S. 1:8, (2) Arkansas' giving to Hillsdale from 1990-1996 and giving to Free Will Baptist Bible College for 1996, and (3) his trip to Africa.

(6) Motion passed to decrease the Promotional Director's housing allowance by \$65 and increase his retirement by the same amount.

(7) Motion passed to renew the Contractual Agreement between the Promotional Director and the State Executive Board of Arkansas Free Will Baptists.

(8) Motion passed that the Promotional Director, State Moderator, and two members at large, Andy Percy and David Bishop, serve as members for the Hillsdale Task Force Committee. This committee will report to the state association in August with information regarding regional ownership of Hillsdale.

STATE EXECUTIVE BOARD, Continued

January 27, 1997

The Executive Board met at the All Board's meeting at the First Free Will Baptist Church in Conway, with all members present as well as Moderator James Forlines, Keith Johnson, David Joslin, and three visitors: Jackie Brown, Eddie Payne, and Doug Harris.

- (1) Motion passed to receive the quarterly report of the Christian Supply Store.
- (2) Motion passed to approve the quarterly reports as presented by the Promotional Director.

April 14, 1997

The Executive Board met at the state office in Conway, Arkansas, for its regular quarterly meeting with Moderator James Forlines, Keith Johnson, David Joslin and all board members except Doug Little. The following business was conducted:

- (1) Motion passed to accept the report of the Christian Supply Store.
- (2) Motion passed to accept the reports given by Promotional Director David Joslin.
- (3) Promotional Director David Joslin presented the program for the state meeting as planned by the Executive Committee.

The next meeting was set for July 14, 1997.

June 8, 1997

A conference call was conducted to transact the following business:

- (1) Motion passed to authorize David Joslin and Don Guthrie to act as agents for the Executive Board to sign a release deed on the first property that was purchased for the State Missions Board in Hot Springs
- (2) Motion passed to install a new roof on the state office building for \$11,735 by Covington Roofing of Conway, to be paid as follows: \$3,000 from Operational Fund; \$2,000 from Christian Supply Store general operational fund; and borrow the remaining balance of \$6,735 from the Contingency Fund of Arkansas Free Will Baptists to be repaid at the rate of \$217 per month at 7% interest for 36 months.

July 7, 1997

The Executive Board met at the state office in Conway, Arkansas, with all members present with Moderator James Forlines, Keith Johnson, and David Joslin.

- (1) Ricky Taylor, CPA, presented the 1996 audit report for Christian Supply Store and Arkansas State Association of Free Will Baptists. Motions passed to accept each audited report.
- (2) Motion passed to receive the quarterly report of Christian Supply Store given by Keith Johnson.
- (3) Motion passed to adopt the 1998 Proposed Budget for Christian Supply Store.
- (4) Motion passed to accept the quarterly reports given by Promotional Director David Joslin.
- (5) Motions passed to adopt the 1998 Proposed Budgets for Coop, General Fund, Operational Fund, Sunday School Literature, Contingency Fund, and THE VISION.
- (6) The nomination of a member to Free Will Baptist Family Ministries was referred to the Nominating Committee.
- (7) Motion passed to nominate David Joslin to the General Board of the National Association.
- (8) Motion passed to transfer \$75 from the General Fund to the National Association Fees to compensate for those churches who did not pay their fees (retroactive to December 31, 1996.)
- (9) Motion passed to invite the National Association to Arkansas in the year of 2007.
- (10) Motion passed to schedule the next meeting for October 14, 1997.

Hoover Lewis, Chairman
Raymond Chronister, Vice-Chairman
Dwayne Roper, Secretary

Lonny Burks
Doug Harris
Andy Percy

REPORT # 4

ARKANSAS FREE WILL BAPTISTS COMPARATIVE RECEIPTS January - December 1995 - 1996

STATE ASSOCIATION

	1996	1995	INCREASE/ DECREASE	%
Christian Supply Store	\$651,569.16	\$619,441.43	\$32,127.73	5.2%
Camp Beaverfork	176,649.75	178,879.73 ⁽¹⁾	(2,229.98)	(1.2)%
General Fund	74,515.70	69,724.26	4,791.44	6.9%
Operational Fund	30,300.00	26,800.00	3,500.00	13.1%
State Missions-Designated	169,107.29 ⁽²⁾	160,371.59 ⁽³⁾	8,735.70	5.4%
SM Property Notes	83,095.68 ⁽⁴⁾	39,363.83	43,731.85	111.1%
Sunday School Literature	233,066.19	227,919.13	5,147.06	2.3%
State Association Fees	5,625.00	5,575.00	50.00	1.0%
National Association Fees	5,375.00	5,760.00	(385.00)	(6.7)%
THE VISION	13,930.63	13,698.54	232.09	1.7%
Christian Education Board	17,612.38	11,753.76	5,858.62	50.0%
Sunday School Board	-0-	4,757.28	(4,757.28)	(100.0)%
Stewardship Campaign	75.00	1,850.00	(1,775.00)	(96.0)%
Mission Task Force-A.C.T.S. 1:8	3,465.84	-0-	3,465.84	100.0%
Miscellaneous Accounts	18,979.63	8,947.78	10,031.85	112.1%
TOTALS (5)	\$1,483,367.25	\$1,374,842.33	108,524.92	7.9%
A.C.T.S. 1:8 (6)	214,709.14	8,618.07	206,091.07	2391.1%
COOP (7)	\$369,950.96	\$338,397.16	\$31,203.80	9.2%
HILLSDALE	\$48,128.92	\$22,132.87	\$25,996.05	117.1%

NOTE 1: Total includes transfer of \$9,100.00 from Contingency Fund.

NOTE 2: Total includes \$1,500 from APPLE Savings and \$5,000 and \$22,907.50 from Hot Springs Land Sales.

NOTE 3: Total includes sale of \$15,979.78 for land in Hot Springs.

NOTE 4: Total includes sale of \$48,867.13 of Texarkana property.

NOTE 5: These totals represent monies receipted through the Arkansas agencies.

NOTE 6: The 1996 total for A.C.T.S. 1:8 is included in the Foreign Missions Total Listed Below. The 1995 total is not.

NOTE 7: Coop Plan receipts are included in other agencies that receive percentages of Coop.

NATIONAL ASSOCIATION

	1996	1995	INCREASE/ DECREASE	%
Executive Office	\$79,959.45	\$79,038.23	\$921.22	1.1%
Foreign Missions	341,337.19	176,539.08	164,798.11	93.3%
National Home Missions	198,384.75	201,404.66	(3,019.91)	(1.5)%
FWBBC	51,133.37	43,749.53	7,383.84	16.9%
Bd. of Retirement & Insurance	9,159.00	7,376.91	1,782.09	24.2%
Master's Men	10,734.00	31,643.91	(20,909.91)	(66.1)%
WNAC	20,917.64	4,293.32	16,624.32	387.2%
FWB Foundation	3,925.30	3,161.53	763.77	24.1%
Theological-Integrity Commission	327.54	263.46	64.08	24.3%
Radio & TV Commission	327.09	265.27	61.82	23.3%
Music Commission	327.09	263.46	63.63	24.2%
Historical Commission	327.09	265.74	61.35	23.1%
TOTALS	\$716,859.51	\$548,265.10	\$168,594.41	30.8%
GRAND TOTALS	\$2,248,355.68	\$1,953,858.37	\$294,497.31	15.1%
(STATE, NATIONAL & HILLSDALE)				

ARKANSAS FREE WILL BAPTISTS 1996 Associational Receipts

<u>ASSOC.</u>	<u>COOP</u>	<u>A.C.T.S. 1:8</u>	<u>S.M.</u>	<u>N.H.M.</u>	<u>F.M.</u>	<u>FWBBC</u>	<u>HILLS.</u>	<u>MISC.</u>	<u>TOTALS</u>
ANTIOCH	3,259.17	2,611.94	-0-	378.00	412.50	-0-	-0-	1,685.00	8,346.61
<i>Antioch Auxiliary</i>		768.00	2.00						770.00
ARKANSAS	-0-	510.00	1,373.09	600.00	-0-	-0-	-0-	800.00	3,283.09
CENTRAL	55,036.60	56,088.61	24,504.86	7,102.00	25,517.52	14,945.00	2,795.06	1,040.00	187,029.65
<i>Central Auxiliary</i>		1,061.35							1,061.35
FELLOWSHIP	19,560.54	9,928.00	6,834.00	3,617.00	399.00	-0-	612.00	3,493.26	44,443.80
<i>Fellowship Auxiliary</i>		1,599.56							1,599.56
HARMONY	3,582.85	6,081.26	1,849.00	120.00	1,600.00	-0-	624.00	350.00	14,207.11
<i>Harmony Auxiliary</i>		180.00							180.00
L MO RIVER	5,985.40	1,425.00	4,282.92	4,351.12	1,774.00	1,923.38	-0-	960.00	20,701.82
<i>L.MO River Auxiliary</i>		180.00							180.00
NEW HOPE	24,046.84	9,259.68	5,040.32	15,531.98	3,188.94	995.10	1,099.53	1,474.66	60,637.05
<i>New Hope Auxiliary</i>		357.39	280.76						638.15
NORTHWEST	5,267.28	3,953.00	-0-	5,309.10	1,270.07	-0-	70.00	450.00	16,319.45
<i>Northwest Auxiliary</i>					55.00				55.00
OLD MT. ZION	25,461.25	5,968.30	2,444.77	8,985.04	5,482.26	-0-	-0-	1,675.00	50,016.62
<i>Old Mt. Zion Auxiliary</i>		326.00							326.00
POLK BAYOU	46,128.37	23,945.98	6,477.25	9,185.90	3,431.07	2,004.71	158.00	1,512.00	92,843.28
<i>Polk Bayou Auxiliary</i>		5,218.70	537.20						5,755.90
SALINE	38,164.43	12,382.84	4,688.86	11,842.29	2,055.45	2,668.43	1,630.59	1,828.23	75,261.12
<i>Saline Auxiliary</i>		6,496.24							6,496.24
SOCIAL BAND	50,229.84	25,240.28	1,522.64	6,995.45	4,609.94	520.00	760.00	1,695.00	91,573.15
<i>Social Band Auxiliary</i>		1,253.46	150.00						1,403.46
SOUTHEAST	-0-	384.00	-0-	-0-	-0-	-0-	-0-	225.00	609.00
UNITY	82,398.55	31,484.55	8,281.57	23,879.61	17,111.13	1,699.00	6,716.00	8,265.28	179,835.69
<i>Unity Auxiliary</i>		840.00	70.00						910.00
ZION HOPE	4,560.79	2,230.00	150.00	332.00	2,040.05	-0-	-0-	1,935.00	11,247.84
<i>Zion Hope Auxiliary</i>		1,054.00			120.00				1,174.00
OTHER	6,269.05	3,881.00	31,907.48	2,506.95	1,460.10	350.00	120.00	416.63	46,911.21
<i>State WAC</i>			3,090.71					250.00	3,340.71
TOTALS	\$369,950.96	\$214,709.14	\$103,487.43	100,736.44	\$70,527.03	\$25,105.62	\$14,585.18	\$28,055.06	\$927,156.86

COOPERATIVE PLAN RECEIPTS - JANUARY-DECEMBER 1995-96

	1995	1996		1995	1996		1995	1996
Allen Chapel, Batesville	9,600.00	10,400.00	Gospel Lighthouse, MO	235.93	278.90	Poplar Valley, Bono	1,280.87	1,151.26
Arbor Grove, Hoxie	1,380.72	1,490.87	Greenwood, First	9,684.00	10,472.00	Ranger, Danville	497.56	590.51
Arkadelphia, First	572.80	722.00	Harmony, Rison	70.00	-0-	Rogers, First	350.00	-0-
Atkins, First	526.00	370.00	Harmony, Russellville	2,887.97	2,497.43	Rolling Oaks, Maumelle	3,552.52	2,650.00
Ballew's Chapel	4,250.00	5,121.00	Hatfield	631.81	824.51	Rose Hill, Monticello	4,683.93	3,219.36
Batesville, First	10,383.86	11,453.66	Hillview, Bastrop, LA	1,225.94	59.50	Russellville, First	32,613.00	35,649.60
Benton, First	567.00	-0-	Jacksonville, First	1,535.00	1,624.00	Sardis, Quitman	414.69	258.41
Berryville, First	75.74	7.00	Jonesboro, First	6,401.24	7,483.00	Shady Grove, Hackett	3,225.78	3,206.92
Bethel, Little Rock	559.00	1,386.00	Kenner Chapel, Rudy	382.74	430.24	Sharon, Vilonia	2,415.20	2,063.24
Blackland Chapel	2,627.00	3,687.00	Kibler, Van Buren	-0-	365.06	Sheridan, First	223.48	219.80
Calvary, Springdale	2,467.57	3,123.70	Lake Hills, Hot Springs	390.80	3,619.05	South Heights, Searcy	4,261.71	4,405.08
Capitol City, L. Rock	1,660.00	-0-	Locke, Mountainburg	426.00	462.00	Southside, Fort Smith	1,937.27	2,237.89
Catcher, Van Buren	665.29	570.08	Lodi, Glenwood	418.63	380.84	Spring Hill, Banks	42.00	49.00
Cavanaugh, Ft. Smith	31,470.40	32,767.20	Macedonia, N. Edinburg	315.49	334.38	Star City, First	5,693.66	6,360.89
Cave City, First	300.00	275.00	Malvern, First	1,331.00	1,118.00	Sutton, Pocahontas	6,627.92	8,788.83
Center Point, Vilonia	4,253.15	5,248.17	Monticello, First	2,017.89	1,994.40	Trinity, Green Forest	2,503.48	1,450.03
Central, Central City	2,121.22	2,280.63	Moore, Berryville	1,366.60	903.40	Trinity, Hamburg	2,027.10	10,771.16
Chapel Lane, Searcy	747.69	881.34	Mt. Bethel, Rose Bud	4,289.04	5,094.11	Tuckerman, First	2,273.00	6,921.50
Charleston, First	5,364.41	5,966.42	Mt. Calvary, Conway	3,074.20	3,103.80	Union Grove, Atkins	6,233.00	6,714.00
Clifty Chapel, Rogers	333.64	458.15	Mt. Harmony, Saffel	3,336.00	2,817.33	United, Walnut Ridge	6,527.24	7,012.38
Conway, First	2,074.00	1,634.00	Mt. Pleasant, Hamburg	59.50	56.00	Upper Spring Creek	1,632.21	1,719.34
Corbin Ferry, Louisiana	105.00	105.00	Mt. Vernon, Russellville	3,333.47	2,889.17	Victory, Springdale	1,145.24	2,662.04
Cottonwood, OK	471.32	452.78	Newport, First	3,693.28	4,536.57	Vista, Van Buren	4,676.00	5,350.01
Crossett, First	790.58	4,833.72	North Little Rock, First	8,176.00	8,561.00	Waldron, First	2,967.46	2,518.93
Daisy, Kirby	1,974.33	2,071.19	Oak Grove, Monticello	973.64	993.01	Walnut Ridge, First	9,153.29	9,086.86
Danville, First	200.00	275.00	Oak Grove, Oak Grove	1,756.06	1,111.58	Walnut Street	3,762.37	3,928.83
Dardanelle, First	1,289.00	1,264.00	Oak Grove, Russellville	2,673.80	2,337.51	Warren, First	4,789.12	5,047.28
Dover, First	1,106.00	457.60	Oak Lane, Harrison	2,108.81	1,211.15	Welcome Home, Hector	2,651.00	2,908.00
Eastgate, Siloam Sprgs	3,411.30	1,315.60	Oak Park, Pine Bluff	7,353.00	5,064.00	Wesley Chapel, Quitman	573.04	707.94
Eastvale, Blytheville	1,913.72	1,956.14	Old Reyno	3,597.71	3,247.21	West Ridge, Fayetteville	1,800.00	1,800.00
Eureka Springs	466.62	305.22	Oliver Springs, Rudy	2,289.25	2,088.59	Westside, Springdale	700.00	2,081.24
Faith, Jonesboro	3,600.00	3,600.00	Ozark	4,039.72	4,751.15	Willoughby, Warren	250.82	144.85
Faith, Warren	123.15	380.64	Phillip's Chapel, Springdale	12,159.28	14,020.52	Wilson, Belleville	350.00	350.00
Fayetteville, First	302.00	-0-	Pine Hill, Star City	786.34	734.30	Woodlawn, Russellville	3,179.00	3,382.00
First, Mulberry	901.72	-0-	Plainview, First	323.50	648.00	Wynne, First	1,031.24	916.31
First, Fort Smith	4,871.23	6,856.09	Pleasant Grove, Monticello	28.00	42.00	Yorktown	778.47	785.96
Free Hill, Rison	28.00	28.00	Pleasant Grove, New Hope	218.82	212.57			
Friendship, Rose Bud	2,480.80	2,284.75	Pleasant Hill, Hackett	2,075.21	2,254.52	TOTAL	\$338,397.16	\$369,950.96
Glenwood, First	986.73	1,774.29	Pleasant Valley, Warren	2,229.65	2,005.18			
			Pocahontas, First	6,658.18	6,413.29	GAIN OVER 1995	\$31,203.80	9.2%

RICKY J. TAYLOR, C.P.A., P.A.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Arkansas State Association of Free Will Baptists, Inc.

I have audited the accompanying statements of financial position of Arkansas State Association of Free Will Baptists, Inc. (a nonprofit Corporation) as of December 31, 1996 and 1995, and the related statements of activities, and cash flows for the years then ended. The financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

The Organization has elected to record the values of land and buildings, specifically the state offices at Conway, Arkansas, at the appraised values. Generally accepted accounting principles require that operational assets be valued at actual cost less appropriate adjustments for depreciation and substantial decreases for obsolescence. Due to limited records and the extensive use of donations relating to the establishment of the above mentioned property, it was not practical for me to extend my examination of such records beyond the amounts recorded.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the actual cash and donations records referred to in the preceding paragraph been susceptible to satisfactory audit tests, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Arkansas State Association of Free Will Baptists, Inc. as of December 31, 1996 and 1995 and its results of operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Ricky J Taylor C.P.A. P.A.

