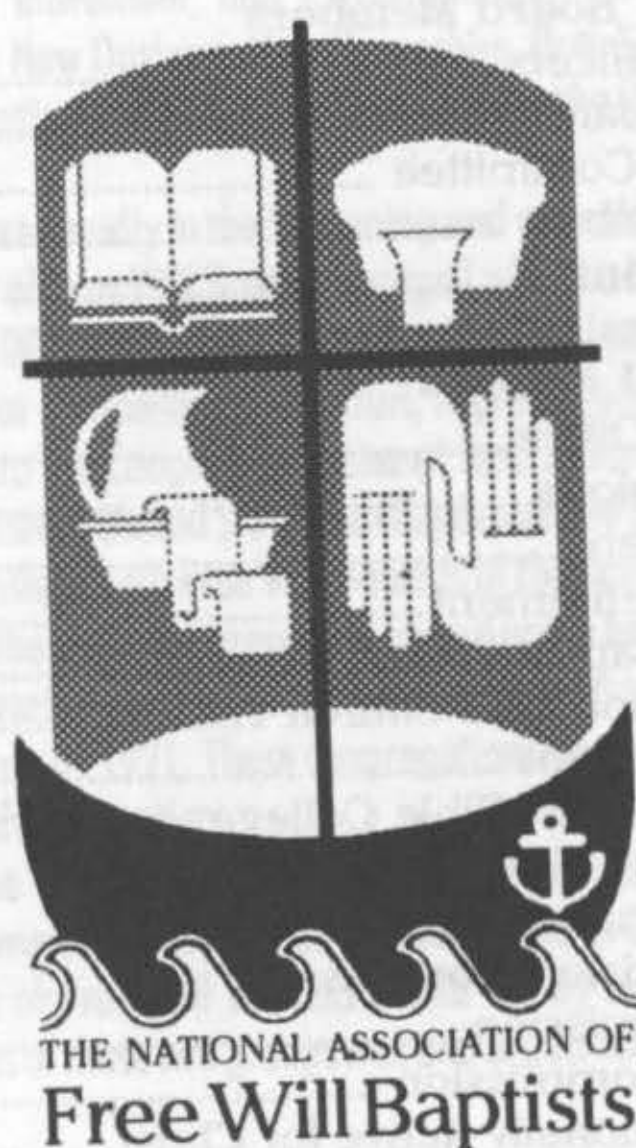


1995 Free Will Baptist Yearbook



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The Executive Office
National Association of Free Will Baptists, Inc.
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Minutes of the Fifty-Eighth Annual Session of the National Association of Free Will Baptists, Inc. when convened in Little Rock, Arkansas July 17-21, 1994

Future Sessions to Be Held In

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
2002	Memphis, Tennessee	July 21-25
2003	Tampa, Florida	July 20-24
2004	Kansas City, Missouri	July 18-22

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

1995

Alabama: John Edwards
 Arizona: David Taylor
 Arkansas: David Joslin
 Atlantic Canada: Darryl Crain
 California: Nuel Brown
 Colorado: Bob Thomas
 Florida: Randy Bryant
 Georgia: Herbert Waid
 Idaho: Tommie Carlson
 Illinois: Ernie Lewis
 Indiana: Robert Helms
 Kansas: James Mize
 Kentucky: Tim York
 First Louisiana: Ron Parker
 Maryland: Lester Horton
 Mexico: James Munsey
 Michigan: Charles Cooper
 Mississippi: J. L. Gore
 Missouri: Nathan Ruble

1996

New Jersey: Vergel Maness
 New Mexico: Earl Jenkins
 North Carolina: Tom Lilly
 Northeast Association: Jim Nason
 Northwest Association: Terry Stafford
 Ohio: Delmar Sparks
 Oklahoma: Jack Richey
 South Carolina: Joe Cagle
 Tennessee: Charles Thigpen
 Texas: Thurmon Murphy
 Virginia: Jeff Crabtree
 West Virginia: Carl Vallance

Executive Committee

Chairman: Ralph Hampton, 5614 Meadowcrest, Nashville, TN 37209
 Clerk: Waldo Young, 1722 North Union, Shawnee, OK 74801

1995	1996	Officers
Charles Cooper (Mich.)	Tom Lilly (N.C.)	Ralph Hampton (Tenn.)
Nathan Ruble (Mo.)	Thurmon Murphy (Tex.)	Carl Cheshier (Ark.)
David Joslin (Ark.)	Charles Thigpen (Tenn.)	Waldo Young (Okla.)

Bible College Trustees

Chairman: Douglas Little, 4 Sassafras Circle, Russellville, AR 72801
 President: Tom Malone, 3606 West End Avenue, Nashville, TN 37205

1996	1998	2000
Sam Truett (N.C.)	Richard Bowers (Ala.)	Richard Barnes (Va.)
Larry Montgomery (Fla.)	Larry Powell (Tenn.)	Gary Fry (Mo.)
J.M. Creech (Ga.)	Douglas Little (Ark.)	Howard Price (Ga.)

Foreign Missions Board

Chairman: Joe Grizzle, 4716 Stonegate Drive, Norman, OK 73072
 Director: Eugene Waddell, P.O. Box 5002, Antioch, TN 37011-5002

1996	1998	2000
Bill Jones (Okla.)	Joe Grizzle (Okla.)	William Reagan (Canada)
Galen Dunbar (Ga.)	David Shores (Ill.)	Milton Worthington (Mich.)
Archie Mayhew (Calif.)	Dean Dobbs (N.C.)	James Forlines (Ark.)

Home Missions Board

Chairman: Earl Hendrix, 88 Blackstock Road, Inman, SC 29349
 Director: Roy Thomas, P.O. Box 5002, Antioch, TN 37011-5002

1995	1997	1999
Fred Hanson (Canada)	Milburn Wilson (Calif.)	Lynn Wood (Okla.)
Earl Hendrix (S.C.)	Glenn Thomas (Tenn.)	Don Guthrie (Texas)
J.D. Norris (Ala.)	Larry Russell (Va.)	Wendell Walley (N.C.)

Master's Men Board

Chairman: Waymon Ray, 3705 S. 65th W. Avenue, Tulsa, OK 74107
 Director: James Vallance, P.O. Box 5002, Antioch, TN 37011-5002

1995	1997	1999
Johnny Fowlkes (Ark.)	Howard Gwartney (Okla.)	Don Neal (Ind.)
James Orr (Ky.)	George Brunkhorst (Calif.)	Dwight Fletcher (Miss.)
Waymon Ray (Okla.)	Thurman Pate, Jr. (Tenn.)	Gary Wilson (Ala.)

Board of Retirement

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

1995	1997	1999
Jack Daniel (Ga.)	Ron Barber (Okla.)	Robert Morgan (Tenn.)
Waymon Fields (Ala.)	Roger Harwell (Ark.)	Lincoln Varney (Ky.)
Wilburn Beasley (S.C.)	Milton Hollifield (N.C.)	Henry Van Kluyve (N.C.)

Sunday School and Church Training Board

Chairman: James McAllister, 370 North Orangewood, Fresno, CA 93727
Director: Alton Loveless, P.O. Box 17306, Nashville, TN 37217

1996	1998	2000
David Sutton (Texas)	Will Harmon (Ark.)	Jeff Crabtree (Va.)
James McAllister (Calif.)	Edwin Hayes (Ohio)	Billy Hanna (Ga.)
Dean Stone (Co.)	Larry Clyatt (Ill.)	Dennis Wiggs (N.C.)

Commission For Theological Integrity

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

1995 Daryl Ellis (Ill.)	1997 Leroy Forlines (Tenn.)
1996 Lonnie Skiles (Mo.)	1998 Fred Hall (Tenn.)
1999 Jeff Manning (N.C.)	

Historical Commission

Chairman: Mary Wisehart, P.O. Box 5002, Antioch, TN 37011-5002

1995 Steve Hasty (Tenn.)	1997 Jack Williams (Tenn.)
1996 Thomas Marberry (Okla.)	1998 Mary Wisehart (Tenn.)
1999 Robert Picirilli (Tenn.)	

Radio-Television Commission

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

1995 Bob Shockey (Tenn.)	1997 Bill Gardner (Tenn.)
1996 Sandy Goodfellow (Tenn.)	1998 Steve Faison (Tenn.)
1999 James Vallance (Tenn.)	

Music Commission

Chairman: Vernon Whaley, P.O. Box 50117, Nashville, TN 37205

1995 Vernon Whaley (Tenn.)	1997 Douglas Little (Ark.)
1996 David Bates (Mo.)	1998 Bill Gardner (Tenn.)
1999 Randy Sawyer (N.C.)	

Proceedings

The National Association of Free Will Baptists met in the Statehouse Convention Center, Little Rock, Arkansas for its 58th annual session on July 17-21, 1994. The convention theme was "We Preach Christ." Randy Sawyer served as music coordinator, Deanna Armstrong as pianist, and Jerry Carraway as organist. Ralph Hampton moderated all business sessions.

Sunday Morning-July 17, 1994

Tim Murfin led the congregation in singing "He Lives" to begin the Sunday School session for adults. The meeting place was the Statehouse Convention Center. Nathan Ruble (Missouri) presided at both the Sunday School and the morning worship service. He welcomed the people and introduced the adult teacher, Daryl Ellis, pastor of Butterfield FWB Church in Aurora, Illinois.

The Stanley Jones Singers brought special music, and then Pastor Ellis taught the Sunday School lesson based on Philippians 1:12-24. The lesson was titled "Joy in Jail." Lynn Wood led in prayer at the close of Sunday School.

Sounds of Praise, a vocal ensemble from Southeastern FWB College, presented special music to open the morning worship service. The congregation, directed by Tim Murfin, sang "'Tis So Sweet." Nathan Ruble made introductory remarks.

The congregation sang, "Leaning on the Everlasting Arms." The Sounds of Praise presented special music. The Stanley Jones Singers sang as the offering was received. Nathan Ruble led the offertory prayer. The congregation sang, "Trust and Obey."

Gary Fry, pastor of First FWB Church in Mountain Grove, Missouri, was introduced to bring the message. Before he came forward to preach, Sounds of Praise sang a medley about Heaven.

Pastor Fry read I Corinthians 1:17-23, and preached on the subject, "Christ Crucified." The congregation sang one verse of "Where He Leads Me, I Will Follow" at the close of the message. The speaker led in prayer. Bob Shockey prayed the benediction.

Sunday Evening-July 17, 1994

The New Life Singers from Hillsdale FWB College presented special music to open the Sunday evening service at 7:00 p.m. Daron Dwyer led the congregation in singing "Victory in Jesus." Charles Cooper presided over the service. He called on Gene Norris to lead in the opening prayer.

Amen's trio presented special music. The congregation sang, "Blessed Assurance." The convention offering was received. New Life Singers sang offertory music.

The congregation sang, "He Hideth My Soul." Kenneth Frisbee, pastor of Akron FWB Church in Akron, Ohio, was introduced as the speaker. Before he came to preach, Lange and Jamie Patrick sang. At the request of the speaker, the congregation sang "How Great Thou Art."

Pastor Frisbee read from Psalms 103 and 104, and brought the message on "Thou Art Very Great." The invitation hymn, "Where He Leads," was sung. Several people came forward to pray.

Mary Neal, WNAC president, announced the appointment of committees for WNAC. Other announcements were made. Special prayer was offered in behalf of Pastor Joe Cagle of South Carolina who suffered a heart attack after coming to the convention.

Monday Evening—July 18, 1994

The Pruitt Family opened the Monday evening service by singing "Somebody Touched Me", "Holy Spirit Thou Art Welcome", and "Sheltered in the Arms of God." Scott Bullman led the congregation in singing "We Have Come Into His House", "O Come, Let Us Adore Him", and "Majesty."

Arkansas Moderator James Forlines led in the invocation. Association Clerk Waldo Young called the convention into official session and introduced Moderator Ralph Hampton.

After bringing greetings, the moderator announced the appointment of committees which would serve the convention. Those appointed to the Nominating Committee were Dennis Wiggs, NC; Gene Norris, MI; Herbert Waid, GA; Wayne Phillips, MO; Nuel Brown, CA; Keith Woody, TX; John Edwards, AL.

Those appointed to the Resolutions Committee were Bill Jones, OK; Paul Thompson, AZ; Milton Worthington, MI; Randy Corn, IL; Will Harmon, AR.

Those appointed to the Obituary Committee were George Lee, NC; Ernie Lewis, IL; Vernon Barker, TN.

The Credentials Committee, whose members must be from the General Board, consisted of Nathan Ruble, MO; Bob Thomas, CO; Ron Parker, LA; J. L. Gore, MS; Lester Horton, MD.

David Joslin, promotional director of Arkansas, welcomed the convention participants to Arkansas. The Mass Choir, under the direction of Doug Little, sang "We Shall See Jesus." Scott Bullman led the congregation in singing "What a Day That Will Be" and "Heaven's Jubilee."

David Joslin, presider for the service, led in an offertory prayer. The Pruitt Family provided offertory music by singing "Champion of Love."

Dean Dobbs, pastor of the Pleasant Acres FWB Church in New Bern, North Carolina was introduced as the speaker. Before he came to bring the message, Joy Henderson sang, "I Am Not Ashamed of the Gospel."

Pastor Dobbs read I Corinthians 2:1-5 for his text, led in prayer and preached on the subject, "We Preach Christ." At the close of the message, David Joslin led in prayer. The congregation sang, "I Am Thine, Oh Lord."

Presider David Joslin presented Executive Secretary Melvin Worthington with an Arkansas Razorback T-shirt. The congregation sang, "I'll Fly Away," as the benediction.

Tuesday Morning Pastors' Conference—July 19, 1994

The first annual Pastors' Conference met in Ballroom A-B at the Arkansas' Excelsior Hotel. The 9:00 a.m. - 11:00 a.m. conference featured two

sessions on the pastor's personal life with Dr. Glen McGriff who serves as director of Ministry of Crisis Support with the Arkansas Baptist State Convention. National Association assistant moderator Carl Cheshier presided.

Tuesday Evening—July 19, 1994

The ensembles present from four Free Will Baptist colleges joined together to present special music under the direction of Vernon Whaley to open the Tuesday evening service. Vernon Whaley led in prayer.

The Rejoice Ensemble from Free Will Baptist Bible College sang, "I'm Gonna Keep Walkin'." The Sounds of Joy from California Christian College sang, "America Back to God." Randy Sawyer led the congregation in singing "All Hail the Power."

Waldo Young, who presided at the service, welcomed the people to the service and called on Randell Williams to lead in prayer.

New Life Singers from Hillsdale College sang, "I Will Rejoice." Sounds of Praise from Southeastern College sang, "Listen to the Hammer Ring." A combined musical group, ensembles from the four Free Will Baptist colleges, sang, "The Church Triumphant." Joe Grizzle provided narration for the song.

Randy Sawyer led the congregation in singing "Saved, Saved."

Executive Secretary Melvin Worthington came forward to receive the special "Victory Campaign" offering, an effort to reduce or erase indebtedness on the National Offices Building in Antioch, Tennessee. A parade of flags was held. Representatives from each state came forward bearing that state's flag as Dr. Worthington announced the amount that each state had raised for the Victory Campaign. The Tuesday evening offering also went to this effort. Masterpeace quartet from Missouri sang, "Just a Little Talk With Jesus," as the offering was received.

The congregation sang, "Great Is Thy Faithfulness" and "God is so Good."

Waldo Young introduced the speaker, Don Guthrie, pastor and founder of Collin Creek FWB Church in Plano, Texas. Just before he came to deliver the message, Masterpeace quartet sang, "The Midnight Cry."

Pastor Guthrie read John 13:34-35, and brought the message on "Evangelism Loves Evangelism." "People Need the Lord," was sung by the congregation at the conclusion of the message. After announcements, the service was dismissed.

Wednesday Morning—July 20, 1994

Moderator Ralph Hampton called the session to order at 9:00 a.m. Wednesday. He read Galatians 5:1, 13-18, 24-26; 6:7-9, and brought the moderator's message. His remarks were concluded with prayer.

The moderator read excerpts from the standing rules printed in the *Treatise*. The clerk read the report of the Credentials Committee. A motion carried to adopt the recommendations of the Credentials Committee and seat the delegates listed in the report.

The clerk read Item #1 of the General Board report pertaining to the fact that the General Board had heard the different reports from the national

agencies. A motion carried to adopt Item #1.

Executive Secretary Melvin Worthington gave the report of the Executive Office. A motion carried to receive the report and adopt the budgets contained therein.

Director Roy Thomas gave the report of the Home Missions Department. A motion carried to receive the report and adopt the budget.

Director James Vallance gave the report of the Master's Men Department. A motion carried to receive the report and adopt the \$106,500 revised budget of this department.

Item #3, which pertained to the Master's Men Department budget, was read. A motion carried to adopt Item #3.

Director William Evans gave the report from the Board of Retirement. A motion carried to receive the report and adopt the budget.

William Evans also gave the report of the Free Will Baptist Foundation. A motion carried to receive the report and adopt the budget.

A recess was declared for lunch at 11:55 a.m.

Wednesday Afternoon—July 20, 1994

Assistant Moderator Carl Cheshier read Galatians 6:1-10, and led in prayer 1:30 p.m.

Former Director Roger Reeds gave the auditor's report of the Sunday School and Church Training Department. A video presentation was viewed by the body which gave a historical overview of the ministry of the Sunday School and Church Training Department and Randall House Publications. Board Chairman Milton Worthington made a special presentation to Roger Reeds for his years of service to the department.

Newly-employed director Alton Loveless gave the report of the Sunday School and Church Training Department. A motion carried to receive the report and adopt the budget.

Director Loveless made special presentations to Milton Worthington and to Jim Shepherd for their years of service as members of the Sunday School and Church Training Board. Their terms expire, and they were not eligible to be re-elected.

The clerk read a partial report of the Nominating Committee, nominees for the Sunday School and Church Training Board. Other nominations were made from the floor. Those elected to six-year terms on the Sunday School and Church Training Board were Jeff Crabtree, VA; Billy Hanna, GA; Dennis Wiggs, NC.

Director of Missionary-Church Relations Fred Warner gave the report of the Foreign Missions Department. Director Eugene Waddell was absent because of recent surgery. Mike Johnston gave the financial report. A recently adopted code of ethics was included in the report. In response to questions, the moderator stated that, in his judgment, this code of ethics was included in the report only as information and that by approving the report of the Foreign Missions Department the body was not imposing this code of ethics upon the board for mandatory compliance.

A motion carried to receive the report of the Foreign Missions Department and adopt the budget.

The clerk read a partial report of the Nominating Committee naming the nominees to the Foreign Missions Board. Nominations were also made from the floor. William Reagan, Canada; Milton Worthington, MI; James Forlines, AR, were elected to six-year terms on the Foreign Missions Board.

President Tom Malone gave the report of Free Will Baptist Bible College. Thomas Sass gave the financial report. Bob Ketchum and Ken Walker were presented plaques for their years of service on the Bible College Board of Trustees. A motion carried to receive the report and adopt the budget.

The clerk read a partial report of the Nominating Committee naming nominees to the Bible College Trustees. Richard Barnes, VA; Gary Fry, MO; Howard Price, GA, were elected to six-year terms to the Bible College Trustees.

The nominees to the General Board were read by the clerk. Because Richard Barnes, VA; had been elected to the Bible College Trustees and chose to serve there instead of being nominated to the General Board, Glen Johnson was nominated to represent Virginia on the General Board. With this nomination made, a motion carried to elect those nominated to the General Board for two-year terms. Those elected were Vergel Maness, NJ; Earl Jenkins, NM; Tom Lilly, NC; Jim Nason, Northeast Association; Terry Stafford, Northwest Association; Delmar Sparks, OH; Jack Richey, OK; Joe Cagle, SC; Charles Thigpen, TN; Thurmon Murphy, TX; Glen Johnson, VA; Carl Vallance, WV.

Whereas Fred Jones has moved from Mexico, James Munsey was elected to fill the unexpired term of Fred Jones on the General Board.

The clerk read a partial report of the Nominating Committee for positions on the Executive Committee. Other nominations were made from the floor. Tom Lilly, NC; Thurmon Murphy, TX; Charles Thigpen, TN, were elected to two-year terms on the Executive Committee.

The meeting recessed until 9:00 a.m. Thursday. Thomas Marberry led in prayer to close the meeting.

Wednesday Evening—July 20, 1994

The New Covenant Quartet from Florence, SC, provided pre-service music. The congregation, under the direction of Vernon Whaley, sang "Heaven Came Down," to open the service at 7:00 p.m. Milton Worthington, presiding officer for the service, welcomed the people and led in prayer. The ensemble from Free Will Baptist Bible College sang "At the Name of Jesus."

The youth of Arkansas presented a \$78,486.78 check to the Foreign Missions Department for a project they called "Norman Invasion." The check and \$1,500 in additional funds went to missionaries Norman Richards and Norman McFall for projects in their respective fields of service.

Jimmy Aldridge introduced the foreign missionaries present for the service. Director Roy Thomas introduced home missionaries present.

The congregation sang, "I Love to Tell the Story" and "People Need the Lord." The Men's Chorale, directed by Vernon Whaley, sang, "Just a

Sinner Saved by Grace." After prayer by Milton Worthington, the missionary offering was received while the New Covenant Quartet sang offertory music. The congregation sang, "'Tis So Sweet to Trust in Jesus."

Milton Worthington introduced Mark Paschall, Michigan, soon to leave for missionary service as a medical doctor to Côte d'Ivoire, West Africa, as the speaker for the evening. Lisa McGee, of Owasso, OK, presented special music before the message.

"Wherever He Leads, I'll Go" was sung as an invitation hymn. After announcements were made, the service was dismissed at 9:00 p.m.

Thursday Morning—July 21, 1994

The moderator called the meeting to order at 9:00 a.m. on Thursday. Assistant Clerk Keith Burden read Proverbs 15:28-33, and led in prayer.

Chairman Leroy Forlines gave the report for the Commission for Theological Integrity. A motion carried to receive the report and adopt the budget. The clerk read the nominee from the nominating committee report for this commission. Jeff Manning, NC, was elected for a five-year term to the Commission for Theological Integrity.

Chairman Bob Shockey gave the report of the Radio-Television Commission. A motion carried to receive the report and adopt the budget. James Vallance, TN, was elected to a five-year term on this commission.

Chairman Vernon Whaley gave the report of the Music Commission. A motion carried to receive the report and adopt the budget. A motion carried to adopt Item #2, of the General Board Report, which pertained to printing the hymn book. Randy Sawyer, NC, was elected to a five-year term on the Music Commission.

Chairperson Mary Ruth Wisheart gave the report of the Historical Commission. A motion carried to receive the report and adopt the budget. Robert Picirilli, TN, was elected to a five-year term on the Historical Commission.

Chairman George Lee gave the report of the Obituary Committee. The congregation stood in a few moments of silence after which George Lee led in prayer.

A motion carried to adopt Item #4 of the General Board Report. This item recommended Kansas City, Missouri, as the meeting site of the 2004 convention.

A motion carried to adopt Item #5 of the General Board Report. This item offered a recommendation that a committee study the need for a ministry to ethnic groups in America.

A motion carried to adopt Item #6 of the General Board Report. This recommended the adoption of the reports of the Investigative Committee for Addiction Recovery Ministries and the Ministerial Family Life Committee, along with the requests and recommendations.

Chairman LaVerne Miley gave the report of the Special Investigative Committee for Addiction Recovery Ministries. A motion was made and seconded to receive the report and grant the requests. A motion carried to amend the recommendation to include a separate mailing to laymen and to provide additional funding for this larger survey. The motion carried as amended.

Chairman Leroy Forlines gave the report of the Ministerial Family Life Committee. A motion carried to receive the report and grant the request for a one-year extension of time to work.

The moderator mentioned that requests had been received by the Executive Committee concerning studying the nominating process of the convention, and that the General Board authorized such a study by the Executive Committee which will report to the General Board in its 1995 meeting.

Dean Jones gave the report of the National Youth Conference. A motion carried to receive the report.

Executive Secretary-Treasurer Mary Ruth Wisheart gave the report of the Women Nationally Active for Christ (WNAC). A motion carried to receive the report as information.

The clerk read the report of the Registration Committee.

Melvin Worthington gave the report of the Double in a Decade Committee. A motion carried to receive the report.

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

The clerk read the report of the Resolutions Committee. A motion carried to receive the report and consider it item by item. Resolution #1 was adopted. Resolution #2 was adopted. Resolution #3 was adopted. Resolution #4 was adopted. The following resolution was offered from the floor:

WHEREAS, we as Free Will Baptists continue to strongly maintain our position on the plenary, verbal inspiration of the scripture, and, WHEREAS, "Fundamentalist, Bible-believing Christians have never claimed, in the doctrine of inspiration, that translators are inspired; only that the original writers—like Isaiah and Paul—were inspired and preserved from error" (quoted from "Should We Use the King James Only" by Robert Picirilli, published by Randall House, [1989]), and,

WHEREAS, there are available today many good translations done by conservative Christian scholars who carefully researched the ancient manuscripts available, and,

WHEREAS, we as Free Will Baptists focus on presenting the Word of God to our churches and the lost world in as clear and concise a manner as possible, and

WHEREAS, many pastors and teachers are using a variety of good translations in their ministries, and of course missionaries must use translations of scripture in the language of the people to which they minister,

BE IT RESOLVED that we cease condemnation of those who do not embrace a "King James Only" position and get on with the business of spreading God's Word with whatever good, accurate, conservative translation we as individuals feel led to use, thankfully praising God that He has preserved His Word for us.

A motion was made and seconded to adopt the resolution. A motion carried to table the resolution.

The clerk read the final report of the Nominating Committee offering nominees for the officers of the convention. A motion carried to elect the nominees of the committee by acclamation. After allowing time for other nominations, the moderator recognized the motion and requested that Executive Secretary Melvin Worthington take the vote. The motion carried, thus electing Ralph Hampton as moderator, Carl Cheshier as assistant moderator, Waldo Young as clerk, and Keith Burden as assistant clerk. A motion carried to adjourn. Clerk Waldo Young led in the closing prayer. Adjournment was at 11:25 a.m.

The Executive Secretary's Report 1993

The Executive Office continues to operate smoothly. We are pleased with the fine office staff. The efficiency of the staff makes my job easy and accounts for the effective ministry of the Executive Office. Steve Pate has done an outstanding job as maintenance superintendent since Wade Trimble died in January 1993.

The Executive Office represented the National Association of Free Will Baptists, Inc. at the Religious Conference Management Association, U.S. Church Leaders Conference, the Evangelical Press Association and the Christian Stewardship Association in addition to attending 22 state/district associations.

The 1993 national convention in Louisville, Kentucky was well attended. The music, meetings, and messages were a special blessing. We commend the Kentucky State Association of Free Will Baptists for the excellent job it did in hosting the convention.

Preparation for the 1994 convention in Little Rock, Arkansas, is on schedule. Missouri has issued an invitation to host the 2004 national convention. Site inspection visits will be made to St. Louis and Kansas City prior to the 1994 convention in Little Rock.

Contributions for the Capital Stewardship/Victory Campaign, "A Million More by '94," launched January 1, 1994, to pay off the indebtedness on the new National Office building, totaled \$125,583.39 through December 31, 1993.

Contact subscriptions totaled 6,043 in the December mailing. Complimentary copies are provided for students at Free Will Baptist Bible College, Southeastern Free Will Baptist College, Hillsdale Free Will Baptist College and California Christian College. Subscription rates are \$12 per year. Life-time *Contact* subscriptions are available for \$500. Each life-time subscriber will receive a leather bound copy of the 1988 *Rejoice, The Free Will Baptist Hymn Book*. For details of the life-time subscription program contact the Executive Office. Only a limited number of leather hymnals are available—528 (267 shaped note and 261 round note). Due to the high cost of the leather edition it will not be reprinted. This life-time subscription program would be an excellent way to provide *Contact* for a local church.

Sales of *Rejoice, The Free Will Baptist Hymn Book*, as of December 31 exceeded 93,000. The hymn book loan has been retired. As authorized by delegates at the national convention in Louisville, Kentucky, the process of editing, proofing and revising the hymn book has begun. Plans call for the hymnal to be ready by the national convention in Little Rock, Arkansas.

Contributions to national agencies in 1993 totaled \$7,864,572.01. Per capita giving was \$42.85. The 1994 per capita gift goal is \$43.09. Comparative figures since 1984 are:

1984	\$5,055,269.03	1986	\$5,826,768.00
1985	\$5,634,007.92	1987	\$5,797,896.42
1988	\$6,428,621.22	1991	\$7,848,694.01
1989	\$6,489,728.33	1992	\$7,832,441.46
1990	\$6,933,944.49	1993	\$7,864,572.01

Contributions through the Cooperative Channel in 1993 totaled \$2,065,453.48—the highest in history. Of this amount \$278,925.67 was *Cooperative* and \$1,786,527.81 was *Designated*. We rejoice in God's financial provision through the Cooperative Channel. On January 1, 1994, the Together Way Plan will be implemented. The appropriate steps to make this transition are being made. The production of the Together Way Plan materials is on schedule.

Charting Contributions Through The Together Way

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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 (+3.47%) 24%	1,366,030.76 (+2.77%)
1991	1,129,064.33 (9.04%) 77%	329,050.08 (-0.46%) 23%	1,458,114.41 (+6.74%)
1992	1,480,847.51 (+31.16%) 86%	243,195.98 (-26.09%) 14%	1,724,043.49(+18.24%)
1993	1,786,527.81 (+20.64%) 86%	278,925.67 (+14.69%) 14%	2,065,453.48(+19.80%)

The Together Way Totals increase from 1984-1993
Designated 218.74% CO-OP -26.60%

Executive Office

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	68,011.64	191,443.70	259,455.34
1992	123,182.46	180,694.62	303,877.08
1993	128,789.88	175,087.19	303,877.07

Foreign Missions

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	712,661.39	31,649.40	744,310.79
1992	850,776.88	14,375.28	865,152.16
1993	1,053,812.57	23,882.82	1,077,695.39

Free Will Baptist Bible College

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	61,558.53	31,649.40	93,207.93
1992	81,669.82	14,375.28	96,045.10
1993	105,536.09	23,882.82	129,418.91

Home Missions

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	216,177.42	24,769.01	240,946.43
1992	293,769.40	11,250.25	305,019.65
1993	368,660.04	18,690.90	387,350.94

Retirement & Insurance

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	6,458.01	19,264.88	25,722.89
1992	16,509.81	8,750.10	25,259.91
1993	12,344.65	14,537.48	26,882.13

Master's Men

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	7,316.70	19,264.88	26,581.58
1992	17,388.70	8,750.10	26,138.80
1993	20,807.95	14,537.48	35,345.43

Free Will Baptist Foundation

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	9,256.60	8,256.35	17,512.95
1992	11,036.40	3,750.10	14,786.50
1993	11,281.73	6,230.32	17,512.05*

Historical Commission

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	493.53	688.09	1,181.62
1992	1,137.01	312.52	1,449.53
1993	1,118.66	519.14	1,637.80

Commission for Theological Integrity

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	542.41	688.09	1,230.50
1992	1,193.44	312.52	1,505.96
1993	1,267.94	519.14	1,787.08

Radio & TV Commission

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
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
1991	640.71	688.09	1,328.80
1992	1,042.42	312.52	1,354.94
1993	1,136.55	519.14	1,655.69

*This balance represents National Ministries Offering gifts of \$1,906.99 and gifts of \$3,600.00 to the Together Way Endowment Fund.

Music Commission

	<i>Designated</i>	<i>Co-op</i>	<i>Total</i>
1990	\$ 197.63	\$ 821.42	\$1,019.05
1991	221.71	688.09	909.80
1992	920.26	312.52	1,232.78
1993	1,017.59	519.14	1,536.73

The International Fellowship of Free Will Baptists has scheduled its organizational meeting for 1995 in Brazil or Uruguay. The Executive Secretary of the National Association of Free Will Baptists, Inc. has been selected to chair the planning committee for this historic meeting.

The Leadership Conference met December 6-7, 1993, at the Doubletree Hotel. Six major speakers developed the theme, "The Challenge of Change." Conference attendees heard Dr. Grigori Komendant, president of the Baptist Union for the Commonwealth of Independent States (Russia). The installation of Dr. Alton Loveless as the new general director for the Sunday School and Church Training Department was a special highlight of the conference.

The 1994 Leadership Conference will meet December 5-6 in Nashville, Tennessee. Each state leader is encouraged to make plans to attend the conference.

Speakers for the 1994 national convention in Little Rock, Arkansas include: Gary Fry, Kenneth Frisbee, Dean Dobbs, Don Guthrie, Mark Paschall, Glen McGriff and Daryl Ellis. The theme will be "We Preach Christ." State Associations interested in hosting future conventions are encouraged to contact the Executive Office.

Reporting forms 501, 502, 503, 504 can be obtained from the Executive Office. These forms are provided at no cost and each church, district and state association is encouraged to use them. Proper use of these forms will enhance the accuracy of statistical data.

The Double in A Decade Campaign launched January 1, 1991 with the two-fold goal of planting 250 new churches and doubling denominational membership by 2000 AD. Statistical Data for 1993 indicates: 8,828 baptisms; 12,246 members added; 6,011 members lost, with a net membership gain of 6,235.

1988-1993

	1988	1989	1990	1991	1992	1993	Total
Baptisms	7,910	8,678	7,946	8,703	9,283	8,828	51,348
Members Added	12,436	12,726	12,537	12,931	12,123	12,246	74,999
Members Lost	6,454	7,511	6,583	7,240	7,223	6,011	41,022
Net Increase	5,982	5,215	5,954	5,691	4,900	6,235	33,977

Rejoicing and Resting in Our Redeemer, Your servant,
Melvin Worthington, Th.D., CMP

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

Financial Statements

December 31, 1993

(with comparative totals for 1992)

(With Independent Auditors' Report Thereon)

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

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

Independent Auditors' Report

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

Executive Committee of the General Board of the National Association of Free Will Baptists, Inc.

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We have audited the balance sheets of Building Services Fund of the National Association of Free Will Baptists, Inc. as of December 31, 1993 and 1992, and the related statements of activity and changes in fund balances and cash flows for the year ended December 31, 1993. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. Information included on the statements of activity and changes in fund balances and cash flows for the year ended December 31, 1992 is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which we expressed and unqualified opinion dated April 30, 1993.

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 Building Services Fund of the National Association of Free Will Baptists, Inc. as of December 31, 1993 and 1992, and the results of its activity and changes in fund balances and cash flows for the year ended December 31, 1993 in conformity with generally accepted accounting principles.

April 22, 1994

Hill, Neal & Allen, P.C.

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

Balance Sheet

December 31, 1993

(with comparative totals for 1992)

	Operating Funds					1993 Total All Funds	1992 Total All Funds
	Executive Office	Contact Magazine	Special Projects	Convention Fund	Total Operating Funds		
Assets							
Current assets:							
Cash and cash equivalents	\$ 62,828	13,773	40,218	26,994	143,813	143,813	54,346
Receivables:							
Due from affiliated organization (note 6)	-	-	8,431	-	8,431	8,431	2,368
Notes receivable (note 3)	14,249	-	-	-	14,249	14,249	43,051
Master's Men	2,398	-	-	1,236	3,634	3,634	2,559
Other	1,859	671	27	300	2,857	2,857	918
Due from other funds	40,450	-	26,540	-	66,990	-	-
Total receivables	58,956	671	34,998	1,536	96,161	29,171	48,896
Inventory, at lower of cost (first-in, first-out method) or market (note 6)	-	-	33,221	-	33,221	33,221	136,196
Prepaid expenses (note 6 and 8)	6,556	25,640	5,000	-	37,196	37,196	13,088
Total current assets	128,340	40,084	113,437	28,530	310,391	243,401	252,526
Office equipment and furniture, net of accumulated depreciation (note 2)	-	-	-	-	-	33,568	28,105
	\$ 128,340	40,084	113,437	28,530	310,391	276,969	280,631
Liabilities and Fund Balances							
Current liabilities:							
Accounts payable and accrued expenses	\$ 1,898	-	115	339	2,352	2,352	2,194
Deferred subscription revenues (note 9)	-	10,391	-	-	10,391	10,391	13,844
Notes payable	-	-	-	-	-	-	37,452
Due to other funds	900	66,090	-	-	66,990	-	-
Total current liabilities	2,798	76,481	115	339	79,733	12,743	53,490
Fund balances (note 9)	125,542	(36,397)	113,322	28,191	230,658	264,226	227,141
	\$ 128,340	40,084	113,437	28,530	310,391	276,969	280,631

See accompanying notes to financial statements.

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

Statement of Activity and Changes in Fund Balances

For the year ended December 31, 1993

(with comparative totals for 1992)

	Operating Funds					1992	
	Executive Office	Contact Magazine	Special Projects	Convention Fund	Total Operating Funds	Total All Funds	Total All Funds
Revenues:							
Cooperative plan receipts (note 4)	\$ 2,065,453	-	-	-	2,065,453	2,065,453	1,724,043
Disbursed to departments and agencies (note 4)	(1,761,576)	-	-	-	(1,761,576)	(1,761,576)	(1,420,166)
Executive Office Cooperative plan receipts	303,877	-	-	-	303,877	303,877	303,877
Subscriptions to Contact Magazine	-	74,451	-	-	74,451	74,451	78,695
Sales of hymnals (note 6)	-	-	67,399	-	67,399	67,399	66,352
Gifts and offerings	-	-	-	8,956	8,956	8,956	7,861
Interest income	955	-	-	-	955	955	1,497
Convention fees	-	-	-	57,625	57,625	57,625	50,090
Leadership Conference	15,729	-	-	-	15,729	15,729	6,071
Other income	2,492	-	1,728	3,732	7,952	7,952	3,226
	<u>323,053</u>	<u>74,451</u>	<u>69,127</u>	<u>70,313</u>	<u>536,944</u>	<u>536,944</u>	<u>517,669</u>
Expenses and cost of sales:							
Salaries	118,800	-	2,712	1,570	123,082	123,082	124,834
Housing allowance	31,000	-	-	-	31,000	31,000	25,000
Employee fringe benefits	26,044	-	-	-	26,044	26,044	27,743
Payroll taxes	4,945	-	207	120	5,272	5,272	5,290
Travel	16,572	2,192	-	10,618	29,382	29,382	35,625
Executive committee expenses	6,337	-	-	-	6,337	6,337	6,287
Occupancy costs	41,052	-	-	-	41,052	41,052	42,010
Depreciation	-	-	-	-	-	-	-
Legal and audit	2,853	573	73	2,736	6,235	6,399	7,430
Insurance - general	3,043	-	-	400	3,443	6,235	6,224
Equipment maintenance and renewals	1,196	-	-	-	1,196	3,443	3,792
Supplies and office expense	7,830	832	52	7,418	16,132	1,196	1,108
	<u>259,672</u>	<u>3,597</u>	<u>3,044</u>	<u>22,862</u>	<u>289,175</u>	<u>295,574</u>	<u>306,787</u>
Total of expenses and cost of sales							
carried forward to page 4							

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

Statement of Activity and Changes in Fund Balances, Continued

For the year ended December 31, 1993

(with comparative totals for 1992)

	Operating Funds					1992	
	Executive Office	Contact Magazine	Special Projects	Convention Fund	Total Operating Funds	Total All Funds	Total All Funds
Expenses and cost of sales: (continued)							
Total of expenses and cost of sales	259,672	3,597	3,044	22,862	289,175	295,574	306,787
carried forward from page 3							
Printing and promotion	3,342	35,969	-	14,123	53,434	53,434	64,099
Postage / mail services	1,255	14,670	19	743	16,687	16,687	15,880
Dues, subscriptions, books, registrations	1,367	1,070	-	1,247	3,684	3,684	2,916
Telephone	2,063	102	-	341	2,506	2,506	2,829
Writer's fees	-	3,330	-	-	3,330	3,330	3,485
Interest expense	-	-	1,479	-	1,479	1,479	8,883
Cost of hymnals sold	-	-	51,791	-	51,791	51,791	48,083
Write down of hymnals to net realizable value (note 6)	-	-	25,544	-	25,544	25,544	-
Auditorium	-	-	-	19,640	19,640	19,640	28,862
Meal functions	-	-	-	1,910	1,910	1,910	1,019
Music	11,238	-	-	440	11,238	11,238	10,618
Bi-annual leadership conference	513	-	-	-	513	513	-
The Together Way Plan	6,898	-	-	-	6,898	6,898	-
Auto and copier lease expense (note 5)	1,386	-	1,046	2,759	5,191	5,191	4,728
Other	287,734	58,738	82,923	64,065	493,460	499,859	498,850
	<u>35,319</u>	<u>15,713</u>	<u>(13,796)</u>	<u>6,248</u>	<u>43,484</u>	<u>37,085</u>	<u>18,819</u>
Excess of revenues over (under) expenses							
Other changes in fund balances:							
Acquisition of furniture and equipment	(11,862)	-	-	-	(11,862)	11,862	-
Fund balance, beginning of year as restated (note 9)	102,085	(52,110)	127,118	21,943	199,036	227,141	208,322
Fund balance, end of year	<u>\$ 125,542</u>	<u>(36,397)</u>	<u>113,322</u>	<u>28,191</u>	<u>230,658</u>	<u>264,226</u>	<u>227,141</u>

See accompanying notes to financial statements.

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

Statement of Cash Flows

Year ended December 31, 1993

(with comparative totals for 1992)

	Operating Funds					Total	1993	1992
	Executive Office	Contact Magazine	Special Projects	Convention Fund	Operating Funds	Equipment Funds	Total All Funds	Total All Funds
Cash Flows from Operating Activities								
Excess of revenues over (under) expenses	\$ 35,319	15,713	(13,796)	6,248	43,484	(6,399)	37,085	18,819
Adjustments to reconcile net earnings to net cash provided (used) by operating activities								
Depreciation and amortization	-	-	-	-	-	6,399	6,399	7,430
Inter-fund transfers and due to / from accounts (Increase) decrease in:								
Receivables	8,950	(8,050)	(900)	-	-	-	-	-
Inventories	(2,311)	(47)	(6,016)	(703)	(9,077)	-	(9,077)	33,037
Prepaid expenses	6,532	-	77,335	-	77,335	-	77,335	48,083
Increase (decrease) in:								
Accounts payable and accrued expenses	(246)	-	65	339	158	-	158	576
Deferred subscription revenue	-	(3,453)	-	-	(3,453)	-	(3,453)	-
Net operating activities	48,244	4,163	51,688	5,884	109,979	-	109,979	106,132
Cash Flows from Investing Activities								
Advances to Building Services Fund	-	-	-	-	-	-	-	(43,051)
Collections from Building Services Fund	11,802	-	17,000	-	28,802	-	28,802	7,804
Purchase of equipment	(11,862)	-	-	-	(11,862)	-	(11,862)	(7,749)
Net investing activities	(60)	-	17,000	-	16,940	-	16,940	(42,996)
Cash Flows from Financing Activities								
Repayments of debt	-	-	37,452	-	37,452	-	37,452	(89,506)
Net increase (decrease) in cash	48,184	4,163	106,140	5,884	164,371	-	164,371	(26,370)
Cash at beginning of year	14,644	9,610	8,982	21,110	54,346	-	54,346	80,716
Cash at end of year	\$ 62,828	\$ 13,773	\$ 115,122	\$ 26,994	\$ 218,717	\$ -	\$ 218,717	\$ 54,346
Supplemental disclosures:								
Interest paid	-	-	1,479	-	-	-	1,479	8,883
Transfer of hymnal inventory (note 6)	-	25,640	(25,640)	-	-	-	-	-

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 1993

The Executive Office operates under the auspices of the National Association of Free Will Baptists, Inc. and is governed by the Executive Committee of the General Board of the National Association of Free Will Baptists, Inc.

(1) Summary of Significant Accounting Policies

Office Equipment and Furniture

Office equipment and furniture are stated at cost. Depreciation is provided over the useful life of the asset 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 Executive Office 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 Executive Office 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.

Due To / From Other Funds

Non interest bearing advances are made periodically between fund groups. These inter-fund balances have been eliminated from the totals of the balance sheet.

Recognition of Subscription Revenue from Contact Magazine

The amount of subscriptions collected are recorded as a liability in the account deferred subscription revenues. Revenues are recognized ratably over the life of the subscription.

(2) Office Equipment and Furniture

Depreciation and amortization charged to operations computed on the straight-line method was \$6,399 in 1993 and \$7,430 in 1992.

Components of office equipment, furniture and automobiles are as follows:

Office equipment	\$ 56,850
Furniture	20,340
	<u>77,190</u>
	43,622
Less accumulated depreciation	<u>\$ 33,568</u>

(3) Notes Receivable

The Executive Office in prior periods has made interest bearing unsecured advances to the Building Services Fund of the National Association of Free Will Baptists, Inc. The outstanding balance of these advances amounts to \$14,249 at December 31, 1993.

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

Notes to Financial Statements, continued

(4) The Together Way Plan

The Executive Office is responsible for receiving and disbursing funds received from The Together Way Plan program. Designated contributions are disbursed to the named Department or agency, and undesignated funds are disbursed based on the proportionate sharing arrangement. The following summarizes these transactions for the year ended December 31, 1993 as compared to 1992 totals.

Receipts:	Designated	Undesignated	1993 Total	1992 Total
Alabama	\$ 86,918	-	86,918	3,115
Arizona	2,534	309	2,843	2,602
Arkansas	229,081	93,054	322,135	99,578
California	786	8,421	9,207	10,843
Florida	3,811	20,274	24,085	16,643
Georgia	114,566	18,687	133,253	131,473
Illinois	69,481	21,442	90,923	107,649
Indiana	6,602	1,340	7,942	8,185
Kentucky	6,988	4,114	11,102	10,111
Maryland	150	900	1,050	4,032
Michigan	150,311	25,509	175,820	142,625
Mississippi	1,150	5,350	6,500	5,596
Missouri	126,188	-	126,188	134,316
North Carolina	8,061	7,926	15,987	19,268
Ohio	13,700	35,675	49,375	36,002
Oklahoma	522,108	437	522,545	540,897
South Carolina	214,373	1,982	216,355	212,585
Tennessee	75,467	19,896	95,363	96,838
Texas	99,420	6,386	105,806	84,210
Virginia	5,200	5,120	10,320	5,333
West Virginia	47,511	1,589	49,100	48,809
Contributions totaling \$1,000 or less	2,121	515	2,636	3,333
Total receipts	\$ 1,786,527	278,926	2,065,453	1,724,043
Disbursements:				
Executive Office	\$ 128,790	175,087	303,877	303,877
Foreign Missions	1,053,813	23,883	1,077,696	865,152
Free Will Baptist Bible College	105,536	23,883	129,419	96,045
Home Missions	368,660	18,693	387,353	305,019
Retirement & Insurance	12,345	14,537	26,882	25,260
Master's Men	20,808	14,537	35,345	26,139
Commission for Theological Integrity	1,268	519	1,787	1,506
Foundation	11,282	6,230	17,512	14,786
Historical Commission	1,119	519	1,638	1,450
Music Commission	1,018	519	1,537	1,233
Radio & Television Commission	1,137	519	1,656	1,355
Hillsdale Free Will Baptist College	21,478	-	21,478	15,638
Capital Stewardship Campaign	48,417	-	48,417	57,212
Other	10,856	-	10,856	9,371
Total disbursements	\$ 1,786,527	278,926	2,065,453	1,724,043

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

Notes to Financial Statements, continued

(5) Operating Leases

The Executive Office has entered into non-cancellable lease arrangements relating to a copy machine and two automobiles. Total expenses amounted to \$6,898 for 1993. The following schedules the required payments under these lease arrangements.

