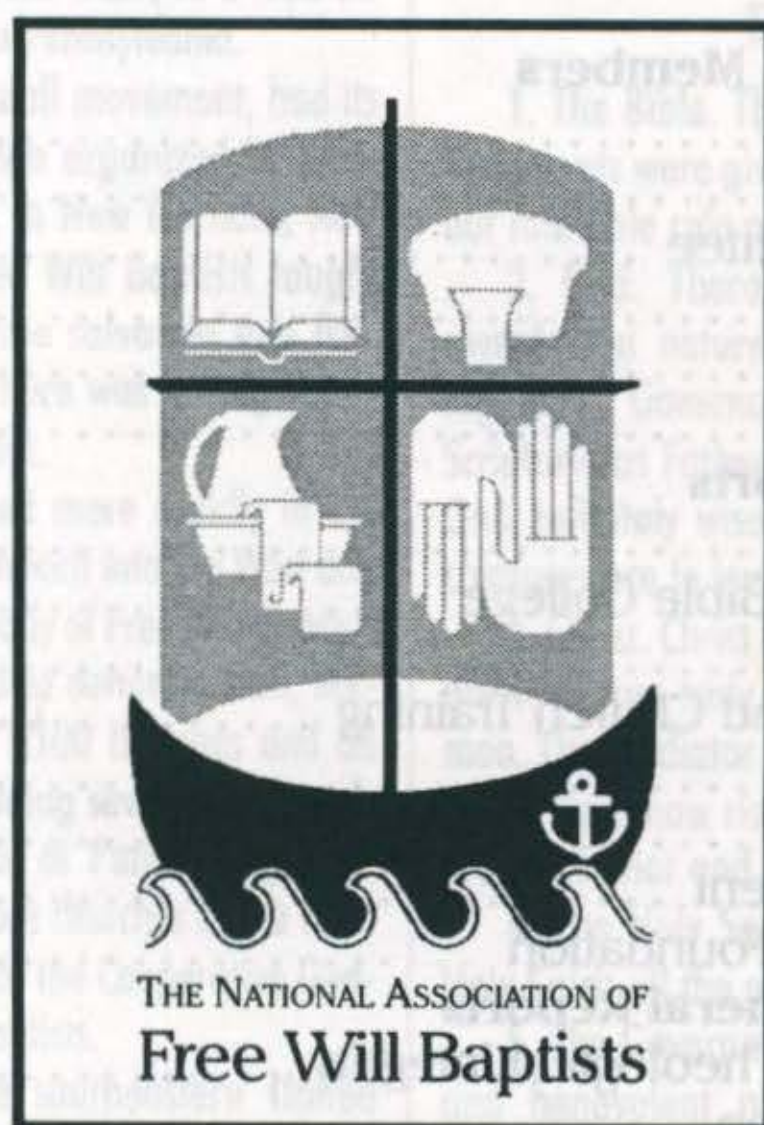


1998 Free Will Baptist Yearbook



Published by
The Executive Office
National Association of Free Will Baptists, Inc.
P. O. Box 5002, Antioch, Tennessee 37011-5002
5233 Mt. View Road, Antioch, Tennessee 37013-2306
Telephone: 615/731-6812 FAX: 615/731-0771

Printed by Randall House Publications

Minutes
of the
Sixty-First Annual Session
of the
National Association
of
Free Will Baptists, Inc.
when convened in
Cincinnati, Ohio
July 20-24, 1997

Future Sessions to Be Held In

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
2005	Louisville, Kentucky	July 17-21
2006	Birmingham, Alabama	July 16-20
2007	Little Rock, Arkansas	July 15-19

Officers and Board Members

General Officers

Moderator	Carl Cheshier
Assistant Moderator	Tim York
Clerk	Waldo Young
Assistant Clerk	Keith Burden
Executive Secretary-Treasurer	Melvin Worthington

General Board

1998

New Jersey: Vergel Maness
 New Mexico: Len Blanchard
 North Carolina: Jim Marcum
 Northeast Association: Jim Nason
 Northwest Association: Brent Nix
 Ohio: Delmar Sparks
 Oklahoma: Jack Richey
 South Carolina: Joe Cagle
 Tennessee: Charles Thigpen
 Texas: Thurmon Murphy
 Virginia: Glen Johnson
 West Virginia: Carl Vallance

1999

Alabama: Richard Cordell
 Arizona: David Taylor
 Arkansas: David Joslin
 Atlantic Canada: Dwayne Broad
 California: Doice McAlister
 Colorado: Mark Thomas
 Florida: Millard Sasser
 Georgia: Herbert Waid
 Idaho: Earl Jenkins
 Illinois: Ernie Lewis
 Indiana: Robert Helms
 Kansas: Larry Collins
 Kentucky: James Patton
 First Louisiana: Ron Parker
 Maryland: Lester Horton
 Mexico: James Munsey
 Michigan: Gene Norris
 Mississippi: J. L. Gore
 Missouri: Nathan Ruble

Executive Committee

Chairman: Carl Cheshier, P. O. Box 7208, Moore, OK 73153
Clerk: Waldo Young, 1722 North Union, Shawnee, OK 74801

1998

Glen Johnson (Va.)
 Jack Richey (Okla.)
 Charles Thigpen (Tenn.)

1999

David Joslin (Ark.)
 Gene Norris (Mich.)
 Nathan Ruble (Mo.)

Officers

Carl Cheshier (Okla.)
 Tim York (Ky.)
 Waldo Young (Okla.)

Bible College Trustees

Chairman: Douglas Little, 2503 West 2nd Court, Russellville, AR 72801
President: Tom Malone, 3606 West End Avenue, Nashville, TN 37205

1998

Richard Bowers (Ala.)
 Larry Powell (Ga.)
 Douglas Little (Ark.)

2000

Richard Barnes (Va.)
 Gary Fry (Mo.)
 Howard Price (Ga.)

2002

Archie Ratliff (N.C.)
 Larry Montgomery (Tenn.)
 Gene Outland (Ill.)

Foreign Missions Board

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

1998

Joe Grizzle (Okla.)
 David Shores (Ill.)
 Dean Dobbs (N.C.)

2000

William Reagan (Canada)
 Milton Worthington (Mich.)
 James Forlines (Ark.)

2002

Bill Jones (Okla.)
 David Williford (Fla.)
 Bill Van Winkle (Miss.)

Home Missions Board

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

1999

Lynn Wood (Okla.)
 Don Guthrie (Ark.)
 Wendell Walley (N.C.)

2001

Richard Atwood (Md.)
 Earl Hendrix (S.C.)
 J. D. Norris (Va.)

2003

Ronnie Adkins (Tenn.)
 James Puckett (Okla.)
 Loyd Locklear (Mich.)

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

1999

Don Neal (Ind.)
 Dwight Fletcher (Miss.)
 Gary Wilson (Ala.)

2001

Jerry Atwell (Miss.)
 Johnny Fowlkes (Ark.)
 Waymon Ray (Okla.)

2003

Clarence Lewis (Tenn.)
 Thurman Pate, Jr. (Tenn.)
 Cliff Donoho (Iowa)

Board of Retirement

Chairman: Waymon Fields, P. O. Box 174, Millport, AL 35576

Director: William Evans, P. O. Box 5002, Antioch, TN 37011-5002

1999	2001	2003
Robert Morgan (Tenn.)	Bobby Bowers (S.C.)	James Lowe (Ohio)
Lincoln Varney (Ky.)	Jack Daniel (Ga.)	Roger Harwell (Mo.)
Henry Van Kluyve (N.C.)	Waymon Fields (Ala.)	Bill Ferguson (Mich.)

Sunday School and Church Training Board

Chairman: David Sutton, 615 Adams Drive, Duncanville, TX 75137

Director: Alton Loveless, P. O. Box 17306, Nashville, TN 37217

1998	2000	2002
Will Harmon (Ark.)	Jeff Crabtree (Canada)	David Sutton (Texas)
Edwin Hayes (Ohio)	Billy Hanna (Ga.)	David Reece (Md.)
Larry Clyatt (Ill.)	Dennis Wiggs (N.C.)	Nuel Brown (Calif.)

Free Will Baptist Foundation Board

Chairman: Henry Van Kluyve, P. O. Box 568, Beaufort, NC 28516

Executive Secretary: William Evans, P. O. Box 5002, Antioch, TN 37011-5002

1999	2001	2003
Robert Morgan (Tenn.)	Bobby Bowers (S.C.)	James Lowe (Ohio)
Lincoln Varney (Ky.)	Jack Daniel (Ga.)	Roger Harwell (Mo.)
Henry Van Kluyve (N.C.)	Waymon Fields (Ala.)	Bill Ferguson (Mich.)

Plus these directors of national agencies:

Eugene Waddell, Foreign Missions Department

Trymon Messer, Home Missions Department

James Vallance, Master's Men Department

Alton Loveless, Sunday School and Church Training Department

Melvin Worthington, Executive Office

Tom Malone, Free Will Baptist Bible College

Mary Wisehart, Women Nationally Active for Christ

Commission For Theological Integrity

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

1998 Fred Hall (Tenn.)

1999 Jeff Manning (N.C.)

2000 Daryl Ellis (Ill.)

2001 Paul Harrison (Tenn.)

2002 Leroy Forlines (Tenn.)

Historical Commission

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

1998 Mary Wisehart (Tenn.)

1999 Robert Picirilli (Tenn.)

2000 Darrell Holley (Tenn.)

2001 Thomas Marberry (Okla.)

2002 Jack Williams (Tenn.)

Media Commission

Chairman: Steve Faison, 6700 Cabot Drive, Apt. A-5, Nashville, TN 37209

1998 Steve Faison (Tenn.)

1999 James Vallance (Tenn.)

2000 Doug Kite (N.C.)

2001 Ron Hunter (Fla.)

2002 Bill Gardner (Tenn.)

Music Commission

Chairman: Randy Sawyer, 124 Pemberton Street, Stanley, NC 28164

1998 Bill Gardner (Tenn.)

1999 Randy Sawyer (N.C.)

2000 Vernon Whaley (Ohio)

2001 David Bates (Mo.)

2002 Douglas Little (Ark.)

Proceedings

The 61st annual session of the National Association of Free Will Baptists convened in the Cincinnati Convention Center at Cincinnati, Ohio, July 20-24, 1997. The theme of the convention was "Church Aflame." Randy Sawyer served as music coordinator, Carol Reid as organist, Jamie Patrick as pianist and Jerry Carraway as keyboardist. Chris Truett conducted the orchestra.

Sunday Morning—July 20, 1997

Chris Truett led the congregation in singing, "Victory in Jesus" and "Thank You, Lord," to open Sunday School for adults. Glen Johnson, presider, welcomed those attending and led in prayer.

The Jim Turnbough family presented special music.

Glen Johnson introduced Bill E. Sawyer of Gastonia, North Carolina, who taught the adult Sunday School lesson based on Revelation chapter three. Sunday School classes were conducted for all ages in other areas of the facilities.

The Bill Gardner family presented a call to worship in special music at 11:00 a.m. to open the Sunday morning worship service. Chris Truett led in singing, "This Is the Day" and "All Hail the Power of Jesus' Name," after which the congregation was led in prayer.

The Jim Turnbough family presented offertory music.

The congregation sang in succession parts of, "To God Be the Glory," "How Great Thou Art" and "My Tribute."

Bill Gardner sang, "When We See Christ."

Robert L. Prichard, pastor from Cleveland, Ohio, and moderator of the Ohio State Association, was introduced as the speaker. He read Luke 24:13 and brought the message on "Expounding the Scriptures." After the invitation ended and announcements were made, the service was dismissed.

Sunday Evening—July 20, 1997

The Morlans from Missouri presented special music as a call to worship Sunday evening at 7:00 p.m. Nathan Ruble, presider, called on Ken Haney from Lebanon, Missouri, to lead in prayer. The congregation, led by Kevin Justice, sang in succession, "Rejoice, the Lord is King," "The Family of God," "Majesty" and the chorus of "How Great Thou Art."

Doice McAlister led in the offertory prayer. Curt and Becky Gwartney presented offertory music.

The congregation sang, "He Touched Me" and "Spirit of the Living God." Tammy Taylor of Muscle Shoals, Alabama, sang a solo.

The congregation sang, "All That Thrills My Soul is Jesus" and "I Love You, Lord."

Matthew L. Upton, pastor from Stockton, California, and moderator of the California State Association, was introduced to bring the message. He read John 12:32 and brought the message on "Exalt the Savior."

After announcements the service was dismissed.

Monday Evening—July 21, 1997

An ensemble led by Scott Bullman joined with the congregation in singing a series of songs of praise including, "How Majestic is Your Name," "Blessed be the Name," "Bless that Wonderful Name," "In the Name of the Lord" and "Bless the Lord, O My Soul."

Jack Richey, presider, called on Bobby Bowers to lead in prayer.

Clerk Waldo Young called the 61st annual convention into official session and introduced Moderator Carl Cheshier who named the committees to serve during the convention.

Those appointed to the Credentials Committee were J. L. Gore (MS), chairman, Richard Cordell (AL), Jim Marcum (NC), Ernie Lewis (IL) and Thurmon Murphy (TX).

Those appointed to the Resolutions Committee were Paul Thompson (AZ), chairman, David Joslin (AR), Billy Hanna (GA), Phil Ange (NC) and Billy Sharpston (OH).

The Nominating Committee was composed of those General Board members whose terms expire in 1998. They included Charles Thigpen (TN), chairman, Vergel Maness (NJ), Len Blanchard (NM), Jim Marcum (NC), Brent Nix (Northwest Assoc.), Jim Nason (Northeast Assoc.), Delmar Sparks (OH), Jack Richey (OK), Joe Cagle (SC), Thurmon Murphy (TX), Glen Johnson (VA) and Carl Vallance (WV).

Ohio Executive Secretary Edwin Hayes gave the welcome address.

Doug Little directed the Mass Choir in singing, "What a Savior," accompanied by the orchestra. The congregation sang, "All Hail the Power of Jesus' Name."

Richard Cordell led in the offertory prayer. The orchestra presented offertory music.

Presider Jack Richey introduced Earl Hendrix, pastor from Inman, South Carolina, as the speaker.

Just before Pastor Hendrix came to preach, Vernon Whaley, with help from the congregation, presented a special arrangement of "I Walked Today Where Jesus Walked."

The speaker read Ephesians 4:7-16 and brought the message on "Edify the Saints."

After an invitation was extended and announcements made, the service was dismissed.

Tuesday Morning—July 22, 1997

Tim York presided at the Church Growth Forum which began at 8:30 a.m. Richard Atwood, pastor of Townsend FWB Church in Townsend, Delaware, spoke at the 8:30 a.m. session.

Ronnie Adkins, pastor of First FWB Church in Erwin, Tennessee, spoke at the 9:30 a.m. session.

Connie Cariker, pastor of West Tulsa FWB Church in Tulsa, Oklahoma, spoke at the 10:30 a.m. session.

Tuesday Afternoon—July 22, 1997

Seminars were conducted Tuesday afternoon, including one at 1:30 p.m. on Theological Trends with Leroy Forlines as speaker. His subject was, "Commission Report on Promise Keepers."

A Sunday School workshop with speaker Alton Loveless was conducted from 1:30 to 3:00 p.m. on "Newer Faces in Sunday School," with another workshop from 3:00 to 4:30 p.m. on, "Trends that Affect the American Church."

Tuesday Evening—July 22, 1997

David Joslin, presider, called the service to order at 7:00 p.m. and asked Norman Richards to lead in prayer. Vernon Whaley and Scott Bullman alternated in leading singing, and led the congregation in singing, "Look and Live," "Crown Him With Many Crowns" and "Majesty."

Songs of praise were presented by ensembles from the four Free Will Baptist colleges—Free Will Baptist Bible College, California Christian College, Hillsdale FWB College and Southeastern FWB College. In the midst of the songs of praise, Joe Grizzle brought brief statements of Christ in the Old Testament, then later in the music presentation, he did the same with books of the New Testament.

George Lee led in the offertory prayer and the convention offering was received.

A beautifully-presented selection of praise songs climaxed the song service as the college ensembles combined their talents with such songs as, "He is Exalted," "Heaven Came Down" and "We are Standing on Holy Ground." Men bearing banners depicting titles of Christ along with a shrouded cross and one symbolizing the resurrected Christ, a dozen or more all together, marched in and took their places in front of the platform as the music was presented.

When time for the message came, Melvin Worthington, executive secretary of the National Association, was introduced. He read I Corinthians 4:1, I Peter 4:10 and brought the message on "Exercise Stewardship." At the close of the message, "All for Jesus" was sung as the hymn of invitation. The service was dismissed.

Wednesday Morning—July 23, 1997

Moderator Carl Cheshier called the business session of the 61st annual convention of the National Association of Free Will Baptists to order at 9:00 a.m. He read II Chronicles 7:14 and brought the moderator's message from that text. He led in prayer to conclude the message.

The clerk read the report of the Credentials Committee. A motion carried that the report be received and the delegates seated.

The clerk read Item #1 of the General Board report. A motion carried that the item be adopted and the departmental, commission and committee reports be received as each was presented.

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

Melvin Worthington then made a special presentation to Ralph Hampton in recognition of his nine years of service as moderator.

President Tom Malone gave the report of Free Will Baptist Bible College. A motion carried to receive the report which included the *By-Laws and Rules of Decorum*, and the *Amended and Restated Charter of Free Will Baptist Bible College*, and adopt the budget.

Director Eugene Waddell gave the report of the Foreign Missions Department. A special presentation was made to Fred and June Hersey for their years of service in foreign missions. A motion carried to receive the report and adopt the budget.

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 Trymon Messer gave the report of the Home Missions Department. Special presentations were made to Mr. and Mrs. Jim Nason, Howard Ray Gwartney, James Childers and Mr. and Mrs. Mark Vandivort, some for taking a work to full-time status, and upon the Vandivorts' retirement. Plaques were also presented to Milburn Wilson and Glenn Thomas for their years of service on the Home Missions Board. A motion carried to receive the report and adopt the budget.

The clerk read a partial report of the nominating committee. Ronnie Adkins (TN), James Puckett (OK) and Loyd Locklear (MI) were elected to six-year terms on the Home Missions Board.

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

Nominations from the nominating committee were read. Clarence Lewis (TN), Thurman Pate, Jr. (TN) and Cliff Donoho (IA) were elected to serve six-year terms on the Master's Men Board.

The moderator declared a recess for lunch and called on Rue Dell Smith to lead in prayer.

Wednesday Afternoon—July 23, 1997

The meeting was called to order at 1:30 p.m. Assistant Moderator Tim York read Philippians 2:5-11 and led in prayer.

Director Bill Evans gave the report of the Board of Retirement. A special presentation was given to Milton Hollifield for his years of service on this board. A motion carried to receive the report and adopt the budget.

Jim Lowe (OH), Roger Harwell (MO) and Bill Ferguson (MI) were elected to six-year terms on the Board of Retirement.

Executive Secretary Bill Evans gave the report of the Free Will Baptist Foundation. A motion carried to receive the report and adopt the budget.

Chairman Leroy Forlines gave the report of the Commission for Theological Integrity. A motion carried to receive the report and adopt the budget.

Leroy Forlines (TN) was re-elected to a five-year term on the Commission for Theological Integrity.

The Commission for Theological Integrity was requested in the 1996 session to make a study of Promise Keepers. A 39-page report of this study was distributed in printed form and the report was given by Leroy Forlines. A motion was made and seconded to receive the report.

The following motion was made as a substitute motion:

The Free Will Baptist denomination historically has defended the faith against the subtle and insidious movements that would undermine the Word of God and His Church.

In recognition of the work that the committee has done and in light of the study that has been done this past year and a report given by the Commission for Theological Integrity concerning the Promise Keepers movement, and whereas, their report is not in favor of endorsing nor embracing the Promise Keepers movement, I move that the National Association of Free Will Baptists go on record at this annual session as being opposed to the Promise Keepers movement, and that we encourage member churches and pastors to avoid contact and involvement with the movement, and that the National Association of Free Will Baptists direct all national departments and their directors and personnel to adhere to this motion and that no department director or personnel will promote the Promise Keepers movement in any way, and that the National Association of Free Will Baptists take this action as an opportunity to reaffirm our commitment to earnestly contend for the truth through sound, biblical preaching, holy living, and continued ecclesiastical separation from false doctrines and movements.

After the previous question was moved and carried, the substitute motion was adopted.

Item #2 of the General Board report was read, recommending Little Rock, Arkansas, as the site for the July 15-19, 2007, national convention. A motion carried that the item be adopted.

Item #3 of the General Board report, recommending no term limits for the moderator and assistant moderator, was adopted.

The clerk read the nominations for the General Board from the nominating committee.

Jim Marcum (NC) and Brent Nix (NW Assoc.) were elected to one-year terms replacing members who had resigned.

The following men were elected from affiliated associations to two-year terms on the General Board: Alabama, Richard Cordell; Arizona, David Taylor; Arkansas, David Joslin; Atlantic-Canada Association, Dwayne Broad; California, Doice McAlister; Colorado, Mark Thomas; Florida, Millard Sasser; Georgia, Herbert Waid; Idaho, Earl Jenkins; Illinois, Ernie Lewis; Indiana, Robert Helms; Kansas, Larry Collins; Kentucky, Jim Patton; First Louisiana, Ron Parker; Maryland, Lester Horton; Mexico, James Munsey; Michigan, Gene Norris; Mississippi, J. L. Gore; Missouri, Nathan Ruble.

Gene Norris, Nathan Ruble and David Joslin were elected to two-year terms on the Executive Committee.

Steve Faison gave the report of the Radio-Television Commission. A motion carried to receive the report and adopt the budget.

This commission recommended that "the by-laws, Section 21, Item C, be

changed by substituting *The Media Commission* in place of *The Radio-Television Commission*." The recommendation was tabled until Thursday morning.

Bill Gardner (TN) was elected to a five-year term on the Radio-Television Commission.

Chairman Randy Sawyer gave the report of the Music Commission. A motion carried to receive the report and adopt the budget.

Douglas Little (AR) was elected to a five-year term on the Music Commission.

Chairman Mary Wisehart gave the report of the Historical Commission.

A motion carried to receive the report and adopt the budget. Jack Williams

(TN) was elected to a five-year term on the Historical Commission.

The meeting was recessed until Thursday morning.

Wednesday Evening—July 23, 1997

Gene Norris, presider, called the service to order at 7:00 p.m. Sweetener Rain Trio from Sallisaw, OK, presented special music as a call to worship. Greg Kettelman led the congregation in singing, "Blessed Assurance." Allen West led in prayer.

David Crowe, director of missionary assistance, introduced the home missionaries present for the service. The youth of Florida presented a check for \$35,000 for a Dennis and Trena Owen project in Uruguay.

The orchestra played, "It is Well with My Soul," for offertory music as the missions offering was received. The offering exceeded \$24,000.

Greg Kettelman led the congregation in singing, "Wherever He Leads, I'll Go" and "So Send I You."

Jeff and Oneida Martin and Kevin Justice presented special music.

Presider Gene Norris introduced his brother Jerry Norris as the speaker. The speaker pastors Calvary Fellowship FWB Church in Fenton, Missouri. He read Acts 1:8 and brought the message on "Evangelize the Sinner."

After a time of invitation was extended to which many people responded, announcements were made and Louis Tolbert led in the closing prayer.

Thursday Morning—July 24, 1997

The moderator called the session to order at 9:00 a.m. Assistant Clerk Keith Burden read Ephesians 4:29-32 and led in prayer.

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

Executive Secretary Mary Wisehart gave the report of the Women Nationally Active for Christ. A motion carried to receive the report as information.

A motion carried to remove from the table the name change proposal. The proposal to change the name of the Radio-Television Commission to the Media Commission was adopted, thus amending the constitution on page 65 of the *Treatise* where commissions are listed.

The report of the Registration Committee was read by the clerk.

The Budget committee report was given by Melvin Worthington. A motion carried to adopt this report.

The Executive Secretary's Report 1996

The Executive Office continues to operate smoothly. The staff does its work efficiently. We appreciate and applaud the quality work of Steve Pate, Melody Hood, Dari Goodfellow, Anne Worthington, Marilyn Pritchard, Deanna Hollifield and Jack Williams.

The Executive Office represented the National Association of Free Will Baptists, Inc., at the Religious Conference Management Association, Christian Stewardship Association, Association of Statisticians of American Religious Bodies and at 25 Free Will Baptist state/district meetings.

Rejoice, The Free Will Baptist Hymn Book and *The Rejoice Hymnal For The Church At Worship* are experiencing steady sales. Sales of *The Rejoice Hymnal For The Church At Worship* through December 31, 1996, totaled 9,974. Sales for *Rejoice, The Free Will Baptist Hymn Book* through December 31, 1996, totaled 7,870.

The additional 30,000 copies of *Rejoice, The Free Will Baptist Hymn Book* stored at Quebecor Printing have been bound. The cost to bind the additional 30,000 copies was \$31,629.39. Due to a shortfall of 12,113 copies in the first printing, Quebecor went back to press to fulfill their obligation to provide the 30,000 bound copies.

When this became necessary, we determined that due to strong sales there was a need to print additional copies of *The Rejoice Hymnal For The Church At Worship*. Quebecor agreed to waive the charges for the plates (\$4,845.40), the plate changes (\$1,298) and the paper for the plates (\$1,493) on both editions. The printing costs waived totaled \$7,636.40. We authorized Quebecor to print 20,450 additional copies of *The Rejoice Hymnal For The Church At Worship*. When the order was filled, Quebecor, rather than printing 20,450 copies of *The Rejoice Hymnal For The Church At Worship*, printed 20,450 copies of *Rejoice, The Free Will Baptist Hymn Book*.

Quebecor's mistake was discovered after the 20,450 books were delivered to Randall House. Rather than destroy the 20,450 copies of *Rejoice, The Free Will Baptist Hymn Book*, which Quebecor printed in error, we negotiated to purchase the books. Quebecor agreed to pay one-half the freight costs in having the hymn books returned to Quebecor Distribution Center in Kingsport, Tennessee, and to store them for \$.01/copy per month until they are shipped.

The total number of books stored at Quebecor is 22,119. The cost of these books totals \$45,343.95. These books can be ordered by Randall House as they are needed. There will be no time delay in going back to press. The total cost for binding the additional 30,000 books from the first printing (\$31,629.39) and the 22,119 hymn books printed in error (\$45,343.95) was \$76,973.34. We borrowed the money from the Retirement and Insurance Department to cover the binding and printing costs.

A companion for the two hymnals, *Rejoice, The Free Will Baptist Hymn Book* and *The Rejoice Hymnal For The Church At Worship*, is being compiled. The Executive Office and Randall House are working together on this project.

The 1996 convention in Fort Worth, Texas, went well. Registration totaled 6,771. The music, messages and meetings were a special blessing. We commend the Texas State Association of Free Will Baptists for their excellent job

Melvin Worthington gave the report of the Double in a Decade Committee. A motion carried to receive the report and adopt the recommendations. Melvin Worthington also gave the report of the Ministerial and Family Life Committee. A motion carried to receive the report as information.

The clerk read the report of the Obituary Committee. A motion carried to receive the report. Bob Thomas led in prayer for the families of those who were listed.

Due to the Wednesday discussion on the report by the Commission for Theological Integrity, and the feelings of some members of the body, a motion was made, seconded and carried to receive the report of this commission on their study of the Promise Keepers organization.

The report of the Resolutions Committee was read by the clerk. A motion carried to receive the report and consider it item by item. A motion was made and seconded to adopt Resolution #1. A motion carried to table the resolution.

A motion was made and seconded to adopt Resolution #2. A motion was made to amend Item #2 by inserting "That the President of the United States take the same stand on alcohol consumption as he has taken on tobacco." That motion to amend carried. A motion carried to table Resolution #2.

Resolution #3 expressing appreciation to the Ohio State Association for their hospitality in hosting the national convention was adopted.

The clerk read the final report of the Nominating Committee. They nominated Carl Cheshier (AR) for moderator, Tim York (KY) for assistant moderator, Waldo Young (OK) for clerk, and Keith Burden (OK) for assistant clerk.

A motion carried that all of these be elected.

The following motion was made and adopted by the body:

Whereas, it is a point of legality as well as ethics to comply with copyright laws, and whereas, compliance with copyright laws serve to protect the musician and songwriter's ministry as well as provide an example to our churches:

We resolve to publish music which is in complete compliance with all copyright laws by printing our license number in the song sheets at future national conventions.

A motion carried to adjourn. The time was 10:15 a.m.

hosting the convention. Preparations for the 1997 convention in Cincinnati, Ohio, went smoothly. Site inspection visits for the 2007 convention were made in the early summer of 1997.

Speakers for the 1997 national convention in Cincinnati, Ohio, were selected by the Executive Committee during its December 1996 meeting in Nashville, Tennessee. They include Robert Prichard (OH), Matt Upton (CA), Earl Hendrix (SC), Melvin Worthington (TN), Jerry Norris (MO), Ronnie Adkins (TN), Richard Atwood (DE) and Connie Cariker (OK). The 1997 theme is *Church Aflame*.

The national agencies have networked their computer systems in order to use the Internet and E-mail. We are working to provide services for all our constituents. Web pages for the national agencies are being prepared.

The General Assembly of the International Fellowship of Free Will Baptist Churches, Inc., is scheduled to meet October 12-16, 1998, in Uruguay. The theme for the meeting is *The Church, Culture, Customs*. During business sessions, delegates will discuss and take action on the Executive Committee recommendations which include the IFOFWBC poster, letterhead/logo/envelopes, handbook design and contents, organizational chart, by-laws, newsletter, membership application form, and the three-month and annual reporting forms. The address of the IFOFWBC on the Internet is *IFOFWBC.ORG*.

Contact provides current information regarding denominational life. Subscriptions are \$12 per year. Life-time subscriptions cost \$500. We now have nine life-time subscribers. We encourage each church to purchase a life-time subscription. This means the church would always have current information regarding the Free Will Baptist family. Each life-time subscriber, whether church or individual, receives a leather-bound copy of *The Free Will Baptist Hymn Book: Rejoice* (1988). (Specify round or shaped note edition.) *Contact* subscriptions totaled 5,389 in the December 1996 mailing. Complimentary copies are provided for students at Free Will Baptist Bible College, Hillsdale FWB College, California Christian College and Southeastern FWB College.

The Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc., has been revised and reprinted. The *Treatise* may be ordered from Randall House.

Capital Stewardship/Victory Campaign contributions through December 1996 totaled \$277,014.49. Gifts for this campaign will be credited through December 1997. This allows states/districts to reach their campaign goals, while coinciding with the final payment on the Murfreesboro Road property.

The Rest of the Family Offering totaled \$9,810.04 in 1996. After expenses, the balance was disbursed to participating national agencies. September 28, 1997, has been designated as Rest of the Family Sunday. We encourage you to give generously to this offering.

The Together Way Plan gifts for the Executive Office ministry in 1996 totaled \$320,333.19. Of this amount, \$206,667.60 was cooperative and \$113,665.59 designated. The 1996 Executive Office budget totaled \$350,000.04. The office had a budget shortfall of \$29,666.85 in 1996. Thank you for your systematic and sacrificial support of the Executive Office ministry.

Total Together Way Plan gifts for national ministries were \$9,687,919.11. Together Way Plan gifts through the Executive Office totaled \$2,485,943.08 in 1996. Of this amount \$375,760.11 was cooperative, and \$2,110,182.97 designated. Per capita giving was \$45.33; our goal was \$44.21. We appreciate the

support you gave to national ministries in 1996. We rejoice in God's faithfulness through you.