Russellville, Arkansas
June 23, 1997

Member of:
American Institute of Certified Public Accountants
Arkansas Society of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

ARKANSAS STATE ASSOCIATION OF
FREE WILL BAPTISTS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1996 AND 1995

ASSETS

ASSETS:	<u>1996</u>	<u>1995</u>
Cash	\$ 73,375	\$ 83,962
Accounts Receivable	771	2,340
Inventory	675	1,775
Property, Plant & Equipment		
Less Accumulated Depreciation	<u>422,278</u>	<u>425,862</u>
 Total Assets	 \$ <u>497,099</u>	 \$ <u>513,939</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts Payable	\$ 4,083	\$ 2,969
Designated Contributions Payable	36,503	52,168
Sales Tax Payable	35	26
Payroll Taxes Payable	828	898
Notes Payable	<u>22,827</u>	<u>39,386</u>
 Total Liabilities	 <u>64,276</u>	 <u>95,447</u>
 NET ASSETS:		
Unrestricted	431,598	417,542
Permanently Restricted	<u>1,225</u>	<u>950</u>
 Total Net Assets	 <u>432,823</u>	 <u>418,492</u>
 Total Liabilities and Net Assets	 \$ <u>497,099</u>	 \$ <u>513,939</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

ARKANSAS STATE ASSOCIATION OF
FREE WILL BAPTISTS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	1996			1995
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE:				
Designated contributions	\$	\$	\$ 461,658	\$ 461,658
Cooperative contributions	369,951			369,951
Sunday School literature sales	228,958			228,958
Vision sales & advertising	7,138			7,138
National convention fees	5,450			5,450
State convention fees	5,663			5,663
Rent income	23,400			23,400
Debt retirement income	2,700			2,700
Interest income	1,739			1,739
State Cooperative income			102,977	102,977
Other income	7,859		1,330	9,189
Net assets released from restrictions:				
Restrictions satisfied by payments	565,690		<565,690>	
Total Revenue	1,218,548		275	1,218,823
EXPENSES:				
Designated contributions	461,658			461,658
Cooperative contributions	369,951			369,951
Cost of sales - S.S. literature	156,468			156,468
National & State convention	12,384			12,384
Interest expense	2,672			2,672
Sales tax	12,692			12,692
Property taxes	910			910
Payroll taxes	1,909			1,909
Health insurance	5,253			5,253
Property insurance	2,413			2,413
Workmen's comp insurance	161			161
Utilities	6,134			6,134
Janitor	820			820
Supplies	1,597			1,597
Miscellaneous	9,415			9,415
Salary, housing, retirement, insurance & social security	58,380			58,380
Board mileage & meals	3,310			3,310
Auto & travel expense	4,038			4,038
Repairs & maintenance	4,253			4,253
Telephone	3,124			3,124
Postage & printing	14,781			14,781

The Accompanying Notes Are an Integral Part of These Financial Statements.

ARKANSAS STATE ASSOCIATION OF
FREE WILL BAPTIST, INC.
STATEMENTS OF ACTIVITIES - (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	1996			1995
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
EXPENSES: (CONTINUED)				
Computer expense	\$ 1,345	\$	\$	\$ 879
Secretary salaries	37,513			32,387
Stockroom expense	2,686			1,329
Professional fees	2,400			2,400
Retreat expense	7,538			7,955
Rent	11,700			10,800
National Association expense	1,843			1,713
Depreciation	7,144			7,534
Total Expenses	1,204,492			959,888
Increase <Decrease> in net assets	14,056		275	10,937
Net assets-Beginning of Year as restated	417,542		950	407,555
Net assets-End of Year	\$ 431,598	\$	\$ 1,225	\$ 432,823
				\$ 418,492

The Accompanying Notes Are an Integral Part of These Financial Statements.

ARKANSAS STATE ASSOCIATION OF
FREE WILL BAPTISTS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>1996</u>	<u>1995</u>
Increase in net assets	\$ 14,331	\$ 10,937
Adjustments to reconcile net revenues over expenditures to net cash provided by operating activities:		
Prior period adjustment	0	<5,475>
Depreciation	7,144	7,534
<Increase> decrease in:		
Accounts receivable	1,569	23
Inventory	1,100	<537>
Increase <decrease> in:		
Accounts payable	1,114	<856>
Payroll taxes payable	<70>	126
Sales tax payable	9	13
Designated contributions payable	<15,665>	<u>19,822</u>
Net Cash Provided by Operating Activities	9,532	31,587
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property & equipment	<3,560>	<u>0</u>
Net Cash Used by Investing Activities	<3,560>	0
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	<16,559>	<15,016>
Net Cash Provided by Financing Activities	<16,559>	<15,016>
Net Increase <Decrease> in Cash	<10,587>	16,571
Cash at Beginning of Year	<u>83,962</u>	<u>67,391</u>
Cash at End of Year	\$ <u>73,375</u>	\$ <u>83,962</u>
SUPPLEMENTAL DISCLOSURES:		
Cash Paid During the Year for Interest	\$ <u>2,672</u>	\$ <u>4,087</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

ARKANSAS STATE ASSOCIATION OF
FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1996 AND 1995

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Arkansas State Association of Free Will Baptists, Inc. is a non-profit corporation organized to provide central leadership and representation for Free Will Baptists of Arkansas and to handle certain receipts and disbursements of Free Will Baptist Churches. The corporation's support comes primarily from COOP receipts and Sunday School literature sales.

The Corporation is exempt from federal income tax under section 501 (c) (3) of the Internal Revenue Service.

The following significant accounting policies have been followed in the preparation of the financial statements:

Basis of Accounting

The Corporation prepares its financial statements using the accrual basis of accounting, which involves the application of generally accepted accounting principles; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Contributions

The Corporation accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Corporation has no temporarily restricted net assets.

ARKANSAS STATE ASSOCIATION OF
FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
DECEMBER 31, 1996 AND 1995

Property and Equipment and Depreciation

Auto, office furniture and equipment and building improvements are recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets. Expenditures for repairs and maintenance are charged to operations when incurred, while major betterments and renewals are capitalized. The following useful lives were used to calculate depreciation:

Auto	4 years
Office furniture & equipment	5 years
Building improvements	10 - 25 years

Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of six months or less when purchased to be cash equivalents.

Inventory

Inventory is stated at the lower of cost (first in, first out method) or market.

NOTE 2 - PROPERTY & EQUIPMENT

A summary of property is as follows:

	<u>1996</u>	<u>1995</u>
Auto	\$ 23,342	\$ 23,342
Office Furniture & Equipment	31,458	31,458
Building Improvements	<u>12,787</u>	<u>9,227</u>
	67,587	64,027
Less Accumulated Depreciation	<u>42,649</u>	<u>35,505</u>
	24,938	28,522
Land and Building	<u>397,340</u>	<u>397,340</u>
Total Property and Equipment	\$ <u>422,278</u>	\$ <u>425,862</u>

ARKANSAS STATE ASSOCIATION OF
FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
DECEMBER 31, 1996 AND 1995

NOTE 3 - COOPERATIVE CONTRIBUTIONS AND EXPENDITURES

The Corporation receives contributions to be cooperatively allocated among board approved organizations. The percentage allocation of Cooperative Contributions for the years ended December 31, 1996 and 1995 was as follows:

	<u>1996</u>	<u>1995</u>
State General Fund	21.5%	22%
State CTS Board	17.5%	18%
State Missions Board	17%	17%
Sunday School Board	0%	1.5%
Christian Education Board	4%	2.5%
THE VISION	2%	2%
National Association	37%	37%
Mission Task Force	<u>1%</u>	<u>0%</u>
TOTAL	100%	100%

NOTE 4 - DESIGNATED CONTRIBUTIONS PAYABLE

The Corporation receives designated contributions from churches and individuals that are to be forwarded to the appropriate organization or individual. The Corporation is to remit these contributions in the following month after collection.

NOTE 5 - RELATED PARTY TRANSACTIONS

Christian Supply Store, Inc. (a nonprofit Corporation, owned by the Free Will Baptists of Arkansas) rents its facilities from Arkansas State Association of Free Will Baptists, Inc., and contributes to a debt retirement fund. Total monies received from Christian Supply Store, Inc. for rent income and debt retirement income is as follows:

	<u>Rent</u>	<u>Debt Retirement</u>
1996	\$ 11,700	\$ 2,700
1995	\$ 10,800	\$ 1,200

NOTE 6 - CONTINGENCY FUND

Arkansas State Association of Free Will Baptists, Inc. makes periodic payments to a contingency fund to be used in case of an emergency at the discretion of the executive board. Contributions to the fund for the years ended 1996 and 1995 are \$ 1,532 and \$ 1,501. This amount is included in Cash and Cash Equivalents on the Statement of Financial Position.

ARKANSAS STATE ASSOCIATION OF
FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
DECEMBER 31, 1996 AND 1995

NOTE 7 - RESTRICTIONS ON NET ASSETS

Permanently restricted net assets are available for the following purposes:

	<u>1996</u>	<u>1995</u>
Ministers Benevolent Fund	\$ <u>1,225</u>	\$ <u>950</u>

These net assets are restricted due to donor restrictions.

NOTE 8 - NOTES PAYABLE

	<u>1996</u>	<u>1995</u>
Note payable - Mercantile Bank, Conway, Arkansas, requires monthly installments of \$ 462, including principal and interest at an annual percentage rate of 8.5%. Note secured by real estate.	\$ 18,220	\$ 29,100
Note payable - GMAC requires monthly installments of \$ 531, including principal and interest at an annual percentage rate of 9.0%. Note secured by an auto.	<u>4,607</u>	<u>10,286</u>
Total Debt	\$ <u>22,827</u>	\$ <u>39,386</u>

Scheduled minimum maturities of debt over the five years subsequent to December 31, 1996, are as follows:

1997	\$ 8,392
1998	4,327
1999	4,709
2000	5,125
2001 and thereafter	<u>274</u>
	\$ <u>22,827</u>

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Corporation maintains cash deposits at a financial institution located in the United States. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$ 100,000. At December 31, 1996 all of the Corporation's deposits were insured.

ARKANSAS STATE ASSOCIATION OF
FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
DECEMBER 31, 1996 AND 1995

NOTE 10 - CHANGE FOR NEW PRONOUNCEMENTS

The Corporation elected to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. As permitted by SFAS No. 116, the Corporation has retroactively applied the provisions of this new Statement by restating net assets as of December 31, 1995. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction.

In 1996, the Corporation also elected to adopt SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this new Statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statement to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1996.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To The Board of Directors
Arkansas State Association of Free Will Baptists, Inc.

My report on the audit of the basic financial statements of Arkansas State Association of Free Will Baptists, Inc. for 1996 and 1995 appears on page 7. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of cash receipts and disbursements (cash basis) and Bank balance is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ricky J. Taylor CPA P.A.

Russellville, Arkansas
June 23, 1997

Member of:
American Institute of Certified Public Accountants
Arkansas Society of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

GENERAL FUND
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 3,130.11	\$ 2,637.92
Receipts:		
First Quarter	\$18,793.99	\$15,657.80
Second Quarter	16,694.56	20,789.46
Third Quarter	14,548.40	13,620.22
Fourth Quarter	24,478.75	19,705.78
Total Receipts	\$74,515.70	\$69,773.26
Disbursements:		
Salary	\$22,525.00	\$20,020.00
Housing	13,980.00	14,050.00
Social Security	6,478.02	5,871.38
Retirement	7,240.00	4,765.00
Health & Life Insurance	7,179.86	7,092.00
Board Mileage & Meals	904.08	916.81
All Board's Meeting	-0-	249.90
Constitution Committee	-0-	252.89
Africa Trip - Joslin	1,000.00	-0-
Car & Travel	5,197.11	4,974.81
Car Payment	3,187.14	3,187.14
Office Supplies	338.69	148.72
Phone	921.94	812.07
Phone - WATTS	1,333.91	739.93
Postage	660.69	477.26
Printing	201.30	477.50
Computer	450.00	450.00
Christian Civic Foundation	-0-	300.00
Audit	1,050.00	1,050.00
Miscellaneous	2,291.32	2,534.49
Centennial Committee	171.00	222.12
State & National Fees Shortage	75.00	689.05
Total Disbursements	\$75,185.06	\$69,281.07
Ending Balance, December 31	\$ 2,460.75	\$ 3,130.11

CONTINGENCY FUND
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	-0-	-0-
Receipts:		
Interest From Checking Account	\$1,489.67	\$1,317.75
Disbursements:		
Security Bank - Contingency Savings	\$1,489.67	\$1,317.95
Ending Balance, December 31	-0-	-0-

See Accountants' Report on Supplementary Information

OPERATIONAL FUND
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 5,063.62	\$ 3,760.41
Receipts:		
First Quarter	6,600.00	5,700.00
Second Quarter	6,600.00	8,700.00
Third Quarter	6,600.00	5,700.00
Fourth Quarter	10,500.00	5,700.00
Total Receipts	\$30,300.00	\$25,800.00
Disbursements:		
Property Payment-Principal	\$ 6,179.47	\$ 5,624.51
Property Payment-Principal	2,000.00	3,000.00
Property Payment-Principal-Bookstore	2,700.00	1,200.00
Property Payment-Interest	1,976.99	2,904.77
Property Insurance	2,413.00	2,404.00
Property Taxes	910.44	854.38
Building Repairs & Maintenance	7,068.32	176.29
Pest & Dust Control	415.00	421.00
Arkla Gas	1,247.40	881.09
Conway Corporation	4,849.18	4,866.36
Janitor	820.00	780.00
Lawn Maintenance	330.00	205.00
Supplies	112.53	102.14
Audit	330.00	330.00
Miscellaneous	497.13	747.25
Total Disbursements	\$31,849.46	\$24,496.79
Ending Balance, December 31	\$ 3,514.16	\$ 5,063.62

MINISTER'S BENEVOLENT FUND
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 51.97	\$51.97
Transfer from Savings	975.00	-0-
Transfer from Savings	15.83	-0-
Receipts:		
Minister Contributions-49	\$1,330.00	\$25.00
Disbursements:		
Beneficiary of Herman Lewis	\$975.00	-0-
Printing and Postage	147.80	-0-
Transfer to Savings	1,250.00	25.00
Total Disbursements	\$2,372.80	\$25.00
Ending Balance, December 31	-0-	\$51.97

See Accountants' Report on Supplementary Information

SUNDAY SCHOOL LITERATURE
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 2,202.55	\$ 2,513.95
Receipts:		
First Quarter	\$ 56,123.05	\$ 54,233.05
Second Quarter	57,542.88	56,707.79
Third Quarter	58,706.77	60,698.93
Fourth Quarter	60,693.49	56,279.36
Total Receipts	\$233,066.19	\$227,919.13
Disbursements:		
Literature for Resale	\$146,633.55	\$147,171.23
Literature for Resale (Book Store & Other)	584.42	521.68
Incoming Freight	1,324.71	1,454.15
Postage-Outgoing	6,690.13	5,994.51
Stock-Room Salaries	1,549.64	1,486.42
Secretaries Salaries	29,404.16	25,772.92
Workman's Comp. Insurance	160.87	295.00
Health & Life Insurance	5,253.04	4,919.29
Phone-WATTS	1,105.11	818.69
Operational Fund	11,700.00	10,800.00
Supplies	513.62	406.50
Miscellaneous	2,595.40	3,157.85
Audit	330.00	330.00
Car Payment	3,187.14	3,187.14
Sales Tax	12,683.00	12,531.00
Payroll Tax - FICA & FWH	9,825.39	8,097.87
Payroll Tax - State Withholding	1,426.75	1,070.76
State Unemployment	109.79	92.90
FUTA	123.04	122.62
Total Disbursements	\$235,199.76	\$228,230.53
Ending Balance, December 31	\$ 68.98	\$ 2,202.55

STATE YOUTH BOARD
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 5,009.94	\$ 4,445.75
Receipts:		
Coop	62,898.05	57,087.21
Churches, Associations, & Individuals	2,756.27	440.00
Dividend	\$ 1,500.00	-0-
Total Receipts	\$67,154.32	\$57,527.21
Disbursements:		
Camp Beaverfork	\$66,729.94	\$56,941.88
Board Meals & Mileage	116.39	-0-
Postage	112.84	-0-
Office Supplies	33.89	15.87
Miscellaneous	99.20	5.27
Total Disbursements	\$67,092.26	\$56,963.02
Ending Balance, December 31	\$ 5,072.00	\$ 5,009.94

See Accountants' Report on Supplementary Information

STATE MISSIONS
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	-0-	-0-
Receipts:		
Coop	\$58,919.38	\$53,915.70
General Fund - Designated	-0-	95.00
Wynne Mortgage Pay-Off	118.00	282.40
Maumelle - Levan Hubbard	12,808.75	6,850.42
Rolling Oaks, Maumelle - Mission Possible	1,010.00	2,554.58
Waldron - Tim Morgan	-0-	1,589.30
Hot Springs - Don Guthrie	10,324.60	10,697.79
Hot Springs - Building Fund (Dividend)	1,000.00	1,500.00
Total Receipts	\$84,180.73	\$77,485.19
Disbursements:		
General Fund to State Missions	\$58,919.38	\$54,010.70
Wynne Mortgage Pay-Off	118.00	282.40
Maumelle - Levan Hubbard	12,808.75	6,850.42
Rolling Oaks, Maumelle - Mission Possible	1,010.00	2,554.58
Waldron - Tim Morgan	-0-	1,589.30
Hot Springs - Don Guthrie	10,324.60	10,697.79
Hot Springs - Building Fund	1,000.00	1,500.00
Total Disbursements	\$84,180.73	\$77,485.19
Ending Balance, December 31	-0-	-0-

NOTE: All monies received for State Home Missions that was included with other designated contributions to Arkansas Free Will Baptists were channeled through these accounts and then paid directly to the banking account of State Home Missions.