1994	11,279
1995	5,191
1996	3,456
1997	3,456
1998	2,304

(6) Inventory of Hymnals

The Executive Office has an agreement with Sunday School and Church Training and Randall House Publications ("Randall House"), whereby Randall House warehouses and distributes hymnals. Further, Randall House 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, 1993 Randall House was warehousing approximately 8,000 hymnals and owed the Executive Office \$8,431 for hymnal sales.

Effective March 1994, subsequent to the balance sheet date, the Executive Office entered into an agreement with Randall House to liquidate the remaining inventory of bound hymnals. Further, the parties agreed that the sales price for the hymnals would be \$8 each and that the proceeds would be divided equally between The Executive Office and Randall House. Accordingly, the inventory has been written down to reflect its net realizable value effective with this agreement and an expense of \$25,544 has been recognized in the Statement of Activity and Changes in Fund Balances.

The remaining leather hymnals (approximately 525) valued at \$25,640 have been transferred to the Contact Magazine Fund and recorded as prepaid expenses. These leather hymnals will be given as incentives to subscribers who purchase a life time subscription to Contact Magazine.

The Executive Office has expended \$5,000 as of December 31, 1993 for editorial costs relating to publication of the new edition of the Rejoice Hymnal. This cost has been recorded as a prepaid expense of the Special Projects Fund and will be included in the cost of inventory upon publication of the hymnal.

(7) Pension

The Executive Office participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc. The plan is contributory and is matched up to a maximum of 5% of compensation. Employees may participate at date of employment. Pension expenses amounted to \$4,717 in 1993 and \$4,894 in 1992. 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.

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

Notes to Financial Statements, continued

(8) Capitalized Lease Payments

The Executive Office entered into an agreement to lease space in the National Office Facility and further agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. Through the construction period, costs amounting to \$10,960 were capitalized. These costs will be amortized against operations over a five year period. During 1993, \$2,192 was charged against operations leaving a resultant balance of \$5,479 which is included on the balance sheet in prepaid expenses.

(9) Restatement of Contact Magazine Fund

The fund balance of the Contact Magazine fund has been restated to reflect an omission of recording the liability for unearned subscription revenue. This omission effects the balances and amounts as reported for the year ended December 31, 1992. Deferred subscription revenue has been recorded and the fund balance has been decreased at December 31, 1992 by \$13,844 to properly record such liability.

9

**1995
Executive Office Budget**

	1993	1994	1995
Administrative	\$303,877.03	\$326,420.46	\$335,215.48
Convention	85,542.60*	83,288.15**	96,345.40***
Contact	86,004.00	85,596.00	83,300.00
Totals	<u>\$475,423.63</u>	<u>\$495,304.61</u>	<u>\$514,860.88</u>

*1992

**1993

***1994

**1995
Administrative Budget**

(With comparative figures from 1993-1994)

Projected Expenses	1993	1994	1995
Salaries	\$125,127.40	\$125,685.64	\$131,969.10
Housing	26,000.00	33,000.00	34,650.00
Social Security	17,211.13	18,071.84	18,975.35
Retirement	6,120.97	6,142.01	6,449.11
Employees Insurance	30,267.21	27,961.53	30,000.65
(Dental, Hospital, Life, Travel)			
Office Rental	38,860.00	38,860.00	29,892.00
(\$1.30 per sq. ft. x 2,491)			
Office Supplies/Expense	5,000.00	5,000.00	6,000.00
Computer Supplies	.00	4,000.00	4,000.00
Equipment Maintenance	4,000.00	3,000.00	3,000.00
Telephone	3,500.00	3,500.00	3,500.00
Postage	3,000.00	3,000.00	3,000.00
General Insurance	4,000.00	5,000.00	3,000.00
Travel	15,000.00	20,000.00	20,000.00
Executive Committee	6,000.00	7,000.00	9,000.00
Auditing/Legal	6,000.00	4,000.00	4,000.00
Printing	.00	.00	3,500.00
Promotion	5,000.00	5,000.00	1,500.00
Leadership Conference	2,000.00	2,000.00	2,000.00
Equipment Purchase/Computer	4,500.00	4,500.00	4,500.00
Subscriptions/Dues/Registrations	2,290.32	2,500.00	2,500.00
Together Way Plan/ Stewardship Education	.00	2,000.00	2,000.00
Automobile Leases (2 cars)	.00	6,199.44	7,823.27
Copier Lease	.00	.00	3,456.00
Double In a Decade	.00	.00	500.00
Totals	<u>\$303,877.03</u>	<u>\$326,420.46</u>	<u>\$335,215.48</u>

Projected Income

The Together Way Plan			
Cooperative Gifts	\$232,000.00	\$226,420.46	\$224,183.48
Designated Gifts	71,877.03	100,000.00	111,032.00
Totals	<u>\$303,877.03</u>	<u>\$326,420.46</u>	<u>\$335,215.48</u>

Salary Breakdown

	1993	1994	1995
Executive Secretary			
Salary	\$24,053.53 (4%)	\$25,106.21 (5%)	\$26,361.52 (5%)
Housing and Utilities	17,000.00 (4%)	18,000.00 (5%)	18,900.00 (5%)
Social Security	6,281.19 (15.3%)	6,595.25 (15.3%)	6,925.01 (15.3%)
Retirement	1,202.68 (5%)	1,255.31 (5%)	1,318.08 (5%)
Insurance	3,878.98	3,705.24	3,998.01
Travel/Life/Disability	\$ 526.73	\$ 526.73	\$ 754.56
Hospital	3,031.20	2,906.85	3,012.62
Dental	321.05	271.66	230.83
NOTE: Office car furnished.			
	<u>\$52,416.38</u>	<u>\$54,662.01</u>	<u>\$57,502.62</u>
Executive Assistant/Contact Editor			
Salary	\$23,801.10 (4%)	\$19,441.15 (5%)	\$20,413.21 (5%)
Housing and Utilities	9,000.00 (4%)	15,000.00 (5%)	15,750.00 (5%)
Social Security	5,018.57 (15.3%)	5,269.50 (15.3%)	5,532.97 (15.3%)
Retirement	1,190.06 (5%)	972.06 (5%)	1,020.66 (5%)
Insurance	5,847.03	5,526.90	6,816.00
Travel/Life/Disability	\$ 432.89	\$ 432.89	\$ 609.60
Hospital	4,547.09	4,360.35	5,724.58
Dental	867.05	733.66	481.82
NOTE: Office car furnished.			
	<u>\$44,856.76</u>	<u>\$46,209.61</u>	<u>\$49,532.84</u>
Bookkeeper			
Salary	\$20,409.60 (4%)	\$21,430.08 (5%)	\$22,501.58 (5%)
Social Security	1,561.33 (7.65%)	1,639.40 (7.65%)	1,721.37 (7.65%)
Retirement	1,020.48 (5%)	1,071.50 (5%)	1,125.08 (5%)
Insurance	5,623.66	5,303.53	6,527.16
Life/Disability	\$ 209.52	\$ 209.52	\$ 320.76
Hospital	4,547.09	4,360.35	5,724.58
Dental	867.05	733.66	481.82
	<u>\$28,615.07</u>	<u>\$29,444.51</u>	<u>\$31,875.19</u>
Editorial Assistant/Secretary			
Salary	\$19,953.27 (4%)	\$20,950.93 (5%)	\$21,998.48 (5%)
Social Security	1,526.43 (7.65%)	1,602.75 (7.65%)	1,682.88 (7.65%)
Retirement	997.66 (5%)	1,047.55 (5%)	1,099.92 (5%)
Insurance	3,553.89	3,380.11	3,551.85
Life/Disability	\$ 201.60	\$ 201.60	\$ 308.40
Hospital	3,031.24	2,906.85	3,012.62
Dental	321.05	271.66	230.83
	<u>\$26,031.25</u>	<u>\$26,981.34</u>	<u>\$28,333.13</u>
Yearbook Coordinator/Secretary			
Salary	\$19,579.94 (4%)	\$20,558.94 (5%)	\$21,586.89 (5%)
Social Security	1,497.87 (7.65%)	1,572.76 (7.65%)	1,651.40 (7.65%)
Retirement	979.00 (5%)	1,027.95 (5%)	1,079.34 (5%)
Insurance	3,553.89	3,380.11	3,559.05
Life/Disability	\$ 201.60	\$ 201.60	\$ 315.60
Hospital	3,031.24	2,906.85	3,012.62
Dental	321.05	271.66	230.83
	<u>\$25,610.70</u>	<u>\$26,539.76</u>	<u>\$27,876.68</u>

	1993	1994	1995
Receptionist/Contact Circulation Manager			
Salary	\$14,621.80 (4%)	\$15,352.89 (5%)	\$16,120.54 (5%)
Social Security	1,118.57 (7.65%)	1,174.50 (7.65%)	1,233.22 (7.65%)
Retirement	731.09 (5%)	767.64 (5%)	806.03 (5%)
Insurance (75%)	7,809.76	6,665.64	5,548.58
Life/Disability	\$ 157.14	\$ 157.14	\$ 238.44
Hospital	7,002.33	6,046.50	4,826.88
Dental	650.29	462.00	483.26
	<u>\$24,281.22</u>	<u>\$23,960.67</u>	<u>\$23,708.37</u>
Part-Time Help			
(1 day per week)			
Salary (52 days)	\$2,708.16 (\$6.51 hr.)	\$2,845.44 (\$6.84 hr.)	\$2,986.88 (\$7.18 hr.)
Social Security	207.17 (7.65%)	217.68 (7.65%)	228.50 (7.65%)
	<u>\$2,915.33</u>	<u>\$3,063.12</u>	<u>\$3,215.38</u>

Convention Budget National Association of Free Will Baptists, Inc. July 17-21, 1994 Little Rock, Arkansas

	1992	1993	1994
Projected Expenditures			
Auditorium	\$27,148.00	\$22,625.00	\$34,374.00
Printing and Promotion	22,789.00	21,882.00	22,538.00
Convention Office	6,232.90	7,400.00	7,450.00
Convention Personnel	9,955.00	8,696.79	9,605.00
Meals	2,295.00	2,124.00	2,313.00
Travel	2,116.00	1,871.00	2,408.00
Lodging	5,544.00	4,701.79	4,884.00
Convention Officials	7,264.20	6,328.11	6,063.40
Honorariums	750.00	875.00	1,000.00
Decorator Services	3,794.50	5,887.00	4,930.00
Meal Functions	1,609.00	1,594.25	1,885.00
Executive Committee	1,500.00	1,500.00	1,500.00
Meal and Motel Expenses			
Pre-Convention Expenses	4,500.00	6,500.00	7,000.00
Totals	<u>\$85,542.60</u>	<u>\$83,288.15</u>	<u>\$96,345.40</u>
Projected Receipts			
Booth Fees	\$14,725.00	\$15,675.00	\$14,850.00
Representation Fees	24,710.00	24,950.00	25,130.00
Church Delegate Fees	1,000.00	1,000.00	1,500.00
Host State (Arkansas)	10,000.00	15,000.00	20,000.00
Offerings	35,107.60	26,663.15	34,865.40
Totals	<u>\$85,542.60</u>	<u>\$83,288.15</u>	<u>\$96,345.40</u>

Convention Budget
National Association of Free Will Baptists, Inc.
July 17-21, 1994
Little Rock, Arkansas

Projected Receipts	1992	1993	1994
Booth Fees	\$14,725.00	\$15,675.00	\$14,850.00
Representation Fees	24,710.00	24,950.00	25,130.00
Church Delegate Fees	1,000.00	1,000.00	1,500.00
Host State (Arkansas)	10,000.00	15,000.00	20,000.00
Offerings	35,107.60	26,663.15	34,865.40
Totals	\$85,542.60	\$83,288.15	\$96,345.40

Projected Expenditures	1992	1993	1994
Auditorium			
Rental, Set-Up, Tear Down, Mtg. Rooms	\$18,000.00	\$14,500.00	\$19,780.00
Convention Banner	300.00	300.00	300.00
Flowers	125.00	125.00	125.00
Police Security	1,500.00	1,500.00	1,120.00
Convention Tapes	100.00	225.00	200.00
Other	7,123.00	5,975.00	12,849.00
Music Stand Rental (Decorator)	273.00	.00	.00
Sound System/ AV Equipment	3,500.00	3,000.00	10,000.00
Usher Badges	200.00	200.00	200.00
Liab., ASCAP, BMI, Ins.	1,000.00	1,000.00	800.00
First Aid Staff	2,000.00	450.00	1,024.00
Courtesy Car	150.00	150.00	150.00
Offering Buckets	.00	175.00	175.00
Signs	.00	1,000.00	500.00
Totals	\$27,148.00	\$22,625.00	\$34,374.00

Printing and Promotion	1992	1993	1994
Publicity and Art Work	\$10,000.00	\$10,000.00	\$10,000.00
Photos	650.00	400.00	500.00
Convention Materials	9,139.00	7,282.00	9,538.00
Programs	2,550.00	2,160.00	3,070.00
Song Sheets	1,089.00	350.00	1,115.00
Digest of Reports	5,500.00	4,772.00	5,353.00
Pre-Convention Printing (Sunday Conv. News pre-printed, copier reimb.)	3,000.00	4,200.00	2,500.00
Totals	\$22,789.00	\$21,882.00	\$22,538.00

Convention Office	1992	1993	1994
Registration Materials	\$1,000.00	\$1,000.00	\$1,000.00
Registration Computers/Printers	.00	.00	1,000.00
Paper and Printing Supplies	700.00	500.00	500.00
Equipment Rentals	1,332.90	2,550.00	1,800.00
Offset Machine	100.00	800.00	.00
Plate Maker	100.00	.00	.00
Copiers (2)	100.00	400.00	1,200.00
Typewriters (3)	120.00	200.00	90.00
Typewriters (10)	435.00	500.00	.00

	1992	1993	1994
Miscellaneous	200.00	350.00	250.00
Typing Stands/ Chairs (Office)	277.90	300.00	260.00
Telephone	700.00	800.00	1,000.00
During Convention (Office)	200.00	300.00	600.00
Pre/Post Convention	500.00	500.00	400.00
Postage	600.00	600.00	800.00
Musical Instruments Rental and Service	1,900.00	1,950.00	1,350.00
Piano/Tuning	750.00	550.00	350.00
Forklift	200.00	200.00	200.00
Organ Shipping	800.00	800.00	600.00
Music	150.00	400.00	200.00
Totals	\$6,232.90	\$7,400.00	\$7,450.00

Convention Personnel

Meals	1992	1993	1994
Dari Goodfellow (24 meals @ \$9.00 each)	\$ 216.00	\$ 216.00	\$ 216.00
Melody Hood (30 meals @ \$9.00 each)	270.00	270.00	270.00
Steve Pate (23 meals @ \$9.00 each)	189.00	207.00	207.00
Marilyn Pritchard (30 meals @ \$9.00 each)	270.00	270.00	270.00
Nancy Smith (21 meals @ \$9.00 each)	.00	.00	189.00
Security Officer (27 meals @ \$9.00 each)	243.00	243.00	243.00
Wade Trimble (21 meals @ \$9.00 each)	189.00	.00	.00
Jack Williams (36 meals @ \$9.00 each)	324.00	324.00	324.00
Anne Worthington (30 meals @ \$9.00 each)	270.00	270.00	270.00
Melvin Worthington (36 meals @ \$9.00 each)	324.00	324.00	324.00
Totals	\$2,295.00	\$2,124.00	\$2,313.00

Travel	1992	1993	1994
Dari Goodfellow	\$ 168.00	\$ 167.00	\$ 196.00
Melody Hood	168.00	167.00	196.00
Marilyn Pritchard	168.00	167.00	196.00
Nancy Smith	.00	.00	196.00
Steve Pate (Trans. Coord., rental)	1,000.00	1,000.00	1,000.00
Meals on road (4 meals @ \$9.00 each)	108.00	36.00	36.00
Jack Williams	168.00	167.00	196.00
Anne Worthington	168.00	0.00	196.00
Melvin Worthington	168.00	167.00	196.00
Totals	\$2,116.00	\$1,871.00	\$2,408.00

Lodging	1992	1993	1994
Dari Goodfellow (7 nights @ \$83.60)	\$ 616.00	\$ 609.63	\$ 585.20
Melody Hood (9 nights @ \$83.60)	792.00	783.81	752.40
Steve Pate (8 nights @ \$68.20)	704.00	608.56	545.60
Marilyn Pritchard (9 nights @ \$83.60)	792.00	783.81	752.40
Nancy Smith (6 nights @ \$68.20)	.00	.00	409.20
Wade Trimble (8 nights @ \$88.00)	704.00	.00	.00
Jack Williams (11 nights @ \$83.60)	968.00	957.99	919.60
Melvin Worthington (11 nights @ \$83.60)	968.00	957.99	919.60
Totals (Includes applicable tax)	\$5,544.00	\$4,701.79	\$4,884.00

Convention Officials

	1992	1993	1994
Moderator Ralph Hampton	\$1,450.00	\$1,157.42	\$1,379.00
Travel (700 miles @ \$.28/mile From Nashville, TN to Little Rock, AR)	168.00	112.00	196.00
Meals (21 meals @ \$9.00 each)	189.00	189.00	189.00
Lodging (6 nights @ \$99.00)	693.00	456.42	594.00
Honorarium	400.00	400.00	400.00
Clerk - Waldo Young	1,998.00	1,823.70	1,507.80
Travel (700 miles @ \$.28/mile From Shawnee, OK to Little Rock, AR)	420.00	420.00	196.00
Meals (27 meals @ \$9.00 each)	243.00	243.00	243.00
Lodging (8 nights @ \$83.60)	935.00	760.70	668.80
Honorarium	400.00	400.00	400.00
Assistant Moderator - Carl Cheshier	723.00	684.54	690.60
Meals (21 meals @ \$9.00 each)	162.00	162.00	189.00
Lodging (6 nights @ \$83.60)	561.00	522.54	501.60
Assistant Clerk - Keith Burden	434.50	380.35	335.50
Lodging (5 nights @ \$67.10)			
Usher Coordinator - Raymond Lee	561.00	456.42	501.60
Lodging (6 nights @ \$83.60)			
Music Coordinator - Randy Sawyer	521.40	456.42	501.60
Lodging (6 nights @ \$83.60)			
Registration Coordinator - George Harvey	608.30	532.49	409.20
Lodging (6 nights @ \$68.20)			
Press Officer - Thomas Marberry	528.00	456.42	402.60
Lodging (6 nights @ \$67.10)			
Photographer - Jim Vallance	440.00	380.35	335.50
Lodging (5 nights @ \$67.10)			
Totals (Includes tax)	\$7,264.20	\$6,328.11	\$6,063.40

Honorariums

Richard Bowers	\$125.00	Nathan Ruble	\$125.00	Darryl Ellis	\$ 125.00
Randy Sawyer	125.00	Clifford Austin	125.00	Gary Fry	125.00
James Forlines	125.00	Bailey Thompson	125.00	Kenneth Frisbee	125.00
Ronald Creech	125.00	Doug Little	125.00	Dean Dobbs	125.00
Rick Bowling	125.00	Wendell Walley	125.00	Don Guthrie	125.00
David Archer	125.00	Curtis Lilly	125.00	Mark Paschall	125.00
		Bobby Ferguson	125.00	Glen McGriff (2)	250.00
Totals	\$750.00		\$875.00		\$1,000.00

Decorator Services

Booth (60) Installation & Drape Tables	\$1,218.00	\$1,302.00	\$2,400.00
Stage	1,976.50	2,445.00	1,630.00
Skirting/Draping/Stage Set-Up	432.00	726.00	865.00
Skirted Tables/Chairs	100.00	70.00	40.00
Carpet	1,182.50	1,584.00	625.00
Hanging Banner	262.00	65.00	100.00
Exhibitor Badges	250.00	250.00	250.00
Convention Office (Two-way radio)	.00	1,540.00	.00
Registration	350.00	350.00	650.00
Desks	.00	.00	.00
Skirted Tables	.00	.00	300.00
Chairs	.00	.00	.00
Electricity	350.00	350.00	350.00
Carpet	.00	.00	.00
Totals	\$3,794.50	\$5,887.00	\$4,930.00

Meal Functions

	1992	1993	1994
Executive Committee	\$ 590.50	\$ 613.00	\$ 635.00
Coffee Breaks (2)	200.00	250.00	250.00
Luncheon (22 people @ \$17.50)	390.50	363.00	385.00
General Board Breakfast (50 people @ \$10.00)	485.00	500.00	500.00
State Leaders Breakfast (50 people @ \$10.00)	533.50	481.25	500.00
State Executive Secretary/Promotional Directors Breakfast (25 people @ \$10.00)	.00	.00	250.00
Totals	\$1,609.00	\$1,594.25	\$1,885.00

Executive Committee

Meal and Motel Expenses

(For the meeting Friday night and Saturday
prior to the 1994 National Convention)

prior to the 1974 National Convention					
Charles Cooper	\$ 250.00	Charles Cooper	\$ 250.00	Charles Cooper	\$ 250.00
J.L. Gore	250.00	J.L. Gore	250.00	Nathan Ruble	250.00
Jack Richey	250.00	Thurmon Murphy	250.00	Thurmon Murphy	250.00
Tom Lilly	250.00	Tom Lilly	250.00	Tom Lilly	250.00
David Joslin	250.00	David Joslin	250.00	David Joslin	250.00
Carl Vallance	250.00	Jim Nason	250.00	Jim Nason	250.00
Totals	\$1,500.00		\$1,500.00		\$1,500.00

Pre-Convention Expenses

	\$4,500.00	\$6,500.00	\$7,000.00
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1995

Contact Budget

Projected Expenses

	1993	1994	1995
Printing	\$36,000.00	\$36,000.00	\$33,000.00
Postage	14,000.00	14,000.00	13,000.00
Art	1,000.00	1,000.00	1,000.00
Writers' Fees and Photos	4,000.00	4,000.00	4,000.00
Promotion	1,000.00	4,000.00	4,000.00
Computer	3,000.00	7,000.00	7,000.00
Mail Services	6,000.00	5,000.00	5,000.00
Telephone	304.00	296.00	300.00
Office Supplies	600.00	2,000.00	2,000.00
Travel	2,000.00	3,000.00	4,000.00
Bound Copies	600.00	600.00	1,000.00
Other	100.00	500.00	500.00
Books, Dues, Registrations	1,200.00	1,000.00	1,500.00
Audit	1,400.00	1,200.00	1,000.00
Debt Retirement	7,000.00	6,000.00	6,000.00
(To reimb. Executive Office)			
Total Expenses	\$86,004.00	\$85,596.00	\$83,300.00

Projected Income

Convention coverage	\$ 9,000.00*	\$ 9,000.00*	\$ 8,252.00*
Subscriptions	77,004.00	76,596.00	75,048.00**
Total Income	\$86,004.00	\$85,596.00	\$83,300.00

*Three issues

**Based on 6,254 subscriptions @ \$12.00 per year

1994

A-52

1993

A-53

Gift Goals Per Person	\$1.45	\$20.93	\$4.00	\$11.95	\$1.78	\$1.70	\$1.18	\$1.01	\$1.05	\$1.00	\$42.85
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1993 Contributions to National Ministries

State	Executive Office	Foreign Missions	FWBBC	Home Missions	Retirement & Insurance	Master's Men	Commission for Theological Integrity	WNAAC	FWB Foundation	Historical Commission	Radio & TV Commission	Music Commission	Totals
Alabama	\$ 2,207.31	\$ 161,186.31	\$ 63,414.63	\$ 219,008.05	\$ 932.05	\$ 5,620.65	\$ 36.24	\$ 4,626.45	\$ 290.04	\$ 36.24	\$ 16.22	\$ 36.21	\$ 457,410.40
Alaska	.00	.00	.00	300.00	.00	.00	.00	.00	.00	.00	.00	.00	300.00
Arizona	219.08	5,926.10	1,431.28	12,778.42	16.76	176.76	.59	393.37	7.19	.59	.59	.00	20,951.32
Arkansas	59,075.08	282,138.82	41,898.59	166,428.53	5,950.83	10,043.71	207.00	9,508.83	2,484.08	207.00	182.88	207.00	578,692.58
California	5,572.45	74,285.30	6,177.64	44,229.74	418.87	1,366.87	14.24	3,910.95	170.95	14.24	14.24	14.24	138,189.73
Canada	16.75	.00	127.33	4,719.66	1.42	1.42	.05	.00	.61	.05	.05	.05	4,867.39
Colorado	.00	7,794.45	2,124.00	23,040.25	.00	.00	.00	15.00	.00	.00	.00	.00	32,973.70
Connecticut	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Delaware	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Florida	13,175.86	72,432.93	11,458.86	84,738.20	1,045.01	1,780.01	37.11	1,829.30	445.72	37.11	37.11	.00	187,294.33
Georgia	12,084.74	142,232.38	67,288.88	83,584.89	1,213.04	4,174.15	34.04	7,256.22	428.45	34.04	34.04	34.04	318,400.91
Hawaii	.00	2,415.00	600.00	385.00	.00	100.00	.00	20.00	.00	.00	.00	.00	3,400.00
Idaho	49.59	2,765.13	34.42	2,775.94	6.16	208.16	.22	13.00	2.64	.22	.22	.22	3,520.00
Illinois	13,587.88	102,700.32	23,746.21	36,463.25	1,174.56	2,977.56	39.27	2,304.59	471.23	39.27	39.27	39.27	183,562.88
Indiana	891.28	32,021.51	5,195.09	8,054.79	281.21	377.94	133.58	1,021.57	138.26	133.57	2.25	2.25	48,273.28
Iowa	163.30	2,875.25	425.00	1,789.25	11.18	11.18	.39	242.50	.00	.00	.00	.00	5,687.00
Kansas	2,620.61	12,890.71	321.52	4,851.41	259.13	699.13	7.47	1,606.70	4.78	7.47	7.47	7.47	18,649.21
Kentucky	40.00	75,642.78	15,841.37	82,728.44	10.00	150.00	.00	.00	.00	.00	.00	.00	179,517.57
Louisiana	.00	1,537.53	70.00	6,453.00	10.00	72.79	.00	1,294.83	18.33	1.52	.00	.00	6,463.00
Maine	594.45	11,362.07	3,584.80	21,742.84	42.79	72.79	.00	3,960.00	588.52	.00	.00	.00	28,729.01
Maryland	16,077.63	189,550.40	27,178.34	65,078.14	1,465.21	9,271.04	49.04	3,960.00	588.52	49.04	49.04	49.04	313,585.44
Massachusetts	3,821.59	70,149.96	16,458.31	72,764.03	442.15	902.15	9.37	1,871.70	112.36	9.37	.00	.00	12,100.38
Michigan	80,625.73	320,423.72	25,578.87	134,794.85	4,335.41	4,865.25	153.94	7,235.28	1,848.30	153.94	9.37	9.37	313,585.44
Minnesota	.00	1,545.00	361.00	135.00	.00	20.00	.00	256.00	.00	.00	.00	.00	166,759.73
Mississippi	.00	786.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	580,272.61
Missouri	.00	.00	.00	26,363.63	.00	.00	.00	.00	.00	.00	.00	.00	1,737.20
Montana	.00	.00	.00	1,119.78	.00	.00	.00	.00	.00	.00	.00	.00	1,558.00
Nebraska	36.08	1,938.45	31.57	1,119.78	2.72	122.72	.10	122.62	.00	.00	.00	.00	26,389.63
New Hampshire	.00	.00	.00	80.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
New Jersey	.00	.00	.00	214,305.73	2,196.14	971.84	101.92	8,029.41	231.09	56.58	.00	.00	3,375.50
New Mexico	.00	.00	.00	108,543.85	1,950.17	1,950.17	53.95	3,021.03	767.20	63.95	.00	.00	80.00
New York	7,029.87	526,008.93	158,654.78	276,053.30	2,781.45	10,286.44	395.97	13,516.08	933.02	40.69	.00	.00	917,702.75
North Carolina	23,008.35	123,043.51	18,519.71	178,788.78	5,131.89	9,979.01	72.423	9,508.43	169.50	54.30	.00	.00	281,049.79
Ohio	34,760.34	379,524.51	16,503.63	30,719.24	384.55	5,324.55	54.30	1,473.09	2,903.86	724.23	552.25	724.23	639,825.39
Oklahoma	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	2,918.52
Oregon	.00	1,115.00	.00	1,303.45	.00	.00	.00	.00	.00	.00	.00	.00	2,418.45
Pennsylvania	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	396,802.00
Rhode Island	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
South Carolina	2,808.13	234,448.13	46,821.33	106,070.16	371.85	724.29	.00	5,551.69	42.30	3.53	.00	.00	6,610.00
South Dakota	15,511.06	634,248.02	.00	6,610.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Texas	4,521.01	91,964.37	154,807.49	276,053.30	2,781.45	10,286.44	395.97	13,516.08	933.02	40.69	.00	.00	1,109,098.72
Tennessee	.00	.00	.00	30,719.24	.00	.00	.00	.00	.00	.00	.00	.00	143,243.32
Tennessee	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Texas	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Utah	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Vermont	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Virginia	4,019.33	111,569.04	18,923.50	58,726.49	715.97	494.88	7.39	1,516.71	88.67	7.39	.00	.00	50.00
Washington	.00	.00	.00	4,817.15	4.07	4.07	.00	.00	1.74	.00	.00	.00	196,086.15
West Virginia	1,293.54	100,932.88	7,335.24	41,442.00	428.85	2,132.64	111.48	568.25	34.15	2.83	.00	.00	171,751.10
Wisconsin	.00	.00	.00	1,200.00	.00	.00	.00	.00	.00	.00	.00	.00	1,200.00
Wyoming	.00	.00	.00	7,751.98	.00	.00	.00	.00	.00	.00	.00	.00	7,751.98
Other	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northwest Assoc.	64.05	11,410.13	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	11,475.10
Puerto Rico	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	1,220.00
Virgin Islands	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
WNAAC	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Totals	\$303,877.07	\$4,035,919.13	\$840,179.61	\$2,464,008.49	\$32,595.06	\$75,166.38	\$2,187.08	\$89,717.90	\$15,893.78	\$1,677.80	\$1,812.98	\$1,536.73	\$7,864,572.01

*FM—Other includes interest, book sales, national offerings, miscellaneous sources and states.
*FWBBC—Other includes gifts from College Family, Matching Gifts, Foreign Missions and Alumni Project.
*HIM—Other includes interest, miscellaneous sources and states.

*Master's Men—Total does not include sales, Conference or Tournament registration fees, Dinner ticket sales or Master's Hands Projects income.
*WNAAC—Total does not include Memorial Student Loan Fund, Eunice Edwards Fund, Foreign Student Scholarship or gifts designated to other departments.
*Foundation—Other includes Endowment gifts through the Cooperative Channel.

1994 Gift Goals For National Ministries

1994 Budgets	Executive Office	Foreign Missions	FWBBC	Home Missions	Retirement & Insurance	Master's Men	FWB Foundation	Theological Integrity	Historical Comm.	Music Comm.	Radio/TV Comm.	WNAAC	NYC	Totals	%
	\$326,420.46	\$4,485,676.00	\$1,025,000.00	\$2,600,000.00	\$344,882.00	\$178,779.60	\$45,900.00	\$2,700.00	\$2,350.00	\$1,500.00	\$10,900.00	\$181,871.00	\$40,000.00	\$9,245,979.06	100%
Alabama	18,419	385,044.37	87,984.62	223,180.49	29,604.21	15,346.20	3,939.99	231.76	201.72	128.76	935.64	15,611.56	3,433.55	793,662.36	8.58%
Arizona	262	398.56	1,251.53	3,174.62	421.10	218.29	56.04	3.30	2.87	1.83	13.31	222.07	48.84	11,289.40	.12%
Arkansas	19,149	29,129.99	400,304.83	232,025.80	30,777.51	15,954.42	4,096.15	240.95	209.72	133.86	972.72	16,230.29	3,569.63	825,117.58	8.92%
California	3,915	5,955.61	18,701.33	47,437.52	6,292.44	3,261.87	837.45	49.26	42.88	27.37	198.87	3,318.27	729.81	166,694.73	1.82%
Canada	400	608.49	1,910.74	4,846.74	6,492.91	333.27	85.56	5.03	4.38	2.80	20.32	339.03	74.57	17,235.74	.19%
Colorado	172	261.65	3,595.61	2,084.10	276.45	143.31	36.79	2.16	1.88	1.20	8.74	145.78	32.06	7,411.35	.20%
Florida	5,101	7,759.78	24,366.66	61,808.12	8,198.66	4,250.01	1,091.15	64.19	55.87	35.66	259.12	4,323.50	950.89	219,798.68	2.38%
Georgia	9,059	13,780.80	43,273.99	109,766.66	14,560.21	7,547.71	1,937.80	113.99	99.21	63.33	460.18	7,678.22	1,688.72	390,346.24	4.22%
Hawaii	27	41.07	564.43	327.16	43.40	22.50	5.78	.34	.30	.19	1.37	22.88	5.03	1,163.42	.01%
Idaho	131	199.28	2,738.52	1,587.31	210.55	109.15	28.02	1.65	1.43	.92	6.65	111.03	24.42	5,644.70	.06%
Illinois	3,718	5,655.92	7,723.82	45,050.49	5,975.81	3,097.23	795.31	46.78	40.72	25.99	188.87	3,151.30	693.08	160,206.11	1.73%
Indiana	1,410	2,449.18	33,666.63	19,508.15	2,587.70	1,341.41	344.39	20.26	17.43	11.25	81.78	1,364.60	300.13	69,373.82	.75%
Iowa	38	57.81	794.36	460.44	61.08	31.66	6.13	.48	.42	.27	1.93	32.21	7.08	1,637.41	.02%
Kansas	296	450.28	6,187.80	3,386.59	475.75	246.62	63.32	3.72	3.24	2.07	15.04	250.88	55.18	12,734.43	.14%
Kentucky	16,363	24,891.85	342,064.23	198,268.22	26,799.67	13,633.20	3,500.00	205.89	179.20	114.39	831.20	13,868.94	3,050.28	705,070.70	7.63%
Louisiana	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
Maryland	1,594	2,424.84	33,322.15	19,314.28	2,561.98	1,328.08	340.97	20.06	17.46	11.14	80.97	1,351.04	297.14	68,684.39	.74%
Massachusetts	576	876.23	12,041.13	6,799.31	925.78	479.91	123.21	7.25	6.31	4.03	29.26	488.21	107.37	24,819.46	.27%
Michigan	3,608	5,488.59	75,424.30	43,717.64	5,799.01	3,006.09	771.78	45.40	39.51	25.22	183.28	3,058.07	672.58	155,466.31	1.68%
Mississippi	3,994	6,075.78	83,493.52	48,394.75	6,419.41	3,327.69	854.35	50.26	43.74	27.92	202.89	3,385.23	744.53	172,098.77	1.86%
Missouri	14,584	22,185.58	304,874.70	176,712.32	23,440.35	12,150.98	3,119.65	183.51	159.72	101.95	740.83	12,361.09	2,718.65	628,414.76	6.80%
Montana	8	167.24	38.21	96.93	12.86	6.67	1.71	.10	.09	.06	.41	6.78	1.49	344.72	.00%
Nebraska	29	44.12	138.53	351.39	46.61	24.16	6.20	.36	.32	.20	1.47	24.58	5.41	1,249.59	.01%
New Jersey	131	199.28	2,738.52	1,587.31	210.55	109.15	28.02	1.65	1.43	.92	6.65	111.03	24.42	5,644.70	.06%
New Mexico	107	162.77	2,236.81	1,296.50	171.98	89.15	22.89	1.35	1.17	.75	5.44	90.69	19.95	4,610.57	.05%
North Carolina	28,359	592,837.47	135,466.41	343,627.93	45,580.41	23,627.93	6,066.25	356.84	310.58	198.24	1,440.58	24,036.53	5,286.51	1,221,970.34	13.22%
Northwest Assoc.	304	462.45	6,355.04	3,683.53	488.61	253.28	65.03	3.83	3.33	2.13	15.44	237.08	56.67	13,099.16	1.4%
Ohio	14,834	5,748.80	1,452.16	3,332.14	442.00	229.12	58.83	3.46	3.01	1.92	13.97	233.08	51.26	11,849.56	1.3%
Pennsylvania	275	15,411.56	211,785.90	122,755.93	16,283.20	8,440.87	2,157.11	127.48	110.95	70.82	514.63	8,586.82	1,888.55	436,537.99	4.72%
South Carolina	10,131	35,932.92	493,790.82	286,212.41	37,985.20	19,680.36	5,032.78	297.22	258.71	165.09	1,199.89	20,020.67	4,403.27	1,017,813.08	11.01%
South Dakota	23,621	648.05	1,483.08	375.62	49.83	25.83	6.63	.39	.34	.22	1.57	26.27	5.78	1,335.77	.01%
Tennessee	31	47.16	50,682.27	128,559.91	17,083.08	8,839.96	2,269.58	133.50	116.20	74.17	538.96	8,992.82	1,977.84	457,172.79	4.94%
Texas	35	53.24	167.19	424.09	36.22	29.16	7.49	.44	.38	.24	1.78	29.67	6.52	1,508.09	.02%
Virginia	21,018	31,973.16	439,375.79	254,672.12	33,781.49	17,511.59	4,495.94	264.47	230.18	146.93	1,067.66	17,814.42	3,918.03	905,631.50	9.80%
West Virginia	2,488	3,115.47	9,782.98	24,815.33	3,291.86	1,706.34	438.09	55.77	42.43	14.32	104.03	1,735.84	381.77	86,246.95	.95%
Wisconsin	4,288	8,633.02	20,489.52	51,957.31	6,891.95	3,572.64	917.24	23.96	26.96	29.98	217.82	3,634.42	799.34	184,767.05	2.00%
Yankee Islands	86	1,797.81	410.81	1,042.05	1,382.22	71.65	16.40	1.08	.94	.60	4.37	72.89	16.03	3,705.68	.04%
Yankee Islands	10,448	15,893.79	49,908.12	126,596.98	16,792.70	8,704.98	2,234.92	131.46	114.42	73.04	530.73	8,855.51	1,947.65	450,197.30	4.87%
Yankee Islands	32	48.68	668.95	387.74	51.43	26.66	6.85	.40	.35	.22	1.63	27.12	5.97	1,378.86	.01%
Yankee Islands	214,577	326,420.46	\$4,485,676.00	\$2,600,000.00	\$344,882.00	\$178,779.60	\$45,900.00	\$2,700.00	\$2,350.00	\$1,500.00	\$10,900.00	\$181,871.00	\$40,000.00	\$9,245,979.06	100.00%

**BUILDING SERVICES FUND OF THE
NATIONAL ASSOCIATION OF
FREE WILL BAPTISTS, INC.**

Financial Statements

December 31, 1993 and 1992

(With Independent Auditors' Report Thereon)

**BUILDING SERVICES FUND OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

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

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

Independent Auditors' Report

**Executive Committee of the
General Board of the National
Association of Free Will Baptists, 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 sheet of the Executive Office of the National Association of Free Will Baptists, Inc. as of December 31, 1993 and the related statements of activity and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Executive Office's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information included on the balance sheet and statements of activity and changes in fund balances and cash flows for the year ended December 31, 1992 is presented for comparative purposes only and was extracted from financial statements presented by fund for that year, on which we expressed an unqualified opinion dated April 30, 1993.

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 Executive Office of the National Association of Free Will Baptists, Inc. as of December 31, 1993, and the results of its activity and changes in fund balances and cash flows for the year then ended in conformity with generally accepted accounting principles.

April 22, 1994

Hill, Neal & Allen, P.C.

**BUILDING SERVICES FUND OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

Balance Sheets
December 31, 1993 and 1992

<u>Assets</u>	<u>1993</u>	<u>1992</u>
Cash and interest bearing deposits	\$ 37,879	8,760
Accounts receivable:		
Master's Men (rent, interest and other charges)	89,308	58,930
Other	294	-
Total accounts receivable	89,602	58,930
Prepaid insurance and other expenses	6,491	5,373
Note receivable: (note 2)		
Sale of property	644,200	701,750
Less deferred profits from sale of property	461,882	503,145
Net note receivable	182,318	198,605
Property and equipment and capitalized leases (notes 3 and 4):		
Land and land improvements	209,671	209,671
Building	1,299,334	1,299,334
Building services equipment	36,661	35,763
Departmental workstations	64,135	64,135
Departmental van	7,746	7,746
	1,617,547	1,616,649
Less accumulated depreciation and amortization	179,263	109,262
Net property and equipment and capitalized leases	1,438,284	1,507,387
Loan costs, net of amortization of \$325	4,514	-
	<u>\$ 1,759,088</u>	<u>1,779,055</u>
<u>Liabilities and Fund Balances</u>		
Notes payable, long-term debt and capitalized lease obligations (note 3)	\$ 1,351,632	1,512,149
Accounts payable and accrued expenses	10,157	15,689
Accrued realtor fee (note 2)	45,862	51,910
Deferred rentals	13,386	18,740
Total liabilities	1,421,037	1,598,488
Fund balances:		
Plant funds	283,170	173,367
Capital Stewardship Campaign funds	54,881	7,200
Total fund balances	338,051	180,567
	<u>\$ 1,759,088</u>	<u>1,779,055</u>

See accompanying notes to financial statements.

**BUILDING SERVICES FUND OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

Statement of Activity and Changes in Fund Balances
For the year ended December 31, 1993
(with comparative totals for 1992)

	<u>Plant</u>	<u>Capital</u>	<u>Departmental</u>	<u>1993</u>	<u>1992</u>
	<u>Funds</u>	<u>Stewardship</u>	<u>Services</u>	<u>Totals</u>	<u>Totals</u>
Revenues:					
Building rental and other revenues	\$ 327,661	-	-	327,661	325,086
Sale of property: (note 2)					
Interest income	43,250	-	-	43,250	18,750
Gain recognized	41,263	-	-	41,263	16,670
Contributions	-	48,417	-	48,417	57,212
Departmental services:					
Employee benefits	-	-	139,149	139,149	155,455
The Together Way Plan	-	-	15,002	15,002	-
General insurance	-	-	7,402	7,402	32,332
Telephone	-	-	27,318	27,318	25,407
Mailroom and other	-	-	55,955	55,955	69,229
Costs and expenses incurred for other departments	-	-	(237,921)	(237,921)	(269,313)
Net revenues	412,174	48,417	6,905	467,496	430,828
Expenses and cost of sales:					
Salaries	25,251	-	-	25,251	47,057
Payroll taxes	1,932	-	-	1,932	3,601
Employee benefits	9,363	-	-	9,363	10,471
Janitorial services	18,838	-	-	18,838	12,261
Depreciation	64,987	-	5,015	70,002	70,006
Amortization of loan costs	325	-	-	325	-
Audit and legal	4,315	-	-	4,315	8,822
General insurance	2,615	-	-	2,615	6,300
Interest expense	118,096	-	1,973	120,069	149,062
Supplies	3,997	-	-	3,997	2,962
Utilities / telephone	27,318	-	-	27,318	26,604
Repairs and maintenance	18,938	-	-	18,938	7,580
Mailroom and other	6,313	-	-	6,313	8,286
Campaign expenses	-	736	-	736	55,206
Total expenses	302,288	736	6,988	310,012	408,218
Excess of revenues over expenses	109,886	47,681	(83)	157,484	22,610
Transfers among funds	(83)	-	83	-	-
Fund balances at beginning of year	173,367	7,200	-	180,567	157,957
Fund balances at end of year	\$ 283,170	54,881	-	338,051	180,567

See accompanying notes to financial statements.

**BUILDING SERVICES FUND OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

Statement of Cash Flows

Year ended December 31, 1993

(with comparative totals for 1992)

	Plant Funds	Capital Stewardship Funds	Departmental Services	1993 Totals	1992 Totals
Cash Flows from Operating Activities					
Excess of revenues over (under) expenses \$	109,886	47,681	(83)	157,484	22,610
Adjustments to reconcile excess of revenues over expenses to net cash provided (used) by operating activities					
Depreciation and amortization	64,987	-	5,015	70,002	70,006
Amortization of loan costs	325	-	-	325	-
Gain recognized on property sale	(41,263)	-	-	(41,263)	(29,420)
(Increase) decrease in:					
Receivables	(30,672)	-	-	(30,672)	(37,174)
Prepaid expenses	(1,122)	-	-	(1,122)	1,240
Increase (decrease) in:					
Accounts payable and accruals	(5,532)	-	-	(5,532)	(4,604)
Accrued realtor fee	(6,048)	-	-	(6,048)	(2,520)
Deferred rentals	(5,354)	-	-	(5,354)	(5,354)
Net operating activities	85,207	47,681	4,932	137,820	14,784
Cash Flows from Investing Activities					
Collections from notes receivable	57,550	-	-	57,550	23,250
Purchase of equipment	(898)	-	-	(898)	(15,740)
Net investing activities	56,652	-	-	56,652	7,510
Cash Flows from Financing Activities					
Proceeds from debt refinancing	442,316	-	-	442,316	792,875
Loan costs	(4,836)	-	-	(4,836)	-
Repayments of debt	(599,657)	-	(3,176)	(602,833)	(831,957)
Net financing activities	(162,177)	-	(3,176)	(165,353)	(39,082)
Net increase (decrease) in cash	(20,318)	47,681	1,756	29,119	(16,788)
Transfers among funds	49,437	(47,681)	(1,756)	-	-
Cash at beginning of year	8,760	-	-	8,760	25,549
Cash at end of year	\$ 37,879	-	-	37,879	8,761
Supplemental disclosures:					
Interest paid	\$ 119,346	-	1,973	121,319	-

See accompanying notes to financial statements.

**BUILDING SERVICES FUND OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

Notes to Financial Statements

December 31, 1993

The Fund operates under the auspices of the National Association of Free Will Baptists, Inc. and is governed by a management committee which is chaired by the Executive Secretary of the National Association of Free Will Baptists, Inc. The management committee is composed of the directors of the Departments which occupy the National Offices Facility.

(1) Summary of Significant Accounting Policies

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs, renewals, and betterments that do not significantly extend the useful lives of assets are expensed as incurred.

Depreciation is provided using the straight-line method.

Income Taxes

The Fund 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 Fund 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.

(2) Note Receivable - Sale of Property

On May 21, 1992, a contract to sell the property which had previously housed the departments of the National Association of Free Will Baptists, Inc. was executed by the Management Committee (see note 1) and a 6.3% deed of trust note was received in the amount \$725,000. The note requires monthly payments of \$8,400, including principal and interest, for sixty months through August 15, 1997, at which time the unpaid balance of \$403,160 shall be due and payable. The note is secured by a first mortgage on the property sold.

