

1992 Free Will Baptist Yearbook



THE NATIONAL ASSOCIATION OF
Free Will Baptists

**Published by
The Executive Office
National Association of Free Will Baptists, Inc.
P.O. Box 5002, Antioch, Tennessee 37011**

Minutes of the Fifty-Fifth Annual Session of the National Association of Free Will Baptists, Inc. when convened in Charleston, West Virginia July 21-25, 1991

Future Sessions To Be Held In

1992	Indianapolis, Indiana	July 19-23
1993	Louisville, Kentucky	July 18-22
1994	Little Rock, Arkansas	July 17-21
1995	Charlotte, North Carolina	July 16-20
1996	Fort Worth, Texas	July 21-25
1997	Cincinnati, Ohio	July 20-24
1998	Tulsa, Oklahoma	July 12-16
1999	Atlanta, Georgia	July 18-22
2000	Anaheim, California	July 16-20
2001	Detroit, Michigan	July 15-19

Officers and Board Members

General Officers

Moderator	Ralph Hampton
Assistant Moderator	Carl Cheshier
Clerk	Waldo Young
Assistant Clerk	Keith Burden
Executive Secretary-Treasurer	Melvin Worthington

General Board

1992

New Mexico: Earl Jenkins
 North Carolina: Tom Lilly
 Northeast Association: Jim Nason
 Northwest Association: Mike Criswell
 Ohio: Delmar Sparks
 Oklahoma: Jack Richey
 South Carolina: Joe Cagle
 Tennessee: Raymond Riggs
 Texas: Thurmon Murphy
 Virginia: Jeff Crabtree
 West Virginia: Carl Vallance

1993

Alabama: John Edwards
 Arizona: Howard Gwartney
 Arkansas: David Joslin
 Atlantic Canada: Hazen Burlock
 California: Nuel Brown
 Colorado: Bob Thomas
 Florida: Randy Bryant
 Georgia: Herbert Waid
 Idaho: Tommie Carlson
 Illinois: Wallace Malone
 Indiana: Robert Helms
 Kansas: Nick Hollis
 Kentucky: Tim York
 First Louisiana: Steve Trail
 Maryland: Lester Horton
 Mexico: Fred Jones
 Michigan: Charles Cooper
 Mississippi: J.L. Gore
 Missouri: Dale Skiles

EXECUTIVE COMMITTEE

Chairman: Ralph Hampton, 5614 Meadowcrest, Nashville, TN 37209
 Clerk: Waldo Young, 1101 East Cammack, Shawnee, OK 74801

1992	1993	Officers
Tom Lilly (N.C.)	Charles Cooper (Mich.)	Ralph Hampton (Tenn.)
Jack Richey (Okla.)	J.L. Gore (Miss.)	Carl Cheshier (Ark.)
Carl Vallance (W.Va.)	David Joslin (Ark.)	Waldo Young (Okla.)

BIBLE COLLEGE TRUSTEES

Chairman: Ken Walker, 2121 29th Street, Ashland, KY 41101
 President: Tom Malone, 3606 West End Avenue, Nashville, TN 37205

1992	1994	1996
Clarence Burton (Mo.)	Ken Walker (Ky.)	Sam Truett (N.C.)
W.B. Hughes (N.C.)	Bob Ketchum (Okla.)	Larry Montgomery (Fla.)
Douglas Little (Ark.)	Howard Price (Ga.)	J.M. Creech (Ga.)

FOREIGN MISSIONS BOARD

Chairman: Bill Jones, 2207 Carter Creek Parkway, Bryan, TX 77802
 Director: Eugene Waddell, P.O. Box 5002, Antioch, TN 37011-5002

1992	1994	1996
Joe Grizzle (Okla.)	William Reagan (Canada)	Alton Loveless (Ohio)
Bill Jones (Texas)	Robert Trimble (Md.)	Galen Dunbar (Ga.)
Dean Dobbs (N.C.)	Norwood Gibson (S.C.)	Archie Mayhew (Calif.)

HOME MISSIONS BOARD

Chairman: Rue Dell Smith, 107 West Robinson, Springdale, AR 72764
 Director: Roy Thomas, P.O. Box 5002, Antioch, TN 37011-5002

1993	1995	1997
Lynn Wood (Okla.)	Fred Hanson (Canada)	Milburn Wilson (Calif.)
Rue Dell Smith (Ark.)	Earl Hendrix (S.C.)	Glenn Thomas (Tenn.)
Wendell Walley (N.C.)	J.D. Norris (Ala.)	Larry Russell (La.)

MASTER'S MEN BOARD

Chairman: Wendell Leckbee, 1 Amber Lane, N. Little Rock, AR 72118
Director: James Vallance, P.O. Box 5002, Antioch, TN 37011-5002

1993	1995	1997
Wendell Leckbee (Ark.)	Johnny Fowlkes (Ark.)	Howard Gwartney (Okla.)
Dwight Fletcher (Ga.)	James Orr (Ky.)	Tim Jordan (Ga.)
Charles Denman (Texas)	Waymon Ray (Okla.)	Thurman Pate, Jr. (Tenn.)

BOARD OF RETIREMENT

Chairman: Ron Barber, 932 West 109th Street, Jenks, OK 74037
Director: Herman Hersey, P.O. Box 5002, Antioch, TN 37011-5002

1993	1995	1997
Robert Morgan (Tenn.)	Jack Daniel (Ga.)	Ron Barber (Okla.)
Lincoln Varney (Ky.)	Waymon Fields (Ala.)	Roger Harwell (Ark.)
Bobby Floars (N.C.)	Wilburn Beasley (S.C.)	Milton Hollifield (N.C.)

SUNDAY SCHOOL AND CHURCH TRAINING BOARD

Chairman: Milton Worthington, 368 Starr Drive, Troy, MI 48083
Director: Roger Reeds, P.O. Box 17306, Nashville, TN 37217

1992	1994	1996
Connie Cariker (Okla.)	Milton Worthington (Mich.)	David Sutton (Texas)
Edwin Hayes (Ohio)	Billy Hanna (Ga.)	James McAllister (Calif.)
Larry Clyatt (Ill.)	Jim Shepherd (Okla.)	Larry D. Hughes (Ark.)

COMMISSION FOR THEOLOGICAL INTEGRITY

Chairman: Leroy Forlines, 3606 West End Avenue, Nashville, TN 37205

1992 Leroy Forlines (Tenn.)	1994 L.C. Johnson (Tenn.)
1993 Fred Hall (Tenn.)	1995 Daryl Ellis (Ill.)
1996 Lonnie Skiles (Mo.)	

HISTORICAL COMMISSION

Chairman: N/A

1992 Jack Williams (Tenn.)	1994 Robert Picirilli (Tenn.)
1993 Mary Wisehart (Tenn.)	1995 Steve Hasty (Tenn.)
1996 Thomas Marberry (Okla.)	

RADIO-TELEVISION COMMISSION

Chairman: Bob Shockey, P.O. Box 50117, Nashville, TN 37205

1992 Bill Gardner (Tenn.)	1994 James Vallance (Tenn.)
1993 Terry Boyd (Tenn.)	1995 Bob Shockey (Tenn.)
1996 Sandy Goodfellow (Tenn.)	

MUSIC COMMISSION

Chairman: Vernon Whaley, 104 S. Ramblin Oake Drive, Moore, OK 73160

1992 Douglas Little (Ark.)	1994 Blaine Hughes (N.C.)
1993 Bill Gardner (Tenn.)	1995 Vernon Whaley (Okla.)
1996 David Bates (Mo.)	

Proceedings

The 55th annual convention of the National Association of Free Will Baptists was held in the Civic Center, Charleston, West Virginia July 21-25, 1991. The theme of the convention was "Found Faithful." Blaine Hughes served as music coordinator. Jonathan and Teresa Snow were organist and pianist.

Sunday School/Morning Worship—July 21, 1991

The Adult Sunday School class met in the Charleston Civic Center Coliseum with James Vallance presiding.

Blaine Hughes led the congregation in singing "Since Jesus Came Into My Heart." James Vallance gave a welcome and led in prayer.

The New Life Singers from Hillsdale FWB College, Moore, Oklahoma presented special music.

Milton Worthington led in prayer and taught the Adult Sunday School class. The lesson was from Exodus 24-27, and the subject was "Plans for the Tabernacle." The lesson was closed with prayer.

Sunday Morning Worship—July 21, 1991

Blaine Hughes led the congregation in singing "I'm Redeemed" to open the Sunday morning worship service. James Vallance, presider, led in prayer.

The New Life Singers from Hillsdale FWB College ministered with special music. The congregation sang "Jesus, I My Cross Have Taken." The convention offering was received.

David and Jacque Bates from Santa Paula, California, ministered with special music.

James Earl Raper, pastor of the Horse Branch FWB Church, Turbeville, S.C. was introduced as the speaker. He read Exodus 14:13-19, used Exodus 14:15 as his text and brought the message on "Going Forward in Faith." An invitation hymn was sung, "Where Ever He Leads I'll Go."

The chorus "Isn't He Wonderful" was sung as the benediction.

Sunday Evening—July 21, 1991

The Sunday evening service was the National Youth Conference keynote service held in the Civic Center Coliseum. This service was planned and conducted by those who are in charge of the National Youth Confer-

ence. The theme was "Come Celebrate Jesus!" Jim Lauthern was conference director. Will Harmon, pastor from Pine Bluff, Arkansas, was the speaker.

Monday Evening Worship Service—July 22, 1991

Carl Cheshier, presider, called the service to order at 7:00 p.m. David Chamberlin led the congregation in singing "I'm So Glad." Carl Cheshier led in prayer.

Clerk Waldo Young called the 55th annual convention into official session and introduced Moderator Ralph Hampton.

The moderator announced committee appointments to serve during the session. To the Resolutions Committee he appointed Alton Loveless, Ohio, as chairman. Serving with him were Jeff Gaskins, Missouri; Bill VanWinkle, Mississippi; Glenn Poston, Tennessee; Glen Harlinger, Sr., Iowa.

Millard Sasser, California, was appointed chairman of the Nominating Committee. Serving with him were Tim York, Kentucky; Jim Shepherd, Oklahoma; Chuck Snow, Georgia; Tom Lilly, North Carolina.

The Credentials Committee was composed of Chairman Raymond Riggs, Tennessee; Delmar Sparks, Ohio; Joe Cagle, South Carolina; Nuel Brown, California; Bob Thomas, Colorado.

J.L. Varney, moderator of the West Virginia State Association, brought greetings. He then introduced Carl Vallance who officially welcomed the association to the state of West Virginia.

Doug Little led the Mass Choir in singing "What A Savior." The congregation was so blessed they called for a repeat performance which was given.

David Chamberlin led the congregation in singing "He Lives."

The men's quartet from Southeastern FWB College presented special music. The convention offering was received while Recardo Deel played the saxophone.

Keith Woody, pastor of Capitol Hill FWB Church, Oklahoma City, was introduced as the speaker. He read I Corinthians 4:1-5 as his text and brought the message on "Faithfulness."

After announcements and prayer requests, the chorus, "Family of God" was sung as the benediction.

Tuesday Morning Bible Conference

John Edwards, Alabama, presided at the two Bible Conference services held in the Civic Center Little Theater. Speakers for the conference were Howard Munsey, Tennessee, and David Reece, Virginia.

Tuesday Evening Worship Service—July 23, 1991

Melvin Worthington called the service to order at 7:00 p.m. The convention offering was received.

Because this 50th year since the beginning of Free Will Baptist Bible College was designated "The Year of Jubilee," the Tuesday evening service was given to Free Will Baptist Bible College, Nashville, Tennessee.

The college quartet sang "Heavenly Love Medley." A multi-media presentation "Pass the Torch" was a part of the program. The college choir ministered with music.

A drama, "Mum's the Word" was presented. Jon and Susan Forlines sang "My Fields Are Empty."

Robert Picirilli, dean of Free Will Baptist Bible College, brought the message.

The college choir was joined by alumni to sing "To God Be the Glory." The college personnel came on stage. They were joined by alumni, so many that they had to stand in the aisles, and all together sang "Bind Us Together." The choir, alumni and congregation sang, "The Family of God" and "Majesty" as the spotlight focused on the picture of the cross and crown.

College president Tom Malone brought comments and led in praying the benediction.

Wednesday Morning Business Session—July 24, 1991

Moderator Ralph Hampton called the first business session to order at 9:00 a.m. He read Hebrews 12:18-24, brought devotional thoughts and led in prayer. He also called attention to the rules of order and read some of them.

The clerk read the report of the Credentials Committee. A motion carried to receive the report and seat the delegates.

The clerk read a partial report of the General Board. A motion carried to receive item #1 of the General Board report.

Executive Secretary Melvin Worthington gave the report of the Executive Office. A motion carried to receive the report and adopt the budgets that are within the report.

Herman Hersey gave the report of the Free Will Baptist Foundation. A motion carried to receive the report and adopt the budget.

President Tom Malone gave the report of Free Will Baptist Bible College. Special recognition was given to Dr. and Mrs. Charles Thigpen for their years of faithful service to the college. Financial Director Tom Sass explained the financial report. A motion carried to receive the report and adopt the budget.

Director R. Eugene Waddell gave the report of the Foreign Missions Department. A motion carried to receive the report and adopt the budget.

Director Roger Reeds gave the report of the Sunday School and Church Training Department. Board chairman Milton Worthington read a prepared statement. The Director stated that the proposed 1992 budget would be decreased approximately \$150,000 in salaries, and a freeze has been imposed on future salary increases.

A motion was made and seconded to receive the report and adopt the budget. After much discussion, the previous question was moved and carried. The motion to receive the report and adopt the amended budget carried.

The moderator led in prayer to close out the Wednesday morning session, and the body was recessed for lunch.

Wednesday Afternoon Business Session—July 24, 1991

Assistant Moderator Carl Cheshier read Romans 12:1-2, and led in prayer to begin the afternoon session.

Director Herman Hersey gave the report of the Retirement Department. A motion carried to receive the report and adopt the budget.

The clerk read a partial report of the Nominating Committee. Ron Barber, Oklahoma; Roger Harwell, Arkansas; Milton Hollifield, North Carolina, were elected to six-year terms on the Board of Retirement.

Director Roy Thomas gave the report of the Home Missions Department. He introduced Chaplains Terry Austin and James Bishop who served with the military in Desert Storm. A standing ovation was given to the chaplains. A motion carried to receive the report and adopt the budget.

The clerk read a partial report of the Nominating Committee. Milburn Wilson, California; Glenn Thomas, Tennessee; Larry Russell, Louisiana, were elected to the Home Missions Board for terms expiring in 1997.

Director James Vallance gave the report of the Master's Men Department. A motion carried to receive the report and adopt the budget.

The clerk read a partial report of the Nominating Committee. Howard Gwartney, Oklahoma; Tim Jordan, Georgia; Thurman Pate, Jr., Tennessee were elected to the Master's Men Board for terms expiring in 1997.

Melvin Worthington gave the report of the Management Committee. A motion carried to receive the report and adopt the recommendations.

Item #2 of the General Board report was read. A motion carried to receive the report and table item #2 until Thursday.

The clerk read a partial report of the Nominating Committee. The following were elected to the General Board for two-year terms: Alabama, John Edwards; Arizona, Howard Gwartney; Arkansas, David Joslin; Atlantic Canada, Hazen Burlock; California, Nuel Brown; Colorado, Bob Thomas; Florida, Randy Bryant; Georgia, Herbert Waid; Idaho, Tommie Carlson; Illinois, Wallace Malone; Indiana, Robert Helms; Kansas, Nick Hollis; Kentucky, Tim York; First Louisiana, Steve Trail; Maryland, Lester Hor-

ton; Mexico, Fred Jones; Michigan, Charles Cooper; Mississippi, J.L. Gore; Missouri, Dale Skiles.

Charles Cooper, Michigan; J.L. Gore, Mississippi; David Joslin, Arkansas were elected to the Executive Committee for two-year terms.

Leroy Forlines gave the report of the Commission for Theological Integrity. A motion carried to receive the report and adopt the budget. Lonnie Skiles, Missouri, was elected to a five-year term on the Commission for Theological Integrity.

Bob Shockey gave the report of the Radio-Television Commission. A motion carried to receive the report and adopt the budget. Sandy Goodfellow was elected to serve a five-year term on the Radio-Television Commission.

Bill Gardner gave the report of the Music Commission. A motion carried to receive the report and adopt the budget. David Bates, Missouri, was elected to serve a five-year term on the Music Commission.

A motion carried to recess the business session until Thursday.

Wednesday Evening Worship Service—July 24, 1991

Robert Trimble of Perryman, Maryland, presided at the Wednesday evening missions service. Howard Gwartney directed the music.

The congregation sang "Send the Light," after which Robert Trimble led in prayer. Sounds of Joy, a quartet from California Christian College, ministered in special music.

Director Roy Thomas introduced the home missionaries who were present for the service. Director Eugene Waddell introduced the foreign missionaries present for the service.

The president and the treasurer of the Free Will Baptists in Cuba brought greetings. Steve Lytle served as interpreter.

The congregation sang "We've A Story to Tell to the Nations." The Men's Chorale sang "Stand By Me," directed by Vernon Whaley.

The missions offering was received as the instrumental ensemble played "Sweet Hour of Prayer." A record offering of \$33,795.29 was received.

Doug Little led the congregation in singing "I Love to Tell the Story," after which he sang "The Ninety and Nine."

Billy Hanna, pastor from Albany, Georgia, was introduced to bring the message. He led the congregation in praying the Lord's Prayer. He read Matthew 6:10 as his text and brought the message on "Thy Will Be Done." After the message, "I Surrender All" plus several other hymns and choruses were sung as an invitation was extended. The invitation time continued for over an hour as many people came forward to make commitments. Melvin Worthington prayed the benediction.

Thursday Morning Business Session—July 25, 1991

Moderator Ralph Hampton called the body into session at 9:00 a.m. Assistant Clerk Keith Burden read Isaiah 26:1-4 and led in prayer.

David Joslin gave the report of the Historical Commission. A motion carried to receive the report and adopt the budget.

Thomas Marberry, Oklahoma, was elected to serve a five-year term on the Historical Commission.

Jim Lauthern gave the report of the National Youth Conference. A motion carried to receive the report.

Executive Secretary Mary Wisehart gave the report of the Woman's National Auxiliary Convention. A motion carried to receive the report.

Melvin Worthington gave the report of the Double in a Decade Committee. The report was received as information.

A motion carried to take item #2 of the General Board report from the table. A motion carried to adopt item #2 of the General Board report.

A motion carried to adopt item #3 of the General Board report.

A motion carried to adopt item #4 of the General Board report.

The clerk read the report of the Registration Committee.

Melvin Worthington gave the report of the Budget Committee acting as a study committee. The report was titled, "Denominational Giving: A Report." A motion carried to receive the report and adopt the recommendations.

Melvin Worthington gave the report of the Budget Committee dealing with the denominational budgets. A motion carried to adopt the report.

The report of the Resolutions Committee was considered. Resolution #1 was adopted. Resolution #2 was adopted. Resolution #3 was read. A motion carried to adopt the resolution. The body stood, as was called for in the resolution, and Raymond Riggs led in prayer.

Resolution #4 was read. A motion carried to adopt item #4.

Resolution #5 was read. A motion carried to adopt item #5.

Resolution #6 was read. A motion was made and seconded to adopt the resolution. A motion was made and seconded to refer resolution #6 to the Executive Committee for further study. The motion to refer was defeated. A motion was made and seconded to amend Resolution #6, by substituting in the last paragraph the words "enter any negotiations with" in place of "extend any further invitations to." The motion to amend was adopted. A motion was made and seconded to table item #6, of the Resolutions Committee report. The motion to table was defeated. The previous question was moved, seconded and carried. Resolution #6 was adopted as amended.

Resolution #7 was read. A motion carried to adopt item #7.

A motion was made and seconded that the National Association have an Obituary Committee who will be charged with receiving names of deceased leaders from the state associations and individuals, and give a report to the National Association so these names can be included in the

minutes. The motion carried.

A motion was made and seconded that each standing board of the National Association of Free Will Baptists shall annually give a written report to this body of their meetings conducted and of the complete minutes of such meetings. A motion was made and seconded to amend by substitution the following, "That our boards provide a synopsis of their meetings to account for attendance and significant actions taken." The motion to amend was adopted. The motion carried as amended.

A motion was made and seconded to adopt the following statement. "Whereas, America has just come out of a war in the Persian Gulf triumphantly; and whereas, some of our own Free Will Baptist people took part in the conflict, therefore, be it resolved that Free Will Baptists go on record as showing support and honor to these troops." The motion was adopted.

A motion was made and seconded that "the moderator appoint a committee of three to study our *Treatise* regarding the matter of ministers whose credentials have been revoked by one association within the National Association of Free Will Baptists being accepted by another affiliate of the national, and report back to this body next year on how this practice can be prevented without violating our Free Will Baptist heritage of autonomy, and that this committee be funded by the Executive Office." A motion was made and seconded to refer the item to the Executive Committee. The motion to refer was adopted.

The election of the General Officers was held. A partial report of the Nominating Committee was read. Keith Burden, Oklahoma, was elected as assistant clerk. Waldo Young, Oklahoma, was elected as clerk. Carl Cheshier, Arkansas, was elected as assistant moderator. Ralph Hampton, Tennessee, was elected as moderator.

A motion carried to adjourn.

1991 The Executive Secretary's Report

The Executive Secretary attended 20 state associations in 1990. Reports during those meetings indicated a renewed interest and involvement in the total work of Free Will Baptists.

The Executive Secretary also represented the National Association of Free Will Baptists at the RCMA Conference, the North Carolina State Convention of Original Free Will Baptists, The United States Church Leaders Conference and the National Convention of Free Will Baptists, Inc. Other organizations in which the Executive Secretary represents the National Association of Free Will Baptists include Evangelical Press Association, Christian Stewardship Association, Association of Statisticians of American Religious Bodies, Christian Ministries Management Association, Citizens for Responsible Television and American Family Association.

The Target 90 Campaign concluded its fifth year. Statistics for 1986-1990 reflect gradual growth.

	1986	1987	1988	1989	1990	Total
Baptisms	8,517	8,407	7,910	8,678	7,946	41,458
Members Added	12,052	12,132	12,436	12,726	12,537	61,883
Members Lost	7,314	6,581	6,454	7,511	6,583	34,443

The Campaign's five-year net membership goal was 50,000. Actual gains were 27,440, some 22,560 short of the projected goal. Statistics about planting new churches are not available yet for 1989 and 1990. However 103 Free Will Baptist churches were planted from 1986 to 1988.

Contact subscriptions totaled 6,752 in the December 1990 mailing. Complimentary copies are provided for students at Free Will Baptist Bible College, Hillsdale FWB College, Southeastern FWB College and California Christian College. Join us in promoting the denomination's official voice.

The 1991 *Denominational Digest* provides an overview of the operation and outreach of the National Association of Free Will Baptists. Copies are provided for each state meeting. The 1991 *Free Will Baptist Yearbook* contains the minutes of the 1990 national convention, 1989 audits, 1991 projected budgets, listings of pastors and churches, and other materials pertaining to Free Will Baptists.

Rejoice: The Free Will Baptist Hymn Book is still available from Randall House Publications. More than 77,000 copies have been sold.

The 1990 All-Boards Conference met December 3-4 in Nashville. The conference theme was "Focused on the Future." Two speakers addressed denominational goals and gifts. The 1991 Leadership Conference will meet December 2-3 in Nashville.

The 1990 National Ministries offering totaled \$14,484.32. September 29, 1991, has been designated National Ministries Sunday. Based on the 1991 gift income budgets of the national agencies, each Free Will Baptist needs to give \$40.77 above regular giving.

Contributions to National Ministries for 1990 topped \$6.9 million. Comparative figures since 1980 are:

1980	\$3,520,691.10	1986	\$5,826,768.00
1981	\$4,506,067.27	1987	\$5,797,896.42
1982	\$4,233,825.98	1988	\$6,428,621.22
1983	\$4,627,217.56	1989	\$6,489,782.33
1984	\$5,055,269.03	1990	\$6,933,944.49
1985	\$5,634,007.92		

Cooperative Channel contributions totaled \$1.3 million in 1990. Of this amount some \$330,000 was undesignated (Co-op) and just over \$1 million designated.

Charting Contributions Through the Cooperative Channel

DESIGNATED	CO-OP	TOTAL
1979 \$ 134,692.98 56%	\$105,071.32 44%	\$239,764.30
1980 189,065.28 (+40.37%) 60%	123,740.30 (+17.77%) 40%	312,805.58 (+30.46%)
1981 279,830.55 (+48.01%) 59%	191,661.52 (+54.89%) 41%	471,492.07 (+50.73%)
1982 495,612.97 (+77.11%) 65%	263,766.24 (+37.62%) 35%	759,379.21 (+61.06%)
1983 487,876.30 (-1.56%) 61%	314,162.76 (+19.11%) 39%	802,039.06 (+5.62%)
1984 560,490.44 (+14.88%) 60%	380,000.33 (+20.96%) 40%	940,490.77 (+17.26%)
1985 563,474.05 (+0.53%) 60%	374,804.51 (-1.37%) 40%	938,278.56 (-0.24%)

1986 780,988.61 (+38.60%) 68%	368,470.06 (-1.69%) 32%	1,149,458.67 (+22.51%)
1987 876,378.54 (+12.21%) 75%	289,547.31 (-21.42%) 25%	1,165,925.85 (+1.43%)
1988 944,949.06 (+7.82%) 75%	323,295.09 (+11.66%) 25%	1,268,244.15 (+8.78%)
1989 1,009,688.56 (+6.85%) 76%	319,483.14 (-1.18%) 24%	1,329,171.70 (+4.80%)
1990 1,035,463.36 (+2.55%) 76%	330,567.40 (+3.4%) 24%	1,366,030.76 (+2.77%)

Cooperative Channel Contributions Increase from 1979-1990

Designated 668.76% CO-OP 214.61%

Executive Office

	DESIGNATED	CO-OP	TOTAL
1979	\$ 21,658.41	\$ 59,977.69	\$ 81,636.10
1980	30,802.50	53,719.01	84,521.51
1981	22,030.85	87,375.54	109,406.39
1982	16,619.41	109,447.70	126,067.11
1983	7,945.88	130,700.41	138,646.29
1984	1,770.14	154,384.33	156,154.47
1985	2,257.83	166,172.19	168,430.02
1986	9,528.25	167,852.99	177,381.24
1987	23,900.46	188,013.53	211,913.99
1988	24,646.15	193,102.83	217,748.98
1989	25,129.16	200,319.16	225,448.32
1990	75,721.44	166,278.57	242,000.01

Foreign Missions

	DESIGNATED	CO-OP	TOTAL
1979	\$ 44,414.83	\$ 13,257.51	\$ 57,672.34
1980	61,804.75	20,148.48	81,953.23

1981	164,680.31	26,592.81	191,273.12
1982	325,948.34	39,351.22	365,299.56
1983	344,625.52	42,196.29	386,821.81
1984	394,245.60	51,900.33	446,145.93
1985	404,689.59	47,985.31	452,674.90
1986	537,641.06	46,141.70	583,782.76
1987	592,450.15	23,352.50	615,802.65
1988	661,447.78	29,944.15	691,391.93
1989	701,975.57	27,407.66	729,383.23
1990	691,133.71	37,786.32	728,920.03

Free Will Baptist Bible College

	DESIGNATED	CO-OP	TOTAL
1979	\$ 25,457.15	\$ 12,184.22	\$ 37,641.37
1980	28,986.94	20,148.48	49,135.42
1981	33,071.94	26,592.81	59,664.75
1982	47,803.36	39,351.22	87,154.58
1983	31,836.48	42,196.29	74,032.77
1984	23,947.63	51,900.33	75,847.96
1985	25,166.41	47,985.31	73,151.72
1986	27,947.85	46,141.70	74,089.55
1987	51,479.96	23,352.50	74,832.46
1988	57,775.58	29,944.15	87,719.73
1989	61,876.60	27,407.66	89,284.26
1990	48,084.25	37,786.32	85,870.57

Home Missions

	DESIGNATED	CO-OP	TOTAL
1979	\$ 25,416.61	\$ 6,123.71	\$ 31,540.32
1980	43,906.92	14,686.19	58,593.11
1981	47,108.20	19,814.37	66,922.57
1982	96,256.71	29,320.54	125,577.25
1983	96,231.01	33,023.18	129,254.19
1984	123,410.33	40,580.05	163,990.38
1985	111,277.57	37,553.90	148,831.47
1986	180,869.97	36,111.27	216,981.24
1987	172,901.51	18,276.22	191,177.73
1988	160,944.26	23,434.61	184,378.87
1989	176,544.28	21,449.50	197,993.78
1990	179,583.94	29,571.90	209,155.84

Retirement & Insurance

	DESIGNATED	CO-OP	TOTAL
1979	\$ 11,094.89	\$ 8,793.21	\$ 19,888.10
1980	14,608.09	9,844.04	24,452.13
1981	8,517.88	19,292.79	27,810.67
1982	5,852.79	28,548.94	34,401.73
1983	3,882.39	27,519.44	31,401.83
1984	2,895.35	33,848.23	36,743.58
1985	1,509.93	29,205.96	30,715.89
1986	2,542.21	28,086.77	30,628.98
1987	2,349.53	14,215.04	16,564.57
1988	2,322.02	18,226.89	20,548.91
1989	2,186.00	16,682.98	18,868.98
1990	5,368.00	23,000.39	28,368.39

Master's Men

	DESIGNATED	CO-OP	TOTAL
1979	\$ 5,041.22	\$ 4,509.39	\$ 9,550.61
1980	7,429.10	4,489.07	11,918.17
1981	3,374.71	10,428.77	13,803.48
1982	1,111.94	15,431.87	16,543.81
1983	511.85	23,850.21	24,362.06
1984	2,041.91	29,334.90	31,376.81
1985	753.60	27,122.71	27,876.31
1986	585.38	26,080.81	26,666.19
1987	3,617.10	13,199.87	16,816.97
1988	4,859.96	16,924.93	21,784.89
1989	4,414.04	16,682.98	21,097.02
1990	5,424.23	23,000.39	28,424.62

Free Will Baptist Foundation

	DESIGNATED	CO-OP	TOTAL
1983	\$ 1,192.06	\$ 11,007.72	\$ 12,199.78
1984	976.00	13,539.32	14,515.32
1985	935.86	12,518.03	13,453.89
1986	1,217.65	12,037.33	13,254.98
1987	840.23	6,092.41	6,932.64
1988	3,878.10	7,811.61	11,689.71
1989	5,754.97	7,149.83	12,904.80
1990	9,592.75	9,857.36	19,450.11

Historical Commission

	DESIGNATED	CO-OP	TOTAL
1983	\$137.71	\$1,834.61	\$1,972.32
1984	102.60	2,256.42	2,359.02
1985	208.88	2,086.06	2,294.94
1986	278.48	2,005.83	2,284.31
1987	688.28	1,015.06	1,703.34
1988	676.30	1,301.90	1,978.20
1989	757.28	0.00	757.28
1990	413.59	821.42	1,235.01

Commission for Theological Integrity

	DESIGNATED	CO-OP	TOTAL
1979	\$ 1,431.52	\$ 225.59	\$ 1,657.11
1980	1,526.98	705.03	2,232.01
1981	1,046.66	1,564.43	2,611.09
1982	734.71	2,314.75	3,049.46
1983	342.00	1,834.61	2,176.61
1984	100.31	2,256.42	2,356.73
1985	236.71	2,086.06	2,322.77
1986	265.32	2,005.83	2,271.15
1987	705.84	1,015.06	1,720.90
1988	719.71	1,301.90	2,021.61
1989	786.88	1,191.60	1,978.48
1990	446.56	821.42	1,267.98

Radio & TV Commission

	DESIGNATED	CO-OP	TOTAL
1985	\$ 382.29	\$ 2,088.98	\$ 2,471.27
1986	714.33	2,005.83	2,720.16
1987	1,585.32	1,015.06	2,600.38
1988	1,188.13	1,162.12	2,350.25
1989	901.78	1,191.60	2,093.38
1990	488.94	821.42	1,310.36

Music Commission

	DESIGNATED	CO-OP	TOTAL
1990	\$ 197.63	\$ 821.42	\$ 1,019.05

The Executive Office and Foreign Missions Department continue work on the possibility of organizing an International Association of Free Will Baptists. Plans call for an exploratory meeting to be held prior to the 1992 national convention.

A new National Office facility was purchased on Mt. View Road near Hickory Hollow Mall in Antioch, Tennessee for \$800,000. Plans are in progress to build out the 29,700-square-foot building for office and storage space. The new address is:

Mailing Address: P.O. Box 5002, Antioch, Tennessee 37011-5002

Location: 5233 Mt. View Road, Antioch, Tennessee 37013-2306

Phone: (615) 731-6812

Michigan (2001), Tennessee and New Mexico (2002) and South Carolina (2004) State Associations voted to host the national convention. As time permits, site inspection visits will be made in cities in these states. States interested in hosting the convention beginning in 2003 need to contact the Executive Office.

Reporting forms 501, 502, 503, 504 can be obtained at no cost from the Executive Office. Each church and association should use these forms when reporting.

We commend the Executive Office staff: Bookkeeper Melody Hood, Editorial Assistant Marilyn Pritchard, *Contact* Circulation Manager and Receptionist Geneva Trotter, Executive Assistant and *Contact* Editor Jack Williams, part-time worker Anne Worthington (Church Directory/Secretary) and Wade Trimble, maintenance superintendent.

Jack Trotter retired in August 1990, and Wade Trimble was hired to fill his position. Geneva Trotter retires on April 26, 1991. Dari Goodfellow has been hired to fill her position and will assume her duties on March 25.

Melvin Worthington, Th.D., CMP
Executive Secretary

EXECUTIVE OFFICE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.

BALANCE SHEET

OPERATING FUND

YEAR ENDED
DECEMBER 31

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash - General	\$ 43,046.43	\$ 20,396.23
- Contact Magazine	153.84	705.40
- Special Projects	19,790.73	5,429.21
Accounts receivable - Executive	1,493.76	3.50
- Contact Magazine	349.28	466.20
- Special Projects	7.45	115.50
- Hymnals (Note 4)	75,077.46	107,052.60
Note receivable - Plant Fund		23,600.00
- Contact Magazine	34,000.00	17,000.00
Inventory (Note 3)	301,269.62	330,015.40
Prepaid insurance	1,072.71	2,392.96
	<u>476,261.28</u>	<u>507,177.00</u>
FIXED ASSETS - (Note 1)		
Auto	15,985.25	15,985.25
Office equipment	77,497.13	77,497.13
	<u>93,482.38</u>	<u>93,482.38</u>
Less - accumulated depreciation	68,868.94	55,269.17
	<u>24,613.44</u>	<u>38,213.21</u>
	<u>\$500,874.72</u>	<u>\$545,390.21</u>
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable - General	\$ 446.64	\$ 151.47
- Contact Magazine	853.18	450.00
Loans payable - Executive		8,990.00
- Special Projects	227,020.54	384,158.91
- Contact Magazine	34,000.00	21,000.00
Payroll taxes	1,529.23	1,206.42
	<u>263,849.59</u>	<u>415,956.80</u>
FUND BALANCE		
	<u>237,025.13</u>	<u>129,433.41</u>
	<u>\$500,874.72</u>	<u>\$545,390.21</u>

STATEMENT OF REVENUES, EXPENSES, AND FUND BALANCE

OPERATING FUND

GENERAL INCOME		
Cooperative Plan	\$166,278.57	\$200,319.15
Gifts	75,721.44	25,129.16
Leadership Conference	6,946.88	10,753.70
National Ministries Offering		28,514.65
Travel, lodging, meals, etc.	4,248.60	2,601.81
Other income	3,648.21	1,592.28
Total income	<u>256,843.70</u>	<u>268,910.75</u>

STATEMENT OF REVENUES, EXPENSES, AND FUND BALANCE (Continued)

OPERATING FUND

YEAR ENDED
DECEMBER 31

	1990	1989
GENERAL EXPENSES		
Accounting and legal	500.00	650.00
Computer expense	2,672.70	
Executive Committee - travel	4,009.81	4,048.65
Gifts	445.00	350.00
Insurance - general	3,039.55	3,203.51
Insurance and retirement - employees	25,657.25	20,582.84
Office space rental	19,050.45	16,267.80
Office supplies and printing	4,050.08	8,376.74
Books, dues, and registrations	1,669.49	1,315.66
Payroll taxes	4,282.88	4,090.92
Postage	1,962.44	1,567.79
Promotion	2,060.48	
Leadership Conference	3,920.69	10,879.66
National Ministries Offering expense		28,514.65
Salaries	105,252.48	98,173.17
Housing allowances	24,999.96	23,883.24
Telephone	2,276.15	3,161.49
Travel	18,863.15	10,863.43
Target 90 expenses	1,293.64	1,360.71
Repairs and maintenance	1,421.56	2,347.19
New Building interest payment	2,352.04	
Depreciation expense	13,599.77	12,584.11
Other expenses	2,475.73	1,060.48
Total expenses	<u>245,855.30</u>	<u>253,282.04</u>
Net income	<u>\$ 10,988.40</u>	<u>\$ 15,628.71</u>
CONTACT MAGAZINE INCOME		
Sales	\$ 61,503.97	\$ 60,235.34
Less cost of sales	75,575.63	71,066.92
Less bad debts		116.58
Net income (loss)	<u>(\$ 14,071.66)</u>	<u>(\$ 10,948.16)</u>
SPECIAL PROJECTS INCOME		
Sales (Note 4)	\$176,013.05	\$135,586.30
Less cost of sales	65,338.07	49,290.51
	<u>\$110,674.98</u>	<u>\$ 86,295.79</u>
Total net gain (loss)	\$107,591.72	\$ 90,976.34
Fund balance, beginning	129,433.41	(400,621.01)
Prior period adjustment (Note 3)		330,015.40
Prior period adjustment (Note 4)		109,062.68
Fund balance, ending	<u>\$237,025.13</u>	<u>\$129,433.41</u>

The accompanying notes are an integral part of the financial statements.

BALANCE SHEET

PLANT FUND

YEAR ENDED
DECEMBER 31

1990 1989

ASSETS

CURRENT ASSETS

Cash - general	\$ 6,981.07	\$ 4,176.54
Accounts receivable	2,498.06	22.08
Prepaid insurance	2,624.99	7,187.51
Total current assets	<u>12,104.12</u>	<u>11,386.13</u>

PROPERTY, PLANT, AND EQUIPMENT (Note 1)

Land, building, and accessory equipment	305,486.25	298,853.35
Telephone equipment	37,829.40	37,829.40
Vehicle	5,091.73	5,091.73
Lawn equipment	4,016.86	4,016.86
Paving parking lot	8,147.00	8,147.00
Mailing machine	7,735.00	7,735.00
Total capital assets	<u>368,306.24</u>	<u>361,673.34</u>
Less - accumulated depreciation	<u>217,365.34</u>	<u>206,820.61</u>
Total property, plant & equipment	<u>150,940.90</u>	<u>154,852.73</u>

OTHER ASSETS

UPS Deposit	<u>176.62</u>	<u>176.62</u>
Total assets	<u>\$163,221.64</u>	<u>\$166,415.48</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts payable	\$ 14,673.31	\$ 231.69
Property taxes	3,620.97	3,620.97
Payroll taxes	987.15	507.55
Board of Retirement & Insurance (Note 2)	36,279.52	16,958.42
Note payable - Executive		23,600.00
Total current liabilities	<u>55,560.95</u>	<u>44,918.63</u>

FUND BALANCE

	<u>107,660.69</u>	<u>121,496.85</u>
Total liabilities and fund balance	<u>\$163,221.64</u>	<u>\$166,415.48</u>

STATEMENT OF REVENUE, EXPENSES, AND FUND BALANCE

PLANT FUND

GENERAL INCOME

Rent	\$ 92,557.77	\$ 78,379.32
Telephone	18,780.04	24,068.07
Hospitalization, dental & life insurance	131,333.30	94,510.15
Postage meter	38,614.33	42,785.31
Other income	14,276.80	1,416.35
Total income	<u>295,562.24</u>	<u>241,159.20</u>

GENERAL EXPENSES

Yearbook ads	1,252.00	600.00
Audit	500.00	850.00
Hospitalization, dental & life insurance	132,460.49	96,280.80
General supplies	1,153.58	746.81
Insurance - general	8,157.52	8,178.80
Interest	3,271.95	2,821.88
Janitor service and supplies	12,039.12	3,646.29
Property taxes	3,620.97	3,620.97
Retirement expense	1,136.88	1,025.44
Mail truck expense	1,753.23	795.69
Mail room expense	2,073.37	2,756.54
Maintenance - general	6,641.05	3,012.46
Payroll taxes	2,538.23	2,370.34
Salaries	33,178.70	31,562.34
Telephone	18,996.90	18,418.36
Utilities	16,555.67	13,763.83
Postage	45,846.24	42,863.81
Depreciation	10,544.73	17,208.40
Other expenses	<u>7,677.77</u>	<u>2,548.46</u>
Total expenses	<u>309,398.40</u>	<u>253,071.22</u>

Net income (Loss)	(13,836.16)	(11,912.02)
Fund balance, beginning	<u>121,496.85</u>	<u>133,408.87</u>
Fund balance, ending	<u>\$107,660.69</u>	<u>\$121,496.85</u>

BALANCE SHEET

BUILDING FUND

YEAR ENDED
DECEMBER 31, 1990

ASSETS

CURRENT ASSETS

Cash	\$ 23,963.37
Accounts receivable	<u>580.00</u>
Total current assets	<u>24,543.37</u>

FIXED ASSETS

Building	<u>804,933.70</u>
	<u>\$829,477.07</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts payable	\$ 6.95
Accrued property taxes	20,694.55
Note payable - First American Bank (Note 2)	800,000.00
- R & I (Note 2)	<u>28,500.00</u>
Total current liabilities	<u>849,201.50</u>

FUND BALANCE

	(19,724.43)
	<u>\$829,477.07</u>

The accompanying notes are an integral part of the financial statements.

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES, AND FUND BALANCE

BUILDING FUND

YEAR ENDED
DECEMBER 31, 1990

INCOME

New Building Gifts	\$ 1,600.00
Earnest money interest	124.78
Reimbursed - Property taxes	15,194.90
- Interest	16,666.66
- Repairs	23,028.63
Total income	<u>56,614.97</u>

EXPENSES

Advertising	288.00
Architectural	14,212.19
Carpet	2,800.00
Electrical	10,385.00
Engineering	2,146.63
Fees and permits	2,043.75
Property taxes	20,694.55
Insurance	2,920.00
Interest	16,666.66
Other expenses	557.66
Professional services	1,190.00
Telephone	792.12
Tools	1,642.84
Total expenses	<u>76,339.40</u>

FUND BALANCE

(\$19,724.43)

BALANCE SHEET

CONVENTION FUND

YEAR ENDED
DECEMBER 31

1990 1989

ASSETS

Cash	\$28,099.67	\$24,366.78
Accounts receivable	5,632.87	311.56
Loans receivable - Contact		4,000.00
- Executive		8,990.00
Total assets	<u>\$33,732.54</u>	<u>\$37,668.34</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 2.39	\$
FUND BALANCE	<u>33,730.15</u>	<u>37,668.34</u>
Total liabilities and fund balance	<u>\$33,732.54</u>	<u>\$37,668.34</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUE, EXPENSES, AND FUND BALANCE

CONVENTION FUND

YEAR ENDED
DECEMBER 31

1990 1989

GENERAL INCOME

	\$13,299.00	\$ 7,637.02
Banquet tickets	6,074.27	5,216.34
Offerings	900.50	1,350.00
Church fees	24,890.00	25,160.00
State fees	7,900.00	10,400.00
Booth fees		10,000.00
Host state gift	2,678.20	2,178.22
Interest	572.51	815.75
Travel	17,248.96	
Other income	<u>73,563.44</u>	<u>62,757.33</u>
Total income		

GENERAL EXPENSES

	500.00	650.00
Audit	9,139.57	15,114.02
Auditorium rent and signs	3,327.00	4,535.08
Booth installations	1,667.51	1,954.36
Convention office	225.00	200.00
Insurance	1,100.00	600.00
Honorariums	17,162.21	13,929.86
Printing and promotions	596.92	686.55
Telephone	2,272.95	112.12
Truck expenses	620.35	478.44
Postage	15,167.62	14,295.67
Travel expenses	18,768.73	7,637.02
Banquet tickets	81.45	204.00
Music	6,872.32	670.68
Other expenses	<u>77,501.63</u>	<u>61,067.80</u>
Total expenses		
Net income (Loss)	(3,938.19)	1,689.53
Fund balance, beginning	<u>37,668.34</u>	<u>35,978.81</u>
Fund balance, ending	<u>\$33,730.15</u>	<u>\$37,668.34</u>

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

CONTRIBUTIONS THROUGH THE COOPERATIVE CHANNEL

YEAR ENDED
DECEMBER 31

1990 1989

RECEIPTS

	\$ 3,883.76	\$ 7,145.95
Alabama	50.00	1,398.20
Arizona	69,023.38	58,086.06
Arkansas	16,960.68	17,556.43
California	365.31	525.31
Canada		

The accompanying notes are an integral part of the financial statements.