STATE ASSOCIATION FEES
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	-0-	-0-
Receipts:	\$5,625.00	\$5,829.05
Disbursements:	\$5,527.93	\$5,829.05
Ending Balance, December 31	\$ 97.07	-0-

NATIONAL ASSOCIATION FEES
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$5,450.00	\$5,165.00
Receipts:	\$5,450.00	\$5,760.00
Disbursements:	\$5,450.00	\$5,475.00
Ending Balance, December 31	\$5,450.00	\$5,450.00

See Accountants' Report on Supplementary Information

THE VISION
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 1,152.29	\$ 654.76
Receipts:		
First Quarter	3,859.52	3,389.06
Second Quarter	2,832.40	3,235.04
Third Quarter	4,106.78	4,135.56
Fourth Quarter	3,131.93	2,938.88
Total Receipts	\$13,930.63	\$13,698.54
Disbursements:		
Printing	\$ 6,413.39	\$ 6,165.75
Postage	5,917.25	6,089.97
Supplies	126.24	260.29
Computer	450.00	450.00
Audit	230.00	230.00
Miscellaneous	-0-	5.00
Total Disbursements	\$13,136.88	\$13,201.01
Ending Balance, December 31	\$ 1,946.04	\$ 1,152.29

CHRISTIAN EDUCATION BOARD
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 5,424.18	\$ 5,406.51
Plus Transfer from Sunday School Board	1,679.41	-0-
Receipts:		
Coop	\$13,863.38	\$ 7,928.76
Minister's Retreat	3,033.00	2,700.00
Minister's Retreat (Golf Fees)	-0-	127.00
Minister's Retreat Tape Sales	195.00	173.00
State Association Conference Tape Sales	49.00	83.00
Trail Blazer's Retreat	439.00	655.00
Trail Blazer's Retreat Tape Sales	33.00	87.00
Total Receipts	\$17,612.38	\$11,753.76
Disbursements:		
Minister's Retreat	\$ 5,472.20	\$ 5,698.77
Trail Blazer's Retreat	2,065.77	2,256.72
Sunday School Campaign	427.18	-0-
State Association Seminar	658.32	-0-
Board Mileage & Meals	1,531.54	1,503.81
Printing & Postage	892.42	739.49
Secretarial	600.00	120.00
Computer	360.00	180.00
Audit	460.00	230.00
Phone	124.20	140.00
Video Rentals	81.51	-0-
Tape Supplies	338.25	259.60
Miscellaneous	398.58	607.70
Total Disbursements	\$13,409.97	\$11,736.09
Ending Balance, December 31	\$11,306.00	\$ 5,424.18

See Accountants' Report on Supplementary Information

COMPUTER FUND
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$3,744.57	\$2,913.85
Receipts:		
General Fund	\$ 450.00	\$ 450.00
State Missions	450.00	450.00
Christian Education Board	360.00	180.00
Sunday School Board	-0-	180.00
THE VISION	450.00	450.00
Total Receipts	\$1,710.00	\$1,710.00
Disbursements:		
Supplies & Repairs	\$ 559.79	\$ 210.41
Typewriter and Computer Updates	768.31	668.87
Total Disbursements	\$1,328.10	\$ 879.28
Ending Balance, December 31	\$4,126.47	\$3,744.57

SUNDAY SCHOOL BOARD
Statement of Cash Receipts and Disbursements
For The Year Ending December 31, 1996

Beginning Balance, January 1, 1996	\$1,679.41
Less Transfer to Christian Education Board	1,679.41
Ending Balance, December 31, 1996	-0-

F.W.B.B.C.
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 1,728.83	\$ 1,529.02
Receipts:	\$25,105.62	\$21,073.40
Disbursements:	\$24,958.32	\$20,873.59
Ending Balance, December 31	\$ 1,876.13	\$ 1,728.83

HILLSDALE
Statement of Cash Receipts and Disbursements
For The Years Ending Decmeber 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 385.41	\$ 359.95
Receipts:	\$14,585.18	\$11,123.15
Disbursements:	\$13,964.59	\$11,097.69
Ending Balance, December 31	\$ 1,006.00	\$ 385.41

See Accountants' Report on Supplementary Information

NATIONAL HOME MISSIONS
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 11,388.25	\$ 7,611.13
Receipts:		
General Fund	6,609.30	6,936.89
Build a Church	511.64	386.16
Collins, Larry	55.00	290.85
Criswell, Mike	61.72	55.72
Doggett, Ken	1,912.50	1,923.66
Gwartney, Howard, Jr.	330.00	1,169.19
Harvey, George	12,240.86	11,770.19
Highway Helpers	414.00	379.00
Hubbard, Levan	5.00	149.20
Hunt, Tom	120.00	110.00
Johnson, Russell	5,786.41	6,965.30
Jones, Tommy	11,616.55	8,759.07
Lewis, Bob	3,070.00	4,558.00
Maness, Vergel	81.00	108.00
Maynard, Pete	25.00	890.15
Mertz, Jim	60.00	270.00
Mexico Missions	15,890.00	2,209.93
Munsey, James	40.00	-0-
Palmer, Ron	-0-	10.00
Parker, Ron	5,705.67	5,561.58
Phillips, Bill	2,418.16	-0-
Potete, David	860.00	1,344.00
Puerto Rico, NYC Project	400.00	-0-
Reynolds, Larry	120.00	120.00
Richards, Norman	27,996.94	28,065.29
Sloan, Jeff	40.00	-0-
Smith, Darrell	2,862.69	2,507.40
Smith, John	1,269.00	-0-
Thomas, Mark	20.00	55.00
Trimble, Bob	20.00	-0-
Vandivort, Mark	130.00	110.00
Wilson, Roy	-0-	8,188.17
Wright, Russell	65.00	100.00
Total Receipts	\$100,736.44	\$92,992.75
Total Disbursements	\$105,745.73	\$89,215.63
Ending Balance, December 31	\$ 6,378.96	\$11,388.25

A.C.T.S. 1:8
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

Beginning Balance, January 1, 1995		-0-
Receipts:	<u>1996</u>	<u>1995</u>
Aycock, Bobby	13,497.45	456.85
Bishop, Dale	37,467.00	1,279.21
Bowerman, Ed	47,750.84	2,558.43
Bunch, Stan	26,556.59	867.98
Deeds, Earnie	21,344.24	730.98
McDonald, Don	20,245.72	685.17
Vanhook, Patsy	38,448.26	2,055.96
Walker, Terry	9,399.04	502.68
Total Receipts	\$214,709.14	\$9,137.26

See Accountants' Report on Supplementary Information

FOREIGN MISSIONS
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 7,496.38	\$ 8,137.47
Receipts:		
General Fund	1,547.87	2,269.87
Aycock, Bobby	1,318.99	2,199.83
Bailey, Ken	435.00	240.00
Barnard, Laura	2,158.12	1,015.10
Bishop, Dale	1,090.52	20,183.52
Bowerman, Ed	1,149.45	1,601.61
Bryan, Robert	1,975.00	1,325.00
Bunch, Stan	2,529.97	6,825.00
Calloway, Ron	-0-	40.00
Combs, Jim	770.00	875.00
Cousineau, Mike	1,485.00	1,115.00
Cowart, Jim	20.00	40.00
Crosby, Dwain	160.00	555.00
Crowson, Allan	-0-	90.00
Deeds, Earnie	958.02	7,837.88
Eagleton, Ken	55.00	60.00
Eagleton, Dr. Kenneth, Jr.	-0-	729.50
Ellison, Walter	15.00	-0-
Fellow Helpers	-0-	10.00
Forlines, Leroy	432.00	1,981.44
Franks, Dave, Jr.	703.00	1,093.00
Gainer, Mirial	90.00	80.00
Gentuso, Paul	975.00	525.00
Gibbs, Jerry	5,208.50	4,640.00
Hanna, Carlisle	606.33	411.00
Holland, Curt	6,290.86	3,835.94
Holland, Ernest	835.00	1,230.00
Ivory Coast Hospital	826.92	350.00
Ivory Coast Bible Institute	1,466.93	-0-
Lytle, Steve	30.00	35.00
Malone, Sarah	25.00	-0-
Martens, Jalayn	1,334.00	1,089.50
Maxwell, Jeremy	383.50	-0-
McCullough, Tom	-0-	75.00
McDonald, Donnie	1,266.58	4,487.37
McVay, Sam	220.00	-0-
Midgett, Lynn	235.00	265.00
Miley, Jonathan	-0-	25.00
Moore, Ron	-0-	3,892.80
Morgan, Clint	1,510.00	705.00
Nichols, Darrell	7,102.60	7,257.50
Osborne, Bethany	2,424.50	-0-
Owen, Dennis	5,205.00	200.00
Richards, Norman	-0-	26.00
Richards Project - Africa	1,031.00	-0-
Riggs, Steve	300.00	275.00
Russia, C.I.S. (Church Planting)	619.68	53.65
Russia - Kurgan	1,000.00	-0-
Russian Pastors	-0-	548.00
Russian Tranlations - Forlines	188.50	-0-
Sturgill, Jim	5,002.00	-0-
Tallent, Charolette	5,705.00	7,767.50
Tolbert, Tina	70.00	-0-
Turnbough, Jeff	495.00	540.00
Vanhook, Patsy	2,745.29	14,123.47
Vision Celebration	300.00	300.00
Walker, Terry	-0-	168.36
West, Robert	231.90	567.11
Total Receipts	\$70,527.03	\$103,559.95
Total Disbursements	\$74,435.47	\$104,201.04
Ending Balance, December 31	\$ 3,587.94	\$ 7,496.38

See Accountants' Report on Supplementary Information

BOARD OF RETIREMENT-PASTOR'S RETIREMENT
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 625.39	\$ 485.67
Receipts:		
16 Pastors Participating	\$5,541.58	\$4,939.48
Disbursements:		
Board of Retirement	\$5,665.53	\$4,799.76
Ending Balance, December 31	\$ 501.44	\$ 625.39

NATIONAL ASSOCIATION
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 11,365.66	\$ 9,321.62
Receipts:		
Coop	128,236.28	117,345.94
Designated	17,824.80	16,543.50
Total Receipts	\$146,061.08	\$133,889.44
Disbursements:		
National Association of Free Will Baptists	\$145,305.83	\$131,845.40
Ending Balance, December 31	\$ 12,120.91	\$ 11,365.66

MISCELLANEOUS ACCOUNTS
Statement of Cash Receipts and Disbursements
For The Year Ending December 31, 1996

	<u>Beg. Bal</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u>
Randall House-Spanish Literature	10.00	65.00	65.00	10.00
FWB Family Ministries, Tennessee	-0-	3,082.80	2,582.80	500.00
Alabama FWB Children's Home	-0-	275.00	275.00	-0-
Christian Civic Foundation	-0-	2,956.00	2,956.00	-0-
Christian Law Association	-0-	2,000.00	2,000.00	-0-
John Gibbs	10.00	40.00	50.00	-0-
O. D. Winfrey	25.00	-0-	25.00	-0-
David Joslin-Africa Trip	-0-	1,847.62	1,847.62	-0-
Fred Warner-Africa Trip	-0-	200.00	200.00	-0-
Vista FWB, Van Buren	-0-	181.63	181.63	-0-
TOTALS	\$45.00	\$10,648.05	\$10,183.05	\$510.00

See Accountants' Report on Supplementary Information

"A MILLION MORE BY 94"
Statement of Cash Receipts and Disbursements
For The Years Ending Decemer 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	-0-	\$ 100.00
Receipts:	\$75.00	\$ 1,850.00
Disbursements:	\$75.00	\$ 1,950.00
Ending Balance, December 31	-0-	-0-

FUND BALANCES
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operational Fund	\$ 3,514.16	\$ 5,063.62
State Association Fees	97.07	-0-
National Association Fees	5,450.00	5,450.00
General Fund	2,460.75	3,130.11
Mission Task Force	2,007.52	-0-
State CTS	5,072.00	5,009.94
Sunday School Literature	68.98	2,202.55
Christian Education Board	11,306.00	5,424.18
Sunday School Board	-0-	1,679.41
National Association (Coop)	12,120.91	11,365.66
National Home Missions	6,378.96	11,388.25
A.C.T.S. 1:8	-0-	8,673.07
Foreign Missions	3,587.94	7,496.38
F.W.B.B.C.	1,876.13	1,728.83
Hillsdale	1,006.00	385.41
THE VISION	1,946.04	1,152.29
Board of Retirement	501.44	625.39
Computer Fund	4,126.47	3,744.57
Minister's Benevolent Fund	-0-	51.97
Spanish Literature-Randall House	10.00	10.00
FWB Family Ministries, Tennessee	500.00	-0-
John Gibbs	-0-	10.00
O. D. Winfrey	-0-	25.00
Ending Balance, December 31	\$62,030.37	\$74,616.63

BANK BALANCE
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 74,616.63	\$ 59,597.37
Transfer from Minister's Benevolent Savings	990.83	-0-
Receipts:	1,129,956.80	883,992.44
Disbursements:	1,143,533.89	868,973.18
Ending Balance, December 31	\$ 62,030.37	\$ 74,616.63

See Accountants' Report on Supplementary Information

MINISTERS BENEVOLENT SAVINGS
Statement of Cash Receipts and Disbursements
For The Years Ending 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$1,043.30	\$ 992.70
Receipts:		
Interest	\$ 16.46	\$ 25.60
Minister Contributions	1,250.00	25.00
Total Receipts	\$1,266.46	\$ 50.60
Less Transfer to Checking	975.00	-0-
Less Transfer to Checking	15.83	-0-
Ending Balance December 31	\$1,318.93	\$1,043.30

CONTINGENCY FUND SAVINGS
Statement of Cash Receipts and Disbursements
For The Years Ending 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$8,202.21	\$6,700.89
Transfer from C.D. to Savings	5,124.32	-0-
Receipts:		
Receipts	\$1,489.67	\$1,317.95
Interest	41.89	183.37
Total Receipts	\$1,531.56	\$1,501.32
Disbursements:		
Convert to Certificate of Deposit	13,000.00	-0-
Ending Balance, December 31	\$1,858.09	\$8,202.21

CERTIFICATE OF DEPOSITS
For The Years Ending 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	-0-	-0-
Plus Transfer from Savings to C.D.	\$3,000.00	-0-
Interest Earned	67.50	
Ending Balance, December 31	\$3,067.50	-0-
Beginning Balance, January 1	-0-	
Plus Transfer from Savings to C.D.	\$5,000.00	-0-
Interest Earned	124.32	-0-
Less Transfer from C.D. to Savings	5,124.32	-0-
Plus Transfer from Savings to C.D.	5,000.00	-0-
Ending Balance, December 31	\$5,000.00	-0-

See Accountants' Report on Supplementary Information

GENERAL FUND BUDGET

January - December 1998

Receipts:

Coop Plan (22% of \$375,000.00)	\$82,500.00	\$82,500.00
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Disbursements:

Salary	\$26,000.00
Housing	13,200.00
Hospital and Life Insurance	7,200.00
Social Security	6,500.00
Board Meals & Mileage	1,500.00
Retirement	8,700.00
Travel and Auto	4,500.00
Computer Fund	600.00
Phone	2,300.00
Auto Insurance	1,000.00
Audit	1,200.00
Office Supplies	595.00
Auto Payments	6,000.00
Centennial Expense	2,000.00
Miscellaneous	1,205.00

Total Disbursements	\$82,500.00	\$82,500.00
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THE VISION BUDGET

January - December 1998

Receipts:

Cooperative Plan (2% of \$375,000.00)	\$7,500.00
Subscriptions (3,000 @ 3.00 each)	9,000.00
Advertisement	200.00

Total Receipts	\$16,700.00	\$16,700.00
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Disbursements:

Printing	\$ 7,200.00
Postage	6,200.00
Supplies	1,000.00
Writer's Fees	300.00
Computer Fund	600.00
Audit	400.00
Miscellaneous	1,000.00

Total Disbursements	\$16,700.00	\$16,700.00
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CONTINGENCY FUND BUDGET

January - December 1998

Receipts:

Interest on Checking Account (\$125.00 per month)	\$1,500.00
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Total Receipts	\$1,500.00	\$1,500.00
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SUNDAY SCHOOL LITERATURE BUDGET

January - December 1998

Receipts:

Sales	\$236,800.00	\$236,800.00
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Disbursements:

Literature for Resale	\$151,000.00
Literature for Resale - Book Store	600.00
Stock-room Salaries	1,700.00
Postage-UPS	6,800.00
Incoming Freight	1,600.00
Secretaries' Salaries	31,000.00
Operational Fund	10,800.00
Hospitalization Insurance	5,300.00
Payroll Taxes	11,500.00
Workman's Compensation Insurance	200.00
Sales Tax	12,700.00
Phone	1,400.00
Computer	600.00
Supplies	400.00
Audit	500.00
Miscellaneous	700.00

Total Disbursements	\$236,800.00	\$236,800.00
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OPERATIONAL FUND BUDGET

January - December 1998

Receipts:

Christian Supply Store	\$12,000.00
Sunday School Literature	10,800.00
Extra Property Payment - Bookstore	3,600.00

Total Receipts	\$26,400.00	\$26,400.00
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Disbursements:

Property Payments	\$ 6,200.00
Extra Property Payment	3,600.00
Pest & Dust Control	500.00
Utilities	6,000.00
Janitor and Yard	1,200.00
Property Insurance	2,500.00
Property Taxes	1,000.00
Supplies	700.00
Repairs and Maintenance	1,100.00
Audit	400.00
Miscellaneous	600.00
Repay Roof Debt to Contingency Fund	2,600.00

Total Disbursements	\$26,400.00	\$26,400.00
---------------------	-------------	-------------

COOPERATIVE PLAN BUDGET

Comparative for Years 1998 and 1997

	1998	1997
National Association	\$140,625.00	37.5%
State Association:		37.5%
General Fund	82,500.00	22.0%
Youth Board	65,625.00	17.5%
State Missions	63,750.00	17.0%
Christian Education Board	11,250.00	3.0%
THE VISION	7,500.00	2.0%
Mission Task Force	3,750.00	1.0%
TOTAL COOPERATIVE PLAN	\$375,000.00	100.0%

RICKY J. TAYLOR, C.P.A., P.A.