As required by generally accepted accounting principles, the excess of the sale price over the Fund's basis in the property and costs relating to the sale (gross gain) is recognized in the financial statements ratably over the collection of the related note receivable. Further, realtor fee payable of 6% relating to this transaction is payable as the note is collected.

The following table summarizes the transactions for the ended December 31, 1993:

	Note Receivable	Deferred Profits	Realtors Fee
Balance December 31, 1992	\$ 701,750	503,145	51,910
Collections on note receivable	\$ 100,800	-	-
Interest portion of collections	43,250	57,550	-
Gain recognized based on collections	-	41,263	-
Realtor fee paid based on collections	-	-	6,048
	\$ 644,200	461,882	45,862

**BUILDING SERVICES FUND OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

Notes to Financial Statements, continued

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

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

	1993	1992
Notes payable and long-term debt:		
Mortgage note to bank at prime interest rate, secured by a first interest in the National Office Facility. Note was refinanced with the Free Will Baptists National Home Missions Church Extension Loan Fund, Inc. (see below).	\$ -	546,682
10% mortgage note to the Free Will Baptists National Home Missions Church Extension Loan Fund, Inc., secured by a second interest in the National Office Facility and by the furniture held by the various departments within the National Office Facility. Note was refinanced with the Free Will Baptists National Home Missions Church Extension Loan Fund, Inc. (see below).	-	900,824
7% mortgage note to the Free Will Baptists Home Missions Church Extension Loan Fund, Inc. (refinancing of the notes described above) secured by a first mortgage on the National Office Facility, a first interest in the note receivable (see note 2) relating to the sale of the property which had previously housed the departments of the National Association of Free Will Baptists, Inc. and by the furniture held by the various departments within the National Office Facility. This mortgage requires monthly payments of \$11,971 including principal and interest, with final payment scheduled for August 2008. Further, the note provides for revision of the interest rate annually.	1,327,621	-
10.75% to 11.5% installment notes secured by equipment and payable monthly \$1,368 maturing through 1993.	-	8,654
Unsecured interest bearing notes to the following funds of the Executive Office of the National Association of Free Will Baptists, Inc.		
Executive Office	14,249	26,051
Special Projects Fund	-	17,000
Total notes payable and long-term debt	1,341,870	1,499,211
Capital lease obligations: 15.8% obligation for telephone system under capital lease payable monthly \$396 through 1996 - see note 4.	9,762	12,938
	1,351,632	1,512,149
Less current maturities of notes payable, long-term debt and capital lease obligations	83,944	213,873
	<u>\$ 1,267,688</u>	<u>1,298,276</u>

**BUILDING SERVICES FUND OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

Notes to Financial Statements, continued

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

The following is a schedule, by years, of maturities of long term debt and future minimum lease payments under capital leases as of December 31, 1993.

	Long-Term Debt	Capital Leases
1994	\$ 80,492	4,753
1995	57,164	4,753
1996	61,296	2,373
1997	65,728	-
1998	70,479	-
1999 and thereafter	1,006,711	-
	<u>\$ 1,341,870</u>	11,879
Total maturities of long-term debt		2,117
Less amount representing interest		\$ 9,762
Present value of net minimum lease payments		

(4) Property and Equipment and Capitalized Leases (see note 3)

Depreciation and amortization charged to operations computed on the straight-line method was \$70,002 in 1993 and \$70,006 in 1992.

Components of capitalized leases are as follows:

	1993	1992
Telephone equipment	\$ 16,783	16,783
Less accumulated amortization	8,391	5,035
	<u>\$ 8,392</u>	<u>11,748</u>

(7) Pension

The Fund participates in the master defined contribution pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc. The plan is contributory and is matched up to a maximum of 5% of earned compensation. Employees may participate at date of employment. Pension expenses amounted to \$1,150 in 1993 and \$1,671 in 1992. 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.

1995 Projected Building Services Budget

Projected Income

Murfreesboro Road Property Payments (\$8,400 mo.)	1995
Square Footage (20,329 @ \$1.00 = \$20,329.00 mo.)	\$100,800.00
Total Income	<u>243,948.00</u>
	<u>\$344,748.00</u>

Projected Expenses

Audit & Legal	\$6,000.00
General Supplies	3,000.00
Insurance (Plant)	8,000.00
Janitorial Services	20,000.00
Janitorial Supplies	2,500.00
Mail Room	7,000.00
Mail Truck	2,500.00
Maintenance (General)	25,000.00
Payroll Taxes (Employer's S.S.)	2,301.09
Postage Meter	2,000.00
Retirement	1,268.48
Salaries	30,079.67
Telephone	3,000.00
Utilities	30,000.00
Home Missions' Note Payable (\$1,275,245.66)	143,649.60
Principal & Interest Payments (\$11,970.80 per month)	
Insurance (Employee)	12,180.33
Realtor's Fee	6,048.00
Emergency Maintenance Fund	38,220.83
Other	2,000.00
Total Expenses	<u>\$344,748.00</u>

Building Services Salary Breakdown

	1993	1994	1995
Maintenance Superintendent			
Salary	\$17,680.00 (4%)	\$18,564.00 (5%)	\$19,492.20 (5%)
Social Security	1,352.52 (7.65%)	1,420.15 (7.65%)	1,491.15 (7.65%)
Insurance	4,364.76	9,867.49	8,857.44
Dental	666.96	704.62	714.10
Health	3,488.28	8,953.35	7,839.50
Life/Disability	209.52	209.52	303.84
Retirement	884.00 (5%)	928.20 (5%)	974.61 (5%)
	<u>\$24,281.28</u>	<u>\$30,779.84</u>	<u>\$30,815.40</u>
Receptionist			
Salary	\$5,330.96 (4%)	\$5,597.51 (5%)	\$5,877.39 (5%)
Social Security	407.82 (7.65%)	428.21 (7.65%)	449.62 (7.65%)
Insurance	2,624.88	3,220.26	3,322.89
Dental	246.96	260.97	230.83
Health	2,325.48	2,906.85	3,012.62
Life/Disability	52.44	52.44	79.44
Retirement	266.55 (5%)	279.88 (5%)	293.87 (5%)
	<u>\$8,630.21</u>	<u>\$9,525.86</u>	<u>\$9,943.77</u>
Part-time Worker (5% increase)			
82 days	\$4,270.56 (4%/6.51 hr.)	\$4,487.04	\$4,710.08 (5%/7.18 hr.)
Social Security	326.70 (7.65%)	343.26 (7.65%)	360.32 (7.65%)
	<u>\$4,597.26</u>	<u>\$4,830.30</u>	<u>\$5,070.40</u>
Maintenance Superintendent (Wade Trimble)			
Salary	\$3,011.20		
Social Security	230.36 (7.65%)		
Insurance	463.66		
Dental	41.16		
Health	387.58		
Life	34.92		
Retirement	150.56 (5%)		
	<u>\$3,855.78</u>		

Projected Budgets The Together Way Plan

	1993*	1994	1995
Honorariums			
Salary	\$ 1,875.00	\$ 3,750.00	\$ 3,750.00
Health Insurance	5,250.00	10,500.00	10,500.00
Travel & Promotion	1,306.00	2,612.00	2,612.00
Office Expense (Postage, phone)	4,000.00	8,000.00	8,000.00
Educational Materials	2,069.00	4,138.00	4,138.00
Totals	500.00	1,000.00	1,000.00
	<u>\$15,000.00</u>	<u>\$30,000.00</u>	<u>\$30,000.00</u>
The Together Way Plan Coordinator			
Salary	\$.00	\$.00	\$.00
Health Insurance	1,306.00	2,612.00	2,612.00
Editor of The Together Way Plan Materials			
Salary	\$5,250.00	\$10,500.00	\$10,500.00

1. The Budget Committee will have general oversight of the work including budget approval.
2. All expenditures will be approved by the Executive Secretary.
3. At the end of each calendar year, any unused funds in excess of one month's budget will be credited to the departments' share for the following year.

	Percent of Total Denominational Giving Budget	1993 Share	1994 Share	1995 Share
Foreign Missions	49.33%	\$ 7,400.00	\$14,799.00	\$14,799.00
Home Missions	8.16%	4,224.00	8,448.00	8,448.00
Bible College	10.76%	1,614.00	3,228.00	3,228.00
Retirement & Insurance	4.19%	629.00	1,257.00	1,257.00
Executive Office	3.42%	513.00	1,026.00	1,026.00
WNAC	2.06%	309.00	618.00	618.00
Master's Men	1.65%	248.00	495.00	495.00
Foundation	.43%	65.00	129.00	129.00
Totals	100.00%	<u>\$15,002.00</u>	<u>\$30,000.00</u>	<u>\$30,000.00</u>
Randall House - Furnish Printing				

* 6 months

Home Missions Board Report

God's blessings abounded on the Home Missions Department during 1993.

Missionaries Terry Van Winkle, Overland Park, KS; Ken Doggett, Springfield, IL; Joel Nason, Laconia, NH; Frank Owens, Waldorf, MD; and Sandy Adams, Louisville, KY completed itinerate and moved to their fields of service.

Missionaries Jim Williams, Carthage, MO; Earl Hanna, Orangeburg, SC; Richard Hendrix, Madison, AL led their churches to become self supporting. Mike Lake returned to Elkhart, IN as pastor and the church is now self supporting.

Missionaries Ron Parker, Shreveport, LA; Howard Gwartney, Mesa, AZ; Cliff Donoho, Davenport, IA; and Darrell Smith, Portland, OR started or completed new buildings with assistance from Howard Gwartney, Missionary Builder and his crew. Tim Coats, Rapid City, SD purchased the building he was renting. Tom Hunt sold a portion of his land. He remodeled the building and paid the indebtedness on the property with the money.

Fred Jones resigned as missionary to Mexico and was reassigned to Prattville, Alabama. James Munsey was named president of the school. He continues to serve as coordinator for the Mexican work.

The Church Extension Loan Fund grew to \$6,573,491.66. Thirteen new loans were made including the loan on the indebtedness of the National Offices building.

The Build My Church campaign which is raising \$1,000,000 in gifts to be placed in the loan fund, with interest used to assist missionaries with property purchases, grew to \$500,568.25.

A retreat was conducted for our missionaries at Oak Ridge Christian Ranch, Koshkonong, MO. Our National Home Missions Board members were the speakers.

More than \$197,000 was received as a result of Benjamin Randall Day, November 21. A copy of the book, *Stones of Remembrance*, was sent to every pastor who received an offering and to every individual who sent a gift of at least \$25.00.

The 10th annual Roll Call Sunday recorded a total attendance of 224,547 in 2,640 Free Will Baptist churches, with 706 conversions.

Seven Free Will Baptist chaplains served during 1993. They are: Chaplain Terry Austin, U.S. Army; Chaplain James Bishop, 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. Several national guard and reserve chaplains are endorsed by the Home Missions Department. One police chaplain also serves.

Aquila and Priscilla workers also faithfully served with the department.

Twelve Old Time Camp meetings, plus the Old Time Camp meeting at the National Association, were conducted by the staff.

Home Missions was served by a faithful, dedicated staff during 1994. They are:

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

We appreciate the help of our other departments, colleges, state and district mission boards, state leaders, pastors, churches, and people as we labor to place "Missionaries In Every State For Churches In Every City."

Respectfully submitted,
 Dr. Roy Thomas, General Director

A Synopsis of Minutes of National Home Missions Board Meetings for 1993

January 13, 1993, a committee of the Board approved Rev. and Mrs. Joe Bevell as Joint Project workers to Anderson, South Carolina.

In a telephone conference, February 2, 1993, the Board accepted the resignations of:

Rev. and Mrs. Louie Nix as missionaries to Hawaii.

Rev. and Mrs. Joe Rager as missionaries to Elkhart, Indiana.

May 3-5, 1993, the following loans were approved from the Church Extension Loan Fund:

Oregon Trail Free Will Baptist Church, Oregon City, Oregon, \$265,000.

First Free Will Baptist Church, Davenport, Iowa, \$160,000

Free Will Baptist Church, Eugene, Oregon, \$107,000

Amador Free Will Baptist Church, Pioneer, California, \$150,000

Free Will Baptist Church, Austin, Texas, \$180,000

The Board voted to write each missionary reaffirming its commitment to Free Will Baptist doctrine, the Free Will Baptist Treatise, and the Free Will Baptist Church Covenant.

The budget of \$2,600,000 was adopted.

The Policies and Procedures Committee drew up guidelines for replacement of the General Director upon his retirement.

These applicants were approved as home missionaries:

Rev. and Mrs. Bob Lewis, Grand Junction, Colorado

Rev. and Mrs. Mark Barber, Aiken, South Carolina

Rev. and Mrs. Bud Bivens, Mexico

Rev. and Mrs. David Burgess' resignation as Joint Project workers to Bloomington, Illinois was accepted.

The *Head Start Los Angeles* program was adopted to place five couples in the city of Santa Clarita, California as Joint Project workers with the

California State Mission Board.

The Board met at the missionary retreat in Koshkonong, Missouri, June 8, 1993, for prayer and review of the work. No business was conducted.

The Board met July 17, 1993, at the National Association in Louisville, Kentucky. The following loans were approved:

Free Will Baptist Church, St. Croix, Virgin Islands, \$50,000

Cross Roads Free Will Baptist Church, Billings, MT, \$50,000

The Board met following the Leadership Conference, December 6-8, 1993, in Nashville. Interest rates on all loans dropped to 8.5%, and interest paid to investors dropped. Rev. Don Guthrie was welcomed as a new Board member replacing Rue Dell Smith.

The following resignations were accepted:

Rev. and Mrs. Fred Jones, missionaries to Mexico

Rev. and Mrs. Bill Johnson, missionaries to Elizabethtown, Kentucky

The following were commended for leading their churches to become self supporting:

Willis Osborne, Abington, Virginia

Richard Hendrix, Madison, Alabama

The Board voted to pay \$175.00 per month to WNAC to help pay for space for the Provision Closet.

Fred and Barbara Jones were approved as Joint Project workers to Prattville, Alabama.

December 1993 the following loans were approved:

Faith Free Will Baptist Church, Chandler, Indiana, \$30,000

Abundant Grace Free Will Baptist Church, Louisville, Kentucky, \$145,000

Harvest Time Free Will Baptist Church, Rapid City, South Dakota, \$45,000

BOARD OF HOME MISSIONS OF THE
 NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
 OF THE UNITED STATES OF AMERICA, INC.

Antioch, Tennessee

Financial Statements

December 31, 1993

Thoni. Hinton & Warren

CERTIFIED PUBLIC ACCOUNTANTS
 NASHVILLE, TENNESSEE

BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.

December 31, 1993

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Board of Home Missions of the National
Association of Free Will Baptists of the
United States of America, Inc.
Antioch, Tennessee

We have audited the accompanying balance sheet of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. (a nonprofit organization) as of December 31, 1993, and the related statements of support and revenue, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 1992 is presented for comparative purposes only and was extracted from the financial statements presented by the Organization for that year, on which an unqualified opinion dated February 10, 1993 was expressed.

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 Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. as of December 31, 1993 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Thoni, Hinton & Warren

February 18, 1994

BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Balance Sheet
December 31, 1993
(With Comparative Totals for 1992)

ASSETS

	Operating Fund	Plant Fund	Total All Funds	
			1993	1992
<u>Assets</u>				
Cash	\$108,450	\$	\$108,450	\$113,607
Accounts receivable - Note 7	1,700		1,700	
Investments, at cost				217,786
Investments in Church Extension				
Loan Fund - Note 7	364,710		364,710	173,069
Inventory - Note 1	9,159		9,159	7,810
Note receivable - Note 2	22,000		22,000	
Accrued interest receivable	966		966	
Property and equipment, at cost,				
less accumulated depreciation of				
\$36,334 - Notes 1 & 3		72,725	72,725	74,310
Capitalized lease - Note 4	16,452		16,452	17,392
Real property held for sale, at cost				31,204
Total assets	<u>\$523,437</u>	<u>\$ 72,725</u>	<u>\$596,162</u>	<u>\$635,178</u>

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>				
Accounts payable and accrued expenses	\$ 6,177	\$	\$ 6,177	\$ 14,085
Deferred compensation - Note 5	164,084		164,084	153,697
Notes payable - related party -				
Note 8	6,761		6,761	49,646
Restricted deferred revenue -				
missionary accounts - Notes 1 & 6	<u>488,603</u>		<u>488,603</u>	<u>410,641</u>
Total liabilities	<u>665,625</u>		<u>665,625</u>	<u>628,069</u>
<u>Commitments - Note 10</u>				
<u>Fund balances (deficit)</u>				
Unrestricted	(142,188)		(142,188)	(47,956)
Net investment in property				
and equipment		<u>72,725</u>	<u>72,725</u>	<u>55,065</u>
Total fund balances	<u>(142,188)</u>	<u>72,725</u>	<u>(69,463)</u>	<u>7,109</u>
Total liabilities and fund balances	<u>\$523,437</u>	<u>\$ 72,725</u>	<u>\$596,162</u>	<u>\$635,178</u>

See accountants' report and accompanying notes to the financial statements.

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BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Statement of Support and Revenue, Expenses and Changes in Fund Balances
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)

	Operating Fund		Plant Fund	Total All Funds	
	Unrestricted	Restricted		1993	1992
Support and revenue:					
Cooperative program	\$ 75,051	\$ 312,300	\$	\$ 387,351	\$ 305,020
Designated contributions -					
Note 6	413,457	1,358,535		1,771,992	2,030,378
Management fees - Note 7	60,800			60,800	60,000
Interest income	30,460			30,460	24,065
Gain (loss) on disposal of					
property and equipment	12,437			12,437	370
Gain (loss) on disposal of	(23,119)			(23,119)	(7,047)
investments					
Total support and revenue	<u>569,086</u>	<u>1,670,835</u>		<u>2,239,921</u>	<u>2,412,786</u>
Expenses:					
Administrative expenses	632,017			632,017	574,994
Missionary expenses		1,670,835		1,670,835	1,705,161
Plant fund			<u>13,641</u>	<u>13,641</u>	<u>8,462</u>
Total expenses	<u>632,017</u>	<u>1,670,835</u>	<u>13,641</u>	<u>2,316,493</u>	<u>2,288,617</u>
Excess (deficiency) of support					
and revenue over expenses	(62,931)	-0-	(13,641)	(76,572)	124,169
Equipment purchases and					
dispositions	(31,301)		31,301		
Fund balance (deficit) -					
beginning of year	(47,956)		55,065	7,109	(117,060)
Fund balance (deficit) -					
end of year	<u>(\$142,188)</u>	<u>\$ -0-</u>	<u>\$ 72,725</u>	<u>(\$ 69,463)</u>	<u>\$ 7,109</u>

See accountants' report and accompanying notes to the financial statements.

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BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Statement of Cash Flows
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)

	Operating Fund	Plant Fund	Total All Funds	
			1993	1992
<u>Operating activities</u>				
Excess (deficiency) of support and revenue over expenses	(\$ 62,931)	(\$ 13,641)	(\$ 76,572)	\$124,169
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		13,641	13,641	8,462
Amortization	940		940	940
(Gain) loss on disposal of property and equipment	(12,437)		(12,437)	(370)
(Gain) loss on disposal of investments	23,119		23,119	7,047
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(2,666)		(2,666)	
(Increase) decrease in inventories	(1,349)		(1,349)	1,251
Increase (decrease) in accounts payable and accrued expenses	(7,908)		(7,908)	562
Increase (decrease) in deferred compensation	10,387		10,387	13,380
Increase (decrease) in restricted deferred revenue	77,962		77,962	92,386
Net cash provided by operating activities	25,117	-0-	25,117	247,827
<u>Investing activities</u>				
Disposition of investments	194,667		194,667	55,467
Purchase of investments	(191,641)		(191,641)	(173,069)
Proceeds on sale of property and equipment	21,710		21,710	1,000
Purchase of property and equipment	(12,125)		(12,125)	(41,138)
Net cash provided (used) by investing activities	12,611	-0-	12,611	(157,740)
<u>Financing activities</u>				
Payments on notes payable	(42,885)		(42,885)	(4,807)
Net cash used by financing activities	(42,885)	-0-	(42,885)	(4,807)
Increase (decrease) in cash and cash equivalents	(5,157)		(5,157)	85,280
Cash and cash equivalents at beginning of year	113,607		113,607	28,327
Cash and cash equivalents at end of year	\$108,450	\$ -0-	\$108,450	\$113,607
<u>Supplemental disclosures</u>				
Cash paid during the year for interest	\$ 2,531	\$ -0-	\$ 2,531	\$ 7,445

See accountants' report and accompanying notes to the financial statements.

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BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Notes to the Financial Statements
December 31, 1993

Note 1 - Organization and summary of significant accounting policies

The Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. is a nonprofit organization affiliated with the National Association of Free Will Baptists. The purpose of the Organization is to establish and support Free Will Baptist Mission churches in the United States and Mexico.

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code under a group exemption of the National Association of Free Will Baptists, Inc.

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

Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization 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 established according to their nature and purposes. 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.

Property and equipment and depreciation

Property and equipment is stated at acquisition cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives range from 3-20 years.

Cash equivalents

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

Inventory

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

Restricted deferred revenue

Deferred revenues in the restricted funds result from contributions which have been restricted by the donor for a specific purpose. Revenue in the restricted funds is recognized only to the extent that related expenses have been incurred.

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BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Notes to the Financial Statements
December 31, 1993

Note 1 - Organization and summary of significant accounting policies (Continued)
Comparative date

The financial information for the year ended December 31, 1992, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Note 2 - Note receivable

The Organization sold the property it held for sale during the year. The property was sold with the Organization taking a balloon note in the amount of \$22,000, due in one year (April 8, 1994). The note accrues interest at the rate of 6% per year with the interest being due at the time the note is paid.

Note 3 - Property and equipment

A summary of property and equipment is as follows:

Automobile	\$ 27,460
Office furniture & equipment	81,599
	109,059
Less: Accumulated depreciation	(36,334)
	<u>\$ 72,725</u>

Note 4 - Capitalized leases

The National Association of Free Will Baptists 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 agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. The construction period costs of \$18,802 were capitalized and will be amortized over a period of twenty years. Amortization expense for the year amounted to \$940.

Note 5 - Deferred compensation

The Board of Home Missions provides deferred compensation for each employee based on a formula combining a percent of salary and years of service. The compensation is payable to the employee when employment is terminated. The following is a summary of the deferred compensation account.

Balance at beginning of year	\$153,697
Contribution for the year	
Missionaries	25,636
Administrative employees	12,387
Transfer and terminations	(27,636)
Balance at end of year	<u>\$164,084</u>

BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Notes to the Financial Statements
December 31, 1993

Note 6 - Restricted deferred revenue

Change in restricted deferred revenue is as follows:

	Missionary
	<u>Accounts</u>
Cooperative program	\$ 312,300
Designated contributions	<u>1,436,497</u>
	1,748,797
Revenue recognized in the current year	
(expenses)	(1,670,835)
Increase in deferred revenue	77,962
Balance, December 31, 1992	<u>410,641</u>
Balance, December 31, 1993	<u>\$ 488,603</u>

Note 7 - Related party transactions

The Board of Home Missions provides office space for and pays the salaries of the employees of a related party, the Church Extension Loan Fund. During the year, the Church Extension Loan Fund paid the Board of Home Missions a management fee of \$60,800 to reimburse the cost of the office space and salaries. The Board of Home Missions has invested money in a demand note of the Church Extension Loan Fund. The balance in this investment at year end was \$364,710. The Board of Home Missions has a receivable from the Church Extension Loan Fund in the amount of \$1,700.

Note 8 - Notes payable - related party

Note payable to Church Extension Loan Fund, secured by a mortgage on property in Arkansas. This property has been sold with the Organization taking a \$22,000 balloon note due April 8, 1994. The Organization's management intends to pay off the note payable when the balloon note is paid. Therefore, the full amount of this note is considered to be currently payable. The current interest rate is 10%.

\$ 6,761

See Note 7 for other related parties transactions.

BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Notes to the Financial Statements
December 31, 1993

Note 9 - Lease

The Board of Home Missions entered into a lease agreement on October 1, 1990 with the National Association of Free Will Baptists, Inc. for office and storage space. The rent expense for the year amounted to \$63,180. The term of the lease will expire when all mortgages on the building are satisfied, which approximates 21 years.

The future minimum lease payments are as follows:

1994	\$ 63,180
1995	63,180
1996	63,180
1997	63,180
1998	63,180
Thereafter	1,010,880

Note 10 - Commitments

The Board has pledged its property and equipment as collateral on a mortgage note that the National Association of Free Will Baptists, Inc. has with the Church Extension Loan Fund.

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Trustees of
the Board of Home Missions of the
National Association of Free Will Baptists
of the United States of America, Inc.

Our report on our audit of the basic financial statements of the Board of Home Missions for 1993 appears on page 1. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 18, 1994

Thoni, Hinton & Warren

BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Schedule of Functional Expenses
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)

	<u>Operating Fund</u>		<u>Plant</u>	<u>Total All Funds</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Fund</u>	<u>1993</u>	<u>1992</u>
Administrative expenses					
Salaries and wages	\$ 215,775	\$	\$	\$ 215,775	\$ 199,944
Payroll taxes	11,141			11,141	10,044
Housing allowance and employee benefits	71,410			71,410	67,788
Employee savings	12,129			12,129	8,220
Cost of literature	898			898	5,033
Promotion expense	9,221			9,221	86
Utilities	8,232			8,232	7,606
Office expense	20,471			20,471	11,880
Printing and postage	91,995			91,995	81,760
Rent expense	63,180			63,180	63,180
Professional fees	2,560			2,560	2,200
Auto and travel expense	48,670			48,670	37,629
Board meeting expense	18,884			18,884	11,548
Insurance expense	33,357			33,357	38,266
Telephone	10,107			10,107	10,001
Interest expense	2,176			2,176	7,514
Amortization	940			940	940
Together Way Office	4,224			4,224	
Miscellaneous	6,647			6,647	11,355
Total administrative expenses	632,017			632,017	574,994
Missionary expenses					
Salary and wages		1,305,186		1,305,186	1,352,159
Employee benefits		3,140		3,140	3,775
Employee savings		25,636		25,636	23,734
Promotion expense		3,000		3,000	3,705
Printing and postage		39,205		39,205	38,521
Auto and travel expense		82,210		82,210	70,766
Insurance expense		35,914		35,914	29,971
Missionary land & buildings		74,985		74,985	45,934
Designated contributions		91,323		91,323	80,347
Miscellaneous other expense		10,236		10,236	56,249
Total missionary expenses		1,670,835		1,670,835	1,705,161
Plant fund					
Depreciation			13,641	13,641	8,462
Total plant fund			13,641	13,641	8,462
Total expense	\$ 632,017	\$1,670,835	\$13,641	\$2,316,493	\$2,288,617

See accountants' report on supplementary information.

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Explanation of Home Missions Money in American Capitol Government Securities

The money was put here in \$100,000 deposits from January to March, 1987, making a total deposit of \$300,000.

As funds were needed, various amounts were withdrawn over the years as follows:

1988	\$ 40,000
1991	100,000
1992	20,000
1993	15,000
Total Withdrawn	\$175,000

The fund paid interest in the following amounts:

1987	\$ 26,229.42
1988	28,350.23
1989	27,984.01
1990	28,100.65
1991	27,166.65
1992	20,043.72
1993	13,106.04
Total Interest	\$170,980.72

The money was withdrawn and placed in the Church Extension Loan Fund to help make the loan on the National Offices building. Even though the audit shows a loss in principle, the interest drawn and the amount withdrawn shows that it was a good investment of the money.

CHURCH EXTENSION LOAN FUND

Antioch, Tennessee

Financial Statements

December 31, 1993

Thoni, Hinton & Warren

CERTIFIED PUBLIC ACCOUNTANTS
NASHVILLE, TENNESSEE

CHURCH EXTENSION LOAN FUND

December 31, 1993

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
 Church Extension Loan Fund
 Antioch, Tennessee

We have audited the accompanying balance sheet of the Church Extension Loan Fund (a nonprofit organization) as of December 31, 1993, and the related statements of support and revenue, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 1992 is presented for comparative purposes only and was extracted from the financial statements presented by the Fund for that year, on which an unqualified opinion, dated February 11, 1993, was expressed.

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 Church Extension Loan Fund as of December 31, 1993 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Thoni, Hinton & Warren

February 18, 1994

CHURCH EXTENSION LOAN FUND Balance Sheet December 31, 1993 (With Comparative Totals for 1992)

	ASSETS			
	Unrestricted Operating Fund	Plant Fund	Total All Funds	
			1993	1992
<u>Assets</u>				
Cash	\$1,054,993	\$	\$1,054,993	\$ 115,213
Investments				673,677
Accounts receivable - Notes 1 & 5	1,425		1,425	10,267
Notes receivable - Notes 1 & 5	5,446,024		5,446,024	4,391,073
Bonds receivable	47,586		47,586	43,785
Accrued interest receivable	56,713		56,713	47,387
Property and equipment - at cost, less accumulated depreciation of \$3,217 - Notes 1 & 2		17,274	17,274	3,801
Total assets	<u>\$6,606,741</u>	<u>\$ 17,274</u>	<u>\$6,624,015</u>	<u>\$5,285,203</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accrued interest	\$ 68,278	\$	\$ 68,278	\$ 49,158
Revocable and irrevocable trusts	489,000		489,000	285,000
Deferred compensation	140,521		140,521	113,472
Notes payable - Notes 3 & 5	5,320,554		5,320,554	4,327,993
Note payable - other - Note 4	25,863		25,863	30,170
Total liabilities	<u>6,044,216</u>		<u>6,044,216</u>	<u>4,805,793</u>
<u>Fund balances</u>				
Unrestricted	562,525		562,525	475,609
Net investment in property and equipment		17,274	17,274	3,801
Total fund balances	<u>562,525</u>	<u>17,274</u>	<u>579,799</u>	<u>479,410</u>
Total liabilities and fund balances	<u>\$6,606,741</u>	<u>\$ 17,274</u>	<u>\$6,624,015</u>	<u>\$5,285,203</u>

See accountants' report and accompanying notes to the financial statements.

CHURCH EXTENSION LOAN FUND
Statement of Support and Revenue, Expenses and Changes in Fund Balances
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)

	Unrestricted Operating Fund	Plant Fund	Total All Funds	
			1993	1992
Support and revenue:				
Designated contributions - Note 6	\$ 91,323	\$	\$ 91,323	\$ 79,773
Undesignated contributions				59,830
Loan origination fees	4,000		4,000	13,260
Investment income	65,226		65,226	94,084
Interest income on notes receivable	459,588		459,588	320,175
Gain on sale of property and equipment	2,877		2,877	
Gain (loss) on sale of investment	(46,502)		(46,502)	2,945
	<u>576,512</u>		<u>576,512</u>	<u>570,067</u>
Expenses:				
Interest expense	384,327		384,327	270,763
Office expense	2,143		2,143	3,039
Auto and travel	1,164		1,164	6,038
Management fee - Note 5	60,800		60,800	60,000
Promotion	16,763		16,763	18,793
Postage	3,132		3,132	
Professional fees	4,498		4,498	10,446
Depreciation		3,296	3,296	2,534
Transfer to Free Will Baptists Home Missions				170,000
	<u>472,827</u>	<u>3,296</u>	<u>476,123</u>	<u>541,613</u>
Excess (deficiency) of support and revenue over expenses	103,685	(3,296)	100,389	28,454
Equipment purchases and dispositions	(16,769)	16,769	-0-	-0-
Fund balance - beginning of year	<u>475,609</u>	<u>3,801</u>	<u>479,410</u>	<u>450,956</u>
Fund balance - end of year	<u>\$562,525</u>	<u>\$17,274</u>	<u>\$579,799</u>	<u>\$479,410</u>

See accountants' report and accompanying notes to the financial statements.

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CHURCH EXTENSION LOAN FUND
Statement of Cash Flows
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)

	Operating Fund	Plant Fund	Total All Funds	
			1993	1992
<u>Operating activities</u>				
Excess (deficiency) of support and revenue over expenses	\$ 103,685	(\$ 3,296)	\$ 100,389	\$ 28,454
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		3,296	3,296	2,534
Gain on sale of property and equipment	(2,877)		(2,877)	(2,945)
(Gain) loss on sale of investments	46,502		46,502	
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	8,842		8,842	(1,933)
(Increase) decrease in accrued interest receivable	(9,326)		(9,326)	(26,815)
Increase (decrease) in accrued interest payable	19,120		19,120	(17,494)
Increase (decrease) in deferred compensation	27,049		27,049	30,563
Net cash provided by operating activities	<u>192,995</u>	<u>-0-</u>	<u>192,995</u>	<u>12,364</u>
<u>Investing activities</u>				
Purchase of equipment	(19,641)		(19,641)	
Proceeds from sale of equipment	5,750		5,750	43,071
Sale of investments	627,174		627,174	
Collection on notes receivable	226,641		226,641	914,438
Additions to notes and bonds receivable	(1,285,392)		(1,285,392)	(2,795,606)
Net cash used in investing activities	<u>(445,468)</u>	<u>-0-</u>	<u>(445,468)</u>	<u>(1,838,097)</u>
<u>Financing activities</u>				
Additions to trusts	204,000		204,000	50,000
Repayment of trusts	(10,000)		(10,000)	(10,000)
Additions to notes payable	2,169,838		2,169,838	2,041,053
Repayment of notes payable	(1,181,585)		(1,181,585)	(1,163,641)
Net cash provided by financing activities	<u>1,192,253</u>	<u>-0-</u>	<u>1,192,253</u>	<u>917,412</u>
Increase (decrease) in cash and cash equivalents	939,780	-0-	939,780	(908,321)
Cash and cash equivalents at beginning of year	<u>115,213</u>	<u>-0-</u>	<u>115,213</u>	<u>1,023,534</u>
Cash and cash equivalents at end of year	<u>\$1,054,993</u>	<u>\$ -0-</u>	<u>\$1,054,993</u>	<u>\$ 115,213</u>
<u>Supplemental disclosures</u>				
Interest received	\$ 511,687	\$	\$ 511,687	\$ 389,677
Interest paid	\$ 365,207	\$	\$ 365,207	\$ 288,257
See accountants' report and accompanying notes to the financial statements.				

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CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1993

Note 1 - Organization and summary of significant accounting policies

The Church Extension Loan Fund is a nonprofit organization under the direction of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. The purpose of the Fund is to loan money to Free Will Baptist churches, primarily Home Mission churches, for purchase of land and buildings.

The Fund is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code under a group exemption of the National Association of Free Will Baptists, Inc.

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

Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Fund, the accounts of the Fund 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 established according to their nature and purposes. 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.

Property and equipment and depreciation

Property and equipment is stated at acquisition cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are five years on all assets.

Notes receivable

The Fund loans money to Free Will Baptist Churches, primarily Home Mission Churches, for the purchase of land and buildings. Each church is required to give a first mortgage on the property or sign a deed of trust. Principal and interest on the loans is payable monthly at 10% (8.5% beginning with the January 1994 payment) over a fifteen year period except for churches still under construction which are required to pay interest only. The Board of Trustees changes the rate on these notes receivable as other interest rates change. The carrying value of these loans approximates market value. The churches are located throughout the United States.

The aggregate maturities of these notes are as follows:

1994	\$ 298,801
1995	268,734
1996	294,857
1997	322,278
1998	351,891
Thereafter	<u>3,909,463</u>
	<u>\$5,446,024</u>

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CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1993

Note 1 - Organization and summary of significant accounting policies (Continued)

Allowance for doubtful accounts

Management considers accounts and notes receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Cash equivalents

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

Comparative data

The financial information for the year ended December 31, 1992, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Note 2 - Property and equipment

A summary of property and equipment follows:

	\$ 15,713
Automobile	<u>4,778</u>
Office equipment	20,491
	<u>(3,217)</u>
Less: Accumulated depreciation	<u>\$ 17,274</u>

Note 3 - Notes payable

Notes payable consist of 5 1/2 - 7% unsecured demand notes from individuals and churches. The proceeds of these notes are then loaned to churches to help them purchase land and buildings. The carrying value of these notes approximates fair value. The Board of Trustees changes the interest rates on these notes payable as other interest rates change.

Note 4 - Note payable - other

The Fund entered into an agreement with a contributor to pay the contributor \$500 per month for 72 months in exchange for his \$90,000 contribution. This agreement resulted in a notes payable with an unstated interest rate. Using an imputed interest of 6 1/2%, the note was discounted to a present value of \$30,170. The amount of the contribution was then reduced by the present value of the note payable to \$59,830. The balance of this note at December 31, 1993 was \$25,863.

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CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1993

Note 5 - Related party transactions

The Fund paid the Board of Home Missions of the National Association of Free Will Baptists, Inc. a management fee of \$60,800 to reimburse the Board of Home Missions for salary, rent and other expenses paid by the Board. The Board of Home Missions has invested in the note payable of the Fund. The balance of this note payable to the Board of Home Missions at year end was \$361,796. The Fund holds notes receivable from the Board of Home Missions in the amount of \$6,752 for property held for sale. The Fund had accounts receivable from the Board of Home Missions in the amount of \$1,425.

The Fund holds a note receivable from the National Association of Free Will Baptists, Inc. in the amount of \$1,327,621. This note is secured by a deed of trust note.

Note 6 - Designated contributions

The designated contributions are amounts given to the "Build My Church" program. The monies given to this program are loaned to churches in the same manner that other funds are loaned to churches. When the total amount given through the Build My Church program reaches \$1,000,000, then the interest earned from the loans made with the program will be used to purchase land for Home Mission's Churches. The total amount given through the end of the year is \$500,568.

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Explanation of Church Extension Loan Fund Money in American Capitol and Putnam Government Securities

The money was put here in various amounts from November 1986 through March 1987, until \$470,000 was in the American Capitol account and \$203,000 in the Putnam account. No money was withdrawn from either account until November 1993 when the entire amount in each was withdrawn to provide funds to make the loan on the National Offices building.

The loan fund received monthly checks from both American Capitol and Putnam Government Securities during the time the funds were invested.

Interest earned on American Capitol and Putnam was:

Year	American Capitol	Putnam
1986	\$ 2,955.97	
1987	43,136.24	\$ 3,352.94
1988	40,542.24	15,602.93
1989	40,542.24	20,117.64
1990	36,964.92	19,455.87
1991	35,772.48	19,235.28
1992	34,878.18	17,338.25
1993	29,363.28	14,294.11
Totals	\$264,055.55	\$109,397.02

Total interest on both accounts: **\$373,452.57**

Salary Breakdown

	1993	1994	1995
General Director (24 Years)			
Salary	\$30,732.90	\$31,257.48	\$32,891.40
Housing	16,800.00	16,800.00	16,800.00
Utilities	1,843.48	2,000.00	2,100.00
Social Security	-0-	-0-	-0-
Retirement (Savings Bonus)	2,330.76	2,400.00	2,500.00
Insurance:	3,176.76	3,170.28	3,049.56
Travel	60.00	60.00	60.00
Life	310.32	310.32	286.68
Health	2,325.48	2,325.48	2,510.52
Dental	480.96	474.48	192.36
Office Car Furnished	\$54,883.90	\$55,627.76	\$57,340.96
Associate Director (16 Years)			
Salary	\$29,979.15	\$30,362.28	\$32,088.36
Housing	10,800.00	10,800.00	10,800.00
Utilities	2,150.36	2,300.00	2,400.00
Social Security	-0-	-0-	-0-
Retirement (Savings Bonus)	1,981.44	2,000.00	2,150.00
Insurance:	4,507.65	4,498.84	5,518.68
Travel	60.00	60.00	60.00
Life	310.32	310.32	286.68
Health	3,488.28	3,488.28	4,770.48
Dental	649.36	640.56	401.52
Office Car Furnished	\$49,418.91	\$49,961.44	\$52,957.04
Director of Development (4 Years)			
Salary	\$22,164.51	\$22,601.88	\$23,963.04
Housing	16,800.00	16,800.00	16,800.00
Utilities	1,747.84	2,500.00	2,600.00
Social Security	-0-	-0-	-0-
Retirement (Savings Bonus)	753.00	780.00	2,100.00
Insurance:	3,176.76	3,170.28	3,049.56
Travel	60.00	60.00	60.00
Life	310.32	310.32	286.68
Health	2,325.48	2,325.48	2,510.52
Dental	480.96	474.48	192.36
Office Car Furnished	\$44,642.11	\$45,852.16	\$48,512.60
Bookkeeper (13 Years)			
Salary	\$23,340.16	\$23,651.16	\$24,396.32
Social Security	1,785.63	1,809.60	1,866.28
Retirement (Savings Bonus)	1,047.56	1,200.00	1,300.00
Insurance:	209.52	209.52	194.28
Life	-0-	-0-	-0-
Health	-0-	-0-	-0-
Dental	-0-	-0-	-0-
	\$26,382.87	\$26,870.28	\$27,756.88
Director of Communications (16 Years)			
Salary	\$31,113.68	\$31,529.16	\$32,522.36
Social Security	2,380.14	2,411.76	2,488.20
Retirement (Savings Bonus)	1,396.52	1,450.00	6,050.00

	1993	1994	1995
Insurance:	8,021.56	8,012.76	2,989.56
Life	209.52	209.52	286.68
Health	7,162.68	7,162.68	2,510.52
Dental	649.36	640.56	192.36
	<u>\$42,911.90</u>	<u>\$43,403.68</u>	<u>\$44,050.12</u>

Circulation/Secretary (7 Years)

Salary	\$16,316.50	\$16,534.44	\$17,055.48
Social Security	1,247.98	1,264.64	1,305.20
Retirement (Savings Bonus)	732.36	800.00	852.78
Insurance:	2,775.48	2,772.24	2,897.16
Life	209.52	209.52	194.28
Health	2,325.48	2,325.48	2,510.52
Dental	240.48	237.24	192.36
	<u>\$21,072.32</u>	<u>\$21,371.32</u>	<u>\$22,110.62</u>

Publications Editor (22 Years)

Salary	\$25,233.54	\$25,570.48	\$26,375.96
Social Security	1,930.40	1,956.24	2,017.60
Retirement (Savings Bonus)	1,132.60	1,200.00	1,320.00
Insurance:	2,535.00	2,535.00	2,897.16
Life	209.52	209.52	194.28
Health	2,325.48	2,325.48	2,510.52
Dental	-0-	-0-	192.36
	<u>\$30,831.54</u>	<u>\$31,261.72</u>	<u>\$32,610.72</u>

Loan Fund Secretary (4 Years)

Salary	\$15,993.90	\$16,201.64	\$16,712.28
Social Security	1,223.70	1,239.68	1,278.68
Retirement (Savings Bonus)	287.36	300.00	835.62
Insurance:	2,535.00	2,535.00	2,897.16
Life	209.52	209.52	194.28
Health	2,325.48	2,325.48	2,510.52
Dental	-0-	-0-	192.36
	<u>\$20,039.96</u>	<u>\$20,276.32</u>	<u>\$21,723.74</u>

Secretary (4 Years)

Salary	\$15,993.90	\$16,201.64	\$16,712.28
Social Security	1,223.70	1,239.68	1,278.68
Retirement (Savings Bonus)	287.36	300.00	835.62
Insurance:	2,767.56	2,764.32	2,887.68
Life	201.60	201.60	184.80
Health	2,325.48	2,325.48	2,510.52
Dental	240.48	237.24	192.36
	<u>\$20,272.52</u>	<u>\$20,505.64</u>	<u>\$21,714.26</u>

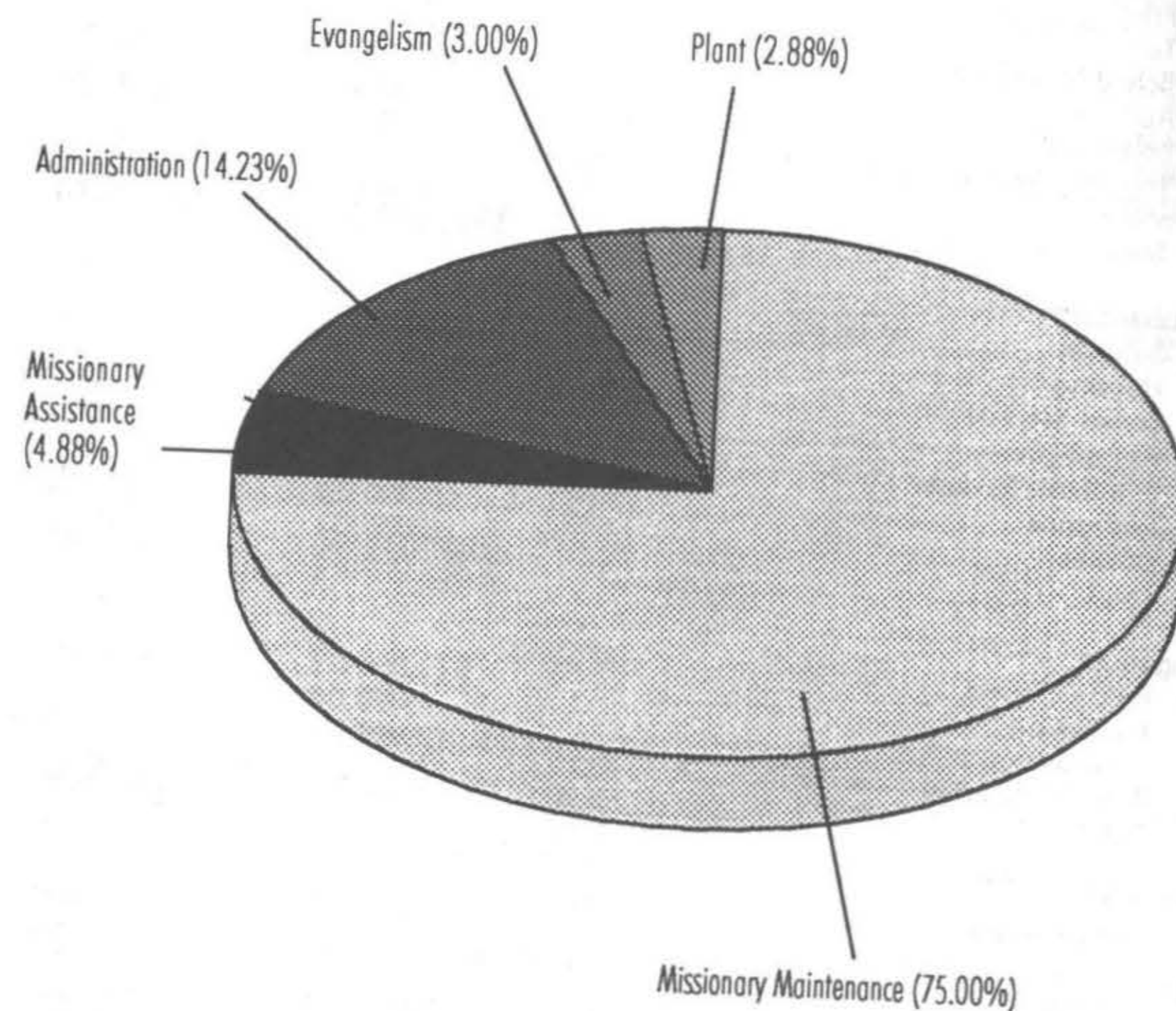
Secretary/Loan Fund Bookkeeper (3 Years)

Salary	\$21,401.64	\$22,076.08
Social Security	1,637.48	1,688.96
Retirement (Savings Bonus)	1,070.16	1,100.00
Insurance:	386.64	386.64
Life	194.28	194.28
Health	-0-	-0-
Dental	192.36	192.36
	<u>\$24,495.92</u>	<u>\$25,251.68</u>

Home Missions Department Proposed Faith Budget for 1995

	1994	1995
Missionary Maintenance	\$1,577,000.00	\$1,673,000.00
Salaries	75,000.00	85,000.00
Travel & Promotion	27,000.00	27,000.00
Employee Savings	50,000.00	75,000.00
Postage & Handling	25,000.00	15,000.00
Miscellaneous	75,000.00	75,000.00
Land & Building Fund	\$1,829,000.00	\$1,950,000.00
Missionary Assistance	\$80,000.00	\$72,000.00
Printing & Postage	10,000.00	10,000.00
Telephone	13,000.00	15,000.00
Board Member Expense	3,000.00	3,000.00
Auditing	4,000.00	4,000.00
Literature		11,000.00
Together Way Office & WNAC	12,000.00	12,000.00
Miscellaneous	\$122,000.00	\$127,000.00
Administration	\$230,000.00	\$250,000.00
Salaries	45,000.00	45,000.00
Housing	10,000.00	10,000.00
Social Security	9,000.00	9,000.00
Payroll Taxes	12,000.00	13,000.00
Employee Savings	40,000.00	35,000.00
Insurance	8,000.00	8,000.00
Utilities	\$354,000.00	\$370,000.00
Evangelism	\$40,000.00	\$46,000.00
Auto & Travel	4,000.00	10,000.00
Promotion	12,000.00	16,000.00
Revivals	6,000.00	6,000.00
Roll Call Sunday	\$62,000.00	\$78,000.00
Plant	\$63,000.00	\$48,000.00
Office Space	10,000.00	15,000.00
Equipment & Supplies		
Interest	10,000.00	12,000.00
Depreciation	\$83,000.00	\$75,000.00
Build My Church Campaign	\$150,000.00	\$100,000.00
Total Faith Budget	<u>\$2,600,000.00</u>	<u>\$2,700,000.00</u>

Home Missions Department Proposed Faith Budget for 1995



Proposed State Goals for 1995 Home Missions Department

State	1995 Goal	State	1995 Goal
Alabama	\$ 205,000	Nebraska	\$ 1,000
Alaska	500	New Hampshire	25,000
Arizona	25,000	New Jersey	1,000
Arkansas	165,000	New Mexico	2,000
California	65,000	New York	1,000
Canada	5 000	North Carolina	205,000
Church Extension Loan Fund	60,000	Ohio	105,000
Colorado	27,000	Oklahoma	215,000
Florida	120,000	Oregon	5,000
Georgia	85,000	Other Income	75,000
Hawaii	2,000	Other States	8,000
Idaho	4,000	Pennsylvania	2,000
Illinois	75,000	Puerto Rico	2,000
Indiana	25,000	Rhode Island	1,000
Iowa	2,500	South Carolina	105,000
Kansas	10,000	South Dakota	7,000
Kentucky	70,000	Tennessee	330,000
Louisiana	9,000	Texas	40,000
Maine	6,500	Vermont	500
Maryland	30,000	Virginia	70,000
Massachusetts	12,000	Virgin Islands	40,000
Mexico	500	Washington	5,500
Michigan	65,000	West Virginia	55,000
Minnesota	500	Wisconsin	1,000
Mississippi	80,000	WNAC	90,000
Missouri	150,000	Wyoming	7,500
Montana	1,000.00	Total 1995 Goals	\$2,700,000

Master's Men Department Report

Ministry in the Marketplace!