The Together Way Totals

1987	\$5,797,896.42	1992	\$7,832,441.46
1988	\$6,428,621.22	1993	\$7,864,572.01
1989	\$6,489,728.33	1994	\$8,750,648.37
1990	\$6,933,944.49	1995	\$8,777,067.71
1991	\$7,848,694.01	1996	\$9,687,919.11

Tracking The Together Way Totals (Through the Executive Office)

	Designated	Co-op	Total
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%)
1994	\$2,071,808.59 (+15.97%) 87%	\$313,198.40 (+12.29%) 13%	\$2,385,006.99 (+15.47%)
1995	2,128,315.33 (+2.73%) 85%	362,694.52 (+15.80%) 15%	2,491,009.85 (+4.44%)
1996	\$2,110,182.97 (-0.85%) 85%	\$375,760.11 (+3.60%) 15%	\$2,485,943.08 (-0.20%)

The Together Way Totals increase/decrease from 1987-1996:
Designated 140.78% CO-OP 29.77%

Executive Office

	Designated	Co-op	Total
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
1994	111,598.53	214,822.00	326,420.53
1995	117,223.58	217,616.55	334,840.13
1996	113,665.59	206,667.60	320,332.19

Foreign Missions

	Designated	Co-op	Total
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
1994	1,179,663.50	22,626.46	1,202,289.96
1995	1,219,696.08	33,367.82	1,253,063.90
1996	1,164,284.76	38,891.12	1,203,175.88

Free Will Baptist Bible College

	Designated	Co-op	Total
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
1994	119,264.56	22,626.46	141,891.02
1995	157,993.66	33,367.82	191,361.48
1996	150,132.44	38,891.12	189,023.56

Home Missions

	Designated	Co-op	Total
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
1994	442,380.26	17,707.66	460,087.92
1995	539,687.11	26,114.04	565,801.15
1996	590,400.81	30,436.66	620,837.47

Retirement & Insurance

	Designated	Co-op	Total
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
1994	9,579.30	13,772.71	23,352.01
1995	10,066.31	20,310.94	30,377.25
1996	10,481.55	23,672.89	34,154.44

Master's Men

	Designated	Co-op	Total
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
1994	20,928.93	13,772.71	34,701.64
1995	22,607.06	20,310.94	42,918.00
1996	19,034.94	23,672.89	42,707.83

Free Will Baptist Foundation

	Designated	Co-op	Total
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*
1994	9,482.16	5,902.52	15,384.68**
1995	9,927.89	8,704.77	18,632.66**
1996	9,513.75	10,145.63	19,659.38**

* This balance represents National Ministries Offering gifts of \$1,906.99 and gifts of \$3,600.00 to The Together Way Endowment Fund.
 ** This balance represents Endowment gifts made through The Together Way Plan that do not benefit the Foundation.

Historical Commission

	Designated	Co-op	Total
1987	\$ 688.28	\$1,015.06	\$1,703.34
1988	676.30	1,301.90	1,978.20
1989	757.28	.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
1994	966.21	491.97	1,458.18
1995	1,161.46	725.41	1,886.87
1996	1,060.83	845.55	1,906.38

Commission for Theological Integrity

	Designated	Co-op	Total
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
1994	1,140.95	491.97	1,632.92
1995	1,296.68	725.41	2,022.09
1996	1,276.01	845.55	2,121.56

Radio & TV Commission

	Designated	Co-op	Total
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
1994	1,039.04	491.97	1,531.01
1995	1,113.75	725.41	1,839.16
1996	1,322.22	845.55	2,167.77

Music Commission

	Designated	Co-op	Total
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
1994	899.06	491.97	1,391.03
1995	978.22	725.41	1,703.63
1996	985.74	845.55	1,831.29

Statistical Summary

	1988	1989	1990	1991	1992	1993	1994	1995	1996	Total
Beginning Membership Totals	204,382	210,364	215,579	221,533	227,224	232,124	238,359	243,244	249,713	
Baptisms	7,910	8,678	7,946	8,703	9,283	8,828	7,804	8,089	8,436	75,677
Members Added	12,436	12,726	12,537	12,931	12,123	12,246	12,393	12,701	12,155	112,248
Members Lost	6,454	7,511	6,583	7,240	7,223	6,011	7,508	6,232	5,985	60,747
Net Increase	5,982	5,215	5,954	5,691	4,900	6,235	4,885	6,469	6,170	51,501
Ending Membership Totals	210,364	215,579	221,533	227,224	232,124	238,359	243,244	249,713	255,883	

We encourage local church, district and state association clerks to take the necessary time to fill out the National Association reporting forms—501,502,503 and 504. These forms are carefully designed to report denominational data which enables us to compile an accurate statistical table. The reporting forms are supplied at no cost and may be ordered from the Executive Office.

The 1997 Free Will Baptist Leadership Conference will meet December 1-2 at the Regal Maxwell House Hotel in Nashville, Tennessee. We encourage state/district leaders and interested pastors to attend.

Thank you for the privilege of serving as Executive Secretary for the National Association of Free Will Baptists, Inc.

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

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

Financial Statements

December 31, 1996 and 1995

(With Independent Auditors' Report Thereon)

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

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Hill, Harper & Associates, P.C.
Certified Public Accountants

Independent Auditors' Report

Terry A. Hill
Ernest R. Harper

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

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 303
Brentwood, TN 37027
TEL: 615/377-3485

We have audited the statements of financial position of the Executive Office of the National Association of Free Will Baptists, Inc. as of December 31, 1996 and 1995 and the related statements of activities, functional costs and expenses, and changes in net assets 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.

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 the Executive Office of the National Association of Free Will Baptists, Inc. as of December 31, 1996 and 1995, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

As discussed in note 1 to the financial statements, in 1995 the Executive Office changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

May 20, 1997

Hill, Harper & Associates, P.C.

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

Statements of Financial Position

December 31, 1996 and 1995

	1996	1995
Assets		
Current assets:		
Cash and cash equivalents	\$ 195,858	177,787
Funds held by Free Will Baptist Foundation	4,500	4,000
Receivables:		
Hymnal sales	37,467	22,749
Master's Men	4,454	3,634
Other	4,258	847
Total receivables	46,179	27,230
Allowance for Master's Men accounts	3,634	3,634
Net receivables	42,545	23,596
Inventory, at lower of cost (first-in, first-out method) or market	279,191	271,026
Prepaid expenses	30,203	27,350
Total current assets	552,297	503,759
Office equipment and furniture	104,732	101,859
Less accumulated depreciation	70,444	59,541
	34,288	42,318
	<u>\$ 586,585</u>	<u>546,077</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 44,104	43,995
Notes payable	151,254	140,000
Deferred subscription revenues	20,708	17,648
Total current liabilities	216,066	201,643
Net assets:		
Executive office	169,943	149,933
Net investment in equipment	34,288	42,318
Contact magazine	(11,558)	(15,877)
Special projects	120,829	119,239
Convention fund	57,017	48,821
Total net assets	370,519	344,434
	<u>\$ 586,585</u>	<u>546,077</u>

See accompanying notes to financial statements.

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

Statements of Activities and Changes in Net Assets

For the years ended December 31, 1996 and 1995

	1996	1995
Revenues:		
The Together Way Plan receipts	\$ 2,485,942	2,491,010
Disbursed to departments and agencies	(2,165,609)	(2,156,170)
Executive Office Together Way Plan receipts	320,333	334,840
Subscriptions to Contact Magazine	55,637	61,629
Sales of hymnals	94,782	67,767
Gifts and offerings	10,333	15,162
Interest income	8,299	4,733
Convention fees	122,726	129,967
Leadership Conference	4,776	22,290
Other income	10,768	4,268
Total revenues	627,654	640,656
Cost of sales and expenses:		
Cost of hymnal sales	73,131	53,995
Expenses of operations:		
Executive Office	326,609	349,414
Contact Magazine	60,707	62,288
Special Projects	34,099	20,413
Convention Fund	107,023	98,227
Total expenses of operations	528,438	530,342
Total costs and expenses	601,569	584,337
Increase in net assets	26,085	56,319
Net assets, beginning of year	344,434	288,115
Net assets, end of year	\$ 370,519	344,434

See accompanying notes to financial statements.

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

Statements of Functional Costs and Expenses

For the years ended December 31, 1996 and 1995

	Executive Office	Contact Magazine	Special Projects	Convention Fund	1996 Totals	1995 Totals
Cost of hymnal sales:						
Beginning inventory	\$ -	-	271,026	-	271,026	101,000
Costs of production	-	-	81,296	-	81,296	224,021
Total cost of inventory	-	-	352,322	-	352,322	325,021
Less ending inventory	-	-	279,191	-	279,191	271,026
Cost of hymnal sales	-	-	73,131	-	73,131	53,995
Expenses of operations:						
Salaries	123,812	-	7,678	1,777	133,267	127,529
Housing allowance	35,000	-	-	-	35,000	34,650
Employee fringe benefits	32,271	-	-	-	32,271	32,994
Payroll taxes	18,627	-	697	136	19,460	18,691
Travel	21,011	(75)	-	24,521	45,457	37,371
Executive committee	2,532	-	-	-	2,532	7,307
Occupancy costs	30,988	-	-	-	30,988	32,084
Depreciation	10,903	-	-	-	10,903	8,774
Legal and audit	3,237	689	689	2,500	7,115	6,540
Insurance - general	3,305	-	-	514	3,819	5,193
Equipment maintenance and	1,268	-	-	-	1,268	1,425
Supplies, office expense	10,823	3,137	1,173	11,632	26,765	26,563
Printing and promotion	2,214	34,894	-	21,519	58,627	69,209
Postage / mail services	1,234	15,127	(25)	617	16,953	17,203
Dues, subscriptions, books	2,640	840	-	660	4,140	2,874
Telephone	2,197	56	7	601	2,861	3,102
Writer's fees	-	3,740	-	-	3,740	3,461
Interest expense	-	-	13,426	-	13,426	2,023
Auditorium	-	-	-	31,596	31,596	29,632
Meal functions	-	-	-	-	-	2,760
Music	-	-	-	485	485	790
Leadership Conference	698	-	-	-	698	21,426
International Fellowship	4,178	-	1,994	-	6,172	2,134
Addiction Recovery	-	-	4	-	4	2,523
Committee	-	-	5,941	-	5,941	842
Ministerial Family Life	-	-	376	-	376	1,352
Ministry to Ethnic Groups	-	-	874	-	874	2,336
Doctrinal Survey	-	-	-	-	-	693
The Together Way Plan	828	-	-	-	828	12,502
Auto and copier leases	14,158	-	-	-	14,158	12,725
Other	4,685	2,299	1,265	10,465	18,714	12,725
Provision for Master's	-	-	-	-	-	3,634
Men accounts	-	-	-	-	-	-
Total expenses	326,609	60,707	34,099	107,023	528,438	530,342
Total costs and expenses \$	326,609	60,707	107,230	107,023	601,569	584,337

See accompanying notes to financial statements.

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

Statements of Cash Flows
For the years ended December 31, 1996 and 1995

	1996	1995
Cash Flows from Operating Activities		
Increase in net assets	\$ 26,085	56,319
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	10,903	8,774
Provision for Master's Men accounts	-	3,634
(Increase) decrease in:		
Receivables	(18,949)	(19,055)
Inventories	(8,165)	(170,026)
Prepaid expenses	(2,853)	3,399
Increase (decrease) in:		
Accounts payable and accrued expenses	109	42,130
Deferred subscription revenue	3,060	2,071
Net operating activities	10,190	(72,754)
Cash Flows from Investing Activities		
Funds held by Free Will Baptist Foundation	(500)	(3,600)
Purchase of equipment	(2,873)	(21,534)
Net investing activities	(3,373)	(25,134)
Cash Flows from Financing Activities		
Proceeds from notes payable	76,973	140,000
Prepayments of notes payable	(65,719)	-
Net financing activities	11,254	140,000
Net increase (decrease) in cash	18,071	42,112
Cash and cash equivalents at beginning of year	177,787	135,675
Cash and cash equivalents at end of year	\$ 195,858	177,787
Supplemental disclosures:		
Interest paid	\$ 13,426	2,023

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 1996 and 1995

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

Basis of Presentation

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

Effective December 31, 1995, the Executive Office adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Executive Office is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Executive Office is required to present a statement of cash flows. As permitted by this new statement, the Executive Office has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the classes of net assets required. This reclassification had no effect on total net assets as reported December 31, 1994. Further, the Executive Office adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," as is required. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and / or nature of any donor restrictions.

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 an original maturity of three months or less to be cash and cash equivalents.

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**EXECUTIVE OFFICE OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**
Notes to Financial Statements, continued

(2) 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 cooperative funds are disbursed based on the proportionate sharing arrangement. The following summarizes these transactions for the year ended December 31, 1996 as compared to 1995 totals.

Receipts:	Designated	Cooperative	1996 Total	1995 Total
Alabama	\$ 6,342	-	6,342	79,067
Arizona	5,893	446	6,339	4,376
Arkansas	198,633	145,381	344,014	345,648
California	75	12,251	12,326	8,782
Florida	473	34,715	35,188	30,917
Georgia	178,903	31,512	210,415	183,916
Illinois	106,812	26,675	133,487	138,505
Indiana	9,185	1,685	10,870	9,688
Kentucky	6,494	4,625	11,119	8,539
Maryland	-	2,759	2,759	4,307
Michigan	172,340	35,161	207,501	201,101
Mississippi	2,070	4,060	6,130	6,226
Missouri	136,290	-	136,290	140,996
New Mexico	7,001	686	7,687	5,155
North Carolina	12,353	9,682	22,035	23,671
Ohio	89,851	38,959	128,810	119,832
Oklahoma	645,444	270	645,714	626,857
South Carolina	265,654	1,336	266,990	282,995
Tennessee	108,576	19,028	127,604	98,077
Texas	73,074	3,806	76,880	95,182
Virginia	15,593	1,098	16,691	14,361
West Virginia	68,199	949	69,148	61,899
Contributions totaling \$1,000 or less	929	674	1,603	913
Total receipts	\$ 2,110,184	375,758	2,485,942	2,491,010
Disbursements:				
Executive Office	\$ 113,665	206,668	320,333	334,840
Foreign Missions	1,164,286	38,891	1,203,177	1,253,064
Free Will Baptist Bible College	150,132	38,891	189,023	191,362
Home Missions	590,401	30,436	620,837	565,803
Retirement & Insurance	10,482	23,673	34,155	30,377
Master's Men	19,035	23,673	42,708	42,918
Commission for Theological Integrity	1,276	845	2,121	2,022
Foundation	9,514	10,146	19,660	18,633
Historical Commission	1,061	845	1,906	1,886
Music Commission	986	845	1,831	1,703
Radio & Television Commission	1,322	845	2,167	1,839
Hillsdale Free Will Baptist College	15,543	-	15,543	15,466
Other, including the Capital				
Stewardship Campaign	32,481	-	32,481	31,097
Total disbursements	\$ 2,110,184	375,758	2,485,942	2,491,010

**EXECUTIVE OFFICE OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**
Notes to Financial Statements, continued

(3) Operating Leases

The Executive Office has entered into non-cancellable lease arrangements relating to a copy machine and two automobiles. Total expenses amounted to \$14,158 for 1996 and \$12,505 for 1995. The following schedules the required payments under these lease arrangements.

1997	12,114
1998	9,661
1999	3,864
2000	2,898

(4) 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 Free Will Baptist and "generic" hymnals. Further, Randall House invoices the customer, collects funds and remits to the Executive Office \$6.32 for each Free Will Baptist Hymnal sold. A third party distributor sales the "generic" hymnal and remits to the Executive Office \$5.00 for each "generic" hymnal sold.

Randall House, as of December 31, 1996, warehoused hymnals valued at a cost of \$189,000. Further, the printer is warehousing inventory in process valued at a cost of approximately \$90,000.

The leather hymnals remaining from the first printing (approximately 520) valued at \$25,127 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.

(5) 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 \$5,637 in 1996 and \$5,370 in 1995. 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) Notes Payable

10.75% demand note payable to The Board of Retirement and Insurance of the National Association of Free Will Baptists in the amount \$151,254 for the purpose of production of the hymnals as discussed in note 4. The debt is secured by the inventory of hymnals and general income and assets of the Executive Office.

(7) 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 were amortized against operations over a five year period. During 1996, \$1,095 was charged against operations which completes the amortization period.

1998 Executive Office Budget

	1996	1997	1998
Administrative	\$350,000.00	\$366,000.00	\$370,000.00
Convention	110,000.00*	115,050.00**	139,466.84***
Contact	84,696.00	84,000.00	88,000.00
Totals	<u>\$544,696.00</u>	<u>\$565,050.00</u>	<u>\$597,466.84</u>

*1995
**1996
***1997

1998 Administrative Budget

Projected Expenses	1996	1997	1998
Salaries	\$138,285.03	\$147,081.73	\$152,499.96
Housing	35,000.00	35,000.00	35,000.00
Social Security	19,734.46	20,666.52	21,350.53
Retirement	6,758.88	7,099.24	7,288.88
Employees Insurance (Dental, Hospital, Life, Travel)	30,338.68	30,338.68	26,684.91
Auditing/Legal	4,000.00	4,000.00	4,000.00
Automobile Lease (2 Cars)	9,000.00	9,000.00	10,178.76
Computer Supplies	5,000.00	7,000.00	6,000.00
Copier Lease	3,456.00	4,000.00	3,864.00
Double In A Decade	500.00	500.00	500.00
Equipment Maintenance	3,000.00	3,000.00	3,000.00
Equipment Purchase/Computer	4,500.00	4,500.00	4,500.00
Executive Committee	10,000.00	10,000.00	10,000.00
General Insurance	3,500.00	3,500.00	4,000.00
International Fellowship of Free Will Baptist Churches	.00	600.00	1,200.00
Leadership Conference	2,000.00	2,000.00	2,000.00
Office Rental (\$1.00 per sq. ft. x 2,491)	29,892.00	29,892.00	29,892.00
Office Supplies/Expense	6,000.00	6,000.00	7,500.00
Other	534.95	821.83	2,040.96
Postage	3,000.00	3,000.00	3,000.00
Printing	4,000.00	5,000.00	4,000.00
Promotion	1,500.00	3,000.00	2,000.00
Subscriptions/Dues/Registrations	2,500.00	2,500.00	3,000.00
Telephone	3,500.00	3,500.00	3,000.00
Together Way Plan/Stewardship Education	2,000.00	2,000.00	1,500.00
Travel	22,000.00	22,000.00	22,000.00
Totals	<u>\$350,000.00</u>	<u>\$366,000.00</u>	<u>\$370,000.00</u>
Projected Income			
The Together Way Plan			
Cooperative Gifts	\$215,000.00	\$226,000.00	\$228,000.00
Designated Gifts	135,000.00	140,000.00	142,000.00
Totals	<u>\$350,000.00</u>	<u>\$366,000.00</u>	<u>\$370,000.00</u>

Salary Breakdown

Executive Secretary	1996	1997	1998
Salary	\$28,071.98 (4%)	\$29,954.86 (4%)	\$31,913.05 (4%)
Housing and Utilities	19,000.00 (4%)	19,000.00 (4%)	19,000.00 (4%)
Social Security	7,202.01 (15.30%)	7,490.09 (15.30%)	7,789.70 (15.30%)
Retirement	1,403.60 (5%)	1,497.74 (5%)	1,595.65 (5%)
Insurance	4,305.25	4,305.25	3,585.68
Travel/Life/Disability	\$ 754.56	\$ 754.56	\$ 815.56
Hospital	3,319.86	3,319.86	2,547.50
Dental	230.83	230.83	222.62
Note: Office car furnished.	\$59,982.84	\$62,247.94	\$63,884.08

Administrative Assistant/Contact Editor	1996	1997	1998
Salary	\$21,609.74 (4%)	\$23,114.13 (4%)	\$24,678.70 (4%)
Housing and Utilities	16,000.00 (4%)	16,000.00 (4%)	16,000.00 (4%)
Social Security	5,754.29 (15.30%)	5,984.46 (15.30%)	6,223.84 (15.30%)
Retirement	1,080.49 (5%)	1,155.71 (5%)	1,233.94 (5%)
Insurance	6,816.00	6,816.00	6,303.60
Travel/Life/Disability	\$ 609.60	\$ 609.60	\$ 762.48
Hospital	5,724.58	5,724.58	5,132.88
Dental	481.82	481.82	408.24
Note: Office car furnished.	\$51,260.52	\$53,070.30	\$54,440.08

Bookkeeper	1996	1997	1998
Salary	\$23,401.64 (4%)	\$24,337.71 (4%)	\$25,311.22 (4%)
Social Security	1,790.23 (7.65%)	1,861.83 (7.65%)	1,936.31 (7.65%)
Retirement	1,170.08 (5%)	1,216.89 (5%)	1,265.56 (5%)
Insurance	6,538.75	6,538.75	5,633.64
Life/Disability	\$ 332.35	\$ 332.35	\$ 381.12
Hospital	5,724.58	5,724.58	4,844.28
Dental	481.82	481.82	408.24
	\$32,900.70	\$33,955.18	\$34,146.73

Editorial Assistant/Secretary	1996	1997	1998
Salary	\$22,878.42 (4%)	\$23,793.56 (4%)	\$24,745.30 (4%)
Social Security	1,750.20 (7.65%)	1,820.21 (7.65%)	1,893.02 (7.65%)
Retirement	1,143.92 (5%)	1,189.68 (5%)	1,237.27 (5%)
Insurance	3,563.23	3,563.23	3,283.92
Life/Disability	\$ 319.78	\$ 319.78	\$ 362.04
Hospital	3,012.62	3,012.62	2,699.28
Dental	230.83	230.83	222.60
	\$29,335.77	\$30,366.68	\$31,159.51

Yearbook Coordinator/Secretary	1996	1997	1998
Salary	\$22,450.37 (4%)	\$23,348.38 (4%)	\$24,282.32 (4%)
Social Security	1,717.45 (7.65%)	1,786.15 (7.65%)	1,857.60 (7.65%)
Retirement	1,122.52 (5%)	1,167.42 (5%)	1,214.12 (5%)
Insurance	3,560.71	3,560.71	3,084.96
Life/Disability	\$ 317.26	\$ 317.26	\$ 314.88
Hospital	3,012.62	3,012.62	2,547.48
Dental	230.83	230.83	222.60
	\$28,851.05	\$29,862.66	\$30,439.00

Contact Circulation Manager/Receptionist		1996	1997	1998
		75%	75%	60%
Salary		\$16,765.36 (4%)	\$17,435.97 (4%)	\$14,846.81 (4%)
Social Security		1,282.55 (7.65%)	1,333.85 (7.65%)	1,135.78 (7.65%)
Retirement		838.27 (5%)	871.80 (5%)	742.34 (5%)
Insurance (60%)		5,554.74	5,554.74	4,793.11
Life/Disability	\$ 244.60		\$ 244.60	\$ 226.73
Hospital	4,826.88		4,826.88	4,214.59
Dental	483.26		483.26	351.79
		\$24,440.92	\$25,196.36	\$21,518.04
Part-Time Help			82 days	104 days
Salary		\$3,107.52 (\$7.47 hr.)	\$5,097.12 (\$7.77 hr.)	\$6,722.56 (\$8.08 hr.)
Social Security		237.73 (7.65%)	389.93 (7.65%)	514.28 (7.65%)
		\$3,345.25	\$5,487.05	\$7,236.84

**Convention Budget
National Association of Free Will Baptists, Inc.
July 20-24, 1997
Cincinnati, Ohio**

Projected Expenditures	1995 Charlotte	1996 Fort Worth	1997 Cincinnati
Auditorium	\$35,825.00	\$34,500.00	\$47,580.00
Printing and Promotion	25,273.00	27,945.00	28,075.00
Convention Office	10,750.00	13,895.00	16,570.00
Convention Personnel	11,345.88	12,493.80	12,698.34
Meals	2,295.00	2,052.00	2,079.00
Travel	3,334.00	4,004.00	2,372.88
Lodging	5,716.88	6,437.80	8,246.46
Convention Officials	8,443.84	9,124.20	11,805.82
Honorariums	1,750.00	750.00	1,000.00
Decorator Services	5,590.00	5,958.00	6,364.00
Meal Functions	2,399.83	2,109.68	2,073.68
Executive Committee Meal and Motel Expenses	1,500.00	1,800.00	1,800.00
Pre-Convention Expenses	7,122.45	6,474.32	11,500.00
Totals	\$110,000.00	\$115,050.00	\$139,466.84
Projected Receipts			
Booth Fees	\$12,500.00	\$12,950.00	\$14,925.00
State Assoc. Representation Fees (\$25 per church)	62,400.00	62,275.00	62,225.00
Local Church Delegate Fees (\$25.00)	2,500.00	2,500.00	2,500.00
Host State (Ohio)	20,000.00	12,000.00	20,000.00
Offerings	12,600.00	25,325.00	39,816.84
Totals	\$110,000.00	\$115,050.00	\$139,466.84

**Convention Budget
National Association of Free Will Baptists, Inc.
July 20-24, 1997
Cincinnati, Ohio**

Projected Receipts	1995	1996	1997
Booth Fees	\$12,500.00	\$12,950.00	\$14,925.00
State Assoc. Representation Fees (\$25 per church)	62,400.00	62,275.00	62,225.00
Local Church Delegate Fees (\$25.00)	2,500.00	2,500.00	2,500.00
Host State (Ohio)	20,000.00	12,000.00	20,000.00
Offerings	12,600.00	25,325.00	39,816.84
Totals	\$110,000.00	\$115,050.00	\$139,466.84
Projected Expenditures			
Auditorium			
Rental, Set-Up, Tear Down, Meeting Rooms	\$22,500.00	\$12,000.00	\$19,000.00
Convention Banner	300.00	300.00	300.00
Flowers	125.00	150.00	150.00
Police Security	2,150.00	6,000.00	4,260.00
Convention Tapes	200.00	200.00	250.00
Other	10,550.00	15,850.00	23,620.00
Music Stand Rental (Decorator)	500.00	500.00	270.00
Sound System/AV Equipment	7,000.00	12,000.00	20,000.00
Usher Badges	200.00	200.00	200.00
Liab., ASCAP, BMI, Ins.	800.00	800.00	800.00
First Aid Staff	1,200.00	1,500.00	1,500.00
Courtesy Car	150.00	150.00	150.00
Offering Buckets	200.00	300.00	300.00
Signs	500.00	400.00	400.00
Totals	\$35,825.00	\$34,500.00	\$47,580.00
Printing and Promotion			
Publicity and Art Work	\$11,000.00	\$12,000.00	\$13,000.00
Photos	500.00	500.00	700.00
Convention Materials	10,773.00	12,445.00	10,375.00
Programs/Song Sheets	3,230.00	3,345.00	3,156.25
Song Sheets	1,149.00	1,224.00	.00
Digest of Reports	6,394.00	7,876.00	7,218.75
Pre-Convention Printing	3,000.00	3,000.00	4,000.00
(Sunday C. News pre-printed, copier reimb.)			
Totals	\$25,273.00	\$27,945.00	\$28,075.00
Convention Office			
Registration/Pre-Reg. (Supplies, Salaries, Pstg.)	\$3,000.00	\$4,500.00	\$4,500.00
Registration Computers/Printers	2,000.00	1,000.00	1,000.00
Paper and Printing Supplies	700.00	2,000.00	1,000.00
Equipment Rentals	2,350.00	2,845.00	4,210.00
Copiers (2)/Paper	1,200.00	2,240.00	3,500.00
Typewriters (2)	150.00	105.00	100.00
Typewriters (10)	500.00	350.00	250.00
Other	250.00	.00	.00
Tables/Chairs (Office)	250.00	150.00	360.00
Telephone		700.00	800.00
During Convention (Office)	300.00	400.00	160.00
Pre/Post Convention	400.00	400.00	300.00
Office Expense/Supplies	.00	.00	2,500.00

	1995	1996	1997
Postage	800.00	800.00	800.00
Musical Instruments Rental and Service	1,200.00	1,950.00	2,100.00
Piano/Tuning	300.00	1,050.00	750.00
Forklift	150.00	150.00	150.00
Organ Shipping	600.00	600.00	900.00
Music	150.00	150.00	300.00
Totals	\$10,750.00	\$13,895.00	\$16,570.00

Convention Personnel—Meals

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 (21 meals @ \$9.00 each)	189.00	189.00	189.00
Marilyn Pritchard (30 meals @ \$9.00 each)	270.00	270.00	270.00
Deanna Hollifield (24 meals @ \$9.00 each)	189.00	189.00	216.00
Security Officer (27 meals @ \$9.00 each)	243.00	.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	\$2,052.00	\$2,079.00

Convention Personnel—Travel

Dari Goodfellow	\$240.00	\$434.00	\$186.48
Melody Hood	240.00	227.00	186.48
Marilyn Pritchard	240.00	227.00	186.48
Deanna Hollifield	240.00	434.00	186.48
Steve Pate(Trans.Coord.,rental)	1,500.00	1,800.00	1,200.00
Motel/Meals on road (6 meals @ \$9.00 each)	154.00	228.00	54.00
Jack Williams	240.00	200.00	186.48
Anne Worthington	240.00	227.00	270.00
Melvin Worthington	240.00	227.00	186.48
Totals	\$3,334.00	\$4,004.00	\$2,372.88

Convention Personnel—Lodging

Dari Goodfellow (7 nights @ \$140.08)	\$739.76	\$793.45	\$980.56
Melody Hood (9 nights @ \$140.08)	796.32	966.15	1,260.72
Steve Pate (8 nights @ \$104.78)	528.64	661.05	838.24
Marilyn Pritchard (9 nights @ \$140.08)	796.32	966.15	1,260.72
Deanna Hollifield (7 nights @ \$117.78)	530.88	440.70	824.46
Jack Williams (11 nights @ \$140.08)	1,162.48	1,305.15	1,540.88
Melvin Worthington (11 nights @ \$140.08)	1,162.48	1,305.15	1,540.88
Totals (Includes applicable tax and parking)	\$5,716.88	\$6,437.80	\$8,246.46

Convention Officials

Moderator-Carl Cheshier	\$982.76	\$1,115.55	\$1,915.06
Travel	.00	.00	409.50
(From Ft. Smith, AR to Cincinnati, OH—1,300 miles @ \$.315 per mile)			
Meals (24 meals @ \$9.00 each)	243.00	243.00	216.00
Lodging (7 nights @ \$127.08)	739.76	872.55	889.56
Honorarium	.00	.00	400.00
Clerk-Waldo Young	1,908.44	1,424.10	2,393.64
Travel	420.00	155.00	630.00
(From Shawnee, OK to Cincinnati, OH—2,000 miles @ \$.315 per mile)			
Meals (27 meals @ \$9.00 each)	243.00	189.00	243.00
Lodging (8 nights @ \$140.08)	845.44	680.10	1,120.64
Honorarium	400.00	400.00	400.00
Assistant Moderator-Tim York	.00	.00	868.68
Meals (18 meals @ \$9.00 each)	.00	.00	162.00
Lodging (6 nights @ \$117.78)	.00	.00	706.68