P. O. Box 2851 • RUSSELLVILLE, AR 72801 • (501) 967-4439 • FAX: (501) 967-2481

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Christian Supply Store, Inc.

I have audited the accompanying balance sheets of Christian Supply Store, Inc. (a nonprofit corporation) as of December 31, 1996 and 1995, and the related statements of revenue and expenses, and statement of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted the audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Supply Store, Inc. as of December 31, 1996 and 1995 and its results of the operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Ricky J Taylor CPA P.

Russellville, Arkansas
June 16, 1997

Member of:
American Institute of Certified Public Accountants
Arkansas Society of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

CHRISTIAN SUPPLY STORE, INC.
BALANCE SHEET
DECEMBER 31, 1996 AND 1995

	ASSETS	
	<u>1996</u>	<u>1995</u>
CURRENT ASSETS:		
Cash on hand	\$ 100	\$ 100
Cash in bank	18,778	6,342
Cash-contingency fund	2,141	3,709
Accounts receivable	15,858	14,592
Inventory	218,081	188,116
	<hr/>	<hr/>
Total Current Assets	254,958	212,859
 FIXED ASSETS:		
Auto	14,159	14,159
Equipment	29,463	24,016
Leasehold Improvements	3,229	3,229
Less: Accumulated Depreciation	<36,532>	<31,434>
	<hr/>	<hr/>
Total Fixed Assets	10,319	9,970
	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>265,277</u>	\$ <u>222,829</u>
 LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES:		
Accounts payable	\$ 26,155	\$ 17,157
Payroll taxes payable	1,884	2,205
Sales tax payable	5,855	5,471
	<hr/>	<hr/>
Total Current Liabilities	33,894	24,833
 FUND BALANCES:		
Fund balance, Beginning	197,996	148,061
Current year profit	33,387	49,935
	<hr/>	<hr/>
Fund balance, Ending	231,383	197,996
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>265,277</u>	\$ <u>222,829</u>

The Accompanying Notes Are An Integral Part of These
Financial Statements.

CHRISTIAN SUPPLY STORE, INC.
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
REVENUE:		
Sales	\$ 653,992	\$ 621,187
COST OF SALES:		
Merchandise purchases	401,844	377,559
Freight	4,381	4,274
Sales tax	37,282	34,786
Supplies	10,971	10,574
	<hr/>	<hr/>
Total cost of sales	454,478	427,193
	<hr/>	<hr/>
GROSS PROFIT	199,514	193,994
OPERATING EXPENSES:		
Advertising	12,959	14,158
Auto expense	1,649	1,288
Insurance	450	769
Bank charges & credit card fees	2,690	2,386
Miscellaneous	4,107	3,557
Postage	5,911	5,575
Rent	11,700	10,800
Debt retirement	2,700	1,200
Payroll taxes	7,191	5,851
Telephone	3,569	3,296
Travel	1,105	259
Salaries-other	61,463	49,823
Manager-salary & housing	30,976	27,240
Manager-insurance & retirement	9,365	8,668
Professional fees	3,000	2,700
Board mileage and meals	875	869
Property tax	1,539	1,400
Returned checks	126	189
Depreciation	5,098	4,442
	<hr/>	<hr/>
Total operating expenses	166,473	144,470
	<hr/>	<hr/>
NET OPERATING PROFIT	\$ 33,041	\$ 49,524

The Accompanying Notes Are An Integral Part of These
Financial Statements.

CHRISTIAN SUPPLY STORE, INC.
STATEMENT OF REVENUE AND EXPENSES - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
NET OPERATING PROFIT	\$ 33,041	\$ 49,524
OTHER REVENUE AND EXPENSES		
Interest expense	0	<11>
Interest income	346	422
NET PROFIT	<u>\$ 33,387</u>	<u>\$ 49,935</u>

The Accompanying Notes Are An Integral Part of These
Financial Statements.

CHRISTIAN SUPPLY STORE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
CASH FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 33,387	\$ 49,935
Adjustments to reconcile excess to net cash provided by operating activities:		
Depreciation	5,098	4,442
(Increase)decrease in accounts receivable	<1,266>	<1,765>
(Increase)decrease in inventory	<29,965>	<32,107>
Increase(decrease) in accounts payable	8,998	<17,164>
Increase(decrease) in payroll taxes payable	<321>	227
Increase(decrease) in sales tax payable	384	226
	<hr/>	<hr/>
Net cash provided by operating activities	16,315	3,794
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	<5,447>	<1,570>
	<hr/>	<hr/>
Net cash used in investing activities	<5,447>	<1,570>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	0	<874>
	<hr/>	<hr/>
Net cash used in financing activities	0	<874>
Net Increase (Decrease) in Cash	10,868	1,350
Cash at Beginning of Year	10,151	8,801
	<hr/>	<hr/>
Cash at End of Year	\$ 21,019	\$ 10,151
	<hr/> <hr/>	<hr/> <hr/>

The Accompanying Notes Are An Integral Part of These
Financial Statements.

CHRISTIAN SUPPLY STORE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996 AND 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING

The financial statements of the Bookstore have been prepared on the accrual basis of accounting, wherein income and expenses are recorded as they are earned or incurred.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets. Estimated useful life of the property, equipment and leasehold improvements range from 3 to 10 years. Depreciation expense for the years ending December 31, 1996 and 1995 are \$ 5,098 and \$ 4,442, respectively.

INVENTORY

Inventory is recorded at lower of cost or market using first-in, first-out method for cost of sales.

STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the company considers all investment instruments purchased with a maturity of three months or less to be cash equivalents. Cash available per operating accounts are \$ 18,878 and cash in the contingency fund is \$ 2,141.

Cash paid for interest is as follows:

1996	\$ 0
1995	\$ 11

INCOME TAXES

The Bookstore is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Service Code.

CHRISTIAN SUPPLY STORE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996 AND 1995

NOTE 2 - RELATED PARTY TRANSACTIONS

The Bookstore has an agreement with the State Association of Free Will Baptists, Inc. whereby, the Bookstore makes periodic payments to the Association for rents \ utilities and debt retirement. The total paid to the Association for rents \ utilities and debt retirement for the years ended amounted to:

	<u>1996</u>	<u>1995</u>
Rents/Utilities	\$ 11,100	\$ 10,800
Debt retirement	\$ 2,700	\$ 1,200

NOTE 3 - CONTINGENCY FUND

The bookstore makes periodic payments to a contingency fund to be used in case of an emergency. The executive board has discretion over the disbursements of these funds. Activity in this fund is as follows:

	<u>1996</u>	<u>1995</u>
Beginning Balance	\$ 3,709	\$ 2,783
Contributions	2,400	2,400
Disbursements	<4,000>	<1,570>
Interest earnings	32	96
Ending Balance	<u>\$ 2,141</u>	<u>\$ 3,709</u>

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Board maintains cash deposits at a financial institution located in the United States. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$ 100,000. At December 31, 1996 all of the Board's deposits were insured.

CHRISTIAN SUPPLY STORE BUDGET

January - December 1998

Receipts:

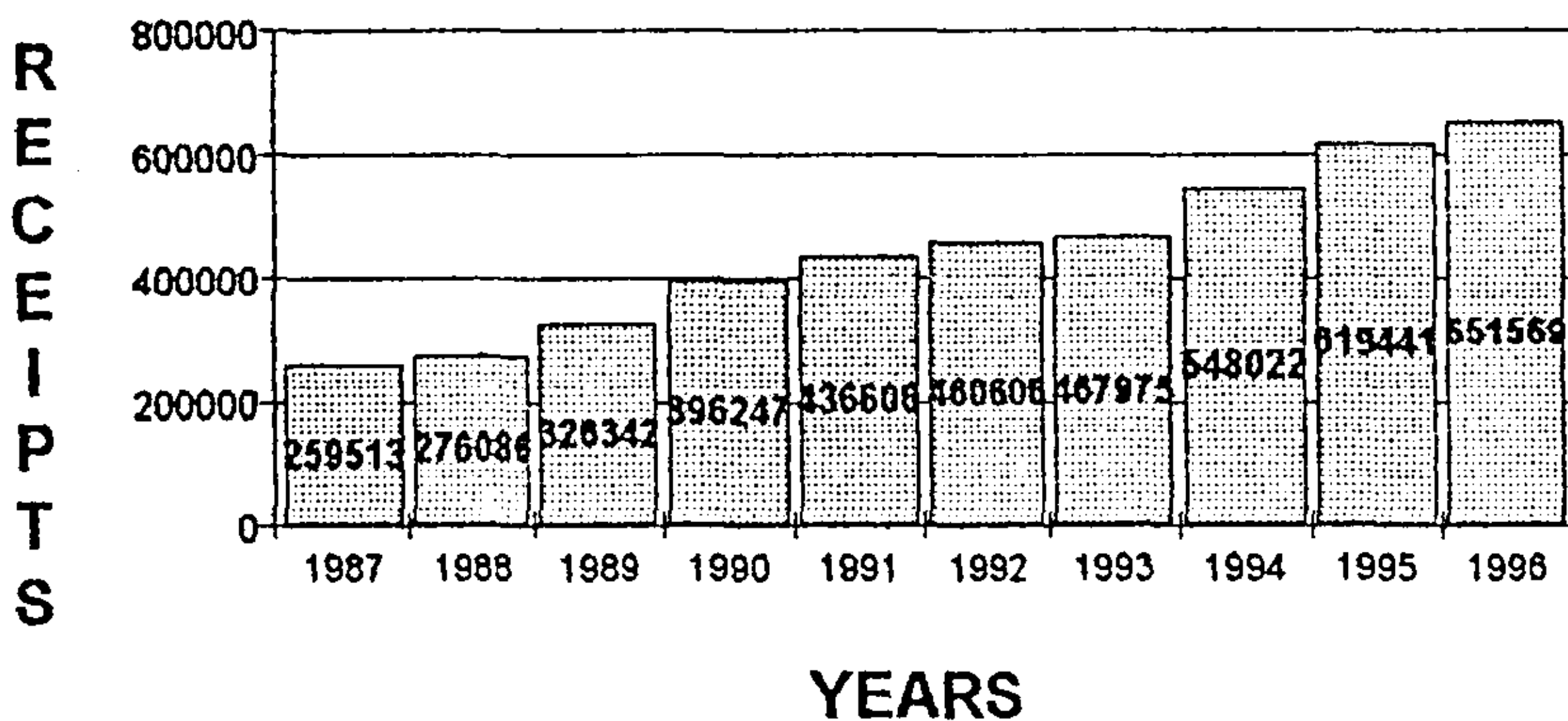
Sales	\$680,000.00	\$680,000.00
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Disbursements:

Merchandise for Resale	\$435,000.00
Manager Salary and Housing	32,042.00
Manager Hospitalization and Retirement	12,219.00
Other Salaries	60,342.00
Advertising	17,000.00
Freight	5,500.00
Postage	6,500.00
Social Security & Withholding Taxes	10,000.00
Supplies	11,000.00
Telephone	4,000.00
Auto Expense and Travel	3,000.00
Sales Tax	40,000.00
Property Tax	1,800.00
Contingency Fund	12,000.00
Debt Retirement on FWB Property	3,600.00
Rent and Utilities	12,000.00
Equipment	3,000.00
Accounting	3,500.00
Worker's Compensation	600.00
Executive Board Mileage and Meals	1,000.00
Miscellaneous	5,897.00

Total Disbursements	\$680,000.00	\$680,000.00
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COMPARISON 1987 - 1996



REPORT OF BOOK STORE COMMITTEE

1. After exploring all options for increasing space for Christian Supply Store, the committee has come to the conclusion that expansion is not feasible at this time.
2. The Book Store Committee recommends increasing the Christian Supply Store Contingency Fund from \$400.00 per month to \$1,000.00 per month. (This recommendation was presented to and approved by the Executive Board January 14, 1997. See Executive Board Report on Page 10.)

Committee:

**Keith Johnson, Chairman
Dwayne Roper
Lonny Burks**

**Raymond Chronister
Hoover Lewis**

REPORT # 7

HOSPITALIZATION INSURANCE COMMITTEE REPORT

September 5, 1996

The Hospitalization Insurance Committee met at the state office in Conway, Arkansas, with all members present as well as Moderator James Forlines and Promotional Director David Joslin.

(1) Motion passed to review insurance quotes from Bob Huckabee and other possible companies and to make final recommendation at the next meeting.

April 1, 1997

The Hospitalization Insurance Committee met at the state office in Conway, Arkansas, with all members present as well as Moderator James Forlines and Promotional Director David Joslin. We submit the following:

I. In reference to providing a type of group coverage for all ministers in the state we found the following:

A. Those companies contacted require a very high percentage of all eligible ministers to be enrolled in the plan.

B. Even with this required participation, the rates were not affordable for the average minister. Those younger would pay considerably more in order for the older to have coverage.

II. Our further study shows that, at least at this present time, the best is from independent agents at the local level, or perhaps the using of one of the organizations adopting the brotherhood or fellowship principle of helping each other pay their medical expenses.

David Bishop, Chairman

Randy Ledbetter

David Winfrev

EXECUTIVE COMMITTEE REPORT

September 5, 1996

The Executive Committee met at the state office in Conway, Arkansas, with all members present.

(1) Motion passed to recommend the following constitutional change to the State Association:

ARTICLE III, Section 5: "The State Convention shall convene annually on Wednesday following the first Sunday in the month of August."

Motion passed to ask Ken Hemphill to speak at the Bible Conference on Wednesday, August 6, 1997, and also at the Wednesday night worship service during the state meeting.

September 16, 1996

The Executive Committee met at the state office with all members present as well as Carl Cheshier and Nelson Henderson, Hillsdale trustees, to discuss the needs of Hillsdale.

April 1, 1997

The Executive Committee met at the state office with all members present. The program for the state meeting was finalized. Since Rev. Hemphill could not come for the Bible Conference, Dr. Robert Picirilli was chosen to speak for the Wednesday services.

June 26, 1997

The Executive Committee met at the state offices with Ricky Taylor, auditor, with all members present. After reviewing financial statements given for Arkansas State Association of Free Will Baptists, Christian Supply Store, Camp Beaverfork, and Arkansas State Home Mission Board, no irregularities were discovered in our review. Motion passed to retain Ricky Taylor as auditor for the next year.

Moderator James Forlines
David Bishop, Assistant Moderator
Promotional Director David Joslin

David Winfrey, Clerk
Randy Ledbetter, Assistant Clerk

REPORT # 8

ELECTION SCHEDULE FOR 1997-1998 (Submitted by the Nominating Committee)

EXECUTIVE BOARD

TERM ENDS 1998

Hoover Lewis

Raymond Chronister

TERM ENDS 1999

Andy Percy

Doug Little

3-YEAR TERM-2000

Larry Doggett

(Replacing Dwayne Roper)

Randell Williams

(Replacing Lonny Burks)

CHRISTIAN EDUCATION BOARD

TERM ENDS 1998

Mike Hutsell

Harvey Butler

TERM ENDS 1999

Nelson Henderson

Joel Kircher

3-YEAR TERM-2000

Doug Harris

(Replacing Wayne Writer)

Jackie Brown

(Replacing Bill Johnson)

STATE YOUTH BOARD

TERM ENDS 1998

Leo Martin

(Replacing Toby Youngblood)

David Watson

TERM ENDS 1999

Don Guthrie

Scott Real

3-YEAR TERM-2000

Randall Ray

(Replacing Tim Morgan)

Patrick Baze

(Replacing Frank Matchett)

STATE MISSION BOARD

TERM ENDS 1998

David Copeland

Paul Payne

TERM ENDS 1999

Norman McFall

Kerry Gandy

3-YEAR TERM-2000

Bobby Shepherd

(Replacing Hursel Parker)

Johnny Fowlkes

(Replacing Carl Cheshier)

1. All members whose terms expire in 1998-2000 could be re-elected to another term of three years.

Will Harmon as a Trustee to the Hillsdale Free Will Baptist Bible College Board.

Jim Walker as a Trustee to the Free Will Baptist Family Ministries Board.

OFFICERS - (Same as Last Year)

Moderator - James Forlines

Assistant Moderator - David Bishop

Statistician - Frank Matchett

Clerk - David Winfrey

Assistant Clerk-Randy Ledbette

NOMINATING COMMITTEE

Dwayne Roper, Chairman

Sidney Sawrie

Steve Trail

Raymond Chronister

Lonny Burks

REPORT # 9

A.C.T.S. 1:8 TASK FORCE REPORT

September 17, 1996

The A.C.T.S. 1:8 Task Force met at the state office in Conway, Arkansas, with all members present as well as Moderator James Forlines and Promotional Director David Joslin. Missionary to France, Patsy Vanhook was also present and gave a short report.

The board reviewed the 1996 goals and the progress up-to-date. It was noted that other states were developing similar plans to A.C.T.S. 1:8. Various means and ways were discussed to achieve 1997 shares, and plans to include new missionaries with support. The following business was conducted:

- (1) Motion passed to elect Kerry Gandy as secretary.
- (2) Motion passed to have James Forlines check on the Deeds account and the amount needed for transfer back to the states in 1997.
- (3) Motion passed to have David and Annette Aycock approved at the 1997 state associational meeting for short-term missionaries beginning in 1998.
- (4) Motion passed to meet after the All Board's meeting in Conway, Arkansas, on January 27, 1997.

January 27, 1997

The A.C.T.S. 1:8 Task Force met at Western Sizzlin in Conway, Arkansas, with all members present. Others present included: Eddie Payne from the Foreign Missions Department, Nashville, Tennessee; Moderator James Forlines, and Promotional Director David Joslin.

The board discussed the progress on the 1997 shares. Each committee member will send a letter of thanks to the district that was assigned to them, for the support of the A.C.T.S. 1:8 Plan, and will encourage continued and broader support in 1997. A letter of thanks should also be sent to the local and district WNAC.