Colorado	-0-	-0-
Delaware	-0-	-0-
Florida	22,318.03	22,061.90
Georgia	108,561.23	118,631.84
Hawaii	269.00	-0-
Idaho	392.46	618.73
Illinois	113,867.92	114,952.91
Indiana	6,031.04	6,309.77
Iowa	-0-	-0-
Kansas	874.17	694.74
Kentucky	3,124.64	5,457.89
Maryland	4,924.31	2,793.90
Mexico	-0-	-0-
Michigan	55,080.69	52,103.60
Mississippi	5,648.97	5,513.02
Missouri	101,524.43	102,215.28
New Jersey	-0-	-0-
New Mexico	785.46	138.58
North Carolina	19,671.51	20,074.46
Northwest Association	237.76	728.67
Ohio	32,647.94	34,058.33
Oklahoma	499,881.03	477,100.39
Oregon	-0-	-0-
South Carolina	146,551.72	123,232.76
Tennessee	28,111.30	27,265.85
Texas	85,489.85	93,326.10
Virginia	4,510.97	5,235.83
Washington	-0-	-0-
West Virginia	35,242.73	31,944.93
Other	.47	.27
Total receipts	<u>\$1,366,030.76</u>	<u>\$1,329,171.70</u>

	DESIGNATED	COOP	TOTAL 1990	TOTAL 1989
DISBURSEMENTS				
Executive Office	\$ 75,721.44	\$166,278.57	\$ 242,000.01	\$ 225,448.31
Foreign Missions	691,133.71	37,786.32	728,920.03	729,383.23
FWBBC	48,084.25	37,786.32	85,870.57	89,284.26
Home Missions	179,583.94	29,571.90	209,155.84	197,993.78
Retirement and Insurance	5,368.00	23,000.39	28,368.39	18,868.98
Master's Men	5,424.23	23,000.39	28,424.62	21,097.02
FWB Foundation	9,592.75	9,857.36	19,450.11	12,904.80
Historical Commission	413.59	821.42	1,235.01	757.28
Commission for Theological Integrity	446.56	821.42	1,267.98	1,978.48
Hillsdale FWB College	11,707.15		11,707.15	24,935.77
Radio and YV Commission	488.94	821.42	1,310.36	2,093.38
Music Commission	197.63	821.42	1,019.05	
Other	7,301.17	.47	7,301.64	4,426.41
Total Disbursements	<u>\$1,035,463.36</u>	<u>\$330,567.40</u>	<u>\$1,366,030.76</u>	<u>\$1,329,171.70</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 1990

Following is a summary of the significant accounting policies of the Executive Office of the National Association of Free Will Baptists, Inc.

Assets, liabilities, revenues, and expenses are recognized on the accrual basis except where indicated.

Property, plant, and equipment consisting of major items, (land, building, and accessory equipment, telephone equipment and certain other equipment) are handled through the Plant Fund. The Plant Fund charges other departments with a proportional part of the expenses.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1990

NOTE 1
Property, plant, and equipment as of December 31, 1990, was held as follows:

	OPERATING FUND	PLANT FUND	BUILDING FUND
Land, building, and accessory equipment	\$	\$305,486.25	\$804,933.70
Telephone		37,829.40	
Vehicles	15,985.25	5,091.73	
Office equipment	77,497.13	4,016.86	
Lawn equipment		8,147.00	
Paving parking lot		7,735.00	
Mailing machine	93,482.36	368,306.24	804,933.70
Less - accumulated depreciation	68,868.94	217,365.31	
	<u>\$24,613.44</u>	<u>\$150,940.93</u>	<u>\$804,933.70</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 1990

NOTE 2

Obligations of the Operating Fund on notes were as follows at Dec. 31, 1990:

Special Projects	\$227,020.54
Contact Magazine	34,000.00
	<u>\$261,020.54</u>

Obligations of the Plant Fund on notes were as follows at Dec. 31, 1990:

Board of Retirement and Insurance	<u>\$ 36,279.52</u>
-----------------------------------	---------------------

Obligations of the Building Fund on notes were as follows at Dec. 31, 1990:

First American Bank	\$800,000.00
Board of Retirement and Insurance	<u>28,500.00</u>
	<u>\$828,500.00</u>

NOTE 3

The Executive Office has made an agreement with the Sunday School and Church Training Board (Randall House Publications) to warehouse and distribute the hymnals for Special Projects. They will invoice the customer, collect funds, and remit such collections, net of commissions of \$.795 per hymnal sold, to the Executive Office. As of December 31, 1990, the inventory of the hymnals was \$301,269.62. This was not included until 1989; therefore, the Fund Balance was credited with the closing expense at that time.

NOTE 4

Due to the fact that the Executive Office was not given correct sales and account receivable amounts on the Hymnal sales for 1988 and 1989 the Special Projects sales are restated for 1989 and the difference in the 1988 figures are corrected through the Fund Balance.

1988 sale of Hymnals were stated at \$225,000.00 when the actual sales were \$396,466.30 net of commissions, understated by \$171,466.30. There were no account receivables stated in 1988 but there should have been \$106,466.30.

In 1989 sales were stated at \$160,407.83 when the actual sales were \$135,586.30 net of commissions showing overstatement of \$24,821.53. Account receivables were stated in 1989 at \$25,407.83 when they should have been reported at \$107,052.60 an understatement of \$81,644.77. We have corrected the 1989 statements.

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1990

	GENERAL	OPERATING FUND CONTACT MAGAZINE	SPECIAL PROJECTS	TOTAL
ASSETS				
Cash	\$ 43,046.43	\$ 153.84	\$ 19,790.73	\$ 62,991.00
Accounts receivable	1,493.76	349.28	75,084.91	76,927.95
Notes receivable	34,000.00			34,000.00
Inventory (Note 3)			301,269.62	301,369.62
Prepaid insurance	1,072.71			1,072.71
Deposits				
Land				
Building & accessory equipment (net)				18,752.18
Telephone equipment (net)	18,752.18			5,861.26
Office furniture (net)	5,861.26			
Auto (net)				
	<u>\$104,226.34</u>	<u>\$ 503.12</u>	<u>\$396,145.26</u>	<u>\$500,874.72</u>
LIABILITIES				
Accounts payable - trade	\$ 446.64	\$ 853.18	\$	\$ 1,299.82
Property taxes payable			227,020.54	227,020.54
Notes payable - Ret. & Ins.				
- First Am.				
- Bank				34,000.00
- Executive				41.19
Payroll taxes	1,488.04			1,529.23
Fund Balance	102,291.66	(34,350.06)	169,083.53	237,025.13
	<u>\$104,226.34</u>	<u>\$ 503.12</u>	<u>\$396,145.26</u>	<u>\$500,874.72</u>

Loans receivable and payable of \$34,000.00 in 1990 and \$53,590.00 in 1989, have been eliminated in department totals.

EZRA JONES

Certified Public Accountant

1161 MURFREESBORO ROAD
NASHVILLE, TENNESSEE 37217

February 20, 1991

To the Executive Committee of
The National Association of Free Will Baptists, Inc.
Nashville, Tennessee

I have examined the balance sheets of the Operating Fund and Plant Fund of the Executive Office of the National Association of Free Will Baptists, Inc., as of December 31, 1990 and 1989, and

BLDG. FUND	PLANT FUND	CONVENTION	EXECUTIVE OFFICE TOTALS 1990	EXECUTIVE OFFICE TOTALS 1989
\$ 23,963.37 580.00	\$ 6,981.07 2,498.06	\$28,099.67 5,632.87	\$ 122,035.11 85,638.88	\$ 55,074.16 107,971.44
	2,624.99		301,269.62	330,015.40
	176.62		3,697.70	9,580.47
	62,044.59		176.62	176.62
804,933.70	79,678.79		62,044.59	62,044.59
	7,180.81		884,612.49	89,122.60
	2,036.71		630.49	29,154.90
			25,932.99	12,113.36
			7,897.97	
<u>\$829,477.07</u>	<u>\$163,221.64</u>	<u>\$33,732.54</u>	<u>\$1,493,305.97</u>	<u>\$695,884.03</u>
\$ 6.95	\$ 14,673.31	\$ 2.39	\$ 15,982.47	\$ 833.16
20,694.55	3,620.97		24,315.52	3,620.97
28,500.00	36,279.52		291,800.06	401,117.33
800,000.00			800,000.00	
	987.15		2,516.38	1,713.97
(19,724.43)	107,660.69	33,730.15	358,691.54	288,598.60
<u>\$829,477.07</u>	<u>\$163,221.64</u>	<u>\$33,732.54</u>	<u>\$1,493,305.97</u>	<u>\$695,884.03</u>

related statements of revenues, expenses, and fund balances for the years then ended. I have also examined the balance sheets of the Convention Fund and Building Fund as of December 31, 1990 and 1989, and the related statements of revenues, expenses, and fund balances for the years then ended. I also examined the Cash Receipts and Disbursements of the Cooperative Plan of Support for the years then ended. My examinations were made in accordance with general accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the financial statements identified above present fairly the financial position of each of the aforementioned organizations at December 31, 1990 and 1989, and the results of their operations and the changes in the fund balances for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Ezra Jones

1992 Executive Office Budget

Administrative	\$303,877.03
Convention (1991)	79,840.29
Contact	88,861.00
Total	<u>\$472,578.32</u>

1992 Administrative Budget

PROJECTED EXPENSES

Salaries	\$120,314.98
Housing	25,000.00
Social Security	16,549.19
Retirement	5,132.47
Employees Insurance	30,380.39
(Dental, Hospital, Life, Travel)	
Office Rental (\$15 Sq. Ft.)	40,000.00
Office Supplies/Expense	6,000.00
Equipment Maintenance	5,000.00
Telephone	4,000.00
Postage	3,000.00
General Insurance	4,000.00
Travel	16,000.00
Executive Committee	7,000.00
Auditing/Legal	5,000.00
Promotion/Printing	4,500.00
Annual Leadership Conference	3,000.00
Equipment Purchase/Computer	7,000.00
Subscriptions/Dues/Registrations	2,000.00
Total	<u>\$303,877.03*</u>

PROJECTED INCOME

Cooperative Plan	\$232,000.00
Designated Gifts	71,877.03
Total	<u>\$303,877.03</u>
*17.12% increase	

Convention Budget
National Association of Free Will Baptists, Inc.
July 21-25, 1991
Charleston, West Virginia

PROJECTED EXPENDITURES

Auditorium	\$25,517.90
Printing and Promotion	20,614.40
Convention Office	5,680.00
Convention Personnel	8,215.20
Meals	2,040.00
Travel	2,556.40
Lodging	3,618.80
Convention Officials	5,036.63
Honorariums	625.00
Decorator Services	5,113.76
Meal Functions	1,537.40
Executive Committee	
Meal and Motel Expenses	1,500.00
Pre-Convention Expenses	6,000.00

Total \$79,840.29

PROJECTED RECEIPTS

Booth Fees	\$12,150.00
State Association Fees	25,060.00
Church Delegate Fees	1,000.00
Host State (West Virginia)	18,000.00
Offerings	23,630.29

Total \$79,840.29

**1992
Contact Budget**

PROJECTED EXPENSES

Printing	\$56,261.00
Postage	13,000.00
Art	1,000.00
Writer's Fees and Photos	4,000.00
Promotion	1,000.00
Computer	3,000.00
Mail Services	6,000.00
Telephone	200.00
Office Supplies	600.00
Travel	1,500.00
Bound Copies	500.00
Other	100.00
Books, Dues, Registrations	1,100.00
Audit	600.00

Total Expenses \$88,861.00

PROJECTED INCOME

*Convention coverage	\$ 9,373.00
**Subscriptions	79,488.00

Total Income \$88,861.00

*Two issues
**Based on 6,624 subscriptions @ \$12.00 per year

Gift Goals For National Ministries

MEMBERSHIP	EXECUTIVE	PM	FWBCC	HM	R&I	MM	FOUNDATION	THEO. INT.	HISTORICAL	MUSIC	RADIO/TV	TOTALS
1990 BUDGETS	242,000.00	3,517,152.00	925,000.00	1,900,000.00	249,316.00	80,505.00	30,000.00	2,700.00	2,000.00	1,500.00	15,050.00	6,965,224.00
STATES												
Alabama	19,460	23,029.70	334,705.40	88,026.74	180,811.60	23,725.92	7,661.28	2,854.92	190.33	142.75	1,432.22	662,838.88
Arizona	282	333.73	4,850.32	1,275.62	2,620.19	343.82	111.02	41.37	2.76	2.07	20.75	9,605.37
Arkansas	21,226	25,119.65	365,081.10	96,015.19	197,220.39	25,879.05	6,356.54	3,114.91	207.60	155.70	1,562.19	722,991.68
California	4,478	5,299.43	77,020.31	20,256.10	41,607.13	5,459.64	1,762.96	656.95	59.13	32.95	329.57	152,527.87
Canada	471	557.40	8,101.06	2,130.55	4,376.27	574.25	185.43	89.10	6.22	3.45	34.66	16,043.00
Colorado	301	356.21	5,177.11	1,361.56	2,796.73	366.98	118.50	44.16	3.97	2.21	22.15	10,252.52
Florida	5,445	6,443.92	93,652.43	24,630.30	50,591.96	6,638.62	2,143.66	798.82	53.25	39.94	400.74	185,465.43
Georgia	10,307	12,197.69	177,277.44	46,623.41	95,767.01	12,566.45	4,057.80	1,512.11	136.09	75.61	758.58	351,073.00
Hawaii	33	39.05	567.59	149.27	306.62	40.23	12.99	4.84	0.32	0.24	2.43	1,124.02
Idaho	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Illinois	3,942	4,655.11	67,801.27	17,831.52	36,626.91	4,806.14	1,551.94	578.32	52.05	28.32	290.12	134,270.85
Indiana	1,851	2,190.54	31,836.57	8,372.94	17,198.48	2,256.77	728.73	271.55	24.44	13.58	136.23	63,048.03
Iowa	60	71.01	1,031.98	271.41	557.49	73.15	23.62	8.90	0.59	0.44	4.42	2,043.70
Kansas	452	534.91	7,774.27	2,044.61	4,199.74	551.09	177.95	66.31	5.97	3.32	33.27	15,395.86
Kentucky	10,350	12,248.58	178,017.02	46,817.92	96,166.54	12,618.97	4,074.73	1,518.42	101.23	75.92	761.74	352,537.63
Louisiana	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maryland	1,691	2,001.19	29,084.71	7,649.19	15,711.85	2,061.69	665.74	248.08	16.54	12.40	124.45	57,598.17
Mexico	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Michigan	4,135	4,893.52	71,120.81	18,704.55	38,420.16	5,041.45	1,627.92	606.63	54.60	30.33	304.33	140,844.74
Mississippi	4,525	5,355.06	77,828.70	20,468.70	42,043.83	5,516.95	1,781.46	663.85	59.75	33.19	333.03	154,128.78
Missouri	17,707	20,955.13	304,555.31	80,097.10	184,523.76	21,588.64	6,971.13	2,597.74	173.18	129.89	1,303.20	603,128.88
Montana	8	9.47	137.60	36.19	74.33	9.75	3.15	1.17	0.11	0.06	0.59	272.50
Nebraska	79	93.49	1,358.78	357.35	734.02	96.32	31.10	11.59	1.04	0.58	5.81	2,690.85
New Jersey	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Mexico	162	191.72	2,786.35	732.80	1,505.22	197.51	63.78	23.77	2.14	1.58	11.92	5,517.98
North Carolina	14,188	16,790.61	244,029.52	64,179.00	131,827.14	17,298.22	5,585.72	2,081.48	187.33	104.07	1,044.21	483,266.07
Northwest Assoc	90	106.51	1,547.97	407.11	836.23	109.73	35.43	13.20	1.19	0.88	6.53	3,065.54
Northwest Assoc	198	234.32	3,405.54	895.65	1,839.71	241.40	77.95	29.05	2.61	1.93	14.57	6,744.18
Ohio	10,406	12,314.85	178,980.21	47,071.24	96,686.86	12,687.15	4,096.78	1,526.63	137.38	75.33	765.86	354,445.07
Oklahoma	25,710	30,426.18	442,204.61	116,298.43	238,883.27	31,346.01	10,121.86	3,771.87	251.46	188.59	1,892.21	875,123.96
Pennsylvania	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Puerto Rico	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
South Carolina	5,385	6,372.81	92,620.45	24,359.89	50,034.48	6,565.47	2,120.05	790.02	52.67	39.50	396.33	183,421.77
Tennessee	20,997	24,848.64	361,142.36	94,979.31	195,092.65	25,599.86	8,266.38	3,080.41	277.24	154.02	1,545.34	715,191.57
Texas	2,885	3,414.22	49,621.17	13,050.21	26,805.83	3,517.43	1,135.81	423.25	38.09	28.22	212.33	98,267.72
Virginia	7,048	8,340.87	121,223.57	31,881.46	65,486.16	8,593.03	2,774.75	1,033.99	93.06	51.70	518.72	240,066.24
Virgin Islands	171	202.37	2,941.17	773.51	1,588.84	208.49	67.32	25.09	1.67	1.25	12.59	5,824.56
West Virginia	10,446	12,362.21	179,668.20	47,252.17	97,058.52	12,735.92	4,112.52	1,532.50	137.33	76.63	768.81	355,807.58
Wyoming	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	204,489	242,000.00	3,517,152.00	925,000.00	1,900,000.00	249,316.00	80,505.00	30,000.00	2,700.00	1,500.00	15,050.00	6,965,224.00

Gift Goals

Per Person

34.06

0.01

0.01

0.02

0.15

0.39

1.22

9.29

4.52

17.20

1.18

0.07

0.07

0.07

0.07

0.07

Contributions to National Ministries

States	Executive	Foreign Missions	FWBCC	Home Missions	R&I	Master's Men	Comm. for Theo. Integ.	WNAC	FWB Found.	Historical Commission	Radio & TV Commission	Music Commission	Totals
Alabama	\$ 2,306.21	\$ 168,930.08	\$ 56,342.74	\$ 167,355.56	\$ 305.47	\$ 2,236.05	\$ 5.44	\$ 2,325.71	\$ 65.33	\$ 5.44	\$ 5.44	\$ 5.44	\$ 399,888.91
Alaska	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Arizona	27.15	3,838.70	1,390.10	34,539.48	53.20	3.20	11	204.00	1.37	11	11	11	40,057.64
Arkansas	34,473.60	196,824.92	33,753.89	152,827.17	4,849.16	8,362.96	169.27	6,245.47	2,031.08	169.27	169.27	169.27	440,045.33
California	8,104.29	77,539.47	14,763.97	78,500.63	1,468.90	1,478.47	44.28	2,806.18	531.39	44.28	44.28	44.28	185,370.42
Canada	201.99	.00	37.56	1,932.39	22.86	22.86	.00	.00	9.80	.82	.82	.82	2,230.74
Colorado	.00	5,687.38	180.00	35,708.86	.00	.00	.00	260.00	.00	.00	.00	.00	41,836.24
Connecticut	.00	.00	8,100.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	8,100.00
Delaware	.00	.00	35.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	35.00
Florida	11,930.44	58,348.82	12,723.59	87,237.91	1,894.16	2,061.26	51.94	2,153.62	623.25	51.94	51.94	51.94	177,180.81
Georgia	6,363.83	155,259.56	52,531.97	74,425.09	916.63	3,204.69	31.85	4,133.44	382.15	31.85	31.85	31.85	297,344.76
Hawaii	50.00	4,509.00	566.00	2,075.83	.00	75.00	.00	164.21	.00	.00	.00	.00	7,440.04
Idaho	392.46	462.80	213.92	3,100.37	.00	.00	.00	117.34	16.00	117.33	.00	.00	4,420.22
Illinois	9,986.34	104,134.46	29,256.05	61,223.62	1,453.90	2,792.94	47.62	1,672.65	571.68	47.62	47.62	47.62	211,282.12
Indiana	733.90	39,077.54	4,270.51	19,527.11	269.21	641.60	2.23	740.64	144.22	2.23	2.23	2.23	65,413.65
Iowa	.00	2,114.30	425.00	1,082.27	.00	335.00	.00	22.00	.00	.00	.00	.00	3,978.57
Kansas	447.21	14,462.20	695.59	5,724.90	66.07	59.77	2.14	280.70	25.61	2.14	2.14	2.14	21,770.61
Kentucky	462.69	64,992.36	12,446.57	40,577.25	155.82	1,256.32	2.46	1,548.59	29.49	2.46	2.46	2.46	121,478.93
Louisiana	.00	61.40	10.00	6,178.18	.00	90.00	.00	.00	.00	.00	.00	.00	6,339.58
Maine	.00	.00	.00	1,873.65	.00	.00	.00	.00	.00	.00	.00	.00	1,873.65
Maryland	2,494.64	15,749.46	4,257.58	20,654.67	340.17	348.73	12.14	278.00	145.79	12.14	12.14	12.14	44,317.60
Michigan	7,504.28	135,871.81	21,072.04	42,705.30	1,219.43	4,155.43	36.08	1,413.90	433.05	36.08	36.08	36.08	214,669.56
Minnesota	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Mississippi	3,050.47	54,158.99	14,822.61	68,493.56	378.28	1,033.28	12.61	2,582.36	151.41	12.61	12.61	12.61	144,721.40
Missouri	65,197.33	263,572.37	32,122.39	126,618.13	3,870.83	5,029.90	138.96	4,285.56	1,628.69	145.44	148.68	135.73	502,894.01
Montana	.00	1,136.00	.00	1,243.75	.00	.00	.00	.00	.00	.00	.00	.00	2,379.75
Nebraska	.00	1,234.00	190.00	3,258.00	.00	.00	.00	70.50	.00	.00	.00	.00	4,752.50
Nevada	.00	.00	25.00	.00	.00	.00	.00	26.00	.00	.00	.00	.00	25.00
New Hampshire	.00	.00	.00	15,789.65	.00	250.00	.00	.00	.00	.00	.00	.00	16,065.65
New Jersey	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
New Mexico	21.05	883.81	22.41	728.56	2.79	2.79	.09	122.73	1.20	.09	.09	.09	1,785.70
New York	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	935.00
North Carolina	7,133.92	475,069.02	138,338.64	144,052.08	2,345.96	1,843.82	30.82	6,555.67	330.49	24.26	30.82	24.26	775,779.76
Ohio	14,168.47	105,584.17	14,407.41	98,016.26	2,016.23	2,016.21	66.30	2,605.46	795.53	66.30	66.30	66.30	239,874.94
Oklahoma	50,236.04	384,337.30	20,765.70	191,442.55	7,071.86	8,725.86	246.01	5,367.49	2,952.13	246.01	246.01	246.01	672,482.97
Oregon	.00	.00	100.00	4,325.00	.00	.00	.00	.00	.00	.00	.00	.00	4,425.00
Pennsylvania	.00	756.75	.00	475.00	.00	.00	.00	.00	.00	.00	.00	.00	1,231.75
Rhode Island	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
South Carolina	.00	217,750.13	51,782.70	82,123.63	304.22	627.98	2.24	4,422.22	27.02	2.24	2.24	2.24	358,470.95
South Dakota	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Tennessee	9,643.03	584,493.95	150,678.71	281,704.70	2,497.36	8,648.41	234.85	7,396.47	1,233.86	81.97	485.07	99.85	5,900.00
Texas	4,175.97	125,022.01	9,614.15	36,491.52	604.38	3,415.99	20.45	1,376.56	2,435.32	20.45	20.45	20.45	181,027.70
Vermont	.00	.00	10.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	10.00
Virginia	774.94	120,155.01	19,619.00	59,639.45	310.43	721.43	3.42	2,469.74	40.90	3.42	3.42	3.42	203,744.58
Washington	.00	.00	.00	494.61	16.03	16.03	.00	.00	6.87	.00	.58	.58	2,317.55
West Virginia	572.41	79,290.30	4,806.86	16,443.54	523.60	1,377.73	107.93	588.00	13.58	107.93	1.13	1.13	103,940.94
Wisconsin	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Wyoming	.00	.00	.00	1,737.33	.00	.00	.00	.00	.00	.00	.00	.00	1,737.33
Mexico	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northeast Assoc.	.00	2,915.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	2,915.00
Northwest Assoc.	123.26	6,277.50	.00	.00	.00	.00	.58	140.40	.00	.58	.00	.00	6,542.32
Puerto Rico	.00	.00	.00	3,010.00	.00	.00	.00	.00	.00	.00	.00	.00	3,010.00
Virgin Islands	.00	888.00	.00	91,358.98	.00	.00	.00	.00	.00	.00	.00	.00	92,829.98
WNAC	.00	.00	4,597.12	.00	822.45	.00	.00	.00	.00	.00	.00	.00	5,419.57
Other	.00	138,438.63*	72,970.33*	35,296.34*	5,747.23*	.00	.00	.00	4,000.00*	.00	.00	.00	256,452.53
TOTALS	\$242,000.01	\$3,609,827.20	\$789,022.77	\$2,108,091.12	\$39,551.63	\$60,833.71*	\$1,387.98	\$62,874.27*	\$16,421.21	\$1,235.01	\$1,030.58	\$1,019.05	\$6,933,944.49

1991

Gift Goals For National Ministries

1991 Budgets:	Executive	Foreign Missions	FWBSC	Home Missions	Retirement & Insurance	Master's Men	Foundation Theo. Int.	Comm. for	Historical	Music	Radio/TV	WNAC	Totals
\$259,455.40	\$4,129,859.00	\$925,000.00	\$2,100,000.00	\$298,745.00	\$111,625.00	\$32,700.00	\$2,700.00	\$2,700.00	\$2,300.00	\$1,500.00	\$15,100.00	\$161,318.00	\$8,040,302.40
STATES	MEMBERSHIP												
Alabama	19,458	407,486.57	91,268.27	207,203.63	29,476.69	11,013.86	3,226.46	266.40	226.94	148.00	1,489.89	15,916.99	793,323.75
Arizona	313	6,554.80	1,468.13	3,333.06	474.16	177.17	51.90	4.29	3.65	2.38	23.97	256.04	12,761.35
Arkansas	19,576	409,957.71	91,821.75	208,460.19	29,655.45	11,080.65	3,246.02	268.02	228.31	148.90	1,498.93	16,013.51	798,134.74
California	4,385	91,830.02	20,567.96	46,694.83	6,642.78	2,482.05	727.11	60.04	51.14	33.35	335.76	3,587.01	178,781.20
Canada	400	8,376.74	1,876.21	4,259.51	605.96	226.41	66.33	5.48	4.67	3.04	30.63	327.21	16,308.45
Colorado	201	4,209.31	942.80	2,140.40	304.49	113.77	33.33	2.75	2.34	1.53	15.39	164.42	8,194.98
Florida	5,273	110,426.39	24,733.15	56,150.93	7,988.00	2,984.69	874.35	72.19	61.50	40.11	403.75	4,313.41	214,985.93
Georgia	9,724	203,638.58	45,610.68	103,548.57	14,730.77	5,504.10	1,612.40	133.13	113.41	73.96	744.56	7,954.40	396,458.01
Hawaii	61.84	984.27	220.45	500.49	71.20	26.60	7.79	.64	.55	.36	3.60	38.45	1,916.24
Idaho	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Illinois	4,120	86,280.43	19,324.97	43,872.90	6,241.34	2,332.05	683.16	56.41	48.05	31.34	315.47	3,370.23	167,976.86
Indiana	2,004	41,967.47	9,399.82	21,340.12	3,035.84	1,134.33	332.30	27.44	23.37	15.24	153.45	1,639.31	81,705.27
Iowa	89.46	1,424.05	318.96	724.12	103.01	38.49	11.28	.93	.79	.52	5.21	55.63	2,772.45
Kansas	328	6,868.93	1,538.49	3,492.79	496.88	185.66	54.39	4.49	3.83	2.49	25.11	268.31	13,372.91
Kentucky	9,030	189,104.93	42,355.46	96,158.33	13,679.44	5,111.27	1,497.32	123.63	105.32	68.68	691.42	7,386.70	368,162.88
Louisiana	24	502.60	112.57	255.57	36.36	13.58	3.98	.33	.28	.18	1.84	19.63	978.50
Maryland	1,735	36,334.11	8,138.06	18,475.60	2,628.33	982.07	287.69	23.75	20.24	13.20	132.85	1,419.26	70,737.82
Mexico	2,052	42,972.68	9,624.96	21,851.26	3,108.55	1,161.50	340.26	28.09	23.93	15.61	157.12	1,678.57	83,662.26
Michigan	3,850	80,626.13	18,058.53	40,997.74	5,832.32	2,179.23	638.39	52.71	44.90	29.28	294.79	3,149.37	156,968.67
Mississippi	3,963	82,992.56	18,588.56	42,201.05	6,003.50	2,243.19	657.13	54.26	46.22	30.14	303.45	3,241.80	161,575.81
Missouri	15,405	322,609.24	72,257.56	164,044.20	23,336.85	8,719.73	2,554.40	210.91	179.67	117.17	1,179.56	12,601.56	628,078.54
Montana	7	146.59	32.83	74.54	10.60	3.96	1.16	.10	.08	.05	.54	5.73	285.39
Nebraska	26	544.49	121.95	276.87	39.39	14.72	4.31	.36	.30	.20	1.99	21.27	1,060.06
New Jersey	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
New Mexico	152	3,183.16	712.96	1,618.61	230.26	86.04	25.20	2.08	1.77	1.16	11.64	124.34	6,197.20
North Carolina	15,057	315,321.48	70,625.26	160,338.43	22,809.67	8,522.75	2,496.70	206.15	175.61	114.53	1,152.91	12,316.89	613,890.22
Northeast Assoc.	225	4,711.92	1,055.37	2,395.97	340.85	127.36	37.31	3.08	2.62	1.73	17.21	184.05	9,173.49
Northwest Assoc.	277	5,800.89	1,299.28	2,949.71	419.62	156.79	45.93	3.79	3.24	2.11	21.21	226.59	11,293.60
Ohio	10,423	218,276.93	48,889.36	110,992.06	15,789.68	5,899.76	1,728.30	142.71	121.56	79.28	798.09	8,526.20	424,957.02
Oklahoma	23,501	492,154.48	110,232.07	250,256.58	35,601.38	13,302.33	3,896.85	321.76	274.09	178.75	1,799.46	19,224.23	958,161.23
Pennsylvania	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Puerto Rico	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
South Carolina	4,670	97,798.45	21,904.76	49,729.72	7,074.53	2,643.37	774.36	63.94	54.47	35.52	357.58	3,820.14	190,400.96
Tennessee	20,008	419,004.59	93,848.06	213,060.45	30,309.88	11,325.18	3,317.66	273.93	233.35	152.19	1,532.01	16,366.90	815,747.86
Texas	2,941	61,589.99	13,794.84	31,318.03	4,455.29	1,664.70	487.67	40.27	34.30	22.37	225.19	2,405.79	119,907.79
Virginia	8,150.49	129,734.79	29,057.80	65,969.09	9,384.73	3,506.57	1,027.23	84.82	72.25	47.12	474.35	5,067.62	252,576.86
Virgin Islands	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
West Virginia	11,768	246,443.72	55,198.12	125,314.65	17,827.20	6,661.07	1,951.33	161.12	137.25	89.51	901.07	9,626.44	479,794.10
Wyoming	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
TOTALS	197,206	\$4,129,859.00	\$925,000.00	\$2,100,000.00	\$298,745.00	\$111,625.00	\$32,700.00	\$2,700.00	\$2,300.00	\$1,500.00	\$15,100.00	\$161,318.00	\$8,040,302.40
Gift Goals Per Person	1.32	20.94	4.69	10.64	1.51	.57	.17	.01	.01	.01	.08	.82	40.77

Gift Goals for the Executive Office Ministry

	1988	1989	1990	1991
	Budget Gift Goal 217,749.00	Budget Gift Goal 225,448.36	Budget Gift Goal 242,000.00	Budget Gift Goal 259,455.40
States	Membership	Membership	Membership	Membership
Alabama	19,850	19,318	19,460	19,458
Arizona	188	283	282	313
Arkansas	19,595	20,772	21,226	19,576
California	4,578	4,556	4,478	4,385
Canada	273	300	301	400
Colorado	220	225	301	201
Florida	5,381	5,697	5,445	5,273
Georgia	7,514	9,477	10,307	9,724
Hawaii	31	31	33	47
Idaho	78	90	0	0
Illinois	4,285	3,960	3,942	4,120
Indiana	1,406	1,909	1,851	2,004
Iowa	71	74	60	68
Kansas	595	426	452	328
Kentucky	10,569	11,160	10,350	9,030
Louisiana	60	0	0	24
Maryland	1,620	1,752	1,691	1,735
Mexico	3,000	0	0	2,052
Michigan	4,029	3,880	4,135	3,850
Mississippi	4,800	2,675	4,525	3,963
Missouri	16,990	17,385	17,707	15,405
Montana	40	39	8	7
Nebraska	0	0	79	26
New Jersey	0	0	0	0
New Mexico	190	0	0	0
North Carolina	16,046	15,633	14,188	15,057
N.E. Assoc.	100	0	90	225
N.W. Assoc.	564	460	198	277
Ohio	9,962	9,782	10,406	10,423
Oklahoma	23,043	23,414	25,710	23,501
Pennsylvania	0	0	0	0
Puerto Rico	0	0	0	0
South Carolina	6,165	9,762	5,385	4,670
Tennessee	16,135	19,915	20,997	20,008
Texas	4,097	3,162	3,487.92	2,941
Virginia	7,019	7,028	7,048	6,195
Virgin Islands	153	0	171	0
West Virginia	11,740	11,021	10,446	11,768
Wyoming	0	0	0	0
Totals	200,387	204,382	204,489	197,206
Gift Goal Per Person	1.09	1.10	1.18	1.33

Gifts for the Executive Office Ministry

	1988 Gifts	1989 Gifts	1990 Gifts
States			
Alabama	\$ 4,253.16	\$ 4,573.93	\$ 2,306.21
Alaska	.00	.00	.00
Arizona	822.53	731.92	27.15
Arkansas	32,644.88	36,387.30	34,473.60
California	9,822.03	11,150.53	8,104.29
Canada	311.44	496.01	201.99
Colorado	.00	.00	.00
Connecticut	.00	.00	.00
Delaware	1,999.48	.00	.00
Florida	14,352.80	13,233.49	11,930.44
Georgia	9,562.94	7,570.10	6,363.83
Hawaii	.00	.00	50.00
Idaho	492.56	517.64	.00
Illinois	8,255.26	11,893.75	9,986.34
Indiana	1,126.51	1,052.76	1,126.36
Iowa	.00	.00	.00
Kansas	556.03	428.55	447.21
Kentucky	724.42	2,815.74	462.69
Louisiana	.00	.00	.00
Maine	.00	.00	.00
Maryland	3,277.04	1,768.64	2,494.64
Michigan	9,904.74	9,861.09	7,504.28
Minnesota	.00	.00	.00
Mississippi	3,643.16	3,613.62	3,050.47
Missouri	12,105.30	14,612.94	65,197.33
Montana	.00	.00	.00
Nebraska	.00	.00	.00
Nevada	.00	.00	.00
New Hampshire	.00	.00	.00
New Jersey	.00	.00	.00
New Mexico	18.25	20.36	21.05
New York	.00	.00	.00
North Carolina	9,268.93	8,613.34	7,133.92
Ohio	18,429.88	17,367.10	14,168.47
Oklahoma	55,100.16	57,905.75	50,236.04
Oregon	.00	.00	.00
Pennsylvania	.00	.00	.00
Rhode Island	.00	.00	.00
South Carolina	1,747.86	1,549.83	1,424.09
South Dakota	.00	.00	.00
Tennessee	12,128.18	11,960.56	9,643.03
Texas	4,724.98	4,661.69	4,175.97
Vermont	.00	.00	.00
Virginia	1,538.84	1,730.02	774.94
Washington	.00	.00	.00
West Virginia	794.17	714.90	572.41
Wisconsin	.00	.00	.00
Wyoming	.00	.00	.00
Mexico	.00	.00	.00
N.E. Assoc.	.00	.00	.00
N.W. Assoc.	143.45	216.75	123.26
Puerto Rico	.00	.00	.00
Virgin Islands	.00	.00	.00
WNAC	.00	.00	.00
Other	.00	.00	.00
Totals	\$217,748.98	\$225,448.31	\$242,000.01

Free Will Baptist Foundation Report

The Foundation ministry shows steady growth. During the past year, 21 ministries received gifts through endowments. Several individuals received annuity payments. As a result of our stewardship emphasis, many of our families made their wills. A number included a bequest to the Lord's work.

The Foundation staff aims to build a continuing support for every Free Will Baptist ministry, including our local churches. Our well qualified staff stands ready to assist you in stewardship education, family financial planning, estate planning and deferred giving. Feel free to call on us.

God continues to bless the Foundation through many of you. We gratefully acknowledge your ministry. Our board members take time away from their jobs and families to oversee the Foundation. They give freely of their expertise and wisdom.

Our dedicated staff members take on the additional work for the Foundation without extra pay.

We owe a debt of gratitude to each of you who have placed your confidence in this new ministry. Your stewardship vision and support make it all possible. Thank you for your gifts toward the office expenses. In behalf of all the ministries that benefit from your endowment and trust funds I thank you.

Let's look to the future with anticipation. With all of us helping, the Foundation will realize its full stewardship potential. I know we can depend on your prayers and support as always.

Herman L. Hersey
Executive Secretary-Treasurer

FREE WILL BAPTIST FOUNDATION, INC.

Balance Sheets

December 31, 1990 and 1989

<u>Assets</u>	<u>1990</u>	<u>1989</u>
Cash and cash equivalents (note 2 and 3)	\$ 19,749	2,031
Interest bearing accounts with the Board of Retirement and Insurance of the National Association of Free Will Baptists (note 4)	454,117	397,953
Land held for investment, at contributed value	4,000	4,000
Accrued interest income	61	16,616
Equipment, net of accumulated depreciation of \$800	3,200	-
Total assets	\$ 481,127	420,600

See accompanying notes to financial statements.

Liabilities and Fund Balances

Liabilities:		
Interest-bearing revocable trusts (note 5)	\$ 303,225	252,349
Gift annuity payable	6,000	6,000
Accrued earnings payable	1,622	3,865
Accrued and withheld payroll taxes	-	229
Restricted deferred revenues - Benevolent Fund (note 2)	782	-
Funds held for National Ministries Offering (note 3)	11,484	-
Total liabilities	323,113	262,443
Fund balances:		
Operations	(89)	15,153
Endowment funds (note 6)	154,903	143,004
Equipment funds	3,200	-
Total fund balances	158,014	158,157
Total liabilities and fund balances	\$ 481,127	420,600

Statement of Support and Revenue, Expenses and Changes in Fund Balances

Year ended December 31, 1990

(with comparative totals for 1989)

	1990				1989
	Operations	Endowments	Equipment	Total All Funds	Total All Funds
Support and revenue:					
Contributions	\$ 12,172	11,899	-	24,071	23,546
Investment income	13,303	-	-	13,303	26,346
Endowment income	259	-	-	259	354
Miscellaneous income	-	-	-	-	1,232
Total support and revenue	25,734	11,899	-	37,633	51,478
Payments of earnings to revocable trusts beneficiaries and annuitants	23,872	-	-	23,872	14,118
Net support and revenue	1,862	11,899	-	13,761	37,360
Expenses:					
Salaries	4,036	-	-	4,036	4,422
Social security and retirement	2,922	-	-	2,922	684
Travel and promotion	2,263	-	-	2,263	3,342
Office expense	1,718	-	-	1,718	1,441
Publications	-	-	-	-	155
Training and education	235	-	-	235	1,612
Legal and auditing	1,200	-	-	1,200	500
Miscellaneous	730	-	-	730	513
Depreciation	-	-	800	800	-
Total expenses	13,104	-	800	13,904	12,669
Excess of support and revenues over expenses	(11,242)	11,899	(800)	(143)	24,691
Fund balance at beginning of year	15,153	143,004	-	158,157	133,466
Transfers to equipment fund for asset acquisition	(4,000)	-	4,000	-	-
Fund balance at end of year	\$ (89)	154,903	3,200	158,014	158,157

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 1990

(with comparative totals for 1989)

	1990			1989
	Operations	Endowments	Equipment	Total All Funds
Operating cash flows:				
Cash received from:				
Contributions	\$ 12,172	11,899	-	24,071
Investment income	30,117	8,797	-	38,914
Benevolent Fund (note 2)	6,279	-	-	6,279
National Ministries Offering (note 3)	14,484	-	-	14,484
Cash paid to suppliers and employees	(13,333)	-	-	(13,333)
Claims paid from Benevolent Fund (note 2)	(5,497)	-	-	(5,497)
Expenses of National Ministries Offering (note 3)	(3,000)	-	-	(3,000)
Interest paid on revocable trusts	(25,667)	-	-	(25,667)
Payments made to endowment beneficiaries	-	(8,797)	-	(8,797)
Payments made to annuitants	(448)	-	-	(448)
Net operating cash flow	15,107	11,899	-	27,006
Financing cash flows:				
Proceeds from additions to revocable trusts	50,876	-	-	50,876
Net financing cash flow	50,876	-	-	50,876
Investing cash flows:				
Deposits made with the Board of Retirement and Insurance of the National Association of Free Will Baptists	(44,265)	(11,899)	-	(56,164)
Purchase of computer equipment	-	-	(4,000)	(4,000)
Net investing cash flow	(44,265)	(11,899)	(4,000)	(60,164)
Net increase (decrease) in cash and cash equivalents	21,718	-	(4,000)	17,718
Reclassifications	(4,000)	-	4,000	-
Cash and cash equivalents:				
Beginning of year	2,031	-	-	2,031
End of year	\$ 19,749	-	-	19,749

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.

Notes to Financial Statements

December 31, 1990 and 1989

Free Will Baptist Foundation, Inc. is operated under the auspices of the National Association of Free Will Baptists.

(1) Summary of Significant Accounting Policies

The major accounting principles and practices followed by the Free Will Baptist Foundation, Inc. are presented below to assist the reader in evaluating the financial statements. The financial statements are presented in accordance with standards recommended in "Audits of Certain Nonprofit Organizations," an Audit and Accounting Guide (American Institute of Certified Public Accountants).

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

Basis of Financial Statements

The accompanying financial statements have been prepared on the accrual basis of accounting.

Equipment Fund and Depreciation

Uses of operating funds for the acquisition of computer and office equipment are accounted for as transfers to equipment funds. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight line basis.

Income Taxes

The Foundation is exempt from income taxes; accordingly, no provision for income taxes has been made in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash on hand, deposits in financial institutions and highly liquid debt instruments with a maturity of three months or less to be cash and cash equivalents.

(2) Restricted Deferred Revenues – Benevolent Fund

The General Board of the National Association of Free Will Baptists at its National meeting in July 1990 recommended that the Benevolent Fund be transferred to the Free Will Baptist Foundation to continue the work. The delegates to the National Convention approved the recommendation to transfer the funds to the Foundation. Accordingly, the funds have been included in the financial statements.

The purpose of the Benevolent Fund is to pay medical claims which were defaulted on by an insurance company which had contracted to provide coverage to participants under the Free Will Baptist Hospitalization Plan in prior periods. Claims paid are funded by voluntary contributions.

The Benevolent Fund, since its inception, has paid medical claims amounting to \$51,522. As of December 31, 1990, \$15,306 remains unpaid on these medical claims. The following summarizes the activity:

Beginning cash balance transferred	\$ 379
Contributions made to the Fund	5,900
Claims paid	5,497
Balance available	\$ 782

Cash and cash equivalents includes \$782 which is restricted to retire medical claims related to the Benevolent Fund.