The secular world sets before our nation and world such an array of ungodly men lifted up as heroes and perpetuates these individuals as models. Christian men are mocked and ridiculed in society today. An overemphasis on the material has diminished recognition of godliness and character. More than ever before, Free Will Baptists need a ministry of, by, for and to the laymen!

Free Will Baptist laymen unite to form a powerful force for evangelism, ministry service to church and community, fellowship and personal spiritual growth. Men unite across the nation through annual membership or as LifeMembers to form a coast-to-coast and international ministry. The local church chapters and State Master's Men tailor a program to the needs of the men in the congregations and communities.

These activities may include . . .

- * Men's prayer and fellowship breakfasts
 - * Monthly meetings for spiritual challenge and growth
 - * Church Construction Teams for home and foreign missions, and local church bodies
 - * Assistance for senior citizens, widows and shut-ins
 - * Fund-raising projects, including tools for missionaries
 - * Sporting and recreational activities, visitation, and personal soul-winning challenges
 - * Men's retreats—local, regional and national
 - * Lay recognition through the Layman of the Year award.
- This and much, much more!

Ministry that Matters!

In only ten years Master's Men combined heart and hands in service to the denomination and the Master in helping build 51 places of worship. In the past year the Helping Hands crew with Missionary Builder/Master's Men Board Member Howard Gwartney, constructed five new churches. A group of eight men traveled in February, 1994 to labor on a church near Pinar del Rio, Cuba. The Master's Hands crew with Board Member Gary Wilson in 1993 labored on a church school in Alabama, and the Soul's Harbor Church in Pensacola, Florida. The 1994 schedule includes discussions with two middle Tennessee churches planning for new sanctuaries.

A preacher recently made the statement, "This program only involves a handful of the men in your movement." That is true, yet this Director prefers to say, "In ten years a few men put together a great record of performance in averaging over five buildings a year as volunteers. Think what we will accomplish in the years ahead as more men become helpers in these projects! I see the possibility of building a church a month for Free Will Baptists, saving as much as a million dollars a year in construction costs."

The Fifteenth Annual National Master's Men Conference, conducted at

Camp Beaverfork, Conway, Arkansas, saw about 150 men gathered for fellowship and challenge. The move from Tennessee to Arkansas seemed to heighten the interest of the men.

1993 marked the second year of sponsoring the National Free Will Baptist Softball Tournament. Forty men's teams and five women's teams participated. The winning team was High Point Church, Lancaster, SC. Second place went to Kirby Church, Taylor, MI. For the women, the winning team was Oak Grove Church, Oak Grove, AR. The second place finishers were Woodhaven Church, Woodhaven, MI.

The 1994 Tournament is scheduled for August 12-13.

A fund-raiser Golf Tournament was inaugurated in August. A field of 33 players were vying for the trophies and other special prizes. This event is slated to be held annually. Men need good opportunities for fellowship. The first place winner was Dr. Melvin Worthington, (TN). Second place was captured by his brother, Pastor Milton Worthington (MI).

For 1994, the tournament features a two-man team, best-ball format. The date scheduled is Thursday, August 11th. Hole sponsorships are available.

LifeMembership continued to show growth. The number of additions slowed for the first year since the 1986 program introduction. However, over 110 men are making payments to achieve LifeMember status. The year end totals show 771 LifeMembers, 54 LifeFriends among the women, and two LifeFriend churches. All monies given for LifeMembership become part of the Master's Men Endowment Trust Fund held by Free Will Baptist Foundation. Over \$3,841 interest income in 1993 proves the long term value of the Endowment.

Mirroring the Master!

The 1993 Layman of the Year chosen by Master's Men Board members was Richard A. Byers. "Dick" is a member of the First Bible Church, New Castle, Indiana, pastored by Rev. Jim Mullen. Runner-up Layman of the Year 1993 was Lester White, a member of Northeast Church, Shawnee, Oklahoma. Rev. Waldo Young pastors. The Layman of the Year award exists to:

1. Set before our people a representative example of a Christian man.
2. Appropriately honor and recognize a representative, faithful, godly man.

The key word is representative. In no way is the Layman of the Year Award intended to be exhaustive. There are thousands of men worthy of such recognition.

The many awards given men for performance, productivity, and financial gifts is well established in our culture. The secular world continues to mock and ridicule Christianity, and Christian men in particular. An over-emphasis on the material has diminished recognition of godliness and character. The Layman of the Year Award does not exist to glorify individuals, but rather to praise God for a life being lived for Christ. While the process may be less than perfect, it is an effort to recognize such men.

At the 1993 Convention, recognition was given to three Master's Men Board members. Wendell Leckbee (AR), Charles Denman (TX), and Rev. Dwight Fletcher (MS) completed terms of service on the Board. Brother Fletcher was elected to another six year term of office. As fellow laborers,

we need to uphold Dwight in prayer as he battles lymphoma. He continues to serve as Secretary of the Board, the position he held before re-election.

Wendell Leckbee completed twelve years of service to Master's Men. His position as Chairman of the Board showed his faithfulness of service, as recognized by the Board. Brother Charles Denman fulfilled a single term of office which followed a four year term of leadership as the Ushering Coordinator for the National Convention. This Director gives thanks for both men, their valued input to this Department operation and their love for the Master.

The Sports Fellowship activities are planned to provide much needed support to this Department. Participation by our men who enjoy sports activities can provide as much as a tenth of Department operational funds annually. Sufficient prizes and recognition assure the winners and participants their effort will be noted. It's a joy to host almost 2,000 of our people in the Tournaments each August. There's just something really special happens when the family gets together!

The "Build A House Campaign" was begun with the February edition of *Attack* magazine. Our people are being challenged to help raise the cost of a 2,000 square foot house. You can purchase a square foot for \$35.00. When the entire 2,000 S.F. are purchased, the resulting funds will pay for the construction of a house. Volunteer builders will do the work. The house will be sold, with profits applied to the indebtedness of the Department. The original funds will then be available to do it again. The Director and Board believe we can repay the Department debts in this manner. Have you bought your "square feet" yet?

The 1993 Audit reveals \$113,241 received by the Department. Of that amount, \$9,637 was restricted, leaving a balance of \$103,604 for ministry. The Department was unable to pay rent. That caused the fund balance deficit to rise to almost \$113,000. These debts accumulated over a four year period.

At the National Master's Men Conference the men were challenged to be one of 1,000 who will give \$100 to the work of the Department this year. Trinity banks were constructed and given to every man. It sounds quite simple but every person who will save just 25 cents each day for a year can raise and donate \$91.25 to the Department. Surely we can find one thousand people, families or churches who will make this simple effort to be a blessing and give life to this ministry.

Free Will Baptists give to a ministry for many reasons, some obvious, some intangible. They give to reach a dream. The dream/goal of Master's Men is to challenge every lay person to be all God expects him to be. Some give from a generous spirit. That's one of the original reasons for Master's Men—to provide opportunity for generous men to give of themselves. Others give because they've been asked by a friend. Am I your friend? Will you give? Some give to make a difference in this world. Our motto says it well, "All Together To Advance Christ's Kingdom." Family members can even give to memorialize a loved one.

Motivated for the Master!

In his book *One Crowded Hour*, Tim Bowden describes incident in

Borneo in 1964. Nepalese fighters known as Gurkhas were asked if they would jump from airplanes into combat against the Indonesians. The Gurkhas didn't clearly understand what was involved, but they bravely said they would do it, asking only that the plane fly slowly over a swampy area and no higher than 100 feet. When they were told that the parachutes would not have time to open at that height, the Gurkhas replied, "Oh, you didn't mention parachutes before!"

In combat situations, men are asked to make commitments based on unknown factors. Sometimes groups of fighters did not know details of troop movements in order to protect the other soldiers if these men were captured. In our world today, fighting an unseen foe, Christians can at times be unaware of every activity and action in a warfare that circles the world. Master's Men are a part of that mighty warfare. Their readiness to serve, devotion to duty, and willingness to be involved make them a vital force in the army of God. It seems at times the denomination expects unquestioning service, without sufficient support.

In the 38 year history of Master's Men, the need for "parachutes" has never been greater. Master's Men are willing to jump when God calls. Will you, as part of the denomination help provide the parachutes?

May be's for the Master!

There are a number of glaring weaknesses in our denomination's ministry cycle for our people. These, among others, are a part of Master's Men future plans. The future depends very much upon the actions of the present time.

No program exists to challenge "Lads and Dads" to be together, teaching and learning life's role for children. Children with single parents need good "father role models" to observe, learning positive traits of love and leadership.

Free Will Baptist men need involvement with Christian Scouting as a means of witness and outreach for local churches. Young people need new heroes. This ministry provides fantastic opportunities for willing laborers.

Nothing exists for College-bound young people, nor for Free Will Baptists in the military.

Nothing is in place to provide opportunities for service and ministry for older men. These men of great experience need to be utilized in the Master's work.

Almost nothing is being done for families or couples on an organized basis. How desperately our folks need to know God cares for their family situations.

The denomination has need of some form of Disaster Relief for our churches. If your church were demolished today by bad weather, no program exists among Free Will Baptists to help you hold your congregation together and get back into a place of worship. Thankfully we can provide some limited help in construction when you're ready to build.

The Kingdom work needs more yielded laborers. The work needs more financial undergirding. The work needs more qualified people to help with office tasks.

The old farmer, ragged and barefoot, sat on the steps of his tumbledown shack, chewing a stem of timothy grass. He was confronted by a passing

stranger who was searching for a cool drink of water. Wishing to be agreeable, the stranger asked:

"How is your cotton coming in this hot weather?"

"Ain't got none," replied the farmer.

"Didn't you plant any?" asked the stranger.

"Nope, 'fraid of boll weevils."

"Well, asked the newcomer, "how is your corn?"

"Didn't plant none. 'Fraid there warn't goin' to be no rain," replied the farmer.

"Really? Well, what did you plant?"

"Nothin'," said the farmer. "I jest played it safe!"

... There can be no harvest if there is no seed sown. There's just no room for "playing it safe." This is the Master's work, of, by, for and to the Master's Men.

Respectfully submitted,
James E. Vallance, Director

Board Activities Summary

December 8, 1993

Attending: All Board Members and Director Jim Vallance.

General business discussed, future ministry activities planned. Regional Conferences will be added into future schedule. Cost of membership was discussed, with a savings incentive added, allowing for two years of membership at \$30 per member.

The Board met with the Executive Committee to discuss the financial problems of the Department.

A decision was made to pursue the concept to build a house and use the profits for the Department financial needs. Volunteer labor will be used for the construction.

The 1995 Budget totaling \$198,250 for 1995 was adopted, to be recommended to the National Association.

April 20, 1994

Attending: Waymon Ray, Jim Orr, John Fowlkes, Don Neal, Gary Wilson, Director Jim Vallance.

A lengthy discussion took place concerning the budget. A revised budget totaling \$127,000 for 1995 was worked on and adopted for presentation to the National Association.

Authorization was given for the Director to continue the Build-A-House Campaign.

In response to the Executive Committee's request that we present a solution to our rent indebtedness in the National Office Building, we offer this report:

"The Board has met twice and our decision is to move out of the National Office Building in order to stop the continued growth of the

indebtedness. This action will occur unless an alternate solution is offered by the Executive Committee and made to the General Board for approval by the National Association of Free Will Baptists."
"As funds are available we will make payments on the indebtedness we have incurred to this point until it has been completely repaid."

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

Financial Statements
December 31, 1993

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

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RR 4, Box 645
Benton, Illinois 62812

MICHAEL JOHNSTON
Certified Public Accountant

Telephone: (618)439-0610


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, 1993 and 1992, 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, 1993 and 1992 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

Benton, Illinois
May 19, 1994

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

BALANCE SHEET December 31,

	1993	1992
ASSETS		
CURRENT ASSETS	\$ 3,266	\$ 4,146
Cash	66,139	61,789
Trust account - Lifetime membership	52	--
Accounts receivable	1,035	1,114
Accrued interest receivable	1,978	820
Inventories	1,969	1,382
Cash value of endowment insurance		
Total current assets	\$ 74,439	\$ 69,251
PROPERTY AND EQUIPMENT, net (Note 2)	9,749	10,780
CAPITALIZED LEASE, net (Note 3)	3,516	3,716
Total assets	\$ 87,704	\$ 83,747
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES	\$ 96,236	\$ 61,462
Accounts payable	180	100
Deferred revenue (Note 4)	629	717
Accrued expenses	4,483	6,995
Notes payable - Bank		
Total current liabilities	\$ 101,528	\$ 69,274
FUND BALANCE (DEFICIT) (Note 5)	\$ (112,987)	\$ (76,256)
Unrestricted	99,163	90,729
Restricted		
Total fund balance (deficit)	\$ (13,824)	\$ 14,473
Total liabilities and fund balance	\$ 87,704	\$ 83,747

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

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

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

	1993			1992
	Unrestricted	Restricted	Total	Total
REVENUE				
Dues from members	\$ 9,318	\$ --	\$ 9,318	\$ 9,900
Cooperative program	35,345	--	35,345	26,139
Merchandise sales	2,455	--	2,455	609
Gifts and other income	56,486	9,637	66,123	70,711
	<u>\$ 103,604</u>	<u>\$ 9,637</u>	<u>\$ 113,241</u>	<u>\$ 107,359</u>
EXPENSES				
Salaries and wages	\$ 31,397	\$ --	\$ 31,397	\$ 30,400
Payroll taxes and employee benefits	10,851	--	10,851	12,020
Cost of sales and printing	11,165	--	11,165	9,292
Travel expense	15,684	--	15,684	13,492
Conferences and conventions	13,536	--	13,536	15,500
Office expense	9,401	--	9,401	10,062
Postage	4,920	--	4,920	6,462
Promotion expense	12,721	--	12,721	2,244
Rent expense	26,380	--	26,380	26,380
Professional fees	500	--	500	500
Bookkeeping expense	900	--	900	900
Depreciation	1,031	--	1,031	1,096
Amortization	200	--	200	201
Interest expense	939	--	939	6,250
Insurance expense	352	600	952	1,662
Dues and subscriptions	358	--	358	231
Missions projects	--	603	603	1,735
	<u>\$ 140,335</u>	<u>\$ 1,203</u>	<u>\$ 141,538</u>	<u>\$ 138,427</u>
REVENUES OVER (UNDER) EXPENSES	<u>\$ (36,731)</u>	<u>\$ 8,434</u>	<u>\$ (28,297)</u>	<u>\$ (31,068)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	<u>(76,256)</u>	<u>90,729</u>	<u>14,473</u>	<u>45,541</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u><u>\$ (112,987)</u></u>	<u><u>\$ 99,163</u></u>	<u><u>\$ (13,824)</u></u>	<u><u>\$ 14,473</u></u>

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

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

STATEMENT OF CASH FLOWS
Years ended December 31,

	1993	1992
CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (28,297)</u>	<u>\$ (31,068)</u>
Revenue over (under) expenses		
Adjustments to reconcile to net cash	1,231	1,297
Depreciation and amortization	--	--
Gain on disposal of property and equipment		
Changes in assets and liabilities	(52)	--
Change in accounts receivable	(1,158)	156
Change in inventories	79	(1,114)
Change in accrued interest receivable	34,774	41,991
Change in accounts payable	80	(310)
Change in deferred revenue	(88)	66
Change in accrued expenses		
Net cash provided by (used for) operating activities	<u>\$ 6,569</u>	<u>\$ 11,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>\$ (4,350)</u>	<u>\$ (7,983)</u>
Additions to trust account	(587)	(317)
Additions to cash value of insurance	--	--
Additions to property and equipment	--	--
Disposition of property and equipment	--	--
Capitalization of lease costs	--	--
Net cash provided by (used for) investing activities	<u>\$ (4,937)</u>	<u>\$ (8,300)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>\$ (2,512)</u>	<u>\$ (2,226)</u>
Repayment of notes payable	--	--
Proceeds from notes payable	--	--
Net cash provided by (used for) financing activities	<u>\$ (2,512)</u>	<u>\$ (2,226)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ (880)</u>	<u>\$ 492</u>
CASH AT BEGINNING OF YEAR	<u>4,146</u>	<u>3,654</u>
CASH AT END OF YEAR	<u><u>\$ 3,266</u></u>	<u><u>\$ 4,146</u></u>

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 1993

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 3-20 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,:

	1993	1992
Equipment and furniture	\$24,602	\$24,602
Less accumulated depreciation	<u>14,853</u>	<u>13,822</u>
Property and equipment, net	<u>\$ 9,749</u>	<u>\$10,780</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1993

NOTE 3 - CAPITALIZED LEASES

The National Association of Free Will Baptists purchased an office building to house various departments and agencies of the denomination. The Board of Directors has entered into an agreement to lease space in this new building and agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. The construction period costs of \$4,018 were capitalized and will be amortized over a period of twenty years.

NOTE 4 - DEFERRED REVENUE

Deferred revenue consists of dues received for future years as of December 31, 1993 and 1992.

NOTE 5 - RESTRICTED FUND BALANCE

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

	1993	1992
Missions projects	\$ 7,197	\$ 4,209
Lifetime Membership	91,654	86,435
Endowment insurance	<u>312</u>	<u>85</u>
	<u>\$99,163</u>	<u>\$90,729</u>

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Proposed 1995 Budget			
Income	1994 Approved	1995 Approved	1995 Revised
Gifts	\$ 36,000.00	\$ 34,000.00	\$ 25,000.00
Rent Money/Miracle	25,179.60		
Dues	11,000.00	10,000.00	10,000.00
National Ministries Sunday	1,500.00	6,000.00	1,000.00
Promotion/Advertisement	1,500.00	1,500.00	.00
Attack Ad Sales	1,000.00	1,000.00	.00
Together Way Plan	35,000.00	35,000.00	35,000.00
MM Conference	10,000.00	10,000.00	10,000.00
Master's Hands/Special Projects	10,000.00	5,000.00	10,000.00
Heritage Hike	5,000.00	2,000.00	.00
Softball Tournament	10,000.00	6,000.00	6,000.00
Golf Tournament	6,000.00	4,000.00	2,000.00
Missions Projects	1,000.00	.00	1,000.00
Interest Income	6,100.00	4,000.00	.00
Savings Account	100.00	.00	.00
Life Membership	6,000.00	4,000.00	.00
Master's Men Dinner	4,000.00	3,000.00	3,000.00
Endowment Insurance	1,000.00	500.00	500.00
Endowment Trust	15,000.00	5,000.00	3,000.00
	<u>\$179,279.60</u>	<u>\$127,000.00</u>	<u>\$106,500.00</u>
Expenses			
Booth	\$ 400.00	\$ 250.00	\$ 250.00
MM Dinner	4,000.00	3,150.00	3,100.00
MM Conference	10,000.00	7,500.00	6,000.00
Softball Tournament	6,000.00	6,000.00	5,000.00
Golf Tournament	3,000.00	1,800.00	1,500.00
Mission Projects	1,000.00	1,000.00	500.00
Endowment Insurance	1,000.00	1,000.00	500.00
Endowment Trust	15,000.00	5,000.00	3,000.00
Leadership Conference	1,500.00	.00	750.00
Promotion/Advertisement	2,500.00	2,500.00	1,000.00
Cost of Sales	1,000.00	.00	500.00
Office	52,379.60	29,000.00	31,292.00
Equipment Maintenance	500.00	500.00	500.00
Postage	5,000.00	9,000.00	3,000.00
Printing	10,000.00	10,000.00	4,000.00
Office Supplies	3,500.00	5,000.00	2,500.00
Office Equipment	5,000.00	2,500.00	.00
Telephone	2,000.00	2,000.00	1,000.00
Rent	26,379.60	.00	20,292.00
Travel	13,000.00	14,000.00	4,000.00
Director	10,000.00	12,000.00	3,000.00
Board	3,000.00	2,000.00	1,000.00
Salaries	45,000.00	39,600.00	33,000.00
Director	32,000.00	33,600.00	32,000.00
Secretary	12,000.00	6,000.00	.00
Casual Labor	1,000.00	.00	1,000.00
Payroll Taxes	3,500.00	2,000.00	3,000.00
Director's Health Insurance	9,000.00	7,400.00	7,400.00
Director's Retirement	1,600.00	1,600.00	1,600.00
Bookkeeping Fee	900.00	900.00	.00
Audit	600.00	600.00	600.00
Miscellaneous	600.00	600.00	600.00
Debt Retirement	7,800.00	3,100.00	2,908.00
Total	<u>\$179,779.60</u>	<u>\$127,000.00</u>	<u>\$106,500.00</u>

Note for 1995 Revised: Any additional funds above the \$106,500 will be used to reduce the debt to the National Building Services Accounts Receivable and Executive Office.

Board of Retirement Report

Since 1969 the purpose of this board has been to offer retirement benefits to employees of Free Will Baptist churches and agencies. Last years change in leadership has not altered that purpose. To focus attention on our plans to achieve this purpose, let me emphasis some of the major challenges before us:

1. Aging of participants. Many of the hundreds who joined the plan in the 1970's are now ready for retirement. In 1983 we paid out a total of \$53,293 for withdrawals and settlements. In 1994 that figure reached \$526,155 - almost a ten-fold increase.
2. Acquiring new participants. This represents our greatest challenge. We now have 951 participants. Yet with 2,400 pastors and a number of churches with multiple staffs, 42 daycares, 53 kindergartens, and 53 day school programs, there are many unenlisted prospects.
3. Increasing the level of contribution. During our early years, the minimum was set at \$20 every six months. We must move toward a more realistic level of contribution. For example, commercial plans and most church programs suggest or require a minimum contribution of 15 percent of the gross pay package.
4. Raising the level of denominational support. Gift income has averaged between \$30 and \$32 thousand for the last few years. We need a significant denominational commitment to this program.
5. Maintaining a cost efficient operation. The staff and Board are committed to lowering the cost of our operations. Success of the Victory Campaign will help, but increasing the asset pool under management is the long range solution.
6. Increasing the rate of return for our participants. Reaching our goals in each of the previous areas will result in increasing the actual rate of return. Our investments are poised to reflect the market more than any time in our past and should, with time, give us competitive returns.

Our goal is to:

- Serve all of the eligible participants in our denomination.
- Experience the highest returns from the safest investments available.
- Operate the most efficient program possible.
- Fine tune our program until it is the best available.

The first change in this direction was the addition of two new settlement choices on July 1, 1994: a 10-year or 15-year Guaranty Joint and Survivor Annuity. This combines the need for lifetime income and an assurance that early deaths will not adversely impact individual participants.

Sincerely,
William W. Evans, General Director

Synopsis of Minutes, FWB Board of Retirement

Semi-Annual Meeting, December 8, 1994, at Doubletree Hotel
and

Annual Meeting, April 18-20, 1994, at the Free Will Baptist National Offices

All members were present for each meeting.

The major emphasis of these meetings were review and approval of the Office Operation Manual; investments and analysis of directions for the future; and the financial reports.

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

Financial Statements

December 31, 1993

(With Independent Auditors' Report Thereon)

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

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

Independent Auditors' Report

The 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 the Board of Retirement and Insurance of the National Association of Free Will Baptists as of December 31, 1993 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. Information included on the balance sheet and statements of fund transactions and changes in fund balances and cash flows for the year ended December 31, 1992 is presented for comparative purposes only and was extracted from financial statements presented by fund for that year, on which we expressed an unqualified opinion dated March 29, 1993.

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 Board of Retirement and Insurance of the National Association of Free Will Baptists as of December 31, 1993, 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 23, 1994

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

Balance Sheet

December 31, 1993

(with comparative totals for 1992)

Assets	1993				1992
	Unrestricted Operations	Retirement Fund	Equipment	Total All Funds	Total All Funds
Cash and cash equivalents (notes 2 and 8)	\$ 7,748	922,436	-	930,184	944,930
Investments, fair market value (notes 2 and 8)	-	7,102,244	-	7,102,244	4,859,471
Funds invested with retirement fund	4,186	-	-	4,186	3,974
Accrued investment income receivable	-	74,848	-	74,848	70,977
Notes receivable (notes 3 and 8)	-	3,175,261	-	3,175,261	4,127,320
Allowance for doubtful collections	-	(78,300)	-	(78,300)	-
Office furniture, equipment, and automobiles, at cost, net of accumulated depreciation (note 4)	-	-	40,489	40,489	45,288
Due from equipment fund	-	10,311	-	10,311	22,311
Properties held for sale	-	-	-	-	3,200
Lease costs (note 5)	7,898	-	-	7,898	11,058
	<u>\$ 19,832</u>	<u>11,206,800</u>	<u>40,489</u>	<u>11,267,121</u>	<u>10,088,538</u>
Liabilities and Fund Balances					
Liabilities:					
Notes payable, accounts payable and accrued expenses	\$ 5,977	11,226	-	17,203	17,706
Due to retirement fund	-	-	10,311	10,311	22,311
Unearned loan origination fees (note 6)	-	46,562	-	46,562	60,290
Annuities payable (note 7)	-	384,767	-	384,767	176,433
Funds held for Free Will Baptist Foundation, Inc.	-	1,370,732	-	1,370,732	906,888
Total liabilities	<u>5,977</u>	<u>1,813,287</u>	<u>10,311</u>	<u>1,829,575</u>	<u>1,183,628</u>
Fund balances:					
Operations	13,855	-	-	13,855	10,932
Retirement fund	-	9,197,578	-	9,197,578	8,712,885
Designated as reserve funds	-	195,935	-	195,935	158,116
Net invested in equipment	-	-	30,178	30,178	22,977
Total fund balances	<u>13,855</u>	<u>9,393,513</u>	<u>30,178</u>	<u>9,437,546</u>	<u>8,904,910</u>
	<u>\$ 19,832</u>	<u>11,206,800</u>	<u>40,489</u>	<u>11,267,121</u>	<u>10,088,538</u>

See accompanying notes to financial statements.

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

Statement of Fund Transactions and Changes in Fund Balances

Year ended December 31, 1993

(with comparative totals for 1992)

	1993			1992
	Unrestricted Operations	Retirement Fund	Total All Funds	Total All Funds
Additions:				
Contributions from participants	\$ -	675,881	675,881	731,101
Gifts	31,706	-	31,706	32,228
Interest income - notes receivable (net of write-downs) (note 2)	-	297,522	297,522	558,674
Investment income (net of investment fees) (note 2)	322	263,777	264,099	215,238
Gains (losses) of investment portfolio (note 2)	-	134,361	134,361	127,078
Net realized gains	-	279,424	279,424	(116,877)
Net unrealized gains (losses)	-	3,167	3,167	2,742
Forfeitures and late charges	-	23,412	23,412	13,915
Amortization of loan origination fees (note 6)	-	-	-	9,604
Gain on disposition of property	-	-	-	2,513
Miscellaneous	1,371	-	1,371	-
Total additions	<u>33,399</u>	<u>1,677,544</u>	<u>1,710,943</u>	<u>1,576,216</u>
Deductions:				
Salaries	96,239	-	96,239	118,282
Fringe benefits	59,917	-	59,917	64,008
Travel and promotional	17,323	-	17,323	21,477
Office supplies and expense	21,176	-	21,176	17,989
Housing	42,000	-	42,000	45,600
Occupancy	62,711	-	62,711	63,561
Board members expense	10,629	-	10,629	8,340
Legal and auditing	13,131	-	13,131	20,031
Miscellaneous	12,791	3,212	16,003	6,107
Insurance	-	34,688	34,688	37,952
Depreciation (note 4)	-	-	13,963	15,740
Interest expense - trusts, annuities and other	-	92,384	92,384	69,591
Participants accounts transferred to annuity liability	-	204,588	204,588	38,985
Withdrawal of funds	-	493,555	493,555	394,939
Total deductions	<u>335,917</u>	<u>828,427</u>	<u>1,164,344</u>	<u>922,602</u>
Net increase (decrease) in funds for the year	<u>(302,518)</u>	<u>849,117</u>	<u>(13,963)</u>	<u>653,614</u>
Fund balance at beginning of year	10,932	8,871,001	8,881,933	8,252,550
Transfers among funds and other changes:				
To equipment fund for asset acquisition	(12,000)	-	(12,000)	-
Net assets retired	-	-	-	(1,254)
To equipment fund for debt retirement	(9,164)	-	(9,164)	-
Enrollment and service fees	326,605	(326,605)	-	-
Fund balance at end of year	<u>\$ 13,855</u>	<u>9,393,513</u>	<u>9,407,368</u>	<u>8,904,910</u>

See accompanying notes to financial statements.

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

Statement of Cash Flows

Year ended December 31, 1993

(with comparative totals for 1992)

	1993			1992
	Unrestricted Operations	Retirement Fund	Equipment	Total All Funds
Cash Flows from Operating Activities				
Cash received from:				
Contributions from participants	\$ -	675,881	-	675,881
Gifts	31,706	-	-	31,706
Interest income - notes receivable	-	375,822	-	375,822
Investment income	110	239,053	-	239,163
Forfeitures and late charges	-	2,747	-	2,747
Miscellaneous	1,371	-	-	1,371
Cash paid to / for:				
Suppliers and employees	(341,967)	(29,193)	-	(371,160)
Interest	-	(92,384)	-	(92,384)
Annuity payments	-	(17,493)	-	(17,493)
Withdrawal of funds by participants	-	(493,555)	-	(493,555)
Net operating cash flows	(308,780)	660,878	-	352,098
Cash Flows from Investing Activities				
Purchases of office furniture and equipment	(9,164)	-	-	(9,164)
Proceeds from sale of assets	-	-	-	-
Investments:				
Purchases of investment securities	-	(3,109,412)	-	(3,109,412)
Proceeds from sale of investment securities	-	1,322,516	-	1,322,516
Notes receivable:				
New loans made	-	(727,292)	-	(727,292)
Collection of notes receivable	-	1,692,664	-	1,692,664
Net investing cash flows	(9,164)	(821,524)	-	(830,688)
Cash Flows from Financing Activities				
Interfund transfers and repayments	314,605	(314,605)	-	-
Net activity - Funds held for Free Will Baptist Foundation, Inc.	-	463,844	-	463,844
Net financing cash flows	314,605	149,239	-	463,844
Net increase (decrease) in cash	(3,339)	(11,407)	-	(14,746)
Cash at beginning of year	11,087	933,843	-	944,930
Cash at end of year	\$ 7,748	922,436	-	930,184

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 1993

The Board of Retirement and Insurance of the National Association of Free Will Baptists (the Board) is operated under the auspices of The National Association of Free Will Baptists, Inc. 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, Inc.

(1) Summary of Significant Accounting Policies

The major accounting principles and practices followed by the Board 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.

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 Board 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 Board 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.

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.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements, continued

(2) Cash and Cash Equivalents and Investments of the Retirement Fund

Cash and cash equivalents consist of the following:

	Investment Income	Account Balances
Money market, checking and savings accounts	\$ 10,110	289,861
Money market accounts held by investment bankers	9,089	632,575
	<u>\$ 19,199</u>	<u>922,436</u>

Investments consist of the following:

	Investment Income	Market /Stated Value	Cost	Unrealized Cumulative Gains	Unrealized Cumulative Losses
Church bonds (stated value)	\$ 4,414	22,000	22,000	-	-
Bond and U. S. Government Securities Funds	104,300	1,344,904	1,303,401	41,503	-
Common stocks	54,645	2,922,010	2,642,604	429,195	149,789
Fixed income bonds	19,263	217,422	205,230	12,192	-
U.S. Treasury notes and bills	125,732	2,595,908	2,404,794	198,467	7,353
	<u>\$ 308,354</u>	<u>7,102,244</u>	<u>6,578,029</u>	<u>681,357</u>	<u>157,142</u>
Total earnings on cash and cash equivalents and investments	\$ 327,553				
Less investment fees paid	(63,776)				
Net investment income	<u>\$ 263,777</u>				

Unrealized gains (losses) are reconciled as follows:

	Unrealized Cumulative Gains	Unrealized Cumulative Losses	Net Unrealized Gains (Losses)
As of December 31, 1992	\$ 408,375	(163,584)	244,791
As of December 31, 1993	<u>681,357</u>	<u>(157,142)</u>	<u>524,215</u>
Net unrealized gain for year ended December 31, 1993			<u>\$ 279,424</u>

Yield earned on average total assets is computed as follows:

Interest income - notes receivable	\$ 297,522
Investment income	263,777
Net realized gains on disposition of investments	134,361
Net unrealized gains of investment portfolio	279,424
Amortization of loan origination fees	<u>\$ 23,412</u>
Average assets (beginning and end of year)	<u>\$ 10,611,966</u>
Yield as computed	<u>2.41%</u>

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements, continued

**(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 8.50% - secured by retirement account balances	\$ 63,771
Churches and agency notes ranging to 14.50% - secured by related real property	<u>3,111,490</u>
	<u>\$ 3,175,261</u>

(4) Office Furniture, Equipment, and Automobiles

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

Office furniture and fixtures	\$ 36,799
Computer equipment	63,629
Automobiles	<u>15,594</u>
	116,022
Accumulated depreciation	<u>75,533</u>
	<u>\$ 40,489</u>

Depreciation expense amounted to \$13,963.

(5) Capitalized Lease Payments

The Board entered into an agreement in 1991 to lease space in the National Headquarters Building and further agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. Through the construction period costs amounting to \$15,797 were capitalized. These costs will be amortized against operations over a five year period. During 1993, \$3,160 was charged against operations leaving a resultant balance of \$7,898.

(6) 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, 1992	\$ 60,290
Net fees charged on new loans	9,684
Revenue recognized:	
Fee charged on short term line of credit	\$ 1,500
Amortization of long-term origination fees	<u>21,912</u>
	(23,412)
Balance December 31, 1993	<u>\$ 46,562</u>

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements, continued

(7) 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, 1993, the recorded liability amounts to \$384,767 and is sufficient to provide benefits over the life expectancy of the annuitants.

(8) Information Regarding Financial Instruments (see notes 2 and 3)

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.

The following table summarizes the Board's accounting risk of loss:

	Account Balance	Amount Insured / Secured	Amount of Accounting Risk of loss
Notes receivable	\$ 3,175,261	3,175,261	-
Cash and cash equivalents	930,184	528,609	401,575
Church bonds (mortgage bonds)	22,000	22,000	-
Bond and U. S. Government Securities Funds	1,344,904	-	1,344,904
Common stocks	2,922,010	-	2,922,010
Fixed income bonds	217,422	-	217,422
U.S. Treasury notes and bills	2,595,908	2,595,908	-
	<u>\$ 11,207,689</u>	<u>6,321,778</u>	<u>4,885,911</u>

(9) Related Party Transactions

The Board provided office space and certain administrative services to the Free Will Baptist Foundation, Inc. The Foundation reimbursed the Board \$18,000 for these services during the year ended December 31, 1993.

**Board of Retirement and Insurance
Salary and Benefits Breakdown**

	1993	1994	1995 Proposed
Director: *Retired—7 month totals			
Salary	\$16,722.90		
Housing/Utilities	7,000.00		
Social Security	6,390.96		
Retirement	2,364.60		
Insurance	2,781.96		
Life	209.52		
Hospital	2,325.48		
Dental	246.96		
Disability			
Note: Office car furnished.			
Total	<u>\$35,260.42*</u>		
Director: *Executive Assistant for 7 months in 1993			
Salary	\$17,817.18	20,592.00	22,581.60
Housing/Utilities	19,200.00	19,200.00	19,200.00
Social Security	6,886.84	7,187.93	7,324.24
Retirement	1,850.66	1,989.60	2,089.08
Insurance	7,414.68	7,414.68	7,790.72
Life	286.68	286.68	286.68
Hospital	6,532.92	6,532.92	6,532.92
Dental	595.08	595.08	595.08
Disability	.00	.00	375.84
Note: Office car furnished.			
Total	<u>\$53,169.36*</u>	<u>\$56,384.21</u>	<u>\$58,985.44</u>
Executive Assistant: *Business Manager for 7 months in 1993			
Salary	\$17,410.18	\$18,320.00	\$20,076.00
Housing/Utilities	16,800.00	16,800.00	16,800.00
Social Security	6,260.85	6,428.69	6,661.19
Retirement	1,710.44	1,756.00	1,843.00
Insurance	7,414.68	7,414.68	7,724.88
Life	286.68	286.68	286.68
Hospital	6,532.92	6,532.92	6,532.92
Dental	595.08	595.08	595.08
Disability	.00	.00	310.20
Total	<u>\$49,596.15</u>	<u>\$50,719.37</u>	<u>\$53,105.07</u>
Member Services Manager			
Salary	\$28,695.30	\$28,600.00	\$30,030.00
Housing			
Social Security	2,195.25	5,166.23	5,424.55
Retirement	860.72	1,430.00	1,501.50
Insurance	7,414.68	7,414.68	7,669.20
Life	286.68	286.68	286.68
Hospital	6,532.92	6,532.92	6,532.92
Dental	595.08	595.08	595.08
Disability	.00	.00	254.52
Total	<u>\$39,165.95</u>	<u>\$42,610.91</u>	<u>\$44,625.25</u>

	1993	1994	1995 Proposed
Secretary: *retired—7 month totals			
Salary	\$15,572.00		
Housing			
Social Security	1,024.36		
Retirement	798.60		
Insurance	2,897.16		
Life	194.28		
Hospital	2,510.52		
Dental	192.36		
Total	\$20,292.12*		
Secretary/Receptionist			
Salary	\$14,020.30	\$14,872.00	\$15,615.60
Housing			
Social Security	1,072.56	1,137.71	1,194.59
Retirement	420.70	743.60	780.78
Insurance	2,897.16	2,897.16	3,029.52
Life	194.28	194.28	
Hospital	2,510.52	2,510.52	2,510.52
Dental	192.36	192.36	192.36
Disability	.00	.00	132.36
Total	\$18,410.72	\$19,650.47	\$20,620.49
New Employee			
Salary			\$2,621.80
Benefits			2,347.95
			\$4,969.75

Board of Retirement and Insurance Proposed Budget for 1995

	1993 Actual	1994 Budget	1995 Proposed
Salaries	\$96,239	\$87,167	\$90,925*
Employee Benefits	59,917	53,315	55,381
Housing	42,000	36,000	36,000
Travel/Promotion	17,323	26,000	22,000
Auto/Travel/Maintenance	-0-	4,000	4,000
Auto Fund	6,000	6,000	6,000
Furniture Fund	-0-	6,000	6,000
Plant Fund	62,711	65,000	50,842*
Office Expense	21,176	18,000	21,000*
Equipment	-0-	5,000	5,000
Publications	-0-	5,000	5,000
Dept's Share of Insurance Premium	-0-	200	200
Alert Ministers	-0-	2,000	2,000
Board Expense	10,629	9,000	10,000
Insurance	-0-	2,200	-0-
Together Way	-0-	-0-	1,180
Legal/Auditing	13,131	15,000	15,000
Miscellaneous	6,791	1,500	2,500
Education/Training	-0-	3,500	3,000
Total	\$335,917	\$344,882	\$336,028

*The Free Will Baptist Foundation will pay approximately \$23,000 for services and space provided by the Board of Retirement.

Free Will Baptist Foundation Report

Last year Brother Hersey emphasized the Foundation was a "sleeping giant." There are strong signs that this giant is awakening. The evidence is a continuing surge of interest and excitement from our Departments and people concerning the what and how of its operation.

Our people are blessed with adequate assets for funding the specific ministries and opportunities God has given us. The staff and I are working hard to provide educational material and marketing mechanisms to bring their supply and our ministry needs together.

As you understand, my major emphasis in time and effort is dedicated to the Board of Retirement. In keeping that perspective, I have attempted to "fit in" appointments with individuals as I travel to and from various meetings. This is a very limiting way to operate but it is the best we can do for now.

There are several principles we must keep in mind as we proceed.

1. Continuing education of our constituents is essential. We are being assisted by the emphasis given to planning and deferred gift arrangements in the public press and other charitable interests. However, it is imperative that we remember others are fishing in these same waters and many of them are looking to put their catch on their own stringer.
2. We must maintain the highest standard of integrity and safety in our operation. Our agreements must be written and serviced with the most professional expertise available. To this end we have already:
 - Sent David Brown to R & R Newkirk training seminar for Charitable Deferred Giving.
 - Arranged to have the law firm of Prerea & Teitell serve as our counsel.
 - Purchased Crescendo Software to provide presentation proposals quickly and accurately for all types of charitable gifts.
 - Arranged for direct depositing of all payments.

We are in the process of:

- Segregating Foundation assets from those of the Board of Retirement to allow us more specific investment management.
- Working with various national agencies to serve their needs.
- Producing educational and promotional materials to continue what has begun as an exciting and challenging possibility.

The present position of the Foundation reminds me of settlers of the Plymouth Colony. A good beginning has been made but a continent of possibilities are before us. I doubt that any of us can presently see beyond the nearest range of hills. Progress will not always be quick or easy and we may face some reversals, but as Caleb of old said, "Let us go up at once and possess it; for we are well able to overcome."

Sincerely,
William W. Evans
Executive Secretary-Treasurer

FREE WILL BAPTIST FOUNDATION, INC.

Financial Statements

December 31, 1993 and 1992

(With Independent Auditors' Report Thereon)

FREE WILL BAPTIST FOUNDATION, INC.

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

Independent Auditors' Report

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

The 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 the Free Will Baptist Foundation, Inc. as of December, 31 1993 and 1992 and the related statements of support and revenue, expenses and changes in fund balances and cash flows for the year then ended. 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 audit. Information included on the statements of support and revenue, expenses and changes in fund balances and cash flows for the year ended December 31, 1992 is presented for comparative purposes only and was extracted from financial statements presented by fund for that year, on which we expressed an unqualified opinion dated March 25, 1993.

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 Foundation, Inc. as of December 31, 1993 and 1992, and the support and revenue, expenses 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 23, 1994

FREE WILL BAPTIST FOUNDATION, INC.

Balance Sheets
December 31, 1993

	1993	1992
Assets		
Cash and interest bearing deposits (note 2)	\$ 7,172	23,248
Interest bearing accounts with the Board of Retirement and Insurance of the National Association of Free Will Baptists (note 3)	1,324,034	868,642
Land held for resale, at contributed value	82,000	4,000
Accrued earnings receivable	46,698	38,246
Office equipment, net of accumulated depreciation of \$4,871 in 1993 and \$3,236 in 1992	1,636	3,271
	<u>\$ 1,461,540</u>	<u>937,407</u>
Liabilities and Fund Balances		
Liabilities:		
Interest bearing revocable and savings trusts (note 4)	\$ 704,588	600,455
Future gift interests payable (note 5)	413,276	6,000
Accrued earnings payable	9,524	7,444
Funds held for the National Ministries Offering (note 2)	2,904	-
Total liabilities	<u>1,130,292</u>	<u>613,899</u>
Fund balances:		
Operations	26,877	29,178
Endowment funds (note 6)	302,735	291,059
Equipment funds	1,636	3,271
Total fund balances	<u>331,248</u>	<u>323,508</u>
	<u>\$ 1,461,540</u>	<u>937,407</u>

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.