June 26, 1997

The A.C.T.S. 1:8 Task Force met at the state office in Conway, Arkansas, with all members present as well as Promotional Director David Joslin, Moderator James Forlines, and guest Bob Hill.

- (1) Motion passed that the revised recommended allotments of A.C.T.S. 1:8 be applied after the budget of \$220,000 for 1997 has been met:

A.C.T.S. 1:8 REVISED ALLOTMENTS FOR 1997

Aycock	\$ 5,491.06	10.3%
Bishop	15,292.20	28.7%
Bunch	12,271.35	23.0%
Deeds	11,500.65	21.6%
McDonalds	8,772.40	16.4%
TOTAL	\$53,327.66	100.0%

- (2) Motion passed to adopt three new missionaries for the 1998 budget at the following percentages:

Jaimie and Tammy Lancaster	100% of 50%
David and Annette Aycock	100% of 25%
Anthony and Lea Edgmon	100% of 25%

- (3) Motion passed to present the recommended allotments for A.C.T.S. 1:8 for 1998:

	<u>Actual Budget</u>	<u>Percentage to Pay</u>	<u>Support Goal</u>	<u>%Paid</u>
Aycock, Bobby	\$70,435.06	80% of 25%	\$14,087.01	4.6%
Aycock, David	47,917.06	100% of 25%	11,979.27	3.9%
Bishop, Dale	104,951.77	80% of 50%	41,980.71	13.9%
Bowerman, Ed	84,560.89	100%	59,560.89	19.7%
Bunch, Stan	84,560.89	80% of 50%	33,824.35	11.2%
Edgmon, Anthony	70,189.06	100% of 25%	17,547.27	5.8%
Lancaster, Jaimie	43,045.05	100% of 50%	21,522.25	7.1%
McDonald, Don	100,000.00	80% of 25%	20,086.26	6.6%
Vanhook, Patsy	56,053.45	100%	56,053.45	18.5%
Walker, Terry	52,725.00	100% of 50%	26,362.50	8.7%
TOTALS	\$714,438.23		\$303,003.96	100.0%

A.C.T.S. 1:8 TASK FORCE REPORT, Continued

June 26, 1997, Continued

(4) Motion passed to present the amount of 1,262 shares at \$240.00 per share or \$20.00 per month for the 1998 proposed budget goal of \$303,000.00

(5) Motion passed to adopt the proposed budget for 1998.

Doug Little, Chairman
Kerry Gandy, Secretary
Doug Harris

Steve Burton
Kerry Gandy

A.C.T.S. 1:8 Mission Task Force For Year Ending December 31, 1996

Beginning Balance, January 1, 1996		-0-
Receipts:		
Cooperative Plan	\$3,465.84	\$3,465.84
Disbursements:		
Travel - Mileage	\$ 874.48	
Printing	449.40	
Postage	117.40	
Supplies	17.04	
Total Disbursements	\$1,458.32	\$1,458.32
Ending Balance, December 31, 1996		\$2,007.52

A.C.T.S. 1:8 Mission Task Force Budget January - December 1998

Receipts:		
Cooperative Plan (1% of \$375,000.00)	\$3,750.00	\$3,750.00
Disbursements:		
Travel - Mileage	\$1,500.00	
Printing	1,000.00	
Promotion	1,000.00	
Miscellaneous	250.00	
Total Disbursements	\$3,750.00	\$3,750.00

REPORT # 10

CHRISTIAN EDUCATION BOARD REPORT

The Christian Education Board of the Arkansas State Association met four times during the year and had one conference call.

September 6, 1996

The Christian Education Board met at the state office in Conway, Arkansas, with all board members present as well as Promotional Director David Joslin, and the following business was conducted:

- (1) Committees were appointed for the upcoming events:

Trailblazer's Retreat: Joel Kircher and Bill Johnson; **Sunday School Workshop:** Wayne Writer and Harvey Butler; **Minister's Retreat:** Mike Hutsell and Nelson Henderson

- (2) Final plans were discussed for the Minister's Retreat in February 24-26, 1997. The directors for the music will be: Monday - Levan Hubbard; Tuesday - Kevin Trimble; Wednesday - Doug Little. Motion passed to cover the room charge for these directors as their honorarium.

- (3) Motion passed to pay an honorarium of \$600 for David Gibbs and \$500 for Randy Sawyer for speaking at the 1997 Minister's Retreat.

- (4) Motion passed to schedule Dr. Ken Hemphill for the 1998 Minister's Retreat.

- (5) Motion passed to give \$250 to Camp Beaverfork to cover miscellaneous items used at the Trailblazer's Retreat.

- (6) Motion passed to schedule the 1997 Trailblazer's Retreat for September 12-13, 1997.

January 27, 1997

The Christian Education Board met at the First Free Will Baptist Church, Conway, Arkansas, at the All Board's meeting with all members present except for Harvey Butler and Nelson Henderson. The following business was conducted:

- (1) Letters of confirmation were received from Dr. David Gibbs and Rev. Randy Sawyer, speakers for the 1997 Minister's Retreat. Due to a conflict in scheduling, Rev. Sawyer was unable to speak at the Wednesday morning session. Motion passed to contact Rev. Jim Walker to speak with Rev. Bob Thompson as alternate. Motion passed to give an honorarium of \$100 and to provide a room for the Wednesday morning speaker.

- (2) Motion passed to have secretary Nelson Henderson send out a survey to each pastor and church in Arkansas requesting information as to their desire of events to occur at the Trailblazer's Retreats. Those pastors attending the Minister's Retreat will be requested to bring this survey with them.

- (3) The next meeting will be February 25, 1997, at the Minister's Retreat.

February 25, 1997

The Christian Education Board met at Lake DeGray Lodge near Bismarck, Arkansas, during the Minister's Retreat with all members present, except Harvey Butler. Also present was Promotional Director David Joslin. The following business was conducted:

- (1) The 1997 Minister's Retreat program was discussed and accepted.

- (2) Revised motion from the September 6, 1997, meeting to pay Randy Sawyer \$600 for speaking at the Minister's Retreat.

May 19, 1997

The Christian Education Board met at the state office in Conway, Arkansas, with all members present including Promotional Director David Joslin. The following business was conducted:

- (1) Motion passed to delete the February minutes concerning the Trailblazer's Retreat program due to the unavailability of those selected for the program.

- (2) Motion passed to adopt the following revised program with John Hays, music director:

Friday, September 12, 1997

4:00 PM Registration
5:00 Meal
6:30 Worship, Ben Scott
7:30 Worship, Jim Walker

Saturday, September 13, 1997

8:00 AM Breakfast
9:30 Worship, Berton Perry
10:30 Break
10:45 Worship, Donnie Villines
Noon Meal

CHRISTIAN EDUCATION BOARD, Continued

May 19, 1997, Continued

(3) Motion passed to pay \$100 honorarium and supply motel room for each speaker and music director.

(4) Motion passed to contact Dr. David Gibbs to speak at the 1999 Minister's Retreat.

July 17, 1997

The Christian Education Board conducted a conference call with all members present including David Joslin. The following business was conducted:

(1) Motion passed that the following budget for 1998 be adopted which included a recommendation from the Executive Board to reduce the Cooperative Plan percentage from 4% to 3% due to the projected balance for January 1, 1998, and projected receipts and disbursements for 1998.

CHRISTIAN EDUCATION BOARD BUDGET

January - December 1998

Receipts:

Cooperative Plan (3% of \$375,000.00)	\$11,250.00	
Minister's Retreat (80 @ \$40.00 each)	3,200.00	
Trail Blazer's Retreat	1,000.00	
Total Receipts	\$15,450.00	\$15,450.00

Disbursements:

Minister's Retreat	\$7,500.00	
Trail Blazer's Retreat	1,800.00	
Board Mileage and Meals	1,100.00	
Phone	300.00	
Printing and Postage	1,200.00	
Secretarial Expense	720.00	
Computer	480.00	
Audit	500.00	
Sunday School Campaign	500.00	
Sunday School Workshops/Seminars	2,000.00	
Miscellaneous	350.00	
Total Disbursements	\$16,450.00	\$16,450.00

(This board will have a projected beginning balance, January 1, 1998, of \$17,500.00.)

Mike Hutsell, Chairman
Nelson Henderson, Secretary
Joel Kircher

Harvey Butler
Wayne Writer
Bill Johnson

REPORT # 11

STATE YOUTH BOARD REPORT

The State Youth Board met four times during the year to conduct their business.

October 18, 1996

The State Youth Board met at Camp Beaverfork near Conway, Arkansas, with all members present except for Toby Youngblood. State Youth Director Bob Thompson and Promotional Director David Joslin were also present. The following business was conducted:

- (1) Motion passed to approve the financial reports for July, August, and September.
- (2) Motion passed to set the following dates for 1997:

April 18-19	Youth Retreat,	
May 10	State Competition	Grades 8 & Up
June 1-5	Camp - Grades 9 & Up	
June 8-12	Camp - Grades 2-5	
June 15-19	Camp - Grades 6-8	
June 22-26	Camp - Grades 2-5	

(3) Motion passed to change camp registration rates to \$45 for pre-registration and \$50, if not pre-registered.

(4) Motion passed to change banking accounts to First Financial Bank in Conway, Arkansas.

January 27, 1997

The State Youth Board met at the First Free Will Baptist Church, Conway, Arkansas, during the All Board's meeting with all members present as well as Youth Director Bob Thompson. The following business was conducted:

(1) Motions passed to elect Don Guthrie, Chairman; David Watson, Vice-Chairman; and Scott Real, Secretary.

(2) Motion passed to receive the yearly and quarterly reports as presented by Youth Director Bob Thompson. General discussion followed about possible expenses for the city water project.

(3) State Youth Director reported on future dates that the camp was in use and new improvement projects that were needed and the possibility of raising monies to do so.

(4) Motion passed to sponsor a golf tournament to be held this spring to raise money for improvement projects. Cost per golfer will be \$40 with Youth Director Bob Thompson in charge of this activity.

May 27, 1997

The State Youth Board met at the state office in Conway, Arkansas, with all members present except for Toby Youngblood, Scott Real and David Watson. State Youth Director Bob Thompson and Promotional Director David Joslin were also present. The following business was conducted:

(1) Motion passed to accept the financial reports as given by Youth Director Bob Thompson.

(2) There was general discussion on camp activities, and special project upgrades

(3) Motion passed to purchase a lawn mower for the camp for approximately \$2,500.

July 11, 1997

The State Youth Board met at the state office in Conway, Arkansas, with all members present except for Toby Youngblood and Tim Morgan. State Youth Director Bob Thompson was also present.

(1) Motion passed to accept the 1996 audit report for Camp Beaverfork as presented by auditor Ricky Taylor, CPA.

(2) Motion passed to accept the financial reports given by Youth Director Bob Thompson.

(3) Motion passed to send the camp caretaker to Heating and Air Vo-Tech school at a cost of \$500. Youth Director would have discretion concerning the time involved.

(4) Motion passed following the presentation of the 1998 budget that a 6% raise be given to the Youth Director and a 5% raise to the camp caretaker.

(5) Motion passed to adopt the following proposed budget for 1998.

(6) Motion passed to transfer \$5,000 to the Contingency Fund.

Don Guthrie, Chairman
David Watson, Vice-Chairman
Scott Real, Secretary

Toby Youngblood
Frank Matchett
Tim Morgan

RICKY J. TAYLOR, C.P.A., P.A.

P. O. Box 2851 • RUSSELLVILLE, AR 72801 • (501) 967-4439 • FAX: (501) 967-2481

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Camp Beaverfork, Arkansas Free Will Baptists Youth Camp, Inc.

I have audited the accompanying balance sheet of Camp Beaverfork, Arkansas Free Will Baptists Youth Camp, Inc. (a nonprofit corporation) as of December 31, 1996 and 1995, and the related statements of revenues and expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The Organization has elected to record the values of fixed assets, specifically the campground land and facilities, at the appraised values. Generally accepted accounting principles require that fixed and operational assets be valued at actual cost less appropriate adjustments for depreciation and substantial decreases for obsolescence. Due to the limited records and the extensive use of donations relating to the establishment of the campground properties, it was not practical for me to extend my examination of such records beyond the amounts recorded.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the actual cash and donation records referred to in the preceding paragraph been susceptible to satisfactory audit test, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Camp Beaverfork, Arkansas Free Will Baptists Youth Camp, Inc. as of December 31, 1996 and 1995, and its results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Ricky J Taylor CPA P.A.

Russellville, Arkansas
June 18, 1997

Member of:
American Institute of Certified Public Accountants
Arkansas Society of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

CAMP BEAVERFORK, ARKANSAS FREE WILL
BAPTISTS YOUTH CAMP, INC.
BALANCE SHEETS
DECEMBER 31, 1996 AND 1995

ASSETS

	<u>1996</u>	<u>1995</u>
CURRENT ASSETS:		
Cash in bank	\$ 3,298	\$ 6,427
Cash-savings account	5,251	5,170
Accounts receivable	<u>5,072</u>	<u>5,010</u>
Total Current Assets	13,621	16,607
FIXED ASSETS:		
Land and buildings	333,760	333,760
Auto	18,704	14,539
Equipment	15,761	15,761
Camp improvements	75,205	67,924
Less: accumulated depreciation	<u><29,563></u>	<u><32,683></u>
Total Fixed Assets	413,867	399,301
TOTAL ASSETS	<u>\$ 427,488</u>	<u>\$ 415,908</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES:		
Current portion of L-T debt	\$ 8,466	\$ 3,966
Accounts payable	2,110	84
Payroll taxes payable	<u>965</u>	<u>928</u>
Total Current Liabilities	11,541	4,978
LONG-TERM DEBT:		
Notes payable (Less: current portion of L-T debt)	<u>13,201</u>	<u>6,166</u>
TOTAL LIABILITIES	24,742	11,144
FUND BALANCE:		
Fund balance, Beginning of Year	404,764	415,272
Excess revenue over expenses	<u><2,018></u>	<u><10,508></u>
Fund balance, End of Year	402,746	404,764
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 427,488</u>	<u>\$ 415,908</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

CAMP BEAVERFORK, ARKANSAS FREE WILL
BAPTISTS YOUTH CAMP, INC.
STATEMENTS OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
REVENUE:		
COOP	\$ 60,652	\$ 57,396
Camp rentals	45,552	52,917
Registration & concessions	46,958	46,187
Special projects	8,592	0
CTS rally	4,961	4,500
Gifts and contributions	2,127	2,232
Special offerings	616	6,526
Interest income	230	469
Gain on sale of assets	1,413	0
Total Revenues	<u>171,101</u>	<u>170,227</u>
EXPENSES:		
Salaries-director	24,480	27,027
Salaries-maintenance	16,125	14,359
Salaries-clerical	592	5,503
Salaries-other	1,559	0
Home equity plan-director	550	4,050
Auto expense	4,523	2,417
Utilities-director	2,544	2,307
Utilities-camp	15,830	14,899
Insurance-camp	5,574	6,065
Insurance and retirement-director	5,225	4,596
Payroll taxes	3,971	4,405
Office supplies	655	675
Professional fees	1,600	1,550
CTS rally	3,019	2,860
Meetings & conventions	0	1,907
Interest expense	870	969
Miscellaneous	848	369
Camp literature	309	124
Contributions	0	300
Pool upkeep	0	542
Food service	28,239	31,035
Food service-labor	8,584	11,261
Repairs & maintenance	14,467	7,201
Supplies	9,057	6,305
Camp labor	8,297	8,726
Guest speakers	1,723	1,225
Designated gifts	616	6,526
Board mileage & meals	969	3,297
Moving expense	1,561	0
Depreciation	11,332	10,235
Total Expenses	<u>173,119</u>	<u>180,735</u>
Excess Revenues Over Expenses	\$ <u><2,018></u>	\$ <u><10,508></u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

CAMP BEAVERFORK, ARKANSAS FREE WILL
BAPTISTS YOUTH CAMP, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
CASH FROM OPERATING ACTIVITIES:		
Net revenue over expenses	\$ <2,018>	\$ <10,508>
Adjustments to reconcile net revenue over expenses to net cash provided by operations:		
Depreciation	11,332	10,235
Gain on sale of assets	<1,413>	0
(Increase)decrease in accounts receivable	<62>	<564>
Increase(decrease) in accounts payable	2,026	<1,628>
Increase(decrease) in payroll tax payable	37	<290>
Increase(decrease) in remittance due N.I.	<u>0</u>	<u><15,313></u>
Net Cash Provided by Operating Activities	9,902	<18,068>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	<25,986>	<6,537>
Sale of fixed assets	<u>1,500</u>	<u>0</u>
Net cash used in investing activities	<24,486>	<6,537>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of debt	17,205	0
Repayment of debt	<u><5,669></u>	<u><3,662></u>
Net cash used by financing activities	11,536	<3,662>
Net increase (decrease) in cash	<3,048>	<28,267>
Cash at beginning of year	<u>11,597</u>	<u>39,864</u>
Cash at end of year	\$ <u>8,549</u>	\$ <u>11,597</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

CAMP BEAVERFORK, ARKANSAS FREE WILL
BAPTISTS YOUTH CAMP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996 AND 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

Camp Beaverfork, Arkansas Free Will Baptists Youth Camp, Inc. is a nonprofit corporation established to serve the Arkansas Free Will Baptists Youth by providing summer camp and retreat facilities.

METHOD OF ACCOUNTING

The Camp maintains its financial records on a basis of cash received and cash disbursed for internal purposes, with appropriate accruals for receivable and payable balances at the end of each fiscal period for financial statement purposes. This accounting method is generally accepted among nonprofit organizations as the most feasible way of reflecting their financial activity and position. The fund balance represents the Camp's equity in its assets.