	1995	1996	1997
Assistant Clerk-Keith Burden	717.00	839.25	750.90
Meals (18 meals @ \$9.00 each)	216.00	216.00	162.00
Lodging (5 nights @ \$117.78)	501.00	623.25	588.90
Moderator (Ex-Officio)-Ralph Hampton	1,463.08	1,703.10	1,102.74
Travel	240.00	434.00	186.48
(From Nashville, TN to Cincinnati, OH—592 miles @ \$.315 per mile)			
Meals (18 meals @ \$9.00 each)	189.00	189.00	162.00
Lodging (6 nights @ \$125.71)	634.08	680.10	754.26
Honorarium	400.00	400.00	.00
Usher Coordinator-Raymond Lee	634.08	751.45	754.26
Lodging (6 nights @ \$125.71)		440.70	840.48
Music Coordinator-Randy Sawyer	392.32	440.70	588.90
Lodging (6 nights @ \$140.08)		367.25	588.90
Pianist-Jerry Carraway	330.40	367.25	588.90
Lodging (5 nights @ \$117.78)		367.25	588.90
Organist-Carol Reid	264.32	514.15	706.68
Lodging (5 nights @ \$117.78)		440.70	706.68
Registration Coordinator-George Harvey	619.36	440.70	588.90
Lodging (6 nights @ \$117.78)		367.25	588.90
Press Officer-Thomas Marberry	601.20	440.70	588.90
Lodging (6 nights @ \$117.78)		367.25	588.90
Photographer-Eddie Payne	530.88	793.45	.00
Lodging (5 nights @ \$117.78)		793.45	.00
Tape Coordinator	.00	.00	.00
Totals (Includes applicable tax and parking)	\$8,443.84	\$9,124.20	\$11,805.82

Honorariums

	1995	1996	1997
Wendell Leckbee	\$ 125.00	Ron Barber \$125.00	Bill Sawyer \$ 125.00
Roger Harwell	125.00	Gerald Fowler 125.00	Robert Prichard 125.00
Jim Turnbough	125.00	Tim Hall 125.00	Matthew Upton 125.00
Keith Burden	125.00	Trymon Messer 125.00	Earl Hendrix 125.00
William Evans	125.00	Will Harmon 125.00	Melvin Worthington .00
James Munsey	125.00	Bob Shockey 125.00	Jerry Norris 125.00
Norman Geisler	1,000.00		Richard Atwood 125.00
(Travel, Lodging, Meals, Honorarium)			Ronnie Adkins 125.00
			Connie Cariker 125.00
Totals	\$1,750.00	\$750.00	\$1,000.00

Decorator Services

	1995	1996	1997
Booth (60) Installation & Drape Tables	\$1,800.00	\$2,580.00	\$2,100.00
Stage	1,441.00	1,342.00	2,994.00
Skirting/Draping/Stage Set-Up	718.00	220.00	1,490.00
Skirted Tables/Chairs	48.00	190.00	114.00
Carpet	600.00	832.00	1,390.00
Hanging Banner	75.00	100.00	.00
Exhibitor Badges	275.00	275.00	300.00
Convention Office (Two-way radio)	.00	.00	.00
Registration	2,074.00	1,761.00	970.00
Desks	1,200.00	500.00	.00
Skirted Tables	324.00	251.00	280.00
Chairs	250.00	490.00	190.00
Electricity	300.00	300.00	300.00
Easels/Trash Cans	.00	220.00	200.00
Totals	\$5,590.00	\$5,958.00	\$6,364.00

	1995	1996	1997
Meal Functions			
Executive Committee	\$743.68	\$687.58	\$649.08
Coffee Breaks (2)	250.00	250.00	250.00
Luncheon (22 people @ \$18.14)	493.68	437.58	399.08
General Board Breakfast (55 people @ \$11.41)	659.45	675.95	627.55
State Leaders Breakfast (45 people @ \$9.95)	684.20	482.90	447.75
State Exec. Sec./Promo. Directors' Breakfast (25 people @ \$9.95)	312.50	263.25	248.75
Presidents' Breakfast (5 people @ \$20.11)	.00	.00	100.55
Totals	<u>\$2,399.83</u>	<u>\$2,109.68</u>	<u>\$2,073.68</u>

Executive Committee

Meal and Motel Expenses (For the Executive Committee Meeting prior to the 1997 National Convention)

Charles Cooper	\$250.00	Gene Norris	\$300.00	Gene Norris	\$300.00
Nathan Ruble	250.00	Nathan Ruble	300.00	Nathan Ruble	300.00
Thurmon Murphy	250.00	Thurmon Murphy	300.00	Jack Richey	300.00
Tom Lilly	250.00	Tom Lilly	300.00	Glen Johnson	300.00
David Joslin	250.00	David Joslin	300.00	David Joslin	300.00
Charles Thigpen	250.00	Charles Thigpen	300.00	Charles Thigpen	300.00
Totals	<u>\$1,500.00</u>	<u>\$1,800.00</u>	<u>\$1,800.00</u>		

1998 Contact Budget

Projected Expenses

	1996	1997	1998
Printing	\$36,000.00	\$36,000.00	\$42,000.00
Postage	17,000.00	17,000.00	17,000.00
Art	1,000.00	2,000.00	2,000.00
Writers' Fees and Photos	4,000.00	4,000.00	4,500.00
Promotion	3,000.00	6,000.00	4,000.00
Computer/Services	5,000.00	5,000.00	3,000.00
Mail Services	3,000.00	3,000.00	5,700.00
Telephone	200.00	300.00	200.00
Office Supplies	3,000.00	3,000.00	3,000.00
Travel	2,500.00	2,700.00	2,500.00
Bound Copies	600.00	600.00	600.00
Other	496.00	1,000.00	1,500.00
Books, Dues, Registrations	1,000.00	1,000.00	1,000.00
Audit	700.00	1,200.00	1,000.00
Debt Retirement	7,200.00	1,200.00	.00
(To reimb. Executive Office)			
Total Expenses	<u>\$84,696.00</u>	<u>\$84,000.00</u>	<u>\$88,000.00</u>

Projected Income

Convention Coverage	\$9,000.00	\$12,000.00	\$12,000.00*
Subscriptions	75,696.00	72,000.00	76,000.00**
Total Income	<u>\$84,696.00</u>	<u>\$84,000.00</u>	<u>\$88,000.00</u>

*Three issues

**Based on 6,333 subscriptions @ \$12.00 per year

1997 Gift Goals For Executive Office

States	Membership	Gift Goals
Alabama	19,216	\$ 33,442.17
Arizona	220	382.87
Arkansas	19,421	33,798.94
California	2,985	5,194.88
Canada	323	562.13
Colorado	148	257.57
Florida	5,841	10,165.26
Georgia	10,202	17,754.84
Hawaii	27	46.99
Idaho	141	245.39
Illinois	3,924	6,829.05
Indiana	3,314	5,767.45
Iowa	51	88.76
Kansas	156	271.49
Kentucky	16,009	27,860.94
Louisiana	77	134.01
Maryland	1,516	2,638.34
Mexico	2,499	4,349.08
Michigan	2,773	4,825.93
Mississippi	3,526	6,136.40
Missouri	14,993	26,092.76
Montana	62	107.90
Nebraska	29	50.47
New Jersey	108	187.96
New Mexico	66	114.86
North Carolina	20,254	35,248.63
Northeast Assoc.	276	480.33
Northwest Assoc.	181	315.00
Ohio	10,201	17,753.10
Oklahoma	20,830	36,251.06
Pennsylvania	0	.00
Puerto Rico	70	121.82
South Carolina	8,151	14,185.43
South Dakota	63	109.64
Tennessee	22,440	39,052.99
Texas	2,944	5,123.53
Virgin Islands	149	259.31
Virginia	6,006	10,452.42
West Virginia	11,086	19,293.31
Wisconsin	27	46.99
Wyoming	0	.00
Totals	<u>210,305</u>	<u>\$366,000.00</u>

Gift Goals Per Person \$1.75

1996 Gift Goals For National Ministries

States	Membership	Executive Office	Foreign Missions	FWBBC	Home Missions	Retirement & Insurance	Master's Men	FWB Foundation	Theological Integrity	Historical Commission	Music Commission	Radio/TV Commission	WNAC	NYC	Totals	%
1996 Budgets		\$350,000.00	\$4,509,132.00	\$1,000,000.00	\$2,750,000.00	\$318,194.00	\$145,000.00	\$89,500.00	\$2,100.00	\$2,725.00	\$3,725.00	\$9,350.00	\$217,750.00	\$50,000.00	\$9,447,476.00	100.00%
Alabama	17,949	29,394.85	378,700.75	83,985.29	230,959.54	26,723.42	12,177.87	7,516.68	176.37	228.86	312.85	785.76	18,287.80	4,199.26	793,449.00	8.40%
Alaska	239	391.41	5,042.59	1,118.31	3,075.34	355.84	162.15	100.09	2.35	3.05	4.17	10.46	243.51	55.92	10,565.19	11%
Arizona	19,673	32,218.22	415,074.93	92,052.07	253,143.19	29,290.42	13,347.55	8,238.66	193.31	250.84	342.89	860.69	20,044.34	4,602.60	869,457.71	9.21%
Arkansas	3,371	5,520.64	71,173.75	15,773.27	43,376.49	5,018.96	2,287.12	1,411.71	33.12	42.98	58.76	147.48	3,434.57	788.66	149,017.57	1.58%
California	348	569.92	7,342.35	1,628.33	4,477.91	518.12	236.11	145.74	3.49	4.44	6.07	15.22	354.57	81.42	15,383.62	1.6%
Colorado	355	581.38	7,490.04	1,661.08	4,567.98	528.55	240.86	148.67	3.49	4.53	6.19	15.22	354.57	81.42	15,383.62	1.6%
Florida	5,343	8,750.16	112,730.41	25,000.47	68,751.29	7,955.00	3,625.07	2,237.54	52.50	68.13	93.13	233.75	5,443.85	1,250.02	15,693.05	1.7%
Georgia	9,890	16,196.23	208,666.25	46,216.37	127,240.01	14,724.86	6,710.07	4,141.73	97.18	126.10	172.38	437.68	10,076.68	2,313.82	236,191.32	2.50%
Hawaii	24	39.30	506.37	112.30	308.82	35.73	119.41	10.05	24	31	42	1.05	24.45	5.61	437.194.86	4.63%
Idaho	176	288.23	3,713.37	823.52	2,264.69	262.04	119.41	73.71	1.73	2.24	3.07	7.70	179.32	41.18	1,040.93	0.1%
Illinois	3,719	6,090.56	78,466.10	17,401.60	47,854.40	5,537.08	2,523.73	1,557.44	36.54	47.42	64.82	162.70	3,789.20	870.08	7,780.21	0.8%
Indiana	1,425	2,333.70	30,065.66	6,667.73	18,336.25	2,121.63	966.82	596.76	14.00	18.17	24.84	62.34	1,451.90	333.39	164,401.17	1.74%
Iowa	51	83.52	1,076.03	238.43	656.24	75.93	34.60	21.36	50	65	89	2.23	51.96	11.93	62,993.19	6.7%
Kansas	149	244.02	3,143.71	697.19	1,917.26	221.84	101.09	62.40	1.46	1.90	2.60	6.52	151.81	34.86	2,254.47	0.7%
Kentucky	16,503	27,026.76	348,192.02	77,219.30	212,353.08	24,570.72	11,196.80	6,911.13	162.16	210.42	287.64	722.00	16,814.50	3,860.97	729,527.50	7.7%
Louisiana	123	201.44	2,595.14	575.53	1,582.71	183.13	83.45	51.51	1.21	1.57	2.14	5.38	125.32	28.78	6,586.66	0.7%
Maryland	1,562	2,558.07	32,956.19	7,308.76	20,099.10	2,325.61	1,057.77	654.13	15.35	19.92	27.23	68.34	1,591.48	365.44	5,437.31	0.6%
Massachusetts	2,800	4,585.52	59,076.39	13,101.50	36,029.12	4,168.82	1,899.72	1,172.58	27.51	35.70	48.80	122.50	2,857.85	655.07	49,049.39	0.7%
Michigan	3,638	5,957.91	76,757.11	17,027.59	46,812.12	5,416.49	2,468.28	1,523.52	35.75	46.39	63.41	159.16	3,706.67	851.13	123,776.08	1.31%
Minnesota	3,152	5,161.99	66,503.14	14,748.54	40,558.50	4,692.90	2,138.54	1,319.99	30.97	40.19	54.94	137.90	3,211.50	737.43	140,820.53	1.70%
Mississippi	14,621	23,944.63	308,484.25	68,413.22	188,136.36	21,768.68	9,919.92	6,122.98	143.67	186.43	254.84	639.66	14,896.98	3,420.66	139,336.53	1.47%
Missouri	10	16.38	210.99	46.79	178.68	14.89	6.78	4.19	10	13	17	44	10.19	2.34	646,332.28	6.84%
Montana	29	47.49	611.86	135.69	373.16	43.18	19.68	12.14	28	37	51	127	29.55	6.78	442.07	0.0%
Nebraska	202	330.81	4,261.94	945.18	2,599.24	300.75	137.05	84.59	1.98	2.58	3.52	8.84	205.81	47.26	1,281.96	0.1%
Nevada	69	113.00	1,455.81	322.86	887.86	102.73	46.81	28.90	68	88	120	3.02	70.30	16.14	8,929.55	0.9%
New Hampshire	20,555	33,662.66	433,683.99	96,179.04	264,492.36	30,403.59	13,945.96	8,608.02	201.98	262.09	358.27	899.28	20,943.00	4,808.95	3,050.19	9.03%
New Jersey	334	546.99	7,046.97	1,562.82	4,297.76	497.78	226.61	139.87	3.28	4.26	5.82	14.61	340.30	78.14	908,649.19	9.62%
New Mexico	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,764.71	1.6%
New York	9,844	16,154.15	208,117.68	46,154.71	126,925.45	14,886.15	6,692.43	4,130.85	96.92	125.77	171.93	431.55	10,050.19	2,307.74	436,045.52	4.62%
North Carolina	21,598	35,370.77	455,689.95	101,059.35	277,913.21	32,156.48	14,653.61	9,044.83	212.22	275.37	376.41	944.90	22,005.67	5,052.97	954,755.74	10.11%
North Dakota	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Ohio	10,256	16,796.12	216,388.37	47,988.92	131,969.53	15,269.79	6,958.39	4,295.01	100.78	130.77	178.76	448.70	10,449.59	2,399.45	453,374.18	4.80%
Oklahoma	26,000	42,579.87	548,566.47	121,656.78	334,556.14	38,710.46	17,640.24	10,888.28	255.48	331.51	453.17	1,137.49	26,490.76	6,082.84	1,149,349.49	12.17%
Pennsylvania	2,010	3,291.75	42,408.41	9,405.01	25,863.77	2,992.40	1,343.73	841.75	19.75	25.63	35.03	87.94	2,047.94	470.25	88,853.56	9.4%
Rhode Island	6,051	9,909.65	127,668.30	28,313.28	77,861.51	9,009.11	4,105.42	2,534.04	59.46	77.15	105.47	264.73	6,165.22	1,415.66	267,489.00	2.83%
Texas	130	212.90	2,742.84	608.28	1,672.78	193.55	88.20	54.44	1.28	1.66	2.27	5.69	132.45	30.41	5,746.75	0.6%
Virginia	11,497	18,878.50	242,571.87	53,795.69	147,938.15	17,117.47	7,800.38	4,814.71	112.98	146.59	200.39	502.99	11,714.01	2,689.79	508,233.52	5.38%
West Virginia	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Wyoming	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Totals	213,716	\$350,000.00	\$4,509,132.00	\$1,000,000.00	\$2,750,000.00	\$318,194.00	\$145,000.00	\$89,500.00	\$2,100.00	\$2,725.00	\$3,725.00	\$9,350.00	\$217,750.00	\$50,000.00	\$9,447,476.00	100.00%
Gift Goals Per Person		1.64	21.10	4.68	12.87	1.49	.68	.42	.01	.01	.02	.04	1.02	.23	44.21	

1996 The Together Way Totals

States	Executive	Foreign Missions	FWBBC	Home Missions	Retirement & Insurance	Master's Men	Com. for Theo. Integrity	WNAC	FWB Foundation	Historical Com.	Radio/TV Com.	Music Com.	Totals
Alabama	\$1,023.89	\$198,762.27	\$161,176.20	\$269,115.44	\$883.75	\$2,353.00	\$24.92	\$6,948.29	\$159.56	\$24.51	\$24.65	\$24.51	\$640,520.99
Alaska	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Arizona	245.47	7,261.80	944.92	20,095.58	28.12	1,258.00	1.20	370.04	12.06	1.01	1.01	1.01	30,220.22
Arkansas	79,959.45	341,337.19	51,133.37	198,384.75	9,159.00	10,734.00	327.54	20,917.64	3,925.30	327.09	327.09	327.09	716,859.51
California	6,737.79	66,128.80	5,381.43	53,877.08	771.77	1,072.00	27.57	3,704.75	330.77	27.57	27.57	27.57	138,114.67
Canada	.00	5,947.91	.00	11,686.33	.00	.00	.00	.00	.00	.00	.00	.00	17,634.24
Colorado	.00	5,241.41	542.86	50,129.25	.00	.00	.00	60.00	.00	.00	.00	.00	55,973.52
Connecticut	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Delaware	.00	.00	569.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	569.00
Florida	19,551.82	71,988.40	19,435.07	83,853.90	2,187.06	4,724.00	78.32	2,244.91	937.31	78.12	78.12	78.12	20,523.15
Georgia	17,650.47	211,159.43	75,861.98	76,144.97	1,985.28	3,397.00	71.15	7,539.27	850.85	70.91	270.91	70.91	395,073.13
Hawaii	.00	.00	.00	236.00	.00	.00	.00	.00	.00	.00	.00	.00	236.00
Idaho	.00	.00	.00	8,415.29	29.54	.00	.00	.00	12.66	.00	.00	.00	8,457.49
Illinois	14,671.31	149,229.24	22,818.28	37,813.59	1,680.54	3,350.00	70.59	2,769.89	720.25	60.03	60.03	60.03	23,330.78
Indiana	1,253.73	54,840.52	3,507.47	30,387.66	298.03	965.00	147.72	840.14	189.43	147.72	3.79	3.79	9,258.50
Iowa	257.90	2,379.53	533.00	2,282.80	.00	450.00	1.06	400.00	.00	1.06	1.06	1.06	6,307.47
Kansas	84.23	8,211.53	253.13	28,890.29	9.65	10.00	34	405.00	4.14	34	34	34	37,869.33
Kentucky	2,817.36	67,490.81	12,940.04	81,974.45	291.40	763.00	10.40	2,585.00	124.90	10.40	10.40	10.40	169,028.56
Louisiana	105.50	1,932.14	561.04	14,175.89	.63	176.00	.02	.00	.27	.02	.02	.02	16,951.55
Maine	.00	.00	300.00	3,226.00	.00	.00	.00	.00	.00	.00	.00	.00	3,526.00
Maryland	1,517.70	33,947.20	3,128.83	40,502.36	173.87	174.00	6.22	1,603.70	74.52	6.22	6.22	6.22	81,147.06
Massachusetts	.00	.00	60.00	20,433.50	.00	80.00	.00	.00	.00	.00	.00	.00	20,573.50
Michigan	19,448.39	155,765.94	17,251.01	124,071.11	2,215.11	7,251.00	79.12	3,426.70	949.33	79.12	79.12	79.12	330,695.07
Minnesota	.00	.00	.00	400.00	.00	.00	.00	.00	.00	.00	.00	.00	400.00
Mississippi	2,802.27	66,607.79	18,539.05	124,312.03	255.79	1,835.00	9.22	2,756.80	102.45	9.14	9.14	9.14	217,247.82
Missouri	59,648.39	347,457.77	21,721.68	171,446.95	5,282.34	8,203.00	331.68	9,501.86	2,644.32	329.65	329.65	329.65	627,226.94
Montana	.00	2,110.00	.00	490.00	.00	.00	.00	.00	.00	.00	.00	.00	2,600.00
Nebraska	.00	2,396.00	50.00	3,610.66	.00	109.00	.00	130.00	.00	.00	.00	.00	6,295.66
Nevada	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
New Hampshire	.00	.00	.00	31,014.00	.00	.00	.00	.00	.00	.00	.00	.00	31,014.00
New Jersey	.00	.00	12.00	4,035.40	.00	.00	.00	.00	.00	.00	.00	.00	4,047.4

New Mexico	377.47	5,915.13	197.48	11,371.38	43.24	43.00	1.66	289.57	18.53	1.55	1.55	18,262.11	
New York	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	
North Carolina	7,776.34	622,127.01	149,654.03	215,099.33	689.97	1,988.00	110.15	10,661.81	360.95	110.10	30.09	1,008,637.88	
Ohio	21,847.69	164,489.35	17,396.92	66,000.80	2,654.44	2,886.00	89.83	4,907.53	1,051.92	87.66	87.66	281,587.46	
Oklahoma	36,602.63	425,246.18	12,344.44	298,588.77	2,040.91	14,071.00	507.25	2,930.08	2,031.18	506.70	506.69	795,882.53	
Oregon	.00	.00	.00	5,792.25	.00	.00	.00	.00	.00	.00	.00	5792.25	
Pennsylvania	.00	904.54	.00	13,700.30	.00	.00	.00	.00	.00	.00	.00	14,604.84	
Rhode Island	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	
South Carolina	3,843.51	252,241.77	54,170.34	144,594.19	438.04	783.00	8.67	5,720.29	71.08	8.68	8.69	461,896.93	
South Dakota	.00	.00	.00	8,750.00	.00	.00	.00	.00	.00	.00	.00	.00	
Tennessee	17,677.74	720,365.61	156,462.28	554,583.39	3,265.07	11,761.00	229.65	11,541.72	1,707.19	50.61	85.05	1,477,848.77	
Texas	2,489.68	83,197.46	6,780.66	49,488.90	311.97	1,558.00	43.45	3,841.25	137.63	43.45	43.45	147,979.35	
Utah	.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	
Virginia	990.94	97,464.26	14,745.70	143,176.57	93.88	715.00	2.83	2,787.01	29.68	2.50	2.50	260,013.37	
Washington	.00	.00	586.00	7,709.03	2.64	3.00	.00	.00	1.13	.00	.00	8301.80	
West Virginia	928.48	115,912.04	8,203.94	59,364.59	466.50	2,869.00	172.98	2,112.12	25.62	2.13	172.88	190,232.41	
Wisconsin	.00	.00	.00	12,048.95	.00	.00	.00	.00	.00	.00	.00	12,048.95	
Wyoming	.00	.00	.00	21,534.60	.00	.00	.00	.00	.00	.00	.00	21,534.60	
Mexico	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	
Northeast Assoc.	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	
Northwest Assoc.	23.06	8,037.93	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	
Puerto Rico	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	
Virgin Islands	.00	1,800.00	1,075.00	41,327.97	.00	.00	.00	.00	.00	.00	.00	880.00	
FNB Foundation	.00	15,120.10	.00	4,087.89	.00	.00	.00	60.00	.00	.00	.00	8,061.35	
WNAC	.00	180,301.81	3,407.84	87,697.21	.00	.00	.00	.00	.00	.00	.00	5,205.00	
Other	.00	80,222.36	226,479.88	225,236.63	.00	.00	.00	.00	.00	.00	.00	44,262.97	
Totals	\$320,333.21	\$4,574,421.23	\$1,068,374.87	\$3,466,363.03	\$35,349.54	\$83,581.00	\$2,353.63	\$111,055.37	\$19,873.03	\$1,986.38	\$2,396.53	\$1,831.29	\$9,687,919.11

*FWBBC—Other includes gifts from College Family, Matching Gifts, Foreign Missionaries, Estates, Alumni Projects and \$113,466.62 Claim the Land Campaign.
 *HM—Other includes interest, miscellaneous sources and states.
 *Master's Men—Total does not include sales, Conference or Tournament fees, Dinner ticket sales or restricted Endowment contributions.
 *WNAC—Total does not include Memorial Student Loan Fund, Foreign Student Scholarship or gifts designated to other departments.
 *Foundation—Other includes Endowment gifts through The Together Way Plan.

1997 Gift Goals For National Ministries

Membership	Executive Office	Foreign Missions	FWBBC	Home Missions	Retirement and Insurance	Master's Men	FWB Foundation	Com. for Theo. Integrity	Historical Com.	Music Com.	Radio/TV Com.	WNAC	NYC	TOTALS	%	
1997 Budgets	\$366,000.00	\$4,451,766.00	\$1,000,000.00	\$2,800,000.00	\$334,904.00	\$131,900.00	\$93,000.00	\$2,400.00	\$2,875.00	\$3,725.00	\$8,350.00	\$219,100.00	\$50,000.00	\$9,464,020.00	100.00%	
States																
Alabama	19,216	33,442.17	406,767.01	91,372.05	255,841.75	30,600.87	12,051.97	8,497.60	219.29	262.69	340.36	762.96	20,019.62	4,568.60	864,746.94	9.14%
Arizona	220	382.87	4,656.99	1,046.10	2,979.08	350.34	137.98	97.29	2.51	3.01	3.90	8.73	229.20	52.30	9,900.30	.10%
Arkansas	19,421	33,798.94	411,106.48	92,346.83	258,571.12	30,927.32	12,180.55	8,588.26	221.63	265.50	343.99	771.10	20,233.19	4,617.34	873,972.25	9.23%
California	2,985	5,194.88	63,186.90	14,193.67	39,742.28	4,753.52	1,872.15	1,320.01	34.06	40.81	52.87	118.52	3,109.83	709.68	134,329.18	1.42%
Canada	323	562.13	6,837.31	1,535.86	4,300.42	514.37	202.58	142.84	3.69	4.42	5.72	12.82	336.51	76.79	14,535.46	.15%
Colorado	148	257.57	3,132.88	703.74	1,970.47	235.69	92.82	65.45	1.69	2.02	2.62	5.88	154.19	35.19	6,660.21	.07%
Florida	5,841	10,165.26	123,643.11	27,773.95	77,767.05	9,301.61	3,663.38	2,582.98	66.66	79.85	103.46	231.91	6,085.27	1,388.70	262,853.19	2.78%
Georgia	10,202	17,754.84	215,957.38	48,510.50	135,829.39	16,246.36	6,398.53	4,511.48	116.43	139.47	180.70	405.06	10,628.65	2,425.52	459,104.31	4.85%
Hawaii	27	46.99	571.54	128.38	359.48	43.00	16.93	11.94	.31	.37	.48	1.07	28.13	6.42	1,215.04	.01%
Idaho	141	245.39	2,984.71	670.45	1,877.27	224.54	88.43	62.35	1.61	1.93	2.50	5.60	146.90	33.52	6,345.20	.07%
Illinois	3,924	6,829.05	83,063.79	18,658.61	52,244.12	6,248.84	2,461.07	1,735.25	44.78	53.64	69.50	155.80	4,088.10	932.93	176,585.48	1.87%
Indiana	3,314	5,767.45	70,151.22	15,758.07	44,122.58	5,277.44	2,078.49	1,465.50	37.82	45.30	58.70	131.58	3,452.59	787.90	149,134.64	1.58%
Iowa	51	88.76	1,079.58	242.50	679.01	81.22	31.99	22.55	.58	.70	.90	2.02	53.13	12.13	2,295.07	.02%
Kansas	156	271.49	3,302.23	741.78	2,076.98	248.43	97.84	68.99	1.78	2.13	2.76	6.19	162.52	37.09	7,020.21	.07%
Kentucky	16,009	27,860.94	338,880.78	76,122.77	213,143.77	25,493.82	10,040.59	7,079.42	182.69	218.85	283.56	635.63	16,678.50	3,806.14	720,427.46	7.61%
Louisiana	77	134.01	1,629.95	366.13	1,025.18	122.62	48.29	34.05	.88	1.05	1.36	3.06	80.22	18.31	3,465.11	.04%
Maryland	1,516	2,638.34	32,090.90	7,208.58	20,184.02	2,414.18	950.81	670.40	17.30	20.72	26.85	60.19	1,579.40	360.43	68,222.12	.72%
Mexico	2,499	4,349.08	52,899.19	11,882.74	33,271.68	3,979.58	1,567.33	1,105.09	28.52	34.16	44.26	99.22	2,603.51	594.14	112,458.50	1.19%
Michigan	2,773	4,825.93	58,699.26	13,185.61	36,919.71	4,415.91	1,739.18	1,226.26	31.65	37.91	49.12	110.10	2,888.97	659.28	124,788.89	1.32%
Mississippi	3,526	6,136.40	74,638.87	16,766.13	46,945.15	5,615.04	2,211.45	1,559.25	40.24	48.20	62.45	140.00	3,673.46	838.31	158,674.95	1.68%
Missouri	14,993	26,092.76	317,373.95	71,291.70	199,616.75	23,875.87	9,403.37	6,630.13	171.10	204.96	265.56	595.29	15,620.01	3,564.58	674,706.03	7.13%
Montana	62	107.90	1,312.42	294.81	825.47	98.73	38.89	27.42	.71	.85	1.10	2.46	64.59	14.74	2,790.09	.03%
Nebraska	29	50.47	613.88	137.89	386.11	46.18	18.19	12.82	.33	.40	.51	1.15	30.21	6.89	1,305.03	.01%
New Jersey	108	187.96	2,286.16	513.54	1,437.91	171.99	67.74	47.76	1.23	1.48	1.91	4.29	112.52	25.68	4,860.17	.05%
New Mexico	66	114.86	1,397.10	313.83	878.72	105.10	41.39	29.19	.75	.90	1.17	2.62	68.76	15.69	2,970.08	.03%
North Carolina	20,254	35,248.63	428,739.54	96,307.74	269,661.68	32,253.85	12,702.99	8,956.62	231.14	276.88	358.75	804.17	21,101.02	4,815.39	911,458.40	9.63%
Northeast Assoc.	276	480.33	5,842.41	1,312.38	3,674.66	439.52	173.10	122.05	3.15	3.77	4.89	10.96	287.54	65.62	12,420.38	.13%
Northwest Assoc.	181	315.00	3,831.43	860.65	2,409.83	288.24	113.52	80.04	2.07	2.47	3.21	7.19	188.57	43.03	8,145.25	.09%
Ohio	10,201	17,753.10	215,936.21	48,505.74	135,816.08	16,244.77	6,397.91	4,511.03	116.41	139.45	180.68	405.02	10,627.61	2,425.29	459,059.30	4.85%

Oklahoma	20,830	36,251.06	440,932.39	99,046.62	277,330.54	33,171.11	13,064.25	9,211.33	237.71	284.77	368.95	827.04	21,701.12	4,952.33	937,379.22	9.90%
Pennsylvania	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
Puerto Rico	70	121.82	1,481.77	332.85	931.98	111.47	43.90	30.96	.80	.96	1.24	2.78	72.93	16.64	3,150.10	.03%
South Carolina	8,151	14,185.43	172,541.52	38,757.99	108,522.38	12,980.21	5,112.18	3,604.49	93.02	111.43	144.37	323.63	8,491.88	1,937.90	366,806.43	3.88%
South Dakota	63	109.64	1,333.59	299.56	838.78	100.33	39.51	27.86	.72	.86	1.12	2.50	65.63	14.98	2,835.08	.03%
Tennessee	22,440	39,052.99	475,013.10	106,702.17	298,766.08	35,734.98	14,074.05	9,923.30	256.09	306.77	397.47	890.96	23,378.45	5,335.11	1,009,831.52	10.67%
Texas	2,944	5,123.53	62,319.01	13,998.77	39,196.43	4,688.21	1,846.43	1,301.88	33.60	40.25	52.15	116.89	3,067.12	699.94	132,484.21	1.40%
Virgin Islands	149	259.31	3,154.02	708.49	1,983.79	237.28	93.45	65.89	1.70	2.04	2.64	5.92	155.23	35.42	6,705.18	.07%
Virginia	6,006	10,452.42	127,135.86	28,558.52	79,963.86	9,564.36	3,766.87	2,655.94	68.54	82.11	106.38	238.46	6,257.17	1,427.93	270,278.42	2.86%
West Virginia	11,086	19,293.31	234,670.02	52,713.92	147,598.96	17,654.10	6,952.97	4,902.39	126.50	151.55	196.36	440.16	11,549.62	2,635.70	498,885.56	5.28%
Wisconsin	27	46.99	571.54	128.38	359.48	43.00	16.93	11.94	.31	.37	.48	1.07	28.13	6.42	1,215.04	.01%
Wyoming	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
Totals	210,305	\$366,000.00	\$4,451,766.00	\$1,000,000.00	\$2,800,000.00	\$334,904.00	\$131,900.00	\$93,000.00	\$2,400.00	\$2,875.00	\$3,775.00	\$8,350.00	\$219,100.00	\$50,000.00	\$9,464,070.00	100.00%

Gift Goals Per Person

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

Financial Statements

December 31, 1996 and 1995

(With Independent Auditors' Report Thereon)

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

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Hill, Harper & Associates, P.C.
Certified Public Accountants

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 303
Brentwood, TN 37027
TEL: 615/377-3485

Terry A. Hill
Ernest R. Harper

We have audited the statements of financial position of Building Services Fund of the National Association of Free Will Baptists, Inc. as of December 31, 1996 and 1995, and the related statements of activities and changes in net assets and cash flows for the years 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 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 the Building Services Fund of the National Association of Free Will Baptists, Inc. as of December 31, 1996 and 1995, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

As discussed in note 1 to the financial statements, in 1995 the Fund changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

Hill, Harper & Associates, P.C.