(3) Funds Held for the National Ministries Offering

The Foundation became the custodian of funds received through the National Ministries Offering (an annual fundraising appeal to fund the operating budgets of certain departments of the National Association of Free Will Baptists – see below for details) by action of the National Association of Free Will Baptists at its National Convention in July 1990. The following summarizes the activity:

Undesignated and designated gifts	\$ 14,484
Expenses of the fundraising appeal	3,000
Funds available for distribution	\$ 11,484

In January 1991, the following was distributed from the National Ministries Offering fund:

Free Will Baptist Bible College	\$ 2,530
Board of Foreign Missions	2,530
Board of Home Missions	1,980
Board of Retirement and Insurance	1,570
Master's Men	1,570
Free Will Baptist Foundation	690
Commission for Theological Integrity	85
Historical Commission	85
Music Commission	85
Radio and Television Commission	85
Executive Office (designated gift)	30
	\$ 11,210

Cash and cash equivalents includes \$11,484 which is restricted to be used for the purpose of the National Ministries Offering.

(4) Concentration of Credit Risk and Interest Bearing Deposits Held by the Board of Retirement and Insurance of the National Association of Free Will Baptists

The Foundation has interest bearing accounts amounting to \$454,117 with the Board of Retirement and Insurance. These accounts earn interest at rates established by the Board of Retirement. The rate of return will vary based on market conditions and the performance of the investments of the Board of Retirement. These accounts are uninsured and are not collateralized, accordingly the risk of accounting loss is the balance in the accounts at any point in time. Withdrawal from the accounts is without penalty, but withdrawal requires a 90 day notice.

(5) Interest-Bearing Revocable Trusts

The Foundation maintains for grantors revocable trusts amounting to \$303,225 as of December 31, 1990 and pays interest to the trust beneficiaries. The rate of interest paid (see note 4) is dependent upon the amount of income earned from the investments of the Foundation. The trusts are without maturity. Withdrawal from the accounts is without penalty, but withdrawal requires a 90 day notice.

The Board of Retirement and Insurance of the National Association of Free Will Baptists has agreed to transfer all revocable trusts which it holds for grantors and the related investments to the Foundation during 1991. As of December 31, 1990, the Board of Retirement held revocable trusts amounting to approximately \$1,290,000.

(6) Endowment Funds (see note 4)

Endowment funds are subject to restrictions by the donor requiring that the principal be invested in perpetuity, and only the income be distributed to the beneficiaries of the endowment. The rate of interest paid is dependent upon the amount of income earned from the investments of the Foundation. As of December 31, 1990, the Foundation held \$154,903 of endowment funds which were invested in interest bearing accounts with the Board of Retirement and Insurance of the National Association of Free Will Baptists.

(7) Related Party Transactions

The Board of Retirement and Insurance of the National Association of Free Will Baptists provided office space and certain administrative services to the Foundation for a cost of \$900 for the years ended December 31, 1990 and 1989.



Hill, Neal & Allen, P.C.
Certified Public Accountants

Independent Auditors' Report

Terry A. Hill
Russell E. Neal
Nancy S. Allen

Board of Directors
Free Will Baptist Foundation, Inc.:

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 103
Brentwood, TN 37027
TEL: 615/377-3485
FAX: 615/377-3488

We have audited the balance sheets of Free Will Baptist Foundation, Inc. as of December 31, 1990 and 1989 and the related statements of support and revenue, expenses, and changes in fund balances and cash flows for the year ended December 31, 1990. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. Information included on the statements of support and revenue, expenses and changes in fund balances and cash flows for the year ended December 31, 1989 is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which we expressed an unqualified opinion dated February 27, 1990.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Free Will Baptist Foundation, Inc. as of December 31, 1990 and 1989, and the support and revenue, expenses and changes in fund balances and cash flows for the year ended December 31, 1990 in conformity with generally accepted accounting principles.

Hill, Neal & Allen, P.C.

March 13, 1991

Proposed Budget 1992

Salary/Honorariums	\$15,000
Travel and Promotion	5,000
Publications	6,000
Training and Education	4,500
Office Expenses	6,000
Legal and Auditing	1,500
Miscellaneous	500
	<u>\$38,500</u>

Free Will Baptist Bible College Report

This has been both an exciting and an encouraging year. Exciting in that we have seen the hand of God in so many ways working and providing, changing and challenging. Encouraging in that we have the strong, apparent evidence that God's hand is still upon the college and that the good people of our denomination are standing with us. The response of God and our people has been overwhelming and humbling.

The "New Spirit," which became our motto for this year, is still running high. Prospects for this fall's enrollment appear to be 15-20% higher than last fall. We are trying to reach the young people of our denomination with the request to prayerfully consider attending Free Will Baptist Bible College. This year we will exert a more concentrated effort for the entire college family to be involved in recruiting students.

One of our major challenges is to encourage our students to "live" the will of God for their lives whatever that may be. It is the responsibility of every person to discover God's will and then to give himself for the rest of his life to do God's will. That may be in the pulpit as a pastor or evangelist. It may be on a mission field. It may be as a teacher in the classroom, as a business person in the field of business, or as a mother and housewife in the home. We take seriously this challenge of preparing students to serve the Lord wherever He leads them.

This fall will see the realization of another dream—the opening of our new 4-year program in Business Administration. Our churches need people in the business world who are people of integrity, who love and are loyal to the work of God in a local church.

The college is privileged to have a faculty and staff of dedicated and prepared people. They have been a great encouragement and help this, my first, year. It has been said and is still true, "One of our greatest assets is our faculty and staff."

FWBBC is a service organization — we exist to serve our people and churches. Our churches do not serve us, we serve them. And it is the deep desire of your college to do the best we can to serve. If we are to do the job the denomination has commissioned us to do, we must have regular and generous support.

It appears now that the college will indeed be debt free by Jubilee. With only \$150,000 remaining of the \$600,000 total indebtedness, being debt free will enable us to do some things that are desperately needed.

I sincerely want to thank you who have prayed for me and those who have written, called or come by to offer encouragement and to assure me of their support. This is, indeed, a tremendous challenge and opportunity to serve the Lord and His people. This work demands the best of all of us, here and in our denomination. I do not hesitate to tell you that I need you, and our entire college family needs you. Stand with us, help us as we do the work God has called us to do.

Respectfully submitted
C. Thomas Malone
President

1990-91 Registration Report

Undergraduate Enrollment.....281

ENROLLMENT BREAKDOWNS

By State

Alabama	20	Kentucky	16	Tennessee	55
Arkansas	17	Louisiana	3	Texas	9
California	3	Michigan	7	Virginia	8
Colorado	1	Mississippi	6	Washington	1
Delaware	2	Missouri	18	West Virginia	8
Florida	6	New Mexico	1		
Georgia	13	North Carolina	24		
Illinois	22	Ohio	9		
Indiana	7	Oklahoma	3		
Iowa	1	South Carolina	13	Foreign	8

(The student body represents 25 states and 6 foreign countries.)

By Classification

Freshmen.....92	Juniors.....49
Sophomores.....79	Seniors.....33
Special.....28	

Others

Male.....162	Ministerial.....67
Female.....119	Missionary.....36
Free Will Baptist.....270	Single.....208
Other.....11	Married.....73

Enrollment Summary 1990-91

Undergraduate Enrollment.....First Semester.....252
Additional Enrollment.....Second Semester.....26
Total Enrollment.....First and Second Semesters.....278
Summer 1990 Enrollment Not Already Counted.....3
Total Undergraduate Enrollment.....281
Graduate School Enrollment For 1990-91.....21
(Master of Ministry (not counted elsewhere)
Total Annual Enrollment (Undergraduate and Graduate).....302

Financial Aid Report

Loans Issued.....190	\$153,828.50
Student Workers.....65	91,976.65
Scholarship Recipients.....67	26,680.00
Pell Grant Awards.....67	96,735.00
Stafford and PLUS loans.....15	30,476.00
Total Financial Aid Administered 90-91.....	\$399,696.15

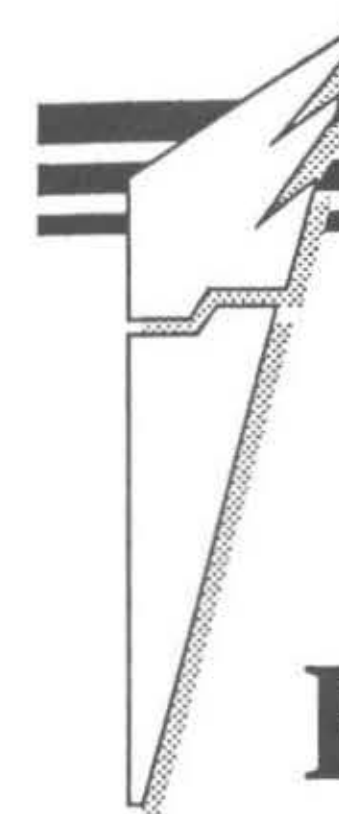
Welch Library

Total books, bound volumes, microforms, sound recordings, video-cassettes, instructional materials, etc.....55,242

May 31, 1991, financial report and proposed budget of the Bible College will be distributed at the National Association. The audit report will be presented as the college's official report.

**Proposed Gift Income Budget
1991 - 1992**

Alabama.....	\$65,000.00
Arizona	3,000.00
Arkansas	35,500.00
California	12,000.00
Colorado	1,000.00
Connecticut.....	7,000.00
Delaware.....	200.00
Florida.....	26,000.00
Georgia	60,000.00
Hawaii	1,000.00
Idaho	500.00
Illinois	40,000.00
Indiana	14,000.00
Iowa.....	300.00
Kansas.....	2,000.00
Kentucky	15,000.00
Louisiana	200.00
Maryland	10,000.00
Michigan	30,000.00
Mississippi	26,000.00
Missouri.....	35,000.00
Nebraska.....	1,000.00
Nevada.....	300.00
New Jersey	1,000.00
New Mexico.....	1,000.00
North Carolina	125,000.00
Ohio.....	20,000.00
Oklahoma	25,000.00
South Carolina	60,000.00
South Dakota.....	1,000.00
Tennessee	175,000.00
Texas.....	15,000.00
Vermont.....	1,000.00
Virginia	25,000.00
Washington	2,000.00
West Virginia.....	10,000.00
W.N.A.C.....	12,000.00
Canada.....	1,000.00
Virgin Islands	1,000.00
Other.....	65,000.00
Alumni.....	10,000.00
Designated Gifts	30,000.00
Special Gifts	20,000.00
Total	\$985,000.00



FREE WILL BAPTIST BIBLE COLLEGE
Nashville, Tennessee

1990-91 Financial Report



Hill, Neal & Allen, P.C.
Certified Public Accountants

Independent Auditors' Report

Terry A. Hill
Russell E. Neal
Nancy S. Allen

**The Board of Trustees
Free Will Baptist Bible College:**

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 103
Brentwood, TN 37027
TEL: 615/377-3485
FAX: 615/377-3488

We have audited the balance sheet of the Free Will Baptist Bible College as of May 31, 1991, and the related statements of changes in fund balances and current funds revenue, expenditures and other changes for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Free Will Baptist Bible College as of May 31, 1991, and the changes in fund balances and current funds revenues, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

As discussed in note 7 to the financial statements, in order to conform to the provisions of "Statement of Financial Accounting Standards No. 93, Recognition of Depreciation by Not-for-Profit Organizations" the College changed its method of accounting for plant assets to include recognition of depreciation expense in 1991.

Hill, Neal & Allen, P.C.

July 9, 1991

FREE WILL BAPTIST BIBLE COLLEGE

Balance Sheet

May 31, 1991

(with comparative figures for 1990)

Assets	1991	1990
Current funds:		
Unrestricted:		
Cash and interest bearing deposits	\$ 380,370	27,012
Investments at fair value at date of gift	2,000	3,000
Prepaid expenses	7,907	20,228
Receivables:		
Students accounts	17,490	7,974
Staff and others	16,393	13,130
Due from plant funds	-	25,070
Note receivable - plant fund (note 2 and 6)	-	353,626
Total receivables	33,883	399,800
Inventories	18,369	25,394
Total unrestricted funds	442,529	475,434
Restricted:		
Due from current unrestricted funds	18,903	18,657
Total restricted funds	18,903	18,657
Total current funds	\$ 461,432	494,091
Loan funds:		
Interest bearing deposits	\$ 196,729	140,524
Loans to students, less allowance for doubtful loans of \$32,500 in 1991 and \$15,000 in 1990	345,631	345,343
Due from current unrestricted funds	-	35,937
Total loan funds	\$ 542,360	521,804
Endowment funds:		
Interest bearing deposits	\$ 133,371	184,808
Total endowment funds	\$ 133,371	184,808
Annuity funds:		
Interest bearing deposits	\$ 55,000	55,000
Total annuity funds	\$ 55,000	55,000
Plant funds (note 7):		
Interest bearing deposits held by Trustee under lease obligation (note 2)	\$ -	136,150
Investment in plant:		
Land	376,519	376,519
Buildings and improvements	3,544,426	3,544,426
Equipment	616,808	573,782
Library books	216,246	205,961
Total investment in plant	4,753,999	4,700,688
Accumulated depreciation (note 7)	1,459,580	1,355,082
Net investment in plant	3,294,419	3,345,606
Total plant funds	\$ 3,294,419	3,481,756
Agency funds:		
Cash	\$ 1,137	4,726
Due from current unrestricted fund	3,922	4,195
Total agency funds	\$ 5,059	8,921

See accompanying notes to financial statements.

Liabilities and Fund Balances	1991	1990
Current funds:		
Unrestricted:		
Note payable to bank (notes 2 and 6)	\$ -	324,000
Note payable to individuals (notes 2 and 6)	228,985	-
Accounts payable	41,862	27,933
Students' credit balances and deposits	35,941	24,205
Accrued salaries	58,244	56,392
Deferred revenues - summer school and other	13,230	9,857
Due to other funds:		
Current restricted funds	18,903	18,657
Loan funds (note 6)	-	35,937
Agency funds	3,922	4,195
Total due to other funds	22,825	58,789
Total liabilities	401,087	501,176
Fund balance (deficit) (note 6)	41,442	(25,742)
Total unrestricted funds	442,529	475,434
Restricted:		
Fund balances - private	18,903	18,657
Total restricted funds	18,903	18,657
Total current funds	\$ 461,432	494,091
Loan funds:		
Accrued interest	\$ 5,470	5,107
Notes payable to individuals (note 2)	193,070	176,507
Fund balances - private	343,820	340,190
Total loan funds	\$ 542,360	521,804
Endowment funds:		
Fund balances:		
Endowment	\$ 47,466	47,466
Quasi-endowment, unrestricted	33,471	85,867
Scholarship, restricted	52,434	51,475
Total endowment funds	\$ 133,371	184,808
Annuity funds:		
Annuity payable	\$ 4,887	9,820
Fund balance	50,113	45,180
Total annuity funds	\$ 55,000	55,000
Plant funds (note 7):		
Due to other funds:		
Note payable - current unrestricted funds (notes 2 and 6)	\$ -	353,626
Due to current unrestricted funds	-	25,070
Notes and mortgage payable and capital lease obligations (note 2)	146,294	247,534
Total liabilities	146,294	626,230
Fund balances (notes 3 and 7):		
Unexpended	-	-
Net investment in plant	3,148,125	2,855,526
Total fund balances	3,148,125	2,855,526
Total plant funds	\$ 3,294,419	3,481,756
Agency funds:		
Funds held in custody for others	\$ 5,059	8,921
Total agency funds	\$ 5,059	8,921

FREE WILL BAPTIST BIBLE COLLEGE

Statement of Changes in Fund Balances

Year ended May, 31, 1991

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues and other additions:			
Unrestricted current funds revenues	\$ 2,462,230	-	-
Federal grants - student aid funds	-	96,735	-
Private gifts	-	7,713	2,794
Endowment income	-	4,161	-
Investment income - restricted	-	26	10,876
Interest on student loans	-	-	30,196
Additions to plant facilities, including \$21,034 from current fund	-	-	-
Addition to long-term debt obligations	-	-	-
Retirement of indebtedness	-	-	-
Adjustment of computed annuity liability	-	-	-
Total revenues and other additions	2,462,230	108,635	43,866
Expenditures and other deductions:			
Educational and general expenditures	1,674,179	106,051	-
Auxiliary enterprises expenditures	438,442	2,338	-
Provision for doubtful notes	-	-	26,806
Retirement of indebtedness	-	-	-
Expansion campaign expense and promotion	-	-	-
Interest expense	-	-	12,981
Depreciation expense (note 7)	-	-	-
Additions to plant facilities	-	-	-
Addition to long-term debt obligations	-	-	-
Other	-	-	449
Total expenditures and other deductions	2,112,621	108,389	40,236
Transfers among funds and other changes -			
additions (deductions):			
Mandatory transfers for debt service	(20,366)	-	-
Transfer of unrestricted gifts	52,397	-	-
Transfer of gifts from "Debt Retirement Campaign" (note 6)	(314,456)	-	-
Change in funds held by trustee under lease obligations	-	-	-
Total transfers and other changes	(282,425)	-	-
Net increase (decrease) for the year	67,184	246	3,630
Fund balance at beginning of year, as restated (note 6 and 7)	(25,742)	18,657	340,190
Fund balance at end of year (note 6 and 7)	\$ 41,442	18,903	343,820

See accompanying notes to financial statements.

Endowment Funds	Annuity Funds	Plant Funds	
		Unexpended	Net Investment In Plant
-	-	-	-
-	-	-	-
960	-	149,606	-
-	-	-	-
-	-	3,752	-
-	-	-	-
-	-	-	53,312
-	-	32,278	-
-	-	-	487,143
-	4,933	-	-
960	4,933	185,636	540,455
-	-	-	-
-	-	-	-
-	-	-	-
-	-	487,143	-
-	-	68,213	-
-	-	43,904	-
-	-	-	104,498
-	-	32,278	-
-	-	-	32,278
-	-	-	-
-	-	631,538	136,776
-	-	-	-
-	-	20,366	-
(52,397)	-	-	-
-	-	314,456	-
-	-	111,080	(111,080)
-	-	445,902	(111,080)
(51,437)	4,933	-	292,599
184,808	45,180	-	2,855,526
133,371	50,113	-	3,148,125

FREE WILL BAPTIST BIBLE COLLEGE

Statement of Current Funds Revenues, Expenditures and Other Changes

Year ended May 31, 1991

(with comparative figures for 1990)

	1991		1990
	Unrestricted Funds	Restricted Funds	Total
Revenues:			
Tuition and fees	\$ 642,654	-	642,654
Federal student financial aid programs	-	96,735	96,735
Gifts	1,080,723	7,714	1,088,437
Endowment income	10,733	3,940	14,673
Investment income	28,819	-	28,819
Sales and services of auxiliary enterprises	587,421	-	587,421
Other sources	3,491	-	3,491
Total revenues	2,353,841	108,389	2,462,230
Expenditures:			
Educational and general:			
Instruction	555,387	1,013	556,400
Academic support	125,863	-	125,863
Student services	180,700	22	180,722
Operation and maintenance of plant	220,161	3,029	223,190
Institutional support	477,542	427	477,969
Scholarships and fellowships:			
Federal student financial aid programs	-	96,735	96,735
Institutional funded aid	8,475	4,825	13,300
Total educational and general expenditures	1,568,128	106,051	1,674,179
Mandatory transfers for debt service	-	-	-
Total educational and general	1,568,128	106,051	1,674,179
Auxiliary enterprises:			
Expenditures	436,104	2,338	438,442
Mandatory transfers for debt service	20,368	-	20,368
Total auxiliary enterprises	456,472	2,338	458,810
Total expenditures and mandatory transfers	2,024,600	108,389	2,132,989
Transfers and other changes:			
Transfer to plant fund for early extinguishment of interfund debt	(314,456)	-	(314,456)
Transfer from quasi-endowment fund	52,397	-	52,397
Restricted receipts over (under) transfers to revenues	-	246	246
Revenues over (under) expenditures and other changes (note 7)	\$ 67,182	246	67,428

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements

May 31, 1991

Free Will Baptist Bible College is operated under the auspices of The National Association of Free Will Baptists.

(1) Summary of Significant Accounting Policies

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the College, the accounts of the College are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Current Funds

Current fund balances are separated into those which are restricted by donors or grantors and those which are unrestricted. Restricted funds may only be expended for the purpose indicated by the donor or grantor; whereas, unrestricted funds are under the control of the College to use in achieving its educational purposes.

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Loan Funds

The loan funds consist of loans to students from gifts restricted for such purposes and from proceeds of notes payable to individuals. The terms of agreements specify that the funds operate on a revolving basis. i.e., repayments of loan principal and interest are loaned to other student borrowers.

Endowment Funds

Endowment funds are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity, and only the income be utilized. While quasi-endowment funds have been established by the College for the same purposes as endowment funds, any portion of quasi-endowment funds may be expended.

Annuity Funds

Annuity funds consist of funds acquired by the College subject to agreements whereby the assets are made available to the College on the condition that the College bind itself to pay stipulated amounts periodically to the individuals. Payments of such amounts terminate upon the occurrence of an event as specified in the agreement, at which time the principal of the fund is transferred to the fund group designated by the grantor. When gifts of annuity funds are received, the present value of the annuity payable is credited to a liability account, and the remainder to fund balance. Investment income and gains are credited and annuity payments and investment losses are charged to the liability account. Annually the annuity payable is adjusted to its present value.

Plant Funds

Plant assets, consisting of land, buildings, equipment, library books, etc. are stated at cost or estimated fair value at date of gift. Certain equipment purchases are funded from the current operating budget and are presented under the appropriate functional classification of expenditures. Such expenditures for equipment are capitalized as investment in plant. Depreciation is provided using the straight-line method over the respective asset's useful life (see note 7).

Inventories

Inventories, consisting of books and supply items, are valued at cost, with cost being determined on the first-in, first-out method.

Investments

Investments in stocks and bonds are stated at cost, except those received by gift, which are stated at approximate market value at date of gift.

Taxes

The College is exempt from income taxes under Internal Revenue Code Section 501(c)(3); accordingly, no provision for taxes has been made in the accompanying financial statements.

(2) Notes Payable and Capital Lease Obligations

Current Unrestricted Funds:

Notes payable to bank:

The College retired its indebtedness (see note 6) to its primary bank under an unsecured short term line of credit. As of May 31, 1991 the College has a commitment from a local bank for an unsecured line of credit facility with a maximum amount of \$200,000.

Notes payable to individuals:

As a result of the College's debt reduction campaign (see note 6), friends of the College loaned \$228,985 to the College at interest rates of 8 1/2% and 9% maturing between December 1991 and April 1992.

Loan funds:

Notes payable to individuals: - 7% demand notes to individuals. \$ 193,070

Plant Funds:

The College had a long-term capital lease on a women's dormitory and dining building. Such building was financed by bonds aggregating \$750,000. The bonds were retired during the year ended May 31, 1991, at which time the College acquired the property.

Note payable - current unrestricted funds:

9% installment note payable to the current unrestricted fund, paid in full during the year ended May 31, 1991 (see note 6). \$ -

Notes payable and capital lease installment obligations consist of the following:

11.75% mortgage, payable in monthly installments of \$677, through 1999, secured by real estate.	\$ 43,078
12.75% mortgage, payable in monthly installments of \$717, through 2010, secured by real estate.	61,438
12.50% capital lease installment obligation, payable in monthly installments of \$688, through August 1996, secured by the leased telephone equipment.	32,278
Other	9,500
	<u>\$ 146,294</u>

Notes to Financial Statements, continued

(2) Notes Payable and Capital Lease Obligations, continued

	Long-Term Debt	Capitalized Lease Obligation
Annual maturities of notes payable are as follows for each year ended May 31,:		
1992	\$ 3,961	6,880
1993	4,461	8,256
1994	5,025	8,256
1995	5,660	8,256
1996	5,824	8,256
1997 and thereafter	89,085	1,376
	<u>\$ 114,016</u>	<u>41,280</u>
Lease amount representing interest		9,002
		<u>\$ 32,278</u>

(3) Campaign and Pledges

The College began a \$3,000,000 campaign in March 1987. The campaign's purpose is to raise unrestricted funds to be distributed by the President and Treasurer with final approval by the Board of Directors. Included in gifts of the unexpended plant fund, is approximately \$142,000 which has been allocated from campaign contributions.

A summary of pledges outstanding as of May 31, 1991 is as follows:

Purpose	
Campaign	\$ 48,856
Plant - alumni	2,520
	<u>\$ 51,376</u>

It is not practicable to estimate the net realizable value of the pledges or the period of collection.

(4) Endowment Funds

The yield on endowment funds, based on average cost, amounted to 11.8 percent in 1991.

(5) Pension Costs

The College has a defined benefit pension plan which covers all regular employees, except full-time students, hired prior to attaining age 61 following completion of one year of service and attainment of age 21. Service for benefit and vesting purposes shall be the number of plan years in which the participant completes at least 1,000 hours. The benefits on retirement are determined based on average compensation during the three consecutive years during the last ten years prior to the participant's normal retirement date which produces the highest average. During 1991, the College shortened its vesting schedule from 10 years to 5 years.

Employees are not required to contribute toward the cost of the plan. The College's funding policy is fund pension costs accrued. The plan assets consist of investments with and fully guaranteed by Protective Life Insurance Co., the plan administrator.

The following table sets forth the plan's funded status and amounts recognized in the College's statement of financial position at May 31, 1991.

Actuarial present value of benefit obligation:

Accumulated benefit obligation (of which \$828,636 are vested)	\$ (834,377)
Projected benefit obligation for services rendered to date	\$ (1,107,158)
Plan assets, at fair value	1,266,488
Plan assets in excess of projected benefit obligation	159,330
Unrecognized net (gain) or loss	(103,103)
Prior service cost not yet recognized in net periodic pension cost (benefit)	259,569
Unrecognized net asset at June 1, 1989 being amortized over 15 years	(323,847)
Accrued pension cost, included in accounts payable	<u>\$ (8,051)</u>

Net pension cost for 1991 included the following components:

Service cost - benefits earned during period	\$ 44,875
Interest cost on projected benefit obligation	84,965
Actual return on plan assets	(126,056)
Net amortization and deferral	22,988
Net pension cost	<u>\$ 26,772</u>

The weighted-average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 8.5 percent and 5 percent, respectively. The expected long-term rate of return on assets was 8.75 percent.

Notes to Financial Statements, continued

(6) Liquidity and Operations

During and as of the year ended May 31, 1990, the College's unrestricted current funds expenditures and other changes exceeded revenues by \$82,387, which caused a deficit fund balance of \$25,742 in the current unrestricted fund at May 31, 1990. Further, the College had increased borrowings to sustain operations in the current unrestricted fund to an outstanding debt amounting to \$324,000. These adverse conditions were caused by a continued decline in enrollment in each year since 1981. The following table summarizes the decline in enrollment:

May 31	Fall Enrollment
1981	587
1982	510
1983	457
1984	418
1985	358
1986	332
1987	300
1988	286
1989	269
1990	252

In order to continue operation of the College, management implemented a plan to mitigate the adverse conditions described above, the following enumerates the results to date:

- 1> One of the new President's primary objectives is to increase fall enrollment to 300 students at the beginning of the Fall 1992 academic year. The administration is projecting a Fall 1991 enrollment between 285 and 290.
- 2> A market survey conducted during the year ended May 1990 indicated that if the College is to attract new students it must expand its education and business coursework. The College is now offering a four year degree in business and continuing its efforts to further implement the recommendations of the consultants.
- 3> The College received \$96,735 in Federal funds for grants to qualifying students. The College expects to have funds available amounting to approximately \$150,000 for the 1991 / 1992 academic year to supplement the financial needs of its students. The additional availability of Federal Student Financial Aid funds will continue to allow students who otherwise could not attend because of financial pressures to enroll if they qualify for the Federal Student Financial Aid Program.
- 4> The Together Campaign (see note 3) has been extended and continues to provide unrestricted funds.
- 5> A separate campaign was begun in the 1990 - 1991 fiscal year, the purpose of this campaign was to solicit funds to retire all indebtedness of the College by 1992 to coincide with the 50th anniversary of the College. This campaign was very successful, the following summarizes the results:

Proceeds from the campaign through May 31, 1991:

Contributions to reduce debt	\$ 448,249
Loans from friends of the College (see note 2 for details)	228,985
	<u>\$ 677,234</u>

Uses of these resources measured from May 31, 1990 to May 31, 1991:

Repaid indebtedness under line of credit facility	\$ 324,000
Allowed the College to in effect write off the inter-fund debt owed to the unrestricted current fund from the plant funds (did not require use of cash)	353,626
Allowed the unrestricted current fund to repay inter-fund advances from the loan fund	35,937
	<u>\$ 713,563</u>

Further the College has remaining funds invested in money market accounts of approximately \$375,000.

The extinguishment of this debt will reduce the charges against operations of the unrestricted current fund for debt service by approximately \$125,000 annually.

Notes to Financial Statements, continued

(7) Depreciation and Change in Accounting

The College adopted depreciation for all long-lived assets in 1991. The new method of accounting was adopted to conform to the provisions of "Statement of Financial Accounting Standards No. 93, Recognition of Depreciation by Not-for-Profit Organizations", which requires depreciation for all not-for-profit enterprises. The effect of the change is to restate the fund balance of the earliest year reported of the Plant Fund - Net Investment in Plant which is the year ended May 31, 1990. The institution also changed its policy of recording library books at \$2 per book to a value equal to historical cost. In addition, the institution made certain corrections to its accounting records to reflect the results of updating their inventory of plant assets. The College established a policy of capitalizing for depreciation purposes only those equipment additions which exceed \$250.

The following summarizes the effect implementing the change to depreciation accounting.

	Deprecable Assets - Investment in Plant	Accumulated Depreciation	Fund Balance Net Investment in Plant
Balances as reported before restatement at May 31, 1990	\$ 4,454,616	-	4,341,055
Accumulated depreciation at May 31, 1990	-	1,355,082	(1,355,082)
Net write off of assets not carried for depreciation (acquired between 1941 and 1990 - a significant portion of this balance would be fully depreciated)	(130,447)	-	(130,447)
Balances after restatement at May 31, 1990	\$ 4,324,169	1,355,082	2,855,526

FREE WILL BAPTIST BIBLE COLLEGE

Proposed Budget

Year ended May 31, 1992

Current Unrestricted Funds

Revenues:		
Tuition and fees		\$ 763,775
Gifts:		
Together Campaign	\$ 985,000	
Less Building Fund	225,000	
Net Operating Gifts	\$ 760,000	760,000
Endowment income		10,500
Investment income		9,000
Sales and services of auxiliary enterprises		698,975
Graduate school		7,000
Other sources		14,500
Total revenues		2,263,750
Expenditures:		
Educational and general:		
Instruction		606,375
Academic support		150,170
Student services		218,010
Operation and maintenance of plant		299,675
Institutional support		534,430
Total educational and general expenditures		1,808,660
Auxiliary enterprises:		
Expenditures		437,975
Graduate School		17,115
Total expenditures		\$ 2,263,750

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

"Together We Can" Gift Report

June 1, 1990 – May 31, 1991

Alabama	\$89,014.36	Ohio	26,838.76
Arizona	1,510.26	Oklahoma	21,289.54
Arkansas	55,302.56	South Carolina	74,234.24
California	15,504.81	Tennessee	207,378.21
Colorado	420.00	Texas	13,541.41
Connecticut	9,100.00	Vermont	25.00
Delaware	10.00	Virginia	27,010.66
Florida	22,533.59	Washington	949.59
Georgia	100,607.05	West Virginia	7,415.95
Hawaii	416.00	Wisconsin	50.00
Idaho	145.91	Canada	1,160.01
Illinois	50,537.27	WNAC	4,486.14
Indiana	8,065.95	Virgin Islands	770.20
Iowa	490.00	College Family	40,422.85
Kansas	667.11	Matching Gifts	31,885.00
Kentucky	22,053.86	Foreign Missionaries	3,369.83
Louisiana	511.00	Other (Misc.)	4,735.76
Maryland	8,878.49		
Michigan	43,851.06	TOTAL **	\$1,208,860.76
Mississippi	37,160.52		
Missouri	56,400.21	Alumni Project	7,610.00
Nebraska	190.00	Estates/Trusts	9,997.90
New Mexico	74.50		
New York	50.00	GRAND TOTAL	<u>\$1,226,468.66</u>
North Carolina	219,803.10		

** Includes \$448,249.00 of Debt Retirement Gifts

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT.

**Free Will Baptist
Bible College**

3606 WEST END AVENUE
P.O. BOX 50117
NASHVILLE, TENNESSEE 37205-0117
(615) 383-1340

Foreign Missions Board Report

The members of your foreign missions family have been busy declaring God's glory among the nations. We rejoice in the evident blessings of God upon our ministry.

Highlights of the Last Year

God has opened many doors to the gospel so that we can report 1,032 people professing faith in Christ during 1990.

Four hundred twenty-four of these were baptized and took membership in our 222 churches and mission works overseas. (For a summary of our ministries see Figure 1.)

Many of these missions and churches are the only witnesses proclaiming the gospel of the grace of God in their communities. In places like Río de Jesús, Panama, Villalba, Spain, Islampur, India, and Nassian, Côte d'Ivoire, Free Will Baptists have pioneered in planting the first gospel-preaching churches.

Our brethren in Côte d'Ivoire organized six new churches last year. The development of these groups helped offset the loss of two churches and five missions which no longer affiliate with the Ivorian Free Will Baptist Association.

Our Bible institute ministry continues to grow. Last year we experienced a 25 percent increase in enrollment. The total number of students attending our nine Bible institutes is 155.

The Ivory Coast Free Will Baptist Bible Institute graduated its first class of eight students last June.

Our French missionary team is beginning its formal institute program this fall.

During 1990 the Dwain Crosbys and the Mark Riggs left for Spain and the Paul Creeches went to Côte d'Ivoire.

The board appointed the Dave Franks Jrs. to serve in Uruguay and the Curt Hollands to serve in Brazil. The Jim Cowarts were reinstated to serve in Brazil also.

Thirteen student missionaries will be serving in seven countries this summer. This is the largest number of student missionaries we have sent in seven years.

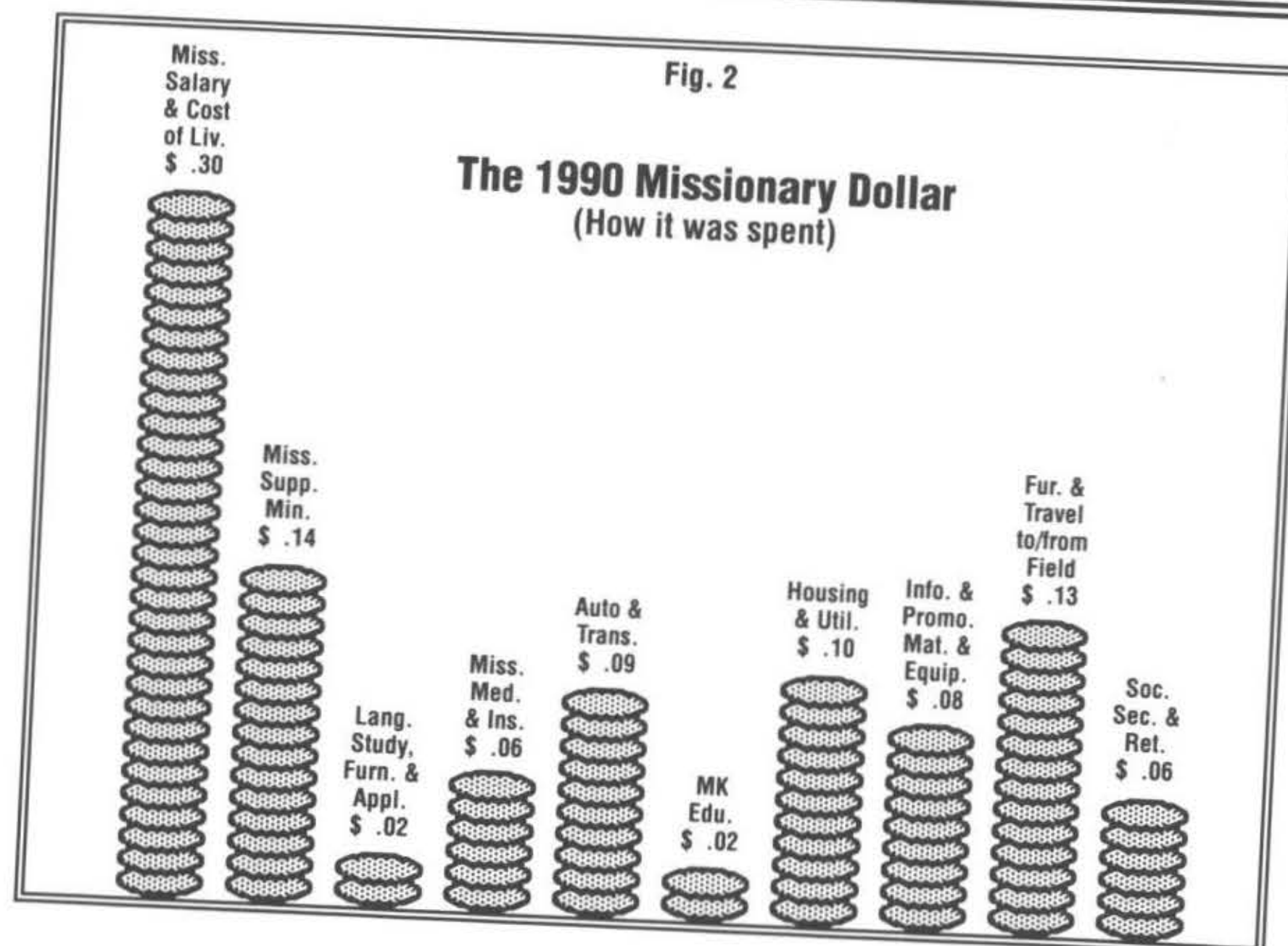
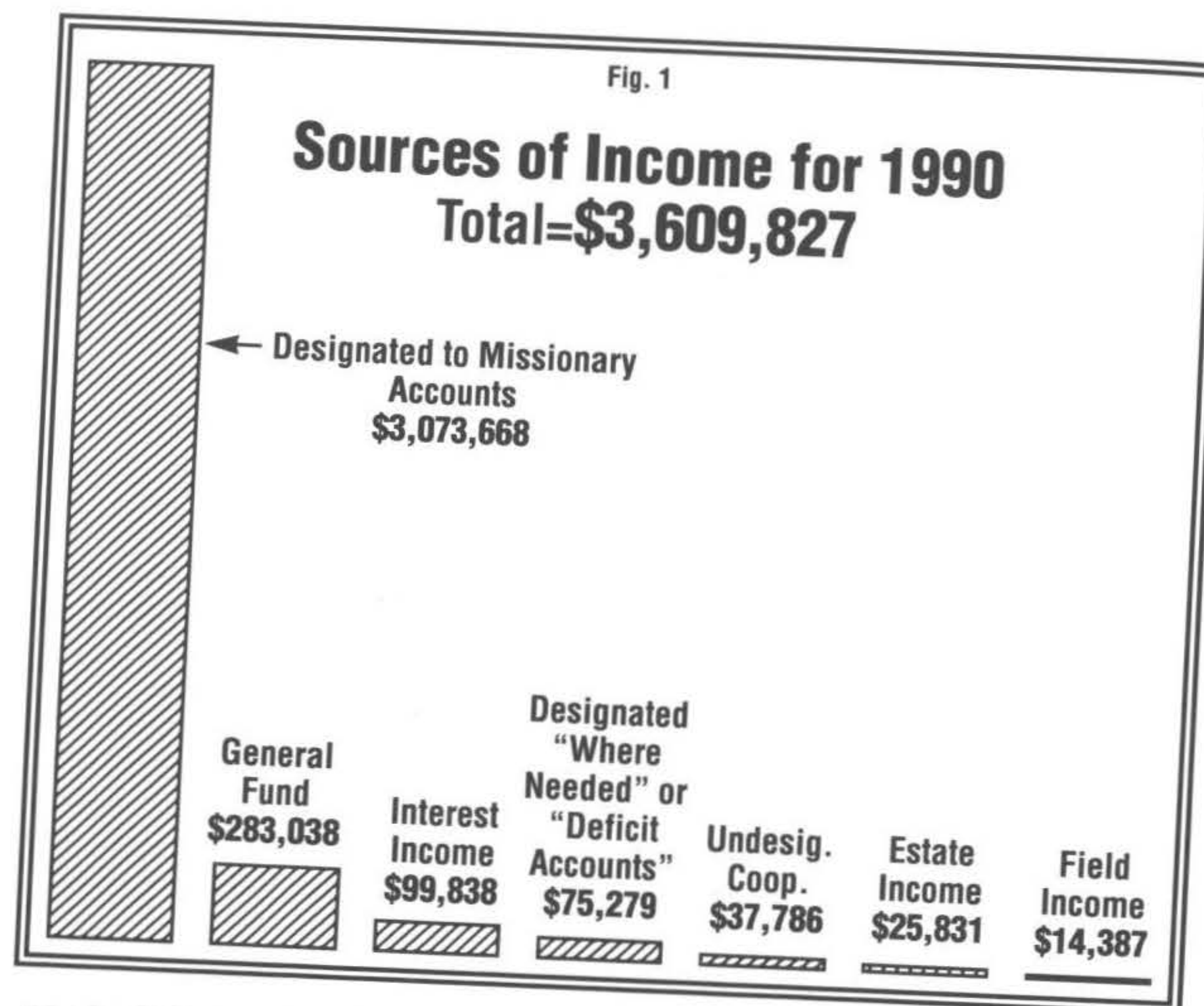
The Dennis Owen family transferred from Spain to Uruguay.

We regret that we lost some of our missionaries since our last convention. The Larry Inscoes, the Rick Bowlings, and Dawn Sweeney have resigned.

Financial Information

We praise the Lord for another record-breaking year in support for our regular missionary program—\$3,609,827. This is an increase of \$93,237 over 1989. Thank you for helping us reach our budget again last year.

Our expenditures in 1990 totaled \$3,468,746.



We commend the 15 states and regional associations which met or exceeded their faith goals last year:

Tennessee—\$584,493.95	Northwest Assn.—\$6,277.50
North Carolina—\$475,069.02	Colorado—\$5,687.38
Missouri—\$263,572.37	Hawaii—\$4,509.00
South Carolina—\$217,750.13	Iowa—\$2,114.30
Arkansas—\$196,824.92	Nebraska—\$1,234.00
Texas—\$125,022.01	Montana—\$1,136.00
West Virginia—\$79,290.30	New Mexico—\$883.81
California—\$77,539.47	

Four additional states gave at least 95 percent of their quotas:

Georgia—\$155,259.56	Michigan—\$135,761.81
Illinois—\$104,134.46	Oklahoma—\$384,337.30

We are very encouraged that more churches are beginning to support our missionary outreach. Our records show that during 1990 1,828 churches contributed at least one offering to foreign missions, an increase of 140 churches over 1989.

We are truly grateful for the gifts from every church. While we cannot mention every church, we do wish to list those generous churches which gave more than \$10,000 during 1990:

Central, MI—\$36,245.40	First, Darlington, SC—\$12,232.25
First, Norman, OK—\$28,488.98	Calvary Fellowship, Fenton, MO—\$12,118.09
Donelson, Nashville, TN—\$24,983.30	First, Russellville, AR—\$12,103.43
Fellowship, Kingsport, TN—\$23,906.36	Johnston, IL—\$12,002.91
Cofer's Chapel, TN—\$22,506.50	Statesboro, GA—\$11,876.48
Bethel, Kinston, NC—\$22,444.00	Good Springs, Pleasant View, TN—\$11,740.59
Horse Branch, SC—\$19,501.17	Cross Timbers, Nashville, TN—\$11,717.23
Ina, IL—\$19,460.00	Unity, Smithfield, NC—\$11,666.69
First, Raleigh, NC—\$17,672.71	Sherwood Forest, New Bern, NC—\$11,508.75
Randall Memorial, Memphis, TN—\$17,538.00	Goshen, Mt. Holly, NC—\$11,393.55
Heritage, Johnson City, TN—\$16,944.63	Cramerton, NC—\$11,390.00
First, Locust Grove, OK—\$16,410.00	Southern Oaks, Okla. City, OK—\$11,197.71
First, Monett, MO—\$15,900.21	First, Moore, OK—\$10,448.96
First, Waco, TX—\$15,335.00	West Calvary, Smithfield, NC—\$10,289.85
Gateway, VA—\$13,770.15	
Garner, NC—\$13,661.81	
Bethlehem, Ashland City, TN—\$13,380.05	
Bethany, Broken Arrow, OK—\$12,482.65	
Trinity, Greenville, NC—\$12,255.77	

A complete list of those churches which contributed more than \$5,000 is on display at the foreign missions booth.