LAND, BUILDINGS AND EQUIPMENT

Due to limited records and the extensive use of donations related to the establishment, development, and maintenance of the campground facilities, the land and buildings are recorded at their appraised value. Generally accepted accounting principles require that fixed and operational assets be recorded at cost less appropriate adjustments for depreciation and substantial decreases for obsolescence. Equipment, auto and camp improvements are recorded at cost and appropriate provisions for depreciation have been applied. Depreciation expenses for the years ended are \$ 11,332 and \$ 10,235 respectively.

STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the company considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Cash paid for interest is as follows:

1996	\$ 870
1995	\$ 969

INCOME TAXES

The corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Service Code.

CAMP BEAVERFORK, ARKANSAS FREE WILL
BAPTISTS YOUTH CAMP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996 AND 1995

ACCOUNTS RECEIVABLE

Accounts receivable represent the balance of the COOP monies and contributions held by the Arkansas Association of Free Will Baptists, Inc. as of December 31, 1996 and 1995, due payable to Camp Beaverfork, Arkansas Free Will Baptist Youth Camp, Inc.

NOTE 2 - NOTES PAYABLE

	<u>1996</u>	<u>1995</u>
Note payable-Boatmen's National Bank, Conway, Arkansas, requires monthly installments of \$ 386, including principal and interest at an annual percentage rate of 7.980%. This note is secured by a mobile home.	\$ 6,166	\$ 10,132
Note payable-Ford Motor Credit, requires monthly installments of \$ 381, including principal and interest at an annual percentage rate of 2.9%. This note is secured by a vehicle.	<u>15,501</u>	<u>0</u>
	21,667	10,132
Less: Current portion L-T Debt	<u>8,466</u>	<u>3,966</u>
Long-term Debt	\$ <u>13,201</u>	\$ <u>6,166</u>

Scheduled minimum maturities of long-term debt over the four years subsequent to December 31, 1996, are as follows:

1997	\$ 8,466
1998	6,166
1999	4,420
2000	<u>2,615</u>
	\$ <u>21,667</u>

NOTE 3 - CONTINGENCY FUND

Camp Beaverfork, Arkansas Free Will Baptists Youth Camp, Inc. makes periodic payments to a contingency fund to be used in case of an emergency. The C.T.S. Board has discretion over the disbursements of this fund.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Camp Beaverfork, Arkansas Free Will Baptists Youth Camp, Inc., maintains cash deposits at a financial institution located in the United States. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$ 100,000. At December 31, 1996 all of the corporation's money was insured.

CAMP BEAVERFORK

<u>WEEK ONE</u>	<u>TEEN WEEK</u>
Campers	153
Counselors	26
Staff	8
HONOR CAMPERS PEOPLE'S CHOICE	Stephen Efurd and Jackie Hettell Travis Henderson and Donna Alls
<u>WEEK TWO</u>	<u>JUNIOR WEEK</u>
Campers	197
Counselors	79
Staff	10
HONOR CAMPERS PEOPLE'S CHOICE	Wesley Briant and Ashley Walker Daryl Hunter and April Copeland
<u>WEEK THREE</u>	<u>JR. HIGH WEEK</u>
Campers	201
Counselors	34
Staff	10
HONOR CAMPERS PEOPLE'S CHOICE	Cody Littleton and Lynsey Stripling Nicholas Hewett and Laura Luttrell
<u>WEEK FOUR</u>	<u>JUNIOR WEEK</u>
Campers	135
Counselors	39
Staff	10
HONOR CAMPERS PEOPLE'S CHOICE	Caleb Duvall and Alicia Harper Caleb Duvall and Allison Meadows
TOTAL SALVATION	47
REDEDICATION	44
OTHERS	40
MISSIONS OFFERING	\$848.57

CAMP BEAVERFORK

STATE YOUTH BOARD BUDGET

January - December 1998

Receipts:

Coop Plan (17.5% of \$375,000.00)	\$65,625.00	
Camp Registration and Concession	49,000.00	
Camp Rentals	56,445.00	
Special Projects	6,000.00	
CTS Rally	4,000.00	
Missions	1,000.00	
Utility Reimbursement	180.00	
Interest Income	300.00	
Total Receipts	\$182,380.00	\$182,380.00

Disbursements:

Director Salary	\$ 29,150.00	
Maintenance Caretaker Salary	21,300.00	
Maintenance Caretaker Insurance	3,000.00	
Clerical Salary	3,000.00	
Auto Payment	4,560.00	
Director Home Equity	600.00	
Car Expense	2,500.00	
Utilities-Camp and Director	20,000.00	
Camp Insurance	6,000.00	
Director Insurance and Retirement	5,700.00	
Payroll Taxes	4,670.00	
Postage	500.00	
Professional Fees	1,650.00	
CTS Rally	3,200.00	
Conventions	1,750.00	
Bank Loan	4,700.00	
Miscellaneous	500.00	
Camp Literature	300.00	
Pool Upkeep	1,000.00	
Food Service	30,000.00	
Food Service-Labor	7,000.00	
Repairs	8,000.00	
Supplies	6,500.00	
Camp Labor	4,000.00	
Guest Speakers	2,200.00	
Designated Gifts-Missions	1,000.00	
Board Mileage and Meals	1,800.00	
Emergency Fund	2,400.00	
Contingency Fund	2,400.00	
Special Projects	3,000.00	
Total Disbursements	\$182,380.00	\$182,380.00

REPORT # 13

STATE HOME MISSION BOARD REPORT

The State Home Mission Board of the Arkansas State Association met seven times this year and conducted one conference call as follows:

September 10, 1996

The State Home Mission Board met at the state office in Conway, Arkansas, with all members present including Promotional Director David Joslin. The following business was conducted:

- (1) Motion passed to accept the financial report.
- (2) Motion passed to authorize David Joslin to transfer all banking accounts to First Financial Bank in Conway, Arkansas.
- (3) The board met with missionaries Don Guthrie and Levan Hubbard and received their reports.

January 18, 1997

The State Home Mission Board met at the Lake Hills Free Will Baptist Church, Hot Springs, Arkansas, with all members present except Norman McFall. Promotional Director David Joslin and Missionary Don Guthrie were also present. The following business was conducted:

- (1) Motion passed to approve the financial report.
- (2) The board met with Don Guthrie and received his report.

January 27, 1997

The State Home Mission Board met at the First Free Will Baptist Church in Conway, Arkansas, during the All Board's meeting with all members present except Hursel Parker. Missionaries Don Guthrie and Levan Hubbard were also present. The following business was conducted:

- (1) The board met with each missionary separately and received his reports.
- (2) Motion passed to reimburse Levan Hubbard for his mileage to Nashville, Tennessee, where he attended a mission's conference. Funds will be taken from his account.
- (3) Motion passed to pay the \$30 increase for Levan Hubbard's health insurance from his account.

May 5, 1997

The State Home Mission Board met at the state office in Conway, Arkansas, with all members present as well as Promotional Director David Joslin and Missionaries Levan Hubbard and Don Guthrie. The following business was conducted:

- (1) Motion passed to approve the financial reports.
- (2) Motion passed to transfer \$30,000 from APPLE Savings to three certificates of deposit of \$10,000 each.
- (3) The board met separately with each missionary and received his reports.
- (4) Motion passed to give each missionary \$1,200 from the General Fund for expenses to the National Convention in Ohio.

June 3, 1997

The State Home Mission Board met at the state office in Conway, Arkansas, with all members present as well as Promotional Director David Joslin. The following business was conducted:

- (1) Motion passed to adopted the 1998 proposed budget.

June 24, 1997

The State Home Mission Board met at the state office in Conway, Arkansas, with all members present except for Paul Payne and David Copeland. Promotional Director David Joslin was also present.

- (1) Motion passed to elect Kerry Gandy as chairman due to the resignation of chairman Carl Cheshier.

July 7, 1997

The State Home Mission Board conducted a conference call with all members present as well as Promotional Director David Joslin. The following business was conducted:

- (1) Motion passed to accept the resignation of Levan Hubbard on or before October 1, 1997.

STATE HOME MISSION BOARD REPORT, Continued

July 17, 1997, Continued

The State Home Mission Board met at the state office in Conway, Arkansas, with all members present. The following business was conducted:

- (1) Motion passed to receive the 1996 auditor's report by Ricky Taylor, C.P.A.
- (2) Motion passed to receive the financial reports given by David Joslin.
- (3) The Board discussed procedure and policies for employment of a new missionary for Maumelle.
- (4) Motion passed to reimburse expenses of fill-in speakers for the Maumelle mission. Expenses include mileage and \$50 per service preached. Expenses are to be paid from the General Fund.

Carl Cheshier, Chairman
David Copeland, Secretary
Norman McFall

Paul Payne
Kerry Gandy
Hursel Parker

State Mission Board Budget January - December 1998

Receipts:

Cooperative Plan (17% of \$375,000.00)	\$63,750.00	
Shreveport to APPLE	2,625.00	
West Memphis to APPLE	4,200.00	
Rolling Oaks, Maumelle to APPLE	12,000.00	
Lake Hills, Hot Springs to APPLE	27,600.00	
Churches, Individuals, & Associations	82,000.00	
Total Receipts	\$192,175.00	\$192,175.00

Disbursements:

Maumelle - Salary & Benefits	\$38,000.00	
Maumelle Property Payment	12,000.00	
Lake Hills - Salary & Benefits	44,000.00	
Lake Hills Property Payment	27,600.00	
APPLE - Shreveport, Louisiana	2,625.00	
APPLE - Maumelle	12,000.00	
APPLE - Hot Springs	27,600.00	
Phone	1,200.00	
Secretarial Expense	2,100.00	
Computer	600.00	
Board Mileage and Meals	2,500.00	
Audit	1,500.00	
Miscellaneous	2,000.00	
New Project	18,450.00	
Total Disbursements	\$192,175.00	\$192,175.00

RICKY J. TAYLOR, C.P.A., P.A.

P. O. Box 2851 • RUSSELLVILLE, AR 72801 • (501) 967-4439 • FAX: (501) 967-2481

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Arkansas State Home Mission Board of the Arkansas State
Association of Free Will Baptists, Inc.

I have audited the accompanying statements of financial position of Arkansas State Home Mission Board of the Arkansas State Association of Free Will Baptists, Inc. (a nonprofit Corporation) as of December 31, 1996 and 1995, and the related statements of activities, and cash flows for the years then ended. The financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

The Organization has elected to record the values of land and buildings, specifically the state mission church at Wynne, Arkansas, at the appraised values. Generally accepted accounting principles require that operational assets be valued at actual cost less appropriate adjustments for depreciation and substantial decreases for obsolescence. Due to limited records and the extensive use of donations relating to the establishment of the above mentioned property, it was not practical for me to extend my examination of such records beyond the amounts recorded.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the actual cash and donations records referred to in the preceding paragraph been susceptible to satisfactory audit tests, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Arkansas State Home Mission Board of the Arkansas State Association of Free Will Baptists, Inc. as of December 31, 1996 and 1995 and its results of operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Ricky J Taylor CPA P.A.

Russellville, Arkansas
June 19, 1997

Member of:
American Institute of Certified Public Accountants
Arkansas Society of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

ARKANSAS STATE HOME MISSION BOARD OF THE
ARKANSAS STATE ASSOCIATION OF FREE WILL BAPTISTS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1996 AND 1995

ASSETS

ASSETS:	<u>1996</u>	<u>1995</u>
Cash	\$ 21,301	\$ 21,387
Cash - Savings Accounts	22,569	7,461
Property	754,918	723,568
Mortgage/Notes Receivable	<u>88,973</u>	<u>161,691</u>
 Total Assets	 \$ <u>887,761</u>	 \$ <u>914,107</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Bonus Payable	\$ 4,551	\$ 3,009
Escrow Payable	23,858	12,173
Mortgage Payable	<u>331,116</u>	<u>402,260</u>
 Total Liabilities	 <u>359,525</u>	 <u>417,442</u>
 NET ASSETS:		
Unrestricted	513,938	488,709
Temporarily Restricted	<u>14,298</u>	<u>7,956</u>
 Total Net Assets	 <u>528,236</u>	 <u>496,665</u>
 Total Liabilities and Net Assets	 \$ <u>887,761</u>	 \$ <u>914,107</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

ARKANSAS STATE HOME MISSION BOARD OF THE
ARKANSAS STATE ASSOCIATION OF FREE WILL BAPTISTS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	1996			1995
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE:				
General fund income	\$ 58,939	\$	\$ 279	\$ 59,218
Missionary income-Wynne			888	4,144
Missionary income-Maumelle		35,379	2,903	40,568
Missionary income-Hot Springs		39,833	6,000	37,525
Missionary income-Waldron			0	7,394
Interest income	8,361	65	8,426	9,884
Net assets released from restrictions:				
Restrictions satisfied by payments	79,005	<68,935>	<10,070>	
Total Revenue	146,305	6,342	152,647	153,527
EXPENSES:				
Board mileage & meals	2,749		2,749	3,565
Telephone	304		304	873
Printing	98		98	334
Postage	212		212	505
Office supplies	27		27	71
Secretarial expense	1,800		1,800	1,200
Computer expense	450		450	450
Professional fees	1,400		1,400	1,400
Workman's comp	136		136	317
Miscellaneous	637		637	11,658
Bank charge	39		39	120
Mission task force	51		51	3,252
Missionary expense-Maumelle	29,040		29,040	31,709
Missionary expense-Hot Springs	48,003		48,003	27,164
Missionary expense-Waldron	0		0	10,600
Interest expense	35,188		35,188	14,620
Closing cost	942		942	535
Wynne debt expense	0		0	3,142
Total Expenses	121,076		121,076	111,515
Increase <Decrease> in net assets	25,229	6,342	31,571	42,012
Net assets-Beginning of Year as restated	488,709	7,956	496,665	454,653
Net assets-End of Year	\$ 513,938	\$ 14,298	\$ 528,236	\$ 496,665

The Accompanying Notes Are an Integral Part of These Financial Statements.

ARKANSAS STATE HOME MISSION BOARD OF THE
ARKANSAS STATE ASSOCIATION OF FREE WILL BAPTISTS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>1996</u>	<u>1995</u>
Increase in net assets	\$ 31,571	\$ 42,012
Increase <Decrease> in:		
Bonus payable	1,542	1,140
Escrow payable	11,685	12,173
Proceeds from sale of land	<u>0</u>	<u>16,500</u>
Net Cash Provided by Operating Activities	44,798	71,825
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of land & building	<31,350>	<334,338>
Advance on notes receivable	<14,533>	<29,876>
Proceeds from collection from Mortgage Receivable	<u>87,251</u>	<u>21,661</u>
Net Cash Provided from Investing Activities	41,368	<342,553>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	30,000	290,000
Repayment of debt	<101,144>	<33,693>
Net Cash Provided by Financing Activities	<u><71,144></u>	<u>256,307</u>
Net Increase <Decrease> in Cash	15,022	<14,421>
Cash at Beginning of Year	<u>28,848</u>	<u>43,269</u>
Cash at End of Year	\$ <u>43,870</u>	\$ <u>28,848</u>
SUPPLEMENTAL DISCLOSURES:		
Cash Paid During the Year for Interest	\$ <u>35,188</u>	\$ <u>14,620</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

ARKANSAS STATE HOME MISSION BOARD OF THE
ARKANSAS STATE ASSOCIATION OF FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1996 AND 1995

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Arkansas State Home Mission Board of the Arkansas State Association of Free Will Baptists, Inc. is a non-profit Corporation incorporated under the law of the State of Arkansas. The purpose of the corporation is to establish and support Free Will Baptists Mission Churches in the state of Arkansas. The corporation's support comes primarily from donor contributions and COOP receipts.

The Corporation is exempt from federal income tax under section 501 (c) (3) of the Internal Revenue Service.

The following significant accounting policies have been followed in the preparation of the financial statements:

Basis of Accounting

The Corporation prepares its financial statements using the accrual basis of accounting, which involves the application of generally accepted accounting principles; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has no permanently restricted net assets.

ARKANSAS STATE HOME MISSION BOARD OF THE
ARKANSAS STATE ASSOCIATION OF FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
DECEMBER 31, 1996 AND 1995

Property

As mentioned in the audit report, the property located in Wynne, Arkansas is carried at the appraised values. The property at Maumelle, Arkansas and Hot Springs, Arkansas is carried at cost plus donated labor and material. Expenditures for repairs and maintenance are charged to operations when incurred, while major betterments and renewals are capitalized.

Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of six months or less when purchased to be cash equivalents.

NOTE 2 - PROPERTY

A summary of property is as follows:

Land & building - Wynne, Arkansas	\$	135,000
Land & building - Maumelle, Arkansas		254,230
Land & building - Hot Springs, Arkansas		<u>365,688</u>
	\$	<u>754,918</u>

NOTE 3 - MORTGAGE RECEIVABLE

The State Missions Board has sold various properties to various organizations and carries the mortgage on the property until paid.

NOTE 4 - ESCROW PAYABLE

Rolling Oaks Free Will Baptist Church in Maumelle, Arkansas is making payments to the Arkansas State Mission Board of the State Association of Free Will Baptists, Inc., to be applied to the purchase of the property in Maumelle. The property will not be transferred to Rolling Oaks Free Will Baptist Church until the church goes self-supporting.

NOTE 5 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>1996</u>	<u>1995</u>
Missionary - Maumelle	\$ 8,324	\$ <1,845>
Missionary - Hot Springs	<u>5,974</u>	<u>9,801</u>
	\$ <u>14,298</u>	\$ <u>7,956</u>

These net assets are restricted due to donor restrictions. They are released when the donor restriction is satisfied.