May 20, 1997

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

Statements of Financial Position

December 31, 1996 and 1995

	1996	1995
Assets		
Cash and interest bearing deposits	\$ 29,736	30,375
Accounts receivable:	110,827	117,872
Master's Men (rent, interest and other charges)	19,807	34,215
Other departments and unbilled items	130,634	152,087
Total accounts receivable	110,000	110,000
Allowance for Master's Men outstanding balance	20,634	42,087
Net accounts receivable	1,623	1,623
Prepaid expenses		
Note receivable: (note 3)	446,510	516,110
Sale of property	319,421	369,970
Less deferred profits from sale of property	127,089	146,140
Net note receivable		
Property and equipment and capitalized leases (notes 2 and 4):	209,671	209,671
Land and land improvements	1,299,334	1,299,334
Building	47,193	41,791
Building services equipment	64,135	64,135
Departmental workstations	8,769	7,746
Departmental van	1,629,102	1,622,677
Less accumulated depreciation and amortization	388,106	319,476
Net property and equipment and capitalized leases	1,240,996	1,303,201
Loan costs, net of amortization	3,539	3,864
	\$ 1,423,617	1,527,290
Liabilities and Net Assets		
Notes payable, long-term debt and capitalized lease obligations (note 2)	\$ 798,304	948,215
Accounts payable and accrued expenses	6,230	7,279
Accrued realtor fee (note 3)	27,718	33,766
Deferred rentals	-	2,678
Total liabilities	832,252	991,938
Net assets:	145,134	176,502
Operations	446,231	358,850
Net investment in property, plant and equipment	591,365	535,352
Total net assets	\$ 1,423,617	1,527,290

See accompanying notes to financial statements.

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

Statements of Activities and Changes in Net Assets
For the years ended December 31, 1996 and 1995

	Unrestricted Funds			Capital		
	Operations	Services for	Stewardship	1996	1995	
	Departments	Campaign	Totals	Totals		
Revenues:						
Building rental and other revenues	\$ 246,626	-	-	246,626	250,249	
Sale of property: (note 3)						
Interest income	31,200	-	-	31,200	34,560	
Gain recognized	50,549	-	-	50,549	47,566	
Contributions, net of campaign expenses	-	-	5,049	5,049	10,282	
Reimbursement from departments	-	348,433	-	348,433	305,498	
Other	2,040	-	-	2,040	-	
Net assets released from restrictions and departmental reimbursements	353,482	(348,433)	(5,049)	-	-	
Net revenues	683,897	-	-	683,897	648,155	
Expenses:						
Expenses incurred for departments:						
Employee benefits	184,446	-	-	184,446	167,468	
The Together Way Plan	28,201	-	-	28,201	22,512	
Leadership Conference	23,746	-	-	23,746	-	
General insurance	26,999	-	-	26,999	16,739	
Telephone	21,569	-	-	21,569	20,204	
Mailroom and other	60,085	-	-	60,085	62,090	
Interest expense - telephone	106	-	-	106	713	
	345,152	-	-	345,152	289,726	
Building operating expenses:						
Salaries	28,889	-	-	28,889	27,979	
Payroll taxes	2,100	-	-	2,100	2,086	
Employee benefits	13,811	-	-	13,811	12,905	
Janitorial services	12,509	-	-	12,509	15,430	
Depreciation	68,628	-	-	68,628	70,142	
Amortization of loan costs	325	-	-	325	325	
Audit and legal	4,149	-	-	4,149	6,711	
General insurance	9,105	-	-	9,105	7,673	
Interest expense	74,083	-	-	74,083	82,266	
Supplies and office expense	8,610	-	-	8,610	3,773	
Utilities / telephone	23,258	-	-	23,258	24,719	
Repairs and maintenance	28,872	-	-	28,872	11,192	
Mailroom and other	8,393	-	-	8,393	7,838	
Provision for Master's Men accounts	-	-	-	-	110,000	
	282,732	-	-	282,732	383,039	
Total expenses	627,884	-	-	627,884	672,765	
Increase (decrease) in net assets	56,013	-	-	56,013	(24,610)	
Net assets at beginning of year	535,352	-	-	535,352	559,962	
Net assets at end of year	\$ 591,365	-	-	591,365	535,352	

See accompanying notes to financial statements.

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

Statement of Cash Flows
Years ended December 31, 1996 and 1995

	1996	1995
Cash Flows from Operating Activities	\$ 56,013	(24,610)
Net increase (decrease) in net assets		
Adjustments to reconcile net increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	68,628	70,142
Amortization of loan costs	325	325
Gain recognized on property sale	(50,549)	(47,566)
Provision for Master's Men accounts	-	110,000
(Increase) decrease in:	21,453	(33,647)
Receivables	-	396
Prepaid expenses	(1,047)	441
Increase (decrease) in:	(6,048)	(6,048)
Accounts payable and accruals	(2,678)	(5,354)
Accrued realtor fee	86,097	64,079
Deferred rentals		
Net operating activities	69,600	66,240
Cash Flows from Investing Activities	(6,425)	(5,130)
Collections from notes receivable		
Purchase of equipment	63,175	61,110
Net investing activities	(149,911)	(126,996)
Cash Flows from Financing Activities	(149,911)	(126,996)
Repayments of debt		
Net financing activities	(639)	(1,807)
Net decrease in cash	30,375	32,182
Cash at beginning of year	\$ 29,736	30,375
Cash at end of year	\$ 74,189	82,979
Supplemental disclosures:		
Interest paid		

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 1996 and 1995

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

Basis of Presentation

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

Effective December 31, 1995, the Fund adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Fund is required to present a statement of cash flows. As permitted by this new statement, the Fund has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the classes of net assets required. This reclassification had no effect on total net assets as reported December 31, 1994. Further, the Fund adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," as is required. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and / or nature of any donor restrictions.

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 an original maturity of three months or less to be cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Notes to Financial Statements, continued

(2) 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:

	1996	1995
Notes payable and long-term debt consist of the following:		
8.5% mortgage note to the Free Will Baptists Home Missions Church Extension Loan Fund, Inc secured by a first mortgage on the National Office Facility, a first interest in the note receivable (see note 3) 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 minimum monthly payments of \$11,970 including principal and interest, with final payment scheduled for July 2004. The Fund makes additional principal payments as cash flow permits. Further, the note provides for revision of the interest rate annually.	\$ 798,304	945,945
Capital lease obligations: 15.8% obligation for telephone system payable monthly \$396 which matured in 1996 - see note 4.	-	2,270
Notes payable and long-term debt and capitalized lease obligations	798,304	948,215
Less scheduled current maturities of notes payable, long-term debt and capital lease obligations	78,807	57,175
Long-term portion	\$ 719,497	891,040

The following is a schedule, by years, of maturities of long term debt as of December 31, 1996.

	Long-Term Debt
1997	\$ 78,807
1998	85,773
1999	93,355
2000	101,607
2001	110,588
2002 and thereafter	328,174
Total maturities of long-term debt	\$ 798,304

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

Notes to Financial Statements, continued

(3) 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 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 year ended December 31, 1996:

	Note Receivable	Deferred Profits	Realtors Fee
Balance December 31, 1995	\$ 516,110	369,970	33,766
Collections on note receivable	\$ 100,800		
Interest portion of collections	31,200	69,600	-
Gain recognized based on collections	-	50,549	-
Realtor fee paid based on collections	-	-	6,048
Balance December 31, 1996	\$ 446,510	319,421	27,718

(4) Property and Equipment and Capitalized Leases (see note 2)

Depreciation and amortization charged to operations computed on the straight-line method amounted to \$68,628 in 1996 and \$70,142 in 1995.

Components of capitalized leases are as follows:

	1996	1995
Telephone equipment	\$ 16,783	16,783
Less accumulated amortization	16,783	15,104
	\$ -	1,679

(5) 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 \$1,319 in 1996 and \$1,269 in 1995. 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.

**1998
Projected
Building Services Budget**

	1996	1997	1998
Projected Income			
Murfreesboro Road Property Payments (7 mo. @ \$8,400 mo.)	\$100,800.00	\$ 58,800.00	\$.00
Final Payment (August '97)	.00	403,160.00	.00
Square Footage (20,329 @ \$1.00 = \$20,329.00 mo.)	243,948.00	243,948.00	243,948.00
Total Income	<u>\$344,748.00</u>	<u>\$705,908.00</u>	<u>\$243,948.00</u>
Projected Expenses			
Audit & Legal	\$ 9,000.00	\$ 9,000.00	\$ 7,000.00
General Supplies	3,000.00	3,000.00	3,500.00
Insurance (Plant)	8,000.00	9,000.00	11,000.00
Janitorial Services	20,000.00	21,000.00	21,000.00
Janitorial Supplies	2,500.00	2,500.00	2,500.00
Mail Room	7,000.00	7,000.00	7,000.00
Mail Truck	2,500.00	4,000.00	4,000.00
Maintenance (General)	25,000.00	25,000.00	25,000.00
Payroll Taxes (Employer's S.S.)	2,393.28	2,489.07	2,948.82
Postage Meter/UPS	1,838.13	1,500.00	2,000.00
Retirement	1,319.21	1,371.99	1,591.19
Salaries	31,284.70	32,536.88	38,546.51
Telephone	4,000.00	5,000.00	5,000.00
Utilities	30,000.00	30,000.00	28,739.06
Home Mission's Note Payable (317,490.92)		491,358.86	72,955.27
Principal & Interest Payments			
Principal (Includes Final Payment of \$403,160.00)	94,752.00	434,242.40	60,745.05
Interest (8.5%)	82,802.71	57,116.46	12,210.22
Insurance (Employee)	12,309.97	12,316.69	11,167.15
Realtor's Fee	6,048.00	27,717.60	.00
Emergency Maintenance Fund	.00	20,116.91	.00
Other	1,000.00	1,000.00	.00
Total Expenses	<u>\$344,748.00</u>	<u>\$705,908.00</u>	<u>\$243,948.00</u>

Building Services Salary Breakdown

	1996	1997	1998
Maintenance Superintendent			
Salary	\$20,271.89 (4%)	\$21,082.77 (4%)	\$21,926.08 (4%)
Social Security	1,550.80 (7.65%)	1,612.83 (7.65%)	1,677.35 (7.65%)
Insurance	8,987.08	8,987.08	7,971.74
Dental	714.10	714.10	586.22
Health	7,839.50	7,839.50	7,024.32
Life/Disability	433.48	433.48	361.20
Retirement	1,013.59 (5%)	1,054.14 (5%)	1,096.30 (5%)
	<u>\$31,823.36</u>	<u>\$32,736.82</u>	<u>\$32,671.47</u>
Receptionist			
Salary	\$ 6,112.49 (4%)	\$ 6,356.99 (4%)	\$9,897.87 (4%)
Social Security	467.61 (7.65%)	486.31 (7.65%)	757.19 (7.65%)
Insurance	3,322.89	3,329.61	3,195.41
Dental	230.83	230.83	234.53
Health	3,012.62	3,012.62	2,809.73
Life/Disability	79.44	86.16	151.15
Retirement	305.62 (5%)	317.85 (5%)	494.89 (5%)
	<u>\$10,208.61</u>	<u>\$10,490.76</u>	<u>\$14,345.36</u>
Part-time Worker (4% increase)			
104 days	82 days	82 days	104 days
Social Security	\$4,900.32 (4%/7.47hr.)	\$5,097.12 (4%/7.77hr.)	\$6,722.56 (4%/8.08hr.)
	374.87 (7.65%)	389.93 (7.65%)	514.28 (7.65%)
	<u>\$5,275.19</u>	<u>\$5,487.05</u>	<u>\$7,236.84</u>

1998 The Together Way Plan Budget

	1996	1997	1998
Honorariums	\$3,750.00	\$3,000.00	\$3,000.00
Salary	6,900.00	6,900.00	6,900.00
Office Rent	3,600.00	3,600.00	3,600.00
Health Insurance	2,612.00	2,612.00	2,612.00
Travel & Promotion	8,000.00	8,000.00	8,000.00
Office Expense (Postage, phone)	4,138.00	4,138.00	4,138.00
Educational Materials	1,000.00	1,750.00	1,750.00
Totals	<u>\$30,000.00</u>	<u>\$30,000.00</u>	<u>\$30,000.00</u>

The Together Way Plan Coordinator

Salary	\$.00
Health Insurance	2,612.00

Editor of The Together Way Plan Materials

Salary	\$6,900.00
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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.

	1998 Budgets	Percent of Total Denominational Giving Budget	1998 Share
Foreign Missions	\$5,010,401.45	48.58%	\$14,574.00
Home Missions	3,000,000.00	29.09%	8,727.00
Bible College	1,100,000.00	10.67%	3,201.00
Retirement & Insurance	355,665.00	3.45%	1,035.00
Executive Office	370,000.00	3.59%	1,077.00
WNAC	225,516.00	2.19%	657.00
Master's Men	143,000.00	1.38%	414.00
Foundation	108,450.00	1.05%	315.00
Totals	<u>\$10,313,032.45</u>	<u>100.00%</u>	<u>\$30,000.00</u>

Randall House - Furnish Printing

Free Will Baptist Bible College Report

This has been a good year for your College in many ways. God has blessed the college with one of our finest student bodies; men and women who have given their lives to serve Christ and His church. From Nashville, Tennessee, where our students are weekly involved in Christian service, to the foreign mission fields, they are living and presenting the message of hope and salvation.

The college was approved and granted regional accreditation by the Southern Association of Colleges and Schools in December, 1996. This is to the credit of our Lord and the faithful, dedicated men and women of FWBBC. The college now maintains dual accreditation; along with SACS the Accrediting Association of Bible Colleges.

It is again with sincere gratitude we say *thank you* for your faithful and often sacrificial support of your college. Enrollment was better than we anticipated in May of last year. Present numbers indicate that we will have an increase this coming year ('97-'98) over the '96-'97 year. The treasurer's report will reflect an increase to general fund giving and also a record \$319,000.00 for the Paul Kettelman Christmas Drive fund.

Work is continuing on campus relocation. Step 2 has been introduced which includes beginning construction of the road that leads to the campus site and also initiating the capital campaign for raising the funds for construction of the new campus.

Special recognition goes to our outstanding faculty, staff and administration. These are men and women with a love for God and who have invested themselves in the lives of students, preparing them for service to our Lord and His kingdom.

Please remember the college before our Heavenly Father daily. Our success depends upon your faithfulness to support, to pray, to encourage and to give.

Respectfully Submitted,
Tom Malone, President

Free Will Baptist Bible College Board of Trustees Synopsis Of Minutes

December 4-5, 1996

The board met on campus with all members present. The chairman conducted orientation for new members. Pat McLaughlin, of the Timothy Group, presented an organizational assessment and development audit. Arrangements were made for an additional training session for the board in fund-raising and promotion.

The Southern Association of Colleges and Schools' process was reviewed with a decision expected on December 11. Reports were received from various college departments and the financial reports reviewed. Commendations were made to Jake Creech for his years of service on the board and to Dr. Milton Fields and his staff for our successful acceptance by the Tennessee Education Department.

May 12-14, 1997

The Board met May 12-14 on campus to coincide with graduation and end of the year activities. All members were present. It was noted that we received full SACS accreditation. According to SACS procedures, the board reviewed and evaluated the president's 1996-97 goals and accomplishments and received his 1997-98 goals. Board committees on student affairs, faculty concerns and physical plant met to discharge their respective responsibilities.

The board heard the report of the academic dean and gave approval for faculty and curricular changes. Reports from the various college departments were received. The 1996-97 financial reports were received and the 1997-98 budget was adopted.

The campus relocation process was reviewed, specifically the possibility of a capital campaign and site work for an entrance road and gates. The board gave direction to redraft our Constitution and By-Laws to bring them into conformity to the denomination's directives.

Registration Report

Annual Report 1996-97

Enrollment 364

Enrollment Breakdowns

By State			
Alabama	25	South Dakota	3
Arkansas	13	Maryland	1
Arizona	2	Michigan	9
California	2	Mississippi	7
Colorado	2	Missouri	19
Florida	15	Nebraska	1
Georgia	16	New Mexico	3
Illinois	47	North Carolina	21
Indiana	13	Ohio	13
Kentucky	13	Oklahoma	11
Louisiana	1	Pennsylvania	1
		South Carolina	10
		Tennessee	73
		Texas	3
		Virginia	13
		Washington	2
		West Virginia	4
		USVI	1
		* Foreign	20
		(The student body represents 28 states, USVI, and 9 foreign countries.)	

By Classification

Freshmen	112	Juniors	78	Special	11
Sophomores	100	Seniors	63		

Others

Male	197	Ministerial	67	New	124	Single	306
Female	167	Missionary	76	Returning	240	Married	58
Free Will Baptist	330			Full Time	310		
Other	34			Part Time	54		
* Foreign							
Brazil	2	Korea	1	Romania	1		
Canada	10	Pakistan	1	Russia	1		
France	1	Panama	2	Spain	1		

Financial Aid Report

Loans Issued	137	\$ 109,909.37
Student Workers	94	153,975.00
Scholarship Recipients	74	33,608.94
SEOG Program	73	16,334.00
College Work Study Program	16	12,548.00
Pell Grant Awards	122	154,870.00
Subsidized Stafford Program	165	530,225.00
UnSubsidized Stafford Loan Program	43	113,160.00
PLUS Loan Program	10	38,575.00
Total Financial Aid Administered 1996-97		\$1,163,205.31

Welch Library

Total books, bound volumes, microforms, sound recordings, video-cassettes, instructional materials, etc 64,473

Free Will Baptist Bible College Salary Breakdown

	1995-96	1996-97	1997-98
President			
Salary	\$50,558	\$51,308	\$53,104
Social Security	3,868	3,925	4,062
Retirement	2,680	2,960	3,064
Medical Insurance	2,187	2,304	2,400
Life Insurance	183	183	183
	<u>\$59,476</u>	<u>\$60,680</u>	<u>\$62,813</u>
Academic Dean			
Salary	\$43,255	\$44,005	\$45,565
Social Security	3,309	3,366	3,486
Retirement	2,293	2,539	2,629
Medical Insurance	2,187	2,304	2,400
Life Insurance	183	183	183
	<u>\$51,227</u>	<u>\$52,397</u>	<u>\$54,263</u>
Stewardship Development Director			
Salary	\$31,500	\$32,250	\$33,458
Social Security	2,410	2,467	2,560
Retirement	1,670	1,861	1,931
Medical Insurance	2,187	2,304	2,400
Life Insurance	183	183	183
	<u>\$37,950</u>	<u>\$39,065</u>	<u>\$40,532</u>
Treasurer			
Salary	\$38,199	\$38,949	\$40,357
Social Security	2,922	2,980	3,087
Retirement	2,025	2,247	2,329
Medical Insurance	2,187	2,304	2,400
Life Insurance	183	183	183
	<u>\$45,516</u>	<u>\$46,663</u>	<u>\$48,356</u>

Salary includes housing allowance where applicable.

Some administrators have chosen a voluntary reduction from listed salaries.

General Fund Gift Goals by States for 1997-98

State	1997-98 Goal
Alabama	\$ 79,000
Arizona	2,750
Arkansas	55,000
California	13,200
Canada	1,100
Colorado	1,100
Connecticut	1,700
Delaware	1,000
Florida	28,000
Georgia	82,500
Hawaii	600
Idaho	600
Illinois	44,000
Indiana	15,000
Iowa	1,600
Kansas	1,900
Kentucky	22,000
Louisiana	600
Maryland	11,000
Michigan	38,500
Mississippi	33,000
Missouri	42,000
Nebraska	600
Nevada	600
New Hampshire	200
New Jersey	600
New Mexico	600
North Carolina	163,000
Ohio	22,000
Oklahoma	30,000
Pennsylvania	200
South Carolina	68,000
South Dakota	1,000
Tennessee	193,000
Texas	14,500
Vermont	1,150
Virgin Islands	2,200
Virginia	27,500
W.N.A.C.	11,000
Washington	2,200
West Virginia	13,500
Other	72,000
Total	\$1,100,000

HHA Hill, Harper & Associates, P.C.
Certified Public Accountants

Independent Auditors' Report

Terry A. Hill
Ernest R. Harper

The Board of Trustees
Free Will Baptist Bible College:

Brentwood Executive Center
781 Old Hickory Boulevard
Suite 303
Brentwood, TN 37027
TEL: 615/377-3485

We have audited the statements of financial position of Free Will Baptist Bible College as of May 31, 1997 and 1996, and the related statements of activities and changes in net assets, and cash flows for the years 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 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 Free Will Baptist Bible College as of May 31, 1997 and 1996, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

As explained in notes 1 and 12 to the financial statements, in 1996 the College gave retroactive effect to the change in accounting for contributions as prescribed by Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and the financial statement presentation prescribed by SFAS No. 117, Financial Statements of Not-for-Profit Organizations.

Further, as explained in note 12 to the financial statements, in 1997 the College gave retroactive effect to the change in accounting for investments as prescribed by Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments of Not for Profit Organizations."

Hill, Harper & Associates, P.C.

July 3, 1997

1996-97 FINANCIAL REPORT

Free Will Baptist
Bible College
3606 West End Avenue
Nashville, Tennessee 37205

615/383-1340
Fax: 615/269-6028
www.fwbcc.edu

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Financial Position

May 31, 1997 and 1996

	1997	1996
Assets		
Current assets:	\$ 379,061	218,483
Cash and cash equivalents	36,131	23,392
Accounts receivable:	81,600	157,200
Student accounts	17,393	28,805
Pledges	6,056	18,081
Employee and other	48,427	37,713
Prepaid expenses	568,668	483,674
Inventories		
Total current assets	270,311	203,076
Non current assets:	432,881	410,762
Cash restricted for endowments	5,000	5,000
Cash restricted for student loans	63,823	59,763
Cash held under life income agreements		
Investment securities, at market value	268,017	313,093
Loans to students, less allowance for doubtful loans of \$15,000	1,040,032	991,694
Total non current assets	5,391,129	5,324,395
Property, plant and equipment:	2,209,167	2,055,784
Investment in property, plant and equipment		
Accumulated depreciation	3,181,962	3,268,611
Net property, plant and equipment	\$ 4,790,662	4,743,979
Total assets		
Liabilities and Net Assets		
Current liabilities:	\$ 69,018	79,039
Accounts payable and accrued expenses	55,327	50,738
Student deposits and agency funds	79,542	75,198
Accrued salaries	15,693	4,435
Deferred revenues - summer school and other	219,580	209,410
Total current liabilities	24,760	66,224
Notes payable and long term debt:	186,589	181,955
Notes payable and capital lease obligations		
Notes payable to individuals	211,349	248,179
Total other liabilities and long term debt	430,929	457,589
Total liabilities	3,431,742	3,427,403
Net assets:	51,205	58,039
Unrestricted funds	876,786	800,948
Temporarily restricted funds	4,359,733	4,286,390
Permanently restricted funds	\$ 4,790,662	4,743,979
Total net assets		
Total liabilities and net assets		

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Activities and Changes in Net Assets For the years ended May 31, 1997 and 1996

	1997				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total	1996
Revenues:					
Tuition and fees	\$ 1,307,605	-	-	1,307,605	1,272,826
Federal grants and contracts	-	25,615	-	25,615	28,253
Private gifts	1,014,895	34,009	81,080	1,129,984	1,144,474
Endowment income	7,657	10,969	-	18,626	17,103
Investment income	17,384	179	9,403	26,966	30,879
Unrealized gain on investments	-	-	4,060	4,060	13,873
Sales and services of auxiliary enterprises	959,762	-	-	959,762	997,838
Other sources	27,514	-	(18,705)	8,809	48,691
Net assets released from restrictions	3,334,817	70,772	75,838	3,481,427	3,553,937
	77,606	(77,606)	-	-	-
Total revenues	3,412,423	(6,834)	75,838	3,481,427	3,553,937
Expenditures:					
Educational and general:					
Instruction	878,416	-	-	878,416	883,223
Academic support	255,130	-	-	255,130	243,698
Student services	302,841	-	-	302,841	297,117
Operation and maintenance of plant	343,107	-	-	343,107	380,495
Institutional support	798,253	-	-	798,253	809,770
Scholarships and fellowships	46,909	-	-	46,909	31,492
Total educational and general expenditures	2,624,656	-	-	2,624,656	2,645,795
Auxiliary enterprises:					
Dormitories	275,042	-	-	275,042	279,869
Dining hall	398,953	-	-	398,953	409,554
Bookstore	85,596	-	-	85,596	94,916
Snackshop	23,837	-	-	23,837	27,785
Total auxiliary enterprises expenditures	783,428	-	-	783,428	812,124
Total expenditures	3,408,084	-	-	3,408,084	3,457,919
Increase (decrease) in net assets	4,339	(6,834)	75,838	73,343	96,018
Net assets at beginning of year as restated	3,427,403	58,039	800,948	4,286,390	4,190,372
Net assets at end of year	\$ 3,431,742	51,205	876,786	4,359,733	4,286,390

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows For the years ended May 31, 1997 and 1996

	1997				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total	1996
Cash flows from operating activities					
Cash collected from students	\$ 2,270,475	-	-	2,270,475	2,290,455
Federal grants	-	25,615	-	25,615	28,253
Pell grants considered to be agency fund transactions	-	154,870	-	154,870	169,195
Private gifts and grants	1,021,845	39,009	-	1,060,854	857,319
Endowment income	7,657	10,969	-	18,626	17,103
Investment income	17,384	179	-	17,563	12,595
Other revenues	27,514	-	-	27,514	12,718
Cash paid for scholarships, to vendors and for payroll	(3,182,111)	(61,030)	-	(3,243,141)	(3,346,609)
Cash paid for Pell grants	-	(154,870)	-	(154,870)	(169,195)
Interest paid	(4,515)	-	-	(4,515)	(7,388)
Cash provided from (used by) operating activities	158,249	14,742	-	172,991	(135,554)
Cash flows from investing activities					
Expend for plant assets	(66,734)	-	-	(66,734)	(166,962)
Student notes receivable made	-	-	(120,702)	(120,702)	(116,762)
Student note receivable collections	-	-	148,568	148,568	73,689
Cash provided from (used by) investing activities	(66,734)	-	27,866	(38,868)	(210,035)
Cash flows from capital activities					
Gifts received for:					
Endowments and student loans	-	-	81,080	81,080	36,377
Proposed new campus	63,650	-	-	63,650	218,280
Other student loan transactions:					
Interest income on student loans	-	-	7,912	7,912	39,744
Investment income	-	-	9,403	9,403	18,284
Collection costs and other transactions	-	-	(5,272)	(5,272)	(5,009)
Cash provided by capital activities	63,650	-	93,123	156,773	307,676
Cash flows from financing activities					
Retirement of notes payable and long term debt:					
Related to plant assets	(41,464)	-	-	(41,464)	(46,682)
Temporarily restricted funds	-	-	-	-	(9,500)
Interfund activities	51,936	(19,801)	(32,135)	-	-
Notes payable for student loans	-	-	500	500	(6,127)
Cash provided from (used by) financing activities	10,472	(19,801)	(31,635)	(40,964)	(62,309)
Net increase (decrease) in cash and cash equivalents	165,637	(5,059)	89,354	249,932	(100,222)
Cash and cash equivalents at beginning of year	213,424	10,059	613,838	837,321	937,543
Cash and cash equivalents at at end of year	\$ 379,061	5,000	703,192	1,087,253	837,321

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 1997 and 1996

	1997				1996
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total	
Cash and cash equivalents consist of the following:					
Current assets	\$ 379,061	-	-	379,061	218,483
Non current assets:					
Cash restricted for endowments	-	-	270,311	270,311	203,076
Cash restricted for student loans	-	-	432,881	432,881	410,762
Cash held under life income agreements	-	5,000	-	5,000	5,000
Total cash and cash equivalents	\$ 379,061	5,000	703,192	1,087,253	837,321
Reconciliation of increase (decrease) in net assets to cash flows provided from operating activities					
Increase (decrease) in net assets	\$ 4,339	(6,834)	75,838	73,343	96,018
Transactions considered to be capital additions:					
Gifts for endowments and student loans	-	-	(81,080)	(81,080)	(36,377)
Proposed new campus	-	-	-	-	(218,280)
Net other transactions from student loan funds	-	-	9,302	9,302	(48,894)
Depreciation	153,383	-	-	153,383	149,854
Unrealized gain on investments	-	-	(4,060)	(4,060)	(13,873)
Net interfund transfers	(16,576)	16,576	-	-	-
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts	(12,739)	-	-	(12,739)	1,234
Pledges	6,950	5,000	-	11,950	(32,500)
Employee and other	11,412	-	-	11,412	(14,135)
Inventories	(10,714)	-	-	(10,714)	8,595
Prepaid expenses	12,025	-	-	12,025	(9,706)
Increase (decrease) in current liabilities:					
Accounts payable and accrued expenses	(10,022)	-	-	(10,022)	(29,354)
Student deposits and agency funds	4,589	-	-	4,589	20,012
Accrued salaries	4,344	-	-	4,344	(6,695)
Deferred revenues	11,258	-	-	11,258	(1,453)
Cash provided from operating activities	\$ 158,249	14,742	-	172,991	(135,554)

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements

May 31, 1997 and 1996

The Free Will Baptist Bible College operates under the auspices of the National Association of Free Will Baptists, Inc. and is governed by a Board of Trustees.