We also wish to honor those churches which distinguished themselves through their per capita gifts. The following list is based upon the average Sunday school attendance for August, September, and October as reported to the foreign missions department:

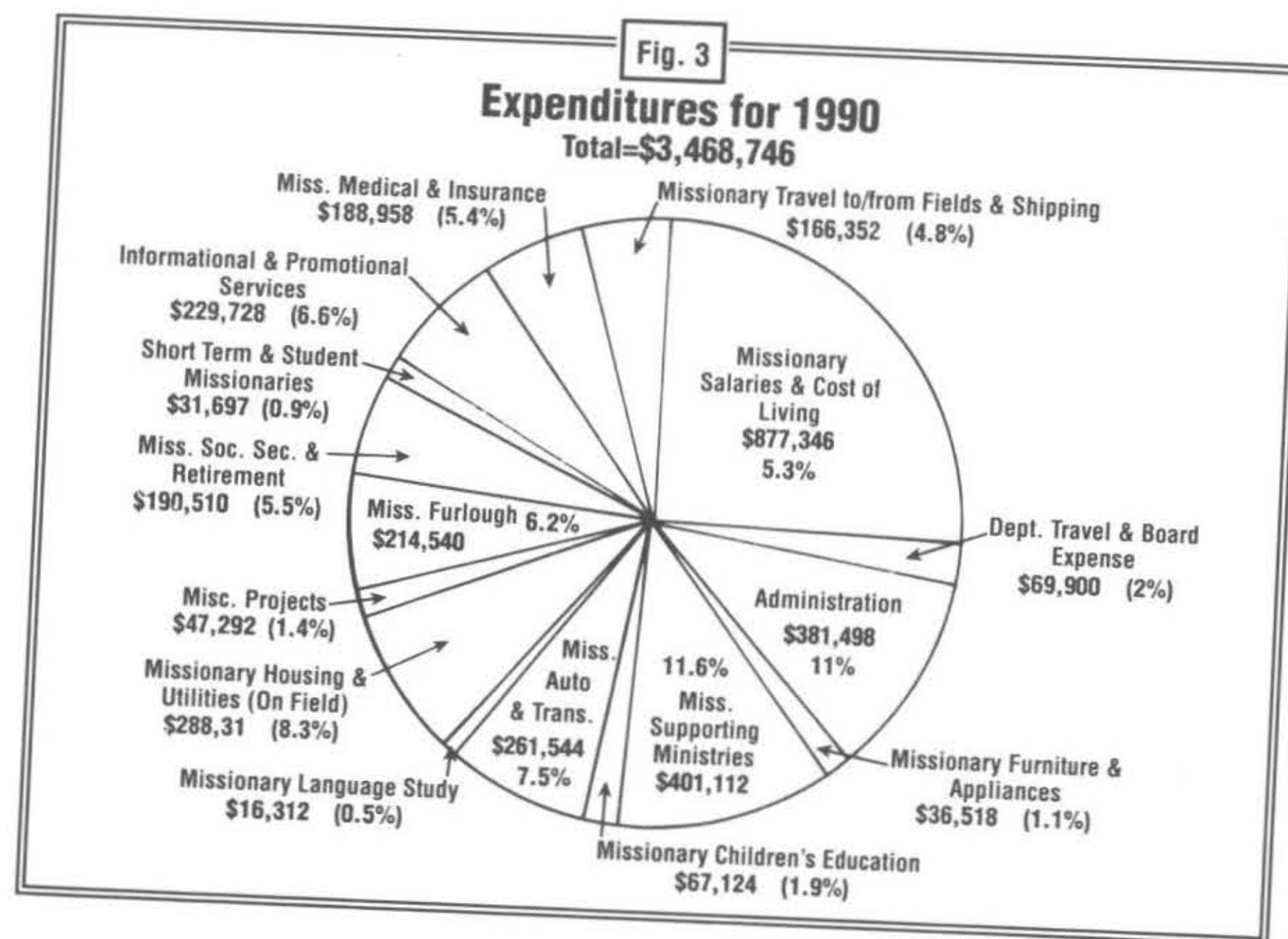


Fig. 4
Status of Free Will Baptist Overseas Ministries
As of January 1, 1991

Field	Missionaries Assigned to Each Field	Ordained Pastors	Licensed and Lay Preachers	Bible Institutes	Students	Organized Churches	Mission Works	1990 Converts	1990 Baptisms	Av. Sunday Attendance
Brazil	24	4	17	4	52	9	5	75	55	566
Cuba		8	58	1	27*	15	14	302	59	662
France	13					3**	1	7	6	129
India	2	10	18			16	81	140	81	1,362
Côte d'Ivoire	30	1	28	1	8	15***	29***	183	162	2,047
Japan	16	5	6		2	8		15	15	164
Panama	4	3	20	1	47	5	8	272	33	477
Spain	13		5	1	12	2	3	9	4	133
Uruguay	9	2	11	1	7	5	3	29	9	204
TOTALS	111	33	163	9	155	78	144	1,032	424	5,744

*6 full-time ministerial students, 21 extension students
 **Does not include Rennes church
 ***2 churches and 5 missions works no longer affiliated with the Ivorian FWB Association

Randall Memorial, Memphis, TN—\$247.01
 Faith, Windsor, VA—\$217.26
 First, Darlington, SC—\$188.19
 Cross Timbers, Nashville, TN—\$150.22

Fellowship, Kingsport, TN—\$144.89
 Ina, IL—\$132.30
 Fulton, MS—\$129.88
 Richland, Nashville, TN—\$117.02
 Poplar Springs, luka, MS—\$1126.51
 Second, Ashland, KY—\$107.29

In 1990 the Advance Celebration received \$67,359, bringing the total income to \$702,890.

Projects have been completed in nine countries of the world. Currently, we are assisting Cuban Free Will Baptists in building the Willey Memorial Chapel at the Cedars of Lebanon Seminary. We are preparing to build a training center/reading room in Bondoukou, Côte d'Ivoire. We are also helping fund a church building project in Belo Horizonte, Brazil.

Several states are nearing their gift goals. We hope several will go over the top before the Advance Celebration officially closes March 31, 1992.

Free Will Baptist history records the close relationship between the Woman's National Auxiliary Convention and our foreign missions outreach. WNAC continues in this grand tradition. Last year our women channeled \$221,033.95 to foreign missions through their national office.

WNAC is cooperating with our department through the Laura Belle Barnard World Missions offering. Last year, women's auxiliaries sent almost \$30,000 for the offering. This year they set a goal of \$40,000 to be used in evangelism and church-planting projects overseas. This is 29 percent of the overall goal of \$140,000 to be used by all our missionaries.

As always, our missionaries highly value the provision closet. It gives them the opportunity of beginning their housekeeping responsibilities while on furlough without the enormous expense of having to purchase every single item.

Our Master's Men organization also assists our missionaries by providing tools and books through their "Missions Projects." They have also helped finish our new national office building and helped our Cuban brethren build the Willey Memorial Chapel.

In order to meet the needs of our growing overseas outreach we submit a regular budget of \$4,290,006 for 1992. In addition, we project expenditures of \$150,000 from the Advance Celebration Fund. Please pray that God will abundantly provide according to His riches in glory.

As We Look Ahead

As we move toward A.D. 2000 our greatest need is additional missionary personnel. We must consider the fact that 25 missionaries will be eligible to retire in the next ten years. Furthermore, if the attrition rate of the 80s continues, we can expect to lose about 45 additional workers during this decade. That is why our field councils have requested 85 new missionaries as soon as possible.

In the future we plan to intensify our thrust into large urban areas. The movement of people from rural areas to the cities makes it imperative that we try to reach more people in the urban centers.

We shall continue our emphasis on training national workers. We are encouraging innovative methods of training pastors and evangelists. We are insisting on these institutions being programmed so as to give practical hands-on experience to would-be church planters and pastors.

In order to achieve our goals we must strengthen our support base. Our ministry relies heavily upon three main pillars of support: gifts through church budgets, faith promise offerings, and our annual world missions offering. Seek to get your church involved in these and other methods of support.

Our office home staff is committed to helping our churches sharpen their focus on our Lord's command and broaden their vision on the needs of a lost world. We have many materials and a number of people who would be glad to share their burden with you. Simply contact our office.

On behalf of our overseas staff of 113 missionaries, their families, and our home team, thank you for your prayers and support which make our witness around the world a reality. Let us all praise God that the sun never sets on our Free Will Baptist witness.

Respectfully submitted,
R. Eugene Waddell
General Director

BOARD OF FOREIGN MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS

Balance Sheet

December 31, 1990

(with comparative totals for 1989)

	1990			1989
	Operating - Unrestricted and Restricted Funds	Plant Fund	Total All Funds	Total All Funds
<u>Assets</u>				
Cash and cash equivalents (note 2)	\$ 1,246,522	-	1,246,522	724,649
Investments (note 2)	353,596	-	353,596	700,862
Accrued interest receivable	18,792	-	18,792	8,605
Accounts receivable from employees and missionaries (note 2)	24,739	-	24,739	12,868
Capitalized lease costs (note 4)	4,433	-	4,433	-
Prepaid expenses	8,698	-	8,698	5,165
Equipment, at cost, net of accumulated depreciation (note 5)	-	111,040	111,040	118,005
Due from plant fund (note 3)	68,466	-	68,466	85,582
Total assets	\$ 1,725,246	111,040	1,836,286	1,655,736

<u>Liabilities and Fund Balances</u>				
Accounts payable and accrued expenses	\$ 74,338	-	74,338	55,658
Due to operating fund (note 3)	-	68,466	68,466	85,582
Restricted deferred revenue (note 6):				
Missionary accounts	1,353,690	-	1,353,690	1,223,918
ADVANCE campaign	259,795	-	259,795	222,969
Total liabilities	1,687,823	68,466	1,756,289	1,588,127
Fund balances:				
Unrestricted	37,423	-	37,423	35,186
Net invested in plant	-	42,574	42,574	32,423
Total fund balances	37,423	42,574	79,997	67,609
Total liabilities and fund balances	\$ 1,725,246	111,040	1,836,286	1,655,736

Commitments (note 8)

Statement of Support and Revenue, Expenses, Transfers Among Funds and Changes in Fund Balances

Year ended December 31, 1990

(with comparative totals for 1989)

	1990				1989
	Operating Unrestricted	Restricted Missionary Accounts	ADVANCE Campaign	Plant Fund	Total All Funds
Support and revenue:					
Contributions (note 1a)	\$ 338,465	3,242,381	30,534	-	3,611,380
Investment income	91,233	-	-	-	91,233
Gain on disposal of plant assets	5,360	-	-	-	5,360
Other	28,047	-	-	-	28,047
Total support and revenue	463,105	3,242,381	30,534	-	3,736,020
Expenses:					
Informational and promotional	199,437	-	-	-	199,437
Travel and board	68,439	-	-	-	68,439
Administrative	377,066	-	-	-	377,066
Missionaries	-	3,020,705	30,534	-	3,051,239
Loss on disposal of plant assets	-	-	-	-	-
Depreciation	-	-	-	23,551	23,551
Total expenses	644,942	3,020,705	30,534	23,551	3,719,732
Excess (deficiency) of support and revenue over expenses	(181,837)	221,676	-	(23,551)	16,288
Fund balances, beginning of year	35,186	-	-	32,423	67,609
Transfers among funds and other changes:					
Loss on decline in market value of common stock investments	(3,900)	-	-	-	(3,900)
To plant for asset acquisitions, net of dispositions	(16,586)	-	-	16,586	-
Repayment of inter-fund borrowing	(17,116)	-	-	17,116	-
Informational and promotional material and equipment transfers (note 6)	221,676	(221,676)	-	-	-
Fund balances, end of year	\$ 37,423	-	-	42,574	79,997

See accompanying notes to financial statements

Statement of Cash Flows
Year ended December 31, 1990
(with comparative totals for 1989)

	1990				1989	
	Operating	Restricted		Plant	Total	Total
	Unrestricted	Missionary	ADVANCE	Fund	All	All
	Accounts	Campaign		Funds	Funds	
Operating cash flows						
Cash received from:						
Contributions	\$ 338,465	3,150,477	67,360	-	3,556,302	3,544,388
Investment income	81,046	-	-	-	81,046	80,144
Other	28,047	-	-	-	28,047	4,120
Cash paid to suppliers and employees	(650,001)	(2,799,029)	(30,534)	-	(3,479,564)	(3,231,113)
Interest paid	-	-	-	-	-	(2,662)
Net operating cash flows	(202,443)	351,448	36,826	-	185,831	394,877
Investing cash flows						
Equipment:						
Purchases of equipment	-	-	-	(39,089)	(39,089)	(113,043)
Proceeds from disposition	-	-	-	27,865	27,865	24,740
Investments:						
Net change in short-term investments	347,266	-	-	(11,224)	(11,224)	(88,303)
Net investing cash flows	347,266	-	-	(11,224)	336,042	(220,013)
Financing cash flows						
Repayment of debt	-	-	-	-	-	(36,083)
Net increase (decrease) in cash and cash equivalents	144,823	351,448	36,826	(11,224)	521,873	138,781
Reclassifications	377,050	(351,448)	(36,826)	11,224	-	-
Cash and cash equivalents:						
Beginning of year	724,649	-	-	-	724,649	585,868
End of year	\$ 1,246,522	-	-	-	1,246,522	724,649

See accompanying notes to financial statements.

Notes to Financial Statements
December 31, 1990

The Board of Foreign Missions is operated under the auspices of The National Association of Free Will Baptists.

(1) Summary of Significant Accounting Policies

The major accounting principles and practices followed by the Board of Foreign Missions of the National Association of Free Will Baptists are presented below to assist the reader in evaluating the financial statements. The financial statements are presented in accordance with standards recommended in "Audits of Certain Nonprofit Organizations" an Audit and Accounting Guide (American Institute of Certified Public Accountants).

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Board, the accounts of the Board are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes in funds that are in accordance with activities or objectives specified.

a. Operating funds - such funds include unrestricted funds available for support of Board operations and restricted funds for support of missions. Unrestricted funds are reported as revenue in the year received or accrued. Restricted funds are recorded as additions to deferred revenue. Such restricted operating funds are recorded as revenue during the period they are expended for their restricted purpose.

b. Plant funds - such funds represent resources restricted for plant acquisitions and funds expended for plant.

Plant Assets and Depreciation

Uses of operating funds for plant acquisitions are accounted for as transfers to plant funds. Depreciation of equipment is provided over the estimated useful lives of the respective assets using the straight line method.

Income Taxes

The Board is exempt from income taxes; accordingly, no provision for income taxes has been made in the accompanying financial statements.

Investments

Investments are stated at the lower of cost or market.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Board considers all cash on deposit, money market funds and highly liquid debt instruments with a maturity of three months or less to be cash and cash equivalents.

Presentation

Certain reclassifications have been made to amounts as of December 31, 1989, to conform to the current year presentation.

(2) Summary of Significant Concentrations of Financial Instruments

As of December 31, 1990, the Board had deposits with financial institutions and the Board of Retirement and Insurance of the National Association of Free Will Baptists. The following is summary of those deposits and the corresponding risk of accounting loss:

	Account	Amount	Amount of
	Balance	Insured / Secured	Accounting Risk of Loss
Demand deposit accounts with financial institutions	\$ 10,359	5,904	4,455
Interest bearing deposit accounts with financial institutions	669,255	211,465	457,790
Certificate of deposit with a financial institution - maturity of less than three months	100,000	100,000	-
Deposits held by stock broker	369	369	-
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Association of Free Will Baptists	466,539	-	466,539
Total cash and cash equivalents	1,246,522	317,738	928,784
Certificates of deposit with financial institutions - maturity of greater than three months	337,755	247,755	90,000
Deposits held in trust by a financial institution	13,695	13,695	-
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Association of Free Will Baptists	1,496	-	1,496
Common stock	650	-	650
Total investments	353,596	261,450	92,146
Accounts receivable from employees and missionaries	24,739	-	24,739
Total	\$ 1,624,857	579,188	1,045,669

As of December 31, 1990, the fair value of investments approximates the cost of the investments. In addition, all receivables from employees and missionaries are unsecured with various repayment terms.

(3) Inter-fund Borrowing

As of December 31, 1990, the plant fund had an outstanding debt to the operating fund of \$68,466.

(4) Capitalized Lease Payments

The National Association of Free Will Baptists has purchased an office building to house various departments and agencies of the denomination. The Board has entered into an agreement to lease space in this new building and has further agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. As of December 31, 1990, the Board has capitalized \$4,433 relating to these costs. Such costs, plus any additional costs incurred, will be amortized against operations over the lease period.

(5) Plant Funds

A summary of plant fund assets is as follows:

Office furniture and equipment	\$	38,929
Cameras and projectors		44,934
Automobiles		34,662
Computer equipment		67,140
		<u>185,665</u>
Less: accumulated depreciation		74,625
Net invested in plant	\$	<u>111,040</u>

Depreciation expense, computed utilizing the straight line method amounted to \$23,551.

(6) Restricted Deferred Revenue

Changes in restricted deferred revenue is as follows:

	Missionary Accounts	ADVANCE Campaign	Total
Balance, December 31, 1989	\$ 1,223,918	222,969	1,446,887
Contributions	3,150,477	67,360	3,217,837
Funds available	4,374,395	290,329	4,664,724
Expenses and campaign expenditures	3,020,705	30,534	3,051,239
Balance, December 31, 1990	\$ 1,353,690	259,795	1,613,485

(7) Informational and Promotional Material and Equipment Transfers

The Board charges a fee against the foreign field accounts to reimburse the unrestricted fund for information service production expenses. These fees are presented as transfers from the restricted operating fund to the unrestricted operating fund.

(8) Commitments

The Board participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists. The plan covers all full time employees and is contributory. The policy is to fund pension cost accrued. Pension expense amounted to \$56,940.

The pension is a defined contribution plan. Under the plan, participant values are equal to or less than the accumulated value of assets. There is no unfunded actuarial prior service of past service benefits and no unfunded value of accrued plan benefits.



Hill, Neal & Allen, P.C.
Certified Public Accountants

Independent Auditors' Report on
Supplementary Data

Terry A. Hill
Russell E. Neal
Nancy S. Allen

Board of Directors of the Board of Foreign Missions
of The National Association of Free Will Baptists:

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 103
Brentwood, TN 37027
TEL: 615/377-3485
FAX: 615/377-3488

Our report on our audit of the basic financial statements of the Board of Foreign Missions of the National Association of Free Will Baptists for 1990 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule to combine unrestricted fund support and revenue and additions to restricted deferred revenue, schedule of unrestricted fund expenses, and schedule of restricted fund expenses are presented for the purpose of additional analysis and are 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

March 4, 1991

Hill, Neal & Allen, P.C.

Schedule 1

Schedule to Combine Unrestricted Fund Support and
Revenue and Additions to Restricted Deferred Revenue

Year ended December 31, 1990

(with comparative totals for 1989)

	1990			1989
	Unrestricted	Restricted Missionary Accounts	ADVANCE Campaign	Total All Funds
Support and revenue:				
Contributions	\$ 338,465	3,150,477	67,360	3,556,302
Investment income	91,233	-	-	91,233
Gain on disposal of plant assets	5,360	-	-	5,360
Other	28,047	-	-	28,047
Total support and revenue	\$ 463,105	3,150,477	67,360	3,680,942

Schedule of Unrestricted Fund Expenses
Year ended December 31, 1990
(with comparative figures for 1989)

Schedule 2

<u>Unrestricted fund expenses</u>	<u>1990</u>	<u>1989</u>
Informational and promotional:		
Video and audio visual	\$ 6,505	1,297
Heartbeat	45,770	41,259
Postage	61,424	55,876
Data processing	10,321	13,380
Publicity	45,819	47,423
Telephone	8,572	10,836
Dues	400	30
Paper and supplies	5,168	3,829
Retreat	3,187	2,952
Debriefing	517	-
Tracts and books	1,455	2,170
Secretarial	10,299	-
	<u>199,437</u>	<u>179,052</u>
Travel and board:		
Department auto	4,577	3,863
Board members	15,069	19,601
Board members - overseas travel	7,374	-
Honorariums	1,055	560
Department travel	39,860	36,177
Traveler's insurance	504	504
	<u>68,439</u>	<u>60,705</u>
Administrative:		
Salaries	188,116	187,287
Housing	57,420	57,420
Social security	25,988	22,071
Employer payroll taxes	11,044	8,274
Retirement	4,690	5,860
Hospitalization	46,485	37,607
Auditing	3,500	3,200
Office rent	32,376	26,988
Office equipment	500	175
Maintenance of office equipment	376	1,100
Office supplies	1,676	2,411
Miscellaneous	4,895	4,551
	<u>377,066</u>	<u>356,944</u>
Total unrestricted fund expenses	<u>\$ 644,942</u>	<u>596,701</u>

Schedule of Restricted Fund Expenses
Year ended December 31, 1990
(with comparative figures for 1989)

Schedule 3

<u>Restricted fund expenses</u>	<u>1990</u>	<u>1989</u>
Missionaries - Foreign Fields:		
Ivory Coast	\$ 860,493	821,703
France	386,184	371,509
India	147,690	65,920
Brazil	434,424	360,447
Japan	419,495	430,908
Panama	89,852	156,423
Spain	419,993	352,367

Uruguay	183,558	170,913
Summer missionaries	10,610	23,529
Short-term missionaries	21,088	1,025
Other projects	47,292	38,765
Special investigative committee	26	-
	<u>3,020,705</u>	<u>2,793,509</u>
Maintenance fees transferred to unrestricted funds for information and promotional materials	(221,676)	(213,934)
Funds transferred from advance campaign for new missionaries	-	45,134
	<u>2,799,029</u>	<u>2,624,709</u>
ADVANCE campaign expenditures:		
General expenses	2,136	1,218
Project expenses	28,398	93,921
	<u>30,534</u>	<u>95,139</u>
Funds transferred to missionary accounts for new missionaries	-	(45,134)
Net ADVANCE campaign expenses	<u>30,534</u>	<u>50,005</u>
Total restricted fund expenses	<u>\$ 2,829,563</u>	<u>2,674,714</u>



Hill, Neal & Allen, P.C.
Certified Public Accountants

Independent Auditors' Report

Terry A. Hill
Russell E. Neal
Nancy S. Allen

**Board of Directors of the Board of Foreign Missions
of The National Association of Free Will Baptists:**

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 103
Brentwood, TN 37027
TEL: 615/377-3485
FAX: 615/377-3488

We have audited the balance sheet of the Board of Foreign Missions of The National Association of Free Will Baptists as of December 31, 1990, and the related statements of support and revenue, expenses, transfers among funds and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 1989, is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which we expressed an unqualified opinion dated March 1, 1990.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Foreign Missions of The National Association of Free Will Baptists as of December 31, 1990, and the support and revenue, expenses, transfers among funds and changes in fund balances and cash flows for the year then ended in conformity with generally accepted accounting principles.

Hill, Neal & Allen, P.C.

March 4, 1991

1992 Budget of Expense

*Foreign Fields**

Africa	\$1,085,451.00
Brazil.....	664,000.00
France.....	448,672.00
India.....	138,675.00
Japan.....	494,988.00
Panama.....	111,735.00
Spain.....	469,179.00
Uruguay.....	225,695.00
Short-term missionaries.....	10,000.00
Student missionaries.....	20,000.00
Cassette tape ministry.....	2,800.00
Retired missionaries.....	7,704.00
Miscellaneous projects.....	37,200.00
International Conference.....	\$ 40,000.00

Foreign Fields Total\$3,756,099.00

*Budgets for foreign expenditures are subject to change where extreme fluctuation in the value of the dollar occurs.

Informational and Promotional Fund

Video.....	15,375.00
Audiovisuals, films.....	6,450.00
Heartbeat magazine.....	36,000.00
Postage.....	70,000.00
Data Processing.....	25,000.00
Publicity Materials.....	50,688.00
Telephone.....	10,000.00
Services and Dues.....	175.00
Paper Supplies.....	6,000.00
Books and Subscriptions.....	2,000.00
Retreat and Debriefing Sessions.....	3,000.00
Information/Promotion Personnel.....	43,518.00
Total.....	\$ 268,206.00

Less Information and Promotion

Transfers.....(241,095.00)

Information and Promotion Total.....\$ 27,111.00

Travel and Board

Department Auto.....	5,500.00
Department Travel.....	40,000.00
Travelers' Insurance.....	600.00
Board Members.....	15,000.00
Board Members' Overseas Travel.....	7,500.00
Honorariums.....	750.00

Travel and Board Total.....\$ 69,350.00

Administrative

Salaries	210,417.00
Administrative Housing.....	61,020.00
Administrative Soc. Sec.....	25,515.00
Health Insurance	59,597.00
Retirement.....	7,200.00
Auditing	4,000.00
Office Rent.....	50,000.00
Maintenance of Office Equipment.....	1,000.00
Office Supplies	2,500.00
Miscellaneous	5,000.00
Employer Payroll Taxes.....	11,197.00

Administrative Total.....\$437,446.00

Total Regular Foreign Missions Budget 4,290,006.00

Advance Celebration Budget.....150,000.00

Total Regular and Advance Budgets\$4,440,006.00

**1992 State Goals
With 1990 Comparisons**

State	1990 Goal	1990 Actual	1992 Goal
Alabama	\$180,000	\$ 168,930	\$ 199,000
Arizona	6,000	3,839	6,200
Arkansas	180,000	196,825	235,000
California	70,000	77,539	95,000
Colorado	4,000	5,687	7,000
Florida	96,000	58,349	95,000
Georgia	158,000	155,260	186,000
Hawaii	2,000	4,509	5,000
Idaho	1,000	566	1,000
Illinois	107,000	104,134	125,000
Indiana	43,000	38,974	47,000
Iowa	2,000	2,114	2,500
Kansas	18,000	14,462	19,000
Kentucky	87,000	64,992	85,000
Louisiana	300	61	300
Maryland	17,000	15,749	23,000
Michigan	142,000	135,872	155,000
Mississippi	66,000	54,159	67,000
Missouri	257,000	263,572	313,000
Montana	750	1,136	1,250
Nebraska	1,000	1,234	1,500
New Mexico	500	884	1,000
Northeast Association	5,000	2,915	5,000
Northwest Association	5,000	6,278	7,500
North Carolina	445,000	475,069	560,000
Ohio	125,000	105,584	130,000
Oklahoma	394,000	384,337	457,000
Pennsylvania	2,100	757	1,000
South Carolina	195,000	217,750	254,000
Tennessee	499,000	584,494	650,000
Texas	110,000	125,022	148,000
Virginia	140,000	120,155	150,000
Virgin Islands	3,000	888	2,500
West Virginia	76,000	79,290	92,500
Miscellaneous	79,502	138,439	162,756
Totals	\$3,517,152	\$3,609,825	\$4,290,006
Advance Celebration Project			150,000
Total Regular and Advance Celebration Project			\$4,440,006

Northeast Association:
Maine
New Hampshire
Rhode Island

Northwest Association:
Alaska
Oregon
Washington

Sunday School and Church Training Report

Our department suffered a sizeable deficit this past fiscal year. We had an operating deficit of \$98,089.00. The Youth Division had a deficit of \$81,182.00. Over the past six years we have subsidized this division to the sum of \$418,004.24. Since the merger with the Church Training Service Department in 1978 this area of work has been our responsibility. The main function of the Youth Division is the promotion of and operation of the National Youth Conference. Our board is asking our churches to help relieve us of this financial responsibility by supporting the Youth Division.

Our income in this last fiscal year remained static. Our expenses increased in our cost of production and sales division. A contributing factor to the increase of the cost of production is the rising costs of paper and ink. Contributing to our increase in our sales division was the National Convention meeting in Phoenix last year. Our expenses were higher to transport our convention bookstore that far. Because of a reduced attendance our sales were down at the National Convention last year. A lower attendance also produced less income for the National Youth Conference.

A big factor in our audit is depreciation. There are two amounts of depreciation in our audit. One is for \$39,817.00 and the other is \$96,826.00. These two figures total \$136,394.00. Our auditor states that this is a normal practice for non-profit corporations.

Here are some steps I have taken to avoid future deficits:

1. We have increased the price of our literature. No one likes price increases but when the cost of production increases we must raise prices to compensate for it.

2. I have reduced our work force from 46 to 41. This is a savings of nearly \$90,000.00 in salaries and benefits. None of these employees were terminated. They left of their own volition. We have absorbed these employees responsibilities in other areas. We plan further staff reductions in our current fiscal year.

3. We must bring our inventory down. We have a book inventory of nearly \$300,000.00. We are presently having an inventory reduction sale.

4. I have moved our bookstore from its location in a shopping center to our own facilities. This will save us \$40,000.00 annually in rent and utilities. Some of our staff reduction has been in our bookstore.

5. We will complete our seven-year cycle of our Spanish curriculum this year. Our Spanish curriculum has contributed to our inventory growth. This will come to a halt this year and then begin to produce some additional income for us.

My congratulations are extended to Mrs. Lucy Hyman who has done a yeoman's job in helping us produce this seven-year cycle.

If your church does not have an active ministry with hispanics, perhaps you ought to explore that possibility.

6. I have received a letter of intent from the State Department of

Transportation about the purchase of a right-of-way from us for an extension of a road in front of our property. We trust that this will provide substantial funds.

7. We have also made arrangements with the Board of Retirement to transfer some of our short-term debt to long-term debt. This will give us some immediate relief in cash flow as we attempt to produce additional income.

8. Some of our new products have been placed on hold until we are sure our deficit has been erased. One of these items is the next volume of our commentary. Each commentary costs approximately \$25,000.00 to produce. Sales of the commentaries have been slow.

I believe that I will be able to bring you a better report next year as a result of these steps I have covered.

Please keep us on your prayer list. May God bless you as you serve Him.

Yours in His service,
Randall House Publications
Dr. Roger C. Reeds
General Director

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Balance Sheets

February 28, 1991 and 1990

Assets	1991	1990
Current assets:		
Cash and interest bearing deposits	\$ 4,591	41,704
Accounts receivable: (note 9)		
Trade, net of allowance for doubtful accounts of \$7,000 in 1991 and 1990	192,792	198,834
Employees and other	1,425	1,503
Total receivables	194,217	200,337
Inventory, at lower of cost (first-in, first-out method) or market (note 8)	357,685	355,623
Deferred charges and prepaid expenses	27,345	18,365
Total current assets	583,838	616,029
Property, plant and equipment and capitalized leases (notes 2 and 3):		
Land	144,947	133,795
Building	642,505	639,250
Printing service equipment	506,514	505,513
Office and administrative equipment	370,046	300,143
Automobiles and trucks	95,790	89,599
	1,759,802	1,668,300
Less accumulated depreciation and amortization	934,667	812,374
Net property, plant and equipment and capitalized leases	825,135	855,926
Other assets:		
Inventory, at lower of cost (first-in, first-out method) or market (note 8)	560,822	531,134
	\$ 1,969,795	2,003,089

Liabilities and Fund Balance (note 11)

Current liabilities:	\$ 267,029	298,571
Notes payable to bank (note 3)	125,657	-
Cash overdraft	107,661	117,807
Current installments of long-term debt and capitalized lease obligations (note 3)	275,897	168,267
Accounts payable	25,884	42,174
Accrued expenses	64,033	105,704
Due to affiliated organization (note 7)	866,161	732,523
Total current liabilities	313,603	301,264
Long-term debt and capitalized lease obligations (note 3)	790,031	969,302
Fund balance (notes 10 and 11)	\$ 1,969,795	2,003,089
Commitments (notes 4, 5 and 7)		

Statements of Activity and Changes in Fund Balance

Years ended February 28, 1991 and 1990

	1991	1990
Revenues:		
Net sales:	\$ 1,694,503	1,707,918
Curriculum	93,873	75,461
Randall House books	25,789	37,127
Merchandise	96,915	87,535
Bulletins	8,234	7,637
Vacation Bible School	145,869	147,696
Bookstore	3,195	5,146
Printing	78,582	78,426
Other sales	2,146,960	2,146,946
Net sales	77,477	80,646
Freight and handling	6,849	4,962
Other income	6,463	13,001
Commission income on hymnal sales (note 7)	2,237,749	2,245,555
Expenses:		
Cost of sales:		
Inventory at beginning of year	886,757	849,532
Merchandise purchases	267,834	258,656
Depreciation	39,817	47,503
Editorial and printing preparation	386,315	395,913
Printing production	578,889	498,528
Spanish department	68,146	64,813
	2,227,758	2,114,945
Less inventory at end of year	918,507	886,757
	1,309,251	1,228,188
Selling, general and administrative:		
Administrative	96,088	95,578
Bookstore	96,420	110,494
Bookkeeping	152,689	160,232
Building	142,496	126,924
Sales and promotion	144,133	91,430
Shipping	135,227	162,660
General	66,131	58,782
Depreciation	96,577	83,878
Interest expense, including finance charges	96,826	87,782
	1,026,587	977,760
Total expenses	2,335,838	2,205,948
Excess of revenues over (under) expenses before Youth Department	(98,089)	39,607
Youth Department (note 6)	(81,182)	(74,118)
Excess of revenues over (under) expenses (note 11)	(179,271)	(34,511)
Fund balance, beginning of year	969,302	1,003,813
Fund balance, end of year as restated (note 10)	\$ 790,031	969,302

See accompanying notes to financial statements.

Statements of Cash Flows
Years ended February 28, 1991 and 1990

	1991	1990
Cash Flows from Operating Activities		
Net loss	\$ (179,271)	(34,511)
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	136,394	131,381
Loss on disposal of equipment	9,537	-
(Increase) decrease in:		
Receivables	6,120	(28,730)
Inventories	(31,750)	(37,225)
Deferred charges and prepaid expenses	(8,980)	(752)
Increase (decrease) in:		
Accounts payable	107,630	(66,406)
Accrued expenses	(16,290)	(4,543)
Due from affiliated organization	(41,671)	344
Net cash used by operating activities	(18,281)	(40,442)
Cash flows from Investing Activities		
Purchase of equipment	(12,681)	(26,260)
Net cash used by investing activities	(12,681)	(26,260)
Cash flows from Financing Activities		
Proceeds from acquisition of debt	-	148,571
Repayments of debt	(131,808)	(116,444)
Net cash provided (used) by financing activities	(131,808)	32,127
Net decrease in cash	(162,770)	(34,575)
Cash at beginning of year	41,704	76,279
Cash overdraft and cash at end of year	\$ (121,066)	41,704
Supplemental disclosures:		
Interest, including finance charges paid	\$ 96,826	85,894
Non-cash investing and financing transactions:		
Acquisition of equipment	\$ 102,459	61,296
Installment indebtedness incurred	\$ 102,459	61,296

See accompanying notes to financial statements.

Notes to Financial Statements

February 28, 1991 and 1990

The Board operates under the auspices of the National Association of Free Will Baptists and is governed by a Board of Directors.

(1) Summary of Significant Accounting Policies

Inventories

Inventories are stated at the lower of cost or market, with cost being determined by use of the first-in, first-out method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided using the straight-line method. Expenditures for maintenance and repairs, renewals, and betterments that do not significantly extend the useful lives of assets are expensed as incurred.

Income Taxes

The Board is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Board considers all cash funds, cash bank accounts and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Presentation

Certain reclassifications have been made to amounts as of February 28, 1990, to conform to the current year presentation

(2) Property, Plant and Equipment and Capitalized Leases (see note 3)

Depreciation and amortization charged to operations computed on the straight-line method was \$136,494 in 1991 and \$131,381 in 1990.

Components of capitalized leases are as follows:	1991	1990
Printing service equipment	\$ 227,879	227,879
Office and administrative equipment	140,446	73,380
	368,325	301,259
Less accumulated amortization	136,367	92,666
	\$ 231,958	208,593

(3) Notes Payable, Long-term Debt and Capitalized Lease Obligations

A summary of notes payable, long-term debt and capitalized lease obligations is as follows:

Notes payable to bank:	1991	1990
9.75% unsecured installment note payable to bank at \$6,495 monthly including interest. Note is callable annually in June.	\$ 267,029	298,571
Long-term debt:		
8% to 13.5% equipment obligations, maturing through December 1995 payable monthly \$2,616 including interest, secured by related equipment.	\$ 53,798	61,908
11.5% unsecured installment note, payable monthly at \$466 including interest through January 1992.	4,843	9,577
Under a refinancing agreement, 11.5% installment obligation payable to the Board of Retirement and Insurance of the National Association of Free Will Baptists, payable in monthly installments of \$2,316 including interest, through 2001, secured by first mortgage lien against all real property and improvements, and a first security interest in all accounts receivable, inventory, equipment and trade fixtures. (see note 11)	164,751	162,115
Total long-term debt	223,392	233,600
Capital lease obligations: 9.1% to 16.8% obligations under capital leases payable monthly \$8,380 - see note 2	197,872	185,471
	421,264	419,071
Less current maturities of long-term debt and capital lease obligations	107,661	117,807
	\$ 313,603	301,264

The Board leases certain equipment under capital leases (see note 2). The obligations are being amortized by that portion of annual rentals in excess of interest. Interest was imputed using rates ranging from 9.1% to 16.8% based on the lessor's implicit rate of return.

The following is a schedule, by years, of maturities of long term debt and future minimum lease payments under capital leases as of February 28, 1991.

	Long-Term Debt	Capital Leases
1992	\$ 29,565	100,545
1993	24,932	63,475
1994	20,561	47,804
1995	21,122	19,223
1996	18,044	10,774
1997	16,071	-
1998 and thereafter	93,097	-
Total maturities of long-term debt	\$ 223,392	241,821
Less amount representing interest		43,949
Present value of net minimum lease payments		\$ 197,872

(4) Operating Leases

The Board leases certain equipment under a number of operating leases. Rent expense under such operating leases amounted to \$59,821 for the year ended February 28, 1991.

Minimum annual rentals under noncancelable operating leases are as follows:

1992	\$ 31,985
1993	17,422
1994	10,389
	\$ 59,796

(5) Pension

The Board participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists. The plan is contributory and is matched up to a maximum of 5% of compensation. Employees with two years of service may participate. Pension expenses amounted to \$20,259 in 1991 and \$17,690 in 1990. The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

(6) Youth Department

The purpose of the Youth Department of the Free Will Baptist Sunday School Board is to provide ministries and services to youth and youth workers of the Association. The following is a summary of the department's activities:

	1991	1990
Revenue from conferences and related services	\$ 42,624	52,704
Expenditures for conferences and related services	47,878	43,825
General and administrative expenses	75,928	82,997
	123,806	126,822
Excess of expenses over revenue	\$ (81,182)	(74,118)

(7) Agreement with Affiliated Organization to Distribute Hymnals

The Board has agreed to warehouse and distribute hymnals for the Executive Board of the National Association of Free Will Baptists. Further, the Board will invoice the customer, collect funds and remit such collections, net of commissions of \$.795 per hymnal sold, to the Executive Board. As of February 28, 1991 the Board was warehousing approximately 27,300 hymnals with an estimated replacement value of \$246,000. The following summarizes the transactions under this agreement as of February 28, 1991:

	Year ended February 28, 1991	Since Inception
Amount due to Executive Board at beginning of period	\$ 105,704	-
Total sales of hymnals	84,792	670,118
Less total commissions earned	(6,463)	(61,085)
Less remittances made to the Executive Board	(120,000)	(545,000)
Amount due to Executive Board at end of period	\$ 64,033	64,033

(8) Inventory

Inventory consists of denomination literature and materials a portion of which will not be sold within one year. These long-term inventory items consist of literature which will be used on a cycle basis ranging from two years to seven years. The following summarizes the inventory by major type between that which is classified as current as compared to long-term as of February 28, 1991.

	Current Asset	Long-term Asset
Bookstore merchandise	\$ 46,143	-
Printing production and preparation raw materials	22,621	-
Work in process	55,839	-
Finished literature:		
Summer literature	41,992	-
Shipping miscellaneous	86,090	-
Lifequest material	-	47,178
Randall House Books	65,000	220,152
Spanish curriculum	40,000	318,492
	357,685	585,822
Allowance for obsolescence	-	25,000
Total inventories	\$ 357,685	560,822

(9) Concentration of Credit Risk

The Board is a distributor of bible based sunday school and church training curriculum, and other denominational publications. The Board extends credit to its customers which consist primarily of Free Will Baptist churches and religious bookstores. These accounts are not collateralized and are subject to accounting risk of loss amounting to the outstanding balance at any point in time.

(10) Restatement of Fund Balance - Accounting Error

The financial statements as of and for the period ended February 28, 1990 have been restated due to an error in accounting for amounts included in inventory which were improperly omitted from liabilities as of that date. The effect of the restatement is to increase the excess of expenses over revenues by \$13,864. The following table summarizes the restatement by financial statement classification:

	As Originally Issued	After Restatement
Accounts payable	\$ 154,403	168,267
Fund Balance	\$ 983,166	969,302
Excess of revenues over (under) expenses	\$ (20,647)	(34,511)

(11) Liquidity and Operations

For the year ended February 28, 1991, the Board's expenses exceeded revenues by \$179,271. Further, the Board has increased its leverage through increases in trade accounts payable and cash overdrafts in order to sustain operations. These adverse conditions have been caused by a decline in sales of curriculum and from the continued losses from the bookstore operations (approximately \$25,000), the Youth department (see note 6 - \$81,182) and the Spanish department (editorial department costs of approximately \$70,000 and the excess of production costs over sales value of the merchandise which approximated \$48,000).

In order to continue operations of the Board, management has implemented the following plan to mitigate the adverse conditions described above:

- 1> A curriculum price increase has been put into effect. This price increase is expected to produce increased revenues amounting to approximately \$250,000.
- 2> The Bookstore operation has been moved from a retail center into the Randall House building. This move will cause savings to be effected by eliminating rents and utilities (amounting to approximately \$40,000). The move is also expected to reduce the amount of salaries and related benefits necessary to operate the bookstore.
- 3> The Board approved at its semi annual meeting to allow the Youth department to solicit funds to finance their budget. This will be implemented in the current year.
- 4> The Spanish curriculum project is in its final stages. This project required the publication of curriculum material quarterly for a seven year period. The curriculum will be used and recycled over seven year periods. The final three quarters will be completed during the fiscal year to end February 28, 1992. Upon completion annual editorial savings will be effected amounting to

approximately \$70,000. Further, the cost of production, which amounts to approximately \$27,500 per quarterly, will be eliminated.

- 5> The current work force has decreased by natural attrition from 46 in February 1990 to 41 in April 1991. Further, the Board will make additional personnel cuts as is necessary in order to maintain a more balanced budget.
- 6> The Board has a letter of intent from the State of Tennessee to acquire the right of way to construct a roadway through the Board's property. This property contains approximately two acres and is valued at approximately \$250,000.
- 7> An inventory reduction sale is in process whereby the merchandise has been marked down to approximately cost. It is anticipated that this sale may produce an additional \$75,000 of revenue.
- 8> The Board of Directors of the Board of Retirement and Insurance of the National Association of Free Will Baptists has committed to extend to the Board a line of credit amounting to a maximum of \$300,000 and to refinance the outstanding balance due to the Board of Retirement - see note 3 for details. This credit arrangement will be collateralized by a first mortgage lien against all real property and improvements and first security interest in all accounts receivable, inventory, equipment and trade fixtures.



Hill, Neal & Allen, P.C.
Certified Public Accountants

Independent Auditors' Report

Terry A. Hill
Russell E. Neal
Nancy S. Allen

Board of Directors Sunday School and Church Training Board and Randall House Publications

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 103
Brentwood, TN 37027
TEL: 615/377-3485
FAX: 615/377-3488

We have audited the balance sheets of Sunday School and Church Training Board and Randall House Publications as of February 28, 1991 and 1990, and the related statements of activity and changes in fund balances and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunday School and Church Training Board and Randall House Publications as of February 28, 1991 and 1990, and the results of its activity and changes in fund balances and cash flows for the years then ended in conformity with generally accepted accounting principles.

Hill, Neal & Allen, P.C.