ARKANSAS STATE HOME MISSION BOARD OF THE
ARKANSAS STATE ASSOCIATION OF FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
DECEMBER 31, 1996 AND 1995

NOTE 6 - NOTES PAYABLE

	<u>1996</u>	<u>1995</u>
Note payable - Mercantile Bank, Conway, Arkansas, requires monthly installments of \$ 1,026, including principal and interest at an annual percentage rate of 7.75%. Note secured by real estate.	\$ 77,651	\$ 86,523
Note payable - Magnolia Federal Bank, Hattiesburg, Mississippi, requires monthly installments of \$ 196, including principal and interest at an annual percentage rate of 9.5%. Note secured by real estate.	0	3,264
Note payable - Cross County Bank, Wynne, Arkansas, requires monthly installments of \$ 750, including principal and interest at an annual percentage rate of 9.5%. Note secured by real estate.	0	22,473
Note payable - Mercantile Bank, Conway, Arkansas, is a short-term note used to finance the construction of the Lake Hills Free Will Baptist Church in Hot Springs, Arkansas. When construction is completed this will be converted to permanent financing. Interest is to be paid monthly.	0	290,000
Note payable - Mercantile Bank, Conway, Arkansas, requires monthly installments of \$ 2,300, including principal and interest at an annual percentage rate of 8.5%. Note secured by real estate.	<u>253,465</u>	<u>0</u>
	\$ <u>331,116</u>	\$ <u>402,260</u>

The aggregate maturities of these notes are as follows:

1997	\$ 12,819
1998	13,900
1999	15,071
2000	16,343
2001	17,720
Thereafter	<u>255,263</u>
	\$ <u>331,116</u>

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Board maintains cash deposits at a financial institution located in the United States. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$ 100,000. At December 31, 1996 all of the Board's deposits were insured.

ARKANSAS STATE HOME MISSION BOARD OF THE
ARKANSAS STATE ASSOCIATION OF FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
DECEMBER 31, 1996 AND 1995

NOTE 8 - CHANGE FOR NEW PRONOUNCEMENTS

The Corporation elected to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. As permitted by SFAS No. 116, the Organization has retroactively applied the provisions of this new Statement by restating net assets as of December 31, 1995. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction.

In 1996, the Corporation also elected to adopt SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this new Statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statement to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1996.

RICKY J. TAYLOR, C.P.A., P.A.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To The Board of Directors
Arkansas State Home Mission Board of the Arkansas State
Association of Free Will Baptists, Inc.

The report on my audit of the basic financial statements of Arkansas State Home Mission Board of the Arkansas State Association of Free Will Baptists, Inc. for 1996 and 1995 appears on page 52. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of cash receipts and disbursements (cash basis) and the schedules of detail listings of notes receivable and liabilities, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ricky J Taylor CPA P.A.

Russellville, Arkansas
June 19, 1997

Member of:
American Institute of Certified Public Accountants
Arkansas Society of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

STATE MISSIONS - GENERAL FUND
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 13,430.62	\$ 8,508.17
Receipts:		
Arkansas Free Will Baptists - Coop	\$58,919.38	\$ 53,915.70
Churches, Associations, Individuals & Others	20.00	96.00
Hot Springs Building Loan	279.00	-0-
Notes Receivable - New Haven, West Helena	4,708.04	1,761.75
Bank Interest	478.49	449.73
Sale of Land #1 - Hot Springs	-0-	15,964.78
Transfer from APPLE Savings - Hot Springs	1,500.00	29,035.22
Total Receipts	\$65,904.91	\$101,223.18
Disbursements:		
Board Mileage & Meals	\$ 2,748.89	\$ 3,565.40
Phone	303.58	873.36
Printing	98.00	333.82
Postage	212.11	302.99
Office Supplies	26.81	71.11
Secretarial	1,800.00	1,200.00
Computer	450.00	450.00
Audit	1,400.00	1,400.00
Mission Task Force	50.64	3,251.68
Miscellaneous Expense	809.31	1,704.55
Bank Charges	39.30	120.00
Workman's Compensation	136.24	317.00
Hot Springs - Bank Account	-0-	1,000.00
Wynne - Transfer to Pay Back Apple	-0-	3,142.26
Wynne - Cross County Bank (Principal)	2,332.77	6,218.20
Wynne - Cross County Bank (Interest)	669.03	2,387.97
Hubbard - Christmas Bonus	500.00	500.00
Hubbard - Special Bonus Account	676.19	616.20
Hubbard - Conference Expense	1,600.00	1,100.00
Maumelle - Hubbard Newsletter	811.99	-0-
Maumelle - Miscellaneous	190.25	1,213.45
New Haven, West Helena (Principal)	3,264.31	1,937.74
New Haven, West Helena (Interest)	238.32	411.26
Security Bank - Maumelle (Principal)	5,967.66	4,697.51
Security Bank - Maumelle (Interest)	6,346.62	7,616.77
Hot Springs - Construction Interest	6,585.88	3,442.30
Hot Springs - Land	-0-	45,000.00
Hot Springs-Mercantile Bank (Principal)	8,154.35	-0-
Hot Springs-Mercantile Bank (Interest)	21,240.89	-0-
Hot Springs - Miscellaneous	2,779.50	802.42
Guthrie - Conference Expense	1,600.00	1,200.00
Guthrie - Moving Expenses	-0-	458.06
Guthrie - Special Bonus Account	800.04	466.68
Guthrie - Christmas Bonus	500.00	500.00
Total Disbursements	\$72,332.68	\$ 96,300.73
Ending Balance, December 31	\$ 7,002.85	\$ 13,430.62

See Accountants' Report on Supplementary Information

LEVAN HUBBARD - MAUMELLE
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginng Balance, January 1	\$(1,844.77)	\$ 3,009.30
Receipts:		
Churches, Associations, Individuals & Others	\$34,781.43	\$23,872.23
Hubbard Tape Sales	597.50	-0-
Transfer from Morgan	-0-	2,164.34
Total Receipts	\$35,378.93	\$26,036.57
Disbursements:		
National Home Missions - Hubbard	\$23,300.00	\$30,000.00
Itinerant Expenses	266.76	191.82
Newsletter	-0-	698.82
Hubbard Music Tape	1,325.14	-0-
Miscellaneous	318.05	-0-
Total Disbursements	\$25,209.95	\$30,890.64
Ending Balance, December 31	\$ 8,324.21	\$(1,844.77)

MISSION POSSIBLE - MAUMELLE
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginng Balance, January 1	-0-	-0-
Receipts:		
Churches, Associations, Individuals & Others	\$1,903.25	\$16,695.30
Insurance Dividend	1,000.00	-0-
Total Receipts	\$2,903.25	\$16,695.30
Disbursements:		
Mercantile Bank-Principal on Maumelle Loan	\$2,903.25	\$16,695.30
Ending Balance, December 31	-0-	-0-

HUBBARD SPECIAL BONUS SAVINGS ACCOUNT
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$2,540.09	\$1,869.42
Receipts:		
2% of Monthly Salary	\$ 676.19	\$ 616.20
January - December Interest	51.96	54.47
Total Receipts	\$ 728.15	\$ 670.67
Ending Balance, December 31	\$3,268.24	\$2,540.09

See Accountants' Report on Supplementary Information

DON GUTHRIE - HOT SPRINGS
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginng Balance	\$ 9,950.97	\$ 435.00
Receipts:		
Churches, Associations, Individuals & Others	\$39,832.52	\$35,525.42
Transfer from Morgan to Guthrie	-0-	2,164.35
Total Receipts	\$39,832.52	\$37,689.77
Disbursements:		
Don Guthrie - Salary & Benefits (Includes Jan. 97)	\$43,499.96	\$23,333.31
Itinerant Expense	310.00	2,780.90
Computer	-0-	1,891.59
Miscellaneous	-0-	168.00
Total Disbursements	\$43,809.96	\$28,173.80
Ending Balance, December 31	\$ 5,973.53	\$ 9,950.97

HOT SPRINGS PROPERTY - FROM APPLE
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginng Balance, January 1	-0-	-0-
Receipts:		
Transfer from APPLE	\$14,532.67	\$29,876.05
Disbursements:		
Cresendo Sound System	\$2,418.87	-0-
Copy Systems-Copier	1,605.00	-0-
Lake Hills, Hot Springs	10,000.00	-0-
Taylor & Kempkes, Architect, Hot Springs	-0-	\$ 9,900.00
City Plumbing-Dirt Work	-0-	9,093.00
Christian Supply-Chairs, Tables, Hymnals	508.80	1,444.65
Lake Hills for Pews	-0-	9,438.40
Total Disbursements	\$14,532.67	\$29,876.05
Ending Balance, December 31	-0-	-0-

HOT SPRINGS BUILDING FUND
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginng Balance, January 1	-0-	-0-
Receipts:		
Sale of Hot Springs Land #1	\$22,907.50	-0-
Sale of Hot Springs Village Lot	5,000.00	-0-
Individual	-0-	\$ 500.00
Brotherhood Insurance Dividend	1,000.00	1,500.00
Total Receipts	\$28,907.50	\$2,000.00
Disbursements:		
Mercantile Bank-Hot Springs Loan	\$28,907.50	-0-
Lake Hills for Pews	-0-	\$2,000.00
Total Disbursements	\$28,907.50	\$2,000.00
Ending Balance, December 31	-0-	-0-

See Accountants' Report on Supplementary Information

TEXARKANA PROPERTY
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	-0-	-0-
Receipts:	\$48,867.13	-0-
Disbursements:		
Mercantile Bank-Hot Springs	\$29,383.94	-0-
Mercantile Bank-Hot Springs-Fees	90.00	-0-
Cross County Bank-Wynne	19,391.19	-0-
Cross County Bank-Wynne-Fees	2.00	-0-
Total Disbursements	\$48,867.13	-0-
Ending Balance, December 31	-0-	-0-

WYNNE MORTGAGE PAY-OFF
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	-0-	-0-
Receipts:		
Churches, Associations, Individuals & Others	\$888.22	\$2,328.01
Total Receipts	\$888.22	\$2,328.01
Disbursements:		
Cross County Bank - Wynne	\$888.22	\$1,989.92
APPLE Savings	-0-	338.09
Total Disbursements	\$888.22	\$2,328.01
Ending Balance, December 31	-0-	-0-

A.P.P.L.E.
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	-0-	-0-
Receipts:		
Notes Receivable:		
House of Prayer, Louisiana	\$ 4,515.10	\$ 4,513.44
Lighthouse Baptist, Texarkana	999.90	6,499.35
New Haven, West Helena	-0-	1,439.59
Heritage, Shreveport, Louisiana	3,820.00	3,850.00
Rolling Oaks, Maumelle	11,685.51	20,961.61
Lake Hills, Hot Springs	8,500.00	-0-
Wynne Mortgage Pay-Off	-0-	338.09
State Mission Payback for Wynne Note to APPLE	-0-	3,142.26
Total Receipts	\$29,520.51	\$40,744.34
Disbursements:		
APPLE Savings	\$29,520.51	\$40,744.34
Total Disbursements	\$29,520.51	\$40,744.34
Ending Balance, December 31	-0-	-0-

See Accountants' Report on Supplementary Information

TIM MORGAN - WALDRON
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	-0-	\$ 7,534.47
Receipts:		
Churches, Associations, Individuals & Others	-0-	\$ 5,619.22
Waldron	-0-	2,475.00
Total Receipts	-0-	\$ 8,094.22
Disbursements:		
Tim Morgan - Salary & Benefits	-0-	\$11,300.00
Ending Balance, December 31	-0-	\$ 4,328.69
Less Transfer to Hubbard	-0-	2,164.34
Less Transfer to Guthrie	-0-	2,164.35
Adjusted Ending Balance, December 31	-0-	-0-

A.P.P.L.E. SAVINGS
Statement of Cash Receipts and Disbursements
For The Year Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 4,451.62	\$ 1,912.56
Receipts:		
Notes Receivable:		
House of Prayer, Louisiana	\$ 4,515.10	\$ 4,513.44
Lighthouse Baptist, Texarkana	999.90	6,499.35
New Haven, West Helena	-0-	1,439.59
Heritage, Shreveport, Louisiana	3,820.00	3,850.00
Wynne Mortgage Pay-Off	-0-	338.09
Rolling Oaks, Maumelle	11,685.51	20,961.61
Lake Hills, Hot Springs	8,500.00	-0-
Interest	80.92	154.62
SMGF Repay to APPLE for Wynne	-0-	3,142.26
Total Receipts	\$29,601.43	\$40,898.96
Disbursements:		
Transfer to APPLE-Hot Springs Ernest Money	-0-	\$5,000.00
Transfer to SMGF for Hot Springs Land	-0-	3,483.85
Transfer to Hot Springs for Architect	1,500.00	9,900.00
Transfer to Hot Springs - Dirt Work	-0-	9,093.00
Transfer to Hot Springs - Pews	-0-	9,438.40
Transfer to Hot Springs - Christian Supply	508.80	1,444.65
Transfer to Hot Springs-Cresendo Sound System	2,418.87	-0-
Transfer to Hot Springs-Copy Systems	1,605.00	-0-
Transfer to Hot Springs	10,000.00	-0-
Savings Withdrawal Fee	2.00	-0-
Total Disbursements	\$16,034.67	\$38,359.90
Ending Balance, December 31	\$18,018.38	\$ 4,451.62

HOT SPRINGS BUILDING LOAN ACCOUNT
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ (150.00)	-0-
Loan from Security Bank	\$27,296.68	\$222,191.91
Plus Transfer from SMGF for Loan Interest Fees	2,703.32	-0-
Less Note Withdrawals Paid to Lake Hills	\$29,850.00	\$222,341.91
Ending Balance, December 31	-0-	\$ (150.00)

See Accountants' Report on Supplementary Information

GUTHRIE SPECIAL BONUS SAVINGS ACCOUNT
Statement of Cash Receipts and Disbursements
For The Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Beginning Balance, January 1	\$ 469.05	-0-
Receipts:		
2% of Monthly Salary	\$ 800.04	\$466.68
Bank Interest	13.32	2.37
Total Receipts	\$ 813.36	\$469.05
Ending Balance, December 31	\$1,282.41	\$469.05

STATE MISSIONS
FUND BALANCES
For the Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
State Mission General Fund	\$ 7,002.85	\$13,430.62
Don Guthrie - Hot Springs	5,973.53	9,950.97
Levan Hubbard - Maumelle	8,324.21	(1,844.77)
Hot Springs Building Loan Account	-0-	(150.00)
TOTAL FUND BALANCES, December 31	\$21,300.59	\$21,386.82

STATE MISSIONS
Detail Listing of Notes Receivable
For the Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
House of Prayer, Louisiana	\$25,284.01	\$27,167.16
Lighthouse Baptist, Texarkana	-0-	49,541.66
New Haven, West Helena	-0-	4,256.10
Heritage, Shreveport, Louisiana	7,030.00	10,850.00
Guy Seaton - Land Hot Springs	19,250.00	38,500.00
Rolling Oaks - To be applied towards land note	(23,858.19)	(12,172.68)
Lake Hills, Hot Springs	37,408.72	31,376.05
State Missions General Fund	1,500.00	-0-
Total Notes Receivable, December 31	\$66,614.54	\$149,518.29

STATE MISSIONS
Detail Listing of Liabilities
For the Years Ending December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cross County Bank - Wynne	-0-	\$ 22,473.07
Magnolia Federal - West Helena	-0-	3,264.31
Mercantile Bank - Hot Springs	\$253,464.21	290,000.00
Mercantile Bank - Maumelle	77,651.30	86,522.21
Hubbard - Bonus Payable	3,268.24	2,540.09
Guthrie - Bonus Payable	1,282.41	469.05
APPLE From State Mission General Fund	1,500.00	-0-
Total Notes Payable, December 31	\$337,166.16	\$405,268.73

See Accountants' Report on Supplementary Information

Minutes
State Meeting
August 7, 1997
23rd Annual Meeting
Bowen's Restaurant, Conway
"Working For The Master"

There were 45 in attendance.

Brother George Harvey opened the meeting with prayer.

Brother John Fowlkes welcomed the missionaries and visitors.

Brother Fowlkes reported that the men gave \$1,612.91 to the Rolling Oak's Free Will Baptist Church to purchase lawn equipment for the State Project. One share of the A.C.T.S. 1:8 program was purchased this year. Brother Fowlkes reported that the National Master's Men has paid part of the \$43,000.00 they owe. The rest will be paid from interest from the endowment fund on a six month payment plan until it all is paid.

Brother Mark Stripling reported that the state project committee would like to recommend the following for the State project for next year:

State project for 1997-1998

Rolling Oak's Free Will Baptist Church to raise \$500.00 to build a building for the lawn equipment that was purchased. Also to give \$1,000.00 to help with the project to put siding on the Tabernacle at Camp Beaverfork.

This project was adopted by the men present.

The men voted to buy one share of the A.C.T.S. 1:8 program for next year.

Brother Bob Thompson brought an inspiring message about "Working For The Master" from James 2:14. He stated that real faith is placed in Jesus Christ. Three points that Bro. Bob gave was: (1) Real faith is possible, (2) Faith is productive, and (3) You should risk it all for the Master.

He stated that we need to work, give and to take in the lost. We need to become personally involved with the lost and show that we care. Jesus took the sinner in his arms. We are to give of our time along with our self to work with the lost. Working for the Master is giving. Bro. Bob stated that friendship with God is God revealing Himself with you.

The meeting was closed with prayer.

REPORT # 14: ARKANSAS WOMEN ACTIVE FOR CHRIST

The 43rd Annual session of the Arkansas Women Active for Christ met Wednesday, August 6, 1997, with the theme "Love in any Language." A total of 185 registered including 19 missionaries, and 29 visitors. The Convention is composed of 11 districts, with all districts reporting, with total membership of 809.

The 11:00 message was given by Dr. LaVern Miley, former missionary to Ivory Coast, Africa and former Professor at F.W.B. Bible College.

The total giving for the year was \$94,340.11. The Foreign missions giving was \$24,540.32, Home Missions \$21,741.30, A.C.T.S. 1:8 \$20,987.87, and WNAC \$57,571.44

The State Project for 1997-1998 is to raise a generous love offering for Earnie and Jean Deeds, missionaries in Brazil, who will be retiring at the end of 1997.

A total of 120 attended the 30th annual banquet with Lorene Miley, as guest speaker, former missionary to Ivory Coast, Africa and Co-Laborer editor. The theme was "Conveying T-H-E-E Language."