(1) Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

The financial statements of the College have been prepared on the accrual basis of 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 purposes into funds that are in accordance with activities or objectives as specified by donors, in accordance with regulations, restrictions, or limitations imposed by sources outside the institution, or in accordance with directions issued by the governing board.

These financial statements, however, have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with Statements of Financial Accounting Standards (SFAS) No. 116 "Accounting for Contributions Received and Contributions Made" and No. 117 "Financial Statements of Not-for-Profit Organizations" adopted by the Financial Accounting Standards Board in June 1993. This has been done by classification of fund transactions into three categories of net assets: unrestricted net assets which have no donor-imposed restrictions, temporarily restricted assets which have donor-imposed restrictions that expire in the future, and permanently restricted net assets which have donor imposed restrictions which do not expire, as follows: (see note 12)

Reporting prior to SFAS No. 116 and 117	Reporting in compliance with SFAS No. 116 and 117
Fund Group	Net Asset Group
Unrestricted current funds	Unrestricted
Restricted current funds	Temporarily restricted
Annuity (life income) funds	Temporarily restricted
Loan funds	Permanently restricted
Endowment funds:	
True	Permanently restricted
Scholarship	Permanently restricted
Quasi	Unrestricted
Plant funds:	
Unexpended plant funds	Temporarily restricted
Net investment in plant	Unrestricted
Agency funds	Unrestricted liability

Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Pledges Receivable (note 3 and 12)

These amounts, less an appropriate reserve, are recorded at their estimated fair value with amounts due later than one year at the present value of estimated future cash flows.

Property, Plant and Equipment

Plant assets, consisting of land, buildings, other land improvements, equipment and furnishings, library books, and construction in progress are stated at cost or estimated fair value at date of gift. Expenditures for acquisition of assets in excess of \$250 are capitalized as investment in plant.

Depreciable assets are depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from 5 to 50 years. The current provision for depreciation is reported as an expenditure of the College.

Inventories

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

Investments (See Note 12)

Investments are reported at market value to comply with Financial Accounting Standards No. 124, "Accounting for Certain Investments of Not for Profit Organizations."

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income 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.

Cash and Cash Equivalents

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

Compensated Absences

Employees of the College are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The College's policy is to recognize the cost of compensated absences when actually paid to employees.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

The carrying value of cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The carrying values of liabilities are not materially different from the estimated fair values of these instruments.

(2) Investments - Marketable Securities

Investment securities are stated at market value. The following table summarizes by type the relationship between carrying value and market value of the investment assets.

	Carrying Value	Market Value	Excess of Market Over (Under) Cost	Unrealized Cumulative Gains
Balance May 31, 1997				
Common stocks	\$ 38,224	63,823	25,599	25,599
Balance May 31, 1996				
Common stocks	\$ 38,224	59,763	21,539	21,539
Unrealized gain due to change in the cumulative change in market value pools			4,060	
Realized gain on sale of investments				
Net gain from investments at market values			\$ 4,060	

(3) Pledges Receivable

Pledges receivable consist of the following at May 31, 1997 and 1996:

	1997	1996
<u>Fund Group</u>		
Unrestricted - operations	\$ 30,500	42,450
Temporarily restricted - proposed new campus	51,100	114,750
	\$ 81,600	157,200

Pledges receivable are recorded at estimated realizable value after an allowance for potential uncollectible pledges. Further, pledges receivable expected to be collected in years after the next fiscal year are discounted to their present values of future cash flows using an 8% interest factor.

(4) Remaining Net Assets of Temporarily Restricted Funds

Net assets of temporarily restricted funds are available for the following purposes:

	1997	1996
	\$ -	16,576
Proposed new campus	33,463	21,398
Scholarships	4,725	4,725
Life income funds	13,017	15,340
Other instructional and institutional	\$ 51,205	58,039

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(5) Net Assets Released From Restrictions

Donor imposed restrictions expired on temporarily restricted net assets as follows:

Expenditures made for donor imposed restrictions:

Private scholarships	\$ 27,145
Supplemental Educational Opportunity Grant	16,334
College Work Study Program	9,281
Equipment capitalized	3,633
Other instructional and institutional	4,637
Proposed new campus related costs	16,576

Net assets released from restrictions \$ 77,606

Pell grants to students amounting to \$154,870 and \$169,195 for 1997 and 1996, respectively, are not included in expenditures or net assets released from restrictions, as scheduled above. Pell grants are considered to be an agency transaction in that the student payments are entitlements and the funds are not under the control of the College.

(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. The College also maintains certain accounts for sponsored groups, staff purchases, student telephone charges, etc. The College also has a substantial amount of pledges receivable which are dispersed among numerous supporters of the College. 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 risk of accounting loss for funds amounting to approximately \$30,000 since the balance at certain financial institutions is greater than the insurable limit. The College also owns marketable securities received by gifts which are subject to accounting risk of loss amounting to the recorded balance.

(7) Property, Plant and Equipment and Capitalized Leases (see note 8)

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

	Total	Purchased Assets	Acquired By Capital Leases
Land	\$ 296,519	296,519	-
Land and costs incurred, proposed new campus	297,221	297,221	-
Buildings	3,374,969	3,374,969	-
Equipment	1,048,490	903,166	145,324
Library Books	373,930	373,930	-
	5,391,129	5,245,805	145,324
Accumulated depreciation and amortization	2,209,167	2,070,978	138,189
Net investment in plant	\$ 3,181,962	3,174,827	7,135

Depreciation and amortization charged to expenditures was \$153,383 and \$149,854 in 1997 and 1996, respectively.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(8) Notes Payable and Long Term Debt

	1997	1996
Permanently Restricted Funds - Student Loan Funds		
5% demand notes payable to individuals	\$ 186,589	181,955
Unrestricted Funds - Related to plant asset financing:		
8% installment obligation, secured by passenger bus, payable monthly at \$722 through May 1996 and \$8,046 paid in June 1996.	\$ -	8,046
7% installment obligation payable monthly at \$793 through April 1999 secured by computer equipment.	16,414	24,980
Capital lease obligations, secured by computer and telephone equipment, as follows: (Note: debt service payments related to capital lease obligations are substantially funded by billing to users)		
10% obligation payable in monthly installments of \$688 matured July 1996.	-	1,358
7% to 8% obligations payable in monthly installments of \$2,263 maturing through November 1997.	8,346	31,840
Total notes payable and capital lease installment obligations	\$ 24,760	66,224
Annual maturities of long-term debt installment obligations are as follows for each year ended May 31:		

	Long-Term Debt	Capitalized Lease Obligations	Total
1998	8,712	8,524	17,236
1999	7,702	-	7,702
	\$ 16,414	8,524	24,938
		178	178
Less amount representing interest		\$ 8,346	24,760

(9) Potential Campus Relocation

In September, 1994 the College purchased a 123-acre tract of land located 16 miles northwest of Nashville in anticipation of possible relocation of the campus. The purchase price, improvements and related expenses totaled \$297,221 through May 31, 1997. Relocation of the present campus to the new property is subject to several factors. These factors, among others, include the following:

- > Obtaining an acceptable sales price for the present campus, and
- > Securing denominational support for potential relocation.

When all criteria for relocation have been met, the present campus will be sold and all proceeds applied to the cost of the new campus. Cost of construction in excess of the proceeds realized from the sale of the present campus will be funded by various capital campaigns.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(10) Pension Plan

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 to 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, 1997.

Actuarial present value of benefit obligation:

Accumulated benefit obligation (of which \$1,194,079 is vested)	\$ (1,218,981)
Projected benefit obligation for services rendered to date	\$ (1,495,346)
Plan assets, at fair value	1,447,971
Projected benefit obligation in excess of plan assets	(47,375)
Unrecognized net (gain) or loss	65,367
Prior service cost not yet recognized in net periodic pension cost (benefit)	129,783
Unrecognized net asset at June 1, 1989 being amortized over 15 years	(174,381)
Accrued pension cost, included in accounts payable	\$ (26,606)
Net pension cost for 1997 included the following components:	
Service cost - benefits earned during period	\$ 57,945
Interest cost on projected benefit obligation	113,005
Actual return on plan assets	(93,944)
Net amortization and deferral	(26,797)
Net pension cost	\$ 50,209

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 percent and 4 percent, respectively. The expected long-term rate of return on assets was 8.5 percent.

(11) Net Assets

Net assets of the College consist of the following as of May 31, 1997 and 1996:

	1997				1996
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operations	\$ 274,540	-	-	274,540	225,016
Net investment in plant assets	3,157,202	-	-	3,157,202	3,202,387
Life income funds	-	4,725	-	4,725	4,725
Unexpended funds restricted for:					
Operating purposes	-	46,480	-	46,480	36,738
Plant facilities	-	-	-	-	16,576
Student loan funds	-	-	542,653	542,653	538,109
True endowment funds	-	-	86,880	86,880	86,880
Scholarship endowment funds	-	-	247,253	247,253	175,959
Total net assets	\$ 3,431,742	51,205	876,786	4,359,733	4,286,390

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(12) Change in Accounting Principles (see note 1)

Changes Made for May 31, 1996 Financial Statements:

To implement Statements of Financial Accounting Standards (SFAS) No. 116 "Accounting for Contributions Received and Contributions Made" and No. 117 "Financial Statements of Not-for-Profit Organizations", the following changes in accounting principles were made as of May 31, 1995.

These changes reconcile total fund balances as previously reported to total net assets as restated.

Fund balances as originally reported as of May 31, 1995:

	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total Funds
Current unrestricted funds	\$ 110,075	-	-	110,075
Current restricted funds	-	68,216	-	68,216
Loan funds	-	-	482,138	482,138
Endowment funds	263,471	-	212,000	475,471
Annuity (life income) funds	-	4,725	-	4,725
Plant funds:				
Unexpended plant funds	-	18,284	-	18,284
Net investment in plant	2,899,097	-	-	2,899,097
Total fund balances as originally reported as of May 31, 1995	3,272,643	91,225	694,138	4,058,006
Adjustments necessary to implement SFAS No. 116 and 117:				
Recording of pledges receivable	31,900	92,800	-	124,700
Net assets released for debt repayment	101,584	(101,584)	-	-
Reclassifications of fund balances	9,500	(9,500)	-	-
Total net assets as restated as of May 31, 1995 as reported May 31, 1996	\$ 3,415,627	72,941	694,138	4,182,706

Changes Made for May 31, 1997 Financial Statements:

The College implemented SFAS No. 124, "Accounting for Certain Investments of Not for Profit Organizations" which requires investments to be reported at market value. Accordingly, total net assets have been restated as of May 31, 1996 and 1995 to reflect market value gains at those dates as follows:

Total net assets as restated as of May 31, 1995 as reported May 31, 1996	\$ 3,415,627	72,941	694,138	4,182,706
Net gain as of May 31, 1995	-	-	7,666	7,666
Total net assets as restated as of May 31, 1995 as reported May 31, 1997	\$ 3,415,627	72,941	701,804	4,190,372
Total net assets as of May 31, 1996 as reported May 31, 1996	\$ 3,427,403	58,039	779,409	4,264,851
Net gain as of May 31, 1995	-	-	7,666	7,666
Net gain for the year ended May 31, 1996	-	-	13,873	13,873
Total net assets as restated as of May 31, 1996 as reported May 31, 1997	\$ 3,427,403	58,039	800,948	4,286,390

FREE WILL BAPTIST BIBLE COLLEGE
Proposed Budget for the Year Ending May 31, 1998
As Compared to
Actual as Summarized for the Year Ended May 31, 1997

Current Unrestricted Funds

	Proposed Budget May 31, 1998	Actual May 31, 1997
Revenues:		
Tuition & fees		
Gifts:	1,549,646	1,307,605
Together Campaign		
Estates & Misc.	1,100,000	954,809
	32,000	60,086
Endowment income	7,500	7,657
Investment income	15,500	17,384
Sales and services of auxiliary enterprises	1,072,000	959,762
Other sources		
Net Assets Released From Restrictions	15,000	27,514
Total revenues	3,891,646	3,412,423
Expenditures:		
Educational & general:		
Instruction	927,778	878,416
Academic support	303,762	255,130
Student services	353,231	302,841
Operation and maintenance of plant	452,857	343,107
Institutional support	859,910	798,253
Scholarships/Contingency	100,000	46,909
Total educational and general expenditures	2,997,538	2,624,656
Auxiliary enterprises:		
Expenditures:	894,108	783,428
Total expenditures	3,891,646	3,408,084
Excess of revenues over expenditures	0	4,339

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.

Balanced Budget

Total Unrestricted Funds Revenues for the year ending May 31, 1997 amounted to \$3,412,423. Total Expenditures were \$3,408,084, providing \$4,339 surplus of income over expenses.

Positive Cash Flow Statement

The combined cash flow of the College's operating, investing, capital and financing activities showed cash and cash equivalents increasing \$165,637 in Unrestricted Funds, decreasing \$5,059 in Temporarily Restricted Funds, and increasing \$89,354 in Permanently Restricted Funds for a cumulative cash flow increase of \$249,932.

Unrestricted Giving

Private gifts provided \$1,014,895 in unrestricted funds revenues. Of that amount, \$954,809 was provided from General Fund gifts, \$59,630 from Estate gifts, and \$456 from special gifts. FWBBC thanks all those who gave so generously to help us end another fiscal year in the "black."

General Fund Giving Keeps Tuition Costs Down

Because of above-mentioned General Fund gifts, FWBBC students were in essence "awarded" \$113 for every semester hour taken in 1996-97. Or, unrestricted General Fund gifts kept the cost of tuition per semester hour at \$142 instead of \$255. This gift subsidy saved each student taking 30 semester hours (15 hours per semester) a total of \$3,390 this past academic year.

Claim the Land Campaign Update

Fiscal year 1996-97 saw another \$63,650 in cash gifts applied toward the "Claim the Land" campaign. This brings the cumulative cash gifts (since the campaign's beginning) to \$354,702. Another \$51,100 in pledges remains to be collected.

Financial Obligations

The College remains, in practicality, debt-free. Lease and loan obligations for computer equipment amounts to \$24,760. Notes Payable to Individuals (the proceeds are restricted for the purpose of providing low-interest student loans) amounts to \$186,589. The College has sufficient cash and savings to completely liquidate these financial obligations.

Debt Ratio

FWBBC's assets to debt ratio is extremely good. Total assets amount to \$4,790,662. Our debt (listed in "Financial Obligations" above) comes to \$211,349, giving a 23 to 1 ratio. Adding all other liabilities to our debt brings the total to \$430,929, and gives an 11 to 1 ratio of total assets to total debt and liabilities.

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

Amended and Restated Charter of Free Will Baptist Bible College

Pursuant to TCA Section 48-60-102, Provisions for Amendments; TCA Section 48-60-106, Provisions for Restatement; and TCA Section 48-67-101 & 102, a Tennessee Nonprofit Corporation; Free Will Baptist Bible College, a Tennessee Nonprofit Religious Corporation, existing under an original Charter filed with the Secretary of State on July 19, 1945, reference #MA-2P0312, with amendment thereto filed on December 12, 1983, reference #453 02106; all of which are now to be amended and restated by this Amended and Restated Charter:

1. The name of the Corporation is:
Free Will Baptist Bible College
2. The Corporation's principal office is located at:
3606 West End Avenue, Nashville, Davidson County, Tennessee 37205
3. The Corporation's registered agent and address:
Charles Thomas Malone, 3606 West End Avenue, Nashville, Tennessee 37205
4. The duration of this public benefit Corporation is perpetual.
5. The Corporation shall have no members.

Article I

The Corporation is a Nonprofit Religious Corporation as defined by the Tennessee Nonprofit Corporation Act, TCA Section 48-51-101 *et seq.*, and more specifically as a Nonprofit Religious Corporation as set forth in TCA Section 48-67-101 & 102. This Corporation shall have and be entitled to exercise all powers which a Nonprofit Religious Corporation of its nature may have and exercise under the laws of the State of Tennessee, now in effect or hereafter amended, subject to the limitations contained in the Internal Revenue Code to retain its status as an exempt religious organization.

Article II Corporate Purposes

The purpose for which this Corporation is organized is: **To Magnify Christ Jesus as Our Lord and to Glorify Our Heavenly Father.**

To implement this chief purpose the Corporation shall establish and maintain a Bible College devoted to the promotion and impartation of higher Biblical education, and such other education, instruction, and training as may be deemed essential to the equipping of all Christian workers, teachers, ministers, missionaries, laymen and laywomen for Christian service; and to that end prescribe courses of study, charge and collect tuition, employ professors, instructors, teachers, and such subordinate employees as may be necessary for the proper conduct of the institution; to conduct courses of training for both resident and correspondence students; to institute and carry on missions or commissions for missionary for missionary purposes or investigations; to publish and distribute such pamphlets, literature, or books as may be required in the conduct of such work and the general promotion of the Bible College; to solicit, support, receive, collect, hold and acquire properties—real, personal, or mixed—by gift, bequest, purchase, devise, or otherwise, for the purpose of the College; and to purchase, construct, rent, and equip such buildings as may be required for the accommodation, work, and welfare of the institution in all of its departments. The spiritual enrichment of students, faculty, administration and society, is the object for which this Charter is granted.

In addition to the general powers of this Corporation authorized by the Nonprofit Religious Corporation Act and the Statutes of the State of Tennessee, the Corporation is duly authorized to grant diplomas and such other literary honors as are usually conferred by like institutions, including the conferring of graduate, post-graduate, and honorary degrees. This Corporation is organized exclusively for charitable, religious, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue law) and its regulations (as they now exist or may hereafter be amended).

Article III Management of Corporation

The overall direction and policy of the Corporation shall be vested in the Board of Trustees. The trustees shall be elected by the National Association of Free Will Baptists, Inc., in accordance with its constitution and By-Laws.

Article IV Corporation's Powers As Trustees

The Corporation shall receive and administer funds and properties of all kinds for the above purposes and, to that end, the Corporation is authorized to take and to hold by bequest, devise, gift, purchase, loan or lease, either absolutely or in trust, for said purposes or any of them, any property, real, personal, or mixed, without limitation as to amount or value, in accordance with such limitations as may be imposed by law or by provision of this Amended and Restated Charter: to sell, convey and dispose of any such property or to invest and reinvest the principal thereof, and to deal with and expend such principal or the income therefrom for any of the purposes of the Corporation, either by direct action of the Corporation or by means of trust created by it, without limitation, except such limitation, if any, as may be contained in the instrument under which such funds or property are received; to receive an property, real, personal, or mixed, in trust, under the terms of any deed, will, deed of trust, or other trust instrument consistent with the purposes of the corporation, in administering the same to carry out the directions and exercise the powers contained in the instrument under which the property is received, including the expenditure of the principal as well as the income for one or more such purposes, if authorized and directed in the instrument under which it is received; to receive, take title to, hold and use the proceeds and income of real estate, personal estate, stocks, bonds, obligations, and other securities of any person or persons, corporation or corporations, domestic or foreign for the purposes of the Corporation. The Corporation is specifically authorized to serve as a Trustee of any and all funds donated to its use upon specified terms and conditions consistent with its nonprofit religious and educational purposes. Furthermore, it may serve as Trustee under specific terms and conditions of any and all funds so long as it has a beneficiary interest thereunder.

Article V Dissolution

In the event of the dissolution of this Corporation, any assets of the organization then remaining shall be conveyed to The National Association of Free Will Baptists, Inc., which organization is exempt under section 501(c)(3) of the Internal Revenue Code of 1954 as amended or under successor provisions of the Code as may be in effect at the time of dissolution.

Article VI Amendments

This Charter may be amended upon a two-thirds majority vote of the entire Board of Trustees consistent with the declared general programs, objects, Charter, By-laws and purposes of the National Association of Free Will Baptists, Inc., in the following manner:

- 1) The written amendment shall be submitted at a regular or special meeting of the Board upon the proposed written amendment being included in the notice for said meeting; and
- 2) Upon its adoption, the same will be included in the Board's Report to the next regular annual session of the National Association for discussion only; and
- 3) Thereafter, the Board will reconsider the Charter amendment in light of the discussion at the annual session of the National Association and the Board must again approve the Charter amendment or an amendment thereof and present the same to the next regular annual session of the National Association for approval; and
- 4) Only upon the approval of said proposed amendment at the next regular annual session of the National Association shall the Charter amendment be finally approved by the Board and filed of record with the Secretary of State.

By-laws and Rules of Decorum of Free Will Baptist Bible College

I

Organization, Objective and Purposes

1. Organization. The Free Will Baptist Bible College (hereafter referred to as "college") is a Nonprofit Corporation organized under the laws of the State of Tennessee.
2. Office. The College shall maintain its principal office in Nashville, Tennessee or such other place within the State of Tennessee as determined by the Board of Trustees.
3. Objective and purposes. The College shall establish and maintain a Bible College consistent with its Mission Statement to equip men and women through Bible-based education for service to Christ and His Church. The College exists for the ultimate purpose: To Magnify Christ Jesus as Our Lord and to Glorify Our Heavenly Father.

II

Board of Trustees

The Board of Trustees shall be considered the same as a Board of Directors.

1. Number, election and authority of Trustees. The Board of Trustees shall be composed of nine members who are elected by the National Association for a term of six years. These terms are to be arranged so that they expire in groups of three biennially. A Trustee shall serve no more than two full consecutive terms. The Trustees shall act in their Trustee capacity only as a Board and individual Trustees have no power to act for the College without prior specific Board authority. The Board shall institute the overall policies of the College and the administrative officers of the College shall administer these policies and supervise its operation. The Board shall be responsible for the actions of the College to the National Association of Free Will Baptists, Inc.
2. Qualification of Trustee. Each Trustee shall hold membership in a regular Free Will Baptist Church that belongs to a Free Will Baptist District or State Association, or to a church which is recognized by the National Association as being affiliated. Except for the President, no employee of the College shall hold membership in the Board of Trustees.
3. Reports to the National Association. The Board shall prepare an annual budget of its proposed financial expenditures at the beginning of each fiscal year and shall present the same for approval to the National Association along with a properly qualified independent audit with an unqualified opinion of the College's fiscal condition.
4. Vacancies. The Board of Trustees may seek to replace on an *ad interim* basis irregular vacancies that may occur among its members for any reason by requesting the General Board of the National Association of Free Will Baptists, Inc., to fill said vacancies.
5. Removal of Trustees. The National Association at any regular annual session shall have the power and right to declare the Trustee position vacant for any cause deemed valid by said Association and to elect successors to those who may thus be removed from office.
6. Executive Committee. With the President as an *Ex Officio* member, the Executive Committee of the Board shall be composed of the Chairman, Vice Chairman and Secretary of the Board and shall have authority to consider and act upon all questions affecting the interests of the College which may be brought before it between the stated meetings of the Board, or whenever it is deemed impractical to convene the entire Board, or whenever a quorum of the Board fails to attend a called or regular meeting. It shall transact such business as may be committed to it by the Board and shall act as an advisory council to the President of the College on such matters as he may submit to it. The committee shall meet at the call of its Chairman or the President of the College. A quorum of the executive committee shall be all three of its members. Actions of the executive committee shall be reviewed at the Board's next scheduled meeting.
7. Regular and special meetings. The Board of Trustees shall set the time, occasion or place of the annual meetings of the Board of Trustees which thereafter may be held without notice. Special meetings may be held at any time upon the call of the President or upon the call of six Trustees. Notice and purpose of such special meetings shall be sent in writing by those calling the meeting and postmarked at least thirty days before the meeting.
8. Quorum. A Quorum shall consist of at least five duly elected Trustees and a majority vote of the Trustees present shall decide the issues brought before the meeting except as otherwise required by the Charter, By-Laws of the College and/or by the National Associations Constitution and By-Laws.
9. Duties. It shall be the duty of the Board to determine general policies governing the operation of the College and

to ensure that these policies are carried out effectively. Included in this responsibility are the following duties:

- A. To elect the President of the College and to review his performance at least annually;
 - B. To review reports from the President and his staff, at least annually, and to act on the recommendations that arise from those reports, including recommendations relative to the employment of personnel and the establishment of policies;
 - C. To review financial statements that provide a complete picture of the College's operations, to ensure that they are accurate and complete, to ensure that the College is being operated efficiently, and to adopt a sound financial budget each year;
 - D. To invest in the President the authority to confer degrees, certificates, or diplomas attesting to the satisfactory completion of programs of study that have been approved by the Board;
 - E. To promote the College's educational program and to ensure that the College has the financial resources to enable it to achieve its goals; and
 - F. To evaluate the College's investment policy and the performance of its investments at least as often as every other year. The Executive Committee of the Board shall review the policy and the performance of the College's investments and make report of its findings and appropriate the recommendations to the Board.
10. Standing committees. The Board shall maintain the following standing committees, each one composed of three members of the Board as elected by the Board. Each committee shall devote special attention to obtaining current information concerning its assigned area, and to inform the entire Board about needs and concerns in those areas:
- A. Faculty Affairs: This committee shall review matters affecting faculty personnel policies and procedures and faculty welfare. It shall consider proposals on such matters and make recommendations to the Board as may be required or deemed appropriate.
 - B. Student Affairs: This committee shall review matters affecting student life, including residential policies, the government and discipline of students, and student welfare and morale. It shall consider proposals on such matters and make recommendations to the Board as may be required or deemed appropriate.
 - C. Plant and Finance: This committee shall review matters affecting the physical plant maintenance and operations and matters affecting the financial support of the College. It shall consider proposals on such matters and make recommendations to the Board as may be required or deemed appropriate.
11. Compensation and expenses. Trustees shall serve as such without compensation. Expenses incurred in connection with the performance of their official duties may be reimbursed to Trustees upon approval of the Board of Trustees.

III

Officers, Election and Duties

1. Officers. The officers of the Board of Trustees shall be the Chairman of the Board, Vice Chairman and Secretary.
2. Election and term. Each of the officers shall be elected by the Board of Trustees for one year beginning with the regular annual meeting of the Board and they shall serve until their respective successors are elected.
3. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Trustees except when he directs or in his absence the Vice Chairman shall preside. The Chairman shall perform all the duties and have all the powers commonly incident to his office and shall carry out the directions of the Board of Trustees.
4. Vice Chairman. The Vice Chairman of the Board shall perform all the duties and have all the powers commonly incident to his office and shall have other powers and perform other duties as may be assigned to him by the Chairman and/or the Board of Trustees. The Vice Chairman shall preside at the meetings of the Board of Trustees when the Chairman directs or in his absence.
5. Secretary. The Secretary shall perform all the duties and have all the powers commonly incident to his office and shall serve as Secretary of the Corporation and shall have such other powers and perform such other duties as may be assigned to him by the Board of Trustees. He shall keep the minutes of all the meetings of the Board of Trustees.

IV

Officers of the College

1. Officers. The officers of the Corporation shall be a President (the president of the College, by virtue of his office), Secretary (the Secretary of the Board, by virtue of his office), and Assistant Secretary (the Treasurer of the College, by virtue of his office).
2. General Administrative Officers. The general administrative officers of the College shall include the President, Academic Dean, Dean of Students, Registrar and Treasurer/Assistant Secretary.
3. Election and Term. Each of the general administrative and corporate officers shall be elected by the Board of Trustees and shall serve until their respective successors are chosen subject to the removal as set forth in this section, IV, paragraph 8.
4. President. The President of the College shall be the Chief Executive Officer and responsible to administer the policies of the Board and supervise the entire operation of the College. In so doing, he shall exercise general oversight of the Col-

lege, including its officers, faculty, students and business affairs.

He shall be the official channel of communication between the professional staff and the Board, and thus shall be responsible to keep the Board regularly and accurately informed about all the College's affairs. He shall render to the Board complete annual reports and to its Chairman, Executive Committee or other committees, such information as may be deemed essential to a thorough knowledge of the operation of the College and its promotion.

He shall be the Administrative officer directly responsible to the Board, all others are subordinate to him and are responsible for the performance of their duties to him and through him to the Board. He shall be an *Ex Officio* member of the Board of Trustees and shall have all rights and privileges of a member of the Board exclusive of voting and holding office on the Board.

Besides overall supervision, he shall give leadership and executive direction to the College as a whole. He shall recommend candidates for administrative office and faculty to the Board; he shall give leadership to developing and presenting the budget; he shall have direct responsibility for public relations; he shall give leadership to planning and development.

He shall be directly responsible to the Board for the protection of all properties belonging to the College, including upkeep, improvement and protection against fire and other hazards.

In carrying out these major areas of responsibility, he shall delegate responsibility to the other administrative officers and shall exercise his executive control through those officers.

5. Academic Dean. Under the supervision of the President, the Academic Dean shall give leadership to the entire educational program including the curriculum, the faculty and the students. Such officers as the Librarian, the Registrar, the Department Heads and the Christian Service Director shall be directly responsible to him.

He shall be the Chairman of the faculty organization and as such shall be the executive officer of the faculty in carrying out its responsibilities for the curriculum, admissions and graduation requirements. In addition, he shall assume any other duties delegated to him by and for the assistance of the President, commensurate with his office.

6. Dean of Students. Under the general supervision of the President, the Dean of Students shall give direction to the College's program of student services. In carrying out the functions of this office, he shall be responsible for the supervision of the student deans, the establishment and enforcement of rules governing student behavior, student counseling, the student council and other student organizations, and other matters relating to the students' lives and activities. In addition to these duties, he shall assume any other responsibilities which may be delegated to him by and for the assistance of the President of the College, commensurate with his office.

7. Registrar. Under the general supervision of the Academic Dean, the Registrar shall receive applications for enrollment in the College, give out accurate information to prospective students upon request, enroll the students in the College, keep accurate records of enrollment and grades and furnish transcripts for students.

He shall give general oversight to the recruitment program of the College. In addition to these duties, he shall assume any other responsibilities which may be delegated to him by and for the assistance of the Academic Dean of the College, commensurate with this office.

8. Treasurer/Assistant Secretary. Under the general supervision of the President, the Treasurer shall keep an accurate record of all accounts of the College and shall receive and expend, as directed by the Board and/or the President, all money for the expenses of the institution. He shall make an annual report to the Board through the President and shall include such information pertaining to his office as may be requested. He shall provide bond in whatever amount the Board may require. He shall assume any responsibilities delegated to him by the President in the area of finance and business management.

His duties as Assistant Secretary of the Corporation shall be to assist the Secretary of the Board, as Corporate Secretary, with full authority to perform all duties and have all the powers commonly incident to the office of Corporate Secretary. He shall, on behalf of the Corporate Secretary, maintain the Corporate Book of Minutes.

9. Removal of Administrative Officers. The President of the College shall hold office at the pleasure of the Board of Trustees. The other Administrative Officers shall hold office at the pleasure of the President and the Board of Trustees. Any such officer may be removed at any time with or without cause by the President upon approval of the Board of Trustees or its Executive Committee. Any vacancy occurring in any Administrative Office shall be filled by the President upon approval of the Board of Trustees or its Executive Committee.

10. Administrative Staff. Upon the recommendation of the President, the Board shall create and fill such other staff positions as is mutually deemed necessary for the efficient operation of the College. Whenever such administrative staff positions are created, the action shall provide:

A. Whether the position is intended to be permanent or temporary, and if temporary for what duration;

B. Whether the person filling the position shall report directly to the President of the College or to some other general administrative officer; and

C. A description of the staff duties.

Such staff may include, but are not necessarily limited to Director of Public Relations, Director of Stewardship Development, Director of Plant Operations, Director of Recruitment and Assistant Treasurer.