April 23, 1991

Budget for 1992

REVENUES

Curriculum	\$2,088,744.00
Sunday School	110,480.00
C.T.S.	52,000.00
Spanish	<u>\$2,251,224.00</u>
Discount to Bookstores	350,000.00
	<u>\$1,901,224.00</u>

Other Sales

RHP Books	\$ 80,000.00
Hymnals	40,000.00
Merchandise	40,000.00
Vacation Bible School	10,000.00
Printing	5,000.00
Bulletins	100,000.00
Bookstore	125,000.00
Miscellaneous Sales	40,000.00
	<u>\$ 440,000.00</u>

Other Income

Postage & Freight	\$80,000.00
Youth Ministries	50,000.00
Miscellaneous Income	10,000.00
	<u>\$ 140,000.00</u>
	<u>\$2,481,224.00</u>

TOTAL ALL REVENUES

EXPENSES

Cost of Sales - Outside Purchases	\$ 12,000.00
Curriculum	100,000.00
Merchandise	80,000.00
Bulletins	6,500.00
Vacation Bible School	75,000.00
Bookstore	20,000.00
Miscellaneous	<u>\$ 293,500.00</u>
	<u>(40,000.00)</u>
Inventory Increase	<u>\$ 253,500.00</u>

Cost of Production

Preparation	\$ 176,500.00
Printing	589,884.00
Editorial	192,820.00
Spanish	14,480.00
	<u>\$1,227,184.00</u>
TOTAL	

GENERAL EXPENSES

Youth Division	\$ 132,100.00
Sales Division	137,300.00
Administrative and Finance	128,120.00
Order Division	109,560.00
Shipping Division	146,000.00
Bookstore	46,700.00
Building	141,160.00
General	413,100.00

TOTAL EXPENSES	\$1,254,040.00
	\$2,481,224.00

COST OF PRINTING

Editorial	
Salaries	\$ 107,320.00
Travel	3,000.00
Housing and Utilities	10,000.00
FICA	5,000.00
Supplies	1,000.00
Equipment Maintenance	1,000.00
Equipment Rental	2,000.00
Royalties	5,000.00
Writer's Fees	37,000.00
Retirement	4,000.00
Insurance	9,500.00
Postage	1,000.00
Curriculum Development	5,000.00
Telephone	1,000.00
Miscellaneous	1,000.00
	\$ 192,820.00

Preparation	
Salaries	\$ 120,000.00
Travel	1,000.00
Supplies	10,000.00
Equipment Maintenance	2,000.00
Equipment Rental	12,000.00
Art Services	10,000.00
Postage	1,000.00
Telephone	1,000.00
FICA	9,500.00
Retirement and Insurance	9,000.00
Miscellaneous	1,000.00
	\$ 176,500.00

Production

Salaries	\$ 166,884.00
Travel	1,000.00
Equipment Maintenance	15,000.00
Equipment Rental	2,000.00
Negatives	5,000.00
Stock	150,000.00
Plates	8,000.00
Ink	7,000.00
Outside Printing	175,000.00
Telephone	1,000.00
Supplies	20,000.00
Insurance	12,000.00
FICA	12,000.00
Retirement	5,000.00
Miscellaneous	10,000.00
	\$ 589,884.00

COST OF OPERATIONS

Spanish	
Salaries	\$12,480.00
Miscellaneous	\$2,000.00
	\$ 14,480.00
Youth	
Salaries	\$ 61,300.00
Travel	10,000.00
Supplies	500.00
NYC '92	22,000.00
Truth and Peace '92	18,000.00
YET '92	3,000.00
Postage	1,000.00
Telephone	1,000.00
FICA	5,000.00
Retirement	1,800.00
Insurance	7,000.00
Miscellaneous	1,000.00
	\$ 132,100.00

Sales	
Salaries	\$ 83,300.00
Housing	6,000.00
Travel and Promotion	20,000.00
Supplies	1,000.00
Advertising	9,000.00
Postage	2,000.00
Telephone	1,000.00
FICA	2,000.00
Insurance	7,000.00

Retirement	2,000.00
Miscellaneous	4,000.00
	<u>\$ 137,300.00</u>
Administration	
Salaries	\$ 84,840.00
Housing and Utilities	14,880.00
Travel	8,000.00
Supplies	1,000.00
Equipment Maintenance	500.00
Equipment Rental	1,000.00
Postage	500.00
Telephone	1,000.00
FICA	9,800.00
Retirement	2,000.00
Insurance	2,600.00
Miscellaneous	2,000.00
	<u>\$ 128,120.00</u>
Order Division	
Salaries	\$ 57,560.00
Travel	1,000.00
Supplies	4,000.00
Equipment Maintenance	10,000.00
Equipment Rental	1,500.00
Postage	2,000.00
Telephone	10,000.00
FICA	9,000.00
Retirement	1,500.00
Insurance	12,000.00
Miscellaneous	1,000.00
	<u>\$ 109,560.00</u>
Shipping	
Salaries	\$ 62,000.00
Travel	2,000.00
Supplies	10,000.00
Equipment Rental	1,000.00
Equipment Maintenance	1,000.00
Telephone	1,000.00
Postage and Freight	55,000.00
FICA	5,000.00
Retirement	2,000.00
Insurance	6,000.00
Miscellaneous	1,000.00
	<u>\$ 146,000.00</u>

Bookstore	
Salaries	\$ 28,800.00
Travel	1,000.00
Supplies	400.00
Equipment Rental	1,000.00
Equipment Maintenance	1,000.00
Postage	500.00
FICA	1,000.00
Retirement	1,000.00
Insurance	1,000.00
Advertising	10,000.00
Miscellaneous	1,000.00
	<u>\$ 46,700.00</u>
Building	
Salaries	\$ 54,660.00
Travel	1,000.00
Supplies	6,000.00
Equipment Rental	1,000.00
Equipment Maintenance	1,000.00
Building Maintenance	2,000.00
Building Improvements	10,000.00
Utilities	30,000.00
Building Insurance	20,000.00
Telephone	2,000.00
FICA	4,000.00
Retirement	1,500.00
Insurance	7,000.00
Miscellaneous	1,000.00
	<u>\$ 141,160.00</u>
General	
Board Travel	12,000.00
Equipment Rental	1,500.00
Equipment Maintenance	3,000.00
Depreciation	100,000.00
Interest Expense	50,000.00
Legal and Auditing	10,000.00
Taxes	7,000.00
Miscellaneous	10,000.00
Reduction of Capital Obligations	219,600.00
	<u>\$ 413,100.00</u>
TOTAL ALL REVENUES	\$2,481,224.00
TOTAL ALL EXPENSES	\$2,481,224.00

Board of Retirement Report

Over the years, our retirement plan has experienced a steady growth in membership and contributions. We have maintained good long-term earnings. Including the periods when investment returns allowed for bonuses up to 1.5%, allocations to members' accounts ranged from 8% to 11%.

Earnings added to Plan 1 accounts in 1990 averaged 5%. That was disappointing but not surprising. As a result of the Persian Gulf War and other factors, interest rates fell on money markets, CDs and bonds. Fear of recession caused equities to fall in value. Other minor factors contributed to a one-time decrease in allocations.

Our Board invests the pension funds at low risk and for a long-term level rate. We are experiencing that. They invest all funds in compliance with our church covenant. We make no investments in any tobacco, alcohol or gambling related or controlled businesses. Our commitment to the above investment principles and our reliance upon God who is the ultimate Provider of all and for all remains firm.

Lack of support for our operating expenses continues to restrict the amount of earnings available for member's accounts. Gifts from churches, individuals and the Cooperative Plan meet less than 20% of our operating expenses. The remaining 80% must come from plan earnings.

We operate with a modest budget that allows for only four staff members other than myself. In 1990 we added the fourth employee when Bill Evans joined us as assistant. We need your support to carry out this vital ministry. I hope your church will include our needs in your giving.

I urge you to continue contributing to your church employees' retirement accounts. We need to make it possible for all who serve our churches and denomination to participate.

The founders of our plan designed it to meet the specific needs of Free Will Baptists. Our plan offers three types of contributions or combinations of the three to fit participants' financial resources and situations. Our plan provides a selection of practical and workable settlement options. These include annuity income and/or cash. Only through our plan do federal regulations allow Free Will Baptist ministers to receive retirement annuity income as tax free housing.

Our plan is comparatively young. As in any other developing ministry, modifications become necessary as plan implementations occur. Our Board voted April 25, 1991 to amend the Plan Trust Agreement to allow retirement settlement at age 62 or anytime thereafter at the member's request or at actual retirement. The change will be effective January 1, 1992. This in no way requires early retirement, only allows it.

In closing, I assure you that our Board fulfills the intended purpose of the retirement pension plan:

(1) To provide a retirement plan for the common good of all our

ministers and church employees.

(2) To provide a vehicle through which our churches and agencies can meet the Biblical injunction to provide adequate financial assistance in old age to those who serve us.

(3) To protect those funds contributed by our churches and agencies for retirement income as designated.

Herman L. Hersey
Director

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS

Balance Sheet

December 31, 1990

	Unrestricted Operations	Retirement Fund	Plant Fund	Total All Funds
Assets				
Cash and cash equivalents (notes 2 and 10)	\$ 11,842	894,151	-	905,993
Investments, fair value (notes 2 and 10)	-	2,884,331	-	2,884,331
Funds invested with retirement fund	588	-	-	588
Accrued investment income receivable	-	54,175	-	54,175
Notes receivable from participants of the retirement fund and churches and denominational agencies of the National Association of Free Will Baptists (notes 3 and 10)	-	4,580,216	-	4,580,216
Office furniture, equipment, and automobiles, at cost, less accumulated depreciation of \$69,065 (note 4)	-	-	25,609	25,609
Due from unrestricted operations	-	25,000	-	25,000
Properties held for sale (note 5)	-	145,000	-	145,000
Lease costs (note 6)	2,949	-	-	2,949
Total assets	\$ 15,379	8,582,873	25,609	8,623,861
Liabilities and Fund Balances				
Liabilities:				
Notes payable, accounts payable and accrued expenses	\$ 12,558	226	-	12,784
Due to retirement fund	25,000	-	-	25,000
Unearned loan origination fees (note 7)	-	81,279	-	81,279
Annuities payable (note 8)	-	37,040	-	37,040
Interest bearing revocable trusts (including \$588 invested from unrestricted operations) (note 9)	-	1,294,714	-	1,294,714
Total liabilities	37,558	1,413,259	-	1,450,817
Fund balances (deficit):				
Operations (deficit)	(22,179)	-	-	(22,179)
Retirement fund	-	7,169,303	-	7,169,303
Designated as reserve funds	-	311	-	311
Net invested in plant	-	-	25,609	25,609
Total fund balances	(22,179)	7,169,614	25,609	7,173,044
Total liabilities and fund balances	\$ 15,379	8,582,873	25,609	8,623,861

See accompanying notes to financial statements.

Statement of Fund Transactions and Changes in Fund Balances
Year ended December 31, 1990

	Unrestricted Operations	Retirement Fund	Plant Fund	Total All Funds
Additions:				
Contributions from participants	\$ -	634,981	-	634,981
Gifts	34,536	-	-	34,536
Interest income - notes receivable (net of write-downs of \$25,828)	-	-	-	-
Investment income (net of investment fees of \$29,672) (note 2)	3,174	182,507	-	185,681
Gains (losses) of investment portfolio (note 2)	-	-	-	-
Net realized gains	-	4,976	-	4,976
Net unrealized losses	-	(279,620)	-	(279,620)
Forfeitures and late charges	-	5,040	-	5,040
Amortization of loan origination fees (note 7)	-	13,189	-	13,189
Miscellaneous	2,394	1,090	-	3,484
Total additions	40,104	1,062,257	-	1,102,361
Deductions:				
Salaries	87,808	-	-	87,808
Fringe benefits	35,613	-	-	35,613
Travel and promotional	20,997	-	-	20,997
Office supplies	20,098	-	-	20,098
Housing	31,200	-	-	31,200
Ministry to senior adults	2,205	-	-	2,205
Occupancy	12,556	-	-	12,556
Board members expense	12,116	-	-	12,116
Legal and auditing	11,113	-	-	11,113
Miscellaneous	5,412	-	-	5,412
Insurance	1,486	-	-	1,486
Depreciation (note 4)	-	-	14,940	14,940
Interest expense - trusts	-	63,567	-	63,567
Interest expense - other	-	90	-	90
Participants accounts transferred to annuity liability (note 8)	-	35,052	-	35,052
Withdrawal of funds	-	493,622	-	493,622
Total expenses	240,604	592,331	14,940	847,875
Net increase (decrease) in funds for the year	(200,500)	469,926	(14,940)	254,486
Fund balances, beginning of year	65,608	6,826,091	26,859	6,918,558
Transfers among funds and other changes:				
To plant fund for asset acquisition	(13,690)	-	13,690	-
Enrollment and administrative fees	126,403	(126,403)	-	-
Fund balance, end of year	\$ (22,179)	7,169,614	25,609	7,173,044

Statement of Cash Flows

Year ended December 31, 1990

	Unrestricted Operations	Retirement Fund	Plant Fund	Total All Funds
Operating cash flows:				
Cash received from:				
Contributions from participants	\$ -	634,981	-	634,981
Gifts	34,536	-	-	34,536
Interest income - notes receivable	-	525,922	-	525,922
Investment income	3,174	145,872	-	149,046
Forfeitures and late charges	-	5,040	-	5,040
Miscellaneous	2,394	1,092	-	3,486
Cash paid for:				
Suppliers and employees	(238,056)	(972)	-	(239,028)
Interest	-	(63,657)	-	(63,657)
Annuities	-	(1,000)	-	(1,000)
Withdrawal of funds by participants	-	(502,942)	-	(502,942)
Net operating cash flows	(197,952)	744,336	-	546,384

See accompanying notes to financial statements.

Financing cash flows:

Funds advanced from the retirement fund	25,000	-	-	25,000
Funds advanced to the operating fund	-	(25,000)	-	(25,000)
Additions to revocable savings trusts	-	256,320	-	256,320
Withdrawals from revocable savings trusts	-	(231,093)	-	(231,093)
Net financing cash flows	25,000	227	-	25,227

Investing cash flows:

Purchases of office furniture and equipment	(13,690)	-	-	(13,690)
Investments:				
Funds invested with the retirement fund savings trust	(6,000)	-	-	(6,000)
Funds withdrawn from the retirement fund savings trust	69,041	-	-	69,041
Purchases of investment securities	-	(3,710,475)	-	(3,710,475)
Proceeds from sale of investment securities	-	2,545,333	-	2,545,333
Notes receivable:				
New loans made	-	(439,308)	-	(439,308)
Collection of notes receivable	-	546,414	-	546,414
Net investing cash flows	49,351	(1,058,036)	-	(1,008,685)
Net decrease in cash and cash equivalents for the year	(123,601)	(313,473)	-	(437,074)

Transfers for enrollment and administrative fees	126,403	(126,403)	-	-
Cash and cash equivalents:				
Beginning of year	9,040	1,334,027	-	1,343,067
End of year	\$ 11,842	894,151	-	905,993

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1990

The Board of Retirement and Insurance is operated under the auspices of The National Association of Free Will Baptists. The purpose of the Board is to maintain contributory retirement accounts for licensed or ordained ministers and lay employees of churches, schools and denominational agencies of the National Association of Free Will Baptists.

(1) Summary of Significant Accounting Policies

The major accounting principles and practices followed by the Board of Retirement and Insurance of The National Association of Free Will Baptists are presented below to assist the reader in evaluating the financial statements.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Board, the accounts of the Board are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. The accompanying financial statements are presented on the accrual method of accounting.

Plant Assets and Depreciation

Uses of operating funds for plant acquisitions are accounted for as transfers to plant funds. Depreciation of equipment is provided over the estimated useful lives of the respective assets on the straight line basis.

Income Taxes

The Board is exempt from income taxes; accordingly, no provision for income taxes has been made in accompanying financial statements.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Board considers all cash on hand, demand deposit accounts and highly liquid debt instruments with a maturity of three months or less to be cash and cash equivalents.

Loan Origination Fees

Loan origination fees are amortized to revenue over the life of the related loan.

Realized and Unrealized Gains and Losses on Investment Portfolio

The excess (deficit) of proceeds from sale of investments as compared to cost is recognized as a realized gain or (loss). The measurement of increase (decrease) in market values of investments from the beginning of year to the end of year is recognized as unrealized gains or (losses).

(2) Cash and Cash Equivalents and Investments

Cash and cash equivalents consist of the following:

	Investment Income	Account Balances
Money market bank accounts	\$ 8,054	200,832
Checking and savings accounts	4,655	234,430
Certificates of deposit	10,499	-
Money market accounts held by investment bankers	64,630	470,731
	<u>\$ 87,838</u>	<u>905,993</u>

Investments consist of the following:

	Investment Income	Market /Stated Value	Cost	Unrealized Gains	Unrealized Losses
Church bonds (stated value)	\$ 6,411	27,000	27,000	-	-
Mutual funds	11,896	319,970	319,009	961	-
Common stocks	45,063	1,312,749	1,415,262	108,975	211,487
Fixed income bonds	3,472	155,871	154,470	1,462	62
U.S. Treasury notes and bills	57,714	1,068,741	1,026,143	42,598	-
	<u>\$ 124,556</u>	<u>2,884,331</u>	<u>2,941,884</u>	<u>153,996</u>	<u>211,549</u>
Total earnings on cash and cash equivalents and investments	\$ 212,394				
Earnings on operating fund invested in revocable trusts	2,959				
Less investment fees paid	(29,672)				
Net investment income	<u>\$ 185,681</u>				

Unrealized losses are reconciled as follows:

	Unrealized Gains	Unrealized Losses	Net Unrealized Gains (Losses)
As of December 31, 1989	\$ 268,504	46,437	222,067
As of December 31, 1990	153,996	211,549	(57,553)
Net unrealized loss for year ended December 31, 1990			<u>\$ (279,620)</u>

Yield earned on average total assets is computed as follows:

Interest income - notes receivable	\$ 500,094
Investment income	185,681
Net realized gains on disposition of investments	4,976
Net unrealized losses of investment portfolio	(279,620)
Amortization of loan origination fees	13,189
	<u>\$ 424,320</u>
Average assets (beginning and end of year)	<u>\$ 8,459,049</u>
Yield as computed	<u>5.02%</u>

(3) Notes Receivable from Participants of the Retirement Fund and Churches and Denominational Agencies of the National Association of Free Will Baptists

Following is a summary of notes receivable:

Participant notes at 12% - secured by retirement account balances	\$ 55,492
---	-----------

Churches and agency notes at 9.5% to 15.5%:

Secured by mortgage or similar perfected security in the related property.	4,425,460
Unsecured notes	99,264
	<u>\$ 4,580,216</u>

(4) Office Furniture, Equipment, and Automobiles

A summary of office furniture, equipment and automobiles is as follows:

Office furniture and fixtures	\$ 27,919
Computer equipment	53,696
Automobiles	13,059
	<u>94,674</u>
Accumulated depreciation	69,065
	<u>\$ 25,609</u>

Depreciation expense amounted to \$14,940.

(5) Properties held for sale

The Board holds properties which were surrendered in lieu of foreclosure due to disbandment of the churches. The Board is currently attempting to dispose of the properties. The Board anticipates that the properties will be disposed of at a loss. The following summarizes the write down relating to these properties:

Amount of note receivable held by the Board as of December 31, 1990	\$ 166,258
Write down to anticipated realizable value	21,258
Property held for sale	<u>\$ 145,000</u>

(6) Capitalized Lease Payments

The National Association of Free Will Baptist has purchased an office building to house various departments and agencies of the denomination. The Board has entered into an agreement to lease space in this new building and has further agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. As of December 31, 1990, the Board has capitalized \$2,949 relating to these costs. Such costs, plus any additional costs incurred, will be amortized against operations over the lease period.

(7) Unearned Loan Origination Fees

Loan origination fees are amortized to revenue over the life of the related loan. The following is a summary of the transactions relating to loan origination fees:

Balance December 31, 1989	\$ 81,560
Fees charged on new loans, net of direct expense of \$972	12,908
Less fees amortized to revenues	(13,189)
Balance December 31, 1990	<u>\$ 81,279</u>

(8) Annuities payable

Upon attaining retirement age, the retiree has the option, among others, to convert his participant account into an annuity to provide retirement benefits over his remaining life. The periodic benefit is calculated based on mortality tables considering life expectancy. Further, the liability for annuities is determined annually by an actuary and such liability is adjusted as necessary. As of December 31, 1990, the recorded liability amounts to \$37,040 and is sufficient to provide benefits over the life expectancy of the annuitants.

(9) Interest-Bearing Revocable Trusts

The Board maintains for grantors revocable trusts amounting to \$1,294,714 as of December 31, 1990 and pays interest to the trust beneficiaries. The rate of interest paid is dependent upon the amount of income earned from the investments of the Board. The trusts are without maturity. Withdrawal from the accounts is without penalty, but withdrawal requires a 90 day notice.

The Board has agreed to transfer all revocable trusts which it holds for grantors and the related investments to the Free Will Baptist Foundation during 1991.

(10) Concentration of Credit Risk

The Board has an accounting risk of loss in the areas of cash and cash equivalents, investments and notes receivable to the extent cash funds are not insured by a governmental agency, investments are not secured by mortgages or guaranteed by the United States Government, and for unsecured notes receivable. The following table summarizes the Board's accounting risk of loss:

	Account Balance	Amount Insured / Secured	Amount of Accounting Risk of loss
Notes receivable	\$ 4,580,216	4,480,952	99,264
Money market bank accounts	200,832	199,608	1,224
Checking and savings accounts	234,430	100,000	134,430
Money market accounts held by investment bankers	470,731	470,731	-
Church bonds (mortgage bonds)	27,000	27,000	-
Mutual funds	319,009	319,009	-
Common stocks	1,312,749	-	1,312,749
Fixed income bonds	155,871	155,871	-
U.S. Treasury notes and bills	1,068,741	1,068,741	-
	<u>\$ 8,369,579</u>	<u>6,821,912</u>	<u>1,547,667</u>

(11) Related Party Transactions

The Board provided office space and certain administrative services to the Free Will Baptist Foundation for a cost of \$900.



Hill, Neal & Allen, P.C.
Certified Public Accountants

Independent Auditors' Report

Terry A. Hill
Russell E. Neal
Nancy S. Allen

Board of Directors
Board of Retirement and Insurance of The
National Association of Free Will Baptists:

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 103
Brentwood, TN 37027
TEL: 615/377-3485
FAX: 615/377-3488

We have audited the balance sheet of Board of Retirement and Insurance of The National Association of Free Will Baptists as of December 31, 1990, and the related statements of fund transactions and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Board of Retirement and Insurance of the National Association of Free Will Baptists as of December 31, 1990, and fund transactions and changes in fund balances and cash flows for the year then ended in conformity with generally accepted accounting principles.

Hill, Neal & Allen, P.C.

March 19, 1991

**Proposed Budget
1992**

Salaries/Housing.....	\$163,972
Employee Benefits.....	45,000
Travel/Promotion.....	32,000
Auto/Travel/Maintenance.....	4,000
Auto Fund.....	6,000
Plant Fund.....	20,000
Office Supplies/Expense.....	15,500
Equipment/Maintenance.....	5,000
Publications.....	6,000
Department's Share of Insurance Premium.....	250
Alert Ministries.....	2,000
Board Expense.....	8,500
Insurance.....	4,000
Legal/Auditing.....	10,000
Miscellaneous.....	1,500
Furniture Fund.....	6,000
Education/Training.....	5,000
TOTAL.....	\$334,722

Home Missions Board Report

God was good to the Home Missions Department in 1990. Seventy six (76) families of missionaries, associate missionaries, and tentmakers, plus 17 Mexican national pastors made a total of 93 families (186 adults) who served under the National Home Missions Board during the year in planting Free Will Baptist churches.

In 1990, your Home Missions Department approved these 13 new missionaries:

Curtis Alligood - St. Petersburg, FL	Louie Nix - Hawaii
Ron Dail - St. Croix, VI	Ron Parker - Shreveport, LA
Gerald Fender- Knoxville, TN	David Potete - Chicago, IL
George Harvey - Phoenix, AZ	Danny Ramey - Anderson, SC
Rex Lynn - Rome, GA	Ivan Asbury - Bloomington, IN
Terry Miller- Providence, RI	Darrell Smith - Portland, OR
Joel Nason - Chesnee, SC	

In 1990 these 16 home missionaries either started or finished their church buildings. Most of these were assisted by Missionary Builder, Howard Gwartney, and his crew of Helping Hands volunteer workers. Those starting or completing buildings in 1990 were:

Richard Atwood - Delaware	Russell Johnson - Wyoming
Luther Burns - Georgia	Vergel Maness - New Jersey
Cliff Donoho - Illinois	Jerry McClary - Nebraska
Ron Dail - Virgin Islands	David McGowan - Ohio
Leon Gibson - Michigan	Jim Mertz- Missouri
J. L. Gore - Mississippi	Jim Nason - New Hampshire
Earl Hanna - South Carolina	Glenn Poston - Tennessee
Richard Hendrix - Alabama	Larry Williams - Georgia

In 1990 a total of 13 mission churches made loans from our Church Extension Loan Fund for a total of \$1,431,076.00. Praise the Lord for the Loan Fund which grew to \$2,872,000. Forty (40) loans have been made to mission churches so far.

Also in 1990 many of you helped raise \$100,000 for our Phoenix, Arizona-Target City churches. This has been a tremendous help to those churches. A banquet was held at the National Convention in Phoenix at Val Vista Lakes Center for those who gave.

Eight Free Will Baptist chaplains ministered to the men and women of the military. They were Chaplain Terry Austin, U. S. Army; Chaplain James Bishop, U. S. Army; Chaplain Bill Conlon, U. S. Army; Chaplain Robert Cooper, U. S. Navy; Chaplain Larry Langford, U. S. Army; Chaplain Gerald Mangham, U. S. Army; Chaplain Kerry Steedley, U. S. Army; and Chaplain Tim Sturgill, U. S. Air Force. Three chaplains, Terry Austin, Blaine Bishop, and Tim Sturgill were sent to the Persian Gulf in August, and remained there until after the conflict was concluded.

Twenty (20) Old Time Camp Meetings were conducted by the Home Missions Traveling Team in various parts of the country. A Target City

Rally was also conducted at the National Association in Phoenix. Dr. Richard Adams began his services as Director of Development. He launched a "Build My Church" Campaign to raise \$1,000,000 in gifts to the Church Extension Loan Fund. This money will never be spent, but will always be used to build Home Missions church buildings. As one church pays it back, it will be loaned to another, and continue to build churches until the Lord comes! The interest from the money will help buy property for these churches. It will take 1,000 churches and individuals giving \$1,000 each to reach this goal.

Income for the year was \$2,155,000. thank you for your faithfulness.

1991 began our *Double In A Decade* campaign. I hope every one of our churches will get involved in reaching this great goal. The National Home Missions Department has printed a step-by-step manual of 15 lessons called *Double In A Decade* to be taught in our churches. There is also a manual called *Seven Ways To Double*. You can order these from the National Home Missions Department.

A part of the goal to Double In A Decade is the starting of 250 Free Will Baptist churches in this decade. Pray for the Home Missions Department as we seek to reach this goal.

A faithful and dedicated staff served Home Missions well during 1990. They are:

Trymon Messer, Associate Director
 Richard Adams, Director of Development
 Bill Daniel, Director of Communications
 Pat Thomas, Publications Editor
 Kathy Brown, Bookkeeper
 Joan Gardner, Evangelism Secretary
 Carolyn Adams, CELF Secretary
 Pam Anis, Secretary
 Roy Thomas, General Director

Pray for us as we seek to place "Missionaries In Every State For Churches In Every City."

Respectfully submitted,
 Roy Thomas, General Director

BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS

BALANCE SHEET
December 31,

ASSETS	1990			1989
	Operating Fund	Plant Fund	Total	Total
CURRENT ASSETS				
Cash	\$ 5,123	\$ --	\$ 5,123	\$ 22,408
Investments, at cost (market value of \$320,877)(Note 2)	370,664	--	370,664	342,564
Accounts receivable	--	--	--	3,629
Inventories	6,939	--	6,939	7,127
Note receivable	--	--	--	14,205
Total current assets	\$ 382,726	\$ --	\$ 382,726	\$ 389,933
PROPERTY AND EQUIPMENT, net (Note 3)	--	25,835	25,835	32,590
REAL PROPERTY HELD FOR SALE, at cost	11,909	--	11,909	11,909
Total assets	\$ 394,635	\$ 25,835	\$ 420,470	\$ 434,432
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	\$ 4,210	\$ --	\$ 4,210	\$ 4,046
Deferred compensation (Note 5)	125,639	--	125,639	114,305
Notes payable (Note 6)	5,519	--	5,519	22,908
Total current liabilities	\$ 135,368	\$ --	\$ 135,368	\$ 141,259
FUND BALANCES (DEFICITS)				
Unrestricted	\$(94,352)	\$ --	\$(94,352)	\$(64,905)
Restricted (Note 4)	353,619	--	353,619	325,488
Net investment in property and equipment	--	25,835	25,835	32,590
Total fund balances	\$ 259,267	\$ 25,835	\$ 285,102	\$ 293,173
Total liabilities and fund balances	\$ 394,635	\$ 25,835	\$ 420,470	\$ 434,432

STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
Years ended December 31,

REVENUE	1990			1989
	Unrestricted	Restricted	Total	Total
Cooperative program	\$ 54,532	\$ --	\$ 54,532	\$ 68,383
Designated contributions	268,141	1,745,569	2,013,710	1,757,196
Management fees (Note 7)	48,000	--	48,000	--
Rent income	3,300	--	3,300	2,400
Interest income	29,485	--	29,485	29,498
	\$ 403,458	\$ 1,745,569	\$ 2,154,095	\$ 1,857,477

The accompanying notes are an integral part of the financial statements.

EXPENSES

Administrative	\$ 432,905	\$ --	\$ --	\$ 432,905	\$ 337,723
Missionary maintenance	--	1,717,438	--	1,717,438	1,494,861
Plant Fund expenses	--	--	11,823	11,823	13,124
	\$ 432,905	\$ 1,717,438	\$ 11,823	\$ 2,162,166	\$ 1,845,708

REVENUES OVER (UNDER)

EXPENSES	\$(29,447)	\$ 28,131	\$(6,755)	\$(8,071)	\$ 11,769
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FUND BALANCE (DEFICIT) AT
BEGINNING OF YEAR

	(64,905)	325,488	32,590	293,173	281,404
--	-----------	---------	--------	---------	---------

FUND BALANCE (DEFICIT) AT
END OF YEAR

	\$(94,352)	\$ 353,619	\$ 25,835	\$ 285,102	\$ 293,173
--	-------------	------------	-----------	------------	------------

STATEMENT OF CASH FLOWS
Years ended December 31,

	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue over (under) expenses	\$(8,071)	\$ 11,769
Adjustments to reconcile to net cash		
Depreciation	11,823	13,124
Changes in assets and liabilities		
Change in accounts receivable	3,629	(3,629)
Change in interest receivable	--	286
Change in inventories	188	915
Change in accounts payable	164	702
Change in deferred compensation	11,334	(7,314)
Net cash provided by (used for) operating activities	\$ 19,067	\$ 15,853
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments	\$(28,100)	\$(27,984)
Reductions in notes receivable	14,205	1,371
Additions to property and equipment	(5,068)	(310)
Net cash provided by (used for) investing activities	\$(18,963)	\$(26,923)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of notes payable	\$(17,389)	\$(2,870)
Net cash provided by (used for) financing activities	\$(17,389)	\$(2,870)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$(17,285)	\$(13,940)
CASH AT BEGINNING OF YEAR	22,408	36,348
CASH AT END OF YEAR	\$ 5,123	\$ 22,408

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the significant accounting policies of the Board of Home Missions of the National Association of Free Will Baptists, hereafter referred to as the Board.

GOVERNMENT - The Board operates under the auspices of the National Association of Free Will Baptists and is governed by a Board of Directors.

INVESTMENTS - The investments are comprised of mutual funds and are presented in the financial statements at cost.

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS - Accounts receivable and notes receivable are presented in the financial statements at the amount deemed collectible by management. Any provision for doubtful accounts is recognized using the direct write-off method.

INVENTORIES - The inventories are valued at the lower of cost or market, with cost being determined by using the first-in, first-out method.

PROPERTY AND EQUIPMENT AND DEPRECIATION - Property and equipment are presented in the financial statements at cost and are depreciated by the straight-line method over the estimated useful lives of the assets of 3-10 years.

INCOME TAXES - The Board is exempt from Federal and State income taxes; accordingly, no provision for income taxes is made in the financial statements.

NOTE 2 - INVESTMENTS

The following summarizes the relationship between the cost and market value of investments:

	Cost	Market Value	Cost Over (Under) Market
Balance at beginning of year	\$342,564	\$290,194	\$(52,370)
Balance at end of year	\$370,664	\$320,877	\$(49,787)
Unrealized increase in market value in 1990			\$ 2,583

NOTE 3 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment owned by the Board at December 31,:

	1990	1989
Equipment and furniture	\$125,313	\$120,245
Automobiles	20,747	20,747
	\$146,060	\$140,992

Less accumulated depreciation	120,225	108,402
Property and equipment, net	\$ 25,835	\$ 32,590

Depreciation expense amounted to \$11,823 and \$13,124 in 1990 and 1989, respectively.

NOTE 4 - RESTRICTED FUND BALANCES

The restricted fund balances are revenue designated for specific projects and consists of the following as of December 31,:

	1990	1989
Missionary accounts	\$353,619	\$325,488

NOTE 5 - DEFERRED COMPENSATION

The Board provides for each full-time employee deferred compensation based on a formula combining a percent of salary and years of service. The amounts are payable when employment is terminated. The following is a summary of the activity in:

	1990	1989
Balance at beginning of year	\$ 114,305	\$ 121,619
Contributions for benefit of		
Missionaries	22,835	20,577
Administrative employees	9,430	8,299
Terminations and transfers	(20,931)	(36,190)
Balance at end of year	\$ 125,639	\$ 114,305

NOTE 6 - NOTES PAYABLE

Notes payable consists of the following as of December 31,:

	1990	1989
Note payable secured by real property in Amory, Mississippi	\$ 5,519	\$ 6,892
Note payable to related party (see Note 7); 11%	--	16,016
	\$ 5,519	\$ 22,908

Interest expense was \$1,432 and \$2,506 in 1990 and 1989, respectively.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Church Extension Loan Fund, Inc., an affiliated organization, shares the office facilities and administrative staff of the Board at a cost of a management fee of \$48,000 in 1990. Also, the Board had an 11% note payable in the amount of \$-0- and \$16,016 as of December 31, 1990 and 1989, respectively, to this related organization to be repaid monthly in installments of \$274.

NOTE 8 - COMMITMENTS

The Board has contingent liabilities in the amount of approximately \$40,000 for the guarantee of debt relating to certain churches.

MICHAEL JOHNSTON
Certified Public Accountant

106 N. Fifth, P.O. Box 1403
Effingham, Illinois 62401

Telephone: (217)342-9632

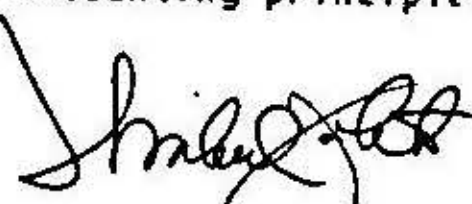
INDEPENDENT AUDITOR'S OPINION

The Board of Directors
Board of Home Missions of the National
Association of Free Will Baptists
Nashville, Tennessee

I have audited the balance sheet of the Board of Home Missions of the National Association of Free Will Baptists, as of December 31, 1990, and the related statements of activity and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Board of Directors. My responsibility is to express an opinion on these financial statements based on my audit. The information as of and for the year ended December 31, 1989 is for comparative purposes and has not been audited by me. Thus, I do not express an opinion on this information.

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.

In my opinion, the aforementioned financial statements present fairly the financial position of the Board of Home Missions of the National Association of Free Will Baptists, at December 31, 1990 and the results of its operations and the cash flows for the year then ended, in conformity with generally accepted accounting principles.



Certified Public Accountant

Effingham, Illinois
April 26, 1991

Member of American Institute of Certified Public Accountants
& Illinois Society of Certified Public Accountants

CHURCH LOAN EXTENSION FUND, INC.

BALANCE SHEET December 31,

ASSETS	1990			1989 Total
	Operating Fund	Plant Fund	Total	
CURRENT ASSETS				
Cash	\$ 419,837	\$ --	\$ 419,837	\$ 183,499
Investments, at cost (market value of \$647,265) (Note 2)	713,803	--	713,803	866,981
Interest receivable	10,321	--	10,321	8,397
Notes receivable (Note 3)	<u>1,710,655</u>	<u>--</u>	<u>1,710,655</u>	<u>629,036</u>
Total current assets	\$2,854,616	\$ --	\$2,854,616	\$1,687,913
PROPERTY AND EQUIPMENT, net (Note 4)	--	8,870	8,870	11,404
Total assets	<u>\$2,854,616</u>	<u>\$ 8,870</u>	<u>\$2,863,486</u>	<u>\$1,699,317</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accrued interest	\$ 34,012	\$ --	\$ 34,012	\$ 20,044
Revocable and irrevocable trusts (Note 5)	125,000	--	125,000	75,000
Deferred compensation (Note 6)	58,791	--	58,791	43,680
Notes payable (Note 7)	<u>2,289,795</u>	<u>--</u>	<u>2,289,795</u>	<u>1,295,954</u>
Total current liabilities	\$2,507,598	\$ --	\$2,507,598	\$1,434,678
FUND BALANCES (DEFICITS)				
Unrestricted	\$ 347,018	\$ --	\$ 347,018	\$ 108,923
Restricted (Note 8)	--	--	--	144,312
Net investment in property and equipment	--	8,870	8,870	11,404
Total fund balances	\$ 347,018	\$ 8,870	\$ 355,888	\$ 264,639
Total liabilities and fund balances	<u>\$2,854,616</u>	<u>\$ 8,870</u>	<u>\$2,863,486</u>	<u>\$1,699,317</u>

STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE Years ended December 31,

	1990			1989 Total
	Operating Fund Unrestricted	Operating Fund Restricted	Plant Fund Total	
REVENUE				
Designated contributions	\$ 136,081	\$ --	\$ 136,081	\$ --
Investment income	83,688	--	83,688	86,529
Interest income on notes receivable	<u>116,642</u>	<u>--</u>	<u>116,642</u>	<u>62,419</u>
	<u>\$ 336,411</u>	<u>\$ --</u>	<u>\$ 336,411</u>	<u>\$ 148,948</u>

The accompanying notes are an integral part of the financial statements.

EXPENSES

Loss on sale of investments (Note 2)	\$ 2,474	\$ --	\$ --	\$ 2,474	\$ 49,317
Interest expense	178,059	--	--	178,059	107,487
Promotion expense	9,724	--	--	9,724	--
Travel and entertainment	--	--	--	--	2,130
Professional fees	4,108	--	--	4,108	2,180
Management fees (Note 9)	48,000	--	--	48,000	--
Depreciation	--	--	2,534	2,534	1,267
Miscellaneous other expense	263	--	--	263	9,874
	<u>\$ 242,628</u>	<u>\$ --</u>	<u>\$ 2,534</u>	<u>\$ 245,162</u>	<u>\$ 172,255</u>

REVENUES OVER (UNDER) EXPENSES

	\$ 93,783	\$ --	\$ (2,534)	\$ 91,249	\$ (23,307)
--	-----------	-------	-------------	-----------	--------------

OTHER FINANCING SOURCES (USES)

Transfers (Note 8)	\$ 144,312	\$ (144,312)	\$ --	\$ --	\$ --
	<u>\$ 144,312</u>	<u>\$ (144,312)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENSES AND OTHER FINANCING USES

	\$ 238,095	\$ (144,312)	\$ (2,534)	\$ 91,249	\$ (23,307)
--	------------	---------------	-------------	-----------	--------------

FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR

	<u>108,923</u>	<u>144,312</u>	<u>11,404</u>	<u>264,639</u>	<u>287,946</u>
--	----------------	----------------	---------------	----------------	----------------

FUND BALANCE (DEFICIT) AT END OF YEAR

	<u>\$ 347,018</u>	<u>\$ --</u>	<u>\$ 8,870</u>	<u>\$ 355,888</u>	<u>\$ 264,639</u>
--	-------------------	--------------	-----------------	-------------------	-------------------

STATEMENT OF CASH FLOWS
Years ended December 31,

	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue over (under) expenses	\$ 91,249	\$ (23,307)
Adjustments to reconcile to net cash		
Depreciation	2,534	1,267
Changes in assets and liabilities		
Change in interest receivable	(1,924)	(3,507)
Change in accrued interest	13,968	(415)
Change in deferred compensation	15,111	11,737
Net cash provided by (used for) operating activities	<u>\$ 120,938</u>	<u>\$ (14,225)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in investments	\$ 153,178	\$ 99,825
Issuance of notes receivable	(1,150,349)	(123,745)
Reductions in notes receivable	68,730	97,356
Additions to property and equipment	--	(12,671)
Net cash provided by (used for) investing activities	<u>\$ (928,441)</u>	<u>\$ 60,765</u>

The accompanying notes are an integral part of the financial statements.

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from notes payable and trusts	\$ 1,406,036	\$ 284,424
Repayments of notes payable and trusts	(362,195)	(166,625)
Net cash provided by (used for) financing activities	<u>\$ 1,043,841</u>	<u>\$ 117,799</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 236,338	\$ 164,339
CASH AT BEGINNING OF YEAR	<u>183,499</u>	<u>19,160</u>
CASH AT END OF YEAR	<u>\$ 419,837</u>	<u>\$ 183,499</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the significant accounting policies of the Church Loan Extension Fund, Inc., hereafter referred to as the Fund.

GOVERNMENT - The Fund is administered under the direction of the Board of Home Missions of the National Association of Free Will Baptists. The Board of Home Missions is governed by a Board of Directors.

INVESTMENTS - The investments are comprised of mutual funds and U.S. government securities and are presented in the financial statements at cost.

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS - Notes receivable are presented in the financial statements at the amount deemed collectible by management. Any provision for doubtful accounts is recognized using the direct write-off method.

PROPERTY AND EQUIPMENT AND DEPRECIATION - Property and equipment are presented in the financial statements at cost and are depreciated by the straight-line method over the estimated useful lives of the assets of 3-10 years.

INCOME TAXES - The Fund is exempt from Federal and State income taxes; accordingly, no provision for income taxes is made in the financial statements.

NOTE 2 - INVESTMENTS

Investments are comprised of the following at December 31,:

	1990		1989	
	Cost	Market Value	Cost	Market Value
Mutual funds	\$673,676	\$604,536	\$673,676	\$608,172
U.S. government obligations	40,127	42,729	193,305	195,148
	<u>\$713,803</u>	<u>\$647,265</u>	<u>\$866,981</u>	<u>\$803,320</u>

The following summarizes the relationship between the cost and market value of investments:

	Cost	Market Value	Cost Over (Under) Market
Balance at beginning of year	\$866,981	\$803,320	\$(63,661)
Balance at end of year	\$713,803	\$647,265	\$(66,538)
Unrealized decrease in market value in 1990			\$(2,877)
Realized net loss in 1990			(2,474)
Total net loss in 1990 on a market value basis			\$(5,351)

NOTE 3 - NOTES RECEIVABLE

The following is a summary of 10%-12% notes receivable owed to the Fund at December 31,:

	1990	1989
Notes receivable to various churches and state mission boards secured by a first mortgage on the real estate	\$1,649,997	\$ 547,183
Note receivable guaranteed by the Maryland State Home Missions Board	12,335	15,011
Unsecured note receivable to Board of Home Missions (Note 9)	--	16,020
Unsecured notes receivable	48,323	50,822
	<u>\$1,710,655</u>	<u>\$ 629,036</u>

NOTE 4 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment owned by the Board at December 31,:

	1990	1989
Office equipment	\$ 850	\$ 850
Automobiles	11,821	11,821
	\$ 12,671	\$ 12,671
Less accumulated depreciation	3,801	1,267
Property and equipment, net	<u>\$ 8,870</u>	<u>\$ 11,404</u>

Depreciation expense amounted to \$2,534 and \$1,267 in 1990 and 1989, respectively.

NOTE 5 - REVOCABLE AND IRREVOCABLE TRUSTS

The Fund is recipient of a revocable trust in the amount of \$75,000 and an irrevocable trust in the amount of \$50,000. The Fund is required to make payments of 75% of the interest earned on the revocable trust funds to the beneficiary and 100% of the interest earned on the irrevocable trust funds to the beneficiary within certain limitations.