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

Year ended December 31, 1993
(with comparative totals for 1992)

	1993			1992	
	Operations	Endowments	Equipment	Total All Funds	Total All Funds
Support and revenue:					
Support through "The Together Way" plan	\$ 12,005	3,600	-	15,605	11,062
Contributions	557	9,499	-	10,056	32,039
Investment income	70,791	577	-	71,368	37,214
Endowment income	264	-	-	264	236
Total support and revenues	83,617	13,676	-	97,293	80,551
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	55,249	-	-	55,249	28,961
Net support and revenue	28,368	13,676	-	42,044	51,590
Expenses:					
Salaries	14,500	-	-	14,500	10,000
Travel and promotion	1,729	-	-	1,729	3,022
Office expense	4,818	-	-	4,818	5,361
Publications	2,671	-	-	2,671	281
Training and education	1,711	-	-	1,711	1,172
Legal and auditing	4,308	-	-	4,308	2,918
Miscellaneous	932	2,000	-	2,932	737
Depreciation	-	-	1,635	1,635	1,636
Total expenses	30,669	2,000	1,635	34,304	25,127
Excess of support and revenues over (under) expenses	(2,301)	11,676	(1,635)	7,740	26,463
Transfers to Free Will Baptist Board of Retirement	-	-	-	-	(10,525)
Fund balance at beginning of year	29,178	291,059	3,271	323,508	307,570
Fund balance at end of year	\$ 26,877	302,735	1,636	331,248	323,508

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.

Statement of Cash Flows

Year ended December 31, 1993
(with comparative totals for 1992)

	1993			1992	
	Operations	Endowments	Equipment	Total All Funds	Total All Funds
Cash Flows from Operating Activities					
Cash received from:					
Contributions	\$ 12,562	13,099	-	25,661	43,101
Investment income	62,603	577	-	63,180	61,333
National Ministries Offering (note 2)	2,904	-	-	2,904	942
Cash paid to suppliers and employees	(30,669)	-	-	(30,669)	(23,491)
Claims paid from Benevolent Fund	-	-	-	-	(1,031)
Distributions and expenses of National Ministries Offering	(5,285)	-	-	(5,285)	(5,771)
Interest paid on revocable and savings trusts	(15,520)	-	-	(15,520)	(29,617)
Payments made to endowment beneficiaries	(2,705)	-	-	(2,705)	(14,459)
Payments made to annuitants	(2,705)	-	-	(2,705)	(446)
Net operating activities	23,890	13,676	-	37,566	30,561
Cash Flows from Investing Activities					
Deposits made with the Board of Retirement and Insurance of the National Association of Free Will Baptists (net of distributions)	(441,716)	(13,676)	-	(455,392)	380
Purchase of computer equipment	-	-	-	-	(2,507)
Net investing activities	(441,716)	(13,676)	-	(455,392)	(2,127)
Cash Flows from Financing Activities					
Proceeds from additions to revocable and savings trusts	324,245	-	-	324,245	231,067
Proceeds from future gift interests	262,000	-	-	262,000	-
Withdrawals from revocable and savings trusts	(184,495)	-	-	(184,495)	(253,470)
Net financing activities	401,750	-	-	401,750	(22,403)
Net increase (decrease) in cash	(16,076)	-	-	(16,076)	6,031
Cash at beginning of year	23,248	-	-	23,248	17,217
Cash at end of year	\$ 7,172	-	-	7,172	23,248

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.
Notes to Financial Statements

December 31, 1993

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

(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) 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). During 1993 \$2,904 was received and is being held until such time as the funds are distributed.

FREE WILL BAPTIST FOUNDATION, INC.
Notes to Financial Statements, continued

(3) 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 \$1,324,034 with the Board of Retirement and Insurance (the Board). These accounts earn interest at rates established by the Board. The rate of return will vary based on market conditions and the performance of the investments of the Board. 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.

(4) Interest Bearing Revocable and Savings Trusts

The Foundation maintains revocable trusts and savings trusts amounting to \$704,588 as of December 31, 1993 and pays interest to the trust beneficiaries. The rate of interest paid (see note 3) is dependent upon the amount of income earned from the funds held by the Board. Withdrawal from the accounts is without penalty, but withdrawal requires a 90 day notice. The trusts are without maturity.

(5) Future Gift Interests Payable

The Foundation maintains charitable unitrusts amounting to \$145,000 and gift annuities amounting to \$268,276 as of December 31, 1993. These future gift interests pay interest at specified rates ranging from 6.8% to 8.7%.

(6) Endowment Funds

Endowment funds are subject to restrictions by the donor requiring that the principal be invested in perpetuity, and only the the income be distributed to the beneficiaries of the endowment. The rate of interest paid (see note 3) is dependent upon the amount of income earned from the funds held by the Board. As of December 31, 1993, the Foundation held \$302,735 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 \$18,000 for the year ended December 31, 1993. These expenses have been included as a component of the following accounts in the statement of support and revenue, expenses and changes in fund balances:

Salaries	\$ 14,000
Office expense	4,000
	<u>\$ 18,000</u>

The Free Will Baptist Foundation Proposed 1995 Budget

Income Budget:

	1995
Gift Income	\$17,000
Management Fees	36,000
Total	\$53,000

Expense Budget:

	1995	1994
Salary/Honorariums	\$20,000*	\$15,000*
Travel & Promotion	8,500	7,500
Office Expense	8,000*	7,000*
Printing & Publications	8,000	7,400
Training & Education	3,500	4,500
Legal & Auditing	4,000	3,500
Miscellaneous	1,000	1,000
Total	\$53,000	\$45,900

* The Foundation will receive the use of office space and certain administrative services for 1994 and 1995 in the amount of \$18,000 and \$22,000 respectively. These expenses will be paid to the Board of Retirement.

Sunday School and Church Training Department Report

Six months of intense orientation, training, and evaluation has been overwhelming but I am grateful for the cooperation of Dr. Roger Reeds during this transition period as he has given me the insights and knowledge to continue the ministry of Randall House Publications.

The financial report shows we have continued in our debt reduction by \$175,000. While our cash may have been up over last year our total unit sales were down somewhat. Most all departments showed gains by cutting their costs and our proposed budget reflects future savings.

All past due bills are now current and I am making every effort to bring Randall House to a cash basis.

The proposed budget provides for continued debt reduction and plans to update our literature, services, and equipment.

Many goals have been made but the foremost one is to call our people to revival and prayer through the printed word.

Included in our report are the salaries of the three officials required by the Financial Disclosure Committee's Report of 1993.

We are a manufacturing plant which requires skilled workers. Our employees have a total of over 400 years of service to Randall House Publications. Our benefit packages are nominal. Most of our employees could command a higher salary working elsewhere. They choose to work in a Christian environment and do service for their Lord. All of our employees are Christians and I praise God for their dedication and service.

We maintain high standards of morality and dress codes. All of our employees are expected to attend their church and participate in its activities.

I thank the Lord for every employee the Lord has sent to work in your publishing house.

Your brother and friend,
Alton E. Loveless, General Director

Minutes Summary of the Sunday School & Church Training Board of the National Association of Free Will Baptists

The Sunday School and Church Training Board met three times this past year.

The first meeting took place at the National Association in Louisville. At that meeting, we elected officers and received our committee assignments. The starting date for our new General Director was established. Guidelines for employee benefits were standardized and a company-wide pay scale was established. We requested of the Executive Committee, an allowance of time at the 1994 National in order to highlight Randall House's growth through the years, and to honor Dr. Reeds. A video was authorized to present at this year's National Association.

The second meeting took place in Nashville, after the Leadership Conference in December. At this meeting, Dr. Reeds received permission to prepare two manuscripts for possible publication. We approved the theme, program, and participants for this year's National Youth Conference. We approved increases in the NYC registration for the coming year. We approved a *Puppetry Video Series*. Our Board responded to various complaints concerning the recommendation of "Christian Rock" in the teacher's book of our Teen Sunday School Literature, by offering a statement that was published in *Contact* magazine. We had a general session with our new General Director Dr. Alton Loveless. A retirement gift was authorized for outgoing Director Dr. Roger Reeds. A vehicle whereby a complaint that cannot be resolved through normal channels was established, inviting any complainant to meet with the Board at the National Association.

Our third meeting took place in Nashville, April 25-27. At this meeting, we received the auditor's report, and approved the 1995 budget. We gave Dr. Reeds a used typewriter/word processor that he has been using for book manuscripts. We set further guidelines concerning the requirements for our writer in relation to "Christian Rock." The Board gave permission to the General Director to have the authority to print 2-3 books per year between sessions, after the Curriculum Committee has approved and the Board has been polled. The Board released the rights to the book *Biblical Graphics* by Dr. Reeds. We voted to discontinue the semi-annual financial statement given by our auditor. The Board raised the pay scale for Randall House by 4%. We setup new guidelines for our editors to deal with controversial subjects. Our General Director has been authorized to review our list of approved writers to be finalized at our next meeting. We have authorized the establishment of an Editor-in-Chief to be responsible for all curriculum. The Board authorized a set of sermon tapes by Rev. Rob Morgan called *Power Parenting* to be sold by our Youth Department. We approved an increase of 10 hours per week for an employee in the Youth Department. We approved the theme for the 1995 NYC. Truth and Peace fees were raised for 1995. Two regional Youth Workers Retreats were approved. The Board sent a resolution to the Executive Committee for action concerning a violation of the Church Covenant. We also expressed appreciation for our two outgoing members Rev. Milton Worthington, and Rev. Jim Shepherd for their faithful service to this department.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Financial Statements

November 30, 1993 and 1992

(With Independent Auditors' Report Thereon)

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

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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
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Brentwood, TN 37027
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We have audited the balance sheets of Sunday School and Church Training Board and Randall House Publications as of November 30, 1993 and 1992, and the related statements of activity and changes in fund balances and cash flows for the year ended November 30, 1993 and the nine months ended November 30, 1992. 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 November 30, 1993 and 1992, and the results of its activity and changes in fund balances and cash flows for the year ended November 30, 1993 and the nine months ended November 30, 1992, in conformity with generally accepted accounting principles.

Hill, Neal & Allen, P.C.

January 31, 1994

**SUNDAY SCHOOL AND CHURCH TRAINING BOARD
AND RANDALL HOUSE PUBLICATIONS**

Balance Sheets

November 30, 1993 and 1992

<u>Assets</u>	<u>1993</u>	<u>1992</u>
Current assets:		
Cash and interest bearing deposits	\$ 94,186	115,135
Accounts receivable: (notes 3 and 9)		
Trade, net of allowance for doubtful accounts of \$7,000	231,387	214,560
Employees and other	950	1,970
Total receivables	232,337	216,530
Inventory, at lower of cost (first-in, first-out method) or market (note 8)	469,150	431,289
Deferred charges and prepaid expenses	28,666	25,767
Total current assets	824,339	788,721
Property, plant and equipment and capitalized leases (notes 2 and 3):		
Land	140,341	140,341
Building	654,798	649,308
Printing service equipment	405,885	405,885
Office and administrative equipment	428,443	392,765
Automobiles and trucks	51,698	51,698
	1,681,165	1,639,997
Less accumulated depreciation and amortization	1,116,842	1,043,364
Net property, plant and equipment and capitalized leases	564,323	596,633
Other assets:		
Loan cost, net of amortization of \$186 in 1993	4,599	-
Inventory, at lower of cost (first-in, first-out method) or market (note 8)	440,722	442,898
Total other assets	445,321	442,898
	\$ 1,833,983	1,828,252
<u>Liabilities and Fund Balance</u>		
Current liabilities:		
Notes payable (note 3)	\$ 69,014	172,046
Current installments of long-term debt and capitalized lease obligations (note 3)	49,532	60,059
Accounts payable	230,547	356,346
Accrued expenses	39,838	32,979
Due to affiliated organization (note 7)	5,271	-
Total current liabilities	394,202	621,430
Long-term debt and capitalized lease obligations (note 3)	256,450	201,654
Fund balance	1,183,331	1,005,168
	\$ 1,833,983	1,828,252
Commitments (notes 4, 5, and 7)		

See accompanying notes to financial statements.

**SUNDAY SCHOOL AND CHURCH TRAINING BOARD
AND RANDALL HOUSE PUBLICATIONS**

Statements of Activity and Changes in Fund Balance

For the year ended November 30, 1993 and the nine months ended November 30, 1992

	<u>1993</u>	<u>1992</u>
Revenues:		
Net sales:	\$ 1,783,905	1,321,803
Curriculum	68,454	57,355
Randall House books	19,814	14,617
Merchandise	16,346	20,792
Bulletins	8,469	3,631
Vacation Bible School	136,491	107,557
Bookstore	57,292	26,462
Printing	68,344	55,924
Other sales	2,159,115	1,608,141
Net sales	84,533	62,941
Freight and handling	8,522	16,877
Other income	4,978	3,509
Commission income on hymnal sales (note 7)	2,257,148	1,691,468
Expenses:		
Cost of sales:	874,187	877,363
Inventory at beginning of year	227,786	181,740
Merchandise purchases	13,000	10,123
Depreciation	329,430	242,249
Editorial and printing preparation	615,006	466,219
Printing production	28,993	17,795
Spanish department	2,088,402	1,795,489
	909,872	874,187
Less inventory at end of year	1,178,530	921,302
Selling, general and administrative:	106,963	80,427
Administrative	60,399	46,496
Bookstore	147,281	108,899
Bookkeeping	135,576	91,554
Building	106,403	64,326
Sales and promotion	135,883	89,493
Shipping	87,867	63,817
General	186	-
Amortization of loan costs	60,479	54,199
Depreciation	61,785	60,536
Interest expense, including finance charges	902,822	659,747
	2,081,352	1,581,049
Total expenses	175,796	110,419
Excess of revenues over expenses from operations	2,367	2,295
Youth Department (note 6)	178,163	112,714
Excess of revenues over expenses	1,005,168	892,454
Fund balance, beginning of year	1,183,331	1,005,168
Fund balance, end of year	\$ 1,183,331	1,005,168

See accompanying notes to financial statements.

**SUNDAY SCHOOL AND CHURCH TRAINING BOARD
AND RANDALL HOUSE PUBLICATIONS**

Statements of Cash Flows

For the year ended November 30, 1993 and the nine months ended November 30, 1992

<u>Cash Flows from Operating Activities</u>	<u>1993</u>	<u>1992</u>
Excess of revenues over expenses		
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities	\$ 178,163	112,714
Depreciation and amortization		
(Increase) decrease in:	73,665	64,322
Receivables		
Inventories	(15,807)	(26,998)
Deferred charges and prepaid expenses	(35,685)	3,166
Increase (decrease) in:	(2,899)	8,146
Accounts payable		
Accrued expenses	(125,799)	(50,484)
Due from affiliated organization	6,859	7,362
	5,271	(27,223)
Net cash provided by operating activities	83,768	91,005
<u>Cash Flows from Investing Activities</u>		
Purchase of equipment	(41,168)	(24,806)
Net cash used by investing activities	(41,168)	(24,806)
<u>Cash Flows from Financing Activities</u>		
Loan costs	(4,785)	-
Proceeds from borrowings	250,000	-
Repayments of debt	(308,764)	(60,381)
Net cash used by financing activities	(63,549)	(60,381)
Net increase (decrease) in cash	(20,949)	5,818
Cash at beginning of year	115,135	109,317
Cash at end of year	\$ 94,186	115,135
<u>Supplemental disclosures:</u>		
Interest, including finance charges paid		
Non-cash investing and financing transactions:	\$ 63,995	60,536
Acquisition of equipment	\$ 12,410	11,300
Installment indebtedness incurred	\$ 12,410	11,300

See accompanying notes to financial statements.

**SUNDAY SCHOOL AND CHURCH TRAINING BOARD
AND RANDALL HOUSE PUBLICATIONS**

Notes to Financial Statements

November 30, 1993 and 1992

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

During the year ended November 30, 1992, the Board approved a change in its fiscal year end from the last day of February to November 30.

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

Amortization of Loan Cost

Loan cost are being amortized on a straight-line basis over the life of the loan.

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.

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

Depreciation and amortization charged to operations computed on the straight-line method was \$73,479 for the year ended November 30, 1993 and \$64,322 for the nine months ended November 30, 1992.

Equipment includes capitalized leases as follows:

	<u>1993</u>	<u>1992</u>
Printing service equipment	\$ 127,250	127,250
Office and administrative equipment	164,157	151,746
	291,407	278,996
Less accumulated amortization	201,710	170,021
	\$ 89,697	108,975

**SUNDAY SCHOOL AND CHURCH TRAINING BOARD
AND RANDALL HOUSE PUBLICATIONS**

Notes to Financial Statements, continued

(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:	1993	1992
Note payable on demand to Board of Retirement and Insurance of the National Association of Free Will Baptists at 2% above bank prime (see below for security agreement).	\$ 69,014	172,046
Long-term debt:		
13.5% equipment obligations, maturing through December 1995, payable monthly \$394 including interest, secured by related equipment.	\$ 8,566	11,914
7% installment obligation payable to a local bank, payable in monthly installments of \$2,248 including interest, through 2008 secured by first mortgage lien on all real property and improvements.	244,376	-
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 \$2,461 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.	-	159,750
Total long-term debt	252,942	171,664
Capital lease obligations: 9.1% to 16.8% obligations under capital leases payable monthly \$5,402 - see note 2	53,040	90,049
	305,982	261,713
Less current maturities of long-term debt and capital lease obligations	49,532	60,059
	\$ 256,450	201,654

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 November 30, 1993.

November 30,	Long-Term Debt	Capital Leases
1994	\$ 14,010	35,522
1995	15,284	18,864
1996	12,107	4,983
1997	12,564	1,200
1998	13,472	-
1999 and thereafter	185,505	-
Total maturities of long-term debt	\$ 252,942	60,569
Less amount representing interest		7,529
Present value of net minimum lease payments		\$ 53,040

**SUNDAY SCHOOL AND CHURCH TRAINING BOARD
AND RANDALL HOUSE PUBLICATIONS**

Notes to Financial Statements, continued

(4) Operating Leases

The Board leases certain equipment under operating leases. Rent expense under such operating leases amounted to \$13,909 for the year ended November 30, 1993 and \$16,815 for the nine months ended November 30, 1992.

Minimum annual rentals under noncancelable operating leases are as follows:

1994	\$ 12,105
1995	1,456
1996	242
	\$ 13,803

(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 \$19,794 for the year ended November 30, 1993 and \$14,481 for the nine months ended November 30, 1992. 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 is to provide ministries and services to youth and youth workers of the Association. The following is a summary of the department's activities:

	1993	1992
Revenue from conferences and related services	\$ 105,287	99,356
Expenditures for conferences and related services	63,888	60,685
General and administrative expenses	39,032	36,376
Total expenditures	102,920	97,061
Excess of revenue over expenses	\$ 2,367	2,295

(7) Agreement with Affiliated Organization to Distribute Hymnals

The Board has agreed to warehouse and distribute hymnals for the Executive Office 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 November 30, 1993 the Board was warehousing approximately 8,100 hymnals with an estimated replacement value of \$120,000. The following summarizes the transactions under this agreement as of November 30, 1993:

	1993	Since Inception
Amount due to (from) Executive Office at beginning of period	\$ (204)	-
Total sales of hymnals	75,300	889,819
Less total commissions earned	(4,978)	(76,312)
Less remittances made to the Executive Office	(64,847)	(808,236)
Amount due to (from) Executive Office at end of period	\$ 5,271	5,271

**SUNDAY SCHOOL AND CHURCH TRAINING BOARD
AND RANDALL HOUSE PUBLICATIONS**

Notes to Financial Statements, continued

(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 and published books. The following summarizes the inventory by major type between that which is classified as current as compared to long-term as of November 30, 1993.

	<u>Current Asset</u>	<u>Long-term Asset</u>
Bookstore merchandise	\$ 65,286	-
Printing production and preparation raw materials	28,604	-
Work in process	75,383	-
Finished literature:		
Curriculum	38,629	-
Shipping miscellaneous	151,248	-
Lifequest material	5,000	39,279
Randall House Books and merchandise	65,000	96,394
Spanish curriculum	40,000	392,549
	<hr/> 469,150	<hr/> 528,222
Allowance for obsolescence	-	87,500
Total inventory	\$ <u>469,150</u>	<u>440,722</u>

(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.

Salary Breakdown

	1993	1994	1995
General Director			
Salary	\$39,188.10	\$38,000.00	\$37,440.00
Housing and Utilities	15,000.00	15,000.00	13,017.00
Social Security	9,603.72	4,055.00	3,862.22
Retirement	1,365.00	520.00	4,208.09
Insurance	3,402.84	2,252.00	3,823.68
Life	614.64	602.00	
Medical	2,218.44	1,080.00	3,382.92
Dental	143.76	144.00	440.76
Disability	426.00	426.00	
	<hr/> \$68,559.66	<hr/> \$59,827.00	<hr/> \$62,350.99
(The Board either pays mileage or furnishes a travel car.)			
*Editor-in-Chief—Adult Curriculum			
Salary	\$20,072.11	\$ *	\$ *
Housing Allowance	15,600.00	15,600.00	16,224.00
Retirement	1,147.00		
Insurance	3,735.96	2,300.01	2,300.01
Life	749.76	749.76	749.76
Medical	2,679.96	1,080.00	1,080.00
Dental	143.76	143.76	143.76
Disability	162.48	326.49	326.49
	<hr/> \$40,555.07	<hr/> \$17,900.01	<hr/> \$18,524.01
Youth Division Director			
Salary	\$21,129.20	\$21,112.00	\$21,956.48
Social Security	1,616.38	1,615.07	1,679.67
Retirement	1,040.00	1,040.00	1,097.82
Insurance	5,234.28	5,240.41	5,187.61
Life	85.20	85.20	85.20
Medical	4,560.75	4,567.08	4,505.76
Dental	440.76	440.76	440.76
Disability	147.57	147.57	155.89
	<hr/> \$29,019.86	<hr/> \$29,007.67	<hr/> \$29,921.58

*Part-time

A Cost Comparison Report 1994

	SP	GL	ST	**UGP	AY	DCC	RHP
Nursery Teacher	3.99	3.99	3.90		3.99	3.99	3.60
Teacher's Resource Pkt.	8.99	8.99	9.19		9.19	9.19	8.95
Pupil's Handwork	2.19	1.99	2.05		2.09	2.09	1.95
Bible Lesson Cards	1.99				2.09		1.95
Preschool Teacher	3.99	3.99	3.90	1.35	3.99	3.99	3.60
Teacher's Resource Pkt.	8.99	8.99	9.19	6.00	9.19	9.19	8.95
Preschool Student	2.19	1.99	2.05	1.25	2.09		1.95
Preschool Workbook	2.19				2.09	2.09	1.95
Picture Lesson Card	1.99		.79	.75			1.80
Primary Teacher	3.99	3.99	3.90	1.35	3.99	3.99	3.60
Visual Packet	8.99	8.99	9.19	6.00	9.19	9.19	8.95
Primary Student	2.19	1.99	2.05	1.25	2.09	2.09	1.95
Primary Workbook				1.20	2.09	2.09	1.95
*Memory Verse Packet							8.95
Junior Teacher	3.99	3.99	3.90	1.35	3.09	3.99	3.60
Visual Packet	8.99	8.99	9.19	6.00		9.19	8.95
Junior Student	2.19	1.99	2.05	1.45	2.40		1.95
Junior Workbook					2.40	2.09	1.95
Teen Teacher	3.99	14.99	3.99	1.45	3.85	3.99	3.60
Visual Packet	8.99		9.19			9.19	8.95
Teen Student	2.19	6.99	3.10	1.45	2.40	2.09	1.95
*Teen Workbook							1.95
High Teen Teacher	3.99	14.99	3.99	1.65	3.85	3.99	3.60
Visual Packet	9.99		9.19			9.19	8.95
High Teen Student	2.19	6.99	3.10	1.45	2.40	2.09	1.95
*High Teen Workbook							1.95
Bible Teacher/Young Ad.				1.65	3.85		3.60
Visual Packet							
Challenge (Young Adult)			1.65	1.50			1.95
Bible Teacher	3.99	14.99	3.90	3.20	3.85	3.99	3.60
Bible Scholar	2.19	6.99	2.25	1.60	2.59	2.19	1.95
Bible Scholar (Lg. Print)	2.99		3.09		3.30	2.59	2.10
Visual Packet	9.99		9.19			9.19	
Visitor's Lesson Leaflet					2.25	2.09	1.95

SP = Scripture Press **UGP = Union Gospel Press AY = Free Will Baptist Press
GL = Gospel Light RHP = Randall House Publications ST = Standard
DCC = David C. Cook

**In order for a price comparison to be accurate one needs to make a visual comparison. For instance it may appear that Union Gospel Press has lower prices than us or others but they generally run quite a few pages shorter in their publications.

*Only available from Randall House.

Please note that most companies are charging far more for their products than Randall House Publications. Save money, receive quality, and preserve sound doctrine by purchasing your literature at Randall House Publications.

Budget 1995

Revenues		
Total Sales	\$2,280,573.45	
Other Income		
Freight and Handling	85,000.00	
Commission on Hymnals	25,000.00	
Youth Division	140,965.00	
Miscellaneous Income	8,500.00	
Total Revenues		\$2,540,038.45
Expenses		
Cost of Outside Purchases	\$ 227,000.00	
Editorial	180,400.00	
Graphic Arts	187,800.00	
Printing Production	591,900.00	
Spanish	28,400.00	
Depreciation	12,000.00	
	\$1,227,500.00	
General Expenses		
Youth Division	\$ 140,965.00	
Sales Division	148,300.00	
Bookstore	64,300.00	
Administration	101,500.00	
Accounting	146,000.00	
Shipping	136,500.00	
Building	121,500.00	
General	235,300.00	
	\$1,094,365.00	
Total All Expenses		\$2,321,865.00
Net Income		\$ 218,173.45
Debt Retirement		\$ 175,000.00
Working Capital		\$ 43,173.45

Expenses

Cost of Outside Purchases

Curriculum	\$ 52,000.00
Merchandise	110,000.00
Bookstore	65,000.00
	<u>\$227,000.00</u>

Editorial

Salaries	\$ 82,000.00
Housing	22,000.00
Travel	1,000.00
Supplies	500.00
Writer's Fees	52,000.00
Royalties	6,000.00
Conventions and Seminars	500.00
Dues and Subscriptions	500.00
Postage	200.00
Telephone	400.00
FICA	4,000.00
Retirement	4,000.00
Insurance	7,000.00
Miscellaneous	300.00
	<u>\$180,400.00</u>

Graphic Arts

Salaries	\$118,500.00
Travel	1,000.00
Supplies	4,000.00
Art Services	5,000.00
Freelance Artwork	6,000.00
Color Separation	12,000.00
Telephone	600.00
FICA	9,100.00
Retirement	3,200.00
Insurance	13,000.00
Camera Supplies	1,000.00
Masking Supplies	500.00
Stripping Supplies	4,400.00
Plates	8,500.00
Miscellaneous	1,000.00
	<u>\$187,800.00</u>

Printing Production

Salaries	\$139,000.00
Travel	1,000.00
Supplies	18,000.00
Equipment Maintenance	18,000.00
Dues and Subscriptions	300.00
Stock	110,000.00
Parts	3,000.00
Ink	9,000.00
Outside Printing	260,000.00
Telephone	600.00
FICA	12,000.00
Retirement	5,000.00
Insurance	14,000.00
Miscellaneous	2,000.00
	<u>\$591,900.00</u>

Spanish

Salaries	\$ 13,500.00
Travel	3,000.00
Supplies	500.00
Equipment Maintenance	200.00
Translation	2,000.00
Postage	500.00
Telephone	2,000.00
FICA	1,700.00
Retirement	1,200.00
Insurance	3,400.00
Miscellaneous	400.00
	<u>\$ 28,400.00</u>

Depreciation

\$ 12,000.00

Total Cost of Sales

\$1,227,500.00

General Expenses

Youth Division

Salaries	\$ 30,500.00
Entertainment	200.00
Travel and Expense	2,000.00
In House Printing	500.00
NYC '95	44,600.00
Truth & Peace '95	26,900.00
NYET '95	3,325.00
Nat'l Youth Workers' Retreats	18,400.00
Conventions & Seminars	500.00
Dues & Subscriptions	100.00
Postage	500.00
Telephone	700.00
FICA	2,340.00
Retirement	1,800.00
Insurance	7,600.00
Miscellaneous	1,000.00
	<u>\$ 140,965.00</u>

Sales Division

Salaries	\$ 24,500.00
Housing	9,500.00
Entertainment	500.00
Travel	4,500.00
Supplies	1,500.00
Advertising and Promotion	80,000.00
Dues & Subscriptions	300.00
Postage	16,000.00
Telephone	3,000.00
FICA	1,000.00
Retirement	1,000.00
Insurance	5,500.00
Miscellaneous	1,000.00
	<u>\$ 148,300.00</u>

Bookstore

Salaries	\$ 38,500.00
Supplies	100.00
Entertainment	600.00
Travel Expense	700.00
Supplies	1,000.00
Printing	3,000.00
Equipment Rental	3,000.00
Postage	1,000.00
Telephone	3,000.00
FICA	1,200.00
Retirement	5,500.00
Insurance	6,000.00
Advertising	200.00
Dues and Subscriptions	500.00
Miscellaneous	
	<u>\$ 64,300.00</u>

Administrative

Salaries	\$ 57,900.00
Social Security	3,900.00
Housing Allowance	13,100.00
Printing	500.00
Entertainment	800.00
Travel	4,000.00
Auto Expense	1,000.00
Auto Lease	4,500.00
Supplies	2,000.00
Equipment Maintenance	500.00
Equipment Rental	500.00
Conventions & Seminars	1,000.00
Dues and Subscriptions	500.00
Postage	500.00
Telephone	700.00
FICA	1,600.00
Retirement	4,200.00
Insurance	3,800.00
Miscellaneous	500.00
	<u>\$101,500.00</u>

Accounting

Salaries	\$ 97,000.00
Supplies	4,000.00
Equipment Maintenance	4,000.00
Postage	4,500.00
Telephone	11,000.00
FICA	8,000.00
Retirement	2,000.00
Insurance	15,000.00
Miscellaneous	500.00
	<u>\$146,000.00</u>

Shipping

Salaries	\$ 60,000.00
Supplies	5,000.00
Equipment Maintenance	1,500.00
Equipment Rental	500.00
Freight	47,000.00
Postage	5,000.00
Telephone	1,000.00
FICA	6,000.00
Retirement	2,000.00
Insurance	7,500.00
Miscellaneous	1,000.00
	<u>\$ 136,500.00</u>

Building

Salaries	\$ 42,000.00
Supplies	4,000.00
Equipment Maintenance	4,000.00
Building Maintenance	4,000.00
Utilities	34,000.00
Insurance (Building)	18,000.00
Telephone	600.00
FICA	4,000.00
Retirement	1,500.00
Insurance	8,400.00
Miscellaneous	1,000.00
	<u>\$ 121,500.00</u>

General Expenses

Automobile Expense	\$ 4,000.00
Automobile Lease	2,800.00
Supplies	2,000.00
Equipment Maintenance	6,000.00
Equipment Rental	4,000.00
Equipment/Lease/Purchase	50,000.00
Employees' Insurance	500.00
Board Travel & Expense	16,000.00
Legal & Auditing	12,000.00
Taxes	10,000.00
Payroll Services	4,000.00
Miscellaneous Printing	2,000.00
Depreciation	66,000.00
Interest Expense	40,000.00
Miscellaneous	16,000.00
	<u>\$ 235,300.00</u>

Total General Expenses

\$1,094,365.00

**Budget-1995
Sunday School Literature**

Annual Quantities

4,950	Nursery Teacher	@ 3.75	18,562.50
20,000	Make N Do	@ 2.05	41,000.00
17,000	My Bible Lesson Cards	@ 2.05	34,850.00
4,700	Nursery-Preschool Flannelgraph	@ 8.95	42,065.00
2,350	Nursery-Preschool Teaching Pictures	@ 8.95	21,032.50
8,500	Preschool Teacher	@ 3.75	31,875.00
22,000	Preschool Student	@ 2.05	45,100.00
39,000	Preschool Companion	@ 2.05	79,569.20
27,000	Picture Lesson Cards	@ 1.95	52,650.00
7,200	Bible Times (Take Home Paper)	@ 2.10	15,120.00
10,200	Primary Teacher	@ 3.75	38,250.00
38,000	Primary Student	@ 2.05	77,900.00
47,000	Primary Companion	@ 2.05	96,350.00
3,325	Memory Verse Packet	@ 8.95	29,758.75
8,044	Primary Days	@ 2.10	17,010.00
4,100	Primary-Junior Flgraph	@ 8.95	36,695.00
3,100	Primary-Junior Teaching Pictures	@ 8.95	27,745.00
12,500	Junior Teacher	@ 3.75	46,875.00
57,500	Junior Student	@ 2.05	117,875.00
51,500	Junior Companion	@ 2.05	105,575.00
6,900	Junior Counselor	@ 2.10	14,490.00
5,600	Turning Point Teacher	@ 3.75	21,000.00
1,580	Turning Point Teacher Packet	@ 8.95	14,141.00
27,200	Turning Point Student	@ 2.05	55,760.00
10,400	Turning Point Handouts	@ 2.05	21,320.00
9,850	Teen Power	@ 2.10	20,685.00
7,520	Horizon Teacher	@ 3.75	28,200.00
1,600	Horizon Teacher Packet	@ 8.95	14,320.00
44,100	Horizon Student	@ 2.05	90,405.00
9,450	Horizon Handouts	@ 2.05	19,372.50
36,200	Bible Teacher	@ 3.75	135,750.00
12,000	Bible Challenge	@ 2.05	24,600.00
20,300	Visitor's Lesson Leaflets	@ 2.05	41,500.20
3,100	Power For Living (Take Home Paper)	@ 2.10	6,820.00
9,400	Depth	@ 2.05	19,270.00
142,000	Bible Scholar	@ 2.05	291,100.00
180,800	Bible Scholar LP	@ 2.05	406,800.00
			<u>\$2,201,391.45</u>

C.T.S. Literature

415	Helpers Leader's Guide	@ 3.75	\$ 1,556.25
1,580	Helpers Packet	@ 3.75	5,925.00
525	Discoverers Leader's Guide	@ 3.75	1,968.75
1,925	Discoverers Packet	@ 4.95	9,528.75
600	Learners Leader's Guide	@ 3.75	2,250.00
2,450	Learners Student	@ 2.05	5,022.50
675	Adventurers Leader's Guides	@ 3.75	2,531.25
3,000	Adventurers Student	@ 2.05	6,150.00
310	LifeQuest Leader's Guides	@ 17.95	5,564.50
1,800	LifeQuest Student Handouts	@ 2.05	3,690.00
875	Focus Leader's Guides	@ 3.75	3,281.25
8,400	Focus Students	@ 2.05	17,220.00
4,875	Lifeline Students	@ 2.05	9,993.75

Total Literature Sales	\$ 74,682.00
Less Discount to Bookstores	(395,000.00)
Total Literature Sales	<u>\$1,881,073.45</u>

Other Sales and Income	\$ 30,000.00
Spanish Curriculum	60,000.00
RHP Books	20,000.00
Merchandise	17,000.00
Bulletin Service	8,500.00
Vacation Bible School	136,000.00
Bookstore Sales	58,000.00
Printing Sales	70,000.00
Miscellaneous Income	
Total Other Sales and Income	<u>\$ 399,500.00</u>

Total All Sales \$2,280,573.45

Other Income	\$ 85,000.00
Freight and Handling	25,000.00
Commission on Hymnals	140,965.00
Youth Division	8,500.00
Miscellaneous Income	
Total Other Income	<u>\$ 259,465.00</u>

Total Revenue \$2,540,038.45

Foreign Missions Report

Our Lord Jesus Christ made His plans crystal clear, "Upon this rock I will build my church; and the gates of hell shall not prevail against it." Ever since that historic declaration, the Lord has been building His Church.

Today, we honor Him who is working through our missionaries around the world.

The Lord is Building His Church

In *India* 30 evangelists are attempting to present the gospel in every home in the two northern districts where our churches are located. This daring undertaking is enabling thousands of people who have never heard the gospel of Christ to hear. New churches are being born every month from this missionary outreach.

The churches in South India are each attempting to mother a new church.

In *Japan* the Higashi congregation recently moved into their new building. Last year 24 Japanese seekers found Christ as their Savior.

In *Brazil* 88 people turned to Christ last year. Thirty-five students are enrolled in the Bible institute and seminary. In recent months our missionaries have seen numerous conversions: 20 at the Second FWB Church in Uberlandia in January, seven in Araras, three in Lafaiete, and six in Barbacena where thousands of people are hearing the gospel by means of radio.

In *Uruguay* five were baptized recently at the Pocitos work. Three were saved at Malvin Alto, and several children received Christ as Savior during vacation Bible schools.

In *Germany* the Free Will Baptist witness has seen more success in the last year. We regret that the U.S. Air Force has transferred missionary affiliate Dennis Heath. The Heaths, along with affiliate Kim Zegelian, have resigned. We commend them for their faithful work.

In *Panama* last year 102 people turned to Christ in the 11 churches and mission works. God is using the radio ministry of a Panamanian pastor to touch the hearts of many in the Panama City area. Pray that this effort can become a nationwide radio outreach.

In *Spain* the Free Will Baptist ministries in the Madrid area averaged 57 in weekly attendance.

In *Côte d'Ivoire* thousands of people are hearing the gospel message through the witness of missionaries, Ivorian preachers and institute students. Two thousand people attended an evangelistic campaign held there this spring. Missionaries report 50 converts baptized recently with a number of others enrolled in baptismal courses.

The medical ministry is still an effective means of demonstrating the love of Christ and sharing the gospel. Last year 13,559 patients received treatment and a testimony at the Doropo clinic. Praise the Lord that two doctors are now working at the hospital. Pray for God to protect our workers as they constantly attend to HIV-infected patients.

In *China* our Free Will Baptist teacher will soon be joined by another couple. Four students are serving there this summer.

In *France* the outreach to university students is bearing tremendous fruit this year. During the current school term 13 students have received Christ as Savior, and two have rededicated themselves to the Lord. The churches are also enjoying record attendance.

In *Cuba* a spirit of revival is sweeping the island. Our 15 established churches have organized 19 mission works and within the last year have started 10 new house churches. Our brethren there witnessed 747 conversions. Although food, fuel and medicine are scarce, the Lord is building His Church in Cuba.

We are grateful that Reverend Rick Amato, a Free Will Baptist evangelist, and others have seen the vision and are making it possible for some of these 19 mission works to secure property and buildings while prices are low. These needs are being met through our VISION fund.

Yes, God is building His Church. Within the last five years the number of conversions witnessed in our overseas outreach has grown from 698 to 1,393. When you consider that these people have turned to God from Hinduism, Buddhism, Shintoism, Islam, spiritism, Mariolatry, and fetish worship, you can magnify the Lord for His miracle-working grace. (For a complete statistical summary of our overseas ministries see figure 1).

God Is Using Partners in the U.S. to Build His Church

Our Free Will Baptist people responded to the great commission by providing \$4,035,919 in 1993. In figure 2 you will note that 1,714 churches supported our ministry last year. You will also note a classification of churches based on level of support. At our booth you will find a listing of those 125 churches which gave more than \$5,000 to foreign missions in 1993.

We appreciate every church in every state. We especially congratulate those states which topped their 1993 faith goals: Arkansas, Colorado, Idaho, Louisiana, Michigan, Northwest Association, Pennsylvania, South Carolina and West Virginia. In addition, the following states gave more than 95 percent of their faith goal: Iowa, Mississippi, New Mexico, North Carolina and Tennessee. Churches who responded to our per capita giving information request are listed at the foreign missions booth.

We also appreciate our Master's Men. Several men from Ada, Oklahoma, helped build a church in Cuba last winter. Several missionaries were glad to participate in the national retreat at Conway, Arkansas, in April.

Women Nationally Active for Christ (WNAC) maintains a vital role as partners with our missionaries. Not only do they help by stocking the provision closet, they channeled \$152,286 into our ministry last year. We especially appreciated their cooperation and support for our Laura Belle Barnard Offering on April 24.

We do appreciate all of the churches and donors who participated in the Laura Belle Barnard Offering. Our goal was \$100,000 this year. At the present time our progress report is incomplete. Again next year April will be Foreign Missions Month and April 30 will be Foreign Missions Sunday. I encourage you to start planning now to let us help you have a strong, uplifting missionary emphasis next April.

Our expenses in 1993 totaled \$4,048,111. Figure 3 gives a breakdown

of our expenses by category. We have prepared a graph to help you evaluate our financial progress over the past 12 years (see figure 4). Please compare the budget, income and expenses for each year since 1982. You will note that the average budget over the 12-year period was \$3,232,326. Our average annual income during these years was \$3,137,196. During the same period our expenses have averaged \$3,121,681 per year. The graph shows that our income matched our budget projection only four of the 12 years. However, you will note that our expenses were less than the budget projection during nine of the 12 years. Furthermore, our income exceeded our expenses by \$216,174 or an average of \$18,015 per year. We praise God and thank you for making this good report possible.

Last year several missionary accounts took a beating. At the beginning of 1993 we had 16 accounts with a total deficit of \$58,340. By the end of the year, although we had only 15 accounts in the red, the total deficit had risen to \$138,676. The lack of support which is reflected in these deficits is threatening the ministry of several missionaries. They sense the uncertainty of having to come home early, or the prospect of having to extend beyond the normal 12-month furlough. They also face the additional stress of trying to raise large amounts of money.

To address this issue, our board has initiated a study. One of our goals is to enlist a large host of pastors who will assume the responsibility for leading their churches to be generously involved in sending missionaries.

A renewed interest in regionalized support has emerged. I believe it will cut back on travel and give the missionary a better opportunity of ministering in his/her supporting churches if we can cluster a missionary's support in fewer churches in a smaller area. Please consider adopting one or two missionaries and setting a goal of taking on a considerable chunk of their support.

Our board is recommending a regular operational budget of \$4,312,150 for 1995. We have also approved VISION fund projects totaling \$396,500. These projects will be funded only as the designated gifts come in. The details of our budget are listed following our audit. You will find the salaries of our employees on page 143.

Review of Board Meetings

The Foreign Missions Board met July 20, 1993, in Louisville, Kentucky, with the following board members present: Bob Trimble, Chairman, Joe Grizzle, Vice-Chairman, Galen Dunbar, Secretary, Dean Dobbs, Norwood Gibson, Archie Mayhew, David Shores and Bill Reagan. Board member Alton Loveless had resigned as of July 1, 1993, after accepting the position of General Director of Randall House Publications.

The board accepted the resignations of Sherwood and Vada Lee, missionaries to Cote d'Ivoire.

The board agreed to ask the Executive Committee of the National Association for permission to receive a check from the Arkansas youth during the 1994 convention at Little Rock.

Ken and Marvis Eagleton were approved to serve as dormitory parents at the International Christian Academy in Bouake, Cote d'Ivoire, from August

until December, and then to work at the Doropo medical station until April.

By mail ballot the board approved the purchase of a house for missionaries to live in while on furlough and accepted the resignation of Susan Bumpus, missionary appointee to Uruguay, effective December 31, 1993.

The semi-annual meeting of the board was held December 6 - 8, 1993, at the Free Will Baptist National Office Building, Antioch, Tennessee. The following members were present: Bob Trimble, Chairman, Joe Grizzle, Dean Dobbs, Archie Mayhew, David Shores, Bill Reagan, Bill Jones and Galen Dunbar.

The board made the following personnel changes: Tanya Hart was approved as a short-term missionary to teach at the International Christian Academy, Bouake, Cote d'Ivoire, beginning in 1995. Paul and Rhoda Creech were approved as career missionaries with the understanding that they will most likely serve at ICA also. The following student missionaries were appointed: Brent Thompson, Stephanie McElhaney, Charles Brown, Anthony Edgmon, Kris Shoemaker, Cynthia Diane Milom, Jose Rodriguez, Angie Duncan, Bobbie Sue Boren, Genell Boyce, Kristi Hanna, Priscilla Barnes, Justin Banks, Sherri Howell, Randy and Mary Ann Hill, Eddie Hobbs and Sean Warren. The board also approved the following actions: The exploration of missionary opportunities in the former Soviet Union; the solicitation of \$25,000 for an addition to the dorm at ICA, Cote d'Ivoire; the exploration of a new area of work in some of the unevangelized areas of Panama; sharing one-third of the rental expense for the Provision Closet until the building is paid off; a survey of our constituency regarding their support for foreign missions; and the preparation of materials for new board members.

The annual board meeting was held April 25 - 27, 1994, in the Foreign Missions Conference Room in the National Office Building in Antioch, Tennessee. Those present were: Bob Trimble, Chairman, Galen Dunbar, Dean Dobbs, Archie Mayhew, Bill Reagan, David Shores, Joe Grizzle, and Bill Jones.

The board decided to exempt all VISION funds from contributing to the Informational and Promotional Fund in the future.

The board granted the request of Allan and LaRue Crowson for a year's leave of absence.

The board adopted the following Code of Ethics for its members:

Board Member Code of Ethics

As a member of the board team, I will:

- *listen carefully to and respect the opinion of my fellow board members.
- *respect and support the majority decisions of the board.
- *recognize that authority is vested in the board only when it meets in legal session.
- *keep well-informed of developments relevant to issues that may come before the board.
- *participate actively in board meetings and actions.

Figure 1

Status of Free Will Baptist Overseas Ministries As of December 31, 1993

Field	Missionaries Assigned to Each Field	Ordained Pastors	Licensed and Lay Preachers	Bible Institutes	Students	Organized Churches	Mission Works	1993 Converts	1993 Baptisms	Avg. Sunday Attendance
Brazil	22	6	12	1	35	9	7	88	20	758
Cuba		5	58	1	7	15	29	747	150	1,145
France	13		1	1	6		3	10	6	154
Germany	3						1	5		11
India	2	12	37		2	18	122	300	247	2,040
Côte d'Ivoire	35		35	2	45	15	34	125	44	2,265
Japan	13	4	6		1	8	1	24	6	203
Panama	4	3	12	1	5	5	6	102	30	527
Spain	9		4	1	5	1	2	7	4	57
Uruguay	7	2	10	1	7	6	8	25	4	237
TOTALS	108	32	175	8	113	77	213	1,433	511	7,397

Figure 2

Giving by Churches in 1993

Out of approximately 2,500 churches affiliated with the National Association of Free Will Baptists, 1,714 gave to foreign missions. Below is a breakdown of giving by churches:

738 churches gave between \$ 1 and \$ 500.
 311 churches gave between \$ 500 and \$ 1,000.
 292 churches gave between \$ 1,000 and \$ 2,000.
 129 churches gave between \$ 2,000 and \$ 3,000.
 70 churches gave between \$ 3,000 and \$ 4,000.
 49 churches gave between \$ 4,000 and \$ 5,000.
 61 churches gave between \$ 5,000 and \$ 7,500.
 26 churches gave between \$ 7,500 and \$ 10,000.
 22 churches gave between \$10,000 and \$15,000.
 7 churches gave between \$15,000 and \$20,000.
 5 churches gave between \$20,000 and \$30,000.
 3 churches gave between \$30,000 and \$60,000.
1 church gave over \$70,000.