11. Salaries. The salary of the President shall be fixed by the Board of Trustees or the Executive Committee. The salaries of all other salaried officers of the College shall be fixed upon recommendation of the President by the Board of Trustees or the Executive Committee.

V Faculty of the College

1. Constituency. The faculty of the College shall include:

A. All those employed primarily to teach; and

B. The President, Academic Dean, Dean of Students, Registrar, Student Deans, Librarian and Director of Christian Service.

2. Denominational Affiliation. It shall be the policy of the Board to employ on the College faculty those who are members of Free Will Baptist churches that are affiliated with the National Association of Free Will Baptists. However, when equally qualified Free Will Baptists are not available, faculty who are active Christians and affiliated with an evangelical denomination may be employed at the discretion of the President and the Board.

3. Term of Employment. The employment of faculty members, unless otherwise stated at the time of employment, shall be by annual contracts. This employment shall continue so long as general satisfaction and usefulness are manifest. It shall be the general policy of the College to notify the faculty member annually by April 1 if any changes affecting the employment are contemplated. The College shall likewise assume a commitment on the part of the faculty member to continue employment unless notified by April 1. Exceptions to these provisions shall be arranged by mutual agreement of concerned parties.

4. Responsibilities. The faculty shall be primarily responsible to the Board through the President and Academic Dean for the curriculum for admission and graduation requirements, and for policy affecting student life and activities. It shall exercise such authority and powers as are delegated to it by the Board. Its functions within the area of its jurisdiction are legislation and the making of policy. It shall also serve in an advisory capacity through the President to the Board in making recommendations of major importance concerning its area of jurisdiction.

5. Organization. The faculty shall be organized with the Academic Dean of the College as its Chairman. It shall meet regularly and keep a record of its proceedings. Both regular and special meetings shall occur at the time and place designated by the Chairman of the faculty. The details of faculty organization shall be set forth in formal By-Laws of faculty organization, arranged by the faculty in harmony with the Charter and By-Laws of the College and subject to the approval of the Board of Trustees of the College.

VI Contracts, Loans and Checks

1. Contracts. The Board of Trustees may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the College, and such authority may be general or confined to specific instances.

2. Loans. No loans shall be contracted on behalf of the College and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Trustees. Such authority may be general or confined to specific instances; provided, however, no loans shall be made by the College to its Trustees or officers which are prohibited by TCA Section 48-58-303.

3. Checks and Other Instruments. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the College shall be signed by such officer or officers, agent or agents of the College in such manner as shall from time to time be determined by resolution of the Board of Trustees.

VII Limiting and Indemnifying the Liability of Trustees

The Trustees and/or Officers of the College shall be immune from suit arising from the conduct of the affairs of the College. The Trustees and/or Officers shall not be personally liable to the College for monetary damages for breach of a fiduciary duty provided; however, this provision shall not eliminate or limit the liability of a Trustee and/or Officer for any breach of the Trustee's and/or Officer's duty of loyalty or for acts not in good faith or which involve an intentional misconduct or a knowing violation of law or for an unlawful distribution pursuant hereunder TCA Section 48-58-601. Further, the Trustees are indemnified by the College from personal liability to the full extent as allowed by the Tennessee Statute as set forth in TCA Section 48-58-501 *et seq.*

VIII Transactions with Trustees

1. No contract or other transaction between this College and any of its Trustees shall be void or voidable if such contract shall be approved or ratified by an affirmative vote at any meeting of the Board of Trustees by a majority of the Trustees. The subject Trustee shall have no voice or vote concerning the approval or ratification of his action.
2. Notwithstanding anything herein to the contrary, the College shall not lend money to or use its credit to assist its Trustees or Officers, whether or not employees.

IX Miscellaneous

1. Written consent. Whenever the Trustees of this College are required or permitted to take any action by vote, such action may be taken without a meeting, upon written consent setting forth the action so taken, and signed by all of the Trustees entitled to vote on said action.
2. Contracts and notes. Contracts in the regular order of business shall be executed by the President or by a person designated with that authority by the Board of Trustees or its Executive Committee as directed by written resolution.
3. Fiscal year. The fiscal year of the College shall begin on the first day of June of each year and shall end on the last day of May next following.

X Amendments

These By-Laws may be amended by a majority vote of the Trustees at any regular annual meeting or at a special meeting called for that purpose which call includes the proposed amendment(s). Such amendment(s) shall become effective upon approval by the National Association of Free Will Baptists, Inc.

Foreign Missions Report

Making a Difference

God has always had His people who made a difference for Him. Abraham. Elijah. Jonah. The Apostle Paul. William Carey. Adoniram Judson. David Livingstone. Eli Noyes and Jeremiah Phillips. And since 1935, Free Will Baptists have sent those out who have changed a part of the world. Miss Laura Belle Barnard made a difference when she went to those untouchables, the despised street sweepers of India. Tom and Mabel Willey made a difference when they pioneered in rugged Panama and then in Cuba in the name of Christ. Every year, the list of Free Will Baptists who are making a difference by going, by praying, and by sending is getting longer. As a result of our spiritually committed people, God is blessing the ministry of Free Will Baptist Foreign Missions.

The Way the Lord Is Blessing Our Ministry

Since nothing gladdens the heart of God like the salvation of lost souls, we know that He was pleased with the 1,516 people in 12 countries who were converted in 1996. Now we can report 86 churches and 371 mission works. The Lord has raised up 45 ordained ministers and 264 licensed and lay preachers. On the average Sunday about 10,000 people worship in services conducted by our missionaries and national workers around the world.

We praise God for the outstanding way He is moving in our two oldest fields, India and Cuba. People are being brought into the Kingdom of God every week. New churches are multiplying.

Carlisle Hanna has trained 34 evangelistic partners who are visiting every house in the region, resulting in 386 newly baptized believers in 1996. In spite of government pressure, our Cuban brethren are starting new churches. In February Brother Fred Warner was present at the annual Cuban convention to see 30 young Cubans publicly respond to an invitation to God's call to preach the gospel. See figure #1 for the statistical report of overseas ministries.

We're thankful for the 34 young people who are serving overseas this summer. These include 15 college students who are experiencing the mission field in Côte d'Ivoire, Panama and Spain. Again this year we are sponsoring a special training program for 12 students in Bouna, Côte d'Ivoire.

Our two TEAMS (Teens Equipped and Active in Missions) composed of 19 youths have just returned from Russia and Panama.

I believe the Lord has used programs like these to call out the 11 young people who have been appointed as foreign missionaries and three for short-term assignments since our last convention.

April 16 - 22, 1997, our field chairmen came to meet with our staff and board. Some important decisions were made as a result of the meetings.

1. The following new mission statement was adopted:

"Free Will Baptist Foreign Missions exists to labor as members of the body of Christ to fulfill the Great Commission.

The primary task of the mission in this endeavor is to proclaim the gospel of Jesus Christ to the

STATUS OF FREE WILL BAPTIST OVERSEAS MINISTRIES

Effective December 31, 1996

Field	Ordained Pastors	Licensed and lay Preachers	Bible Institutes	Students	Organized Churches	Mission Works	1996 Converts	1996 Baptisms	Average Sunday Attendance
Brazil	8	13	1	40	10	7	121	93	859
Cuba	9	123	1	12	17	77	420	225	1,653
France						5	6	3	158
India	9	65			30	205	386	386	3,602
Côte d'Ivoire	6	28	1	47	11	46	137	13	2,553
Japan	1	5		4	6	3	8	5	139
Panama	5	25	1	10	5	6	188	10	507
Spain	1				1	1	1		63
Uruguay	6	5			6	18	31	15	198
Russia						3	206	26	135
Restricted countries							12		
Totals	45	264	4	113	86	371	1,516	776	9,959

unevangelized of the world, to disciple those who evidence personal faith in Christ and to organize them into local churches. The secondary task is to develop them into self-supporting, self-governing and self-propagating Free Will Baptist churches and to encourage them to organize local associations of Free Will Baptist churches."

- Missionaries who have served 10 years will be entitled to a sabbatical. This leave will give a missionary the opportunity to take on a special project, i.e., research, writing, teaching, engaging in postgraduate studies, etc.
- In some cases special speakers may be requested to minister to field councils overseas at the expense of those missionaries' accounts.

The highlights of our three board meetings in the last year are as follows:

- The board met August 13, 1996, in connection with the Foreign Missions Retreat held at Free Will Baptist Bible College. All board members were present. The board appointed David and Annette Aycock to serve as short-term missionaries to Brazil for a period of two years. The board appointed Sam and June McVay as missionaries to Spain.

- The semi-annual meeting of the Foreign Missions Board was held at the National Office Building December 4-5. All board members were present. The board appointed four student missionaries to serve in the summer of 1997. The board appointed Ginger Harrison, a registered nurse, to serve as a medical missionary in Côte d'Ivoire.

The board appointed Traci Epps to serve as a missionary teacher at International Christian Academy in Bouake, Côte d'Ivoire.

The board approved a recommendation that the National Youth Conference seek to raise \$100,000 toward construction costs of a church building in Abidjan, Côte d'Ivoire. They also approved the purchase of a building lot at a cost of \$50,000.

The board employed Dr. LaVerne Miley to assist us as a medical consultant.

The board employed Eddie Payne to promote and supervise GLOBAL LINK and produce videos.

The board approved the provision of \$25,000 additional life insurance coverage for our missionaries.

The board changed the term "furlough" to "stateside assignment" for use in the future.

The board went on record that we keep India as a vital Free Will Baptist mission field even when the Hannas are no longer able to serve in that needy country.

The board met with Reverend Peter Konovalchik, President of the Union of Evangelical Christians-Baptists of Russia.

- The annual meeting of the Foreign Missions Board was held at the National Office Building April 21-24, 1997. All board members were present. The board approved Kevin Stacy as a worker in Central Asia.

The board received a report from Mr. Norman Edwards, a Christian Consultant. He distributed and discussed his "Program Audit." His observations are helpful as we develop a strategic plan for our ministry.

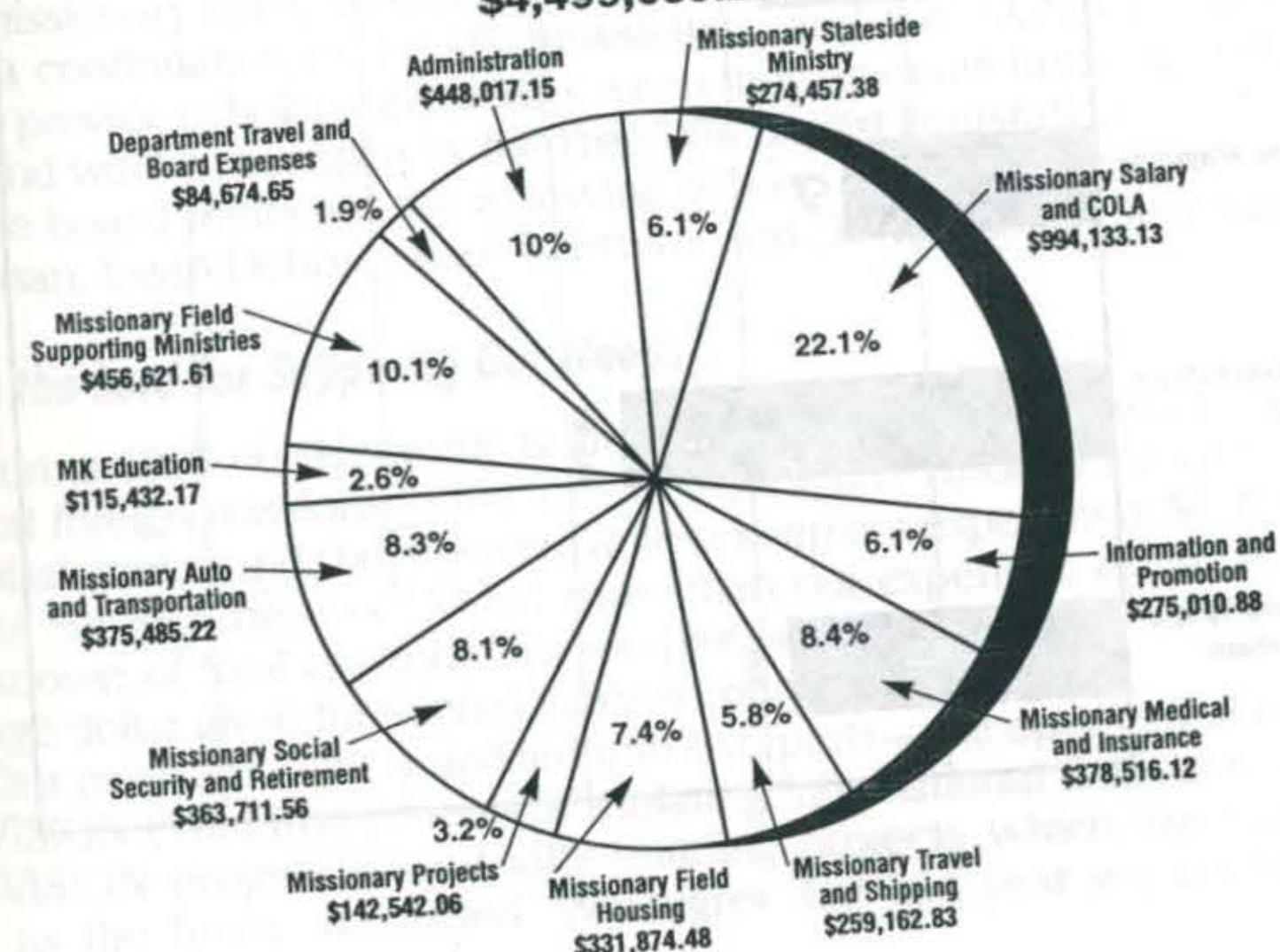
The board instructed the general director to "inform all missionary church planters to provide by August, their best estimate of the time required to exit their pastoral role at their present location."

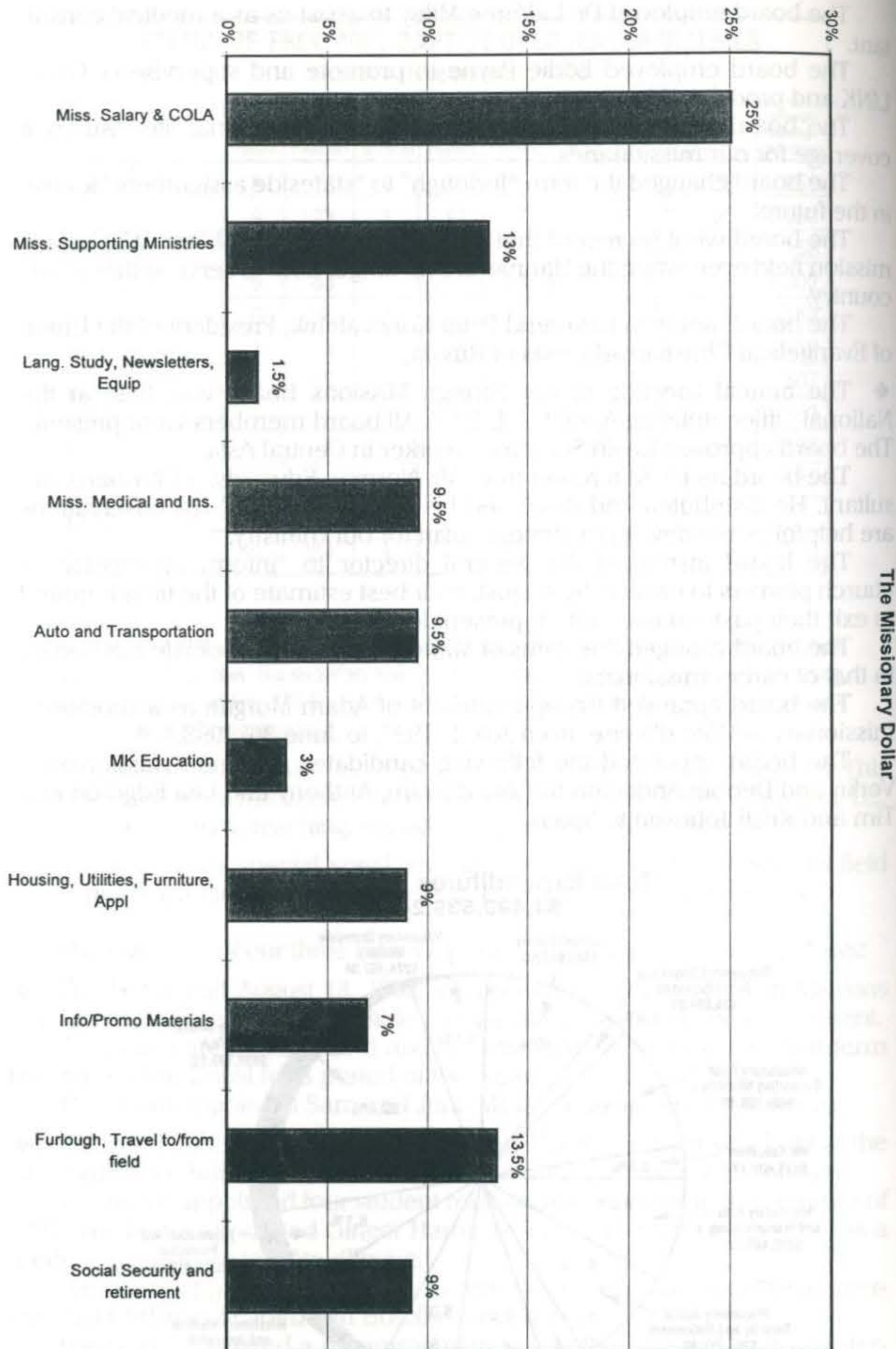
The board changed the status of Mirial Gainer from associate missionary to that of career missionary.

The board approved the appointment of Adam Morgan as a short-term missionary to Côte d'Ivoire, from July 1, 1997, to June 30, 1998.

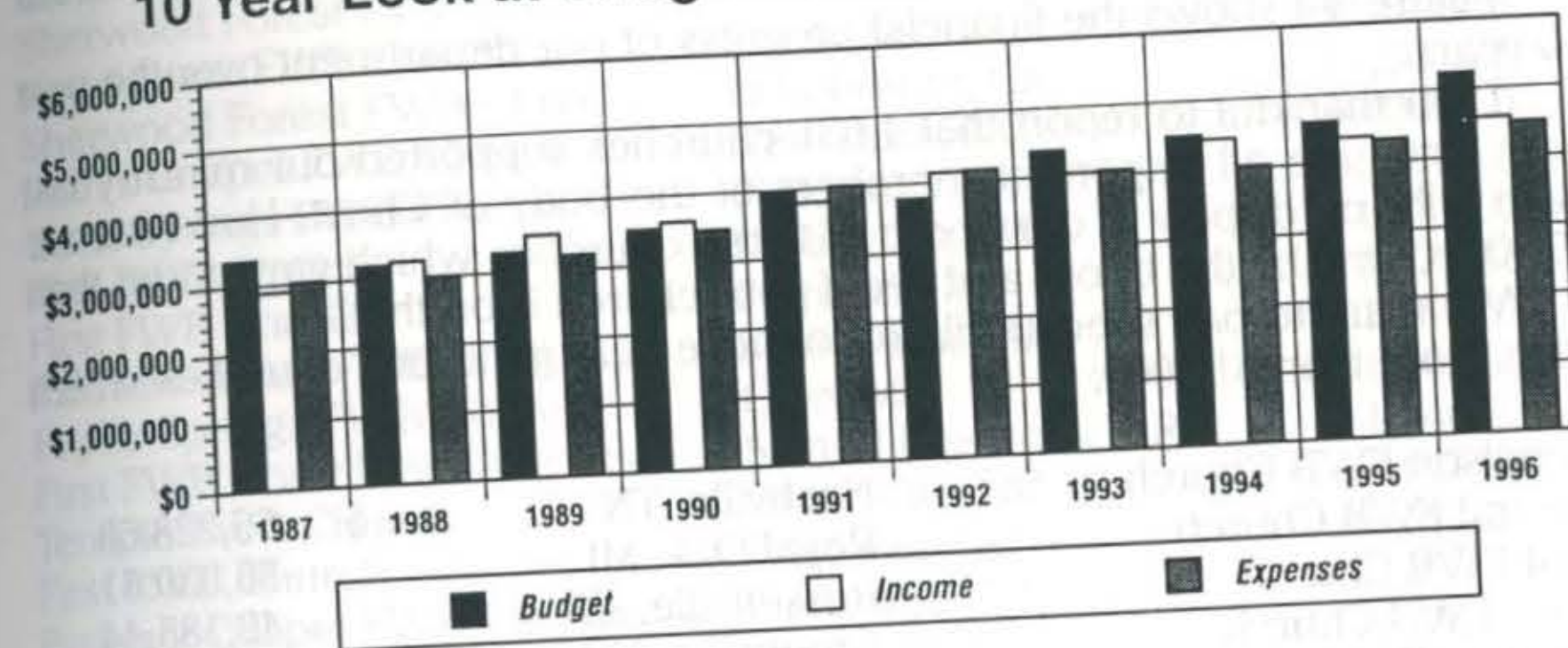
The board appointed the following candidates as career missionaries: Verlin and Debbie Anderson to Côte d'Ivoire, Anthony and Lea Edgmon and Tim and Kristi Johnson to Spain.

Total Expenditures for 1996 \$4,499,639.24





10 Year Look at Budget vs. Income vs. Expenses



We appreciate the voluntary service of Jon and Cindy McNay who worked as affiliates in Japan from December 1994 through August 1996. Charolette Tallent resigned from the mission September 30, 1996, after serving 16 years in France. We value her work with university students there.

Today we honor Fred and June Hersey who are retiring from overseas service. Fred has been a missionary to Japan for 42 years. June Wilkinson Hersey worked in Brazil for 20 years and in Japan since her marriage to Fred Hersey in January 1995.

We also honor Walter and Marcia Ellison who have served as missionaries to Uruguay and South Brazil for almost 34 years. They are retiring at the end of this year.

The board changed the job title of Reverend Fred Warner to that of "Director of Stateside Ministries."

The board approved the work of Tanya Hart as a voluntary caregiver for our MKs (missionary kids). This included the establishment of a "Provision Closet for MKs," a continuation of the MK newsletters, and the establishment of a trust fund to provide scholarships to MKs when they graduate from high school. The trust fund will be managed by the Free Will Baptist Foundation.

The board reelected the following officers for the next year: Joe Grizzle, Chairman, Dean Dobbs, Vice-Chairman, and David Shores, Secretary.

Praise the Lord for Supplying Our Needs

During 1996 our Heavenly Father moved Free Will Baptists to generously support foreign missions to the tune of \$4,574,421. Through the cooperation of our missionaries and staff we were able to keep our expenses at \$4,499,639. This means our income was \$74,781 more than our expenses. Figure #2 shows a breakdown of total expenditures for 1996, and figure #3 reveals the way the average dollar given for a missionary account was spent.

Our overall budget is divided into two parts—the operational budget and the VISION (Vital Investments Stimulating International Outreach Now) budget. VISION projects are usually building projects which are underwritten only as the funds are raised. We regret that last year we could not fund

\$676,061 worth of VISION projects, but we are grateful that we exceeded our operational budget by \$8,144.

Figure #4 shows the financial progress of our department over the past 10 years.

I am thankful to report that 1,631 churches supported our ministry last year. They are all important members of the body of Christ. However, we have a list on display at our booth of those churches which gave more than \$5,000. Come by the booth and see if your church is on the list.

We want to pay special tribute to those very generous churches which gave more than \$10,000:

Donelson FWB Church	Nashville, TN	\$ 66,228.68
Central FWB Church	Royal Oak, MI	56,930.61
First FWB Church	Russellville, AR	49,185.44
Unity FWB Church	Greenville, NC	47,206.29
Norman First FWB Church	Norman, OK	32,459.40
Cofer's Chapel FWB Church	Nashville, TN	32,047.46
Limestone FWB Church	Jonesborough, TN	30,777.89
Vista FWB Church	Van Buren, AR	30,260.01
Fellowship FWB Church	Church Hill, TN	29,360.05
Ina FWB Church	Ina, IL	24,571.66
Immanuel FWB Church	Durham, NC	24,538.57
Horse Branch FWB Church	Turbeville, SC	23,844.42
First FWB Church	Albany, GA	23,247.01
Cross Timbers FWB Church	Nashville, TN	22,100.00
Bethel FWB Church	Kinston, NC	20,893.00
New Hope FWB Church	Joelton, TN	20,558.36
First FWB Church	Raleigh, NC	18,759.01
First FWB Church	Locust Grove, OK	18,714.86
Verdella FWB Church	Liberal, MO	18,474.80
Bethany FWB Church	Broken Arrow, OK	17,333.69
Southern Oaks FWB Church	Oklahoma City, OK	17,294.72
Trinity FWB Church	Greenville, NC	16,897.34
Newcastle FWB Church	Newcastle, OK	16,745.72
First FWB Church	Jacksonville, NC	16,164.55
Central FWB Church	Grandview, MO	15,152.67
Faith FWB Church	Goldsboro, NC	14,972.70
Tippett's Chapel FWB Church	Clayton, NC	14,685.61
Hannon FWB Church	Liberal, MO	14,661.46
Bethlehem FWB Church	Ashland City, TN	14,616.51
First FWB Church	Newport News, VA	14,280.00
Bellview FWB Church	Colquitt, GA	14,269.64
First Bible FWB Church	New Castle, IN	14,217.83
Fulton FWB Church	Fulton, MS	14,183.10
Statesboro FWB Church	Statesboro, GA	14,097.72
Bethany FWB Church	Timmonsville, SC	13,681.22
Allen Chapel FWB Church	Batesville, AR	13,551.91
Forest Grove FWB Church	Knoxville, TN	13,133.05
Harrison FWB Church	Minford, OH	13,048.94
Garner FWB Church	Garner, NC	12,864.30

Calvary FWB Church	Norman, OK	12,620.33
Sherwood Forest FWB Church	New Bern, NC	11,882.76
New Haven FWB Church	Ernul, NC	11,627.38
Sherwood Forest FWB Church	El Sobrante, CA	11,302.77
Ruth's Chapel FWB Church	New Bern, NC	11,266.50
Good Springs FWB Church	Pleasant View, TN	11,170.38
First FWB Church	Darlington, SC	11,131.00
First FWB Church	Florence, AL	11,072.76
Pleasant Acres FWB Church	New Bern, NC	11,067.31
Poplar Springs FWB Church	Glen, MS	11,048.60
First FWB Church N. Little Rock	North Little Rock, AR	11,046.50
Temple FWB Church	Greenville, NC	10,917.52
First FWB Church	Gastonia, NC	10,872.29
Parker's Chapel FWB Church	Greenville, NC	10,830.14
Macedonia FWB Church	Purdy, MO	10,682.50
First FWB Church	Florence, SC	10,564.72
First FWB Church	Morehead City, NC	10,552.34
Rejoice FWB Church	Owasso, OK	10,375.00
Horton Heights FWB Church	Nashville, TN	10,293.95
First FWB Church	Erwin, TN	10,046.00

Last year 14 states met or surpassed their goal and another five met at least 95 percent. On page 75 you will find the goals and gifts from each state.

The top 10 states in support for foreign missions last year were:

Tennessee	\$720,365.61	South Carolina	\$252,241.77
North Carolina	\$622,127.01	Georgia	\$211,159.43
Oklahoma	\$425,246.18	Alabama	\$198,762.27
Missouri	\$347,457.77	Ohio	\$164,489.35
Arkansas	\$341,337.19	Michigan	\$155,765.94

All of us in the foreign missions department are tremendously encouraged by our state leaders and pastors who are assuming the responsibility for underwriting missionaries' ministries. This grass roots commitment led to the ACTS 1:8 (Arkansas Committed to Total Support) Plan and the Missouri "Show Me" Plan. South Carolina, Illinois and Florida have also developed their own plans. A key component in each of these plans is the reality that pastors and churches have taken the burden of raising funds off the missionaries' shoulders. The benefits are obvious: New missionaries are getting to the field quicker, veteran missionaries are returning to the field on schedule, missionaries are not required to travel as much, which cuts costs and gives the missionary more time with his family and home church, and our people in those states are enjoying new ownership in the foreign missions program.

Because of so much interest in these programs, we sponsored a Forum on Foreign Missions Support April 24-25. We are thankful for the 25 leaders from 13 states who interacted with each other as our foreign missions board, staff and field chairmen listened. The participants requested that we hold another forum next April 23-24.

There are other encouraging activities such as the Florida youth raising \$34,000 for the VISION Montevideo Building Project. Again last fall the annual Sexton Walk-a-Thon in Tennessee proved to be a huge success by raising \$128,068.

Within the next year the National Youth Conference will seek to raise \$100,000 for a church building in Abidjan, Côte d'Ivoire.

Free Will Baptist women continue to be faithful and generous supporters. Last year they gave \$180,301 to foreign missions through WNAC (Women Nationally Active for Christ).

The Master's Men Department continues to encourage builders to go to countries where they are needed. This past year teams have worked in Cuba and Côte d'Ivoire.

April is Foreign Missions Month. The Together Way Plan has designated the last Sunday in April as Foreign Missions Sunday. Next year we hope every Free Will Baptist church will observe Foreign Missions Sunday on April 26 and send a gift for the Laura Belle Barnard World Missions Offering.

Our board is proposing an overall budget of \$5,784,251 for 1998. Of this amount \$5,010,401 is our operational budget and \$773,850 is for VISION projects.

The Lord Is Opening New Doors of Opportunity

In those countries where our missionaries have been serving and where churches have already been planted, there is still a lot of work to be done.

Our ultimate goal is the establishment of a Free Will Baptist Association of Churches in each respective country. The primary opportunities in these countries still relate to evangelism, church planting and church growth with a growing emphasis on sponsoring leadership training programs.

As I mentioned earlier, Free Will Baptist foreign missionaries have made a difference for Christ wherever they minister because our mission work was born out of a passion like Paul's: "Yea, so have I strived to preach the gospel, not where Christ was named, lest I should build upon another man's foundation," Romans 15:20.

We have not lost that focus. Therefore, with much praise to God for the opportunities lying ahead, we can speak of the new challenges in new countries that we face today. These are days of making a difference in places that were only names in our social studies book when I was growing up. But, today, witnessing Free Will Baptist teachers in China and Mongolia prove that God is leading us into avenues of ministry we never dreamed possible just a few years ago.

We are also increasing our emphasis on planting churches among the Khantis, Nenets, and Mansi peoples in Northern Siberia. We are grateful for the opportunity of cooperating with the Union of Evangelical Christians-Baptists of Russia in this joint venture.

Quiet, consistent witnessing has given our Indian brethren the opportunity to extend the gospel to Nepal.

As a part of preparing future generations to meet these new challenges, and because we have a responsibility to the youth of our denomination, we have agreed to assign a missionary to Free Will Baptist Bible College for two-three weeks each semester. This missionary will teach seminars and counsel prospective missionaries.

Our department is sponsoring mission awareness tours of our various fields. If you are interested in visiting a mission field, please contact our office.