NOTE 6 - DEFERRED COMPENSATION

The Board of Home Missions, a related party (see Note 9), provides for each full-time employee deferred compensation based on a formula combining a percent of salary and years of service. The Director, Assistant Director and Director of Development of the Board of Home Missions have elected to transfer the balance of their deferred compensation accounts to be invested in the work of the Fund. The following is a summary of the activity in:

	1990	1989
Balance at beginning of year	\$ 43,680	\$ 31,943
Transfers from the Board of Home Missions	4,808	5,525
Interest added to principal	3,800	3,512
Other additions	6,503	2,700
Balance at end of year	<u>\$ 58,791</u>	<u>\$ 43,680</u>

NOTE 7 - NOTES PAYABLE

Notes payable, amounting to \$2,289,795 and \$1,295,954 at December 31, 1990 and 1989, respectively, consist of 7.5%-9% demand notes to individuals and churches. Such funds are available to be loaned to qualifying churches to finance building projects.

NOTE 8 - COMMITMENTS

The Fund received, as a contribution, proceeds from the sale of church real property in Anchorage, Alaska. This contribution was designated by the administration of the Fund to be held in trust until such time that new facilities are acquired. In 1990, the Board of Directors approved a reversal of this restriction.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Fund shares the office facilities and administrative staff of the Board of Home Missions of the National Association of Free Will Baptists at a cost of a management fee of \$48,000 in 1990. Also, the Board of Home Missions had an 11% note payable in the amount of \$-0- and \$16,016 as of December 31, 1990 and 1989, respectively, to the Fund to be repaid monthly in installments of \$274. As indicated in Note 6, the Board of Home Missions transferred \$4,808 and \$5,525 in 1990 and 1989, respectively, to the Fund to fund deferred compensation arrangements.

MICHAEL JOHNSTON
Certified Public Accountant

106 N. Fifth, P.O. Box 1403
Effingham, Illinois 62401

Telephone: (217)342-9632

INDEPENDENT AUDITOR'S OPINION

The Board of Directors
Church Extension Loan Fund, Inc.
Nashville, Tennessee

I have audited the balance sheet of the Church Extension Loan Fund, Inc. as of December 31, 1990, and the related statements of activity and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Board of Directors. My responsibility is to express an opinion on these financial statements based on my audit. The information as of and for the year ended December 31, 1989 is for comparative purposes and has not been audited by me. Thus, I do not express an opinion on this information.

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.

In my opinion, the aforementioned financial statements present fairly the financial position of the Church Extension Loan Fund, Inc. at December 31, 1990 and the results of its operations and the cash flows for the year then ended, in conformity with generally accepted accounting principles.



Certified Public Accountant

Effingham, Illinois
April 26, 1991

Member of American Institute of Certified Public Accountants
& Illinois Society of Certified Public Accountants

Proposed Faith Budget for 1992

	<u>1991 Budget</u>	<u>1992 Budget</u>
Missionary Maintenance		
Salaries	\$1,312,000.00	\$1,470,000.00
Travel & Promotion	65,000.00	50,000.00
Employee Savings	25,000.00	25,000.00
Postage & Printing	30,000.00	36,000.00
Miscellaneous	20,000.00	25,000.00
Land & Building Fund	50,000.00	50,000.00
Total	\$1,502,000.00	\$1,656,000.00

Missionary Assistance		
Printing & Postage	\$ 60,000.00	\$ 60,000.00
Telephone	10,000.00	9,000.00
Board Member Expense	12,000.00	12,000.00
Computer Service	3,000.00	3,000.00
Auditing	4,500.00	4,000.00
Literature	5,000.00	5,000.00
Miscellaneous	5,500.00	5,000.00
Total	\$ 100,000.00	\$ 98,000.00

Administrative		
Salaries	\$ 195,000.00	\$ 210,000.00
Housing	42,000.00	45,000.00
Social Security	15,000.00	15,000.00
Pay Roll Taxes	10,000.00	10,000.00
Employee Savings	10,000.00	12,000.00
Insurance	30,000.00	35,000.00
Utilities	6,000.00	7,000.00
Total	\$ 308,000.00	\$ 334,000.00

Evangelism		
Auto & Travel	\$ 25,000.00	\$ 25,000.00
Promotion	8,000.00	8,000.00
Revivals	6,000.00	9,000.00
Roll Call Sunday	6,000.00	6,000.00
Total	\$ 45,000.00	\$ 48,000.00

Plant		
Office Space	\$ 22,000.00	\$ 60,000.00
Equipment & Supplies	11,000.00	10,000.00
Depreciation	12,000.00	9,000.00
Total	\$ 45,000.00	\$ 79,000.00

Build My Church Campaign:	\$ 100,000.00	\$ 185,000.00
Total Faith Budget:	\$2,100,000.00	\$2,400,000.00

Proposed State Quotas for 1992

<u>STATE</u>	<u>1992 QUOTA</u>
Alabama.....	\$170,000
Alaska.....	500
Arizona	35,000
Arkansas	155,000
California	95,000
Canada	2,000
Church Extension Loan Fund	60,000
Colorado.....	27,000
Florida.....	100,000
Georgia	80,000
Hawaii	2,000
Idaho	3,500
Illinois	70,000
Indiana	25,000
Iowa.....	1,000
Kansas.....	12,000
Kentucky.....	60,000
Louisiana	7,000
Maine	2,500
Maryland	25,000
Mexico	500
Michigan	55,000
Minnesota.....	500
Mississippi	70,000
Missouri.....	150,000
Montana.....	1,500
Nebraska.....	5,000
New Hampshire	17,000
New Mexico.....	1,000
New York.....	1,000
North Carolina	155,000
Ohio.....	100,000
Oklahoma	200,000
Oregon	6,000
Other Income	37,500
Other States	5,000
Pennsylvania.....	1,000
Puerto Rico	3,000
Rhode Island	2,000
South Carolina	95,000
South Dakota.....	6,000

Tennessee	290,000
Texas.....	40,000
Vermont.....	500
Virginia	70,000
Virgin Islands	30,000
Washington	3,000
West Virginia.....	30,000
WNAC.....	90,000
Wyoming.....	2,000
Total 1992 Quotas	\$2,400,000

Master's Men Department Report

This 1991 National Convention marks the 35th Anniversary of Master's Men Department mission and ministry. Through those years the leaders have sought to encourage laymen to be all God wants them to be. The challenge remains: God has a purpose for every man in the church. Every man should seek God's will and do it.

A wise pastor recently stated, "Without the lay people we wouldn't need a church facility." The laymen receive much from the denomination through the local church. And they give a non-renewable resource back to our local, state and national ministries ... themselves. They affect all denominational ministries through talent, time, and tithe.

It is fitting and proper to give recognition and thanks for the many lay people who labored faithfully in the work of Free Will Baptists through these 35 years.

The National Convention met in Huntington, West Virginia in 1956, just 50 miles from this site. That year the voting body brought into existence the Master's Men Department (then called the Layman's Board).

I was at that convention, but as a twelve year old I shared little interest in the business sessions. Now, I and many other laymen share a vital concern for a mature, responsible and vibrant ministry for the National Association of Free Will Baptists.

Thanks

As Director, I want to thank you for the men who are elected to guide the work of Master's Men Department. I couldn't have hand-picked a better group of men to work in this ministry. God has blessed our denomination with men of great abilities who love Him and our whole work.

Three men on the Master's Men Board hold positions which will be up for election this year. All these men served well during their tenure and are eligible for re-election to continue serving at the pleasure of the body.

Howard Gwartney (OK), was elected in 1985. His service to the denomination is well known. Howard's involvement in Master's Men is not new. Several years ago he served as a Board Member. More recently, since 1985, he has spearheaded the work of the Master's Hands Projects as a "part-time" employee of the Home Missions Department. "Happy" is our denomination's Missionary Builder, leading a crew of volunteer workers across the nation, building over 30 Free Will Baptist churches.

Tim Jordan (GA), also elected in 1985, works as Vice-Chairman of the Board, serving in that position since 1989. His strength as a businessman provides strong guidance in Master's Men activities, both in the state of Georgia and on the national level.

Dr. Thurman Pate, Jr. (TN), was elected in 1989 to fill an unexpired term. His insights as an educator and school principal in the Nashville area are a blessing to the Board. His knowledge and understanding of our work is enhanced as a second generation Free Will Baptist.

Accomplishments

Master's Hands Projects

A few moments ago I called attention to Howard Gwartney and his work as our Missionary Builder. Now, I want to spotlight the men who work with him. Our Master's Hands Project work force is mostly made up of retired men of various abilities (including the most important ability, availability). They travel as volunteers, at their own expense, helping to construct new buildings. Our men have helped in 33 known projects since 1984.

This report normally covers the past year (1990). However, in February of this year our workers passed an important milestone. A group of men came together in Nashville, Tennessee and labored from January through June. Nearly 5,000 hours of volunteer effort was donated. Those men helped build out the new National Office building for our denomination.

During this buildout phase of construction our men made the new National Office building our "Million Dollar Milestone." Savings on cost of construction topped the million dollar mark! Praise the Lord! In this instance it was possible to have much nicer National Offices, allowing the dollars to be spent more wisely on buildout.

That one million dollars was "liberated" from mortar and block, lumber and nails, and made available for use in other ways in the Lord's work. The savings of the first million dollars took almost six years.

The Master's Hands Projects dovetails very well with the denominational goal to "Double in a Decade." Our men can construct new places of worship as more missionaries are commissioned to serve. I believe we can accomplish this feat again in much less time. All we need is your help.

This work has returned to the denomination almost three dollars for every dollar invested in the ministry of Master's Men. Ours is the only Department which can make such a statement. If there were no other reason to give thanks for Master's Men, this should be enough.

A group of 14 men labored in Cuba in February 1991 to build the Willey Memorial Tabernacle. This is the first time such a large group was able to travel outside the United States for a building project. And it's the first time Master's Men Department was able to spearhead such an effort.

The men gave over 1,500 hours of effort in the building. They labored by digging footers, cutting and shaping rebar, making forms, building temporary supports for the balcony, forming the balcony, laying block and pouring concrete. An estimated 41 cubic yards of concrete was mixed by hand and poured in two weeks. It is estimated the building was about 15% to 20% complete after their labor.

In addition the men were able to fellowship with the Cuban Association during their annual convention. Our men quickly learned to love the people of Cuba. Now they share new burdens to pray for and help them in their ministry.

Master's Men Conference

The twelfth annual National Conference saw over 150 men gather to enjoy the blessings. The keynote theme was "WALK WORTHY." A special guest speaker came all the way from Japan. Sadao Hirobuki-san sang his own compositions with missionary Dale Bishop. He shared in devotions and spoke of God's blessings to his family, even through the death of his eleven year old daughter. Hirobuki and two other Japanese laymen noted American Christians seem to share a lack of dedication and concern for finding and doing God's will.

The 1991, thirteenth annual Master's Men Conference had nearly 120 men sharing in the theme "Lay Ministry." Videotapes explored the concept of every man a minister. Men returned home challenged to accomplish great things for the Master.

The 1992 fourteenth annual Conference is scheduled for April 30, May 1-2 at Camp Linden in Tennessee. You may preregister during this Convention. All pastors and laymen are invited and welcome to attend.

Layman of the Year 1989

Pastors nominated men from their churches to be possible recipients of the Layman of the Year award. The nominations always include for consideration the accomplishments of the men during the previous year.

The Master's Men Board members chose Roy Copeland as the Layman of the Year 1989. Roy is a member of the First United Free Will Baptist Church in Choctaw, Oklahoma.

Runner-up Layman of the Year 1989 was awarded to Don Neal, a member of the First Bible Free Will Baptist Church, New Castle, Indiana.

1985—Decade of Discipleship—1995

1991 is the seventh year of studies for our men in this series of discipleship material. "Disciple Relations" brings to the men material concerning a Christ-centered life.

These studies mesh well with the newly adopted ten year plan of the National Association "Double in a Decade." Our churches need men who are well grounded in the Word, willing and able to share Christ and be good examples in leadership.

Finances

Endowment Trust Fund

The Master's Men Board took steps in December 1985 to strengthen the financial outlook for the Department when they established the Endowment Trust Fund. Today, this Fund is an asset of over \$50,000. It

provides interest income to the General Fund.

In February 1991 the LifeMember list topped the 500 mark. These men give \$100 to the Endowment Trust just to become LifeMembers. Forty women are listed as LifeFriends. Another 120 men are making payments to achieve the rank of LifeMembership.

In addition to LifeMembership, fourteen people are in the ranks of Endowment Builders. They have included Master's Men Department in wills, Living Trusts, remainders of estates, and as the beneficiary of insurance policies. To date, projected income from these Endowment Builders amounts to approximately \$450,000.

Immediate concern.

This convention must address the financial needs of the smaller Departments. It is impossible to expect one man to raise all the support, run the office, produce the literature and travel to promote the work...alone. Your help as a denomination is critical to the survival of Master's Men. It is not sufficient to just decide to have a functioning Department.

If Master's Men Department is worth having, it must have sufficient support of the local churches and laity to survive and minister. Red ink is not sacred. Nor is it desirable.

Two simple questions sum up the need:

If not you, who? If not now, when?

This is my eighth year to stand before you and report the goals, accomplishments, blessings and needs of Master's Men Department. I confess, I'm just as excited today about the work I do as I was in 1983. But, I'm much less optimistic about your perception of the need for involved laity, lay leaders and lay ministry. I must further confess I'm tired. I need help...your help.

This is not a denomination of preachers. Laymen of strength and dedication are needed. They need training. This Department is a vital work of Free Will Baptists to supply that training. It needs adequate funding. You like the accomplishments. You need to support the ministry.

Conclusion

I give thanks for the churches and individuals who support the ministry of Master's Men Department. You have quite literally kept this ministry alive in the past years with your gifts and offerings.

As Director, I give thanks for the Co-operative gifts from our people. I wonder why so many fight the best way to give to our national ministries. I was taught in a Free Will Baptist church that Co-op was another way to say "tithe." I believed it then, and I still believe it. My family gives to the work of God with our tithe. I don't give to men. Somehow, it just seems the right thing to do.

For the ones who cannot accept that, an alternative way to give to all the National ministries is through the annual National Ministries Sunday offering. A gift of just over \$40 per member once a year could

fully underwrite all the expenses of every Department and Commission.

Thank you for the privilege of sharing the blessings and needs of Master's Men Department with you this year.

Respectfully submitted,
James E. Vallance
General Director

THE MASTER'S MEN, A DEPARTMENT OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS

BALANCE SHEET
December 31,

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,242	\$ 2,705
Trust account - Lifetime membership	43,916	35,901
Prepaid expenses and deposits	454	686
Inventories	1,714	1,100
Cash value of endowment insurance	664	217
Total current assets	\$ 49,990	\$ 40,609
PROPERTY AND EQUIPMENT, net (Note 2)	2,277	3,832
Total assets	\$ 52,267	\$ 44,441
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	\$ 12,196	\$ 6,529
Deferred revenue (Note 3)	440	382
Accrued expenses	569	616
Total current liabilities	\$ 13,205	\$ 7,527
FUND BALANCE (DEFICIT) (Note 4)		
Unrestricted	\$(16,523)	\$(7,997)
Restricted	55,585	44,911
Total fund balance (deficit)	\$ 39,062	\$ 36,914
Total liabilities and fund balance	\$ 52,267	\$ 44,441

The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
Years ended December 31,

	1990			1989
	Unrestricted	Restricted	Total	Total
REVENUE				
Dues from members	\$ 8,443	\$ --	\$ 8,443	\$ 8,241
Cooperative program	28,424	--	28,424	23,114
Merchandise sales	1,444	--	1,444	1,336
Gifts and other income	27,952	15,333	43,285	47,314
	\$ 66,263	\$ 15,333	\$ 81,596	\$ 80,005
EXPENSES				
Salaries and wages	\$ 26,701	\$ --	\$ 26,701	\$ 26,022
Payroll taxes and employee benefits	7,781	--	7,781	5,706
Cost of sales and printing	6,242	--	6,242	4,228
Travel expense	8,205	2,089	10,294	10,370
Conferences and conventions	12,337	--	12,337	12,013
Office expense	6,842	--	6,842	6,165
Postage	1,914	--	1,914	2,157
Promotion expense	316	--	316	577
Rent expense	--	700	700	--
Professional fees	620	--	620	550
Bookkeeping expense	900	--	900	900
Depreciation	1,555	--	1,555	2,386
Interest expense	588	--	588	124
Insurance expense	520	600	1,120	1,244
Dues and subscriptions	176	--	176	147
Missions projects	92	1,270	1,362	500
	\$ 74,789	\$ 4,659	\$ 79,448	\$ 73,089
REVENUES OVER (UNDER) EXPENSES	\$(8,526)	\$ 10,674	\$ 2,148	\$ 6,916
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(7,997)	44,911	36,914	29,998
FUND BALANCE (DEFICIT) AT END OF YEAR	\$(16,523)	\$ 55,585	\$ 39,062	\$ 36,914

STATEMENT OF CASH FLOWS
Years ended December 31,

	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue over (under) expenses	\$ 2,148	\$ 6,916
Adjustments to reconcile to net cash		
Depreciation	1,555	2,386
Changes in assets and liabilities		
Change in interest receivable	--	1,056
Change in inventories	(614)	(7)
Change in prepaid expenses and deposits	232	(557)
Change in accounts payable	5,667	3,733
Change in deferred revenue	58	293
Change in accrued expenses	(47)	77

The accompanying notes are an integral part of the financial statements.

Net cash provided by (used for) operating activities	\$ 8,999	\$ 13,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to trust account	\$(8,015)	\$(8,306)
Additions to cash value of insurance	(447)	(217)
Additions to property and equipment	--	(2,044)
Net cash provided by (used for) investing activities	\$(8,462)	\$(10,567)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable	\$ --	\$(1,418)
Net cash provided by (used for) financing activities	\$ --	\$(1,418)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 537	\$ 1,912
CASH AT BEGINNING OF YEAR	<u>2,705</u>	<u>793</u>
CASH AT END OF YEAR	<u>\$ 3,242</u>	<u>\$ 2,705</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS December 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the significant accounting policies of the Master's Men, a Department of the National Association of Free Will Baptists, hereafter referred to as the Department.

GOVERNMENT - The Department operates under the auspices of the National Association of Free Will Baptists and is governed by a Board of Directors.

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS - Receivables are presented in the financial statements at the amount deemed collectible by management. Any provision for doubtful accounts is recognized using the direct write-off method.

INVENTORIES - The inventories are valued at the lower of cost or market, with cost being determined by using the first-in, first-out method.

PROPERTY AND EQUIPMENT AND DEPRECIATION - Property and equipment are presented in the financial statements at cost and are depreciated by the straight-line method over the estimated useful lives of the assets of 3-10 years.

INCOME TAXES - The Department is exempt from Federal and State income taxes; accordingly, no provision for income taxes is made in the financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment owned by the Department at December 31,:

	1990	1989
Equipment and furniture	\$16,251	\$16,251
Less accumulated depreciation	<u>13,974</u>	<u>12,419</u>
Property and equipment, net	<u>\$ 2,277</u>	<u>\$ 3,832</u>

NOTE 3 - DEFERRED REVENUE

Deferred revenue consists of dues received for future years as of December 31, 1990 and 1989.

NOTE 4 - RESTRICTED FUND BALANCE

The restricted fund balance is revenue designated for specific projects and consists of the following as of December 31,:

	1990	1989
Missions projects	\$ --	\$ 1,135
Lifetime Membership	54,101	43,776
Endowment insurance	87	--
Office rent	<u>1,397</u>	<u>--</u>
	<u>\$55,585</u>	<u>\$44,911</u>

MICHAEL JOHNSTON
Certified Public Accountant

106 N. Fifth, P.O. Box 1403
Effingham, Illinois 62401

Telephone: (217)342-9632

INDEPENDENT AUDITOR'S OPINION

The Board of Directors
The Master's Men, a Department of the
National Association of Free Will Baptists
Nashville, Tennessee

I have audited the balance sheets of The Master's Men, a Department of the National Association of Free Will Baptists, as of December 31, 1990 and 1989, and the related statements of activity and changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Board of Directors. My responsibility is to express an opinion on these financial statements based on my audit.

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.

In my opinion, the aforementioned financial statements present fairly the financial position of The Master's Men, a Department of the National Association of Free Will Baptists, at December 31, 1990 and 1989 and the results of its operations and the cash flows for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



Certified Public Accountant

Effingham, Illinois
March 21, 1991

Member of American Institute of Certified Public Accountants
& Illinois Society of Certified Public Accountants

Proposed Budget 1992

INCOME:

Gifts	17,500.00
Dues	12,000.00
MM Day	2,500.00
Nat'l Min. Sun.	3,000.00
Sales	1,650.00
Attack Ads	3,000.00
Co-op (14%)	26,000.00
Travel	2,000.00
MM Conference	10,000.00
MH Spec.Proj.	22,000.00
Interest	100.00
Endowment Int.	6,000.00
MM Dinner	3,750.00
	<hr/>
	\$109,500.00

EXPENSES:

Audit	650.00
Booth	200.00
MM Dinner	3,525.00
MM Conference	10,000.00
Leadership Conf.	1,500.00
Cost of Sales	1,000.00
Equip. Maint.	500.00
Promotion	500.00
Postage	3,500.00
Printing	7,500.00
Office Supplies	3,000.00
Office Eqpt.	1,500.00
Telephone	2,500.00
Rent & Utilities	16,000.00
Interest/Bldg. loan	.00
Travel	
Director	9,000.00
Board	3,000.00
Dir. Insurance	6,114.00
Dir. Retirement	1,392.00
Ins./Office	300.00
Payroll Taxes	2,700.00
Salaries	33,719.00
Miscellaneous	500.00
Bookkeeping fee	900.00
	<hr/>
Total	\$109,500.00

Commission for Theological Integrity

The purpose of this Commission is: 1) To alert our people of theological trends that could threaten our theological integrity as a denomination, 2) To prepare materials that will contribute to the continued preservation of the theological integrity of the denomination, and 3) As need and opportunity arise, to conduct seminars on subjects which are pertinent to the purpose of this Commission.

In keeping with our purpose, we have prepared materials on current concerns and have made them available to our people for a modest cost. These booklets are available at our booth.

The Commission will also conduct seminars on subjects of concern. If you would like to have a seminar conducted in your area, please contact our secretary, Reverend Fred Hall, 210 South 10th Street, Nashville, Tennessee 37206.

Lonnie Skiles conducted, at this year's convention, a seminar on "The New Age Movement." If we are to minister to people in the 1990's, it is a must that we learn how to deal with the new issues that are confronting us.

Leroy Forlines, Chairman
Dari Goodfellow, Bookkeeper

Financial Report

Balance in Bank, January 1, 1990\$ 843.31

INCOME:

Gifts:

Alabama	\$ 5.44
Arkansas	169.27
Arizona	11
California	44.28
Florida	51.94
Georgia	31.85
Idaho	2.23
Illinois	47.62
Indiana	117.34
Kansas	2.14
Kentucky	2.46
Maryland	12.14
Michigan	36.08
Mississippi	12.61
Missouri	138.96
North Carolina	30.82
New Mexico09
Ohio	66.30

Oklahoma	246.01
South Carolina	2.24
Tennessee	114.85
Texas	20.45
Virginia	3.42
Washington (Northwest)58
West Virginia	107.93
Canada82
Miscellaneous Gifts	110.00
Special Ministries Offering	76.16
Total Gifts	1,454.14
Sales of Literature	437.05
Refund on Nat'l. Assoc. Booth Expense	50.00
Interest on Bank Account	18.97
TOTAL INCOME AND BALANCE	1,960.16
	\$2,803.47

EXPENDITURES:

Shipping Literature Expense	17.58
Salary/Bookkeeping	200.00
Printing Literature	645.00
Nat'l. Assoc. Booth Expense	571.49
Digest of Reports	83.12
Annual Meeting Expense	575.41
Bank Service Charge	96.00
Speaker Honorariums	200.00
Miscellaneous Expense	3.85

TOTAL EXPENDITURES2,392.45

Balance in Bank, December 31, 1990\$ 411.02

1992 Recommended Budget

Anticipated Income	
Gifts from the Cooperative Program	\$2,200.00
Sale of literature	400.00
Interest on bank deposit	100.00
Total Anticipated Income	\$2,700.00

Anticipated Expenditures	
Office expense	\$ 175.00
Shipping materials	75.00
Bookkeeping services	200.00
National Convention Booth	500.00
Annual Meeting expense	700.00
Seminar expense	200.00
Printing costs	600.00
Writer's honoraria	250.00
Total Anticipated Expenditures	\$2,700.00

Radio and Television Commission Report

In 1983 the Free Will Baptist National Convention established the Radio and Television Commission. Our main goal is to broadcast plainly and powerfully the Word of God with a view to winning the lost, strengthening believers and encouraging active involvement in our Free Will Baptist churches.

The first fulfillment of this responsibility has been to produce a 15-minute broadcast where Jim Vallance opens the 15-minute broadcast with a musical selection from one of our Free Will Baptist musicians. He then turns the microphone over to the Rev. Bob Shockey, speaker for *Victorious Faith*. The program moves briskly with compassionate preaching and an urgent invitation to respond to the call of Christ.

The radio/TV ministry is funded by one-half percent of undesignated gifts sent through the National Cooperative Program. We receive a very small amount of support from churches and individuals. The Commission pays all costs for the production of the *Victorious Faith* broadcast and local churches and sponsors only have to pay for the air time.

I would like to make some suggestions to our pastors and churches that would help us in our responsibility to our Lord and Free Will Baptists.

1. I would like to encourage our churches to buy radio time in their areas of service.
2. Perhaps churches that are on the radio daily could give us one day a week.
3. If a church has a 30-minute program, they could share 15 minutes with us once a week.
4. Churches could use our tapes before and during revival time.
5. Pastors could substitute their radio time with our tapes during vacation time.
6. Churches who want special tapes made could call and we will produce special services or advertisement tapes.
7. We would be glad to send tapes that help explain Free Will Baptist doctrine and our belief.

We would like to challenge every FWB pastor and leader within our fellowship to please make room for us in your system of giving. Please put us in your church and state budgets. Give a gift at the convention and let God use you to spread the gospel—until He comes!

Bob Shockey, Chairman

Financial Report January 1—December 31, 1990

Projected Income	\$15,050.00
<u>Actual Income:</u>	
Cooperative Plan of Support	\$821.42
Designated Support	491.66
Gifts	367.50
TOTAL	\$ 1,680.58
<u>Checking Account</u>	
Balance on January 1, 1990	\$ 1,639.00
Deposits	1,562.02
Expenses	(1,912.88)
Ending Balance—December 31, 1990	\$ 1,288.14
<u>Savings Account</u>	
Balance on January 1, 1990	\$ 2,757.55
Deposits	307.71
Earned Interest	164.23
Ending Balance—December 31, 1990	\$ 3,229.49
<u>Expenditures:</u>	
Promotion	\$0.00
Commission Expense	88.24
Bookkeeper	200.00
Other Help	195.00
Production Costs	0.00
Supplies	300.00
Postage	655.00
Equipment and Maintenance	372.15
Telephone	0.00
Printing	0.00
Convention Booth	0.00
Digest of Reports	73.88
Convention Materials	0.00
Broadcast Time	0.00
Service Fees	28.61
TOTAL	\$1,912.88

Proposed 1992 Budget

Income

Cooperative Plan of Support	\$ 2,500.00
Gifts	12,000.00
National Ministries Sunday	400.00
Interest	200.00
	<u>\$15,100.00</u>

Expenditures

Promotion		\$2,250.00
Commission Travel Expense		250.00
Part-time work		400.00
Bookkeeper	\$200.00	
Other	\$200.00	
Production Costs		1,800.00
Supplies		500.00
Postage		1,000.00
Equipment & Maintenance		500.00
Telephone		250.00
Printing		600.00
National Convention		550.00
Booth	\$200.00	
Digest	150.00	
Materials	200.00	
Broadcast Air Time		<u>7,000.00</u>
		<u>\$15,100.00</u>

Music Commission Report

The Free Will Baptist Commission on church music has been charged with the responsibility of developing the music ministries of our local churches in the denomination.

In order to fulfill these responsibilities, the commission has discussed the possibility of providing a music conference for pastors as well as lay musicians in the church. We feel that a well organized conference could be a valuable source of education, inspiration, and resource for all of our churches in the music program.

The church music commission has no building or full time employees. The only funds we have are those which are donated by Free Will Baptists and some funds from cooperative giving. In order to present the type of music conference we would like, there would need to be a registration fee and/or additional funding from the churches.

We desire input from our constituency as to how we can best serve you. Please feel free to write or speak to any members of the commission at any time.

Yours In His Service,
Rodney D. Whaley
Chairman

January- December, 1990

Income/Expense	
Income	
Coop	\$ 821.42
Fellowship Church, Nashville, TN	32.88
Grace Church, Johnson City, TN	21.23
Mo. State Assoc	135.73
Tenn. State Assoc	7.79
Total Income	<u>\$1,019.05</u>
Expenses	
Digest of Reports	\$ 61.10
Total Expenses.....	61.10
Total Income/Expense	<u>\$ 957.95</u>

1992 Budget

Board expense	\$225.00
Postage.....	100.00
Telephone	300.00
Digest of Reports	75.00
National Convention Booth.....	150.00
Materials	100.00
Speakers	150.00
Music Conference	500.00
Total Budget	<u>\$ 1,600.00</u>

Historical Commission Report

Commission members agreed to write 12 historical sketches for 1992 Free Will Baptist bulletin service sponsored by Randall House Publications. Each member will prepare material for two or three bulletin back covers. Jack Williams will edit the 12 articles.

The Commission continues to make available the remaining 300 copies of "Resources for Free Will Baptist History," a directory listing Free Will Baptist historical holdings by institutions and individuals. This project was spearheaded by Steve Hasty, with copies distributed to delegates at the 1990 national convention in Phoenix, Arizona.

The Commission also continues to make available copies of the *50-Year Record* published in 1988. Some 300 copies are available at \$2.00 each. We commend Tennessee Promotional Director Raymond Riggs for his efforts to distribute the *50-Year Record* as he travels among our people.

Respectfully Submitted,
David Joslin, Chairman

1990 Financial Report

Balance on hand, January 1, 1990.....	\$10,766.50
Income for 1990:	
Co-op gifts (designated and undesignated):	1,122.04
Interest (First American Bank, Nashville):	816.53
Sales (<i>50-Year Record</i>):	153.00
	<hr/>
	\$ 2,091.57
Expenditures for 1990:	
Commission travel:	108.00
Steve Hasty, expense on project	179.95
Printing of project ("Resources...")	104.00
Executive Office (<i>Digest</i> Fee)	46.18
Collection purchases (microfilm, etc.)	1,481.25
	<hr/>
	(1,919.38)
Balance on hand, December 31, 1990	\$10,938.69

1992 Budget

Income	
Gifts (Designated and Co-op Plan)	\$1,400.00
Interest (First American Bank)	800.00
Miscellaneous	150.00
	<hr/>
Total	\$2,350.00

Expenses

Books and Materials for Historical Collection	\$1,500.00
Executive Office (<i>Digest</i> fees)	200.00
Other Historical Projects	650.00
	<hr/>
Total	\$2,350.00

Double in a Decade

The five-year Target 90 campaign to increase net membership by 50,000 and plant 100 new churches is history. Actual membership gains were 27,440. However, we planted 103 new churches.

	1986	1987	1988	1989	1990	Total
Baptisms	8,517	8,407	7,910	8,678	7,946	41,458
Members Added	12,052	12,132	12,436	12,726	12,537	61,883
Members Lost	7,314	6,581	6,454	7,511	6,583	34,443

Although we did not achieve all our goals, progress was made. Thank you for participating in the Target 90 campaign. Lessons learned in this campaign provide a strong foundation for efforts in the future. We are poised to tackle the 90's.

The National Association adopted the "Double In a Decade" campaign during the 1989 convention in Tampa. This goal will only be reached if we all give our best efforts. We must believe that we can grow and then do something about it. Remember, the field is still the world.

We can make a difference. With holy boldness flowing from a burdened heart, each can undergird with helping hands to reach our goal of doubling in this decade. Lofty goal? Yes! Attainable goal? Yes!

Let's reach out and win them. Let's record them. Let's report them. It all starts with the local church ... *Your* local church.

Double In A Decade Committee
Melvin Worthington, Chairman

**MINUTES
of the
FIFTY-SIXTH ANNUAL SESSION
of the
WOMAN'S NATIONAL
AUXILIARY CONVENTION
of the
NATIONAL ASSOCIATION OF
FREE WILL BAPTISTS
when convened in
CHARLESTON, WEST VIRGINIA
July 23, 1991**

**WNAC OFFICERS
1991-1992**

PRESIDENT

Mrs. Mary Neal
138 North 24th Street
New Castle, Indiana 47362

VICE PRESIDENT

Mrs. Delois Loveless
4970 Botsford Drive
Columbus, Ohio 43232

RECORDING SECRETARY

Mrs. Jo Ann Wood
2332 South Nogales
Tulsa, Oklahoma 74107

**EXECUTIVE SECRETARY-
TREASURER**

Dr. Mary Ruth Wisheart
P.O. Box 5002
Antioch, Tennessee 37011-5002

MEMBERS AT LARGE:

Mrs. Gwen Hendrix
88 Blackstock Road
Inman, South Carolina 29349

Mrs. Everyl Getz
4304 North 3rd Street
McAllen, Texas 78504

Mrs. Pam Wood
106 South Third Street
Campbell, California 95008

STATE DELEGATES

ALABAMA

Betty Hawkins, Nancy Mayhall, Odessa Ledlow, Becky Franks, Etta Jane White, Elwanda Oakes, Ann Jones

ARKANSAS

Shirley Sawrie, Glenda Wilson, Vicki Hubbard, Joyce Little, Mary Kay Joslin, Flora Leckbee, Mary J. Alexander, Genelle Scott

CALIFORNIA

Donna Smith, Nora McCarty, Mary Young, Mae Wood, Delores Stevens

FLORIDA

Karen Owen, Lee Welch, Diana Bryant, Sandra Jackson, Joyce Steele, Eleanor Cutler, Helen Sanford, Willie Pearl Cason, Carol Morton

GEORGIA

Shirley Sharpston, Shirley Kimbrel, Helen Gilchrist, Bonnie Williams, Geraldine Waid, Mary Lee Fowler, Barbara Dunbar, Edwina Drinkwater, Betty Henderson, Rachel Horne

ILLINOIS

Pat Shores, Susan Burgess, Suzanne Lewis, Mary Maynard, Linda Cook, Brenda Martin, Eunice Malone, Peggy Clyatt, Bonnie Doggett, Sandra Hollis

INDIANA

Ruth Mullen, Gail Byers, Dorothy Jackson, Pansy Murray

KANSAS

Linda Hollis, Debbie Cohorn, Johna McFarland

KENTUCKY

Reta McCloud, Betty Kimbrel, Jewel Lee, Lou Walker, Christine Wilburn, Dottie Easterling, Pam Conley, Mary Griffith, Phyllis York, Judy Delong

MARYLAND

Lottie Horton, Sandra Atwood, Nancy Trimble, Mary Cook, Zylphia Bondeson, Brenda Hoilman, Karen Southwell

MICHIGAN

Theresa Brown, Mary Johnson, Darlene Clay, Wanda Glisson, Thelma Hagan, Mary Kilgore

MISSISSIPPI

Inez Armstrong, Hope VanWinkle, Barbara Smith, Dot Gore

MISSOURI

Reva Baker, Patsy Braddy, Vivian Burton, Sue Cook, Shirley Jackson, Elaine Skiles, Joyce Marshall, Ann Livingston, Wanda Keith, Clarissa Moon, Debi Paramore

NORTH CAROLINA

Dianne Thomas, Rita Rackley, Virginia VanKluyve, Earlene Smith, Betty Hill, Ruthie Hughes, Flora Morgan, Jewel Andrews, Joy Worrell, Lola Edwards

OHIO

Geraldine Beal, Martha Bussey, Amanda Keener, Barbara McArthur, Kathryn Rapp, Anna Lee Sparks, Mary Webb, Clara Widdig, Alice Grant

OKLAHOMA

Fredda Davis, Brenda Conyers, Robyn Smith, Marguerite Kern, Pat Lewis, Diann Conn, LaVenie Bingham, Juhree McClain, Judy Puckett, Judi Smith, Sharon Beam, JoAnn Young, Vivian Moore, Robin Smith, Debbie Burden

SOUTH CAROLINA

Faye Hanna, Gwen Hendrix, Carol Barnes, Patsy Hyman, Ettaphine McKnight, Molly Gibson, Carolyn Willhide, Patty Newton, Jean Hanna, Patti Collins, Vickie Seay, Kay Rose, Terry Cason

TENNESSEE

Betty Taylor, Arlene Farley, Alice Woolsey, Gladys Haney, Jean Simpson, Winona Riggs, Pearl Morgan, Betty Hall, Margaret Hampton, Susan Moseley, Myrtle Reeds

TEXAS

Louise Maxwell, Charlene Denman, Geneva Walker

VIRGINIA

Janie Navrat, Beverly Riggs, Gail Sutton, Kay Faherty, Carolyn Barnes, Diane Preece, Donna Crabtree, Elizabeth Goodfellow

WEST VIRGINIA

Sharon Thomas, Joann Sullivan, Vicki Blackshire, Peggy Payne, Martha Cooper, Reva Rises, Wilma Bunner, Mary Jean Cooper, JoAnn Lester, Elizabeth Acord, Mildred Hicks, Vada Pauley, Darlene Clay, Freda Gillespie, Alice Williams

ROCKY MOUNTAIN DISTRICT

Brenda Lewis, Chi Meyer

NEBRASKA (Local) Omaha

Wanda McClary

IOWA (Local) Bettendorff

Patty Davis

REGISTERED DELEGATES FROM LOCAL AUXILIARIES

ALABAMA

Jean McCraney, Katherine Houston

ARKANSAS

Jackie Fowlkes, Margrette Hughes, Freda Lewis, Nancy Yancy, Betty Cope, DaDohnna Freeman, Eileen Moore, Bentrina Johnson, Shirley Johnson

CALIFORNIA

Eunice Rhodes, Kathy McClelland

FLORIDA

Debbie Whitworth, Linda Pinson, Sammie Montgomery

GEORGIA

Gwendolyn Brooks, Shirley Hutchinson, Karon Barber, Deanna Thompson, Linda Trott, Janice Temple, Susie Mounts

ILLINOIS

Martha Pearce

MICHIGAN

Darlene Spry

MISSOURI

Tamme Daniels, Sandy Ward, Sondra Brake, Dianne Naumann

MISSISSIPPI

Delma Gunnels

NORTH CAROLINA

Janice Cason, Debra Hansen, Peggy Blankenship, Phyllis Lanvermeier, Faye Corey, Almeda Allen, Sadie Tart, Betty Wiggs, Ann Sumerlin, Marjorie Williams, Nadyne Scott, Barbara Clapp, Tobianne Stout,

OKLAHOMA

Donna Wade, Norma Wilson, Phyllis Wright, Helen Kirk, Carolyn Holmes, Hazel Reeves

SOUTH CAROLINA

Evelyn Bell, Camille Scott

TENNESSEE

Lilly Duncan, Megan Nelson, Gusta Walker, Helen Smith, Wanda Charles, Janis Williams, Connie Smith, Trula Cronk, Bobbie Counts, Joy Hayley, Mildred Daniel, Nellie Cunningham, DeDe Walker

VIRGINIA

Lottie Cardwell

WEST VIRGINIA

Violet Barker

THEME: "UNTIL HE COMES"

SCRIPTURE: "For the grace of God that bringeth salvation hath appeared unto all men, Teaching us that, denying ungodliness and worldly lust, we should live soberly, righteously, and godly, in this present world." (Titus 2:11-13)

HYMN: "JESUS IS COMING AGAIN"

MUSIC COORDINATOR: Beverly Welch

ORGANIST: Laura Cannon

PIANIST: Joyce Little

TUESDAY MORNING, July 23, 1991

The fifty-sixth annual session of the Woman's National Auxiliary Convention convened in the Civic Center Coliseum, Charleston, West Virginia at 9:00 A.M. The session was called to order by Vice President, June Rolen, who presided due to the absence of the President, Mary Neal. Mrs. Neal was absent due to the illness of her husband. Beverly Welch led in the singing of the theme song, "Jesus Is Coming Again." Prayer was led by Marian Reece. Greetings from June Rolen as she called the session to order. Beverly Welch led in the singing of "Coming Again."

Charolette Tallent, missionary to France, led the morning devotion using the theme "Until He Comes." (Titus 2:11-13) She stressed the importance of holding fast and being faithful until the Lord comes. Our lives are to be a reflection of God. We should draw others to the grace of God. The grace of Jesus Christ our Saviour brought us to Christ, keeps us, and brings us to the throne. Grace is undeserving, unearnable, self-sustaining.

She asked the question, "Are we ready for His return?" The devotion was closed with prayer led by Charolette Tallent. Special music entitled "Calvary's Lamb" was presented by Danell Wilson.

West Virginia Woman's Auxiliary President, Susie Elliott, extended a warm welcome to everyone.

Lorene Miley presented the National Creative Arts Contest awards as Delois Loveless read the list of winners. (See report.)

The Credential Committee report was given by Delois Loveless and delegates were recognized. A motion carried to adopt the report and to seat the delegates from states, districts, and local churches named. (See report.)

The Executive Secretary-Treasurer's report was given by Dr. Mary Ruth Wisehart. A report of the study committee was given with a request for the present study committee to remain for an additional two years to work on the plans. (See report.) Dr. Wisehart stated that the total given in cash and non-cash gifts to missions and mission objectives was \$47,114.16 over what was given last year. Also gifts to Co-Laborer Fund had increased. As of April 19, there was a total of \$33,597.32 in the Eunice Edwards Loan Fund. CO-LABORER magazine had 13,749 subscriptions for the March/April issue. In 1990, fifty-three packets were sent to new or reorganized Auxiliaries. Twenty-four Auxiliaries had disbanded. Dr. Wisehart also reported that in January, the 1992 theme: "Teachers of Good Things" will be introduced. The budget for the coming year was presented. A motion carried to receive the report. Motion carried that the study committee remain for another two years. Discussion followed concerning the recommended budget. Vote taken to raise dues to \$5 per member. Vote failed by 100 to 145. Motion made to adopt the budget which included 5% of all designated funds received in the office to be used for information and promotion. Motion carried by 156-86 vote. Motion made to increase representation fee \$1 per member. Motion failed. (See report.)

The Resolution Committee report was read by Peggy Outland. Motion carried to receive the report and adopt item by item. (See report.)

The Nominating Committee report was given by Maurine Lee. Motion carried to accept the report and vote name by name. The following officers were elected: President, Mary Neal; Vice President, Delois Loveless; Recording Secretary, Jo Ann Wood; Members-at-Large, Gwen Hendrix, Pam Wood, Everyl Getz. (See report.)

The Appreciation Committee report was read by Ruth Mullen. Motion carried to receive this report. (See report.)

The convention recessed for a short break.

TUESDAY MORNING WORSHIP SERVICE

At 11:10 the convention reconvened in the Civic Center Coliseum for the WNAC Missionary service. Beverly Welch led in the singing of "We'll

Work Till Jesus Comes" and "What A Day That Will Be." Delois Loveless led in prayer before the morning offering was received. Special music was presented by Laura Cannon, organist, and Joyce Little, pianist, as the offering was taken. Ann Maines sang "We Will See Him As He Is."

June Rolen introduced Steve Lytle, missionary to Panama. He expressed his appreciation to the committee for asking him to speak. He also told the convention body what a joy it was to serve in Panama. Special emphasis was given to the fact that we should give diligence to (1) Word of God; (2) Walk with God; (3) Will of God. His message was from Luke 19:11 using the theme "Until He Comes." The following five points were given for us to heed:

- I. Absence of our Saviour
- II. Admonition of our Sovereign
- III. Areas of our Service
- IV. Attitude of Sinners
- V. Accountability of Stewards

Missionary Lytle asked that we all do our part. We are to be manageable. Let God manage and use us.

Announcements were made and we were dismissed for lunch.

TUESDAY AFTERNOON, 1:30

The afternoon session opened with the songs "Jesus Is Coming Again" and "Will Jesus Find Us Watching?" led by Beverly Welch. Prayer was led by Beverly Welch. Special music entitled "No Other Word for Grace But Amazing" was rendered by Susan Forlines.

The Registration Committee report was given by the Registration Chairperson, Sheila Williams. Motion carried to receive the report. (See report.)

The WNAC Special Feature, led by the Evangelists from Free Will Baptist Bible College directed by Joseph Jones, was a blessing and challenge to everyone. Two mini-dramas were presented by the group. After the drama presentation, prayer was led by Joseph Jones.