Year	Churches Giving	Amount
1989	1,688	\$2,473,791
1990	1,824	\$2,615,108
1991	1,715	\$2,589,138
1992	1,785	\$2,868,982
1993	1,714	\$2,857,173

Figure 3

1993 Expenditures

\$4,057,331

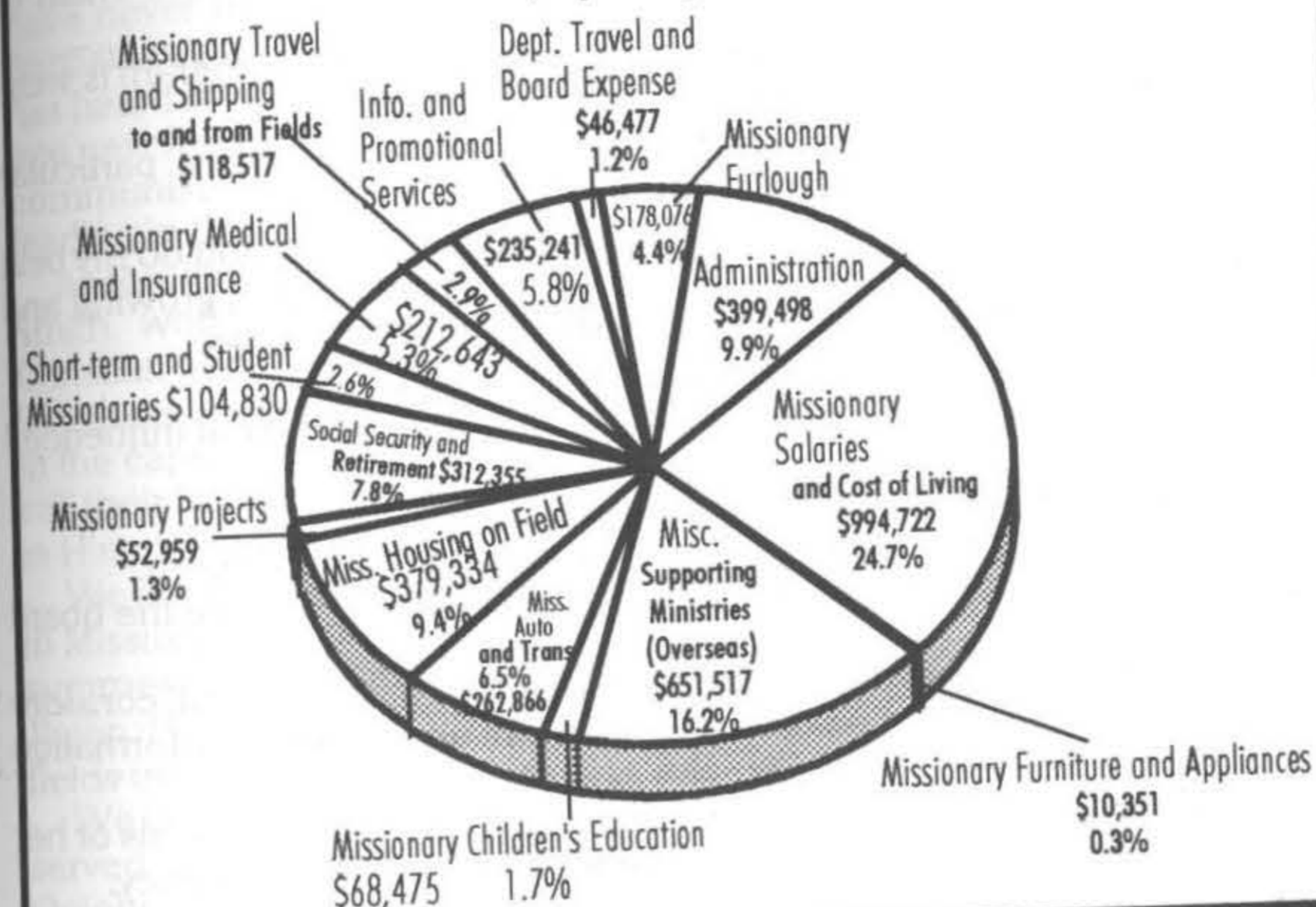
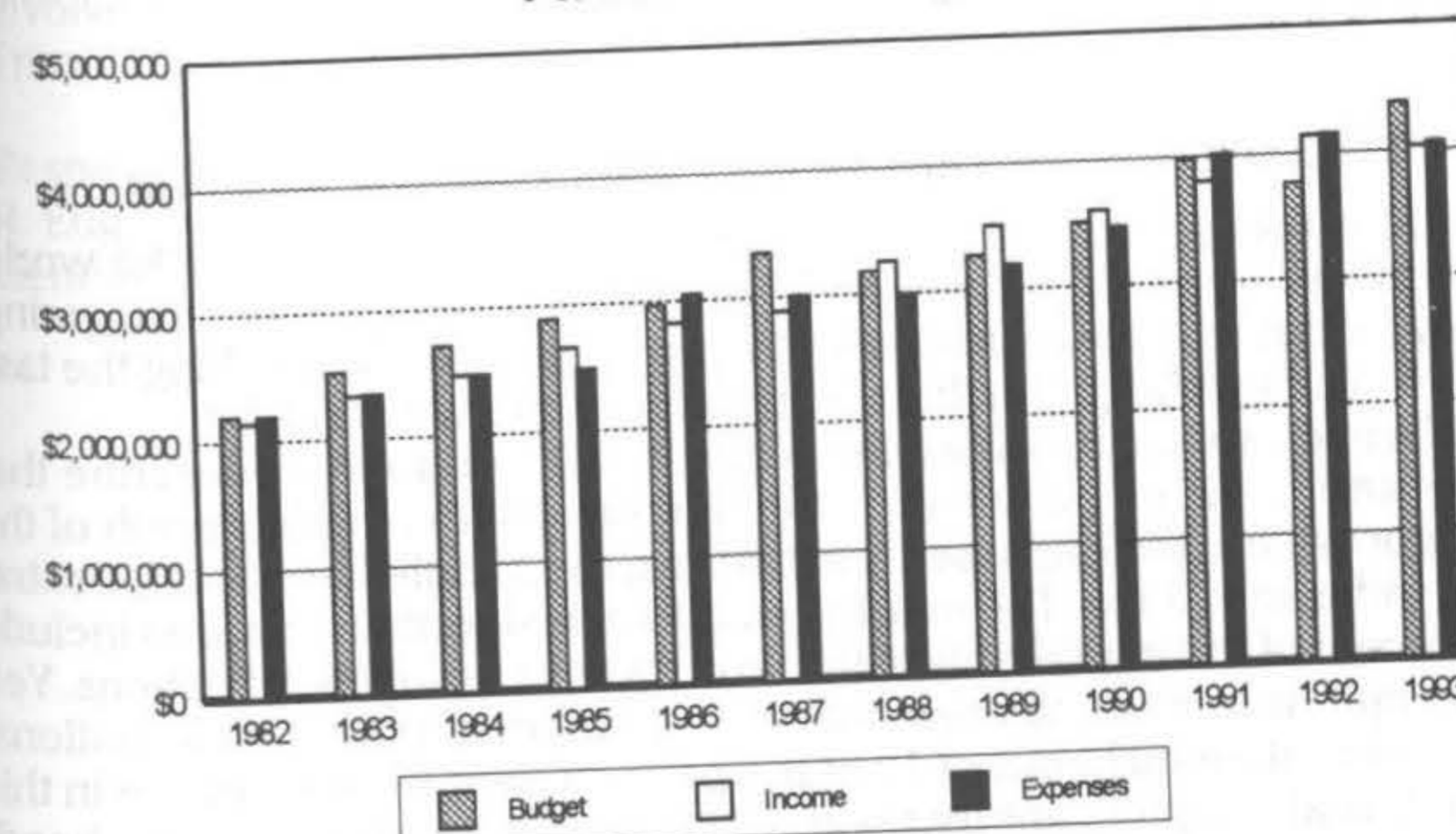


Figure 4

Financial History



Average for 1982-1993

Budget	Income	Expenses	Income Over Expenses
\$3,232,327	\$3,139,696	\$3,121,682	\$18,015

- *bring to the attention of the board any issues that I believe will have an adverse effect on the mission's program or those we serve.
- *refer complaints to the proper level on the administrative chain of command.
- *recognize that my job is to ensure that the mission's program is well-managed, not to manage the mission's program.
- *represent all Free Will Baptist constituency and not a particular geographic area or interest group.
- *consider myself a "trustee" of the mission's program and do my best to ensure that it is well-maintained, financially secure, growing and always operating in the best interests of those we serve.
- *always work to learn how to do my job better.
- *support our mission's program financially and with what influence I can exert.

As a member of the board, I will not:

- *criticize fellow board members in or out of the board room.
- *discuss the confidential proceedings of the board outside the board room.
- *promise how I will vote on any issue before a meeting. I will consider each question on the basis of its own merit and in light of information provided by the General Director and staff.
- *interfere with the duties of the administrator or undermine his or her authority with staff members or denominational constituency.

The board met with Reverend and Mrs. Raymond Riggs and members of their family and dedicated the conference room in the foreign missions suite as the "Riggs Conference Room."

The new officers of the board are: Joe Grizzle, Chairman, Dean Dobbs, Vice-Chairman, and Galen Dunbar, Secretary.

Challenges We Face as We Labor Together with God

God is using Free Will Baptists to build His Church around the world. Much work is yet to be done on all our fields. The needs are staggering. Every field needs more laborers. We are committed to finishing the task which we have begun in those countries where we serve.

Missiologists have coined the term "10/40 Window" to describe that wide strip of the globe between the tenth and 40th parallels north of the equator which encompasses North Africa, the Middle East, South Central Asia, India and China. The nearly four billion residents in this area include 97 percent of the inhabitants of the world's least evangelized nations. Yet, only eight percent of all missionaries are laboring among these nations. Also, more than eight out of 10 of the poorest people on earth live in this area. It is also significant that within this "10/40 Window" are the headquarters of just about every non-Christian religion on earth. Unfortunately, Christians have neglected most of these areas for decades, perhaps because many of them prohibit missionaries and/or evangelism. We are trusting God to open the door for Free Will Baptists to make an impact for

Christ on some of these needy billions.

We believe priority should be given to taking the gospel to those who have never heard. As Dr. Oswald Smith so eloquently asked Free Will Baptists in 1958, "Why should anyone hear the gospel twice until everyone has heard it once?" Therefore, we are determined to trust God to lead us into new fields of service. Great opportunities have opened in the former communist countries of the Soviet Bloc. We are anxious to discern God's leading in these needy areas.

According to ELI/C (English Language Institute/China) worker Ardith Smith, who spent a year in Mongolia in 1990, there were no known Christian believers in that country. Since 1991, an estimated 2,000 Mongolians have received Christ as Savior. Seven churches have been organized in the capital city. House churches are springing up all over as believers call their families together and share the story of Jesus and their new faith in Him. We hope more of our youth will go to China as God's witnesses.

We are thankful for a group of eight TEAM (Teens Equipped and Active in Missions) members who will be going to Cote d'Ivoire to minister this summer, and a group of 11 TEAM members who will be ministering in Japan. I believe many of these youths will eventually return to the foreign fields as missionaries.

We lament the loss of Mrs. Evelyn Hersey, who with her husband, Fred, served in Japan since 1956. Evelyn was called to her eternal home on October 4, 1993.

Success in missions depends upon a team effort. I appreciate our supporters, our missionaries, our staff and our board. Two of our board members are ineligible for re-election. Brother Bob Trimble has served since 1979 and Brother Norwood Gibson since 1982. On behalf of all those involved in Free Will Baptist Foreign Missions, I say "Thank you, Brother Trimble and Brother Gibson, for your service to the cause of Christ."

Respectfully submitted,
R. Eugene Waddell
General Director

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

Antioch, Tennessee

Financial Statements

December 31, 1993

Thoni, Hinton & Warren

CERTIFIED PUBLIC ACCOUNTANTS
NASHVILLE, TENNESSEE

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

December 31, 1993

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Board of Foreign Missions of the
National Association of Free Will Baptists
Antioch, Tennessee

We have audited the accompanying balance sheet of the Board of Foreign Missions of the National Association of Free Will Baptists (a nonprofit organization) as of December 31, 1993, and the related statements of support and revenue, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 1992 is presented for comparative purposes only and was extracted from the financial statements presented by the Organization for that year, on which an unqualified opinion, dated April 30, 1993, was expressed.

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 Board of Foreign Missions of the National Association of Free Will Baptists as of December 31, 1993 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Thoni, Hinton & Warren

April 12, 1994

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

**Balance Sheet
December 31, 1993
(With Comparative Totals for 1992)**

	<u>ASSETS</u>			
	<u>Operating Unrestricted and Restricted Funds</u>	<u>Plant Fund</u>	<u>Total All Funds</u>	
			<u>1993</u>	<u>1992</u>
Cash and cash equivalents - Notes 1 & 2	\$ 619,291	\$	\$ 619,291	\$ 750,170
Investments - Notes 1 & 2	402,278		402,278	444,192
Accounts receivable from employees and missionaries - Note 2	44,073		44,073	34,036
Capitalized lease costs - Note 4	26,338		26,338	39,507
Prepaid expenses				1,884
Equipment, at cost, net of accumulated depreciation - Notes 1 & 5		145,117	145,117	109,504
Due from plant fund - Note 3	17,116		17,116	34,233
Total assets	\$1,109,096	\$145,117	\$1,254,213	\$1,413,526
 <u>LIABILITIES AND FUND BALANCES</u>				
Accounts payable and accrued expenses	\$ 307,461	\$	\$ 307,461	\$ 210,581
Due to operating fund - Note 3		17,116	17,116	34,233
Restricted deferred revenue - Note 6	928,664		928,664	1,125,859
Total liabilities	1,236,125	17,116	1,253,241	1,370,673
Fund balances (deficit):				
Unrestricted	(127,029)		(127,029)	(32,418)
Net invested in plant		128,001	128,001	75,271
Total fund balances	(127,029)	128,001	972	42,853
Total liabilities and fund balances	\$1,109,096	\$145,117	\$1,254,213	\$1,413,526

Commitments - Note 10

See accountants' report and accompanying
notes to the financial statements.

-2-

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
**Statement of Support and Revenue, Expenses and Changes in Fund Balances
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)**

	<u>Operating</u>		<u>Plant Fund</u>	<u>Total All Funds</u>	
	<u>Unrestricted</u>	<u>Restricted Missionary Accounts</u>		<u>1993</u>	<u>1992</u>
		<u>VISION Campaign</u>			
Support and revenue					
Contributions -					
Notes 1 & 6	\$377,705	\$4,032,802	\$ 20,000	\$4,430,507	\$4,499,299
Investment income	28,423			28,423	43,725
Gain on disposal of plant assets	7,017			7,017	13,833
Other	1,902			1,902	3,592
Total support and revenue	415,047	4,032,802	20,000	4,467,849	4,560,449
Expenses					
Informational and promotional	152,584			152,584	194,078
Travel and board	44,336			44,336	45,306
Administrative	472,674			472,674	520,972
Missionaries		3,785,436	20,000	3,805,436	3,795,469
Depreciation			35,268	35,268	29,626
Total expenses	669,594	3,785,436	20,000	4,510,298	4,585,451
Excess (deficiency) of support and revenue over expenses	(254,547)	247,366	-0-	(35,268)	(42,449)
Fund balances, beginning of year	(32,418)		75,271	42,853	72,876
Transfers among funds and other changes:					
Gain (loss) on market value of common stock investments	568			568	(5,021)
To plant for asset acquisitions, net of dispositions	(70,881)		70,881	-0-	-0-
Repayment for inter-fund borrowing	(17,117)		17,117	-0-	-0-
Informational and promotional material and equipment transfers - Note 7	247,366	(247,366)			
Fund balances (deficit), end of year	(\$127,029)	\$ -0-	\$ -0-	\$128,001	\$ 972
				\$ 42,853	

See accountants' report and accompanying
notes to the financial statements.

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BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Statement of Cash Flows
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)

	<u>Operating</u>			<u>Plant</u>	<u>Total All Funds</u>	
	<u>Unrestricted</u>	<u>Missionary Accounts</u>	<u>VISION Campaign</u>	<u>Fund</u>	<u>1993</u>	<u>1992</u>
<u>Operating activities</u>						
Excess (deficiency) of support and revenue over expenses	(\$254,547)	\$247,366	\$ -0-	(\$ 35,268)	(\$ 42,449)	(\$ 25,002)
Adjustment to reconcile net income to net cash provided by operating activities:						
Increase in value of stock	(568)				(568)	
Depreciation				35,268	35,268	29,626
Amortization	13,169				13,169	11,270
Gain on disposal of property	7,017				7,017	13,833
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	(10,036)			(10,036)	(4,169)	
(Increase) decrease in investments	43,050			43,050	133,936	
(Increase) decrease in prepaid expenses	1,884			1,884	6,431	
Increase (decrease) in accounts payable	(2,615)			(2,615)	26,816	
Increase (decrease) in deferred revenue	(97,700)				(97,700)	(99,202)
Net cash provided (used) by operating activities	(314,380)	247,366	-0-	-0-	(67,014)	65,873
<u>Investing activities</u>						
Proceeds on sale of equipment	27,000				27,000	49,110
Purchase of equipment	(90,865)				(90,865)	(61,862)
Net cash used in investing activities	(63,865)	-0-	-0-	-0-	(63,865)	(12,752)
<u>Financing activities</u>						
Net cash provided by financing activities	-0-	-0-	-0-	-0-	-0-	-0-
Increase (decrease) in cash and cash equivalents	(378,245)	247,366	-0-	-0-	(130,879)	53,121
<u>Transfers</u>						
Transfer of informational and promotional material	247,366	(247,366)				
Cash and cash equivalents at beginning of year	750,170	-0-	-0-	-0-	750,170	697,049
Cash and cash equivalents at end of year	\$619,291	\$ -0-	\$ -0-	\$ -0-	\$619,291	\$750,170

See accountants' report and accompanying notes to the financial statements.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1993

Note 1 - Organization and summary of significant accounting policies

The Board of Home Missions of the National Association of Free Will Baptists, Inc. is a nonprofit organization affiliated with the National Association of Free Will Baptists. The purpose of the Organization is to establish and support Free Will Baptist Mission Churches throughout the world.

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code under a group exemption of the National Association of Free Will Baptists, Inc.

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

Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization 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 established according to their nature and purposes. 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.

Property and equipment and depreciation

Property and equipment is stated at acquisition cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives range from 3-10 years.

Investments

Investments are stated at market value. Market value approximates cost at December 31, 1993.

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 when purchased to be cash equivalents.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1993

Note 2 - Summary of significant concentrations of financial instruments

As of December 31, 1993, 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:

	<u>Account Balance</u>	<u>Amount Insured/ Secured</u>	<u>Amount of According Risk of Loss</u>
Demand deposit accounts with financial institutions	\$ 173,344	\$100,000	\$ 73,344
Interest bearing deposit accounts with financial institutions	<u>445,947</u>	<u>124,173</u>	<u>321,774</u>
Total cash and cash equivalents	<u>619,291</u>	<u>224,173</u>	<u>395,118</u>
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Assoc. of Free Will Baptists	13,497		13,497
Accounts held by investment bankers	388,131	83,569	304,562
Common stock	<u>650</u>		<u>650</u>
Total investments	<u>402,278</u>	<u>83,569</u>	<u>318,709</u>
Accounts receivable from employees and missionaries	<u>44,073</u>		<u>44,073</u>
Total	<u>\$1,065,642</u>	<u>\$307,742</u>	<u>\$ 757,900</u>

Note 3 - Inter-fund borrowing

As of December 31, 1993, the plant fund had an outstanding debt to the operating fund of \$17,116.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1993

Note 4 - Capitalized lease payments

The National Association of Free Will Baptists, Inc. purchased an office building to house various departments and agencies of the denomination. The Board entered into an agreement to lease space in this new building and agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. The construction period costs of \$65,844 were capitalized. These costs will be amortized against operations over a five year period. During 1993, \$13,169 was charged against operations leaving a resultant balance of \$26,338.

Note 5 - Plant fund

A summary of plant fund assets is as follows:

Office furniture and equipment	\$ 31,854
Cameras and projectors	55,920
Automobiles	62,300
Computer equipment	<u>100,796</u>
	250,870
Less: accumulated depreciation	<u>(105,753)</u>
	<u>\$145,117</u>

Depreciation expense, computed utilizing the straight line method amounted to \$35,268.

Note 6 - Restricted deferred revenue

Changes in restricted deferred revenue is as follows:

	<u>Missionary Accounts</u>	<u>ADVANCE Campaign</u>	<u>Total</u>
Balance, December 31, 1992	\$1,125,859	\$ -0-	\$1,125,859
Contributions	<u>3,503,642</u>	<u>104,599</u>	<u>3,608,241</u>
Funds available	4,629,501	104,599	4,734,100
Expenses and campaign expenditures	<u>(3,785,436)</u>	<u>(20,000)</u>	<u>(3,805,436)</u>
Balance, December 31, 1993	<u>\$ 844,065</u>	<u>\$ 84,599</u>	<u>\$ 928,664</u>

Note 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.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1993

Note 8 - Pension plan

The Board participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists. The Board contributes 5% of gross salary for missionaries and a fixed rate based on years of service for administrative employees. Employees are allowed to contribute but are not required to contribute. Employees with two years of service may participate. Pension expenses amounted to \$62,612. 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.

Note 9 - Lease

The Board entered into a lease agreement on October 1, 1990 with the National Association of Free Will Baptists, Inc. for office and storage space. The term of the lease is until all mortgages on the building are satisfied, which is approximately 21 years. The rent expense for the year was \$95,378.

The future minimum lease payments are as follows:

1994	\$ 95,378
1995	95,378
1996	95,378
1997	95,378
1998	95,378
Thereafter (estimated)	1,526,055

Note 10 - Commitments

The Board has pledged its furniture and fixtures as collateral on a mortgage note that the National Association of Free Will Baptists has with the Church Extension Loan Fund.

The Board provides health insurance for its 106 employees on a self-insured basis. The Board has a stop loss policy with Lloyds of London for individual claims in excess of \$20,000. During the year the Board paid \$200,598 in benefit payments and \$72,285 in stop loss premiums.

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors of the
 Board of Foreign Missions of the
 National Association of Free Will Baptists
 Antioch, Tennessee

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 1993 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. Information from the year 1992 is presented for comparative purposes only.

Thoni, Hinton & Warren

April 12, 1994

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Schedule to Combine Unrestricted Fund Support and
Revenue and Additions to Restricted Deferred Revenue
For the Year Ended December 31, 1993
 (With Comparative Totals for 1992)

	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total All Funds</u>	
		<u>Missionary</u>	<u>VISION</u>	<u>1993</u>	<u>1992</u>
		<u>Accounts</u>	<u>Campaign</u>		
Support and revenue:					
Contributions	\$ 377,705	\$3,503,642	\$104,599	\$3,985,946	\$4,150,903
Investment income	28,423			28,423	43,725
Gain on disposal of					
plant assets	7,017			7,017	13,833
Other	1,902			1,902	3,592
Total support and revenue	\$ 415,047	\$3,503,642	\$104,599	\$4,023,288	\$4,212,053

See accountants' report on supplementary information.

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BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Schedule of Unrestricted Fund Expenses
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)

Unrestricted fund expenses

	1993	1992
Informational and promotional:		
Video and audio visual	\$ 2,130	\$ 14,839
Heartbeat	42,713	39,075
Postage	50,648	51,139
Data processing	8,251	31,222
Publicity	34,260	35,915
Telephone	10,490	11,160
Dues	380	565
Paper and supplies	2,341	3,620
Retreat	149	5,943
Tracts and books	1,222	600
	<u>152,584</u>	<u>194,078</u>
Travel and board:		
Department auto	4,535	7,634
Board members	13,827	12,858
Administrative - overseas travel	17	1,150
Honorariums	1,085	350
Department travel	24,432	22,454
Traveler's insurance	440	860
	<u>44,336</u>	<u>45,306</u>
Administrative:		
Salaries	212,119	224,213
Housing	47,985	51,830
Social security	21,128	25,803
Employer payroll taxes	5,963	11,815
Retirement	6,790	7,625
Hospitalization	46,129	54,403
Auditing	4,232	13,031
Office rent	95,378	95,381
Amortization of capital lease payments	13,169	11,270
Office equipment		726
Maintenance of office equipment		1,927
Office supplies	2,674	2,613
Estate expenses	695	741
Miscellaneous	<u>16,412</u>	<u>19,594</u>
	<u>472,674</u>	<u>520,972</u>
Total unrestricted fund expenses	<u>\$669,594</u>	<u>\$760,356</u>

See accountants' report on supplementary information.

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BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Schedule of Restricted Fund Expenses
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)

Restricted fund expenses

	1993	1992
Missionaries - Foreign Fields:		
Ivory Coast	\$1,196,392	\$1,014,440
France	509,377	475,671
India	126,429	109,362
Brazil	637,118	594,371
Japan	424,404	412,572
Panama	121,528	105,637
Spain	350,572	494,373
Uruguay	261,826	257,690
Summer missionaries	52,737	47,311
Other projects	87,844	137,061
Special investigative committee	<u>17,209</u>	<u>5,949</u>
	<u>3,785,436</u>	<u>3,654,437</u>
Maintenance fees transferred to unrestricted funds for information and promotional materials	(<u>247,366</u>)	(<u>249,194</u>)
	<u>3,538,070</u>	<u>3,405,243</u>
VISION campaign expenditures (ADVANCE in 1992):		
General expenses	<u>20,000</u>	<u>4,502</u>
Project expenses	<u>20,000</u>	<u>136,530</u>
	<u>20,000</u>	<u>141,032</u>
Total restricted fund expenses	<u>\$3,518,070</u>	<u>\$3,546,275</u>

See accountants' report on supplementary information.

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Salary Breakdown

General Director				
	1993	1994	1995	
Salary	\$19,246	\$17,202	\$18,222	
Housing & Utilities	14,400	16,800	16,800	
Social Security	4,878	5,595	5,763	
Retirement	870	1,220	1,271	
Insurance	7,674	7,415	8,527	
Total	<u>\$47,068</u>	<u>\$48,232</u>	<u>\$50,583</u>	
Note: Office car furnished.				
Director of Communications				
Salary	\$22,010	\$21,738	\$22,678	
Housing & Utilities	9,000	9,600	9,600	
Social Security	4,496	5,156	5,311	
Retirement	870	1,447	1,494	
Insurance	7,438	7,415	8,527	
Total	<u>\$43,814</u>	<u>\$45,356</u>	<u>\$47,610</u>	
Note: Office car furnished.				
Overseas Secretary				
Salary	\$20,210	\$20,538	\$21,478	
Housing & Utilities	10,800	10,800	10,800	
Social Security	4,496	5,156	5,311	
Retirement	870	1,387	1,434	
Insurance	4,341	5,372	6,178	
Total	<u>\$40,717</u>	<u>\$43,253</u>	<u>\$45,201</u>	
Note: Office car furnished.				
Director of Missionary-Church Relations				
Salary	\$17,810	\$18,138	\$19,078	
Housing & Utilities	13,200	13,200	13,200	
Social Security	4,496	5,156	5,311	
Retirement	690	1,267	1,314	
Insurance	4,167	5,459	6,278	
Total	<u>\$40,363</u>	<u>\$43,220</u>	<u>\$45,181</u>	
Note: Office car furnished.				
Treasurer				
Salary	\$31,010	\$31,338	\$32,278	
Social Security	5,138	5,192	5,348	
Retirement	570	1,927	1,974	
Insurance	7,438	7,415	8,527	
Total	<u>\$44,156</u>	<u>\$45,872</u>	<u>\$48,127</u>	
Audio/Visual Technician				
Salary	\$16,831	\$17,716	\$18,247	
Social Security	1,288	1,355	1,396	
Retirement	300	886	912	
Insurance	2,545	2,897	3,332	
Total	<u>\$20,964</u>	<u>\$22,854</u>	<u>\$23,887</u>	
Editorial Assistant				
Salary	\$10,151	\$15,184	\$15,640	
Social Security	777	1,162	1,196	
Retirement	200	759	782	
Insurance	2,164	2,511	2,888	
Total	<u>\$13,292</u>	<u>\$19,616</u>	<u>\$20,506</u>	

Bookkeeper				
Salary	\$18,563	\$19,467	\$20,051	
Social Security	1,420	1,489	1,534	
Retirement	300	973	1,003	
Insurance	2,545	2,888	3,321	
Total	<u>\$22,828</u>	<u>\$24,817</u>	<u>\$25,909</u>	
Accounting Clerk				
Salary	\$15,261	\$16,377	\$16,868	
Social Security	1,167	1,253	1,290	
Retirement	600	819	843	
Insurance	2,538	2,888	3,321	
Total	<u>\$19,566</u>	<u>\$21,337</u>	<u>\$22,322</u>	
Secretary				
Salary	\$22,437	\$23,381	\$24,082	
Social Security	1,716	1,789	1,842	
Retirement	600	1,169	1,204	
Insurance	2,732	2,511	2,888	
Total	<u>\$27,485</u>	<u>\$28,850</u>	<u>\$30,016</u>	
Secretary				
Salary	\$16,727	\$17,611	\$18,139	
Social Security	1,280	1,347	1,388	
Retirement	420	881	907	
Insurance	2,546	2,897	3,332	
Total	<u>\$20,973</u>	<u>\$22,736</u>	<u>\$23,766</u>	

1995 Budget

Foreign Fields*

Brazil	\$ 628,910
France	457,295
India	133,113
Ivory Coast	1,261,744
Japan	450,000
Panama	125,601
Spain	359,923
Uruguay	235,587
Other fields	143,000
	<u>\$3,795,173</u>

Information and Promotion

Audio visuals, films & filmstrips	\$ 4,400
Video	8,750
Equipment	12,000
Cassette ministry	500
<i>Heartbeat</i>	40,900
Postage	51,000
Data processing	14,000
Publicity materials	49,892
Telephone	11,000
Services & dues	600
Paper supplies	5,300
Books & subscriptions	1,500
Retreat & debriefing sessions	6,000
Misc. projects (Together Way Funding)	14,800
Personnel	97,978
	<u>\$ 318,620</u>
Less: Transfer of 7% info/promo charges	(242,944)
	<u>\$ 75,676</u>

Travel & Board Expenses

Department auto expenses	\$ 15,000
Board member expense	14,000
Board member overseas travel	1,000
Honorariums	1,000
Department travel expense	25,000
Travelers' insurance	500
	<u>\$ 56,500</u>

Administrative

Salaries	\$ 155,736
Administrative housing	41,200
Administrative Social Security	18,025
Hospitalization insurance	37,400
Retirement	8,240
Medicare supplement insurance	1,800
Audit	4,200
Interest expense—Building	33,135
Office rent	40,265
Office equipment	1,000
Maintenance of office equipment	2,000
Office supplies	2,700
Miscellaneous expense	20,000
Payroll taxes	11,100
	<u>\$ 376,801</u>

Other

Retired missionaries	\$ 8,000
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Total Regular Budget

\$4,312,150

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

Additional Approved Vision Projects

France (church building at Nantes)	\$ 93,000
India (12 church buildings)	96,000
Panama (down payment on house)	7,500
Uruguay (new church property)	150,000
Other—Cuba, etc. (new church properties)	50,000
	<u>\$ 396,500</u>

Total Budget

\$4,708,650

1995 State Goals With 1993 Comparisons

State	1993 Goal	1993 Actual	1995 Goal
Alabama	\$ 186,000	\$ 161,186	\$ 174,000
Arizona	6,200	5,926	6,400
Arkansas	218,000	282,139	305,000
California	89,000	74,285	81,000
Colorado	6,800	7,794	8,500
Florida	92,000	72,433	79,000
Georgia	179,000	142,232	154,000
Hawaii	4,000	2,415	2,700
Idaho	2,000	2,765	3,000
Illinois	125,000	102,700	111,000
Indiana	55,000	32,022	35,000
Iowa	3,000	2,875	3,200
Kansas	27,000	12,891	14,000
Kentucky	82,000	75,643	82,000
Louisiana	300	1,538	1,700
Maryland	30,000	11,362	13,000
Michigan	155,000	189,550	205,000
Mississippi	72,000	70,150	76,000
Missouri	413,000	320,424	347,000
Montana	2,000	1,545	1,700
Nebraska	1,500	786	1,000
New Mexico	2,000	1,938	2,100
Northeast Association*	6,000	2,300	2,500
Northwest Association**	8,000	11,410	13,000
North Carolina	535,000	526,009	569,000
Ohio	133,000	123,044	133,000
Oklahoma	432,000	379,525	410,000
Pennsylvania	-0-	1,115	1,300
South Carolina	227,000	234,448	254,000
Tennessee	650,000	634,248	685,000
Texas	138,000	91,964	100,000
Virginia	144,000	111,569	121,000
Virgin Islands	2,500	2,216	2,400
West Virginia	87,000	100,933	110,000
W.N.A.C.	120,000	152,286	150,000
Miscellaneous	146,032	90,253	86,250
Totals	<u>\$4,379,332</u>	<u>\$4,035,919</u>	<u>\$4,343,750</u>

* New Hampshire, Vermont, New Jersey, Maine, Connecticut, Massachusetts.

** Alaska, Oregon, Washington.

Free Will Baptist Bible College Report

The 1993-94 school year opened with an 11% increase over the previous year.

It has been an unusual year primarily because of the self-study preparation for the SACS accreditation team visit, April 12-15. The visit went well. When they gave us their exit report there were no surprises. Most of their recommendations were, in fact, our own recommendations. We are waiting to receive a written report of all of their recommendations and, after checking them for factual content, we will respond to their recommendations. At the Commission meeting, December 11-14, we will learn of their decision regarding our accreditation. We are optimistic about receiving "Candidate Status."

All of us can praise the Lord for 140-150 first-time decisions for Christ through our Christian Service Department. Many decisions for rededication and consecration were also reported by our students.

All of our college departments are making a vital contribution to the education and spiritual welfare of our students. We registered 206 men and 153 women. Of these, 68 are ministerial students and 52 are missionary students.

Welcome Days continue to be a great success. Spring Welcome Days produced 20 applications for this fall, a record in itself.

Some of the work needed on our buildings was done last summer and school year, thanks in part to a large number of our pastors and laymen who came on campus to work. A new roof was put on Davidson Hall and also on part of the Thigpen Building. The campus is beginning to look much more attractive. This has kindled a new sense of pride in the hearts of our students, faculty, staff and visitors.

A number of new employees have joined or will be joining the college family for the 1994-95 school year. Mr. Darrell Holley will assume the chair of the English/Speech Department. Dr. Milton Fields will succeed Dr. Ken Riggs as chairman of the Teacher Education Department. Joining him will be Mrs. Suzanne Harris, who is replacing Mrs. Ann Pate. Brother Eddie Payne will remain on the faculty in missions until a successor can come. Brother Roy Harris has moved back to the college to serve as Director of Public Relations. Brother Bob Shockey will be retiring on or before December 31 of this year. Brother Jack Forlines has accepted a position as part-time Field Representative for Deferred Giving, and Brother Clayton Hampton has accepted the new position as Director of Alumni Affairs.

As I have stated often across our denomination, these are exciting and challenging days for your college. We must challenge our pastors, churches, and laity to rise to a new and higher level of financial support. Please join us in accepting this new challenge by increasing your support.

Thank God for the dedicated men and women on our faculty and staff who faithfully serve our Lord through the ministry of Free Will Baptist Bible College.

Respectfully submitted,
Tom Malone, President

Synopsis of Minutes, FWBBC Board of Trustees

*Semi-Annual Meeting, December 8, 1993, at
Free Will Baptist Bible College*

The Free Will Baptist Bible College Board of Trustees met December 8 on the college campus. All members of the board were present.

Significant action taken included hearing reports from the various departments of the college, approving some re-organization of existing curricular areas and considering various personnel matters. Based on the response to the Alumni Association's fund-raising drive, approval was given to pursue the hiring of a Director of Alumni Affairs. Special commendation was given to Ronald Creech in acknowledgment of his retirement for his valuable service to the college.

*Annual Meeting, May 9-11, 1994, at
Free Will Baptist Bible College*

The Trustees met on campus May 9-11, 1994. All members of the Board were present. Annual reports were heard. The Board took action to commend the committees responsible for the work involved toward SACS accreditation and to the Executive Committee of the Alumni Association for their fund-raising efforts toward establishment of the office of Alumni Director. Approval was given to hire the Alumni Director.

Approval of faculty hirings was given in the areas of music, missions, teacher education, and English. Brother Roy Harris will join our Public Relations staff in July to succeed Brother Shockey upon his retirement in December.

The budget proposal for 1994-95 was adopted and officers of the Board for 1994-95 were elected.

Registration Report Annual 1993-94

Undergraduate Enrollment 359

By State:

Alabama	37	Nebraska	1
Arkansas	9	North Carolina	32
California	2	Ohio	16
Colorado	4	Oklahoma	1
Delaware	2	Pennsylvania	2
Florida	11	South Carolina	14
Georgia	20	South Dakota	1
Illinois	29	Tennessee	75
Indiana	13	Texas	8
Kansas	2	Virginia	19
Kentucky	10	Washington	5
Louisiana	3	West Virginia	5
Michigan	4	Virgin Islands	1
Mississippi	10	Foreign	13
Missouri	10	(Brazil, Canada, Korea, Pakistan, Romania, Uruguay)	

(The student body represents 27 states, the Virgin Islands and six foreign countries.)

By Classification:

Freshmen	141	Seniors	51
Sophomores	91	Special	16
Juniors	60		

Others:

Ministerial	68	Male	206
Missionary	52	Female	153

Single	306	Free Will Baptist	337
Married	53	Other	22

Enrollment Summary 1993-94

Undergraduate Enrollment	First Semester	334
Additional Enrollment	Second Semester	18
Total Enrollment	First and Second Semesters	352
Summer 1993 Enrollment Not Already Counted		7
Total Undergraduate Enrollment		359

Financial Aid Report

Loans Issued	139	\$113,263.13
Student Workers	65	152,535.65
Scholarship Recipients	48	20,309.16
SEOG Program	63	15,615.00
College Work-Study Program	15	9,832.00
Pell Grant Awards	109	163,862.00
Stafford Loan Program	132	382,225.00
Unsubsidized Stafford Loan Program	10	19,807.00
PLUS Loan Program	4	16,400.00
SLS Loan Program	6	15,750.00
Total Financial Aid Administered 1993-94		\$909,598.94

Welch Library

Total books, bound volumes, microforms, sound recordings, video-cassettes, instructional materials, etc..... 58,941

May 31, 1994, 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.

Free Will Baptist Bible College Salary Breakdown

	1992-93	1993-94	1994-95
President			
Salary	\$45,000	\$45,000	\$48,150
Social Security	3,442	3,442	3,683
Retirement	1,930	1,976	2,552
Insurance	2,105	2,220	2,244
Life	159	177	201
Medical	1,946	2,043	2,043
(resides in campus housing)	\$52,477	\$52,638	\$56,629

Academic Dean			
Salary	\$38,500	\$38,500	\$41,195
Social Security	2,945	2,945	3,151
Retirement	1,651	1,690	2,183
Insurance	2,105	2,220	2,244
Life	159	177	201
Medical	1,946	2,043	2,043
	\$45,201	\$45,355	\$48,773

Public Relations Director (new Director hired)			
Salary			\$30,000
Social Security			2,295
Retirement			1,590
Insurance			2,244
Life			201
Medical			2,043
			\$36,129

Development Director (office vacant)

Treasurer			
Salary	\$34,000	\$34,000	\$36,380
Social Security	2,601	2,601	2,783
Retirement	1,458	1,493	1,928
Insurance	2,105	2,220	2,244
Life	159	177	201
Medical	1,946	2,043	2,043
	\$40,164	\$40,314	\$43,335

Salary includes housing allowance where applicable.

FREE WILL BAPTIST BIBLE COLLEGE
Nashville, Tennessee
3606 West End Avenue
Nashville, Tennessee 37205
615/383-1340

1993-94 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 Free Will Baptist Bible College as of May, 31 1994 and the related statements of changes in fund balances and current funds revenues, 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 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 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 Free Will Baptist Bible College as of May 31, 1994, 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.

Hill, Neal & Allen, P.C.

June 29, 1994

FREE WILL BAPTIST BIBLE COLLEGE

Balance Sheet

May 31, 1994

(with comparative figures for 1993)

Assets	1994	1993
Current funds:		
Cash and interest bearing deposits	\$ 237,935	156,470
Prepaid expenses	11,093	12,589
Receivables (note 6):		
Students accounts	10,699	14,365
Staff and others	11,347	12,583
Due from plant funds	-	4,728
Due from agency funds	4,731	4,731
Total receivables	26,777	36,407
Inventories	49,719	45,439
Total current funds	\$ 325,524	274,973
Loan funds:		
Interest bearing deposits	\$ 339,427	310,084
Loans to students, less allowance for doubtful loans of \$32,500 1994 and 1993 (note 6)	277,788	296,377
Due from current unrestricted funds	113	-
Due from agency funds	508	-
Total loan funds	\$ 617,836	606,461
Endowment funds:		
Interest bearing deposits	\$ 181,149	162,381
Due from current unrestricted funds	50	-
Total endowment funds	\$ 181,199	162,381
Annuity funds:		
Interest bearing deposits	\$ 55,000	55,000
Total annuity funds	\$ 55,000	55,000
Plant funds:		
Interest bearing deposits	\$ 5,059	76,805
Investment in plant (notes 4 and 7):		
Land	296,519	296,519
Buildings and improvements	3,374,969	3,359,926
Equipment	838,480	797,185
Library books	276,078	243,671
Total investment in plant	4,786,046	4,697,301
Accumulated depreciation (note 7)	1,771,291	1,641,193
Net investment in plant	3,014,755	3,056,108
Total plant funds	\$ 3,019,814	3,132,913
Agency funds:		
Cash	\$ 9,559	8,053
Total agency funds	\$ 9,559	8,053

See accompanying notes to financial statements.

Liabilities and Fund Balances

	1994	1993
Current funds:	\$ 73,465	63,958
Accounts payable (note 5)	42,023	26,530
Students' credit balances and deposits	59,059	64,179
Accrued salaries	2,490	6,714
Deferred revenues - summer school and other		
Due to other funds:	113	24,068
Loan funds	50	-
Endowment funds	163	24,068
Total due to other funds	177,200	185,449
Total liabilities		
Fund balances:	81,688	65,456
Unrestricted funds	66,636	24,068
Restricted funds	148,324	89,524
Total fund balances	\$ 325,524	274,973
Total current funds		
Loan funds:	\$ 3,758	3,878
Accrued interest	207,365	213,150
Notes payable to individuals (note 4)	406,713	389,433
Fund balances - private		
Total loan funds	\$ 617,836	606,461
Endowment funds:		
Fund balances:	\$ 48,656	47,656
Endowment	33,471	33,471
Quasi-endowment, unrestricted	99,072	81,254
Scholarship, restricted	\$ 181,199	162,381
Total endowment funds		
Annuity funds:	\$ 4,011	4,325
Annuity payable	50,989	50,675
Fund balance	\$ 55,000	55,000
Total annuity funds		
Plant funds:	\$ 5,363	5,363
Accounts payable	-	4,728
Due to current unrestricted funds	165,552	159,486
Notes and capital lease obligations (note 4)		
Total liabilities	170,915	169,577
Fund balances:	(304)	78,160
Unexpended	2,849,203	2,885,176
Net investment in plant	2,848,899	2,963,336
Total fund balances	\$ 3,019,814	3,132,913
Total plant funds		
Agency funds:	\$ 4,731	4,731
Due to current unrestricted funds	508	-
Due to loan funds	4,320	3,322
Funds held in custody for others	\$ 9,559	8,053
Total agency funds		

FREE WILL BAPTIST BIBLE COLLEGE

Statement of Changes in Fund Balances

Year ended May, 31, 1994

	Current Funds			Loan Funds
	Unrestricted	Restricted		
Revenues and other additions:				
Unrestricted current funds revenues	\$ 2,772,668	-	-	-
Federal grants - student aid funds	-	186,623	-	-
Private gifts	-	48,627	1,073	-
Endowment income	-	2,160	-	-
Investment income - restricted	-	14	9,457	-
Interest on student loans	-	-	30,495	-
Additions to plant facilities, including \$38,430 from current funds	-	-	-	-
Addition to long-term debt obligations	-	-	-	-
Retirement of indebtedness	-	-	-	-
Proceeds from disposal of property	-	-	-	-
Adjustment of computed annuity liability	-	-	-	-
Total revenues and other additions	2,772,668	237,424	41,025	-
Expenditures and other deductions:				
Educational and general expenditures	2,088,146	188,026	-	-
Auxiliary enterprises expenditures	623,427	5,235	-	-
Administrative cost allowance	-	1,595	-	-
Retirement of indebtedness	-	-	-	-
Expansion campaign expense and promotion	-	-	-	-
Interest expense	-	-	11,849	-
Provision for doubtful notes receivable	-	-	11,461	-
Depreciation and amortization expense (note 7)	-	-	-	-
Additions to plant facilities	-	-	-	-
Renovation of plant properties	-	-	-	-
Addition to long-term debt obligations	-	-	-	-
Other	-	-	435	-
Total expenditures and other deductions	2,711,573	194,856	23,745	-
Transfers among funds and other changes -				
additions (deductions):				
Transfers for debt service	(44,863)	-	-	-
Reclassification of funds	-	-	-	-
Total transfers and other changes	(44,863)	-	-	-
Net increase (decrease) for the year	16,232	42,568	17,280	-
Fund balance at beginning of year	65,456	24,068	389,433	-
Fund balance at end of year	\$ 81,688	66,636	406,713	-

See accompanying notes to financial statements.