Sometimes you may wonder whether we can do any more toward reaching the unreached, toward making a difference for Christ where the

influence of the gospel has not yet been felt. If that thought crosses your mind, think about the Moravians. The Moravians, who were refugees from their homeland, so deeply loved the Lord that from 1732 to 1882 they sent out 2,158 of their members as missionaries. By 1900 they had one missionary overseas for every 58 members at home. I challenge you with this thought: *What can you and I do today to make a difference in some ethnic group which does not have a Christian witness among them?*

Conclusion

In conclusion, I want to say that I am thankful for our Foreign Missions Board:

Reverend Joe Grizzle, chairman	Reverend Bill Jones
Reverend Dean Dobbs, vice-chairman	Reverend Milton Worthington
Reverend David Shores, secretary	Reverend James Forlines
Reverend William Reagan	Reverend Bill Van Winkle

Reverend David Williford

These men are prayerfully overseeing our present missionary operation while determining our course into the 21st Century.

The staff, including our three volunteers, is ready to serve you and our missionaries. They are:

Reverend Fred Warner, director of stateside ministries
Reverend Jimmy Aldridge, overseas secretary
Mr. Jimmie Carter, volunteer
Mr. Rob Conley, treasurer
Reverend Eddie Payne, support coordinator
Reverend Don Robirds, director of communications
Mrs. Gladys Gragg, accounting clerk
Mrs. Cheri Ham, computer services coordinator
Mr. Charlie Hingst, volunteer
Mrs. Nancy Jones, volunteer and part-time accounting clerk
Mrs. Shirley Lauthern, secretary to general director
Mrs. Barbara Nicholson, bookkeeper
Mrs. Carole Ragan, secretary to director of stateside ministries
Miss Charity Van Winkle, editorial assistant

No one could ever have a better staff than we have in the foreign missions department. We are 100 percent dedicated to being a part of that worldwide evangelistic team which is making a difference for Christ. The faithful commitment of the board members, the home staff, and the missionary staff made it very difficult for me to prayerfully conclude that I will retire as general director, effective December 31, 1998. Please pray for my wife and me regarding our future ministry. We want to be a part of the "making a difference" team for the rest of our lives wherever and however we minister.

Respectfully submitted,

R. Eugene Waddell
General Director

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

December 31, 1996 and 1995

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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 statements of financial position of the Board of Foreign Missions of the National Association of Free Will Baptists (a nonprofit organization) as of December 31, 1996 and 1995, and the related statements of activities and cash flows for the years 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 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 the Board of Foreign Missions of the National Association of Free Will Baptists as of December 31, 1996 and 1995 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Hinton, Warren, Denney & Wallace

April 4, 1997

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Statements of Financial Position
December 31, 1996 and 1995

ASSETS

	1996	1995
Cash and cash equivalents - Notes 1 & 2	\$ 878,947	\$ 868,608
Investments - Notes 1 & 2	692,457	492,053
Accounts receivable from employees and missionaries - Note 2	75,814	174,172
Other receivables, net of allowance for doubtful accounts of \$14,333	32,867	
Property and equipment, at cost, net of accumulated depreciation - Notes 1 & 4	173,367	189,783
Prepaid expenses	3,819	
Total assets	<u>\$1,857,271</u>	<u>\$1,724,616</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 159,041	\$ 176,306
Supplemental retirement insurance payable	195,493	164,903
Accrued severance pay payable	143,920	157,550
Total liabilities	<u>498,454</u>	<u>498,759</u>
Commitments - Notes 3, 8 & 9		
Net assets (deficit):		
Unrestricted	(61,351)	33,688
Temporarily restricted	1,420,168	1,192,169
Total	<u>1,358,817</u>	<u>1,225,857</u>
Total liabilities and net assets	<u>\$1,857,271</u>	<u>\$1,724,616</u>

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

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Statements of Activities
For the Years Ended December 31, 1996 and 1995

	1996	1995
<u>Unrestricted</u>		
Revenue:	\$ 699,433	\$ 376,713
Contributions - Notes 1 & 6	57,234	76,629
Investment income	15,986	7,033
Gain on disposal of property & equipment		3,267
Other		
Net assets released from restrictions:	3,591,443	3,846,676
Restrictions satisfied by payments	4,364,096	4,310,318
Total revenue	<u>4,364,096</u>	<u>4,310,318</u>
Expenses:	148,839	155,556
Informational and promotional	84,576	60,060
Travel and board	634,278	565,533
Administrative	3,530,432	3,460,085
Missionaries	61,010	71,652
VISION campaign		
Total expenses	<u>4,459,135</u>	<u>4,312,886</u>
Decrease in unrestricted net assets	<u>(95,039)</u>	<u>(2,568)</u>
<u>Temporarily restricted</u>		
Revenue:	3,819,442	3,924,436
Contributions - Notes 1 & 6		
Net assets released from restrictions:	(3,591,443)	(3,846,676)
Restrictions satisfied by payments	227,999	77,760
Increase in temporarily restricted net assets	<u>132,960</u>	<u>75,192</u>
Total increase in net assets	<u>1,225,857</u>	<u>1,150,665</u>
Net assets - beginning of year	<u>\$1,358,817</u>	<u>\$1,225,857</u>
Net assets - end of year		

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

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Statements of Cash Flows
For the Years Ended December 31, 1996 and 1995

	1996	1995
<u>Operating activities</u>		
Increase in net assets	\$ 132,960	\$ 75,192
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Decrease (increase) in value of investments		
Depreciation	4,865	(25,972)
Amortization	52,618	38,165
Bad debts		13,169
Gain on disposal of property and equipment	14,333	
Changes in operating assets and liabilities:	(15,986)	(7,033)
Decrease (increase) in accounts receivable		
Increase in prepaid expenses	98,358	(129,412)
Increase (decrease) in accounts payable and accrued expenses	(3,819)	
	(305)	18,601
Net cash provided (used) by operating activities	283,024	(17,290)
<u>Investing activities</u>		
Purchases of equipment	(87,066)	(117,952)
Proceeds from sale of equipment	19,650	33,400
Purchases of investment	(846,018)	(91,583)
Proceeds of investment redeemed	640,749	160,000
Net cash used in investing activities	(272,685)	(16,135)
<u>Financing activities</u>		
Net cash provided by financing activities	-0-	-0-
Increase (decrease) in cash and cash equivalents	10,339	(33,425)
Cash and cash equivalents at beginning of year	868,608	902,033
Cash and cash equivalents at end of year	\$ 878,947	\$ 868,608
<u>Supplemental noncash investing and financing information</u>		
Sale of equipment	\$ 66,850	
Less: Loan receivable	47,200	
	\$ 19,650	

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, 1996 and 1995

Note 1 - Organization and summary of significant accounting policies

The Board of Foreign Missions of the National Association of Free Will Baptists, Inc. is a nonprofit organization affiliated with the National Association of Free Will Baptists, located in Antioch, Tennessee. The purpose of the Organization is to establish and support Free Will Baptist Mission Churches throughout the world. The Organization's support comes primarily from donor contributions.

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. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of 509(a) of the Internal Revenue Code. There was no unrelated business income for 1996 and 1995.

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

Basis of accounting

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

Basis of presentation

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

Use of estimates

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

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1996 and 1995

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

Contributions

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

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

Property and equipment and depreciation

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500 and an estimated useful life of at least two years. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Automobile	5 years
Office furniture and equipment	3 - 10 years

The net property and equipment balance has been recorded as a separate component in unrestricted net assets.

Investments

Investments are stated at market value. Market value approximates cost at December 31, 1996 and 1995.

Cash and cash equivalents

For purposes of the statements 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, 1996 and 1995

Note 2 - Summary of significant concentrations of financial instruments

As of December 31, 1996, the Board had deposits with a financial institution located in the United States and the Board of Retirement and Insurance of the National Association of Free Will Baptists located in Nashville, Tennessee. Accounts at the financial institution are insured up to \$100,000 by the Federal Deposit Insurance Corporation. Accounts at the Board of Retirement and Insurance of the National Association of Free Will Baptists are uninsured. The Board also has accounts receivable from employees and missionaries and other receivables which are uninsured. The following is summary of those deposits, accounts receivable and the corresponding risk of accounting loss:

	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Interest bearing deposit accounts with financial institution	\$ 878,947	\$100,000	\$ 778,947
Total cash and cash equivalents	878,947	100,000	778,947
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Assoc. of Free Will Baptists	691,807		691,807
Common stock	650		650
Total investments	692,457		692,457
Accounts receivable from employees and missionaries	75,814		75,814
Other receivables	32,867		32,867
	108,681		108,681
Total	\$1,680,085	\$100,000	\$1,580,085

Note 3 - 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 were amortized against operations over a five year period. During 1995, \$13,169 was charged against operations leaving a resultant balance of \$-0-.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1996 and 1995

Note 4 - Property and equipment

A summary of property and equipment is as follows:

	1996	1995
Office furniture and equipment	\$ 47,774	\$ 45,875
Cameras and projectors	84,876	84,876
Automobiles	92,000	88,600
Computer equipment	143,005	130,338
	367,655	349,689
Less: accumulated depreciation	(194,288)	(159,906)
	<u>\$ 173,367</u>	<u>\$ 189,783</u>

Depreciation expense, computed utilizing the straight line method amounted to \$52,618 (\$38,165 in 1995).

Note 5 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	1996	1995
Missionaries	\$1,328,957	\$1,097,197
VISION campaign	91,211	94,972
	<u>\$1,420,168</u>	<u>\$1,192,169</u>

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

Note 6 - Informational and promotional material and equipment transfers

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

Note 7 - 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 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 \$121,100 (\$81,034 in 1995). 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.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1996 and 1995

Note 8 - 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 11 years. The rent expense for the year was \$74,988 (\$75,028 in 1995).

The future minimum lease payments are as follows:

1997	\$ 74,988
1998	74,988
1999	74,988
2000	74,988
2001	74,988
Thereafter (estimated)	456,177
	<u>\$831,117</u>

Note 9 - 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 87 (94 in 1995) employees on a self-insured basis. The Board has a stop loss policy with Boston Mutual Life Insurance for individual claims in excess of \$20,000. During the year the Board paid \$170,466 (\$156,696 in 1995) in benefit payments and \$64,779 (\$59,627 in 1995) in stop loss premiums.

Note 10 - Correction of an error

The Organization performed a detailed analysis of the net asset accounts during 1996. As a result of this analysis the net assets at the beginning of the year were restated to reflect the proper balance in the account. The unrestricted net assets were increased \$66,305 and the temporarily restricted net assets were reduced \$66,305. Accordingly, the prior year net assets released from restrictions were restated \$66,305 to account for this correction.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1996 and 1995

Note 11 - Change for new pronouncements

The Organization elected to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. As permitted by SFAS No. 116, the Organization has retroactively applied the provisions of this new Statements by restating net assets as of December 31, 1994. The adjustment of \$1,290,617 made to net assets as of December 31, 1994 represents time and purpose-restricted contributions previously reported as deferred revenue. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction. The effect of this new Statements on the Organization's change in net assets for 1995 was an increase of \$135,065.

In 1995, the Organization also elected to adopt SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this new Statements, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial Statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1995.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1996 and 1995

Note 12 - Fair values of financial instruments

The following methods and assumptions were used by the Board in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, investments, receivables and payables: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Board's financial instruments, none of which are held for trading purposes are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$878,947	\$878,947
Accounts receivable	75,814	75,814
Other receivables	32,867	32,867
Investments	692,457	692,457
Financial liabilities:		
Accounts payable and accrued expenses	159,041	159,041
Supplemental retirement insurance payable	195,493	195,493
Accrued severance pay payable	143,920	143,920

Note 13 - Reclassification of financial statement presentation

Certain reclassifications have been made to the December 31, 1995 financial statements to conform with the December 31, 1996 financial statement presentation. Such reclassifications have had no effect on changes in net assets as previously reported.

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 audits of the basic financial statements of the Board of Foreign Missions of the National Association of Free Will Baptists for 1996 and 1995 appears on page 1. Those audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is 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 audits 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.

Hinton, Warren, Denney & Wallace

April 4, 1997

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Schedule of Functional Expenses
For the Years Ended December 31, 1996 and 1995

	1996	1995
Informational and promotional expenses:	\$ 5,403	\$ 1,140
Video and audio visual	29,542	36,515
Heartbeat	33,443	44,836
Postage	8,749	4,690
Data processing	39,853	37,373
Publicity	9,650	9,051
Telephone	1,210	319
Surveys	586	1,089
Dues	2,889	3,898
Paper and supplies	6,414	3,787
Retreat		1,666
Together Way program	6,856	8,604
Tracts and books	2,262	1,428
Seminar and training	1,752	1,160
Convention expense	230	
Debriefing	148,839	155,556
Total informational and promotional expenses		
Travel and board expenses:	16,344	5,794
Department auto	18,023	16,464
Board members		1,956
Administrative - overseas travel	2,572	2,580
Department insurance	38,486	32,672
Department travel	574	594
Traveler's insurance	860	
Honorariums	7,717	
Recruiting and candidate expense	84,576	60,060
Total travel and board expenses		
Administrative expenses:	274,561	241,968
Salaries	55,000	51,600
Housing	18,427	22,795
Social Security	12,395	9,511
Employer payroll taxes	22,196	12,704
Retirement	54,827	61,828
Hospitalization	6,519	4,787
Legal and professional	74,988	75,028
Office rent		13,169
Amortization of capital lease payments	3,184	
Computer software expense	5,564	283
Office equipment	293	200
Maintenance of office equipment	3,848	3,598
Office supplies	250	234
Estate expenses	617	1,795
Bank service charges	4,023	1,018
Office help	20,955	14,283
Miscellaneous	52,618	38,165
Depreciation	14,333	
Bad debts	9,680	12,567
Project expenses	634,278	565,533
Total administrative expense		

See accountants' report on supplementary information.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Schedule of Functional Expenses
For the Years Ended December 31, 1996 and 1995

	1996	1995
Missionary expenses:		
Ivory Coast		
France	\$1,044,569	\$1,047,076
India	403,391	420,908
Brazil	148,313	156,622
Japan	588,005	657,093
Panama	409,200	460,360
Spain	234,628	124,286
Uruguay	179,375	264,240
Commonwealth of Independent States	307,440	281,310
Summer missionaries	133,695	41,494
Other projects	78,936	59,313
Missionary medical	54,915	53,511
Total missionary expenses	(52,035)	(106,128)
	<u>3,530,432</u>	<u>3,460,085</u>
VISION campaign expenses:		
Project expenses	61,010	71,652
Total VISION campaign expenses	<u>61,010</u>	<u>71,652</u>
Total expenses	<u>\$4,459,135</u>	<u>\$4,312,886</u>

1998 Foreign Missions Budget

Foreign Fields

Côte d'Ivoire	\$1,208,314.98
Brazil	719,950.91
France	347,491.88
India	176,587.34
Japan	546,390.74
Panama	344,034.76
Cuba	26,750.00
Spain	379,636.39
Uruguay	261,280.34
C.I.S.	190,850.55
Other Fields	180,950.00
	<u>*\$4,382,237.89</u>

Information and Promotion

Audio visuals, films & filmstrips	\$ 4,250.00
Art Supplies	6,500.00
Video	8,900.00
Equipment	6,900.00
Heartbeat	32,600.00
Postage	36,000.00
Heartbeat mail services	6,500.00
Promotional materials	20,000.00
Telephone	9,400.00
Informational services	38,210.00
Paper/office/copier expenses	6,000.00
Books & subscriptions	3,000.00
Retreat & debriefing sessions	7,500.00
Miscellaneous	12,000.00
Personnel	139,816.04
	<u>\$ 337,576.04</u>

Less: Transfer of 7% info/promo charges from Miss. Budgets (279,050.61)
\$ 58,525.43

Travel & Board Expenses

Department auto expenses	\$ 39,000.00
Board members' expenses	18,000.00
Board members' overseas travel	1,250.00
Honorariums	1,000.00
Department travel / auto expenses	35,000.00
Travelers' insurance	800.00
	<u>\$ 95,050.00</u>

Administrative

Salaries	\$ 215,230.05
Administrative housing	43,200.00
Administrative social security	31,093.38
Hospitalization insurance	26,558.40
Retirement	11,246.30
Medicare supplement insurance	1,860.00
Audit	6,000.00
Office rent	74,400.00
Office equipment	12,000.00
Maintenance of office equipment	1,000.00
Office supplies	2,500.00
Candidate/recruiting expense	8,000.00
Miscellaneous expenses	27,000.00
Payroll taxes	8,500.00
	<u>\$ 468,588.13</u>

Other

Retired missionaries	\$ 6,000.00
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Total Operational Budget \$5,010,401.45

Additional Approved VISION Projects

France—church building at Nantes	\$ 93,000.00
India—church buildings	80,000.00
Cuba—churches/rest home	50,000.00
Panama—down payment on house	7,500.00
Uruguay—new church property	150,000.00
Uruguay—Malvin	75,000.00
Brazil—Evangelandia	20,000.00
Brazil—Belo Horizonte	15,000.00
Brazil—Barbacena	50,000.00
Brazil—Campinas apartment	25,350.00
Brazil—Ribeirao Preto 2nd (Marincek)	25,000.00
Brazil—Uberlandia 2nd Church	30,000.00
Brazil—Conselheiro Lafaiete Camp Facilities	30,000.00
Côte d'Ivoire—Bible Inst. Dorms	23,000.00
Côte d'Ivoire—Abidjan	50,000.00
Other	50,000.00
	<u>\$ 773,850.00</u>

Total Budget \$5,784,251.45

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

* Includes anticipated new missionaries

Salary Breakdown

	1995	1996	1997	1998
General Director				
Salary	\$19,218	\$21,487	\$24,846	\$27,812
Housing & Utilities	16,800	16,800	16,800	18,000
Social Security	6,078	6,174	6,716	7,388
Retirement	1,340	1,914	2,082	2,291
Insurance	8,527	6,222	6,222	4,488
Total Dept. Expense to Employ	\$51,963	\$52,597	\$56,666	\$59,978
Director of Communications				
Salary	\$23,390	\$25,009	\$26,009	\$27,833
Housing & Utilities	9,600	9,600	9,600	9,600
Social Security	5,478	5,581	5,742	6,036
Retirement	1,541	1,730	1,780	1,872
Insurance	8,527	8,460	8,460	6,085
Total Dept. Expense to Employ	\$48,535	\$50,380	\$51,592	\$51,426
Overseas Secretary				
Salary	\$22,154	\$22,609	\$23,513	\$25,433
Housing & Utilities	12,000	12,000	12,000	12,000
Social Security	5,478	5,581	5,727	6,036
Retirement	1,479	1,730	1,776	1,872
Insurance	6,178	6,222	6,222	4,488
Total Dept. Expense to Employ	\$47,289	\$48,142	\$49,238	\$49,829
Director of Stateside Ministries				
Salary	\$19,682	\$21,409	\$22,265	\$24,233
Housing & Utilities	13,200	13,200	13,200	13,200
Social Security	5,479	5,581	5,719	6,036
Retirement	1,355	1,730	1,773	1,872
Insurance	6,278	6,222	6,222	4,488
Total Dept. Expense to Employ	\$45,995	\$48,142	\$49,180	\$49,829
Treasurer				
Salary	\$33,278	\$34,609	\$35,993	\$37,433
Social Security	5,511	5,515	5,735	5,965
Retirement	2,035	1,874	1,949	1,872
Insurance	8,527	8,460	8,460	6,085
Total Dept. Expense to Employ	\$49,351	\$50,458	\$52,137	\$51,355
Support Coordinator/Communications Assistant				
Salary	\$0	\$0	\$0	\$21,280
Housing & Utilities	0	0	0	12,000
Social Security	0	0	0	2,683
Retirement	0	0	0	1,664
Insurance	0	0	0	2,336
Total Dept. Expense to Employ	\$0	\$0	\$0	\$39,964
Information Services Manager				
Salary	\$20,000	\$20,800	\$27,040	\$0
Social Security	1,530	1,591	2,069	0
Retirement	1,000	1,040	1,352	0
Insurance	3,332	8,367	8,367	0
Total Dept. Expense to Employ	\$25,862	\$31,798	\$38,828	\$0

	1995	1996	1997	1998
Editorial Assistant				
Salary	\$16,389	\$17,045	\$17,727	\$18,436
Social Security	1,254	1,304	1,356	1,410
Retirement	819	852	886	922
Insurance	2,888	3,299	3,299	2,336
Total Dept. Expense to Employ	\$21,351	\$22,500	\$23,268	\$23,104
Bookkeeper				
Salary	\$20,051	\$20,853	\$21,687	\$22,555
Social Security	1,534	1,595	1,659	1,725
Retirement	1,003	1,043	1,084	1,128
Insurance	3,321	3,299	3,299	2,336
Total Dept. Expense to Employ	\$25,908	\$26,790	\$27,730	\$27,744
Accounting Clerk				
Salary	\$15,265	\$15,875	\$16,510	\$17,171
Social Security	1,168	1,214	1,263	1,314
Retirement	763	794	826	859
Insurance	3,321	3,299	3,299	2,336
Total Dept. Expense to Employ	\$20,517	\$21,183	\$21,898	\$21,679
Secretary				
Salary	\$24,083	\$25,046	\$26,048	\$27,090
Social Security	1,842	1,916	1,993	2,072
Retirement	1,204	1,252	1,302	1,354
Insurance	2,888	3,299	3,299	2,336
Total Dept. Expense to Employ	\$30,017	\$31,513	\$32,642	\$32,853
Secretary				
Salary	\$18,139	\$18,865	\$19,619	\$20,404
Social Security	1,388	1,443	1,501	1,561
Retirement	907	943	981	1,020
Insurance	3,332	3,299	3,299	2,336
Total Dept. Expense to Employ	\$23,766	\$24,550	\$25,400	\$25,322
Part-Time Accounting Clerk				
Salary	\$0	\$0	\$0	\$7,280
Social Security	0	0	0	557
Retirement	0	0	0	0
Insurance	0	0	0	0
Total Dept. Expense to Employ	\$0	\$0	\$0	\$7,837
Part-Time Office Staff				
Salary	\$0	\$0	\$0	\$10,000
Social Security	0	0	0	0
Retirement	0	0	0	0
Insurance	0	0	0	0
Total Dept. Expense to Employ	\$0	\$0	\$0	\$10,000
Computer Services/Associate Support Coordinator				
Salary	\$0	\$0	\$19,264	\$16,224
Social Security	0	0	1,474	0
Retirement	0	0	963	0
Insurance	0	0	3,299	0
Total Dept. Expense to Employ	\$0	\$0	\$25,000	\$16,224

1998 State Goals With 1996 Comparison

State	1996 Goal	1996 Gifts	1998 Goal
Alabama	\$183,624.80	\$198,762.27	\$250,000.00
Arizona	6,643.67	7,261.80	8,000.00
Arkansas	316,612.43	341,337.19	367,000.00
California	84,083.96	66,128.80	72,000.00
Canada	.00	5,947.91	9,000.00
Colorado	8,823.63	5,241.41	6,000.00
Florida	82,007.81	71,988.40	85,000.00
FWB Foundation	.00	15,120.10	23,000.00
Georgia	159,863.33	211,159.43	227,000.00
Hawaii	2,802.80	.00	750.00
Idaho	3,114.22	.00	1,000.00
Illinois	117,226.16	149,229.24	152,000.00
Indiana	36,332.57	54,840.52	59,000.00
Iowa	3,321.84	2,379.53	3,000.00
Kansas	14,533.03	8,211.53	10,000.00
Kentucky	85,122.03	67,490.81	76,000.00
Louisiana	1,764.73	1,932.14	2,500.00
Maryland	13,494.96	33,947.20	46,000.00
Michigan	207,805.08	155,765.94	185,000.00
Miscellaneous	80,533.85	80,222.36	83,351.45
Mississippi	78,893.59	66,607.79	76,000.00
Missouri	369,211.52	347,457.77	378,000.00
Montana	1,764.73	2,110.00	2,500.00
Nebraska	1,038.07	2,396.00	2,000.00
New Mexico	2,179.95	5,915.13	4,000.00
North Carolina	575,663.85	622,127.01	656,000.00
Northeast Association	2,595.18	880.00	2,000.00
Northwest Association	12,494.96	8,037.93	10,000.00
Ohio	138,063.78	164,489.35	178,000.00
Oklahoma	430,610.16	425,246.18	457,000.00
Pennsylvania	1,349.50	904.54	2,000.00
South Carolina	263,670.68	252,241.77	275,000.00
Tennessee	721,080.38	720,365.61	777,000.00
Texas	103,807.36	83,197.46	91,000.00
Virgin Islands	2,491.38	1,800.00	2,300.00
Virginia	125,606.90	97,464.26	107,000.00
West Virginia	115,188.09	115,912.04	127,000.00
WNAC	155,711.02	180,301.81	198,000.00
Totals	\$4,509,132.00	\$4,574,421.23	\$5,010,401.45

Note: 1996 gifts include VISION gifts

Note: 1996 & 1998 Goals do not include VISION Gifts

Sunday School and Church Training Report

When I assumed the role of General Director at Randall House, I did not dream we would be in the position we are in today. The future appeared bleak to me and I did not want to be a part of failure. However God has provided more days for us.

I am glad I can report that we have shown a profit and growth. We have seen an incredible turnaround and are ahead of our payback schedule. Since last year's report to you, we have paid off the indebtedness to the First America Bank that we had borrowed to pay off the Board of Retirement bill, saving us about \$25,000 in interest. Secondly, we paid off the new press 41 months in advance, along with a \$50,000 balloon note which saved us over \$75,000 in interest. At that time, I put into effect a rapid debt reduction plan to pay off our building. This will save us \$94,800 in interest and will be paid off by December of 1998. It would not have been paid off until April of 2008. This will allow us to be completely debt free at that time.

We have installed a new computer software program called IRT that will inter-link all our departments giving all our people access to information from our main system. It will allow us to retrieve information here-to-fore not available to us.

We now have a number of pages on the Internet. Our address is www.randallhouse.com. Our first request was from Joseph Ang from Singapore.

A number of times I thought I had God's man for our Sunday School Growth Director. Each time they felt it was God's will to not accept the role. Continue to pray that His man will surface.

Our Spanish curriculum is now complete and our new Spanish catalog is being mailed to over 6,000 Hispanic churches. Lucy Hyman, our Spanish editor, had a booth at the Spanish EXPO in Miami introducing us to this new market.

Another great milestone, the last of our regular quarterly periodicals, *Lifeline*, was printed in full color. We mailed samples to every church and pastor at its introduction.

Due to the increased demands on our Editorial/Graphic Arts Department, we must hire additional help to aid in the production and revision of our material. The load of this department has increased greatly. We purchased a PC PowerMac for James Forlines so we could link with him over the Internet to try to speed up receiving and correcting the Teen material.

The Master's Men from Goodlettsville Free Will Baptist Church completely covered our roof with a sealant to both protect and repair it. They did it for a \$1,000.00 donation. Bids by contractors for this job was low bidded at \$16,000.00.

We have installed new carpet, remodeled our offices, and carpeted the entrance of the bookstore since the last National Convention.

Randall Bookstore promoted and hosted a workshop that had around 350 from 47 churches representing 29 denominations. Many of our other staff members aided the store in making this a success.

The National Youth Convention, Truth & Peace, Youth Evangelistic Team, and the Youth Workers Rretreats continue to grow. The Youth Ministry *Online* now has 1200 youth workers on its mailing list and the fund-raising program is progressing.

It is a pleasure to serve the Lord and to work with the fine staff at Randall House.

Your brother and friend,
Alton Loveless

1996-97 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 four times this past year. The first meeting took place at the National Association in Fort Worth. We welcomed two new members to the Board, Rev. David Reece and Rev. Nuel Brown. In that meeting we elected officers and received our committee assignments. We voted to send letters of commendation to outgoing Board members, Rev. James McAllister and Rev. Dean Stone. We approved several writers for RHP.

Our second meeting took place in Nashville after the December Leadership Conference. We filled offices for the corporation as per our new charter. We approved a new book to be published. Several writers were approved. We revised the writer's application. We adopted a new mission statement. We approved the speakers for the 1997 NYC. We increased the RHP salary scale.

Our third meeting took place by a telephone conference call on March 5, 1997. We approved the sale of 3.58 acres east of the building for \$62,500 per acre totaling \$223,750 and to use the proceeds to pay off our mortgage. We approved one writer.

Our fourth meeting took place on Monday and Tuesday, April 28-29, in Nashville. We voted to recommend the 1996 audit and approve the 1998 budget. The 1998 NYC theme was approved. We approved the list of writers for Randall House and authorized a new book to be published. After this meeting the Board took a tour of each RHP Department.

Edwin Hayes, Clerk

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Financial Statements

November 30, 1996 and 1995

(With Independent Auditors' Report Thereon)

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

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Hill, Harper & Associates, P.C.
Certified Public Accountants

Independent Auditors' Report

Terry A. Hill
Ernest R. Harper

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

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 303
Brentwood, TN 37027
TEL: 615/377-3485

We have audited the statements of financial position of Sunday School and Church Training Board and Randall House Publications as of November 30, 1996 and 1995, and the related statements of activity and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunday School and Church Training Board and Randall House Publications as of November 30, 1996 and 1995, and the results of its activity and changes in fund balances and cash flows for the years then ended, in conformity with generally accepted accounting principles.

As discussed in note 1 to the financial statements, in 1996 the board changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

Hill, Harper & Associates, P.C.

January 30, 1997

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Statements of Financial Position

November 30, 1996 and 1995

	1996	1995
Assets		
Current assets:		
Cash and interest bearing deposits	\$ 377,043	228,930
Certificates of deposit	100,000	150,000
Accounts receivable:		
Trade, net of allowance for doubtful accounts	260,434	275,568
of \$7,000	3,690	1,060
Employees and other	264,124	276,628
Total receivables	456,116	468,160
Inventory, at lower of cost (first-in, first-out method) or market	22,156	23,923
Deferred charges and prepaid expenses	1,219,439	1,147,641
Total current assets		
Property, plant and equipment and capitalized leases, at cost:	140,341	140,341
Land	685,485	668,698
Building	596,209	596,209
Printing service equipment	543,389	504,764
Office and administrative equipment	51,698	51,698
Automobiles and trucks	2,017,122	1,961,710
	1,304,320	1,205,808
Less accumulated depreciation and amortization	712,802	755,902
Net property, plant and equipment and capitalized leases		
Other assets:	3,642	3,961
Loan cost, net of amortization of \$1,143 in 1996, and \$824 in 1995	346,662	371,639
Inventory, at lower of cost (first-in, first-out method) or market	350,304	375,600
Total other assets	\$ 2,282,545	2,279,143
Liabilities and Net Assets		
Current liabilities:		
Current installments of long-term debt and capitalized lease obligations	\$ 26,907	67,528
Accounts payable	102,403	85,654
Accrued expenses	63,312	56,360
Due to affiliated organization	1,567	10,605
Total current liabilities	194,189	220,147
Long-term debt and capitalized lease obligations	308,084	411,244
	1,780,272	1,647,752
Net assets -unrestricted	\$ 2,282,545	2,279,143
Commitments		
See accompanying notes to financial statements.		