Approximately 800 gathered for the WNAC Fellowship Dinner in the Civic Center North Hall to hear Executive Secretary-Treasurer Dr. Mary Ruth Wisehart. The theme for her message was "Potato Chip Syndrome." Our attention was focused on the fact that we place too much emphasis on "things." We should be putting our time and attention on spiritual, not material things.

CALLLED MEETING OF THE WNAC EXECUTIVE COMMITTEE Ridgecrest, North Carolina, September 24, 1990

The WNAC Executive Committee met for a called meeting at Ridge-

crest, North Carolina, during the retreat on Friday night, September 24, 1990. Members present were Dr. Mary Ruth Wisehart, Peggy Outland, Mary Neal, Kay Hampton, Marian Reece, and Delois Loveless.

Dr. Wisehart reported to the committee that the firm HILL, NEAL, and ALLEN would not be able to do the auditing for WNAC. Two other proposals were presented to the committee. Motion carried to secure the services of Michael Johnston, Effingham, Illinois, as auditor for WNAC.

Meeting closed with prayer.

CALLLED MEETING OF THE WNAC EXECUTIVE COMMITTEE Doubletree Hotel, December 3, 1990

The WNAC Executive Committee attended the All Boards opening service at the Doubletree Hotel in Nashville, Tennessee, December 3, 1990. Brother Tom Malone, President of Free Will Baptist Bible College, spoke on the topic "Our Goals." Brother Earl Hendrix, pastor from South Carolina, spoke on the topic "Our Gifts." Members present were Kay Hampton, Mary Neal, June Rolen, Peggy Outland, Dr. Mary Ruth Wisehart, Delois Loveless and Marian Reece.

The committee met for their business session Tuesday morning, December 4, 1990, at the Doubletree Hotel in the Robertson Room. After breakfast together, Mary Neal welcomed the committee. Peggy Outland gave the devotion using the symbol of a star, letting each of the five points of the star spell the word PEACE. She stressed what Christ's coming into the world meant to Him and to each one present. Prayer was led by Peggy Outland.

Dr. Mary Ruth Wisehart was recognized for the report from the Executive Secretary-Treasurer. The following were given for information:

- (1) \$30,000 was given toward the World Mission Offering.
- (2) \$31,000 was given for the Eunice Edwards Loan Fund.
- (3) Almost \$3,000 was received for office equipment.
- (4) 119 more subscriptions to CO-LABORER magazine for the first part of 1991 than received in 1990 at this time.
- (5) A woman's group had been organized in Brazil.

The financial report of the past three months was considered. Motion carried that a 5% administrative fee be taken from all designated funds received in the WNAC office for information and promotion beginning July 1, 1991.

The following recommendations were presented for consideration:

1. That we have ready for sale at the convention in 1993 a book of stories from our missionaries.
2. That we give special attention in 1991-1992 to Free Will Baptist Bible College, since it is their 50th anniversary year—the Year of Jubilee.
3. That WNAC retain a collection agency to collect on delinquent

student loans.

4. That we use CSC Credit Services, Inc., Wichita, Kansas, as collection agency for delinquent student loans.
5. That we give attention to an international fellowship of Free Will Baptist women's groups.
6. That we give serious attention to taking 5% of funds coming in for Home and Foreign Missions in order to subsidize publicity, promotion and handling on their behalf.
7. That we raise the subscription price of the CO-LABORER magazine in 1992 to \$6 for a single subscription and \$5.25 for groups of five or more going to the same address.

The budget for 1992 was presented with a 3% increase in pay for the employees. After much prayer and discussion, changes and adjustments were made. Motion carried to accept and revise budget for the amount of \$184,740 and that the budget be presented to WNAC in July. Dr. Wisehart was given the authority to make any other changes that were necessary before the July meeting of the committee.

Discussion followed concerning Christmas Bonuses given to the employees. It was suggested that in the future bonuses be given in light of the position and not the person. The decision was made to consider the personnel policy regarding the Christmas bonus at the July committee meeting.

Mention was made that the committee members would like to have a monthly report from WNAC rather than one each quarter. Dr. Wisehart stated that she would be glad to send the report monthly.

The following recommendations were accepted to be presented at WNAC in July for consideration:

1. That we give special attention in 1991-1992 to Free Will Baptist Bible College, since it is the 50th anniversary year—the Year of Jubilee.
2. That we give attention to an international fellowship of Free Will Baptist women's groups.

Final plans were made for the WNAC to be held July, 1991 in Charleston, West Virginia. The following were chosen to fill positions on the program: Music Coordinator, Beverly Welch; Welcome, Susie Elliott; Morning Devotion, Charolette Tallent; Missionary service speaker, Steve Lytle. Special feature for the afternoon session to be presented by Free Will Baptist Bible College with possibly the drama group in charge.

The WNAC Mini-Seminar was planned to carry out the theme: "Current Issues for Today's Woman." Scripture chosen from I Corinthians 5:11. The following topics and speakers were chosen: "Crisis Pregnancy Centers"—Debbie Hansen "Substance Abuse and Co-dependency"—Kitty Wells "Caring for the Homeless"—Joy Worrell

Alternates would be Jane Bailey and possibly ladies from the West Virginia area.

The Presidents and Field Workers meeting was planned to be an open forum type meeting with Kay Hampton in charge. She would be assisted

by other members of the newly formed study committee.

A review of the 1990 retreat was given. The 1992 retreat was discussed. Different sites were suggested as a possible change in the meeting location.

Kay Hampton, Chairperson for the study committee, gave a brief report from the committee.

The Executive Committee meeting closed with prayer.

ANNUAL MEETING OF THE EXECUTIVE COMMITTEE Marriott Hotel, Charlotte, West Virginia, July 22, 1991

The Executive Committee met at 8:00 A.M. on Monday, July 22, 1991, for breakfast in the Allegheny Room of the Marriott Hotel, Charleston, West Virginia. Members present were June Rolen, Peggy Outland, Dr. Mary R. Wisehart, Marian Reece and Delois Loveless. The meeting was opened by Vice President, June Rolen, who was filling in for President, Mary Neal, due to the illness of her husband. June gave a brief devotion from Titus 2:13. Some questions asked were: "Are we waiting for that blessed hope? What is our attitude while waiting? Are we really anticipating the Lord's coming?" We were encouraged to be eager and excited about His return and busy telling others. Prayer led by Delois Loveless.

Michael Johnston, Auditor for WNAC, was present to answer questions and give comments concerning his recent audit.

Dr. Mary Ruth Wisehart gave the report of the Executive Secretary-Treasurer. Motion carried that the expenses be paid for Dr. Wisehart to attend the "Time Apart Retreat" sponsored by NAE. Motion carried to recommend the following to the resolutions committee for consideration:

1. Since Free Will Baptist Bible College has declared 1991-92 Jubilee Year to celebrate its 50th anniversary, that the women of WNAC fully support the Jubilee Year with praise and thanksgiving for God's blessings on our College and its contributions to Free Will Baptists and God's service and that we encourage gifts of gratitude and celebration to advance the College into the next century.
2. That WNAC make available from the Foreign Student Scholarship Fund for each student who enrolls at the Ivory Coast Institute for the next session an amount equal to the portion assigned to "FWB Ch. USA" in the 1990 prospectus for the Institute (\$250 for single, \$500 for couples, and \$570 for couples with children), but the amount not to exceed \$3,000.
3. That we give attention to an international fellowship of Free Will Baptist Women's groups.

Discussion and partial plans for the 1992 retreat. Theme: "What About Tomorrow?" The general theme: "Tomorrow's Wonders." Suggested seminar topics and speakers were: "Preparing for Tomorrow"—Ruth Mullen; "Homes for Tomorrow"—Lorene Miley; "Tomorrow's Challenge"—Marguerite Kern; "Changing Our World for Tomorrow"—Kathy Hender-

son; "The Church of Tomorrow"—Sandy Ritter; "Tomorrows Woman"—Rudene Kennedy; "Leaders for Tomorrow"—Delois Loveless and Geri Baker; "Missions Tomorrow"—Amy Robinson; "Stewardship for Tomorrow"—Vernie Hersey; "Leaving A Heritage for Tomorrow"—June Rolen.

The Executive Committee meeting was closed with prayer.

At 1:30 the WNAC General Seminar was held in Ballroom A B C D of the Marriott Hotel. Approximately 300 ladies attended this seminar. Theme: "Current Issues for Today's Woman." The seminar was opened by June Rolen and the following speakers and topics were: Debbie Hansen—"Crisis Pregnancy Centers;" Stacy Rakes—"Substance Abuse and Co-Dependency;" Joy Worrell—"Caring for the Homeless."

The President and Field Workers met at 3:30 in the Marriott Hotel Ballroom A B C D. Dr. Mary Ruth Wisehart opened with prayer and led this open forum with the theme: "Look Ahead—The Twenty First Century." Also assisting were the members of the WNAC Study Committee. The meeting closed with prayer.

Respectfully submitted,
Peggy Outland
Recording Secretary

REPORT OF THE CREDENTIALS COMMITTEE

We, your Credentials Committee, wish to submit the following report: The following state conventions have submitted reports and paid dues: Alabama, Arizona, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Maryland, Michigan, Mississippi, Missouri, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

The following districts have submitted reports and paid dues: Colorado, Northwest.

Local Auxiliaries: Hawaii, Iowa, Nebraska, Virgin Islands, Canada.

Reports and dues from 25 states, 2 districts and five locals.

Respectfully submitted,
Delois Loveless, Chairperson (Ohio)
Vicki Hubbard (Arkansas)
Faye Hanna (South Carolina)
Loretta Lilly (North Carolina)
Reva Baker (Missouri)

REPORT OF THE WNAC STUDY COMMITTEE

The study Committee approved by the Convention in 1990 met three times. They took the following steps:

1. They contacted groups similar to ours reviewing their manuals, magazines and other literature.
2. They distributed surveys to all states where we have Auxiliaries and compiled the results.

The committee requests two more years for working out a plan to broaden our ministry and enlist all the women in our churches in work for Christ.

Kay Hampton resigned from the Study Committee. The Committee feels that it would be unfair to add a member in the middle of the study and requests that the Committee continue as a six-member committee.

Respectfully Submitted,
June Rolen, Chairman (California)
Mary Ruth Wisehart
Diana Bryant
Dianne Thomas
Peggy Outland
Marguerite Kern

REPORT OF THE RESOLUTIONS COMMITTEE

1. Since Free Will Baptist Bible College has declared 1991-92 Jubilee Year to celebrate its 50th anniversary, that the women of WNAC fully support the Jubilee Year with praise and thanksgiving for God's blessings on our College and its contribution to Free Will Baptist and God's service and that we encourage gifts of gratitude and celebration to advance the College into the next century.
2. That WNAC make available from the Foreign Student Scholarship Fund for each student who enrolls at the Ivory Coast Institute for the next session an amount equal to the portion assigned to "FWB ch. USA" in the 1990 prospectus for the Institute (\$250 for single, \$500 for couples, and \$570 for couples with children), but the amount not to exceed \$3,000.
3. That we give attention to an international fellowship of Free Will Baptist women's groups.

Respectfully submitted,
Peggy Outland, Chairperson (Illinois)
Shirley Sharpston (Georgia)
Mary Alice Bridgman (Oklahoma)
Lottie Horton (Maryland)
Marilyn Irvin (Illinois)

REPORT OF THE NOMINATING COMMITTEE

We, the Nominating Committee, submit the following list of recommendations for officers to serve our WNAC Convention: President, Mary Neal (Indiana); Vice President, Delois Loveless (Ohio); Recording Secretary, Jo Ann Wood (Oklahoma); Members-at-Large: Gwen Hendrix (South Carolina), Pam Wood (California), Everyl Getz (Texas).

Respectfully submitted,
The Nominating Committee
Maurine Lee, Chairperson (North Carolina)

REPORT OF THE APPRECIATION COMMITTEE

We the Appreciation Committee, submit the following recommendations:

1. That we give a rising vote of thanks to President Susie Elliott and the West Virginia Woman's Auxiliary Convention for arranging the WNAC registration, the Executive luncheon, banquet favors, table decorations, and the many things they have done to make our fifty-sixth session a blessing.
2. That we express our thanks to our missionary speakers, Charolette Tallent and Steve Lytle, the Evangelists and Joseph Jones for the special presentation on Tuesday afternoon and also our seminar speakers, Debbie Hansen, Stacy Rakes, and Joy Worrell.
3. That we express our appreciation to Dr. Mary Ruth Wisehart for speaking at our Banquet and to the Executive Committee for planning our convention program, providing the seminar, "Current Issues for Today's Woman," and also the Leadership Packets.
4. That we express our appreciation to the vocalists (Danell Wilson, Ann Maines, Susan Forlines), musicians (Joyce Little, Laura Cannon), and Beverly Welch, music coordinator.
5. That we express our appreciation to Vice President, June Rolen, for her capable leadership at this session in the unavoidable absence of our president, Mary Neal.

Respectfully submitted,
Ruth Mullen, Chairperson (Indiana)
Debbie Mitchell (Tennessee)
Dot Reeves (Alabama)
Hope Van Winkle (Mississippi)

REPORT OF THE REGISTRATION COMMITTEE

We your Registration Committee submit the following report:

NUMBER OF PERSONS REGISTERED:

WNAC Officers	6
Missionaries from 7 countries	27
Standing Delegates (State Presidents & Field Workers)	24
Elected Delegates, State, District, & Local	183
Local Delegates paying representation fee of \$3	75
Ministers	63
Visitors	694
Total Registered.....	1072

Alabama	42
Arizona	3
Arkansas.....	83
California	24
Florida.....	33
Georgia.....	61
Illinois	36
Indiana	5
Kansas	3
Kentucky	64
Maryland.....	58
Michigan	25
Mississippi	17
Missouri	21
North Carolina.....	91
Ohio	47
Oklahoma.....	74
South Carolina.....	54
Tennessee	163
Texas	20
Virginia	34
West Virginia	99

Northwest DISTRICT (Washington, Oregon, British Columbia)	1
Rocky Mountain DISTRICT (Colorado)	4

Canada (Plaster Rock—LOCAL)	4
Idaho (First-Rupert—LOCAL).....	1
Iowa (Riverview-Bettendorf—LOCAL).....	1
Nebraska (Maranatha-Omaha—LOCAL)	2
New Hampshire (First-New Durham—LOCAL).....	2

Respectfully submitted,
Sheila Williams (West Virginia)
Susie Elliott (West Virginia)
Liz Tolliver (West Virginia)

CREATIVE ARTS CONTEST 1990-1991

109 women from 23 states and 2 foreign countries submitted 247 entries.

ART—12 ENTRIES

Honorable Mention:

Cheryl Ann Daye, St. Petersburg, Florida
Barbara McLeary, Lawton, Oklahoma
Lavern Healy, Rose Bud, Arkansas
Connie Stewart, Tulsa, Oklahoma

ARTICLES—54 entries

First: Alice Grant, Lancaster, Ohio
Second: Pam Jones, Harrison, Arkansas
Third: LuAnne Maggard, Raytown, Missouri
Fourth: Patricia Collins, Emporia, Kansas

PLAYS—16 entries

First: Sue Winchester, St. Louis, Missouri
Second: Nancy Harris, Whitesburg, Tennessee
Third: Annette Dake, Newcastle, Oklahoma
Fourth: Margaret Ashcraft, Morehead, Kentucky

POETRY—143 entries

First: Cheryl Riley, Tuckerman, Arkansas
Second: Fannie Ruth Henderson, Greeneville, Tennessee
Third: Jan Elsen, Wichita, Kansas
Fourth: Lisa Mundorff, New Oxford, Pennsylvania

PROGRAMS—22 entries

First: Anne Worthington, Antioch, Tennessee
 Maizie Sevits, Kirksville, Missouri
 Second: Mary Holland, Liberal, Missouri
 Third: Diane Thomas, Grifton, North Carolina
 Fourth: Sharon Balentine, Warren, Arkansas

WNAC ANNUAL REPORT, 1991

ORGANIZATION	DISTRICTS	LOCALS	AUXILIARY MEMBERS	ACTIONETTE	ACTIONETTE MEMBERS
ALABAMA	8	41	424	2	8
ARIZONA		1	8	1	8
ARKANSAS	11	84	1,044		
CALIFORNIA	4	27	363		
FLORIDA	6	20	198		
GEORGIA	10	60	635		
ILLINOIS	2	25	271	1	8
INDIANA	2	9	113		
KANSAS	2	7	60	1	4
KENTUCKY	5	19	291		
MARYLAND	2	11	121		
MICHIGAN	5	25	306		
MISSISSIPPI	4	34	294		
MISSOURI	9	79	779	2	5
NEW MEXICO	2	3	28		
NORTH CAROLINA	7	61	1,027	1	8
OHIO	5	30	353		
OKLAHOMA	13	113	1,240	1	20
SOUTH CAROLINA	4	47	636		
TENNESSEE	3	54	984		
TEXAS	5	23	261		
VIRGINIA	3	27	286		
WEST VIRGINIA	2	17	166		
DISTRICTS					
NORTHWEST	1	4	42		
ROCKY MOUNTAINS (CO)	1	5	55		
LOCAL					
CANADA		1	12		
HAWAII (WAIPAHU)		1	10		
IDAHO (RUPERT 1ST)		1			
IOWA (RIVERVIEW, BETTENDORF)		1	9		
MONTANA (BILLINGS)		1			
NEBRASKA (MARANATHA, OMAHA)		1	7		
NEW HAMPSHIRE (NEW DURHAM 1ST)		1	13		
VIRGIN ISLANDS		1	10		
WYOMING		1			
TOTALS	116	835	10,049	9	61

Woman's National Auxiliary Convention Report

"Our faces toward tomorrow" is WNAC's theme for the last decade of the 20th Century. The future holds many challenges. Let's meet them in the strength of the Lord.

In 1990 the Convention approved a committee of seven women to evaluate Woman's Auxiliary and suggest ways to face the opportunities of the next century. We want to change the things that should be changed and hold fast the things that should remain the same. Let's pray for wisdom to know the difference.

Change seems the order of the day in WNAC. We have a new auditor and a different kind of audit this year. Though it may be somewhat confusing at first, it gives a clearer picture of where we stand as an organization.

The reports show that total giving in cash and non-cash gifts to missions and mission objectives was \$47,114.16 over what we gave last year. Giving to the Co-Laborer Fund has also increased, and we're grateful to the women for this increase. This year has been heavy with extra expenses and still the Lord has provided for our needs.

On April 19 we had \$33,597.32 in the Eunice Edwards Fund. That means we need \$16,402.68 by December 31 to meet our goal of \$50,000. We received \$30,401.88 for the Laura Belle Barnard World Missions offering, \$5,401.88 over our goal.

The *Co-Laborer* had 13,749 subscriptions for the March/April issue. In 1990 we sent 53 packets to new or reorganizing Auxiliaries. We had notice of 24 Auxiliaries disbanding.

This year has been demanding for the WNAC staff and the executive committee. Still they have functioned well. We owe special gratitude to Mary Neal, president; June Rolen, vice president; Peggy Outland, secretary; executive committee members, Kay Hampton, Delois Loveless, and Marian Reece; and the staff, Yvonne Wolfenbarger, executive assistant; Lorene Miley, editor; and Sue Hayes, bookkeeper.

In January we will introduce the 1992 theme: "Teachers of Good Things." Next year is a special time for reaching out to those younger than we are, challenging them to lives of commitment and service.

The women in 1935 laid a good foundation and gave us a great spiritual heritage. God has blessed as Free Will Baptist women fulfilled their places and encouraged others to carry out the great commission. Let's ask God to lead us in the future as in the past, to give us leaders committed to Him, to give us servants' hearts to do whatever needs to be done to further His cause around the world.

Mary R. Wisehart
Executive Secretary-Treasurer

WOMAN'S NATIONAL AUXILIARY CONVENTION, AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS

BALANCE SHEET December 31,

	1990			1989
	General Fund	Memorial Student Loan Fund	Eunice Edwards Fund	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 42,165	\$ 38,964	\$ 31,149	\$ 112,278
Accounts receivable	5,544	--	--	5,544
Interest receivable	--	6,556	--	6,556
Inventories	16,872	--	--	16,872
Notes receivable	--	66,613	--	66,613
Total current assets	\$ 64,581	\$ 112,133	\$ 31,149	\$ 207,863
PROPERTY AND EQUIPMENT, net (Note 2)	4,386	--	--	4,386
Total assets	<u>\$ 68,967</u>	<u>\$ 112,133</u>	<u>\$ 31,149</u>	<u>\$ 215,512</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	\$ 2,281	\$ --	\$ --	\$ 2,281
Deferred revenue (Note 3)	35,010	--	--	35,010
Accrued expenses	--	--	--	--
Total current liabilities	\$ 37,291	\$ --	\$ --	\$ 37,291
FUND BALANCES (Note 4)				
Unrestricted	\$ 26,168	\$ --	\$ --	\$ 26,168
Restricted	5,508	112,133	31,149	148,790
Total fund balances	\$ 31,676	\$ 112,133	\$ 31,149	\$ 174,958
Total liabilities and fund balances	<u>\$ 68,967</u>	<u>\$ 112,133</u>	<u>\$ 31,149</u>	<u>\$ 215,512</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
Years ended December 31,

	1990				1989
	General Fund	Memorial Student Loan Fund	Eunice Edwards Fund	Total	Total
REVENUE					
Dues and fees	\$ 21,040	\$ --	\$ --	\$ 21,040	\$ 18,007
Designated contributions	338,211	--	--	338,211	331,356
Magazine and literature sales	83,395	--	--	83,395	79,484
Convention and retreat income	14,300	--	--	14,300	10,369
Gifts and offerings	50,388	3,827	5,460	59,675	48,912
Interest income	3,861	3,939	1,434	9,234	8,085
Miscellaneous other income	--	--	--	--	1,092
	<u>\$ 511,195</u>	<u>\$ 7,766</u>	<u>\$ 6,894</u>	<u>\$ 525,855</u>	<u>\$ 497,305</u>
EXPENSES					
Salaries and wages	\$ 73,962	\$ --	\$ --	\$ 73,962	\$ 69,651
Payroll taxes and employee benefits	17,477	--	--	17,477	15,403
Cost of magazine and literature printing	42,221	--	183	42,404	41,052
Travel and promotion	7,245	--	--	7,245	6,149
Retreats and conventions	14,747	--	--	14,747	15,815
Office expense	4,133	--	--	4,133	698
Postage	3,374	--	--	3,374	4,004
Rent expense	10,829	--	--	10,829	6,589
Professional fees	480	--	--	480	400
Administrative expense	--	525	--	525	300
Depreciation	1,623	--	--	1,623	2,361
Bad debt expense	1,027	4,714	--	5,741	3,819
Insurance expense	552	--	--	552	558
Dues and subscriptions	322	--	--	322	40
Designated contributions	338,211	--	--	338,211	331,356
Miscellaneous other expense	977	26	--	1,003	1,281
	<u>\$ 517,180</u>	<u>\$ 5,265</u>	<u>\$ 183</u>	<u>\$ 522,628</u>	<u>\$ 499,476</u>
REVENUES OVER (UNDER) EXPENSES	<u>\$ (5,985)</u>	<u>\$ 2,501</u>	<u>\$ 6,711</u>	<u>\$ 3,227</u>	<u>\$ (2,171)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	<u>37,661</u>	<u>109,632</u>	<u>24,438</u>	<u>171,731</u>	<u>173,902</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 31,676</u>	<u>\$ 112,133</u>	<u>\$ 31,149</u>	<u>\$ 174,958</u>	<u>\$ 171,731</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
Years ended December 31,

	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue over (under) expenses	\$ 3,227	\$ (2,171)
Adjustments to reconcile to net cash		
Depreciation	1,623	2,361
Changes in assets and liabilities		
Change in accounts receivable	(1,888)	--
Change in interest receivable	835	--
Change in inventories	(701)	--
Change in accounts payable	(2,161)	--
Change in deferred revenue	(3,051)	4,989
Change in accrued expenses	(1,278)	--
Net cash provided by (used for) operating activities	<u>\$ (3,394)</u>	<u>\$ 5,179</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of notes receivable	\$ (14,916)	\$ (17,137)
Reductions in notes receivable	10,881	10,527
Additions to property and equipment	(1,143)	(2,642)
Net cash provided by (used for) investing activities	<u>\$ (5,178)</u>	<u>\$ (9,252)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ (8,572)</u>	<u>\$ (4,073)</u>
CASH AT BEGINNING OF YEAR	<u>120,850</u>	<u>124,923</u>
CASH AT END OF YEAR	<u>\$ 112,278</u>	<u>\$ 120,850</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the significant accounting policies of the Woman's National Auxiliary Convention, an Auxiliary of the National Association of Free Will Baptists, hereafter referred to as the Auxiliary.

GOVERNMENT - The Auxiliary operates under the auspices of the National Association of Free Will Baptists and is governed by an Executive Committee.

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS - Accounts receivable and notes receivable are presented in the financial statements at the amount deemed collectible by management. Any provision for doubtful accounts is recognized using the direct write-off method.

INVENTORIES - The inventories are valued at the lower of cost or market, with cost being determined by using the first-in, first-out method.

PROPERTY AND EQUIPMENT AND DEPRECIATION - Property and equipment are presented in the financial statements at cost and are depreciated by the straight-line method over the estimated useful lives of the assets of 3-10 years.

INCOME TAXES - The Auxiliary is exempt from Federal and State income taxes; accordingly, no provision for income taxes is made in the financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment owned by the Auxiliary at December 31,:

	1990	1989
Equipment and furniture	\$19,906	\$18,763
Less accumulated depreciation	<u>15,520</u>	<u>13,897</u>
Property and equipment, net	<u>\$ 4,386</u>	<u>\$ 4,866</u>

NOTE 3 - DEFERRED REVENUE

Deferred revenue consists of magazine subscriptions received for future issues to be printed as of December 31, 1990 and 1989.

NOTE 4 - RESTRICTED FUND BALANCES

The restricted fund balances are revenue designated for specific projects and consists of the following as of December 31,:

	1990	1989
Foreign Student Scholarship Fund	\$ 2,728	\$ 785
Equipment	<u>2,780</u>	<u>1,048</u>
	<u>\$ 5,508</u>	<u>\$ 1,833</u>
Eunice Edwards Fund	<u>\$ 31,149</u>	<u>\$ 24,438</u>
Memorial Student Loan Fund	<u>\$112,133</u>	<u>\$109,632</u>

MICHAEL JOHNSTON
Certified Public Accountant

Telephone: (217)342-9632

106 N. Fifth, P.O. Box 1403
Effingham, Illinois 62401

INDEPENDENT AUDITOR'S OPINION

The Board of Directors
Woman's National Auxiliary Convention, an Auxiliary
of the National Association of Free Will Baptists
Nashville, Tennessee

I have audited the balance sheet of the Woman's National Auxiliary Convention, an Auxiliary of the National Association of Free Will Baptists, as of December 31, 1990, and the related statements of activity and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Executive Committee. My responsibility is to express an opinion on these financial statements based on my audit. The information as of and for the year ended December 31, 1989 is for comparative purposes and has not been audited by me. Thus, I do not express an opinion on this information.

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.

In my opinion, the aforementioned financial statements present fairly the financial position of the Woman's National Auxiliary Convention, an Auxiliary of the National Association of Free Will Baptists, at December 31, 1990 and the results of its operations and the cash flows for the year then ended, in conformity with generally accepted accounting principles.


Certified Public Accountant

Effingham, Illinois
March 21, 1991

Member of American Institute of Certified Public Accountants
& Illinois Society of Certified Public Accountants

Gifts to Missions/Missionary Objectives
January 1, 1990 to December 31, 1990

CASH GIFTS			\$ 491,335.13
Foreign Missions			294,059.05
Sent through WNAC	\$ 236,750.73		
Sent direct to department	57,308.32		
Home Missions			102,530.92
Sent through WNAC	81,259.37		
Sent direct to department	21,271.55		
Bible Colleges			13,216.16
Memorial Student Loan Fund			3,832.37
Other Gifts			24,996.51
Foreign Student Scholarship	2,311.12		
Retirement & Insurance	1,721.45		
Missions Objectives	20,963.94		
Provision Closet			3,493.66
National Project: Eunice Edwards Loan Fund			5,621.53
WNAC Operating Expense			43,584.93
Co-Laborer Offering	26,995.40		
Emphasis Offering	16,589.53		
NON-CASH GIFTS			
Provision Closet			29,291.40
TOTAL CASH AND NON-CASH GIFTS			\$ 520,626.53

1990 Top Ten Contributors to WNAC

Co-Laborer Fund		Emphasis Offering		Combined	
1. Tennessee	\$3,314.39	1. North Carolina	\$2,416.67	1. Tennessee	\$4,900.67
2. Arkansas	2,226.93	2. Arkansas	1,765.54	2. North Carolina	4,257.67
3. North Carolina	1,841.00	3. Oklahoma	1,674.51	3. Arkansas	3,992.47
4. Georgia	1,833.40	4. Tennessee	1,586.28	4. Oklahoma	2,923.29
5. Oklahoma	1,248.78	5. Missouri	1,333.04	5. Georgia	2,813.39
6. Virginia	1,116.24	6. South Carolina	1,278.18	6. Missouri	2,410.57
7. California	1,109.16	7. Florida	1,068.93	7. South Carolina	2,094.22
8. Missouri	1,077.53	8. Georgia	979.99	8. Virginia	1,939.74
9. Ohio	969.80	9. Virginia	823.50	9. California	1,755.18
10. Illinois	783.01	10. Alabama	791.00	10. Ohio	1,613.46

1992 Proposed Budget

ESTIMATED INCOME			\$ 23,000
Co-Laborer Fund			3,500
Convention Expense Gift			300
Delegate Fees			20,000
Dues			20,000
Information and Promotion			7,500
Interest Income			7,500
Literature			80,000
Magazine Subscriptions			1,440
Miscellaneous			1,500
Travel			20,000
WNAC Emphasis Offering			<u>\$184,740</u>
TOTAL INCOME			
ESTIMATED EXPENSE			
Salaries			\$ 73,363
Employee Benefits			20,324
Payroll Tax Expense	7,000		
Employee Retirement	3,324		
Health & Life Ins.	10,000		
Insurance—General & Comp.			1,000
Audit			3,000
Convention Expense			2,500
Executive Committee Expense			2,500
Information and Promotion			5,000
CO-LABORER Magazine Expense			37,030
Mailing	1,330		
Miscellaneous	200		
Printing	33,100		
Postage	2,400		
Office Rent			25,000
Office Supplies			3,000
Building Equipment Charges			3,500
Phone			1,000
Postage			4,000
Service Contracts			1,000
Subscriptions			100
Travel			2,000
Miscellaneous			<u>423</u>
TOTAL EXPENSE			\$184,740

WNAC Receipts for January-December 1990

State	Colleges	Co-Laborer Fund	Dues	Emphasis Offering	Eunice Edwards Fund	Foreign Student Scholar.	Provision Closet	Foreign Missions	World Missions	Home Missions	Missions Objectives	Office Equip.	Student Loan	Totals
Alabama	\$ 353.00	\$ 322.60	\$ 914.00	\$ 791.00	\$ 379.41	\$ 375.00	\$ 50.00	\$ 6,519.18	\$ 1,103.35	\$ 6,297.78	\$ 2,602.02	\$ 238.11	\$ 226.50	\$ 20,171.95
Arizona		120.00	84.00											204.00
Arkansas	146.25	2,226.93	2,088.00	1,765.54	457.25	80.00	145.00	33,529.60	1,943.29	8,394.80	260.83	20.00	580.00	51,637.49
California		1,109.16	766.00	646.02			260.00	8,380.58	578.31	820.31	655.00	25.00		13,240.38
Colorado		105.00	100.00			10.00	55.00	70.00	45.00	230.00				615.00
Florida	20.00	393.69	374.00	1,068.93	20.00	15.00		3,471.44	684.46	1,900.16	568.43	317.00	215.00	9,048.11
Georgia	710.00	1,833.40	1,277.50	979.99	277.55	121.16	26.00	17,164.02	1,629.18	2,551.33	455.00	16.55	48.00	27,089.68
Hawaii		128.21	36.00											164.21
Idaho			16.00											16.00
Illinois		783.01	520.00	369.64	469.00		36.00	5,371.37	850.05	5,359.36	219.93		35.00	13,977.36
Indiana		486.64	218.00		94.00			1,094.00	144.60	660.00				2,733.24
Iowa			22.00		30.00					102.27				154.27
Kansas		66.53	120.00	32.00	11.00		62.17	917.48	82.00	143.50	25.00			1,459.68
Kentucky	65.00	462.09	512.00	374.50	50.00	60.35	110.00	6,755.76	1,329.99	4,814.22	350.00	90.00	125.00	15,098.91
Louisiana									11.40					11.40
Maryland			278.00					70.00	233.00	10.00				591.00
Michigan		537.40	520.00	80.00		145.00	276.50	2,942.41		2,376.40	20.00			6,897.71
Mississippi	10.00	681.36	594.00	332.00	225.00			2,772.36	285.10	1,759.00	1,887.00	975.00	130.00	9,650.82
Missouri	919.79	1,077.53	1,612.00	1,333.04	728.54	50.00	262.99	21,178.08	2,570.09	5,858.30	1,047.02		447.62	37,085.00
Nebraska		60.00	10.50					433.00		318.00				821.50
New Hampshire			26.00											26.00
New Mexico		19.26	69.00	34.47	6.00			215.36	29.00	225.95				599.04
N. Carolina	4,228.65	1,841.00	2,178.00	2,416.67	1,059.00	50.00	120.00	19,353.27	2,921.51	10,023.08	2,620.31		454.50	47,265.99
Northwest		26.40	84.00	30.00				1,737.67	99.35	196.00				2,173.42
Ohio	100.00	969.80	752.00	643.66	33.00	150.00	240.00	7,894.59	884.14	3,223.12	2,204.64		206.00	17,300.95
Oklahoma	4,239.45	1,248.78	2,513.00	1,674.51	624.00	129.30	531.20	26,524.18	8,661.50	10,002.23	3,602.42		122.50	59,873.07
S. Carolina	495.00	816.04	1,344.00	1,278.18	355.00		964.00	9,585.18	1,891.51	4,555.86	4,699.62	20.00	493.00	26,497.39
Tennessee	1,047.02	3,314.39	2,126.00	1,586.28	655.78	790.31	269.80	7,785.31	2,815.48	5,421.43	402.82	100.00	598.75	26,913.37
Texas	110.00	476.96	520.00	329.60	77.00	75.00	40.00	8,815.38	834.85	782.57	153.00	10.00	90.50	12,314.86
Virginia	612.00	1,116.24	490.00	823.50	70.00	60.00	20.00	7,570.98	674.72	3,306.20	732.00	20.00	60.00	15,555.64
West Virginia	160.00	285.00	278.00			200.00	25.00	2,922.65	100.00	290.00	180.00			4,440.65
Cnv. Offering		1,093.00												1,093.00
Retreat		5,394.98						3,275.00		1,637.50				10,307.48
1990 Totals	\$13,216.16	\$26,995.40	\$20,442.00	\$16,589.53	\$5,621.53	\$2,311.12	\$3,493.66	\$206,348.85	\$30,401.88	\$81,259.37	\$22,685.04	\$1,831.66	\$3,832.37	\$435,028.57

Budget Committee Report

The National Association of Free Will Baptists, Inc. has approved in this convention the following budget for 1992:

Executive Office	\$ 472,578.32
Free Will Baptist Bible College	985,000.00
Foreign Missions	4,440,006.00
(Includes \$150,000.00 Advance Budget)	
Home Missions and Church Extension	2,400,000.00
Master's Men	109,500.00
Retirement and Insurance	334,722.00
Free Will Baptist Foundation	38,500.00
Sunday School and Church Training	2,481,224.00
Commission for Theological Integrity	2,700.00
Historical Commission	2,350.00
Music Commission	1,600.00
Radio and Television Commission	15,000.00
Total.....	\$11,283,280.00

All these ministries receive funds through the Cooperative Plan except for the Sunday School and Church Training Department which is self-sustaining.

The Budget Committee recommends that gifts received through the Cooperative Plan be allocated to the national ministries on the following basis:

1. Underwrite the Executive Office Administration Budget above those gifts received directly.
2. Disburse the balance of undesignated funds to the following national ministries according to these percentages:

Free Will Baptist Bible College	23 %
Foreign Missions	23 %
Home Missions	18 %
Board of Retirement and Insurance	14 %
Master's Men	14 %
Free Will Baptist Foundation	6 %
Commission for Theological Integrity	0.5 %
Historical Commission	0.5 %
Music Commission	0.5 %
Radio and Television Commission	0.5 %
Total	100 %

Respectfully Submitted, Your Servants,

Melvin Worthington, Executive Secretary
Tom Malone, President of Free Will Baptist Bible College
R. Eugene Waddell, General Director of Foreign Missions Department
Roy Thomas, General Director of Home Missions Department
Herman Hersey, General Director of Retirement and Insurance Department
James Vallance, General Director of Master's Men Department
Roger Reeds, General Director of Sunday School and Church Training Department

DENOMINATIONAL GIVING: A REPORT

**by the Budget Committee
of the National Association of Free Will Baptists, Inc.**

During the 1990 convention of the National Association of Free Will Baptists, Inc., the denomination's Budget Committee was instructed to give some study to denominational giving, especially as it relates to equity in the support of the Executive Office, supported primarily now through the Cooperative Plan. The motion in the minutes reads: "A motion carried that the Budget Committee study and bring back in 1991 a plan to enlist better cooperation from all areas of the denomination in supporting the Executive Office."

The committee has met several times for discussions and has examined detailed statistical information provided by the Executive Office. The following report reflects those discussions.

The Problem

1. The major concern which led to this study results from inequity in the support of the Executive Office. At present, the majority of the support for this office comes from Cooperative Plan giving. The structure of the Plan calls for the Executive Office to receive what it needs, to meet its monthly budget, from Cooperative receipts. This means that the support of the Executive Office is derived as follows: (1) all gifts designated for the Office are first applied; (2) the remainder of the monthly budget is taken from undesignated Cooperative Plan gifts. Then the rest of undesignated Cooperative Plan gifts are distributed to other agencies according to the formula adopted by the Association.

There is considerable history behind this, reflecting the difficulty of finding a satisfactory plan for the support of the Executive Office without making it a fund-raising agency in competition with other agencies. To oversimplify this history, the fact is that the Executive Office has not been able to fund itself in any significant measure except as its budget is underwritten by the Cooperative Plan. In 1990, about 30% of its income was from designated gifts and 70% from undesignated cooperative gifts. Although this has meant, in practice, that the Executive Office has received the greater share of undesignated Cooperative Plan giving, the method has worked for many years.

2. Although this works, it has created serious misgivings on the part of many, especially those who strongly promote and use the Cooperative Plan. They feel, with justification, (1) that they are having to bear the burden of the support of the Executive Office; (2) that Free Will Baptists in many areas are giving very little support to the Office; and (3) that not enough of what they give to the Cooperative Plan, undesignated, is going

to the support of other agencies.

The reason for this feeling is easy to illustrate. The following comparison shows the total giving of three strong states that emphasize the Cooperative Plan, in 1990, to the Executive Office, and what three comparably strong states that do not emphasize the Cooperative Plan gave.

Arkansas	\$34,474	Alabama	\$2,306
Missouri	65,197	North Carolina	7,134
Oklahoma	50,236	Tennessee	9,643
Total:	149,907	Total:	19,083

The disparity, and consequently the source of the dissatisfaction, can readily be seen.

To illustrate further, in 1990 undesignated Cooperative Plan receipts totalled \$330,567.40. Of this amount, \$166,278.57 or 50.3%, went to the Executive Office, and 49.7% for all the rest of the agencies combined.

One result of this inequity is that some of the state associations where the Cooperative Plan is strongest have, at various times and in different ways, taken steps to exercise more self-determination on the destiny of their cooperative gifts—in effect designating the gifts and thus reducing the extent to which these really are Cooperative Plan gifts according to the original design of the Plan. For some years, this was true in two of the larger states, and the primary effect was to lower the percentage of Cooperative gifts, from those states, to the Executive Office.

This produced a noteworthy result: local church funds intended as undesignated Cooperative Plan gifts wound up being designated by the state before they were sent on to national ministries. Those who were responsible were painfully aware of this, but their actions served to illustrate their understandable displeasure with the inequitable distribution of undesignated funds. That displeasure continues, even though the practice of designating undesignated gifts has been discontinued—at least for the present. In some of the states where cooperative giving is strong, there is a renewal of discussion about designating Cooperative Plan money sent to the Executive Office.

In short, those who significantly support the Cooperative Plan are having to support the Executive Office disproportionately because many others are not bearing their proportionate share of that responsibility.

The Need for a Responsible Understanding

The more we discussed this problem, the more we felt that our people everywhere need to be thoroughly informed about all the details of the denominational system and the way it is used where they are. All the information and the problems need to be broadly publicized and under-

stood, with all the facts in hand and squarely faced. The need for this has been seen in that, within the last two years, some of our denominational publications have reported incorrect numbers about Cooperative Plan distribution as a result of misunderstanding.

1. Since nearly all denominational giving originates with the local church, the people in every local church need to be fully aware of the needs of the various national ministries and of precisely how their church is participating.

Far too many Free Will Baptists are largely uninvolved in the support of our work. Of our 2,506 churches, 300-500 bear the brunt of the burden for all the national ministries. The leaders and members of every church have a moral responsibility to be informed about and evaluate each agency's work and needs, and to determine the measure of its support in a serious manner. Each church should ask, responsibly: "In light of our own resources, how much should we be giving to each of the national ministries?" And each should determine how it can best proceed to provide that support.

a. This means that churches that do not actively participate in the Cooperative Plan need to evaluate the entire range of national ministries in light of this responsibility and act appropriately. The fact that the Cooperative Plan underwrites the support of the Executive Office, for example, does not exempt these churches from supporting its ministry. If the ministry of the Executive Office serves each church, and it does, then each church should support it. If churches will give designated gifts to the Executive Office, then more undesignated Cooperative receipts will be freed for other national ministries.

b. This also means that churches that do support the Cooperative Plan need to evaluate the measure of their support for the various national ministries. Knowing the truth never ultimately hurts anyone; churches that give cooperatively should keep well informed about just how much they are giving to the various causes.

To illustrate: using 1990 figures, a local church in any of several different areas, where Cooperative Plan giving is strong, would find that, for each \$100 given undesignated to the Cooperative Plan (and sent through associational channels), it actually gave the following amounts:

district ministries:	\$50.00, 50% of the original amount
state ministries:	35.00, 70% of the balance
national ministries:	15.00, 15% of the original amount
Executive Office:	7.58
Foreign Missions:	1.72
Home Missions:	1.35
FWBBC:	1.72
Retirement Board:	1.05
Master's Men:	1.05

What this means is that a typical church, using this plan, that sends \$3,000 a year for undesignated cooperative giving (tithe from a \$30,000 annual income) will be giving about \$50 (for the year) to Foreign Missions or FWBBC, about \$40 to Home Missions, and about \$30 each to the Board of Retirement and Master's Men. (There are smaller amounts to a few other ministries.)

Indeed, in many instances, the amounts kept at district and state levels will be even more than in this illustration. The point is that each church giving cooperatively, like those not doing so, is responsible to know just how it is supporting the various national ministries. In order to do this, each church will have to: (1) inform itself as to exactly how many of its dollars are actually getting to each ministry, and then (2) determine responsibly whether it is giving what it should.

Does all this mean that every church must support every national ministry in order to fulfill its responsibility? Various ones among us will answer that question in different ways.

On the one hand, a congregationally governed local church cannot be forced to support any ministry it does not believe in. Nor should it. To a certain extent, each ministry has the responsibility to show people it deserves their support. We will have to live with the fact that some churches, for reasons good or bad, will not support some ministries. As inconvenient and disappointing as that is, we should probably rejoice in the diversity and freedom it represents.

On the other hand, this freedom should be balanced by a sense of responsibility. The truth is that each of the national ministries contributes something important to the life of the denomination, and—indirectly or directly—to each local church. To repeat, each church should seriously evaluate the work of each national ministry. Furthermore, just as it is easier for a very out-going or personable missionary, than for one who is quieter, to raise his support (though both may be equally effective missionaries) so it is easier for the more "popular" ministries to "sell" themselves. Not all ministries have the same emotional appeal. That must not be the criterion.

We have too long encouraged the objections that some make against having "so many people coming to our church begging for money." There is truth in that, of course: mainly, the truth that the representatives of the ministries ought not to have to go to the churches over and over in order to get what they need. Having to go after the money simply increases the expense and manpower needed to get it. Our churches ought to seize the opportunity to support faithfully and appropriately without having to be personally solicited.