Endowment Funds	Annuity Funds	Plant Funds	
		Unexpended	Net Investment In Plant
-	-	-	-
-	-	-	-
18,818	-	27,129	-
-	-	-	-
-	-	768	-
-	-	-	-
-	-	-	93,473
-	-	40,000	-
-	-	-	33,934
-	-	11	-
-	314	-	-
18,818	314	67,908	127,407
-	-	-	-
-	-	-	-
-	-	-	-
-	-	33,934	-
-	-	26,680	-
-	-	11,499	-
-	-	-	-
-	-	-	130,098
-	-	55,043	-
-	-	57,361	-
-	-	-	40,000
-	-	-	-
-	-	184,517	170,098
-	-	-	-
-	-	44,863	-
-	-	(6,718)	6,718
-	-	38,145	6,718
18,818	314	(78,464)	(35,973)
162,381	50,675	78,160	2,885,176
181,199	50,989	(304)	2,849,203

FREE WILL BAPTIST BIBLE COLLEGE

Statement of Current Funds Revenues, Expenditures and Other Changes

Year ended May 31, 1994

(with comparative figures for 1993)

	1994			1993
	Unrestricted Funds	Restricted Funds	Total	Total
Revenues:				
Tuition and fees	\$ 1,031,241	-	1,031,241	894,287
Federal student financial aid programs	-	185,028	185,028	223,651
Gifts	809,320	6,059	815,379	746,101
Endowment income	2,868	2,160	5,028	6,416
Investment income	5,545	14	5,559	5,985
Sales and services of auxiliary enterprises	901,051	-	901,051	806,793
Other sources	22,643	-	22,643	13,563
Total revenues	2,772,668	193,261	2,965,929	2,696,796
Expenditures:				
Educational and general:				
Instruction	740,485	1,458	741,943	693,788
Academic support	211,491	1,038	212,529	172,446
Student services	350,980	77	351,057	284,196
Operation and maintenance of plant	290,876	4,509	295,385	249,498
Institutional support	490,814	2,201	493,015	477,016
Scholarships and fellowships:	-	175,808	175,808	214,363
Federal student financial aid programs	3,500	2,935	6,435	16,340
Institutional funded aid	2,088,146	188,026	2,276,172	2,107,647
Total educational and general expenditures	36,613	-	36,613	13,284
Mandatory transfers for debt service	2,124,759	188,026	2,312,785	2,120,911
Total educational and general	623,427	5,235	628,662	565,944
Auxiliary enterprises:	8,250	-	8,250	8,250
Expenditures	631,677	5,235	636,912	574,194
Mandatory transfers for debt service	2,756,436	193,261	2,949,697	2,695,105
Total auxiliary enterprises	-	42,568	42,568	5,003
Total expenditures and mandatory transfers	\$ 16,232	42,568	58,800	6,694
Transfers and other changes:				
Restricted receipts over transfers to revenues	-	-	-	-
Revenues over expenditures and other changes	-	-	-	-

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements

May 31, 1994

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.

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. Expenditures for acquisition of assets in excess of \$250 are capitalized as investment in plant. Depreciation is provided using the straight-line method over the respective asset's estimated useful life.

Inventories

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

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) Endowment Funds

The yield on endowment funds, based on average cost, amounted to 2.9 percent in 1994.

(3) Pledges Outstanding

Pledges outstanding amount to \$56,239 of which \$46,059 is designated for campaign projects and \$10,180 is designated for the alumni office. It is not practicable to estimate the net realizable value of the pledges or the period of collection.

Notes to Financial Statements, continued

(4) Notes Payable and Capital Lease Obligations

Loan Funds:

Notes payable to individuals: - 5% demand notes to individuals.

\$ 207,365

Plant Funds:

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

8% installment obligation, secured by passenger bus, payable monthly at \$722 through June 1996 at such time \$8,046 is due and payable.

\$ 22,832

7% installment obligation payable monthly at \$793 through April 1999 secured by computer equipment.

39,440

Capital lease obligations, secured by computer and telephone equipment, as follows:

(Note: debt service payments relate to the capital lease obligations are substantially funded by billings to users.)

10% obligation payable in monthly installments of \$688 maturing July 1996.

15,993

7% to 8% obligations payable in monthly installments \$2,263 maturing through November 1997.

78,787

Other

9,500

Total plant fund debt

\$ 166,552

Annual maturities of plant fund debt are as follows for each year ended May 31,:

Long-Term
Debt

Capitalized
Lease
Obligation

1995 \$ 23,576 35,401

1996 15,170 35,401

1997 16,069 26,367

1998 8,603 8,524

1999 8,354 -

\$ 71,772 105,693

Less amount representing interest

10,913

\$ 94,780

(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. 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, 1994.

Actuarial present value of benefit obligation:

Accumulated benefit obligation (of which \$979,337 are vested)

\$ (1,003,391)

Projected benefit obligation for services rendered to date

\$ (1,382,523)

Plan assets, at fair value

1,253,713

Plan assets in excess of projected benefit obligation

(128,810)

Unrecognized net (gain) or loss

168,140

Prior service cost not yet recognized in net periodic pension cost (benefit)

194,676

Unrecognized net asset at June 1, 1989 being amortized over 15 years

(249,114)

Accrued pension cost, included in accounts payable

\$ (15,108)

Net pension cost for 1994 included the following components:

Service cost - benefits earned during period

\$ 54,688

Interest cost on projected benefit obligation

95,110

Actual return on plan assets

(99,605)

Net amortization and deferral

(4,177)

Net pension cost

\$ 46,016

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 8.5 percent.

Notes to Financial Statements, continued

(6) Concentration of Credit Risk

The College is the institution of higher education of the National Association of Free Will Baptists, Inc. and offers Bible based educational services to members of the denomination. The College extends credit in certain instances to students for educational costs and makes loans to students from the Loan Funds. These accounts are not collateralized and are subject to accounting risk of loss amounting to the outstanding balance at any point in time.

Further, the College has cash funds invested at several financial institutions and has no risk of loss for those funds since the balance at each financial institution is less than the insurable limit of \$100,000.

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

Depreciation and amortization charged to the fund balance of the Plant Funds computed on the straight-line method was \$130,098 in 1994.

Components of property, plant and equipment and capitalized leases are as follows:

	Total	Purchased Assets	Assets Acquired By Capital Leases
Land	\$ 296,519	296,519	-
Buildings	3,374,969	3,374,969	-
Equipment	838,480	693,156	145,324
Library Books	276,078	276,078	-
	4,786,046	4,640,722	145,324
Accumulated depreciation and amortization	1,771,291	1,713,469	57,822
Net Investment in Plant	\$ 3,014,755	2,927,253	87,502

FREE WILL BAPTIST BIBLE COLLEGE

Proposed Budget for the Year Ending May 31, 1995
As Compared to
Actual as Summarized for the Year Ended May 31, 1994

Current Unrestricted Funds

	Proposed Budget May 31, 1995	Actual May 31, 1994
Revenues:		
Tuition & fees	1,265,625	1,031,241
Gifts:		
Together Campaign	1,070,000	820,733
Less Building Fund	(70,000)	(11,413)
Net Operating Gifts	1,000,000	809,320
Endowment income	4,500	2,868
Investment income	8,500	5,545
Sales and services of auxiliary enterprises	1,040,000	901,051
Other sources	22,500	22,643
Total revenues	3,341,125	2,772,668
Expenditures:		
Educational and general:		
Instruction	877,810	740,485
Academic support	250,088	211,491
Student services	400,953	350,980
Operation and maintenance of plant	455,248	290,876
Institutional support	692,085	530,927
Total educational and general expenditures	2,676,184	2,124,759
Auxiliary enterprises:		
Expenditures:	664,941	631,677
Total Expenditures	3,341,125	2,756,436
Excess of revenues over (under) expenditures	0	16,232

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

SUMMARY OF FINANCIAL INFORMATION

This summary is provided to help the denomination better understand the overall financial condition of Free Will Baptist Bible College. Also, the page to the immediate left not only provides the proposed budget ending May 31, 1995, but shows the comparable financial highlights of the actual fiscal year ended May 31, 1994.

BALANCED BUDGET

The Bible College ended its fiscal year with an excess of revenues over expenditures of \$16,232 in operating funds.

ENROLLMENT INCREASE

Total enrollment increased for the third consecutive year, up 4.7% from the previous year.

UNRESTRICTED GIVING

The Bible College would have been required to almost double the cost of tuition to balance the budget had it not been for gift revenues.

Total gifts to the Together Campaign amounted to \$820,733, which fell \$204,267 short of the \$1,025,000 gift budget.

Unrestricted gifts, which supports the operating fund, amounted to \$809,320, or 29% of the College unrestricted fund revenue of \$2,772,668. This compares with last year's gifts supporting 30% of the operating fund's revenues, and 33% of the previous year's revenues.

The Bible College gift income shortfall continues to cause a strain on the operational budget. Many needs including staffing, physical plant renovations and replacement of equipment, furnishings and vehicles are to be delayed.

FINANCIAL OBLIGATIONS

Current noteworthy financial obligations in the form of loans and leases are as follows:

Notes payable to individuals (the proceeds are restricted for the purpose of student loans) amounted to \$207,365. The College's Loan Funds has sufficient cash and savings to completely liquidate these loans.

Installment note payable for the purchase of a 1988 - 21 passenger mini-bus amounted to \$22,832.

Lease obligations for the campus telephone system and computer equipment amounted to \$134,220. The required monthly installments are substantially funded by billings to users.

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

FREE WILL BAPTIST BIBLE COLLEGE - GIFTS

June 1, 1993 - May 31, 1994

STATE	AMOUNT
Alabama	\$59,731.04
Arizona	834.47
Arkansas	41,579.02
California	7,752.51
Colorado	1,943.00
Connecticut	0.00
Deleware	425.00
Florida	15,087.17
Georgia	58,524.52
Hawaii	100.00
Idaho	10.13
Illinois	28,043.43
Indiana	3,518.08
Iowa	1,789.00
Kansas	277.86
Kentucky	19,379.82
Louisiana	161.41
Maryland	4,664.33
Michigan	27,092.56
Mississippi	15,185.56
Missouri	24,943.17
Nebraska	341.00
Nevada	0.00
New Jersey	0.00
New Mexico	43.91
North Carolina	149,360.05
Ohio	23,457.83
Oklahoma	18,026.08
South Carolina	48,381.24
South Dakota	0.00
Tennessee	173,850.09
Texas	7,502.19
Vermont	50.00
Virginia	21,943.16
Washington	1,397.10
West Virginia	6,891.40
W.N.A.C.	3,502.40
Canada	2.33
Virgin Islands	1,032.00
College family	28,074.02
Matching gifts	22,386.00
Foreign missionaries	1,265.00
Miscellaneous	2,184.74
	820,732.62
Alumni Project	41,443.00
Estates/Trusts	8,993.09
TOTAL GIFTS	\$871,168.71

Commission for Theological Integrity Report

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.

We will have a seminar at this year's National Association on "Grace and Morals." Our speaker will be Rev. Wendell Walley, pastor of Zephyr Hills Free Will Baptist Church, Asheville, North Carolina.

We are also available for conducting conferences in the denomination on pertinent concerns. If you would like for us to conduct a conference in your area, please contact us.

Leroy Forlines, Chairman

1995 Recommended Budget

Anticipated Income	\$2,200.00
Gifts from The Together Way Plan	400.00
Sale of Literature	100.00
Interest on bank deposit	\$2,700.00

Total Anticipated Income

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

Total Anticipated Expenditures

Financial Report

Balance in Bank, January 1, 1993 \$1,273.84

Income:

Gifts/Coop:

Alabama	\$ 36.24	
Arkansas	207.00	
Arizona .....	.59	
California	14.24	
Florida	37.11	
Georgia	34.04	
Idaho .....	.22	
Illinois	39.27	
Indiana	133.58	
Kansas .....	.39	
Kentucky	7.47	
Maryland	1.52	
Michigan	49.04	
Mississippi	9.37	
Missouri	153.94	
North Carolina	21.92	
New Mexico .....	.10	
Ohio	63.95	
Oklahoma	724.23	
South Carolina	3.53	
Tennessee	75.97	
Texas	54.30	
Virginia	7.39	
Washington (Northwest) .....	.14	
West Virginia	111.48	
Canada .....	.05	
Miscellaneous Gifts	400.00	
Total Gifts	\$2,187.08	
Miscellaneous Sales of Literature	733.41	
National Association Booth Sales	471.80	
Refund on National Association Booth Expense	50.00	
Interest on Bank Account	41.00	3,483.29
Total Income and Balance		\$4,757.13

Expenditures:

Salary/Bookkeeping	\$ 150.00	
National Association Booth Expense	613.06	
Digest of Reports	65.66	
Annual Meeting Expense	570.87	
National Association Seminar Speaker Expense ...	100.00	
Shipping Literature	27.30	
Special Mailing Expense	705.01	
Miscellaneous Office Expense	39.74	
Total Expenditures		\$2,271.64

Balance in Bank, December 31, 1993 \$2,485.49

Leroy Forlines, Chairman
Dari Goodfellow, Bookkeeper

Radio and Television Commission Report

The Radio/Television Commission has no building. We have no full-time employees. The only funds we have are donated by Free Will Baptists through the Together Way Plan. (In September our portion of the "Rest of the Family Offering" is 0.5%.) While the amount of support that we receive is not sufficient to allow us to develop a well-rounded media ministry; we are still committed to using the media to spread the Gospel.

We are currently producing radio spot announcements, 3 to 5 minute messages and special messages for special days for radio stations across the country. Now is the time to let the people of your area know about Free Will Baptists. Use these spot announcements to let people know that you are interested in their spiritual welfare.

We would like to challenge every Free Will Baptist 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.

One of the most important ways you can help us is to buy 15 minutes of time every week in your area. We need to let people know that Free Will Baptists are interested in winning the lost and teaching the saved. This will also encourage your people and help them to be soul winners.

I would like to continue making some suggestions to our pastors and churches that would help us fulfill our responsibility to our Lord and Free Will Baptists.

1. Perhaps churches that are on the radio daily could give us *one day a week*.
2. If a church has a 30 minute program—they could share *15 minutes with us once a week*.
3. Churches could use our tapes *before and during revival time*.
4. Tapes for special services or advertisements can be *produced upon request*.
5. Pastors could, *during vacation time*, substitute their radio time with our tapes.
6. We would be glad to send tapes that help *explain Free Will Baptist Doctrine and our belief*.

Send for tapes to: Radio and Television Commission
c/o Jim Vallance
P.O. Box 5002
Antioch, TN 37011-5002

Until He comes,
Bob Shockey, Chairman
Psalm 126:5-6

Commission Members:

Bob Shockey, Chairman
Jim Vallance, Secretary/Treasurer
Sandy Goodfellow
Bill Gardner
Steve Faison

Financial Statement for Period Ending December 31, 1993

Checking Account

Beginning Balance January 1, 1993		\$2,429.56
Income		2,368.77
Gifts	548.50	
The Together Way Plan	1,820.27	
Disbursements		(1,378.20)
Equipment Maintenance/Repair	238.91	
Service Fees	86.98	
Bookkeeping/Casual Labor	200.00	
Commission Meeting Expenses	81.81	
Tape Refund	39.00	
Postage	580.00	
NAFWB (Convention, Insurance, etc.)	151.50	
Ending Balance December 31, 1993		\$3,420.13

Savings Account

Beginning Balance January 1, 1993	\$3,511.15
Interest	88.95
Ending Balance December 31, 1993	\$3,600.10

Proposed Budget 1995

Income	
Together Way Plan 1/2%	\$ 2,500
Gifts	8,400
Total	<u>\$10,900</u>
Expenses	
Promotion	\$2,000
Commission Expenses	500
Bookkeeper	200
Other help	200
Production costs	1,800
Supplies	500
Postage	1,000
Equipment/Maintenance	500
Telephone	250
Printing	600
Convention Booth	500
Digest of Reports	150
Convention Materials	200
Broadcast time	2,500
Total	<u>\$10,900</u>

Music Commission Report

This past year has been very busy for the Music Commission as we have been involved in two major projects since last year's 1993 meeting in Louisville, Kentucky :

1.) Major time has been spent on making the appropriate preparations for the reprint of our *Rejoice: The Free Will Baptist Hymn Book* (1988). Members of the commission have worked with a team of highly qualified individuals to proof the book for the publication of a second edition of the book. Care has been taken to carefully evaluate every aspect of the hymnal for this important publication. Each hymn has been examined for discrepancies between the shaped and rounded noted versions; musical and textual errors; and, misappropriated information in the various indexes. In all, more than 1,000 man hours have already been spent on the work.

2.) The Music Commission has secured and worked in conjunction with Tempo Music of Leawood, Kansas, to publish a generic version of the hymnal. Entitled *Rejoice!*, this hymnal is almost entirely like the version published by the National Convention. The Tempo edition will not have a section on Feet Washing and will include more than 25 newer scripture songs and choruses. The executive secretary, under the direction of the Executive Committee, will oversee the payment of a leasing fee from Tempo Music for use of the book.

For several years, the Music Commission has announced plans to sponsor an official music workshop for the purpose of bringing together well-known gospel music publishers, artists and theologians in music training for Free Will Baptists. Plans are still being developed for such a workshop sometime the early part of 1995. Timing and location is of critical concern.

Thank you for your continued and enthusiastic support of our ministry. We rejoice as we see God continually unite this grand denomination in a song for His kingdom glory forever and ever.

Enthusiastically His,
Vernon M. Whaley, Ph.D., Chairman

January-December 1993

Beginning Balance

Income

Co-op		
States and Churches		\$ 519.14
Alabama	\$ 36.21	1,147.59
Arkansas	24.12	
Missouri	153.94	
Oklahoma	723.37	
Texas	43.22	
Cofer's Chapel (TN)	50.00	
Fellowship (TN)	35.28	
Roaring Creek (NC)	1.45	
Ruth's Chapel (NC)	80.00	

Total

Total Income

\$1,666.73

Expenses

Digest of Reports	\$ 82.66
Breakfast Meeting	28.98
Convention Expense	65.66
	52.00

Total Expenses

(\$ 229.30)

Ending Balance

\$4,505.26

1995 Budget

Board Expense	\$ 525.00
Postage	100.00
Telephone	300.00
Digest of Reports	75.00
National Convention Booth Materials	200.00
Speakers	300.00
Music Conference	2,000.00
Advertising	500.00
Total Budget	\$4,000.00

1994 Historical Commission Report

Commission members agreed to write 25 historical sketches for 1994-95 Free Will Baptist Bulletin Service sponsored by Randall House Publications. Each member will prepare material for bulletin back covers. Jack Williams will edit the 25 articles.

The Commission commends Free Will Baptist Bible College librarian Carol Reid and academic dean Robert Picirilli for their work over the years in cataloging historical materials for the Historical Collection. The Commission has allocated \$2,000 to help defray labor costs by the FWBBC library staff as they continue their work to organize and catalog the Historical Collection.

The Commission encourages all Free Will Baptist colleges to implement an annual "Heritage Week" emphasis. Free Will Baptist Bible College has already begun this annual celebration.

The Commission shipped 490 copies of *History of Free Will Baptist State Associations* to cooperating state clerks in 1993.

1993 Financial Report

Balance on hand, December 31, 1992	\$14,255.19
Income for 1993:	
Co-op gifts (designated & undesignated)	1,691.26
Ruth's Chapel FWB Church (direct)	40.00
Together Ministry Offering	1.53
Sales	101.50
Interest (First American Bank, Nashville)	418.55
Total	\$ 2,252.84
Expenditures for 1993:	
Commission travel/expense	352.39
Executive Office (Digest fees)	65.66
First American Bank (checks, etc.)	21.50
Total	(439.55)
Balance on hand, December 31, 1993	\$16,068.48

1995 Budget

Income	
Gifts (Together Way Plan)	\$ 1,800.00
Interest (First American Bank)	600.00
Miscellaneous	325.00
Total	\$ 2,725.00
Expenses	
Books, Materials, and Labor for Historical Collection	\$ 2,000.00
Travel	650.00
Executive Office (Digest fees)	75.00
Total	(\$2,725.00)

**Minutes
of the
Fifty-Ninth Annual Session
of the
Women Nationally
Active for Christ
of the
National Association of
Free Will Baptists
when convened in
Little Rock, Arkansas
July 19, 1994**

**WNAC Officers
1993-1995**

President

Mrs. Mary Neal
138 N. 24th Street
New Castle, IN 47362

Vice President

Mrs. Barbara Fletcher
Route #1, Box 96
Richton, MS 39476

Secretary

Mrs. Jo Ann Wood
P. O. Box 395
Lexington, OK 73051

Executive Secretary-Treasurer

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

Members at Large

Mrs. Everyl Getz
4304 N. 3rd
McAllen, TX 78504

Mrs. Diane Thomas
Rt. #1, Box 1178
Grifton, NC 28530

Mrs. Marjorie Workman
3601 Central
Nashville, TN 37205

Theme: The Bible: Light on the Way
Scripture: Psalm 119:105
Hymn: "Thy Word Have I Hid in My Heart"
Music Coordinator: Joyce Little
Organist: Tena Stahl
Pianist: Sue Patton
Registration Chairman: Debbie Stripling

Members at Large: Diane Thomas (North Carolina)
Everyl Getz (Texas)
Marjorie Workman (Tennessee)

Respectfully submitted,
Debbie Burden, chairperson (Oklahoma)

Tuesday Morning, July 19, 1994

The fifty-ninth annual session of the WNAC Convention convened in the Statehouse Convention Center, Little Rock, Arkansas, at 9:00 a.m., with President Mary Neal presiding. Joyce Little led the congregation in singing "Great is The Lord."

The Pastors' Wives Quartet from Russellville, Arkansas, sang "Bless God," Psalm 103.

Deleen Cousineau, missionary to the Ivory Coast, presented the opening devotional thought. Deleen told a story of how the Lord worked through a man in getting the gospel into a village. She asked the question, "What would have happened if Free Will Baptists had not gone to the Ivory Coast?" This entire village would still perhaps be lost. She closed by encouraging each of us to win the lost at any cost.

Following congregational singing of "I Love To Tell The Story," Mary Kelton, Arkansas State President greeted the women and welcomed them to Arkansas.

Melissa Riddle presented the Creative Arts Awards. (See reports.)

The credential committee report was given and delegates seated. (See reports.)

The statement from the executive committee concerning the issue with the book *Of Mice and Men* was read. The delegates stood in support of the statement. The president then asked if anyone wanted to speak to the issue or register opposition. No one stood.

MSC to receive the Executive Secretary-Treasurer's report. (See reports.)

MS to accept the Resolutions Committee report and deal with it item by item. Items 1 and 2 carried. Item 3 read. Substitute for item 3 was read by Betty Hill from North Carolina. and was defeated.

Item #3 was then voted on and passed.

Mary Neal president made the statement that this item dealing with *Of Mice and Men* would not be discussed again. This was a closed issue and would not be permitted for discussion again.

MSC to accept the Appreciation Committee report. A standing vote of thanks was given to the state of Arkansas for its hospitality.

Congregation sang "Tis So Sweet To Trust In Jesus" and "Bless God."

Dismissed in prayer by Diane Thomas.

WNAC Missionary Service

The 11:00 o'clock service began with singing "Bless The Lord" and Great Is Thy Faithfulness." Prayer by Joyce Little.

Offertory prayer by Marjorie Workman. Offertory was a flute solo by Loretta Morgan.

The Hubbard family-Levan, Vickey, Holly and Heath-sang "In the Cross I Will Glory."

Robert Bryan, missionary to Ivory Coast, Africa, brought the message, using Psalm 119:104-106, "A light unto my path." Robert used flash lights as an object lesson. The light is useless unless it is used. He spoke of

culture and tradition as false lights. He encouraged each of us to let our lights shine. He ended his message with prayer.

The congregation then sang "Thy Word Have I Hid In My Heart".

Dismissed in prayer by Everyl Getz

Tuesday Afternoon, 1:30 p.m.

The women sang two songs, "Women Active For Christ" by Beverly Welch, and "People Need The Lord."

Testimony by Joyce Little.

The North Little Rock Trio sang "Let It Shine".

The afternoon speaker, San Dee Stone, used Psalm 139:16, Jeremiah 29:13, Deuteronomy 6:5

San Dee testified that she found Christ in the Freemont Hotel in Las Vegas, Nevada as a result of reading a Gideon Bible. When she phoned her parents to relay this news they told her not to come home that she was no longer their daughter. She has been married 36 years and has 4 children and 2 adopted children. She acknowledged Christ as her provider and her protector. She is the author of the book "Don't Say That Name." She was told as a child to never say the name of Christ. Her husband is currently pastor of a church in Arkansas.

Dismissed in prayer by Dr. Mary Ruth Wisehart

Jo Ann Wood, Secretary

WNAC Fellowship Dinner July 19, 1994

Excelsior Hotel Grand Ballroom, Little Rock, Arkansas

Invocation: Eugene Workman

Speaker: Lorene Miley - "String of Pearls"

Benediction: Don Neal

Attendance: 740

Executive Committee Meeting

Monday, July 18, 1994

Little Rock, Arkansas

The WNAC Executive Committee met in the Doyle Rogers Room of the Excelsior Hotel, Little Rock, Arkansas, July 18, 1994.

Marjorie Workman presented the devotional thought.

Those in attendance were Mary Ruth Wisehart, Mary Neal, Jo Ann Wood, Diane Thomas, Everyl Getz, Marjorie Workman. The committee had special prayer for Barbara Fletcher and her husband, Dwight.

Motion by Marjorie Workman and second by Everyl Getz to place money received for the Eunice Edwards fund (which has been closed) in the WNAC general fund. Carried.

Motion by Everyl Getz and second by Diane Thomas that a \$500 honorarium be given to Lorene Miley for the book "First Fruits." Carried.

Motion by Diane Thomas and second by Everyl Getz that Dr. Wisehart be given the authority to hire a book keeper for WNAC as soon as possible. Carried.

The Executive Committee prepared the following statement to present to convention delegates.

WNAC Executive Committee Statement

The WNAC Executive Committee believes that the issue of the book *Of Mice and Men* has been adequately dealt with by apologies and the statement framed by the committee, December 1993. We now believe it is time to put this incident behind us and go forward in the Lord's work.

Therefore, we are asking that delegates accept this statement from the Executive Committee and join us in supporting and affirming Mary Ruth Wisehart and Melissa Riddle.

Signed, The WNAC Executive Committee:

Mary Neal
Jo Ann Wood
Diane Thomas
Marjorie Workman
Everyl Getz

The committee reviewed the changes in the Constitution and By Laws necessary because of the approved changes made in 1993.

Dismissed for lunch and the seminars beginning at 1:30 P.M.

WNAC Seminar, Monday, July 18, 1994

Presiding: Mary Neal

Theme: "Light on the Way"

Speakers: Lila Faye Morgan, Dawn Sweeney, Carol Reid

Attendance: 133

Ministers' Wives Seminar, Monday, July 18, 1994

Presiding: Everyl Getz

Speaker: Winona Riggs

Attendance: 148

State Officers Meeting, Monday, July 18, 1994

Presiding: Mary Wisehart

Attendance: 53

Jo Ann Wood, Secretary

WNAC Annual Executive Committee Meeting 12-8-93

National Offices Building, Nashville, Tennessee

Opened with devotion and prayer by Jo Ann Wood using Matt. 2:1-11

President declared meeting open for business.

Report by Melissa Riddle, editor of *Co-Laborer* magazine. She expressed her goals for the magazine. One being to establish a separate magazine budget. M/S/C to accept this report.

The floor was open for discussion and questions. We discussed controversy concerning the book, *Of Mice and Men*. After lengthy discussion with Melissa, the motion was made, seconded and carried to draft a statement from the Executive Committee concerning the issue of the book, *Of Mice and Men*. This is to be printed in *Contact* magazine as well as in *Co-Laborer*.

Adjourned for lunch.

M/S/C to draft the following statement.

The WNAC Executive Committee prayerfully acknowledges that the July-August *Co-Laborer* magazine article referring to *Of Mice and Men* has caused us much concern and grief and we feel that a public apology is necessary.

We believe we have learned from this mistake and now look forward to moving on with the Lord's work. We lovingly ask our denomination to move past this stumbling block with us and together join toward the tasks and challenges ahead.

The WNAC Executive Committee

Mary Neal
Everyl Getz
Diane Thomas
Jo Ann Wood
Marjorie Workman
Barbara Fletcher
Mary R. Wisehart

M/S/C to accept letter of intent from Thoni, Hinton & Warren CPA firm. Executive Secretary Report given by Mary Ruth Wisehart. After much discussion and a review of '94 budget, motion was made by Barbara Fletcher that we give Dr. Wisehart the authority to put us in the black by borrowing from the student loan fund up to \$15,000 with the understanding our women be notified (during the 1994 National Convention meeting when convened at Little Rock, Arkansas) that we had no other recourse. Second by Marjorie Workman. Discussed we only had two choices, either borrow from the loan fund or close the office. Motion carried.

1995 Budget reviewed and adjusted. After much discussion will adjust further as necessary before July 1995. Motion by Everyl Getz, Second by Diane Thomas. Motion carried.

Motion by Barbara Fletcher with second by Marjorie Workman to increase subscription price of *Co-Laborer* magazine to \$6.00 for Auxiliary subscriptions and \$6.75 for individual subscriptions in 1996. Motion carried.

WNAC Convention—Little Rock, Arkansas July 18-19, 1994

Theme: The Bible: Light on the Way.

Scripture: Psalm 119:105.

Hymn: "Thy Word Have I Hid In My Heart."

Music Coordinator: Joyce Little.

Pianist: Selected by Music Coordinator.

Organist: Selected by Music Coordinator.

Registration Chairman: Arkansas will select.

Headquarters Hotel: Arkansas' Excelsior Hotel

- 9:00 Congregational Singing
Devotion: Deleen Cousineau, Carol Pinkerton (alternate)
Special Music: selection by Joyce Little
Welcome: Mary Kelton, Arkansas President
Creative Arts Awards: Melissa Riddle
Credentials Committee Report/Seating of Delegates
Executive Secretary-Treasurer's Report: Mary R. Wisehart
Resolutions Committee Report
Appreciation Committee Report

Missionary Service

Congregational Singing

Offering

Music: Joyce Little

Message: Robert Bryan, Dave Franks, Sr. (alternate)

- 12:00 Recess

- 1:30 Congregational Singing
Music: Joyce Little
Registration Committee Report
Special Feature
Adjournment

WNAC Fellowship Dinner

Excelsior Hotel - Grand Ballroom

Invocation: Eugene Workman

Speaker: Lorene Miley, Diane Thomas (alternate)

Benediction: Dwight Fletcher

WNAC Ministers Wives Seminars

Excelsior Hotel - Salon C

Presiding: Everyl Getz

Theme: To be set by speaker

Speaker: Winona Riggs, Wanda Powell (alternate)

WNAC Seminar

Excelsior Hotel - Salon B

Presiding: Mary Neal

Theme: "Light on the Way"

Speaker: Personal Quiet Time: Dawn Sweeney

Methods of Bible Study: Lila Faye Morgan

Applying Bible Principles: Carol Reid, Marguerite Kern (alternate)

Presidents and Field Workers Meeting

Excelsior Hotel - Salon C

Presiding: Mary Ruth Wisehart

WNAC Eighth National Retreat

Glorieta, New Mexico, October 20-22, 1995

Plans were not complete at this time.

Respectfully submitted,
Secretary, Jo Ann Wood

Committee Reports 1994

Resolutions

We the Resolutions Committee submit the following report:

1. Whereas Pastor Neto of Brazil is still in graduate school and is still in need of funds, be it resolved that the Foreign Student Scholarship of \$1,000 be given to help him with his expenses.

2. Whereas the Eunice Edwards Loan for Churches Abroad was a five-year project and whereas the funds are now being used in other countries. be it resolved that any funds designated to that project after July 1994 go into the WNAC Co-Laborer Fund (general fund).

3. Whereas unjust personal attacks and criticism of job performance have been made against Dr. Mary Ruth Wisehart, Melissa Riddle and Yvonne Wolfenbarger, be it resolved that this body give a standing vote of support for these women.

Note of Information: This committee received a resolution from the state of Indiana asking that WNAC request to be considered to receive Cooperative funds. After consideration, we chose not to offer this item as a resolution.

Respectfully submitted,
Brenda Evans, chairperson (TN)
Mary Alice Bridgeman (OK)
Diana Bryant (FL)
Kathleen Sutton (TX)
Debe Taylor (AZ)

Report of the Appreciation Committee

We the appreciation committee submit the following recommendations:

1. That we give a rising vote of thanks to President Mary Kelton and the Arkansas State Womans' Auxiliary Convention for arranging the WNAC registration and executive luncheon and for the banquet favors and decorations and for all they have done to make our 59th session a comfort and blessing.

2. That we express our thanks to our missionary speakers, Deleen Cousineau and Robert Bryan, to our seminar speakers, Lila Morgan, Dawn Sweeney, Carol Reid and Winona Riggs, to those who provided special music, and to Lorene Miley, our banquet speaker.

3. That we express appreciation to President Mary Neal, Dr. Wisehart and our executive committee for planning our convention and seminars and the many hours of labor on behalf of the WNAC as a whole.

4. That we give special thanks to San Dee Stone for doing a special feature in our afternoon session.

Respectfully submitted,
Phyllis York, Chairperson (Kentucky)
Sandy Mounts (Ohio)
Barbara Dunbar (Georgia)
Marilyn Irvin (Illinois)

Report of the Credentials Committee 1994

We your credentials committee wish to submit the following report:

The following 22 state conventions have submitted reports and paid dues: Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Maryland, Michigan, Mississippi, Missouri, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

The following districts have submitted reports and paid dues: First Arizona District, Colorado District and Northwest District.

The following local Auxiliaries have submitted reports and paid dues: Hawaii, Iowa (Riverview, Bettendorf), Nebraska (Maranatha, Omaha), New Hampshire (New Durham 1st) Virgin Islands.

Ninety-four local delegates with \$5.00 representation fees also registered.

Reports and dues received from 22 states
3 districts
4 local churches (no district)
94 local delegates
with \$5.00 representation fee

Respectfully submitted,
Every Getz (chairperson), Texas
Nora McCarty, Georgia
Lucille Steward, Michigan
Paulette Scott, Alabama
Becky Gwartney, Missouri

1994 Creative Arts Contest Winners

Over 220 entries from 16 states and 1 foreign country.

Programs

1st	"Entering the Gates to the Garden"	Eleanor Grindstaff, Erwin TN
2nd	"Strike Up the Band"	Brenda Shores, Alma AR
3rd	"Adding Up Our Christian Lives"	Linda Hettel, Casa AR
4th	"Beauty Inside Out"	Leslie Ray, Jenks OK

Articles

1st	"Secure Within His Keep"	Barbara Eubanks, Sesser IL
2nd	"The Cock-Eyed Drawing"	Melba Hibbard, Pioneer, CA
3rd	"Auxiliary: Is It Worth It?"	Darla Trimble, Dardanelle, AR
4th	"A Recovering Prayer Warrior"	Kiska L. Sifers, Cleveland, OH

Plays

1st	<i>A Tear In Your Eye</i>	Annette Aycock, Florence, SC
2nd	<i>Room for Jesus</i>	Jean Jenkerson, Farmington, MO
3rd	<i>A Runaway's Christmas</i>	Vicki Turner, Carterville, MO
4th	<i>The Good Shepherd</i>	Brenda Shores, Alma, AR

Poetry

1st	"A Gentle Reminder"	Mary Ann Hays, Van Buren, AR
2nd	"Time is Slipping"	Lynette Morgan, Côte d'Ivoire, Africa
3rd	"What Will You Do With Jesus"	Elzie Yearby, Vernon, AL
4th	"Priorities"	Tawana Williams, Krebs, OK

Art

1st	<i>Thy Word</i>	Barbara McLeary, Lawton, OK
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WNAC Annual Report, 1994

Organization	Districts	Locals	Auxiliary Members	Actionettes	Actionette Members
Alabama	8	46	460		
Arkansas	12	87	959	1	13
California	4	24	386		
Florida	5	20	203		
Georgia	10	54	554	1	25
Illinois	2	24	213	1	8
Indiana	1	8	93		
Kansas	2	5	27	1	5
Kentucky	5	22	279		
Maryland	2	10	88		
Michigan	4	29	229		
Mississippi	4	24	276		
Missouri	9	59	678	2	14
New Mexico	2	2	11		
North Carolina	7	66	881	1	7
Ohio	4	30	329		
Oklahoma	14	106	1,148	3	18
South Carolina	4	49	603	2	13
Tennessee	3	47	921		
Texas	3	17	194		
Virginia	3	15	180		
West Virginia	1	10	138		
Districts					
Arizona (district)	1	4	22	1	6
Northwest (OR, WA)	1	2	17		
Rocky Mountain (CO)	1	4	35		
Locals					
Canada					
Hawaii (Waipahu)		1	8		
Idaho (Rupert 1st)					
Iowa (Riverview, Bettendorf)		1	8		
Montana (Billings)					
Nebraska (Maranatha, Omaha)		1	7		
New Hampshire (New Durham 1st)					
Virgin Islands		1	12		
Wyoming					
Totals	112	768	8,959	13	109

Report of Women Nationally Active for Christ

WNAC's theme for 1994 is "The Bible: Light on the Way." We have emphasized that theme with Bible studies and articles in the magazine. The theme for the retreat at Ridgecrest, September 15-17 is "Back to Basics: Prayer and Bible Study."

The magazine has about 13,000 subscribers, down somewhat from last year at this time. We are making plans to promote the magazine and increase subscriptions.

In 1993 we had requests from 37 new women's groups and 18 Actionette groups. January-May of this year we have had requests from 22 new women's groups and 8 Actionette groups.

The WNAC staff declares 1993-94 a time of new experiences and education. Because we lost our book keeper in August and because of finances, the three of us took on added responsibilities. We made some mistakes and learned many things.

I want to especially recognize Yvonne Wolfenbarger and Melissa Riddle and express my gratitude to them for their faithfulness and willingness to serve.

In behalf of the staff, I want to say a special thank and God bless you to Free Will Baptist women who have rallied with financial support, cards and letters and calls of encouragement.

Special appreciation goes to the executive committee: Mary Neal, Barbara Fletcher, Jo Ann Wood, Everyl Getz, Diane Thomas and Marjorie Workman. Your executive committee prays, plans, and looks toward the future with faith in God and confidence in Free Will Baptist women.

I believe God called WNAC into existence, and He is not finished with the organization or Free Will Baptist women. The fields are white. Multitudes are in the valley of decision. I challenge us as an organization and as Christian women to be busy about the Master's concerns in our world today.

Mary R. Wisehart
Executive Secretary-Treasurer

WOMAN'S NATIONAL AUXILIARY CONVENTION
(An Auxiliary of the National Association of Free Will Baptists)

Nashville, Tennessee

Financial Statements

December 31, 1993

Thoni, Hinton & Warren

CERTIFIED PUBLIC ACCOUNTANTS
NASHVILLE, TENNESSEE

WOMAN'S NATIONAL AUXILIARY CONVENTION
(An Auxiliary of the National Association of Free Will Baptists)

December 31, 1993

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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of the
Woman's National Auxiliary Convention

We have audited the accompanying balance sheet of the Woman's National Auxiliary Convention (an auxiliary of the National Association of Free Will Baptists) (a nonprofit organization) as of December 31, 1993, and the related statements of support and revenue, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 1992 is presented for comparative purposes only and was extracted from the financial statements presented by the Organization for that year, on which an unqualified opinion dated February 10, 1993 was expressed.

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 Woman's National Auxiliary Convention as of December 31, 1993 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Thoni, Hinton & Warren

February 21, 1994

WOMAN'S NATIONAL AUXILIARY CONVENTION
(An Auxiliary of the National Association of Free Will Baptists)
Balance Sheet
December 31, 1993
(With Comparative Totals for 1992)

ASSETS

	General Fund	Memorial Student Loan Fund	Eunice Edwards Fund	Total All Funds 1993	1992
Cash	\$ 24,829	\$ 30,986	\$ 2,610	\$ 58,425	\$ 26,935
Certificate of deposit	10,000			10,000	10,000
Accounts receivable - Note 1	5,165			5,165	6,951
Inventory - Note 1	12,124			12,124	15,111
Notes receivable		46,560		46,560	60,260
Accrued interest receivable		6,324		6,324	6,436
Advances to General Fund		13,619	4,857	18,476	13,807
Property and equipment at cost, less accumulated depreciation of \$15,685 - Notes 1 & 2	21,539			21,539	24,045
Capitalized lease - Note 3	8,594			8,594	9,085
Total assets	\$ 82,251	\$ 97,489	\$ 7,467	\$187,207	\$172,630

LIABILITIES AND FUND BALANCES

Accounts payable and accrued expenses	\$ 24,409	\$ 188	\$	\$ 24,597	\$ 2,517
Deferred revenue - Note 4	32,140			32,140	36,432
Restricted deferred revenue - Notes 1 & 9	2,440		7,467	9,907	8,503
Note payable					5,000
Advances from Student Loan Fund and Eunice Edwards Fund	18,476			18,476	13,807
Total liabilities	77,465	188	7,467	85,120	66,259
<u>Commitments</u> - Note 8					
<u>Fund balances</u>					
Restricted - Note 5	6,232	97,301	-0-	103,533	96,263
Unrestricted	(1,446)			(1,446)	10,108
	4,786	97,301	-0-	102,087	106,371
	\$ 82,251	\$ 97,489	\$ 7,467	\$187,207	\$172,630

See accountants' report and accompanying notes to the financial statements.

WOMAN'S NATIONAL AUXILIARY CONVENTION
(An Auxiliary of the National Association of Free Will Baptists)
Statement of Support and Revenue, Expenses and Changes in Fund Balances
For the Year Ended December 31, 1993
(With Comparative Totals for 1992)

	General Fund	Memorial Student Loan Fund	Eunice Edwards Fund	Total All Funds 1993	1992
Support and revenues:					
Dues and fees	\$ 21,292	\$	\$	\$ 21,292	\$ 27,459
Designated contributions	264,604			264,604	221,227
Magazine and literature sales	69,832			69,832	76,846
Convention and retreat income	10,852			10,852	15,640
Gifts and offerings	75,915	3,564		79,479	67,234
Interest income	975	2,500		3,475	3,583
	<u>443,470</u>	<u>6,064</u>	<u>-0-</u>	<u>449,534</u>	<u>411,989</u>
Expenses:					
Salaries and wages	70,686			70,686	78,028
Payroll taxes and employee benefits	16,777			16,777	19,777
Cost of magazine and literature printing	32,015			32,015	43,060
Travel and promotion	3,413			3,413	3,147
Conventions and retreats	16,490			16,490	18,298
Office expense	3,442	491		3,933	3,917
Postage	3,312			3,312	3,724
Rent expense	31,173			31,173	34,408
Professional fees	3,605			3,605	3,450
Administrative expense		400		400	400
Depreciation	2,506			2,506	1,694
Amortization	491			491	491
Bad debt expense	838			838	190
Insurance expense	54			54	871
Dues and subscriptions	50			50	75
Special projects	392			392	852
Foreign student scholarships	1,000			1,000	3,000
Continuing education	1,100			1,100	716
Designated contributions	264,525			264,525	222,173
Miscellaneous	1,058			1,058	788
	<u>452,927</u>	<u>891</u>	<u>-0-</u>	<u>453,818</u>	<u>439,059</u>
Excess (deficiency) of support and revenue over expenses	(9,457)	5,173	-0-	(4,284)	(27,070)
Fund balance - beginning of year	14,243	92,128	-0-	106,371	133,441
Fund balance - end of year	\$ 4,786	\$ 97,301	\$ -0-	\$102,087	\$106,371

See accountants' report and accompanying notes to the financial statements.

WOMAN'S NATIONAL AUXILIARY CONVENTION
 (An Auxiliary of the National Association of Free Will Baptists)
Statement of Cash Flows
 For the Year Ended December 31, 1993
 (With Comparative Totals for 1992)

	General Fund	Memorial Student Loan Fund	Eunice Edwards Fund	Total All Funds 1993	1992
<u>Operating activities</u>					
Excess (deficiency) of support and revenue over expenses	(\$ 9,457)	\$ 5,173	\$ -0-	(\$ 4,284)	(\$27,070)
Adjustment to reconcile net income to net cash provided by operating activities:					
Depreciation	2,506			2,506	1,694
Amortization	491			491	491
Changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	1,786			1,786	(2,234)
(Increase) decrease in inventory	2,987			2,987	629
(Increase) decrease in accrued interest receivable		112		112	1,057
Increase (decrease) in accounts payable	21,892	188		22,080	665
Increase (decrease) in deferred revenue	(4,323)		1,435	(2,888)	2,811
Net cash provided (used) by operating activities	<u>15,882</u>	<u>5,473</u>	<u>1,435</u>	<u>22,790</u>	<u>(21,957)</u>
<u>Investing activities</u>					
Collection of loans receivable		13,700		13,700	11,237
Additions to loans receivable					(15,487)
Purchase of equipment					(732)
Net cash provided (used) by investing activities	<u>-0-</u>	<u>13,700</u>	<u>-0-</u>	<u>13,700</u>	<u>(4,982)</u>
<u>Financing activities</u>					
Repayment of note payable	(5,000)			(5,000)	
Net cash used by financing activities	<u>(5,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>(5,000)</u>	<u>-0-</u>
Increase (decrease) in cash and cash equivalents	10,882	19,173	1,435	31,490	(26,939)
<u>Transfers</u>					
Transfer of accumulated interest and repayment of interfund loan, net	4,669	188	(4,857)		
Cash and cash equivalents at beginning of year	<u>9,278</u>	<u>11,625</u>	<u>6,032</u>	<u>26,935</u>	<u>53,874</u>
Cash and cash equivalents at end of year	<u>\$24,829</u>	<u>\$30,986</u>	<u>\$ 2,610</u>	<u>\$58,425</u>	<u>\$26,935</u>

See accountants' report and accompanying notes to the financial statements.

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WOMAN'S NATIONAL AUXILIARY CONVENTION
 (An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
 December 31, 1993

Note 1 - Organization and summary of significant accounting policies

The Woman's National Auxiliary Convention is a nonprofit organization and an auxiliary of the National Association of Free Will Baptists, Inc. The purpose of the Organization is to publish the Free Will Baptists' Woman's magazine, to receive and disburse funds for missionaries and provide other services to Free Will Baptist women.

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code under a group exemption of the National Association of Free Will Baptists, Inc.

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

Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization 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 established according to their nature and purposes. 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.

Property and equipment and depreciation

Property and equipment is stated at acquisition cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives range from 3-20 years.

Accounts and notes receivable and allowance for doubtful accounts

The Organization issues credit to churches and individuals for the purchase of magazines and literature. These churches and individuals are located all across the United States.

The Organization loans money to Bible college students for the payment of college tuition. The student is required to sign a note for the money. These notes are uncollateralized. These students are located across the United States.

Management considers accounts and notes receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

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WOMAN'S NATIONAL AUXILIARY CONVENTION
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1993

Note 1 - Organization and summary of significant accounting policies (Continued)
Cash equivalents

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

Inventory

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

Restricted deferred revenue

Deferred revenues in the restricted funds result from contributions which have been restricted by the donor for a specific purpose. Revenue in the restricted funds is recognized only to the extent that related expenses have been incurred.

Comparative data

The financial information for the year ended December 31, 1992, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Note 2 - Property and equipment

A summary of property and equipment follows:

Equipment	\$ 37,224
Less: Accumulated depreciation	(15,685)
	<u>\$ 21,539</u>

Note 3 - Capitalized lease

The National Association of Free Will Baptists, Inc. purchased an office building to house various departments and agencies of the denomination. The Organization has entered into an agreement to lease space in this new building and agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. The construction period costs of \$9,822 were capitalized and will be amortized over a period of twenty years. Amortization expense for the year amounted to \$491.

WOMAN'S NATIONAL AUXILIARY CONVENTION
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1993

Note 4 - Deferred revenue

Deferred revenue in the general fund resulted from magazine subscriptions received for 1994 issues.