The Arkansas Women Active for Christ met for their annual state retreat on May 2-3, 1997, with attendance of 174. The theme was "Fabric Of Our Life" with guest speaker Patsy Vanhook, missionary to France.

Arkansas Women Active for Christ
State President--Mary Ann Chronister

REPORT # 15: RESOLUTIONS

We, your Resolution Committee, submit the following resolution for consideration:

**TO: THE STATE ASSOCIATION OF FREE WILL BAPTIST
MEETING AT CONWAY, ARKANSAS
AUGUST 6 & 7, 1997**

**FROM: THE SALINE ASSOCIATION OF FREE WILL
BAPTIST**

**PLEASE PLACE THE FOLLOWING RESOLUTION BEFORE THE
BODY OF OUR STATE ASSOCIATION:**

**WHEREAS, THE BIBLE TEACHES US TO BEAR ONE ANOTHERS
BURDENS AND FULFILL THE LAW OF CHRIST,**

AND WHEREAS,

REV MARK ELLIOT, HIS DEAR WIFE TONY, AND THEIR PRECIOUS DAUGHTERS, RACHEL AND ELIZABETH, FOUR OF OUR OWN, WHO HAVE BEEN FAITHFUL TO GOD, FAITHFUL TO OUR DENOMINATION, AND FAITHFUL TO THE LOCAL CHURCH WHERE THEY HAVE PASTORED, AND WHO HAVE NOT BEEN ABLE TO BE GAINFULLY EMPLOYED SINCE JANUARY 1, 1997 BECAUSE OF THE TRAGIC ACCIDENT WHERE BRO. MARK WAS SEVERELY BURNED OVER 80% OF HIS BODY AND IS STILL UNDERGOING SURGERIES AND THERAPY FOR HIS RECOVERY,

AND WHEREAS,

THE BOOK OF PROVERBS 3:27-28 INSTRUCTS US TO "WITHHOLD NOT GOOD FROM THEM TO WHOM IT IS DUE, WHEN IT IS IN THE POWER OF THINE HAND TO DO IT. SAY NOT UNTO THY NEIGHBOR, GO, AND COME AGAIN, AND TO MORROW I WILL GIVE; WHEN THOU HAST IT BY THEE."

BE IT THEREFORE RESOLVED

THAT THIS STATE ASSOCIATION DIRECT OUR MODERATOR TO HAVE COLLECTION BUCKETS AT THE ENTRANCE AND EXITS DOORS OF THE MEETING PLACES OF THIS ASSOCIATION THIS YEAR AND ENCOURAGE THOSE IN ATTENDANCE TO GIVE TO THE ELLIOTS TO HELP THEM WITH THEIR LIVING AND MEDICAL EXPENSES,

AND BE IT FURTHER RESOLVED,

THAT OUR CHURCHES BE ENCOURAGED TO GIVE \$25 PER MONTH OR MORE THRU OUR STATE OFFICE UNTIL BRO MARK IS ABLE TO BE GAINFULLY EMPLOYED AGAIN.

(submitted by: The Saline Association's Resolution Committee: Bro. Rue Dell Smith, Chairman, Bro. Cecil Sanders, Committee Member, Bro. Anthony Williams, Committee Member, and Bro. Billy Wilson, Bro. Bill Wyatt, Bro. Bryant Craig, Bro. Dwayne Roper, Bro. John Reed, Bro. Mite Hutsell, Bro. Larry Doggett, Bro. Victor Hunter.)

Respectfully submitted: Rev. Lawnie Coffman, Rev. Doug Harris, Bro. Carmon Rushing. Rev. Doug Little, Rev. Bobby Shepherd.

REPORT # 16: STATISTICIAN

The Arkansas State Association of Free Will Baptists reports 15 associations comprised of 216 churches. The statistics for membership, baptism, etc., are based on the 203 churches who reported.

There are 91 churches located in a city/town, 125 churches in rural, 94 with full-time pastors, and 98 part-time pastors.

There are 335 ordained ministers, 58 licensed ministers, and 532 ordained deacons.

The churches reported 817 baptisms with 1,375 members added, 593 members lost, and a total membership of 19,701.

Sunday School enrollment was 12,565; CTS enrollment was 2,580; Women Active for Christ membership was 1,169; and Master's Men membership was 167.

There were two churches with day care; four churches with kindergartens, three with Christian day schools.

The total income of all churches reporting was \$7,979,797.23 and 50 churches with budgets.

There were 67 churches with parsonages, and a total value of all church property, including parsonages, of \$140,436,340.00.

Statistician--Bob Isbell

REPORT # 17: REGISTRATION COMMITTEE

We, the registration committee, submit the follow information concerning those registering during the 1997 session of the Arkansas State Association of Free Will Baptist: Ministers 95, Deacons 24, Delegates 70, Missionaries 5, Visitors 226, Total 410.

REPORT # 18

OBITUARY REPORT - 1997

The following have been called from our midst this past year:

ANTIOCH

Bob Downum
Atha Patton
B. F. Duvall
Nora Virden
Vera Bell
Kathleen Wells
Wilson Mosley
Ann Williams
Louise Farnum
Joann Crossland
Melvin Willfond
Alma Hankins
Ruby Mathews
Zelma Cothorn
Lula Burris
R. H. (Bud) Reid
Betty Powers
Kenneth Swopes
Leveary Crompton
Ima Gene Hamilton
Johnny Denham
Ernestine Matthews
Bob Renfrow
Auston Biggs

ARKANSAS

Clara Morgan
Robert Limbocker
Clifford Smith
Margaret Misee
Betty Parks
Hester Oglesbee
Mary Pilgreen
Horace Pilgreen
Ethel Waggoner
Roy "Short" Lemarr-Minister

CENTRAL

Steven Strayhorn
H. D. Roper
Colen Hudson
Jimmie Lamont
Joe Wingard
Earnest Fuller

FELLOWSHIP

Lawrence Campbell
Mary Elizabeth Hankins
Veda Hefner
Benny Mahan
Ranae Golden
Ethel Johnson
Lawrence Biffle
Louis Bauman
Kenneth Sorrels
Lora Bell Coffman
Buddy Jagers

HARMONY

Lawrence Hays-Deacon

LITTLE MISSOURI RIVER

James Ronald Turner
Howard Terrell Golden
Nancy Mack
Cois Davis
Cleo Cook

NEW HOPE

Doyme Farmer-Deacon-12
Louise Farnam
Leonard Dempsey-Deacon-42
Mabel Jones
Minnie Pike
Lucille Oliver
Rev. Faber Hall
Lowell Baker
Rhonda Griffin Hamtilton
Henry "Cotton" Wilkins
Marion Grubbs-Deacon

NORTHWEST

Opal Frazier
Chloe Buell
Dora Lee Butler
Gertrude Tibetts
Vada Mills
Evelyn Sparks
Dorothy Doty
Donald Foster
Alice Smith
Jim (J.C.) Richardson
Minnie L. Phillips
Jack Newman

OLD MT. ZION

Cloveda Lawson
Fay Phillips
Hazel Garvin
Sterling Earl Bowlin-Minister
Betty Morris
Billy Sharp
Della Mitchell
Jewel Walden
Vera Boatright
Nadine Edmonson
Patricia Lou Sikes
Allie Cain
Floy Ina Perry
Harold Hobbs
Otis Watson, Sr.
Sherry Dee Butler
Rev. Claude Hendrix
Mabel Smith
Melvin Graham
Ruth Vaughan
Clyde Day
Ora Mae Long
Rev. Dean Benson
Pearl Woods
Eric Graham
Ruth Meeks
Cecil Potts
George Musteen
James Earl (Joe) Lynch
Homer Whitely
Leroy Baker
Bill Barton
Delmer Elam
Diana Sequechie
Clarka Tarkington
Rosalie Carpenter
Lois J. Cox

OBITUARY REPORT 1997, Continued

POLK BAYOU

Fay Cook
Ralph Pinkston
Rev. Herman Lewis
Thelms Roach
Jim Kimbrough
Edgar Fairbee
Johnny Hall
Wilma Yeager
Betty Polston
Jeff Crafton
Gladys Callahan
Hazel Coleman
Bessie Cooper
Sallie Thompson
Ruth Soden

SALINE

W. G. Curry
Alice Ashcraft
Clifton Rodgers-Deacon
David Bays
Eunice Beaty
Bertie Berry
Lola Barnett
Bertie Martin
Mandy Graves
Jessie Barnett
Curtis E. Moore
Elsie Dade
Vernon F. Thompson
Larry Williams
Dee Burns
William Russworm
J. D. Sims
Fannie Jackson
Blanche Jacob
Calvin McClellan
Christine McClellan
Eva Thompson
Morie McKinney
Mae Woodard
Frank Tucker
Fatima Parham
Nick Rosen
Doy Adams
Helen McBride
Alphie Waters
Lou Tullos
Helen Kemp

SOCIAL BAND

John Sutton
Connie Baird
Grace Jones
Lorene Garner
Ona Ray
Birdie Gibson
Mary McCullison
Bob Twombly
W.P. Turner
John Davis
Christine Watson
Everett Neece-Deacon
Roy Ford
Carl Griffin
Nelsie Bailey
Marie Kuhlman
Edna Puckett
Mable Baker
Annabell Donnell

SOUTHEAST

Peggy Campbell
Oscar Campbell
Bill Johnson
Mary Holliman
Ned McCoy
Pete Evans

UNITY

Buel Wagner
L. W. "Doc" Metcalf
Naomi Loughridge
L. V. Harry
Pauline Anderson
Bob Shelton

ZION HOPE

Jim Downs
Elise Rice
Summer Wilkinson
Thelma McKenzie
Vada Bell Henderson
Thomas Overby-Minister
Bill Dyer
Dillard Honeycutt
Billy Ray Shores
Gary Cupp
Carmer Rose
Roslie Barrick
Silas Harris
Oma Peters
Pollar Jean Rogers

Respectfully Submitted,

OBITUARY COMMITTEE:

Bob Isbell
Robert Williams
Brooks Crossno
Kevin Jewell
R. H. McCuin

ARKANSAS STATE ASSOCIATION CONSTITUTION

Preamble

From experience we, the members of the Free Will Baptist denomination, being regularly baptized upon a profession of our faith in Jesus Christ and realizing the necessity of a bond of union and fellowship among us; to preserve and maintain correspondence and coordination with us; to unify the work of the various districts composing the State Association; and to devise and execute measures for the extension of the Kingdom of God in cooperation with the various districts of the Association, for that may be hereafter represented therein, do therefore ordain this Constitution for our better denomination government.

Article I.

Name:

This organization shall be known as the Arkansas State Association of Free Will Baptist, affiliated with the National Association of Free Will Baptist.

Article II.

Purpose:

The purpose of this organization shall be to unify the work of the various districts composing the State Association and to devise and execute measures for the extension of the Kingdom of God in connection with the various districts in the Association.

Article III.

Representation:

Section 1. This association shall be composed of all ordained ministers and deacons with membership in a church belonging to a district association, the district associational clerk, all members of state boards, and standing officers of the state association.

Section 2. Each district association shall be entitled to five (5) lay delegates at large. Each local church which holds membership in a district association affiliated with this body shall be entitled to send one lay delegate.

Section 3. Associational Delegates:

A. In the event any of the elected delegates fail to report, said vacancy may be filled by appointment of the moderator of said district or by the delegates present from said district.

B. In the event the elected delegate from a local church is not present, the Pastor of that local church shall have the authority to appoint a delegate to serve in place of the absent delegate.

Section 4. New associations desiring membership in the state association shall send messengers bearing a petitionary letter. If found orthodox, upon examination by the credentials committee, they shall be received by the vote of the association and given the right hand of fellowship by moderator.

Section 5. The State Convention shall convene annually on the Wednesday following the first Sunday in the month of August.

Article IV.

Finance:

Section 1. This association shall be supported by a percentage of the Cooperative receipts as designated by the State Association and by designated gifts. Said allocations to national and state work to be recommended to the association by the budget committee.

Section 2. Each district association shall send \$25.00 for each church belonging to the district association for the purpose of entertaining the State Association; \$25.00 for each church for National Association fees; and \$5.00 per each church for minutes, for a total of \$55.00.

Section 3. In the event any church within a local association does not pay its fee; the delegates, deacons, and ministers of that church shall not be seated.

Article V.

Discipline:

Section 1. This State Association shall have the right to settle any questions of discipline, doctrine, or practice that may properly come before it from any of the district composing said organization. If there be any question of discipline, doctrine, or practice on the part of a district body, delegates of that association shall be not seated until these questions have been settled to the satisfaction of the credentials committee.

Section 2. The decision of the credentials committee may be appealed to the State Association sitting in a committee as a whole.

Article VI.

Officers:

Section 1. The officers of the State Association shall consist of a moderator, assistant moderator, clerk, assistant clerk, and promotional director. Each of these, with exception of the promotional director shall be elected annually. These shall constitute a standing Executive Committee.

Section 2. The Executive Committee shall plan the State Association. A district association desiring to host the state association shall extend an invitation at least one year in advance. If an invitation is not received, the State Association will convene in the Conway area unless another site is recommended by the Executive Committee.

Section 3. The Executive Committee shall employ the auditor for all standing boards. The auditor shall be responsible to report directly to the committee, and then to the directors and boards. The audits shall be paid for by each respective board.

Section 4. The Moderator shall be an ex-officio member of the Executive Board. The Promotional Director shall be an ex-officio member of all standing boards and committees.

Section 5. A committee on committees shall be elected by the body on the opening night of the association. All other committees shall be appointed by the committee on committees.

Section 4. The moderator, assistant moderator, promotional director, clerk, and assistant clerk shall serve as the program committee for the State Association.

Article VII.

Duties and Rules of Standing Boards:

Section 1. All standing boards shall be composed of six (6) members, each of whom shall serve for three years. A member may be re-elected for an additional term of three years. No board member shall immediately succeed himself after having served two full three-year terms on said board.

Each board shall prepare a budget of its proposed financial expenditures at the beginning of each fiscal year and shall present same for approval by the Arkansas State Association along with an audit made by an independent certified public accountant, which audit shall lead to the expression of an unqualified opinion on the financial statements. The auditor's report shall include, where applicable, a balance sheet and income statement and other schedules as may be necessary for a proper presentation of the financial condition and results of operation.

Section 2. All boards of this association shall organize immediately following the annual association meeting. They shall elect a chairman, vice-chairman, and secretary. Each board shall give a written report at the annual association of meetings conducted, work accomplished, monies received and expended during the year

Section 3. Executive Board: This board shall have the authority to fill irregular vacancies which may occur in its own body, and any irregular vacancies which may occur in any standing board between sessions of the

state association. An office may be declared vacant for any of the following reasons: if a member moves from the State; if a member fails to attend the board meetings for a period of one year without providential hindrance; or if for any reason he submits a statement of resignation.

The Executive Board shall keep a record of all work accomplished, money raised, meetings conducted, and make a full and complete report at the annual association of the State Association. The Executive Board shall receive, hold, manage, use, control, and convey property entrusted to the State Association, except as stipulated elsewhere in the constitution.

No board shall buy or sell real estate, encumber the State Association beyond their current fiscal year and budget, or enter into litigation when the State Association is not in conference without the approval of the Executive Board. The chairman and secretary of the Executive Board shall sign all papers by which the State Association is to become legally responsible.

In case of an emergency situation, the Executive Board shall have the authority to call the State Association in conference by notifying each district association at least ten (10) days prior to the conference.

A bookstore shall be operated under the supervision and direction of the Executive Board who shall have the authority to employ a bookstore manager. A contractual agreement shall be signed annually by the manager of the bookstore and the Executive Board. The manager shall present a financial statement of the bookstore operation at each annual session of the association.

This board shall have the authority to employ the state promotional director. A contractual agreement shall be signed annually by the promotional director and the Executive Board. The promotional director shall assist in coordinating the work of the various boards of the State Association and shall serve as state treasurer. He shall promote both the state and national works, missionaries, mission conferences, etc. It shall be his duty to edit and publish the state paper.

He shall receive, hold, and disburse money as is made available by the State Association to the various boards. Disbursements to the various boards will be made when requested.

He shall present a written report of his work at each annual session of this association, with a financial statement of all monies received and disbursed.

Section 4. Mission Board: It shall be the duty of this board to promote an active missions program. It shall work in cooperation with the national home mission and foreign missions boards in the arranging of missionary conferences, of missionary itineraries, and shall assist in the raising of the State quota for the national missions program.

The board shall not participate in the organization of any church or mission in a town, city, or community where there is an organized Free Will Baptist Church without seeking the cooperation of said church. Neither shall this board assist in the organization of a group that is out of fellowship with an established church.

This board shall be entrusted to receive, hold, manage, use, control, or convey State Mission Property.

Section 5. State Youth Board: It shall be the duty of the State Youth Board to sponsor activities for the youth of the state that will encourage, enlighten, and educate them in a manner which will be uplifting to Christ. This board shall sponsor retreats, conferences, activities, camps, and service oriented projects for the youth. This board shall be trustees of the camp facilities owned by the state. It shall be the responsibility of this board to employ a State Youth Director to manage the camp facilities, organize and coordinate youth activities, and receive and disburse designated funds as directed by this board. The State Youth Director shall promote district, state, and national programs involving the youth. The Youth Director shall be responsible for the hiring and dismissing of camp personnel under the direction of the State Youth Board.

Section 6. Christian Education Board: It shall be the duty of this board to promote Christian education throughout the state. They shall arrange activities which may include conferences, workshops, teacher training courses, and retreats to promote instruction and fellowship.

Article VIII.

Amendments:

This constitution may be amended at any regular session of the State Association by a two-thirds vote of the members present, providing proposed amendment is presented in writing to the body one day in advance.

Article IX.

Hillsdale Trustees:

The State Association shall have two trustees to Hillsdale Free Will Baptist College. They shall give an annual report to the State Association on the progress of the college. One board member shall be elected annually to serve a two-year term.

Article X.

Parliamentary Procedure:

This meeting of the State Association shall be governed by the rules of parliamentary law as set forth in Robert's Rules of Order.