Even so, the most effective way the ministries can inform people and challenge them is if their representatives go about doing that. It is good for the churches that the missionaries and representatives of the various ministries visit them frequently. And it is up to each church to evaluate its giving responsibly and then decide who comes and how often.

2. The previous discussion could be interpreted to mean that we do not think that the ministry of state or district associations is as important as national ministries. That is not the case: just as each church should carefully evaluate its giving to each national ministry, so also it should evaluate its responsibility to support district and state ministries. But this report focuses on national ministries. The National Association does not have the authority to define plans at other levels.

The information given above, however, does serve to reveal at least one part of the larger problem. The fact is that the Cooperative Plan was originally designed as a method of supporting national ministries. It has now become, even more, a method of supporting ministries at the state or district levels. The bearing of this on our larger problem can be considered without denying the importance of state and local ministries.

3. Another thing that needs to be understood is that the "problem" has more than one side, and we must look objectively at all the factors.

For example, it is true that—as the system works now—those who give cooperatively are having to bear more than their fair share of the support of the Executive Office. The figures cited earlier in this report demonstrate that dramatically.

But it is also true that those who do not give cooperatively "make up" for this (but only in part) by their larger giving to the other ministries. Take Foreign Missions as an example. Here is the 1990 giving to Foreign Missions for the same six states listed above:

Arkansas	\$196,824	Alabama	\$168,930
Missouri	263,562	North Carolina	475,069
Oklahoma	384,337	Tennessee	584,493
Total:	844,733	Total:	1,228,491

In one sense, then, to rectify the inequity in Executive Office support might require taking away some of what the non-cooperative giving churches are contributing to missions. In other words, if each of the two groups of churches gave the same total money, then correcting the imbalance would simply mean that one group would give less to the Executive Office and more to Missions, while the other group would give, inversely, more to the Executive Office and less to Missions. The correcting of the inequity, then, could very well produce exactly the same totals to the various causes. While this might or might not be the case (and it doesn't justify the inequity anyway), we should at least realize that it is an inequity with two sides and not just one.

Another "side" is this: supporters of the Cooperative Plan may overlook that there are churches that give generously and faithfully to the Executive Office even though they do not support the Plan. As already noted, in 1990, nearly a third of the Executive Office income came from designated gifts. To cite an example: one church in Nashville that does not give through the Cooperative Plan is currently giving \$600 each year to the Executive Office,

directly. In fact, there are very few churches that do support the Cooperative Plan that give that much. To use again the illustration already cited, a church would have to be giving about \$8,000 a year, cooperatively, in order to give that much to the Executive Office. Sadly, of course, there are far too few of the churches that do not give cooperatively that give directly to the Executive Office. That is a major part of the problem.

4. It should also be understood that, as now conceived and practiced, Cooperative Plan giving will not support the national ministries. The idea of the Plan was that each local church should tithe its income and give it to denominational causes, and that would be enough.

Is this the case? We have 2,506 churches with an average of 80 members. In 1990, these churches apparently averaged taking in \$20,000 per year (according to the statistical reports); then their "tithe" would be \$2,000 a year. That figure times 2,506 yields a total of \$5 million for all causes. If all states were structured like those doing most of the Cooperative Plan giving, they would keep about 85% of this in the state, leaving \$750 thousand for national ministries. But the total budget of national ministries for 1991 is almost \$12 million! Thus, if all churches participated in the Cooperative Plan (as presently functioning and conceived), their gifts would provide just 6.25% of the needs for national ministries.

(To be sure, reality is far more sobering than this "what if" illustration: we simply can't get all our churches to use this—or any other—plan.)

Consequently, even in those areas where Cooperative Plan support is strongest, people have realized that this cannot be the measure of their responsibility. The larger agencies, anyway—like Home and Foreign Missions and FWBCC—must depend on designated giving for their support. As presently structured, undesignated Cooperative Plan money provides 1.6% of the gift money required for these three.

Most certainly this does not indicate that there is anything wrong with the Cooperative Plan, only that we have to understand its limitations even if it were the plan of choice of all our people. Understanding this will help our churches avoid thinking that they have done all they need to when they have given 10% of their incomes cooperatively. We must continue to appreciate designated, direct giving.

Solutions

Are there solutions to this problem? Much of our time as a committee has been spent soliciting and discussing all sorts of proposals—in short, any idea that has been mentioned regardless how practical or radical. Here follows some indication of the range of these, offered without approval or disapproval.

1. Solutions requiring some restructuring of the denominational organization. Perhaps a way to fund the functions of the Executive Office could be found by some (more or less radical) organizational restructuring

and/or combining of departments so that funds now available would be more efficiently used to undergird more adequate service.

a. The Executive Office might be merged with some denominational agency that is self funded. Could the Executive Office and Randall House, for example, be merged as a broad service agency?

b. For another example, several smaller departments might be merged with the Executive Office. This way, combined funding might more adequately undergird the whole; and the service rendered by the Executive Office would be broadened—and perhaps more widely appreciated.

c. The committee noted that, of the total gifts (Cooperative and designated) received at the national level, 94 cents of each dollar goes to 3 departments (Home and Foreign Missions, FWBBC), with 6 cents required for the other national agencies. Would there be any way for these major departments to provide for (subsidize) the smaller agencies? (No particular suggestion about a feasible way to do this was forthcoming.)

2. Solutions that involve making the Executive Office more responsible for the raising of funds for its own support.

a. While the denomination has tried to avoid making this a fund-raising agency as such, that might be necessary. This way, the Executive Secretary would have the same responsibility as the directors of other departments for the raising of funds for its operation, and would be able to spend only as revenue is raised. (Doing this would probably require that a fund-raiser be added to the staff in this office.)

b. At least the Office might publish and promote a quota for each state's gifts to the Executive Office, based on the membership figures for that state. This way, Free Will Baptists in each state would be able to tell whether they are giving "their fair share" of support for this ministry. (The discussion of this soon broadened into a sense of need for this to be done for every national agency.)

3. Solutions that find other/additional means of support for the Executive Office.

a. Each person attending the National Convention might be charged a registration fee. Many conventions do. This possibility (which has often been discussed) would provide considerable funding not only for the convention itself but also for the Executive Office.

b. Although this has been rejected before, each church might be charged for the church directory.

c. Perhaps a "souvenir" program (including advertising) might be prepared and sold at the National Convention.

4. Solutions (or partial solutions) that look more broadly at the Cooperative Plan.

a. Separating the National Cooperative Plan from state (and district) plans might be helpful. This would serve: (1) to restore the Cooperative Plan (at the national level) to what it was intended to be originally: namely, a plan for undesignated cooperative giving to national ministries; (2) to make local churches (who could be encouraged to send National Coopera-

tive Plan gifts directly to the Executive Office) more aware of the precise amounts they are giving to the various agencies. The result should be that all Free Will Baptists would be more conscious of what they are giving for the operation of each national ministry.

By the way, this proposal would solve another problem with the Cooperative Plan, as it presently functions, and get gifts to the ministries in a more timely fashion. At present, the original gift may sometimes take several months before it gets to the ministry. A district association may let gifts accumulate until the end of the month (sometimes, until the end of a quarter!); then the state may do the same thing, and the Executive office the same thing again.

b. Local churches might be encouraged to designate a greater percentage of their cooperative gifts for national ministries.

c. State (and district) organizations might be encouraged to reduce the percentage of Cooperative Plan receipts kept out before the balance is sent on to the national level. Would it be possible, for example, to succeed in getting all of these to keep out no more than a total of 50% of what the local church sends, with 50% going on to the national level?

Recommendation

In general, the committee did not feel that it should make specific proposals toward any kind of restructuring or other "solution" for the problem. The main reason for this is that the committee itself does not truly represent a cross-section of the denomination or its grass roots. There is some doubt whether a solution proposed by the committee would be received as objective.

Consequently, we recommend that the Leadership Conference scheduled for December 2,3 of this year devote the major portion of its deliberations to this problem. This will have the distinct advantage of involving elected leaders from all across the denomination. These leaders will know how to reflect the feelings of the people they represent. Those participating should study this report, consider the options mentioned here and any others that may be suggested, and prepare for careful exploration of solutions together.

MANAGEMENT COMMITTEE REPORT 1991

The Management Committee of the National Association met with Douglass Johnson, realtor of Dobson and Johnson on July 24, 1990 and acquainted him with the action of the National Association of Free Will Baptists. On the Committee's recommendation, the Association approved relocation of the National Offices and a long-term indebtedness not to exceed \$400,000 and a short-term indebtedness not to exceed \$1.4 million. The National Association authorized the Executive Committee to act on the Management Committee's recommendations about relocating.

The Managers sent a ballot to the Executive Committee recommending the purchase of property at 5233 Mt. View Road. The Executive Committee authorized the Managers to make an initial offer of \$775,000, with the understanding that the final price would not exceed \$900,000.

Authorized by the Executive Committee, the Trustees entered into a contract with the Old Hickory Credit Union to buy the property at \$800,000, subject to a 30-day waiting period to determine the condition of the building.

July 31, the Managers voted to have the Engineering Management Corporation inspect the building and give an estimate of the repairs needed and an environmental assessment of the property. Old Hickory Credit Union agreed to pay for repairs recommended by EMC.

August 28, after considering bids from three architects, the Managers chose to employ Tom M. Ballantyne, Jr. to design the building interior.

The Managers considered loan proposals from Sovran and First American banks and accepted the proposal from First American. The loan is with a floating rate at prime, interest only for 18 months plus a \$100,000 annual payment on the principal for the first three years. The balance will be amortized for 13½ years with a five-year call.

August 29, the Managers requested a 10-day extension on the waiting period, agreeing to stay with the September 27th closing date.

September 4, the Managers met with Red Chapman to consider a capital stewardship campaign. September 13, the Managers sent a ballot to the Executive Committee, recommending a capital stewardship campaign. The Executive Committee preferred to discuss the proposal at the December meeting. At that meeting the Executive Committee determined that such a proposal would have to be approved by the National Association.

September 13, Dr. Worthington requested from the State Department of Commerce and Insurance Licensing Contractors Board that the National Association of Free Will Baptists be allowed to act as general contractor on the building with Wade Trimble (already employed as Maintenance Superintendent of existing facilities) to serve as superintendent of the project. Wade fulfilled all state requirements and was duly licensed.

The closing on the building purchase was September 27, 1990.

November 6, the Managers chose Jane Greenway of Jane Greenway Interiors to make recommendations about the interior decorating in the building. Jane has donated her time to the project, as she says "because I just love Free Will Baptists."

November 26, 1990 the Managers approved the office designs completed by Tom Ballantyne. Tom was retained as architect on site beginning December 1.

December 13, the Management Committee, Wade Trimble, Tom Ballantyne, and Melody Hood became the Building Committee and began considering bids on the work necessary to finish the interior of the building.

The Home Missions Missionary Builder, Howard Gwartney, and Master's Men Helping Hands offered their services. Wade Trimble checked to see about starting the volunteer crews on January 14, 1991.

Since First American required each agency occupying the building to sign a lease, the Committee retained Attorney Frank Ingraham to prepare leases. He also suggested procedures for paying bills on the construction.

February 15, Lesa Steele of Nashville Office Interiors presented proposals for furnishing the new building. Each manager in consultation with Jane Greenway and Lesa Steele was instructed to choose furniture for office suites.

Douglass Johnson brought one offer of \$600,000 on the 1134 Murfreesboro Road property. Since his contract had expired, the Managers employed RCM Realty to sell or lease the building. We agreed to list the property at \$850,000. Since then two groups have shown an interest in the building.

The following pages contain the financial report on this project.

The Management Committee believes that the best way to liquidate this debt is a capital stewardship campaign.

Therefore, we make the following recommendations.

1. The Management Committee recommends that a capital stewardship campaign be launched to eliminate the debt on our New National Office Building in three years. "A Million Four by '94" is the name of the campaign.
2. It is further recommended that any excess funds raised, including from the sale of the Murfreesboro Road property, be placed in a trust fund with the Free Will Baptist Foundation for the purpose of future renovations and repairs to the new office building.

The Boards and employees of the agencies who will occupy the new building have been and are united in the need for relocation and in the details of the design and decor of the offices. The directors and employees of the agencies fully support this capital campaign.

EXECUTIVE OFFICE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1990

NOTE 1

Property, plant, and equipment as of December 31, 1990, was held as follows:

	<u>OPERATING FUND</u>	<u>PLANT FUND</u>	<u>BUILDING FUND</u>
Land, building, and accessory equipment	\$	\$305,486.25	\$804,933.70
Telephone		37,829.40	
Vehicles	15,985.25	5,091.73	
Office equipment	77,497.13		
Lawn equipment		4,016.86	
Paving parking lot		8,147.00	
Mailing machine		7,735.00	
	<u>93,482.36</u>	<u>368,306.24</u>	<u>804,933.70</u>
Less - accumulated depreciation	<u>68,868.94</u>	<u>217,365.31</u>	
	<u>\$24,613.44</u>	<u>\$150,940.93</u>	<u>\$804,933.70</u>

NOTE 2

Obligations of the Operating Fund on notes were as follows at Dec. 31, 1990:

Special Projects	\$227,020.54
Contact Magazine	<u>34,000.00</u>
	<u>\$261,020.54</u>

Obligations of the Plant Fund on notes were as follows at Dec. 31, 1990:

Board of Retirement and Insurance	<u>\$ 36,279.52</u>
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Obligations of the Building Fund on notes were as follows at Dec. 31, 1990:

First American Bank	\$800,000.00
Board of Retirement and Insurance	<u>28,500.00</u>
	<u>\$828,500.00</u>

EXECUTIVE OFFICE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.

BALANCE SHEET

BUILDING FUND

YEAR ENDED
DECEMBER 31, 1990

ASSETS

CURRENT ASSETS

Cash	\$ 23,963.37
Accounts receivable	580.00
Total current assets	<u>24,543.37</u>

FIXED ASSETS

Building	804,933.70
	<u>\$829,477.07</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts payable	\$ 6.95
Accrued property taxes	20,694.55
Note payable - First American Bank (Note 2)	800,000.00
- R & I (Note 2)	28,500.00
Total current liabilities	<u>849,201.50</u>

FUND BALANCE

(19,724.43)
<u>\$829,477.07</u>

The accompanying notes are an integral part of the financial statements.

EXECUTIVE OFFICE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
STATEMENT OF REVENUES, EXPENSES, AND FUND BALANCE

BUILDING FUND

YEAR ENDED
DECEMBER 31, 1990

INCOME

New Building Gifts	\$ 1,600.00
Earnest money interest	124.78
Reimbursed - Property taxes	15,194.90
- Interest	16,666.66
- Repairs	23,028.63
Total income	<u>56,614.97</u>

EXPENSES

Advertising	288.00
Architectural	14,212.19
Carpet	2,800.00
Electrical	10,385.00
Engineering	2,146.63
Fees and permits	2,043.75
Property taxes	20,694.55
Insurance	2,920.00
Interest	16,666.66
Other expenses	557.66
Professional services	1,190.00
Telephone	792.12
Tools	1,642.84
Total expenses	<u>76,339.40</u>

FUND BALANCE

(\$19,724.43)

NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
BUILDING FUND
Balance Sheet
June 30, 1991

ASSETS

CURRENT ASSETS

Cash - First American National Bank	\$ 532.49
Accounts Receivable	2,136.47
Total Current Assets	<u>\$ 2,668.96</u>

BUILDINGS AND LAND

Building	\$ 804,933.70
Total Buildings and Land	<u>804,933.70</u>
TOTAL ASSETS	<u>\$ 807,602.66</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Note Payable-Convention	\$ 3,000.00
Note Payable-FANB	800,000.00
Note Payable-R&I	583,500.00
Total Liabilities	<u>\$1,386,500.00</u>
FUND BALANCE	(578,897.34)
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 807,602.66</u>

The accompanying notes are an integral part of the financial statements.

NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
BUILDING FUND
Statement of Income and Expenses

GENERAL INCOME	
Gifts	\$ 1,455.48
Executive Office Furniture Gift	19,449.00
FANB Interest Reimbursed	36,855.55
R&I Interest Reimbursed	12,666.39
Volunteer Meals	1,080.00
Plant Fund Property Taxes	3,620.97
Plant Fund Reimbursement	65,732.91
Total Income	\$ 140,860.30

GENERAL EXPENSES	
Anchor Electric (C.E.D.)	\$ 81,430.59
Evans Glass (TN Glass)	31,982.25
Lankford Hardware (Supplies/Labor)	41,802.36
Contractors Heating & Cooling (Ed's Supply)	87,944.82
Adams Plumbing (Steinhouse)	29,383.72
Nashville Sprinkler	10,452.37
Poole Brothers Tile	7,784.00
Gianikas Contractors	26,222.00 *
Carpet	17,638.99
John Arnold Concrete	3,660.00
Accordion Door	3,342.00
Accordion Door (Structural Steel)	1,684.00
Alarm System	200.00
Architect	10,500.00
Attorney	9,359.70 *
Blueprints	203.95
Cabinets (Labor)	19,710.00
Ceiling Tiles (Labor)	4,261.00
Dry Wall (Norvell Wallace, Mid-South, Labor)	69,905.48
Engineers	4,719.93
Floor X-Ray	875.00
Fire Escape	3,280.00
Howard Gwartney	14,100.00
Insurance	200.00 *
Interest - FANB	36,855.55 *
Interest - R&I	12,666.39 *
Lowe's	12,662.93
Mileage	1,482.99
Moldings (Labor)	2,334.65
Plant Fund Furniture	4,732.52 *
Executive Office Furniture	19,449.00 *
Paint/Vinyl Wall Covering	9,614.84
Paint/Vinyl Wall Covering (Labor)	21,964.50
Permits	1,020.20
Printing/Office Supplies	134.14
Studio Lighting	784.22
Taxes (P.F.)	3,620.97 *
Tools & Supplies (Petty Cash)	6,243.06
Trash Removal (Labor)	5,446.72
Utilities	10,819.11 *
Vinyl Tile	4,789.00
Volunteer Meals	1,080.00 *
Wall Base	3,189.28
Work Stations	59,957.00
Other (First, Fayette, AL gift refunded to HM)	543.98 *
*Reimbursed Expenses (\$125,549.22)	
Total Expenses	\$ 700,033.21
NET INCOME (LOSS)	\$ (559,172.91)

CONTINUATION SHEET

AIA Document G702, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

Use Column I on Contracts where variable retainage for line items may apply.

AIA DOCUMENT G703 (Instructions on reverse side) PAGE 1 OF 7 PAGES

APPLICATION NUMBER:

APPLICATION DATE:

PERIOD TO:

ARCHITECT'S PROJECT NO.:

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE	D WORK COMPLETED		E THIS PERIOD	F MATERIALS PRESENTLY STORED (NOT IN D OR E)	G TOTAL COMPLETED AND STORED TO DATE (D + E + F)	H BALANCE TO FINISH (C - G)	I RETAINAGE
			FROM PREVIOUS APPLICATION (D + E)	THIS PERIOD					
	CONTRACTED								
	Electric	40,000.00	36,370.00	0.00	0.00		36,370.00	3,630.00	
	Labor	59,883.34	45,060.59	0.00	0.00		45,060.59	14,822.75	
	Materials	4,000.00	0.00	4,000.00	0.00		4,000.00	0.00	
	Additional Labor	4,741.00	0.00	4,741.00	0.00		4,741.00	0.00	
	Additional Materials	108,424.34	81,430.59	8,741.00	0.00		90,171.59	18,252.75	
	Glass	41,680.00	29,881.49	0.00	0.00		29,881.49	11,798.51	
	Additional Work	1,827.00	1,827.00	0.00	0.00		1,827.00	0.00	
	Hardware and Doors	43,507.00	31,708.49	0.00	0.00		31,708.49	11,798.51	
	Heating and Cooling	31,417.00	46,594.03	1,918.76	0.00		48,512.79	(17,095.79)	
	Labor	30,950.00	30,100.00	0.00	0.00		30,100.00	850.00	
	Materials	76,037.00	57,844.82	3,284.52	0.00		61,129.34	14,907.66	
	Plumbing	106,987.00	87,944.82	3,284.52	0.00		91,229.34	15,757.66	
	Labor	12,948.00	17,856.00	0.00	0.00		17,856.00	(4,908.00)	
	Materials (Steinhouse)	16,630.00	11,338.72	0.00	0.00		11,338.72	5,291.28	
	Additional Work	107.00	189.00	0.00	0.00		189.00	(82.00)	
		29,685.00	29,383.72	0.00	0.00		29,383.72	301.28	

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PERIOD TO: July 11, 1991

ARCHITECT'S PROJECT NO:

A	B	C	D	E	F	G	H	I
ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	FROM PREVIOUS APPLICATION (D + E)	WORK COMPLETED THIS PERIOD	MATERIALS PRESENTLY STORED (NOT IN D OR E)	TOTAL COMPLETED AND STORED TO DATE (D + E + F)	% (G ÷ C)	RETAINAGE
	Sprinkler Additional Work	11,500.00 725.00	10,452.37 0.00	0.00 0.00		10,452.37 0.00	90.89% 0.00%	1,047.63 725.00
		12,225.00	10,452.37	0.00		10,452.37	85.50%	1,772.63
	Ceramic Tile Additional Work	6,840.00 2,664.00	6,840.00 944.00	0.00 0.00		6,840.00 944.00	100.00% 35.44%	0.00 1,720.00
		9,504.00	7,784.00	0.00		7,784.00	81.90%	1,720.00
	Carpet	21,000.00	18,986.23	2,432.76		21,418.99	102.00%	(418.99)
	CONTRACTED TOTALS	362,749.34	314,284.25	16,377.04		330,661.29	91.15%	32,088.05

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	Architect 4 mo. @ \$3,500.00	14,000.00	14,000.00	0.00		14,000.00	100.00%	0.00
	Cabinets Labor (Karl Norris) Extra Labor (5 wks. @ \$320.00) Materials Additional Materials	5,000.00 1,600.00 15,000.00 3,000.00	6,200.00 5,891.00 15,000.00 12,254.95	0.00 0.00 0.00 281.76		6,200.00 5,891.00 15,000.00 12,536.71	24.00% 36.19% 100.00% 417.89%	(1,200.00) (4,291.00) 0.00 (9,536.71)
		24,600.00	39,345.95	281.76		39,627.71	61.09%	(15,027.71)
	Ceiling Tiles Labor 5 wks. @ \$1,000.00	18,164.00 5,000.00	12,398.46 2,269.00	4,275.36 3,134.00		16,673.82 5,403.00	91.80% 108.06%	1,490.18 (403.00)
		23,164.00	14,667.46	7,409.36		22,076.82	95.31%	1,087.18
	Engineers Structural (EMC) Mechanical	500.00 3,000.00	342.43 4,377.50	0.00 0.00		342.43 4,377.50	68.49% 145.92%	157.57 (1,377.50)
		3,500.00	4,719.93	0.00		4,719.93	134.86%	(1,219.93)
	Howard Gwartney Supervision (13 wks. @ \$750.00)	9,750.00	14,100.00	0.00		14,100.00	144.62%	(4,350.00)
	Metal Fire Escape/Roof Ladder	3,000.00	3,280.00	0.00		3,280.00	109.33%	(280.00)

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			FROM PREVIOUS APPLICATION (D + E)	THIS PERIOD				
	Other Tools and Supplies (Petty Cash)	5,000.00	7,209.44	677.73		7,887.17	157.74%	(2,887.17)
	Painting/Vinyl Wall Covering Labor	20,012.00	15,840.50	6,974.00		22,814.50	114.00%	(2,802.50)
	Paint/Vinyl Wall Covering Materials-Paint	3,838.00	3,541.48	692.90		4,234.38	110.33%	(396.38)
	Vinyl Wall Covering	5,000.00	5,894.85	0.00		5,894.85	117.90%	(894.85)
		8,838.00	9,436.33	692.90		10,129.23	114.61%	(1,291.23)
	Office Dividers	59,983.00	0.00	60,057.00		60,057.00	100.12%	(74.00)
	Dry Wall Finisher/Labor (Otis Butler, Jr.) (8 wks. @ \$500.00)	4,000.00	3,000.00	0.00		3,000.00	75.00%	1,000.00
	Materials	15,000.00	17,362.14	1,000.00		18,362.14	122.41%	(3,362.14)
	Additional Labor (5 wks. @ \$2,000.00)	10,000.00	20,382.00	251.83		20,633.83	206.34%	(10,633.83)
		29,000.00	40,744.14	1,251.83		41,995.97	144.81%	(12,995.97)
	Structural Steel for Accordion Door	2,480.00	1,584.00	0.00		1,584.00	67.90%	796.00
	Accordion Door	3,500.00	3,342.00	0.00		3,342.00	95.49%	158.00

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			FROM PREVIOUS APPLICATION (D + E)	THIS PERIOD				
	Concrete Work Additional Work	2,560.00	2,560.00	0.00		2,560.00	100.00%	0.00
		1,100.00	1,100.00	0.00		1,100.00	100.00%	0.00
		3,660.00	3,660.00	0.00		3,660.00	100.00%	0.00
	Moldings Additional Work	4,000.00	2,835.18	3,627.93		6,463.11	161.58%	(2,463.11)
		4,000.00	1,392.00	0.00		1,392.00	34.80%	2,608.00
		8,000.00	4,227.18	3,627.93		7,855.11	98.19%	144.89
	Interior Signage	2,000.00	0.00	0.00		0.00	0.00%	2,000.00
	Exterior Signage	3,000.00	0.00	0.00		0.00	0.00%	3,000.00
	Vinyl Tile	4,564.00	4,027.25	761.75		4,789.00	104.93%	(225.00)
	Wall Base	4,876.00	2,389.28	1,748.00		4,137.28	84.85%	738.72
	Floor X-ray	1,000.00	875.00	0.00		875.00	87.50%	125.00
	Office Furniture Pictures Plants	0.00	0.00	0.00		0.00	0.00%	0.00
		0.00	0.00	0.00		0.00	0.00%	0.00
		0.00	0.00	0.00		0.00	0.00%	0.00
	Exterior Paint	0.00	0.00	0.00		0.00	0.00%	0.00

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	Landscaping	0.00	0.00	0.00	0.00		0.00	0.00	
	Permits (Building)	1,020.20	1,020.20	0.00	0.00		1,020.20	0.00	
	Fence	2,000.00	0.00	0.00	0.00		0.00	2,000.00	
	Blueprints	250.00	210.90	0.00	0.00		210.90	39.10	
	Printing/Office Supp.	200.00	77.57	7.83	0.00		85.40	114.60	
	Trash Removal	1,500.00	2,970.43	1,490.00	0.00		4,460.43	(2,960.43)	
	Additional Work	425.00	957.99	873.62	0.00		1,831.61	(1,406.61)	
		1,925.00	3,928.42	2,363.62	0.00		6,292.04	(4,367.04)	
	Alarm System	200.00	200.00	0.00	0.00		200.00	0.00	
	Proposal Requests								
	1. Misc. Electrical	2,000.00	0.00	0.00	0.00		0.00	2,000.00	
	2. Panic Hardware	2,000.00	0.00	0.00	0.00		0.00	2,000.00	
	3. Misc. HVAC/Electr. (C.O.#1)	0.00	0.00	0.00	0.00		0.00	0.00	
	4. Doors	500.00	0.00	0.00	0.00		0.00	500.00	
	5. Electr. Outlets (C.O.#2)	0.00	0.00	0.00	0.00		0.00	0.00	
	6. Window Changes (Omitted)	0.00	0.00	0.00	0.00		0.00	0.00	
	7. Door Changes	4,001.00	0.00	0.00	0.00		0.00	4,001.00	
	8. Store Front Glass	2,000.00	0.00	0.00	0.00		0.00	2,000.00	
	9. Computer Cables	3,000.00	0.00	0.00	0.00		0.00	3,000.00	
	Labor	2,500.00	0.00	0.00	0.00		0.00	2,500.00	
	Materials								

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	10. Aluminum Break Metal	2,500.00	0.00	0.00	0.00		0.00	2,500.00	
	11. Women's Mirrors	150.00	52.88	0.00	0.00		52.88	97.12	
	12. Misc. Hardware	(500.00)	0.00	0.00	0.00		0.00	(500.00)	
	13. C-Label Door Changes	0.00	0.00	0.00	0.00		0.00	0.00	
	14. Studio Lighting	600.00	784.22	0.00	0.00		784.22	(184.22)	
	15. Other Mirrors	0.00	220.88	0.00	0.00		220.88	(220.88)	
		18,751.00	1,057.98	0.00	0.00		1,057.98	17,693.02	
	OTHER Totals	258,273.20	190,043.53	85,853.71	0.00		275,897.24	(17,624.04)	
	CONTRACTED Totals	362,749.34	314,284.25	16,377.04	0.00		330,661.29	32,088.05	
		621,022.54	504,327.78	102,230.75	0.00		606,558.53	14,464.01	
	GRAND TOTALS								

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GENERAL BOARD REPORT

1. We have heard the reports of the Executive Office, Free Will Baptist Foundation, Free Will Baptist Bible College, the Foreign Missions Department, the Sunday School and Church Training Department, the Retirement Department, the Home Missions Department, the Master's Men Department, the Management Committee, the Budget Committee report on denominational giving, and the Double in a Decade Committee. We recommend that these reports be received and their budgets and recommendations be adopted as each is presented.
2. We recommend that the By-Laws, Section 31, page 86 of the *Treatise* be amended to read "The moderator and clerk shall receive an honorarium as set by the Executive Committee in the annual convention budget, plus travel expenses to the annual session."
3. As requested, we sought a legal opinion concerning the procedures in disciplining a minister. We offer the following statement:

Having sought legal counsel concerning our procedures for disciplining ministers, we believe that our procedures are legally sound when properly followed. We, therefore, urge our associations to diligently follow the procedures outlined in the *Treatise* (pages 60-61, 56-57).
4. We recommend that we accept the invitation of the Michigan State Association to meet in Detroit, Michigan July 15-19, 2001.

REGISTRATION COMMITTEE REPORT

National Convention		
Ordained Ministers	896	
Foreign Missionaries	25	
Home Missionaries	56	
Ordained Deacons	195	
State Delegates	87	
Local Church Delegates	102	
National Board Members	5	
Non-Delegates	<u>2,774</u>	
Total		4,140
National Youth Conference		1,412
Woman's National Auxiliary Convention		<u>1,016</u>
Grand Total		6,568

NOMINATING COMMITTEE REPORT

Nominees to General Board

Terms to expire in 1993

Alabama: replacing John Edwards, John Edwards
 Arizona: replacing Paul Thompson, Howard Gwartney
 Arkansas: replacing David Joslin, David Joslin
 Atlantic-Canada: replacing Oral McAfee, Hazen Burlock
 California: replacing Doice McAlister, Nuel Brown
 Colorado: replacing Bob Thomas, Bob Thomas
 Florida: replacing Robert Owen, Randy Bryant
 Georgia: replacing Herbert Waid, Herbert Waid
 Idaho: replacing Tommie Carlson, Tommie Carlson
 Illinois: replacing Wallace Malone, Wallace Malone
 Indiana: replacing Archie Ratliff, Robert Helms
 Kansas: replacing Steve Hendrix, Nick Hollis
 Kentucky: replacing Tim York, Tim York
 First Louisiana: replacing Steve Trail, Steve Trail
 Maryland: replacing Lester Horton, Lester Horton
 Mexico: replacing Fred Jones, Fred Jones
 Michigan: replacing Charles Cooper, Charles Cooper
 Mississippi: replacing J.L. Gore, J.L. Gore
 Missouri: replacing Dale Skiles, Dale Skiles

Nominees to Executive Committee

Terms to expire in 1993

Replacing Charles Cooper (Mich.), Charles Cooper
Replacing J.L. Gore (Miss.), J.L. Gore
Replacing Bob Thomas (Colo.), David Joslin (Ark.)

Nominees to Home Missions Board

Terms to expire in 1997

Replacing Milburn Wilson (Calif.), Milburn Wilson
Replacing Glenn Thomas (Ga.), Glenn Thomas
Replacing Larry Russel (La.), Larry Russell

Nominees to Master's Men Board

Terms to expire in 1997

Replacing Howard Gwartney (Okla.), Howard Gwartney
Replacing Tim Jordan (Ga.), Tim Jordan
Replacing Thurman Pate, Jr. (Tenn.), Thurman Pate, Jr.

Nominees to Board of Retirement

Terms to expire 1997

Replacing Ron Barber (Okla.), Ron Barber
Replacing Roger Harwell (Ark.), Roger Harwell
Replacing Milton Hollifield (N.C.), Milton Hollifield

Nominee to Commission for Theological Integrity

Term to expire 1996

Replacing Lonnie Skiles (Mo.), Lonnie Skiles

Nominee to Radio-Television Commission

Term to expire 1996

Replacing Sandy Goodfellow (Tenn.), Sandy Goodfellow

Nominee to Music Commission

Term to expire 1996

Replacing Rodney Whaley (Tenn.), David Bates (Mo.)

Nominee to Historical Commission

Term to expire 1996

Replacing David Joslin (Ark.), Thomas Marberry (Okla.)

Nominees for General Officers

Terms to expire in 1992

Replacing moderator Ralph Hampton (Tenn.), Ralph Hampton
Replacing assistant moderator Carl Cheshier (Ark.), Carl Cheshier
Replacing clerk Waldo Young (Okla.), Waldo Young
Replacing assistant clerk Keith Burden (Okla.), Keith Burden

CREDENTIALS COMMITTEE REPORT

We, the Credentials Committee, have examined the letters and find them in order as stated below:

1. From the following state associations with the right to five delegates each: Alabama, Arizona, Arkansas, California, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Maryland, Michigan, Mississippi, Missouri, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.
2. From the following district associations with the right to three delegates each: Atlantic-Canada Association, First Colorado District Association, Northeast Association, Northwest Association, Mexico Association, First Louisiana District Association.
3. From the following local churches reporting directly to this body with the right to one delegate each: Virgin Islands; Waipahu, Hawaii; Maranatha, Nebraska; Billings, Montana.
4. We recommend that the delegates from the three above mentioned categories be seated. We further recommend that all other delegates properly registered from local churches comprising the above associations be seated.

5. We recommend that all legally appointed lay delegates of standing boards be seated, if properly registered.

1991 NYC REPORT

The theme of the 1991 NYC was "Come Celebrate Jesus!" There were 1,412 youth who registered. There were 812 entries in the Bible Competition and the Music and Arts Festival.

The Sunday evening keynote message was delivered by Will Harmon, Pine Bluff, AR. Many spiritual decisions were made during the conference. Other speakers were Mike Wheeler, Tulsa, OK; Allen Pointer, Russellville, AR; Jeff Nichols, Fenton, MO; James Sadler, Greenville, NC; and Tim York, Louisa, KY.

Afterservice events included a celebration of Christmas in July, Youth Banquet riverboat cruise for 1,000, an evening with Grandma and Grandpa featuring Raymond and Winona Riggs, and other group activities.

The TEAM Congress met on Monday evening. Philip Ledgerwood, MO, was elected president, Rhonda Davis, OK, vice president; and Stephani McElheney, FL, secretary. The 1991 National YET presented their musical drama during the congress.

There were two new Bible-related individual competitions introduced. Turning Point is for junior high youth and Horizon is for senior high youth. A revised Guidelines was also introduced.

The 1992 National YET was introduced during the Wednesday evening Awards Celebration. The 12 members represent 10 states.

The Lord blessed, youth responded, and we rejoiced in celebration to our Lord and Savior, Jesus Christ.

RESOLUTIONS COMMITTEE REPORT

Resolution #1 Reaffirmation

Whereas, researchers believe there will be an increase in non-Biblical religions in America in this decade; and

Whereas, Free Will Baptists have been dedicated and loyal to the Holy Scriptures and the doctrines we have embraced for more than 26 decades; and

Whereas, we are a diverse denomination coming from many roots and have continued to progress and grow amidst such through tolerance, courtesy and love;

Therefore, be it resolved that we reaffirm our loyalty to God, His Son,

His cause, His Word, to each other and to the denomination that has brought us this far, and that we continue to prefer one another in love and godly compassion and be found faithful in these as we continue forward. (Adopted)

Resolution #2 Agency Audits

Whereas, growth in the various Departments of the National Association of Free Will Baptists has resulted in the need for complicated accounting and financial reporting; and

Whereas, most of our people do not have the training and/or experience to interpret audit reports and financial statements;

Therefore, be it resolved that we recommend each director make his financial accounting as understandable as accounting procedures will allow. (Adopted)

Resolution #3 Tribute to Past Leaders

Whereas, more than half a century has passed since our National Association's organization; and

Whereas, many of our leaders and mates have gone on to their reward;

Therefore, be it resolved that we stand in prayer giving tribute to the countless warriors no longer among our ranks. (Adopted)

Resolution #4 Abortion

Whereas, we as Free Will Baptists believe in the sanctity of human life and that abortion is morally and Biblically wrong;

Therefore, be it resolved that Free Will Baptists go on record affirming our position on abortion and to write elected officials to inform them of our opposition to abortion. (Adopted)

Resolution #5 Nominating Committee Guidelines

Whereas, our lay delegate representation has increased;

Therefore, be it resolved that in the guidelines assigned to the Nominating Committee that in the Nominating Committee Report, nominees be specified laity or clergy. (Adopted)

Resolution #6 North Carolina State Convention

Whereas, the National Executive Committee was instructed in Tampa, Florida, to extend invitations to unaffiliated groups of Free Will Baptists and send representatives to Phoenix in 1990; and

Whereas, such invitations were extended to the North Carolina State Convention (unaffiliated); and

Whereas, the North Carolina Association of Free Will Baptists (affiliated) did hereby pass a unanimous resolution at their 29th annual convention that the National Association "be asked to cease any further negotiations in any manner with the State Convention;"

Therefore, be it resolved that the Executive Committee be instructed not to enter any negotiations with the North Carolina State Convention. (Adopted as amended and here written)

Resolution #7 Appreciation

Whereas, the state association of West Virginia has done a marvelous job hosting the 55th National Association;

Therefore, be it resolved that we give a standing vote of appreciation. (Adopted)

STATISTICAL REPORT

	Associations	Number Reporting	Churches	Number Reporting	City	Rural	Full-Time Pastors	Part-Time Pastors	Baptisms	Members Added	Members Lost	Total Membership	Combined Income of all Churches	Number of Churches with Budgets	Parsonages	Value of Church and Parsonage Property	Sunday School Enrollment
Alabama	14	14	172	172	68	104	123	49	484	963	427	18,926		4	44	12,688,610	9,011
Arizona	2	2	7	7	8		6	2	56	43	37	273	228,189	5	3	2,655,000	261
Arkansas	15	15	220	217	93	127	79	141	630	1,112	690	20,525	4,530,852	34	71	27,835,850	13,674
California	7	7	70	70	59	11	49	17	435	629	439	4,611	2,775,261	33	30	26,068,071	5,282
Canada	1	1	15	10	2	13	4	6	18	10	13	445			4		
Colorado	1	1	6	6	6		5	1	28	45	22	344	169,000	2	1	1,177,500	325
Florida	9	9	77	71	38	38	46	26	254	420	250	5,160	2,076,156	20	37	12,068,436	3,726
Georgia	10	10	123	122	46	73	104	11	304	566	248	9,809	2,893,134	28	62	18,041,075	5,385
Hawaii			1	1	1			1	2	2	20	20	52,789	1	1	3,000,000	89
Idaho																	
Illinois	6	6	43	42	25	18	23	20	156	26	76	4,070	1,430,000	15	17	8,986,000	2,929
Indiana	3	3	25	25	16	8	10	15	61	77	55	1,727	367,236	6	3	2,220,000	1,721
Iowa			1	1	1		1		9	10		70	48,187	1	1	200,000	50
Kansas	2	2	8	7	8		6	2	16	12	6	271	161,184	3	3	1,443,500	437
Kentucky	10	10	146	146	31	115	30	116	863	763	569	15,839	711,208	9	5	9,084,500	6,712
Louisiana	1	1	3	3	3		3								3	300,000	
Maryland	3	3	23	23	11	12	20	3	111	137	47	1,739	616,295	9	9	6,564,000	1,565
Mexico	1	1	30	30	30		30					576					
Michigan	5	5	44	44	41	3	28	16	255	366	142	4,142	1,125,630	6	18	13,077,000	2,977
Mississippi	4	3	56	53	21	35	49	5	165	309	109	4,706			33		3,200
Missouri	16	16	173	173	81	92	104	58	596	795	452	15,857	4,396,053	31	39	23,352,088	9,527
Montana			1	1	1		1					7				150,000	17
Nebraska									2	4	2	29	28,944	1		300,000	23
New Jersey																	
New Mexico																	
North Carolina	8	7	178	137	97	40			894	1,555	672	18,409	56,777,456	41	49	23,068,600	13,757
Northeast Assoc.	1	1	3	2	1	2	2			10		141			1		133
Northwest Assoc.			10	9	8	1	4	5	38	36	63	325	147,256	4	3	995,000	350
Ohio	18	18	146	146	71	75	51	95	723	865	687	11,525	3,446,828	21	21	23,664,115	10,842
Oklahoma	23	23	262	247	159	99	172	86	613	1,530	694	23,826	7,202,354	65	82	46,248,086	19,161
Puerto Rico			1	1	1		1		3	5		46					
South Carolina	7	7	118	37	27	46	56	15	247	315	171	4,638	1,121,894	26	26	9,506,900	4,749
South Dakota			1	1	1		1		1			27					
Tennessee	7	5	173	144					629	854	411	16,387	21,623,666		54	23,064,100	9,473
Texas	7	7	55	51	39	16	25	25	121	255	110	2,770	1,150,609	11	13	5,620,000	2,203
Virginia	5	5	91	85	20	71	23	68	181	400	233	5,868	803,525	10	6	7,541,280	4,473
Virgin Islands			1	1	1		1		12	15	3	62	62,000	1	1	2,000,000	78
West Virginia	21	21	188	188	35	153	87	100	796	802	592	11,025	873,155	13	16	13,347,575	11,205
Wyoming																	
TOTALS	207	203	2,471	2,273	1,050	1,152	1,144	883	8,703	12,931	7,240	204,195	114,818,861	400	656	324,267,286	143,335

	CTS Enrollment	WNAC Enrollment	MM Enrollment	Ordained Ministers	Licensed Ministers	Deacons	Day Cares	Kindergartens	Christian Day Schools	Bible Institutes	Colleges	Value of Associational Property
Alabama	2,483	754	211	280	38	547	8	8	5	1	1	
Arizona	174	42	28	11	1	7	1	1				
Arkansas	3,005	1,354	296	361	46	599	2	3	2	1		695,000
California	431	469	32	120	23	159	4	6	4		1	850,000
Canada				4	6							
Colorado		58	5	9			1					
Florida	595	298	110	108	21	151	4					
Georgia	1,556	798	204	155	18	410	2	2	2			840,000
Hawaii	26	12	9	1	3	3						3,000,000
Idaho												
Illinois	663	361	104	72	13	108	1	1	2			500,000
Indiana	100	138	57	46	33	41	1	1	2			
Iowa		12	6	1	1							
Kansas		68		8		6						
Kentucky	610	400	105	413	33	310	1					
Louisiana				4								
Maryland	102	190	41	37	13	35	1	1	1			
Mexico				32	2					1		
Michigan	75	319	145	86	23	75	1					
Mississippi	1,300	350	100	71	14	180	1	1	1			
Missouri	1,193	844	51	286	47	397	2	2	3			525,000
Montana				1			1					
Nebraska		7		1								
New Jersey												
New Mexico												
North Carolina	1,153	1,115	147	240	86	406	17	14	12	1	1	
Northeast Assoc.		17	16	2		5						
Northwest Assoc.		54	10	14	1	4						
Ohio	361	767	100	356	15	281		2	2			
Oklahoma	2,840	1,519	275	425	62	647	8	5	4		1	2,797,000
Puerto Rico												
South Carolina	842	254	132	268	12	81	2	2	5			372,500
South Dakota												
Tennessee	1,746	951	234	287	62	491	3	2	4	1	1	
Texas	569	372	49	66	7	92				1		
Virginia	618	430	81	193	12	294	2	3	3			
Virgin Islands		15	5	2				1	1			
West Virginia	783	696	103	456	24	438		1	2			
Wyoming												
TOTALS	21,225	12,664	2,656	4,416	616	5,767	63	56	55	6	5	9,579,500

REPORTING PERIOD 1990-91