Note 5 - Restricted fund balances

The restricted fund balances are revenue designated for specific purposes and are as follows:

Endowment Trust Fund	<u>\$ 6,232</u>
Memorial Student Loan Fund	<u>\$ 97,301</u>

Note 6 - Lease

The Organization entered into a lease agreement on October 1, 1990 with the National Association of Free Will Baptists, Inc. for office and storage space. The term of the lease expires when all mortgages on the building are satisfied, which is approximately 21 years. The rent expense for the year amounted to \$31,173.

The future minimum lease payments are as follows:

1994	\$ 31,980
1995	31,980
1996	31,980
1997	31,980
1998	31,980
Thereafter (estimated)	511,680

Note 7 - Pension plan

The Organization participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists. The plan is a defined contribution plan. The Organization contributes 5% of gross salary for all employees with five or more years of service and 3% of gross salary for employees with less than five years of service. Employees are allowed to contribute to the plan but are not required to contribute. Pension expense for the year amounted to \$2,835. 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 accounts.

WOMAN'S NATIONAL AUXILIARY CONVENTION
 (An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1993

Note 8 - Commitments

The Woman's National Auxiliary Convention has pledged its equipment as collateral on a mortgage note that the National Association of Free Will Baptists, Inc. has with the Church Extension Loan Fund.

Note 9 - Restricted deferred revenue

Change in restricted deferred revenue is as follows:

	Foreign Student Scholarship	Eunice Edwards Fund
Gifts and offerings	\$ 969	\$ 1,351
Interest income		84
	969	1,435
Revenue recognized in the current year (expenses)	1,000	-0-
Increase (decrease) in deferred revenue (31)		1,435
Balance, December 31, 1992	2,471	6,032
Balance, December 31, 1993	<u>\$ 2,440</u>	<u>\$ 7,467</u>

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Gifts to Missions/Missionary Objectives
January 1, 1993 - December 31, 1993

Cash Gifts

		\$475,988.28
Foreign Missions		291,683.70
Sent through WNAC	177,277.60	
Sent direct to department	114,406.10	
Home Missions		69,707.89
Sent through WNAC	69,707.89	
Direct not available		7,198.67
Bible Colleges		3,578.76
Memorial Student Loan Fund		14,709.86
Other Gifts		
Foreign Student Scholarship	968.51	
Retirement & Insurance	841.61	
Building Fund	1,959.30	
Missions Objectives	10,940.44	4,478.73
Provision Closet		1,350.80
National Project: Eunice Edwards Loan Fund		83,279.87
WNAC Operating Expense		
Co-Laborer Offering	43,343.17	
Emphasis Offering	16,912.36	
Endowment Trust	2,239.34	
Dues	20,785.00	

Non-Cash Gifts

Provision Closet	26,261.17
Total Cash and Non-Cash Gifts	<u><u>\$502,249.45</u></u>

1993 Top Ten Contributors to WNAC

Co-Laborer	Offering	Emphasis	Offering	Combined
1. Tennessee	\$7,001.39	1. Tennessee	\$3,625.60	1. Tennessee \$10,626.99
2. Georgia	\$4,601.19	2. Missouri	\$2,290.65	2. North Carolina \$5,793.41
3. North Carolina	\$4,051.67	3. South Carolina	\$1,747.00	3. Georgia \$5,766.87
4. Arkansas	\$3,662.17	4. North Carolina	\$1,741.74	4. Missouri \$5,319.28
5. Oklahoma	\$3,454.57	5. Arkansas	\$1,444.39	5. Arkansas \$5,106.56
6. Missouri	\$3,028.63	6. Oklahoma	\$1,265.36	6. Oklahoma \$4,719.93
7. Michigan	\$2,628.00	7. Georgia	\$1,165.68	7. South Carolina \$2,924.48
8. California	\$2,217.70	8. Alabama	\$ 820.00	8. Michigan \$2,728.00
9. Alabama	\$1,736.87	9. Maryland	\$ 382.03	9. Alabama \$2,556.87
10. Ohio	\$1,714.53	10. Virginia	\$ 333.50	10. California \$2,432.95

WNAC Salary Breakdown

	1993	1994	1995
Executive Secretary-Treasurer			
Salary	\$27,195.00	\$28,282.80	\$29,697.00
Social Security	2,120.44	2,163.63	2,271.82
Retirement	1,385.87	1,414.14	1,484.85
Insurance	2,865.12	3,132.09	3,125.12
Travel/Life	302.40	302.40	285.12
Hospital	2,325.48	2,558.03	2,640.00
Dental	237.24	271.66	200.00
Christmas Bonus	522.98	200.00	571.10
Total Salary and Benefits	<u>\$34,089.41</u>	<u>\$35,192.66</u>	<u>\$37,149.89</u>
Executive Assistant			
Salary	\$17,210.36	\$17,898.92	\$18,795.84
Social Security	1,366.15	1,369.27	1,465.53
Retirement	893.23	894.95	939.79
Insurance	2,772.24	3,039.21	3,030.00
Life	209.52	209.52	190.00
Hospital	2,325.48	2,558.03	2,640.00
Dental	237.24	271.66	200.00
Christmas Bonus	330.97	100.00	361.42
Total Salary and Benefits	<u>\$22,572.95</u>	<u>\$23,302.35</u>	<u>\$24,592.58</u>
Bookkeeper			
Salary	\$14,054.05		\$14,054.05
Social Security	1,117.30		1,117.30
Retirement	716.22		421.62
Insurance	1,150.08		3,030.00
Life	209.52		190.00
Hospital	300.00		2,640.00
Dental	640.56		200.00
Christmas Bonus	270.27		270.27
Total Salary and Benefits	<u>\$17,307.92</u>	<u>-0-</u>	<u>\$18,893.24</u>
Editor			
Salary	\$17,004.00	\$17,680.00	\$18,564.00
Social Security	1,301.04	1,352.52	1,447.46
Retirement	510.12	530.40	556.92
Insurance	2,764.32	3,031.29	3,030.00
Life	201.60	201.60	190.00
Hospital	2,325.48	2,558.03	2,640.00
Dental	237.24	271.66	200.00
Christmas Bonus	327.00	100.00	357.00
Total Salary and Benefits	<u>\$21,906.48</u>	<u>\$22,694.21</u>	<u>\$23,955.38</u>

WNAC 1995 Proposed Budget

Estimated Income	\$ 14,000
Co-Laborer Fund	1,500
Convention Offering	6,000
Convention Expense Gift	650
Delegate Fees	80,000
Dues	3,000
Interest Income	8,000
Literature Sales	60,000
Magazine Subscriptions	806
Miscellaneous	5,250
Retreat Fees	10,000
WNAC Emphasis Offering	<u>\$189,206</u>
Total Income	
Estimated Expense	\$ 78,191
Salaries	22,413
Employee Benefits	
Payroll Tax Expense	6,260
Employee Retirement	3,403
Health & Life Insurance	12,250
Christmas Bonus	500
Insurance—General & Comprehensive	1,000
Audit	3,120
Convention Expense	6,000
Executive Committee Expense	2,000
Co-Laborer Magazine Expense	29,500
Mailing	1,800
Miscellaneous	200
Printing	24,000
Postage	3,500
Miscellaneous Expense	500
Office Rent	24,600
Office Supplies & Miscellaneous	2,000
Phone	850
Postage	4,000
Printing	4,500
Retreat Expense	3,000
Service Contracts	600
Subscriptions	100
Travel and Promotion	2,000
Continuing Education	2,000
Special Projects	705
Furniture Payment to Memorial Student Loan	2,127
Total Expense	<u>\$189,206</u>

WNAC Receipts for January-December 1993

State	Building Fund	Colleges	Co-Laborer Offering	Dues	Emphasis Offering	Endowment Trust	Emice Ed. Fund	FSS	Provision Closet	Foreign Missions	World Missions	Home Missions	Student Loan	Missions Objectives	Totals
Alabama	\$224.83	\$175.00	\$1,736.87	\$1,028.00	\$820.00	\$816.75	\$10.00	\$20.00	\$5,207.09	\$607.65	72.68	\$8,089.44	\$118.50	\$933.53	\$19,787.66
Arizona			280.00	52.00	61.37										
Arkansas	220.00	200.00	3,662.17	2,036.00	1,444.39	410.00	11.00	42.00	506.50	7,169.49	100.00	3,439.45	443.00		466.05
California	75.00		2,217.70	648.00	215.25				345.00	611.51	240.43	240.00		20.00	19,274.00
Colorado				15.00											
Florida	93.38	33.00	924.52	446.00	259.40				106.00	3,537.34	282.76	1,495.79	249.00	133.00	7,560.19
Georgia	172.00	632.00	4,601.19	1,118.00	1,165.68		103.00	102.00	199.35	14,495.29	1,334.79	1,077.29	94.00	1,246.43	26,291.02
Hawaii				20.00											99.00
Idaho															
Illinois															
Indiana		20.00	1,248.99	600.00	235.42				220.18	8,337.11	266.60	8,529.07	10.00	320.00	19,787.37
Iowa			689.57	218.00	63.00				51.00	1,583.00	15.00	28.75			2,648.32
Kansas			220.00	22.50						63.51		7.24			313.25
Kentucky	10.00		74.10	78.00	231.47					600.35	295.04		10.00		1,303.96
Louisiana			766.70	640.00	200.00					6,474.31	239.25	3,175.29	130.00	300.00	12,063.06
Maryland										241.05		390.15			
Michigan	700.00		2,628.00	532.00	100.00					1,949.00	45.00	321.09			631.20
Minnesota										1,838.34		1,576.50		110.00	3,869.92
Mississippi															7,509.84
Missouri	180.00		1,045.70	550.00	276.00					784.00	30.00	1,138.00	22.00	610.00	4,609.70
Nebraska			3,028.63	1,651.00	2,290.65				85.00	25,517.03	952.91	6,525.85	500.95	1,056.83	42,742.58
New Mexico			180.00	76.00											256.00
New Hampshire			24.62	66.00	32.00										122.62
New York															
North Carolina															
Northwest	2,930.70		4,051.67	26.00											
Ohio			210.00	2,168.00	1,741.74										
Oklahoma	20.00	135.00	1,714.53	700.00	224.00										
Pennsylvania			3,454.57	3,482.50	1,265.36										
South Carolina															
Tennessee															
Texas	214.09	372.25	1,177.49	1,290.00	1,747.00										
Virgin Islands			7,001.39	1,842.00	3,625.60										
Virginia			855.00	388.00	188.50										
West Virginia	50.00			24.00											
Totals	\$1,959.30	\$7,198.67	\$43,343.17	\$20,785.00	\$16,912.36	\$2,239.34	\$968.51	\$4,418.73	\$162,697.46	\$14,580.14	\$69,707.89	\$3,578.76	\$11,782.05	\$361,582.18	

General Board Report

1. We have heard the reports of the Executive Office, Home Missions Department, the Department of Retirement, Free Will Baptist Foundation, Sunday School and Church Training Department, Foreign Missions Department, Free Will Baptist Bible College, Master's Men Department, Commission for Theological Integrity, Radio-Television Commission, Double in a Decade Committee, and the Budget Committee. We noted the printed reports of the Music Commission and the Historical Commission. We recommend that these reports be received and their budgets, requests and recommendations adopted as each is presented. We recommend that the revised budget of the Master's Men Department be adopted in the place of the budget printed in the *Digest of Reports*.
2. We recommend that the Hymn Book Committee be authorized to utilize the "Bust" binding for the reprinting of the hymn book.
3. We recommend that the Master's Men Department be required to present an independent, outside audit of their finances.
4. We recommend Kansas City, Missouri, as the site of the 2004 convention of the National Association of Free Will Baptists.
5. A recommendation is attached regarding Ministry to Ethnic Groups in the USA. We recommend that it be adopted.
6. We heard the reports of the Investigative Committee for Addiction Recovery Ministries, and the Ministerial Family Life Committee. We recommend that these reports be received and their requests be adopted. The funding requested by the Investigative Committee for Addiction Recovery Ministries will come from the Special Projects of the Executive Office.

Recommendations Regarding Ministry to Ethnic Groups in the USA

Recent years have brought immigrants to this nation from Latin America, the Pacific Rim nations and the Middle East in unprecedented numbers. This has presented churches in our nation with an unparalleled opportunity and obligation for reaching multitudes from other nations with the gospel without leaving our own shores. We are also provided unique opportunities for the training of workers for cross-cultural ministries at home and abroad. In the U.S.A., cross-cultural evangelistic/church planting efforts of the National Association of Free Will Baptists have been limited to Hispanics. Meanwhile the numbers of unevangelized coming to our shores continue to swell.

The magnitude of the opportunity as well as faithfulness to the command of our Lord Jesus Christ demands a major, concerted effort on the part of Free Will Baptists. We therefore recommend:

- 1) That the National Association of Free Will Baptists reaffirm our conviction that the gospel is to be preached to every creature by committing ourselves and our resources in every way possible to the task of cross-cultural evangelism within the boundaries of our own nation.
- 2) That the National Association of Free Will Baptists authorize a study committee to be chaired by the Executive Secretary and composed of the general directors of the Home Missions Department, the Foreign Missions Department, the Sunday School/CTS Department, the president of Free Will Baptist Bible College and three additional members to be selected by the committee members named above.
- 3) That the study committee assess the dimensions of the challenge and identify those peoples and cities to which Free Will Baptists might most readily minister, as well as those that may be of highest priority.
- 4) That the study committee assess denominational resources and talents in light of needs.
- 5) That the committee propose plans, strategies and necessary structures for a united cross-cultural ministry of the National Association of Free Will Baptists.
- 6) That the committee determine denominational, educational and training needs that will be required for this kind of ministry.
- 7) That the study committee offer suggestions for the development of cross-cultural ministries by local churches and district or state associations.

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, Arkansas, Arizona, California, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Maryland, New Mexico, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia and 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 and First District New Jersey.
3. From the following churches with the right to one delegate each:
First Free Will Baptist Church, Billings, Montana
Maranatha Free Will Baptist Church, Omaha, Nebraska
Free Will Baptist Church, St. Croix, Virgin Islands
Waipahu Free Will Baptist Church, Waipahu, Hawaii
West Madison Free Will Baptist Church, Madison, Wisconsin
4. We recommend that the delegates from the three above 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.

Committee
Nathan Ruble
Lester Horton
Ron Parker
Bob Thomas
J. L. Gore

Report of the Resolutions Committee

Resolution #1 Health Reform

The committee received resolutions dealing with the National Health Reform plan. Since the plan is not yet in its final form, we encourage our constituency to contact their representatives and express their opinions on the morally objectionable provisions.

Resolution #2 Abortion

We concur with the concern over abortion and reaffirm our stated position in past resolutions to oppose any and all forms of abortion.

Resolution #3 Relationships

We acknowledge receiving resolutions concerning relationships between individuals. It is our opinion that this point has been addressed in past resolutions, specifically Resolution #11 from last year's convention.

Resolution #4 Appreciation

Whereas, the Arkansas State Association has done a marvelous job hosting the 58th National Association, Therefore, be it resolved that we give them a standing vote of appreciation.

Bill Jones, Chairman
Paul Thompson
Milton Worthington
Randy Corn
Will Harmon

Nominees to General Board

Terms to expire in 1995

New Jersey: Vergel Maness
New Mexico: Earl Jenkins
North Carolina: Tom Lilly
Northeast Association: Jim Nason
Northwest Association: Terry Stafford
Ohio: Delmar Sparks
Oklahoma: Jack Richey
South Carolina: Joe Cagle
Tennessee: Charles Thigpen
Texas: Thurmon Murphy
Virginia: Richard Barnes
West Virginia: Carl Vallance

Nominees to Executive Committee

Terms to expire in 1996

Replacing Tom Lilly (NC), Tom Lilly
Replacing Thurmon Murphy (TX), Thurmon Murphy
Replacing Jim Nason (Northeast Association), Delmar Sparks (OH)

Nominees to Bible College Trustees

Terms to expire in 2000

Replacing Ken Walker (KY), Richard Barnes (VA)
Replacing Bob Ketchum (OK), Gary Fry (MO)
Replacing Howard Price (GA), Steve Ashby (IN)

Nominees to Sunday School and Church Training Board

Terms to expire in 2000

Replacing Milton Worthington (MI), Jeff Crabtree (VA)
Replacing Billy Hanna (GA), Billy Hanna
Replacing Jim Shepherd (OK), Dennis Wiggs (NC)

Nominees to Foreign Missions Board

Terms to expire in 2000

Replacing William Reagan (Canada), William Reagan
Replacing Robert Trimble (MD), Phil Ange (SC)
Replacing Norwood Gibson (SC), Milton Worthington (MI)

Nominee to Commission for Theological Integrity

Term to expire in 1999

Replacing L. C. Johnson (TN), Jeff Manning (NC)

Nominee to Radio-Television Commission

Term to expire in 1999

Replacing James Vallance (TN), James Vallance

Nominee to Music Commission

Term to expire in 1999

Replacing Randy Sawyer (NC), Randy Sawyer

Nominee to Historical Commission

Term to expire in 1999

Replacing Robert Picirilli (TN), Robert Picirilli

Nominees for General Officers

Terms to expire in 1995

Replacing moderator, Ralph Hampton (TN), Ralph Hampton

Replacing assistant moderator, Carl Cheshier (AR), Carl Cheshier

Replacing clerk Waldo Young (OK), Waldo Young

Replacing assistant clerk Keith Burden (OK), Keith Burden

(For those elected see proceedings or Officers and Boards in front of Yearbook.)

Obituary Committee Report

Alabama

Ferd Allen
Alfred Hamilton
Evis Inman
Lola Keeton

Arkansas

A. M. Chamberlin, Deacon
Treva Davis
Joel Arthur Joslin, Minister
Lonzo Mcully, Deacon
Clifford Sykes, Deacon
Hazel Thatch
Sally Lou White
Roy Williams, Minister
Peggy Louise Almond Wright

California

Max Ramsey, Deacon
Georgia Reynolds, Deacon's Wife
Clara Scalloral
Thelma Wilson, Minister's Wife

Florida

Elmer Caison, Deacon

Georgia

Cynthia Leno McDuffie,
Minister's Wife

Idaho

Everett Hopkins, Minister

Illinois

Ivan Crooks, Deacon
Evelyn Lawrence Hersey, Missionary
Frank Kehrer, Deacon
C. J. (Jack) Kettelman, Minister

Kentucky

Eli Hardy, Minister
Abbie Hinkle
Earnest Kretzer, Minister
Don Pannell, Minister
Guy Weatherholt

Missouri

Terry Collins
Ruby McAllister

New Mexico

Tom Malone

North Carolina

James V. Coley
Marilyn Geibel
George T. Grant
J. K. Horne
Sally Novella Propst
Clifton Smith
Lyman Wagner, Deacon
C. E. West

Oklahoma

Ethel Mouser
E. H. (Jack) Newsom, Minister
Richard Gallant, Minister

South Carolina

Robert H. Barnette, Sr., Minister
Clyde McKnight, Deacon
Grayson Street, Deacon
Alma H. Weatherford

Tennessee

Robert L. Byrd, Sr.
Amanda Lewis
Kate Sensing
Thomas Tucker, Deacon
Howard Walker, Deacon
Gary Heck

Texas

Mary Brumfield
H. Z. Cox, Minister
Jim Driver
Leona Measures

Virginia

Larson Cave, Minister

Committee Members
George C. Lee, Chairman
Ernie Lewis
Vernon Barker

Budget Committee Report

The National Association of Free Will Baptists, Inc. has approved in this convention the following budget for 1994:

Executive Office	\$ 514,860.88
Free Will Baptist Bible College	3,341,125.00
Foreign Missions	4,312,150.00
(Includes \$150,000.00 Advance Budget)	
Home Missions and Church Extension	2,700,000.00
Master's Men	106,500.00
Retirement and Insurance	336,028.00
Free Will Baptist Foundation	53,000.00
Sunday School and Church Training	2,540,038.45
Commission for Theological Integrity	2,700.00
Historical Commission	2,725.00
Music Commission	4,000.00
Radio-Television Commission	10,900.00
Women Nationally Active for Christ	181,871.00
Total	\$13,924,027.33

All these ministries receive funds through the Together Way Plan except for WNAC and the Sunday School and Church Training Department which are self-sustaining.

The Budget Committee recommends that gifts received through the Together Way Plan be allocated to the national ministries on the following basis:

1. Underwrite the Executive Office Administrative Budget above designated gifts, not to exceed 60% of cooperative receipts.
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 .....	.5%
Historical Commission .....	.5%
Music Commission .....	.5%
Radio-Television Commission .....	.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
 Bill Evans, General Director of Retirement and Insurance Department
 James Vallance, General Director of Master's Men Department
 Alton Loveless, General Director of Sunday School and Church Training Department

Registration Committee Report

National Convention	4,421
Ordained Ministers	913
Ordained Deacons	226
Licensed Ministers	13
Local Church Delegates	169
State Delegates	96
Home Missionaries	72
Foreign Missionaries	57
National Board Members	12
National Officers	4
Non-Delegates	2,859
National Youth Conference	2,044
Women Nationally Active for Christ	1,175
Grand Total	7,640

Double In A Decade Campaign Report 1993

The Double in A Decade Campaign was launched January 1, 1991, with a two-fold goal: to promote the planting of 250 new churches and stimulate denominational membership to double by A.D. 2000. Statistical data for 1993 indicates 8,828 baptisms and 12,246 members added; 6,011 members were lost; this left a net membership gain of 6,236. Comparative figures from 1991 show

	1991	1992	1993	Total
Baptisms	8,703	9,283	8,828	26,814
Members Added	12,931	12,123	12,246	37,300
Members Lost	7,240	7,223	6,011	20,474
Net Increase	5,691	4,900	6,236	16,827

One of the events which the Double in A Decade Committee promoted was Roll Call Sunday. Free Will Baptists reported 223,858 in attendance in our churches at home and abroad. The goal for Roll Call Sunday, March 26, 1995, is 230,000. We encourage our churches to participate in this special event.

The Double in A Decade seminar during the 1994 national convention in Little Rock, Arkansas, will be combined with the Home Missions Free Will Baptist Camp Meeting on Monday afternoon, July 18. The speaker will be Dr. Richard Adams who serves on the Home Missions staff.

Plans call for aggressive promotion of the Double in A Decade Campaign in 1995. The Double in A Decade Committee is actively seeking ways to help pastors find effective means to promote spiritual, statistical, stewardship and service growth. In order to double in a decade, more laborers must be thrust into the harvest field.

Double in a Decade Committee
Melvin L. Worthington Th.D., Chairman

National Youth Conference 1994 Report

The 1994 National Youth Conference theme was "Be Strong and Courageous" and our theme verse was Deuteronomy 31:6. Our worship services were designed with this theme in mind. Our children's worship services were led by Gary Bigelow, Dean Stone, Bruce Bennett, Jeff Nichols and Paul Allen. Our youth worship services were led by Cameron Lane, Joey Wilson, Phil Nelson, Junior Phillips, Allen Pointer and Neil Gilliland. Approximately 450-500 decision were made during the conference services.

The total registration for the 1994 National Youth Conference was 2,044. Our total number of competitive entries was 1,012. Both of these numbers represent an increase over last year's record numbers, thus again setting new records.

During the awards ceremony Wednesday evening, special awards were given for: Youth Group of the Year—the Youth of Arkansas for their Norman Invasion Project; Youth of the Year—Corrie Coker, Horse Branch FWB Church, Turbeville, SC, and Youth Worker of the Year—Sam McVay, Cofer's Chapel FWB Church, Nashville, TN.

Hymnal Committee Report

Hymnal Reprint Time-Line

June 1994

Finish proofing of songs and texts.

Proof every song:

the text

the layout

the music

the typesetting

Proof every table and index

Send 50% of finished proofs to engraver.

Finalize decision about printer and binding.

Prepare report for Dr. Worthington for national convention.

Make final decisions about title for generic book.

Make final decisions about typesetting and engraving of both books.

July 1994

Send final 50% of finished proofs to engraver.

50% of engravings made and corrections returned to engraver for final proof.

August 1994

Remaining 50% of engravings made and corrections returned to engraver for final proof.

September 1994

Final proofs and mechanicals given to printer.

Deliver all proofed materials to printer.

Receive blue line from printer.

One-half payment made to printer.

November 1994

Final payment to printer and delivery of product to Drs. Worthington and Peterson.

20% of corrections handed to engraver.

Books delivered to Randall House Publishers.

Report to the National Association of Free Will Baptists by the Special Investigative Committee For Addiction Recovery Ministries

The United States of America, for a number of reasons, is the most addictive-prone society in history. The National Center for Health Statistics reports that 43% of American adults have experienced alcoholism in their families. The figure covers the estimated 78 million people who either have a blood relative affected with alcoholism or are married to those who have succumbed to the ravages of intoxicants. Drunk drivers are responsible for 50% of all traffic deaths, and drinking lurks behind much of today's domestic and social violence.

Similar surveys show renewed increases in illicit drug usage by American college students, with the most significant increases involving hallucinogens. Between 11 and 14 million American teens and adults are hard-core drug abusers, and there are 2.2 million cocaine addicts—one out of every 100 Americans.

Additionally, tobacco use prematurely claims the lives of 400,000 Americans annually.

The Committee believes that most—if not all—addictive problems are sin-based and should be addressed biblically by the church of Jesus Christ. In the Gospels Jesus often used need-based ministries to reach the hearts of those He came to save, and He clearly expects His church to do the same.

After several meetings to review and consider a variety of potential responses and resources, it became clear to committee members that possible denominational involvement in addiction-recovery ministries could range from (1) being nothing more nor less than an information provider to churches; to (2) encouraging and resourcing congregational recovery and support groups; to (3) developing a full-fledged rehabilitation center or centers.

To proceed in determining the feasibility of such projects, the Committee wishes to survey a representative cross-sampling of Free Will Baptists to determine the needs, interests, and support regarding such programs. After processing the survey and other collected data, we anticipate bringing a set of recommendations to the 1995 meeting of the National Association of Free Will Baptists in Charlotte.

To complete its work, the Committee requests funding of \$4,000. Of this amount, \$3,059 would fund the survey,* with the balance covering the costs of additional materials and possible on-site research visits.

Respectfully submitted,
Dr. LaVerne Miley, Chairman
Rev. Terry Eagleton

Rev. Robert J. Morgan
Rev. Donald Worrell
Dr. Malcolm Fry

*See following research proposal

Introduction

During the 1993 Free Will Baptist National Association meeting, a committee was commissioned to study the feasibility of beginning a program for the recovery and rehabilitation of addicted persons. The research detailed in this proposal is designed to assist this committee.

Purpose

The committee is interested in measuring the perceived need among Free Will Baptists for a recovery ministry or program. Additionally the committee would like to determine the level of programming, if any, desired by the denominational constituency.

Methodology

A direct mail questionnaire will be used to collect the data for this project. The instrument will be developed by the committee members with assistance from research professionals. The questionnaire will focus on measuring the need for the proposed programming in an unaided way. Respondents will be asked to rate the need for a number of types of programming. This method will mask the intent of the research and will help to validate or invalidate the assumption that this is a needed program with widespread support. The content of the questionnaire will be primarily quantifiable. This will make it possible to draw statistically reliable conclusions about the feeling of the respondents. Additionally, some opportunity will be provided for respondents to give open-ended responses.

In order to increase response rates the questionnaire will be attached to a cover letter signed by either Dr. LaVerne Miley, committee chairman, or Dr. Melvin Worthington, Executive Secretary. The letter will inform the potential respondent of the importance of the research and of its confidential nature. Also for response rate purposes, the outgoing envelope should have the denominational logo imprinted on it. The outgoing postage will be non-profit bulk rate (a determination needs to be made whose permit to use).

A return envelope should be included with the questionnaire for the respondent's convenience. The return should be a Business Return Envelope (a permit for BRE's needs to be purchased for this project at a cost of \$75.00). The return address on the BRE should be an address other than the national office building or the Bible College. A neutral site will ensure the respondent that no attempt will be made to determine who he/she is.

The primary group from which data is to be collected is Free Will Baptist pastors. A random sample of 1,500 pastors will be drawn by a professional statistician from the national church directory and a questionnaire will be sent. The target number of returned questionnaires is 250. This number will allow for analysis of sub-groups of respondents with reasonable statistical accuracy (for example, urban and rural pastors).

Ideally, a sample of Free Will Baptist lay people will be drawn also. A sample of 1,500 people would be drawn randomly and sent questionnaires, as well. This would allow for the measurement of differences in the feelings

of the people and the pastors. This will be done if feasible financially. The return questionnaires will be processed and entered into a computer data base. Reports of all responses will be generated and analyzed to determine trends and issues which are significant. A management report of key findings will be produced. Finally, a determination of the interest level and needs can be reached for the purposes of reporting to the national body.

Costs

Assumptions on which the following costs are based:

- A data base of names exists from which the church directory is compiled which can be used to draw the sample.
- The sample will be professionally drawn.
- The rate of response will fall between 15-20%.
- A one color questionnaire will be used.
- The outgoing postage rate will be \$.113 per one ounce piece.
- A BRE permit will be acquired for this project.
- Volunteers, college students or committee members will assist in inserting labeling and mailing surveys (to keep costs low).
- Mark McPeak will assist in questionnaire development and analysis at no cost.

	1,500 *	3,000 **
Cost Issues	Cost	Cost
Sample Selection	\$150.00	\$200.00
Questionnaire typesetting/printing	\$450.00	\$750.00
Cover Letter Printing (Xerox)	\$100.00	\$175.00
BRE typesetting/printing	\$225.00	\$375.00
Outgoing Envelope (Executive Office?)	\$125.00	\$200.00
Letterhead for cover letter(Executive Office?)	\$150.00	\$250.00
Outgoing postage	\$169.50	\$339.00
Return Postage (.69)	\$172.50	\$345.00
Data Entry/Processing	\$112.00	\$225.00
Reports generation/duplication	\$100.00	\$200.00
Total Cost	\$1,754.00	\$3,059.00

* 1,500 questionnaires mailed to pastors only

** 3,000 questionnaires mailed to pastors and laymen

Report of the Ministerial Family Life Committee

Resolution #1, Ministerial Family Life, called for the moderator to appoint a committee of five "to develop a ministry of restoration for our leaders."

The Committee met four times since the 1993 national convention. Considerable attention was given to factors that contribute to the fall of Christian leaders. The primary focus has been on pastors, however, much of what we learned would be applicable to all.

It is with sad and heavy hearts that we address this subject. We must face the reality that some pastors do experience serious moral failure. While there are other problems, such as embezzlement of funds, the vast majority of cases involve sexual immorality. Almost all the restoration literature focuses on sexual immorality.

While the primary thrust of this report deals with restoration, serious attention needs to be given to prevention. The only protection is a planned defense. Every Christian needs to have plans on how he can avoid sexual sin.

Regarding a fallen minister who needs restoration, we are assuming that the individual has been asked to give up his credentials because of sin. Or, he could have voluntarily surrendered his credentials because of sin. There could be problems that require discipline for which the individual would not be asked to give up his credentials. While some of what we recommend may be useful in such cases, we are not specifically addressing such cases.

In cases where an individual has forfeited his credentials, the body or committee in charge of discipline would be involved. This group should instigate the restoration process. See *A Treatise of the Faith and Practices of the Original Free Will Baptists*, Chapter Two, Section 2 concerning who disciplines ministers. Also, check in your own Association concerning who disciplines ministers.

Observations

1. If there is to be restoration: (a) There must be an admission of guilt and repentance. (b) There must be a desire for help. (c) There must be a willingness to receive the help that is provided.
2. In cases of sexual immorality, others are involved. There must be concern for those individuals and their families.
3. There must be a concern for the individual's wife and children. Help for him must involve help for them.
4. There must be concern for the devastation brought upon the church this individual was serving when he committed the sin. While the church must decide whether or not it wants outside help, concern for the church should be expressed.
5. Sexual sins are devastating and unique in their ability to produce personality problems. Paul warns, "Flee fornication. Every sin that a man doeth is without the body; but he that committeth fornication sinneth against his own body" (I Cor. 6:18). Precisely

what Paul meant is hard to determine, but it is obvious he meant to say that sexual sins are unique.

6. We must believe that there is hope for an individual who has been committed to Christian values and has fallen into sexual immorality to be restored to a stable Christian life.
7. While we must believe in the possibility of his becoming re-established in the Christian life, we must not naively accept an oversimplified approach. There is much to overcome and much to be healed. This will take a great deal of time.

Recommendations

These recommendations all work on the assumption that the individual admits guilt and wants help. If he is not ready for help, advise him that if he changes his mind help will be available. Sometimes it takes a while for repentance to work its fruit.

1. The goal of restoration is to bring reconciliation and healing to the individual, his family and all involved parties; and help the individual to become an established, steadfast Christian, and a worthwhile member of the local church he chooses to attend.
2. The group responsible for discipline should appoint a committee of three to five Christian leaders to whom the restoration candidate will be accountable during the restoration period. Ordinarily, the pastor of the church where he chooses to attend should be a member of this group. These men should be frank and open while showing that they have the restoration candidate's best interests at heart. At first, they should meet once a month. When adequate progress is observed, these meetings may be less frequent. The individual should be responsible to this committee for at least two years.
3. The committee to whom the restoration candidate is accountable should work with him in selecting a fellow minister to whom he will report on a regular basis for counseling. This should be someone he highly respects. It will be helpful if this individual has had some experience in assisting people through difficult problems.

It will be better if the counselor is not a member of the committee to whom the restoration candidate is responsible. With discretion and proper regard for confidentiality, the counselor should report to the committee concerning the individual's progress or lack of progress.

At first, the restoration candidate should meet with his counselor once a week. Later, the meetings may be less frequent. He should continue to meet with the counselor until the counselor is convinced that adequate progress has been made. If the restoration candidate is not showing serious interest in working on his problem, the counselor should report this to the committee.

In some cases, it may be necessary for the restoration candidate to see a professional Christian counselor rather than a fellow minister.

4. When the committee considers its work complete because they believe the restoration candidate has been re-established, they should report to the pastor and deacons of the church he attends. If it is concluded early on that the restoration candidate is not showing proper interest, the committee may report this to the pastor and deacons and dissolve the committee.
5. After one year, it may be acceptable for the restoration candidate to have some lay position in the church he attends, if the committee is satisfied with his progress. Further decisions can be made about his place in the church after the committee gives its final report.

We understand that if these recommendations are passed they are non-binding upon our associations and churches. However, we hope that in view of the serious need our people will consider taking some positive steps to address the growing problem of ministerial restoration. We encourage those who use these recommendations to modify them as needed. As those who believe in the authority of the Bible, it is incumbent upon us to heed Paul's admonition in Galatians 6:1-2, "Brethren, if a man be overtaken in a fault, ye which are spiritual, restore such an one in the spirit of meekness; considering thyself, lest thou also be tempted. Bear ye one another's burdens, and so fulfil the law of Christ."

Recommended Bibliography

The attached restoration bibliography does not mean that we endorse the contents of any book. However, we do believe that the material contained in this bibliography will prove helpful to those who want to be informed on the subject. We express our appreciation to Lewis Campbell for work on the bibliography.

Request for Extension

The above recommendations address the specific request in the resolution that brought this committee into existence. However, we could not discuss the subject of fallen Christian leaders without being deeply concerned about the subject of prevention. It is a thousand times better to prevent a fall than it is to restore a person after a fall, as important as that may be.

Therefore, we request a one-year extension of this committee in order to continue examining the subject of restoration, and to address the need of prevention, the legal ramifications and other matters that may be requested by this body.

Leroy Forlines, Chairman
Trymon Messer
Larry Powell
Kenneth Riggs
Eugene Waddell
Ralph Hampton (Advisor)
Melvin Worthington (Advisor)

Bibliography

For the purpose of clarification, this bibliography is broken into four categories.

- I. An Understanding Of The Problem. This will deal with an understanding of the causes and nature of moral breakdown in the ministry.
- II. Restoring The Offender. This section contains books having to do with the spiritual, psychological and emotional restoration of the brother. Included in this group are some books that will help the spouse and family cope with the trauma. Also recommended are some books specifically for the personal growth and maturity of the fallen brother.
- III. The Church's Role. These books relate to the problems of restorations and how the church responds to it. For the most part the information in this section is taken from authors who have a congregational or baptistic background as opposed to a hierarchical church government style.
- IV. Other Resources. These are books that Lewis Campbell has not personally read but have been recommended by others that he respects.

I. Understanding the Problem

1. Carnes, Patrick. *Out of the Shadows: Understanding Sexual Addiction*. Minneapolis: Comp-Care Publishers, 1985.
2. Carnes, Patrick. *Don't Call it Love*. Bantam Books, 1991.
3. Laaser, Mark R. *The Secret Sin: Healing the Wounds of Sexual Addiction*. Zondervan, 1992.
4. Mylander, Charles. *Running the Red Lights: Putting the Brakes on Sexual Temptation*. Regal, 1986.
5. Peterson, J. Allen. *The Myth of Greener Pastures*. Tyndale House, 1983.
6. Pittman, Frank. *Private Lives, Infidelity and the Betrayal of Intimacy*. Norton, 1990.
7. Schaumburg, Harry W. *False Intimacy: Understanding the Struggle of Sexual Addiction*. NavPress, 1992.
8. Virkler, Henry A. *Broken Promises: Understanding, Healing, and Preventing Affairs in Christian Marriages*. Word Books, 1992.
9. White, John. *Eros Defiled*. Inter-Varsity Press, 1977.

II. Restoring the Offender

1. Carter, Les. *The Prodigal Spouse: How to Survive Infidelity*. Thomas Nelson, 1990.
2. Dobson, James. *Love Must Be Tough: New Hope for Families in Crisis*. Word Books, 1983.
3. MacDonald, Gordon. *Rebuilding Your Broken World*. Oliver-Nelson, 1988.
4. McGinniss, Alan L. *The Friendship Factor: How to Get Closer to the People You Care For*. Augsburg, 1979.
5. Seamands, David. *Healing For Damaged Emotions*. Victor Books, 1981.

6. Smedes, Lewis B. *Forgive and Forget: Healing the Hurts We Don't Deserve*. Harper and Rowe, 1984.
7. Wilson, Sandra D. *Released from Shame*. Inter-Varsity Press, 1990.

III. The Church's Role

1. Baker, Don. *Beyond Forgiveness: The Healing Touch of Church Discipline*. Multnomah Press, 1984.
2. LaHaye, Tim. *If Ministers Fall, Can They Be Restored?* Zondervan, 1990.
3. White, John and Ken Blue. *Healing the Wounded: Church Discipline That Heals*. Inter-Varsity Press, 1985.
4. Winebrenner and Frazier. *When a Leader Falls*. Bethany House, 1993.

IV. Other Resources

1. Backus, William and Candace. *Untwisting Twisted Relationships*. Bethany House, 1988.
2. Chandler, Charles. *Minister's Support Group: Alternative to Burnout*. Convention Press, 1987.
3. Clinebell, Howard J., Jr. and Charlotte H. *Intimate Marriage*. Harper and Rowe, 1970.
4. Faulkner, Brooks R. *Forced Termination: Redemptive Options for Ministers and Churches*. Broadman Press, 1986.
5. Faulkner, Brooks R. *The Holy Spirit in the Minister's Life Changes*. Convention Press, 1988.
6. Faulkner, Brooks R. *Stress in the Life of the Minister*. Convention Press, 1981.
7. Fortune, Marie M. *Is Nothing Sacred? When Sex Invades the Pastoral Relationship*. Harper and Rowe, 1989.
8. Hession, Roy. *Forgotten Factors: An Aid to Deeper Repentance of the Forgotten Factors of Sexual Misbehavior*. Christian Literature Crusade, 1976.
9. Kuhne, Karen. *A Healing Season: A True Story of Adultery and Reconciliation*. Zondervan, 1984.
10. Laney, J. Carl. *A Guide to Church Discipline*. Bethany House Publishers, 1985.
11. Peck, Terry A. *The Minister's Mate: Two for the Price of One?* Convention Press, 1986.
12. Rosberg, Gary. *Choosing to Love Again: Restoring Broken Relationships*. Focus on the Family.
13. Walker, Warham. *A Harmony of the Church*. Backus Book Publishers, 1981.
14. Wray, Daniel. *A Biblical Church Discipline*. Banner of Truth Trust, 1978.

Statistical Report Reporting Period 1993-1994

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	Personages
Alabama	14	172	170	62	110	121	51	452	796	539	19,334	291,493	5	36
Arizona	2	8	8	7	1	5	3	44	46	30	255	5,402,649	2	2
Arkansas	15	224	216	95	121	103	110	618	1,228	721	19,656	2,468,236	46	73
California	8	67	64	52	11	48	15	479	442	676	3,570	2,468,236	28	29
Canada	1	12	12	2	10	4	8	4	4	5	394	171,316	2	3
Colorado	1	5	3	5	5	4	1	17	18	18	132	2,194,094	2	38
Florida	8	72	69	39	32	47	24	164	369	229	5,238	3,202,683	27	35
Georgia	10	120	117	44	76	93	26	268	452	249	9,603	89,670	35	57
Hawaii	1	1	1	1	1	1	1	6	9	15	21	62,174	1	1
Idaho	2	6	6	6	6	3	3	14	17	12	206	1,200,000	3	3
Illinois	6	45	45	28	17	20	24	123	177	148	4,051	1,000,000	17	16
Indiana	3	20	20	18	5	11	6	4	1	1	1,100	600,000	5	5
Iowa	1	1	1	1	1	1	1	1	1	1	60	176,687	3	2
Kansas	2	9	9	9	9	3	5	19	44	28	214	1,630,396	15	4
Kentucky	10	153	153	35	118	22	131	616	920	603	16,327	45,461	2	2
Louisiana	1	2	2	2	1	1	1	7	19	5	89	724,017	12	7
Maryland	3	23	23	11	12	21	2	71	121	60	1,570	1,178,882	1	15
Mexico	1	30	30	38	9	28	19	166	279	83	2,911	33,350	1	26
Michigan	6	47	42	38	31	25	30	137	287	88	3,400	5,103,407	48	46
Mississippi	4	51	45	14	31	25	30	374	721	439	14,795	1,178,882	1	26
Missouri	17	177	172	77	100	99	73	374	721	439	14,795	5,103,407	48	46
Montana	1	1	1	1	1	1	1	3	3	7	32	45,711	1	1
Nebraska	1	1	1	1	1	1	1	3	3	7	32	45,711	1	1
New Jersey	1	4	4	2	2	2	2	14	4	3	127	35,829	2	2
New Mexico	2	4	4	4	4	1	1	10	6	21	112	9,000,000	70	52
North Carolina	8	186	186	71	115	142	144	946	1,113	556	20,793	112,527	3	1
Northwest Assoc.	10	5	4	3	2	4	2	13	15	16	138	3,950,313	2	1
Ohio	18	146	145	66	80	50	93	592	744	509	9,586	8,389,706	23	18
Oklahoma	23	255	236	148	86	138	86	826	1,725	874	21,931	9,690	66	82
Puerto Rico	7	117	117	27	46	84	19	290	449	236	10,294	2,381,383	31	34
South Carolina	5	189	164	33	15	97	68	337	835	409	19,607	4,509,880	15	12
Tennessee	6	48	39	33	72	21	19	123	220	113	2,815	202,024	18	4
Texas	5	93	88	21	72	30	63	139	390	161	6,132	536,061	1	1
Virginia	5	1	1	1	1	1	1	22	28	1	115	2,469,814	7	33
Virgin Islands	20	188	188	29	159	74	114	848	810	650	10,609	8,292	7	33
West Virginia	1	1	1	1	1	1	1	5	5	4	96	35,334	1	1
Wisconsin	2	2	2	2	2	2	2	5	5	4	207,576	57,281,400	485	604
Wyoming	210	2,496	2,279	959	1,233	1,341	1,144	7,804	12,393	7,508	207,576	57,281,400	485	604
Totals	210	2,496	2,279	959	1,233	1,341	1,144	7,804	12,393	7,508	207,576	57,281,400	485	604

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	Value of Church and Parsonage Property	Sunday School Enrollment	CTS Enrollment	WNAE Enrollment	MM Enrollment	Ordained Ministers	Licensed Ministers	Deacons	Day Cares	Kindergartens	Christian Day Schools	Bible Institutes	Colleges	Value of Associational Property
Alabama	9,345,920	10,234	1,919	729	204	268	34	510	8	7	6	1	1	
Arizona	1,350,000	227	106	39	25	8		6						
Arkansas	32,770,150	11,892	2,998	1,230	194	356	40	579		2	1	2		893,142
California	26,552,174	4,398	399	315	25	98	34	116	1	5	6		1	1,000,000
Canada		444				6	4							265,000
Colorado	800,000	239		25		7			1					
Florida	12,513,315	3,030	647	380	80	109	23	150	4	2	2	1		
Georgia	19,344,188	5,297	1,202	724	197	156	29	385	2	2	2			660,000
Hawaii	3,400,000	52	18	8	8	1	1	1						3,400,000
Idaho	250,000	282	20	10	12	8	3	5						
Illinois	11,100,000	2,915	649	345	80	64	8	101	2	2	2			750,000
Indiana	3,000,000	1,233	186	130	63	34	5		3	3	2			
Iowa	200,000	30		8	6	1	1							
Kansas	1,465,400	275	14	34		7	1	4						
Kentucky	11,430,967	7,948	704	464	61	399	23	315		1				
Louisiana	566,000	67		17	12	1		1	2					
Maryland	6,214,500	1,338	67	156	11	42	9	39				1		353,000
Mexico						33								
Michigan	8,859,000	2,125	232	280	77	77	9	76	1					
Mississippi	275,000	2,518	709	316	72	67	8			1	1			
Missouri	27,000,000	11,377	1,209	891	87	263	39	342	3	1	4	1		590,000
Montana	150,000	10				1			1					
Nebraska	350,000	40		8		1								
New Jersey	980,000	125		15		7	1	2						
New Mexico	290,000	85		23	6	5	2	4						
North Carolina	288,000,000	11,693	1,720	1,280	440	215	62	450	12	10	12		1	350,000
Northwest Assoc.		120	10	14	12	4	1							
Northwest Assoc.	1,481,000	320		42	15	7		5						
Ohio	26,191,614	9,517	538	714	83	298	15	277				1		265,000
Oklahoma	55,460,536	16,351	2,933	1,346	229	406	85	578	5	4	4		1	2,934,274
Puerto Rico		27												
South Carolina	28,788,732	6,854	1,364	842	302	174	17	193	4	4	4	4		372,000
South Dakota		31												
Tennessee	28,581,002	12,323	4,925	1,140	196	299	80	511	4	2	3	1	1	
Texas	7,184,000	1,826	547	245	19	55	17	71						
Virginia	15,620,710	4,673	987	491	67	199	12	281	1	2	2			
Virgin Islands	2,200,000	178		18	6	3				1	1			
West Virginia	20,717,375	10,406	667	918	86	467	21	407	1	2	2			
Wisconsin		11				1								
Wyoming	250,000	16		9		2	1						5	11,832,416
Totals	652,681,583	14,0527	24,770	13,206	2,675	4,149	585	5,409	55	51	54	12		