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

Statements of Activity and Changes in Net Assets

For the years ended November 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Revenues:		
Net sales:		
Curriculum	\$ 1,832,848	1,824,728
Randall House books	57,213	63,512
Merchandise	20,469	16,564
Vacation Bible School	8,739	9,794
Bookstore	244,582	196,013
Printing	109,447	87,180
Other sales	70,491	74,600
Net sales	<u>2,343,789</u>	<u>2,272,391</u>
Freight and handling	96,975	94,480
Other income	22,996	15,970
Youth income from conferences and related services	176,243	148,674
Commission income on hymnal sales	50,679	53,180
	<u>2,690,682</u>	<u>2,584,695</u>
Expenses:		
Cost of sales:		
Inventory at beginning of year	839,798	853,549
Merchandise purchases	244,864	220,433
Depreciation	43,152	34,221
Editorial and printing preparation	340,862	335,456
Printing production	681,541	607,101
Spanish department	23,944	20,771
	<u>2,174,161</u>	<u>2,071,531</u>
Less inventory at end of year	<u>802,778</u>	<u>839,798</u>
	<u>1,371,383</u>	<u>1,231,733</u>
Selling, general and administrative:		
Administrative	118,372	121,303
Bookstore	81,031	65,111
Bookkeeping	174,597	153,562
Building	140,244	130,547
Sales and promotion	122,552	124,962
Shipping	165,373	146,503
Youth department:		
Conferences and related services	120,925	98,689
General and administrative	99,307	71,886
General	74,635	74,989
Amortization of loan costs	319	319
Depreciation	55,358	54,960
Interest expense, including finance charges	34,066	36,736
	<u>1,186,779</u>	<u>1,079,567</u>
Total expenses	<u>2,558,162</u>	<u>2,311,300</u>
Increase in net assets	132,520	273,395
Net assets, beginning of year	1,647,752	1,374,357
Net assets, end of year	<u>\$ 1,780,272</u>	<u>1,647,752</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended November 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
<u>Cash Flows from Operating Activities</u>		
Increase in net assets	\$ 132,520	273,395
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	98,829	89,500
Change in allowance for obsolescence of inventory	20,000	-
(Increase) decrease in:		
Receivables	12,504	(56,159)
Inventories	17,021	13,751
Deferred charges and prepaid expenses	1,768	3,461
Increase (decrease) in:		
Accounts payable	16,749	(23,602)
Accrued expenses	6,952	(4,983)
Due to affiliated organization	(9,038)	10,605
	<u>297,305</u>	<u>305,968</u>
Net cash provided by operating activities		
<u>Cash Flows from Investing Activities</u>		
Purchase of certificates of deposit	-	(150,000)
Proceeds from certificate of deposit	50,000	-
Purchase of equipment	(55,411)	(254,749)
	<u>(5,411)</u>	<u>(404,749)</u>
Net cash used by investing activities		
<u>Cash Flows from Financing Activities</u>		
Proceeds from borrowings	-	254,000
Repayments of debt	(143,781)	(133,003)
	<u>(143,781)</u>	<u>120,997</u>
Net cash provided (used) by financing activities		
Net increase in cash	148,113	22,216
	<u>228,930</u>	<u>206,714</u>
Cash at beginning of year		
Cash at end of year	<u>\$ 377,043</u>	<u>228,930</u>
Supplemental disclosures:		
Interest, including finance charges paid	<u>\$ 32,649</u>	<u>34,392</u>

See accompanying notes to financial statements.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements

November 30, 1996 and 1995

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

(1) Summary of Significant Accounting Policies

In 1996, the Board adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Board is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if any. In addition, the Board is required to present a statement of cash flows. As permitted by this new statement, the Board has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the required classification of net assets.

Accrual Basis

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

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 an original maturity of three months or less to be cash and cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change in Presentation

Certain amounts in the 1995 financial statements have been reclassified to conform to 1996 presentation.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements, continued

(2) Long-term Debt and Capitalized Lease Obligations

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

	1996	1995
Long-term debt:		
13.5% equipment obligations, matured in December 1995, payable monthly \$394 including interest, secured by related equipment.	\$ -	390
9.75% installment obligation payable to a local bank, payable in monthly installments of \$2,377 including interest, through 2000. The note contains a five year call provision in the year 2000 at which time Randall House has the option to renegotiate the financing arrangement or the amount of \$112,763 will be due. The note is secured by a \$50,000 certificate of deposit and related equipment.	122,280	175,352
7.5% installment obligation payable to a local bank, payable in monthly installments of \$3,340 including interest, secured by certificates of deposit totaling \$100,000 and related equipment. Obligation was repaid during 1996.	-	74,000
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.	211,541	223,258
Total long-term debt	333,821	473,000
Capital lease obligations: 9.1% to 16.8% obligations under capital leases payable monthly \$700 - see note 3	1,170	5,772
	334,991	478,772
Less current maturities of long-term debt and capital lease obligations	26,907	67,528
	\$ 308,084	411,244

The Board leases certain equipment under capital leases (see note 3). 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.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements, continued

(2) 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 November 30, 1996.

November 30,	Long-Term Debt	Capital Leases
1997	\$ 25,737	1,190
1998	27,988	-
1999	29,354	-
2000	91,953	-
2001	13,358	-
2002 and thereafter	145,431	-
Total maturities of long-term debt	\$ 333,821	1,190
Less amount representing interest		20
Present value of net minimum lease payments		\$ 1,170

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

Depreciation and amortization charged to operations computed on the straight-line method was \$98,510 for the year ended November 30, 1996, and \$89,181 for the year ended November 30, 1995.

Equipment includes capitalized leases as follows:

	1996	1995
Printing service equipment	\$ 22,000	22,000
Office and administrative equipment	164,157	164,157
	186,157	186,157
Less accumulated amortization	175,254	152,314
	\$ 10,903	33,843

(4) Pension

The Board participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptist. 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 \$24,417 for the year ended November 30, 1996 and \$20,393 for the year ended November 30, 1995. 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.

(5) 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.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements, continued

(6) Agreement with Affiliated Organization to Distribute Hymnals

During the year ended November 30, 1995 the Board agreed to warehouse and distribute hymnals for the Executive Board of the National Association of Free Will Baptist. There are two types of hymnals being warehoused and distributed by the Board; The Free Will Baptist Hymn Book, Rejoice, and The Rejoice Hymn Book for the Church at Worship.

The Free Will Baptist Hymn Book, Rejoice

The Board will invoice the customer, collect funds and remit \$6.32 to the Executive Board. As of November 30, 1996 the Board was warehousing approximately 31,000 hymnals with an estimated replacement value of \$403,000. The following summarizes the transactions under this agreement as of November 30, 1996.

	1996	Since Inception
Amount due to Executive Office at beginning of period	\$ 10,605	-
Total sales of hymnals	98,331	204,156
Less total fees earned	(48,505)	(101,685)
Less remittances made to the Executive Office	(58,864)	(100,904)
Amount due to (from) Executive Office at end of period	\$ 1,567	1,567

The Rejoice Hymn Book for the Church of Worship

The Board will warehouse and distribute these hymnals and receive a commission of 5% plus costs of shipping per hymnal. As of November 30, 1996 the Board was Warehousing approximately 17,900 hymnals with an estimated replacement value of \$179,000. During the year ended November 30, 1996 the Board received \$2,174 in commissions.

(7) 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, 1996.

	Current Asset	Long-term Asset
Bookstore merchandise	\$ 81,905	-
Printing production and preparation raw materials	43,686	-
Work in process	50,713	-
Finished literature:		
Curriculum	45,692	-
Shipping	128,615	-
Lifquest material	505	-
Randall House Books and merchandise	65,000	28,086
Spanish curriculum	40,000	426,076
	456,116	454,162
	-	107,500
Allowance for obsolescence	\$ 456,116	346,662
Total inventory		

Budget 1998

Revenues

Total Sales	\$2,603,502.35
Other Income	
Freight and Handling	110,000.00
Commission on Hymnals	75,000.00
Youth Division	163,750.00
Miscellaneous Income	9,000.00
Total Revenues	

\$2,961,252.35

Expenses

Cost of Outside Purchases	\$ 390,000.00
Editorial/Graphic Arts	369,800.00
Printing Production	740,000.00
Spanish	24,950.00
Total Cost of Sales Expenses	

\$1,524,750.00

General Expenses

Youth Division	\$ 198,687.55
Sales Division	148,600.00
Bookstore	106,450.00
Sunday School Growth	68,679.92
Administration	115,650.00
Accounting	180,250.00
Shipping	186,800.00
Building	147,250.00
General Expenses	258,000.00
Total General Expenses	

\$ 1,408,367.47

Grand Total All Expenses
Grand Total All Revenue

2,933,117.47
2,961,252.35

Net Income
28,134.88

Working Capital
\$ 28,134.88

Expenses

Cost of Outside Purchases

Curriculum	\$ 60,000.00
Merchandise	175,000.00
Bookstore	80,000.00
Depreciation	75,000.00
	\$ 390,000.00

Editorial/Graphic Arts

Salaries	\$ 220,000.00
Housing	23,000.00
Travel	2,700.00
Supplies	7,000.00
Curriculum Development	2,000.00
Writers' Fees	40,000.00
Equipment Maintenance	1,000.00
Color Separations	25,000.00
Freelance Artwork	1,500.00
Conventions and Seminars	2,000.00
Dues and Subscriptions	300.00
Postage	800.00
Telephone	1,200.00
FICA	16,000.00
Retirement	7,000.00
Insurance	20,000.00
Miscellaneous	300.00
	\$ 369,800.00

Printing Production

Salaries	\$ 172,000.00
Travel	1,000.00
Supplies	22,000.00
Equipment Maintenance	8,000.00
Dues and Subscriptions	300.00
Stock	110,000.00
Parts	7,000.00
Ink	9,000.00
Outside Printing	360,000.00
Telephone	600.00
FICA	13,300.00
Retirement	6,000.00
Insurance	14,000.00
Camera Supplies	1,000.00
Camera Maintenance	500.00
Camera Film-Negatives	6,000.00
Plates	9,000.00
Miscellaneous	300.00
	\$ 740,000.00

Spanish

Salaries	\$ 11,000.00
Travel	1,000.00
Supplies	1,000.00
Equipment Maintenance	300.00

Translation	4,000.00
Postage	700.00
Telephone	2,200.00
FICA	1,400.00
Retirement	1,000.00
Insurance	2,000.00
Dues and Subscriptions	150.00
Miscellaneous	200.00
	\$ 24,950.00

Total Cost of Sales \$ 1,524,750.00

General Expenses

Youth Division

Salaries	\$ 48,954.91
Entertainment	500.00
Travel and Expense	5,000.00
Supplies	1,500.00
In House Printing	500.00
NYC '98	62,150.00
Truth & Peace '98	33,325.00
NYET '97	4,575.00
Fund Raising Expense	5,000.00
Nat'l Youth Workers' Retreats	17,250.00
Conventions & Seminars	300.00
Dues & Subscriptions	150.00
Postage	750.00
Telephone	1,500.00
FICA	3,745.00
Retirement	1,606.80
Insurance	9,380.84
Miscellaneous	500.00
	\$ 196,687.55

Sales Division

Salaries	\$ 38,000.00
Housing	10,000.00
Entertainment	500.00
Travel	6,000.00
Supplies	4,000.00
Advertising and Promotion	40,000.00
Printing & Color Separations	20,000.00
Dues and Subscriptions	300.00
Postage	12,000.00
Telephone	600.00
FICA	7,000.00
Retirement	1,300.00
Insurance	6,600.00
Conventions and Seminars	2,000.00
Miscellaneous	300.00
	\$ 148,600.00

Bookstore

Salaries	\$ 75,250.00
Entertainment	200.00
Travel Expense	2,000.00
Supplies	1,500.00
Printing	2,000.00
Equipment Rental	1,500.00
Postage	5,000.00
Telephone	1,100.00
FICA	3,500.00
Retirement	1,300.00
Insurance	9,000.00
Advertising and Promotion	3,500.00
Dues and Subscriptions	400.00
Miscellaneous	200.00
	<u>\$ 106,450.00</u>

Sunday School Growth

Salary	\$ 20,000.00
Housing	16,000.00
Medical	7,770.12
Dental	491.04
Life	164.76
Social Security	2,754.00
Retirement	1,800.00
Printing & Supplies	10,500.00
Postage	500.00
FICA	2,700.00
Travel	6,000.00
	<u>\$ 68,679.92</u>

Administrative

Salaries	\$ 57,000.00
Housing Allowance	21,850.00
Printing	300.00
Entertainment	1,200.00
Travel	12,000.00
Auto Expense	1,800.00
Auto Lease	4,700.00
Supplies	2,000.00
Equipment Maintenance	100.00
Equipment Rental	1,000.00
Conventions & Seminars	300.00
Dues and Subscriptions	300.00
Postage	500.00
Telephone	600.00
FICA	1,700.00
Retirement	3,400.00
Insurance	6,600.00
Miscellaneous	300.00
	<u>\$ 115,650.00</u>

Accounting

Salaries	\$ 115,000.00
Royalties	8,000.00

Equipment Rental	400.00
Supplies	8,000.00
Equipment Maintenance	3,000.00
Dues & Subscriptions	150.00
Postage	5,000.00
Telephone	13,500.00
FICA	9,000.00
Retirement	2,500.00
Insurance	14,000.00
Travel	900.00
In House Printing	500.00
Miscellaneous	300.00
	<u>\$ 180,250.00</u>

Shipping

Salaries	\$ 80,000.00
Supplies	12,000.00
Equipment Maintenance	1,300.00
Equipment Rental	650.00
Freight	65,000.00
Postage	7,800.00
Telephone	750.00
FICA	5,000.00
Retirement	1,000.00
Insurance	13,000.00
Miscellaneous	300.00
	<u>\$ 186,800.00</u>

Building

Salaries	\$ 40,500.00
Housing	9,500.00
Supplies	6,500.00
Equipment Maintenance	4,000.00
Building Maintenance	6,600.00
Utilities	38,000.00
Insurance (Building)	22,000.00
Telephone	600.00
FICA	3,600.00
Retirement	2,000.00
Insurance	13,650.00
Miscellaneous	300.00
	<u>\$ 147,250.00</u>

General Expenses

Automobile Expense	\$ 2,000.00
Automobile Lease	2,000.00
Supplies	2,000.00
Equipment Maintenance	6,000.00
Equipment Rental	1,500.00
Equipment/Lease/Purchase	50,000.00
Employees' Insurance	1,000.00
Board Travel & Expense	16,000.00
Legal & Auditing	11,000.00
Taxes	18,000.00
Payroll Services	3,500.00

Church Directory	25,000.00
Together Way Printing	8,000.00
Interest Expense	20,000.00
Debt Retirement	75,000.00
Service Charge	4,000.00

Miscellaneous	13,000.00
	<u>\$ 258,000.00</u>

Total General Expenses \$1,408,367.47

Budget - 1998 Sunday School Literature

Quantity	Description	Cost	Revenue
4,426	Nursery Teacher	3.75	16,597.50
18,533	Make N Do	2.10	38,919.30
15,392	My Bible Lesson Cards	2.10	32,323.20
4,461	Nursery-Preschool Flgraph	8.95	39,925.95
2,184	Nursery-Preschool Teaching Pictures	8.95	19,546.80
8,123	Preschool Teacher	3.75	30,461.25
21,969	Preschool Student	2.10	46,134.90
35,016	Preschool Companion	2.10	73,533.60
24,069	Picture Lesson Cards	2.00	48,138.00
6,580	Bible Times (Take Home Paper)	2.35	15,463.00
9,797	Primary Teacher	3.75	36,738.75
37,334	Primary Student	2.10	78,401.40
46,443	Primary Companion	2.10	97,530.30
3,177	Memory Verse Packet	8.95	28,434.15
8,663	Primary Days	2.40	20,791.20
3,871	Primary-Junior Flgraph	8.95	34,645.45
2,821	Primary-Junior Teaching Pictures	8.95	25,247.95
11,308	Junior Teacher	3.75	42,405.00
53,947	Junior Student	2.10	113,288.70
49,508	Junior Companion	2.10	103,966.80
7,976	Junior Counselor	2.35	18,743.60
5,515	Turning Point Teacher	3.75	20,681.25
1,711	Turning Point Packet	9.25	15,826.75
28,010	Turning Point Student	2.25	63,022.50
12,258	Teen Power	2.35	28,806.30
7,278	Horizon Teacher	3.75	27,292.50
1,971	Horizon Packet	9.25	18,231.75
42,698	Horizon Student	2.25	96,070.50
39,017	Bible Teacher	3.75	146,313.75
13,564	Bible Challenge	2.10	28,484.40
18,932	Visitor's Lesson Leaflets	2.10	39,757.20
4,217	Power For Living (Take Home Paper)	2.35	9,909.95
13,692	Depth	2.10	28,753.20
121,613	Bible Scholar	2.10	255,387.30
197,777	Bible Scholar LP	2.30	454,887.10
422	Bible Teacher Cassette	19.95	8,418.90
	Total Sunday School Literature Sales		<u>\$2,203,080.15</u>

C.T.S. Literature

406	Helpers Leader's Guide	3.75	\$ 1,522.50
1,525	Helpers Packet	3.75	5,718.75
577	Discoverers Leader's Guide	3.75	2,163.75
2,390	Discoverers Packet	4.95	11,830.50
673	Learners Leader's Guide	3.75	2,523.75
2,617	Learners Student	2.10	5,495.70
660	Adventurers Leader's Guides	3.75	2,475.00
3,077	Adventurers Student	2.10	6,461.70
201	LifeQuest Leader's Guides	17.95	3,607.95
1,663	LifeQuest Student Handouts	2.10	3,492.30
763	Focus Leader's Guides	3.75	2,861.25
8,115	Focus Student	2.10	18,258.75
5,243	Lifeline Student	2.10	11,010.30
	Total C.T.S. Literature Sales		\$ 77,422.20
	Total Sunday School & C.T.S. Sales		\$2,280,502.35
	Less Discount to Bookstores		(310,000.00)
	Grand Total Literature Sales		\$1,970,502.35
	Other Sales and Income		
	Spanish Curriculum	\$	36,000.00
	RHP Books		75,000.00
	Merchandise		20,000.00
	Bulletin Service		25,000.00
	Vacation Bible School		15,000.00
	Bookstore Sales		285,000.00
	Printing Sales		90,000.00
	Miscellaneous Income		87,000.00
	Total Other Sales and Income		\$ 633,000.00
	Total All Sales		\$2,603,502.35
	Other Income		
	Freight and Handling		110,000.00
	Commission on Hymnals		75,000.00
	Youth Division		163,750.00
	Miscellaneous Income		9,000.00
	Total Other Income		\$ 357,750.00
	Total Revenue		\$2,961,252.35

Salaries

	1996	1997	1998
General Director			
Salary	\$32,669.62	\$32,669.62	\$35,283.18
Housing and Utilities	20,000.00	20,000.00	21,849.39
Social Security	4,054.34	4,054.34	4,378.68
Retirement	3,117.40	3,117.40	3,117.40
Insurance: Life			4,927.91
Medical	4,562.88	4,562.88	440.76
Dental	440.76	440.76	440.76
	<u>\$64,845.00</u>	<u>\$64,845.00</u>	<u>\$69,997.32</u>
(The Board either pays mileage or furnishes a travel car.)			
Editor-in-Chief	\$.....	\$20,000.00	\$23,664.68
Salary			
Housing Allowance	16,872.96	16,000.00	16,640.00
Social Security		2,754.00	3,083.00
Retirement		1,800.00	2,015.00
Insurance: Life	749.76	164.76	164.76
Medical	1,080.00	7,770.12	5,278.00
Dental	143.76	491.04	582.00
Disability	326.49		213.00
	<u>\$19,172.97</u>	<u>\$48,979.92</u>	<u>\$51,640.44</u>
(1996 Part-time; 1997-98 Full-time)			
Youth Division Director			
Salary	\$30,000.00	\$30,000.36	\$31,200.00
Social Security	2,250.00	2,329.45	2,387.00
Retirement	1,500.00	1,500.00	1,560.00
Insurance: Life	85.20	85.20	85.20
Medical	4,505.76	7,770.12	5,278.00
Dental	440.76	491.04	582.00
Long-term Care		18.00	18.00
Disability	155.89	119.40	165.00
	<u>\$38,937.61</u>	<u>\$42,313.57</u>	<u>\$41,275.20</u>
Sunday School Growth Director			
Salary		\$20,000.00	
Housing		16,000.00	
Social Security		2,754.00	
Retirement		1,800.00	
Insurance: Life		164.76	
Medical		5,278.00	
Dental		582.00	
Long-term Care		18.00	
Disability		213.00	
		<u>\$46,809.76</u>	

A Cost Comparison Report 1997

Nursery Teacher
Teacher's Resource Pkt
Pupil's Handwork
Bible Lesson Cards
Preschool Teacher
Teacher's Resource Pkt
Preschool Student
Preschool Workbook
Picture Lesson Cards
Primary Teacher
Visual Packet
Primary Student
Primary Workbook
*Memory Verse Packet
Junior Teacher
Visual Packet
Junior Student
Junior Workbook
Teen Teacher
Visual Packet
Teen Student
High Teen Teacher
Visual Packet
High Teen Student
Bible Teacher/Young Adt
Challenge (Young Adult)
Bible Teacher
Bible Scholar
Bible Scholar (Lge Prt)
Visual Packet
Visitor's Lesson Lft
Depth

SP	GL	ST	**UGP	AY	DCC	RHP
4.55	4.49	4.49		4.50	4.50	3.75
9.90	9.99	10.59		9.90	9.90	8.95
2.45	2.39	2.49		2.50	2.50	2.10
2.35	+2.39	+2.30		2.50	2.50	2.10
4.55	4.49	4.49	1.35	4.50	4.50	3.75
9.90	9.99	10.59	6.00	9.90	9.90	8.95
2.45	2.39	2.49	1.35	2.50		2.10
2.45				2.50	2.50	2.10
2.35		+2.78	.75			2.00
4.55	4.49	4.49	1.35	4.50	4.50	3.75
9.90	9.99	10.59	6.00	9.90	9.90	8.95
2.45	2.39	2.49	1.35	2.50	2.50	2.10
			1.20	2.50	+2.50	2.10
						8.95
4.55	4.49	4.49	1.35	3.55	4.50	3.75
9.90	9.99	10.59	6.00		9.90	8.95
2.45	2.39	2.49	1.55	2.80	2.50	2.10
				2.70	+2.50	2.10
4.55	16.99	4.49	1.45	4.40	4.50	3.75
9.90		10.59			9.90	9.25
2.45		3.09	1.55	2.80	2.50	2.25
4.55	16.99	4.49	1.65	4.40	4.50	3.75
+9.99		10.59			9.90	9.25
+5.70		3.09	1.55	2.80	2.50	2.25
			1.65	4.40		3.75
			1.60	2.80		2.10
4.55	16.99	4.49	3.45	4.40	4.50	3.75
2.45	9.99	2.59	1.70	3.00	2.60	2.10
3.35		3.49		3.75	2.90	2.30
+9.99		9.49			9.90	
				2.60	2.50	2.10
		1.79			2.50	2.10

SP = Scripture Press
ST = Standard
AY = Free Will Baptist Press

GL = Gospel Light
**UGP = Union Gospel Press
DCC = David C. Cook

RHP = Randall House Publications

+ Comparable product.

*Only available from Randall House.

**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.

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.

Home Missions Board Report

The year 1996 was a great one for our department in several ways. Missionary Builder, Howard Gwartney was employed on a full time basis by the Home Missions Department to help our missionaries, and our churches, to build their building at a great savings.

Six New Missionaries—were approved and are starting new churches. They are: *Dwain and Debbie Crosby*—Joint Project with Texas to plant a new church in the Conroe area, *Keith and Sheila Perkins*—Joint Project with Ohio for the Cincinnati area, *Chris and Jan Clay*—Joint Project with Indiana for the Indianapolis area, *Derek and Missy Bell*—Joint Project with Tennessee to the Lewisburg area, *Jerry and Julie Barron*—reapproved as National Home Missionaries to continue their work in Mexico.

Cross-Cultural Ministry—Jean Guerrier was approved as a Joint Project missionary with the state of Florida. He is ministering to and reaching his own Haitian people in the Deerfield Beach, Florida, area. His church has an attendance of approximately 40 people.

The Seminary Of The Cross—was relocated in the border city of Reynosa, Old Mexico. In May more than 150 Americans and Mexicans rallied on the property to build a bridge, put up electric poles and wire, and erect a new building for the school. As a result the enrollment tripled.

New Avenues of Study—On December 30 and 31 the Home Missions staff, faculty members from Hillsdale Free Will Baptist College, and the staff of the Seminary of the Cross met on the campus in Reynosa. The purpose of the meeting was to set up a summer extension program to teach Spanish and introduce the Spanish culture to students in a cross-cultural setting. The first class is scheduled for May 19-25, 1997.

The Church Extension Loan Fund—loaned more than \$2,000,000 in 1996. This makes a total of 119 churches that have made loans from the CELF program.

The Total Income—for the Home Missions Department for 1996 was \$3,343,829.54 for which we give God all the glory and praise and many thanks to God's people.

Roll Call Sunday—was one of the greatest days in Free Will Baptist history with 2,553 churches reporting an attendance of 211,283. To God be the Glory!

May God's richest blessings be upon all of you.

In His service,

Trymon Messer
General Director

A Synopsis of Minutes of National Home Missions Board Meetings for 1996

April 29-May 1, 1996:

MSC that the mileage for the Home Missions travel expense be set according to the government allowance which is 32 cents per mile.

MSC to approve an additional \$60,000 to the Seminary of the Cross, Reynosa, Mexico for completing the building of the institute and moving the school to Reynosa.

MSC to authorize the combining of all Mexican accounts and approve the loan of \$38,000 to clear the deficit accounts and this is to be included as a part of the Seminary of the Cross loan totaling \$160,000.

MSC to approve a loan of \$300,000 to the First Free Will Baptist Church, Houston, Texas, and its Westfield Free Will Baptist Mission for 15 years. The previous loan will be paid off and the properties of both churches will secure this loan.

MSC to approve a loan of \$200,000 to Sterling Free Will Baptist Church, Sterling, Ohio.

MSC to reduce interest rates for investors by ½% starting June 1, 1996.

MSC to accept the 1997 proposed budget and for this budget to be presented at the National Association in Ft. Worth, Texas.

MSC to give favorable consideration to hiring Missionary Builder, Howard Gwartney as a full time employee of the National Home Missions Department.

MSC that we raise housing allowance for missionaries to \$1,700.

MSC that we accept Pete Maynard's resignation.

MSC that we phase out printing of our own materials and farm out our printing because of stewardship. A deadline of June 30, 1996, was established to complete this phase out.

July 20, 1996:

Dwain and Debbie Crosby were approved as Joint Project workers with the National Home Missions Board and the Texas State Home Missions Board. They will be joint project workers to Conroe, Texas.

MSC to lend Collin Creek Free Will Baptist Church, Plano, Texas, an additional loan of \$350,000.

MSC that the first withdrawal of all loans must be taken within sixty days of closing and the final amount to be delivered within six months of the first money withdrawn and the minimum initial withdrawal to be 20%.

MSC to lend Fairfield Free Will Baptist Church, Fairfield, California, an additional \$63,039.00.

MSC to lend Peace Free Will Baptist Church, Martinez, Georgia, and the Ogeechee Association an addition \$30,000.

MSC that we raise the amount of \$200 for travel expense to the National Association for our missionaries to \$500. This will be effective immediately at the 1996 National Association in Fort Worth, Texas.

MSC that Brother Howard Gwartney (Hap) be hired as a full time employee.

July 23, 1996:

MSC that the National Home Missions Board goes on record as opposed to the way the Baton Rouge, Louisiana, property has been managed since 1993.

August 1, 1996:

MSC that Derek Bell be approved as a replacement for Charlie Carnack at Lewisburg, Tennessee.

August 3, 1996:

MSC that no new building projects be started in Reynosa, Mexico, until the Seminary of the Cross is completed.

December 2-4, 1996:

MSC that Jean Guerrier be approved as an Associate Missionary pending his uniting with the First Free Will Baptist Church in Deerfield Beach, Florida. He must also be ordained as a Free Will Baptist minister by the Florida State Association.

MSC that Chris and Jan Clay be approved as Joint missionaries to the Peace Free Will Baptist Church pending approval of the Indiana State Mission Board.

MSC that Jerry Barron be reinstated as an Associate Missionary to Mexico.

MSC that Muriel Wilson be approved as a Tentmaker to Artesia, New Mexico.

National Home Missions Department Mission Statement

Home Missions exists to exalt Jesus Christ and fulfill the great commission by using the efforts of missionaries and chaplains to communicate the gospel, make disciples, and plant new churches within the United States, Canada, Mexico and the U.S. territories, such as the Virgin Islands and Puerto Rico. (Matthew 18:20)

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

December 31, 1996 and 1995

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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 statements of financial position 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, 1996 and 1995, and the related statements of activities 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 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 statements 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 the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. as of December 31, 1996 and 1995 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Hinton, Warren, Denney & Wallace

February 6, 1997

BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Statements of Financial Position
December 31, 1996 and 1995

ASSETS

	1996	1995
<u>Assets</u>		
Cash - Note 10		
Investments in Church Extension	\$ 319,088	\$ 64,606
Loan Fund - Note 6		
Accounts receivable - related party - Note 6	825,982	690,285
Inventory - Note 1	30,000	-0-
Property and equipment, at cost	15,742	11,815
less accumulated depreciation of \$68,316		
(\$65,369 in 1995) - Notes 1 & 2	169,101	165,676
Capitalized lease - Note 3	11,657	14,571
	<u>\$1,371,570</u>	<u>\$ 946,953</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 20,217	\$ 13,275
Deferred compensation - Note 4	166,600	148,755
Notes payable - related party - Note 7		20,251
Total liabilities	<u>186,817</u>	<u>182,281</u>
<u>Commitments - Notes 8 & 9</u>		
<u>Net assets</u>		
Unrestricted	133,263	31,348
Temporarily restricted - Note 5	1,051,490	733,324
Total net assets	<u>1,184,753</u>	<u>764,672</u>
Total liabilities and net assets	<u>\$1,371,570</u>	<u>\$ 946,953</u>

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

BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Statements of Activities
For the Years Ended December 31, 1996 and 1995

	1996	1995
<u>Unrestricted</u>		
Revenue:		
Cooperative program	\$ 112,866	\$ 93,048
Designated contributions	574,127	463,422
Management fees - Note 6	60,000	60,000
Interest income	57,059	47,341
Gain (loss) on disposal of property		
and equipment	5,752	187
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>2,266,307</u>	<u>1,962,919</u>
Total revenue	<u>3,076,111</u>	<u>2,626,917</u>
Expenses:		
Administrative expenses	707,890	702,265
Missionary expenses	<u>2,266,307</u>	<u>1,962,919</u>
Total expenses	<u>2,974,197</u>	<u>2,665,184</u>
Increase (decrease) in unrestricted net assets	<u>101,914</u>	<u>(38,267)</u>
<u>Temporarily restricted</u>		
Revenue:		
Cooperative program	507,972	472,480
Designated contributions	2,076,502	1,638,528
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(2,266,307)</u>	<u>(1,962,919)</u>
Increase in temporarily restricted net assets	<u>318,167</u>	<u>148,089</u>
Total increase in net assets	420,081	109,822
Net assets - beginning of year	<u>764,672</u>	<u>654,850</u>
Net assets - end of year	<u>\$1,184,753</u>	<u>\$ 764,672</u>

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

BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Statements of Cash Flows
For the Years Ended December 31, 1996 and 1995

	1996	1995
<u>Operating activities</u>		
Increase in net assets	\$ 420,081	\$ 109,822
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	16,452	15,396
Amortization	2,914	940
(Gain) loss on disposal of property and equipment	(5,752)	(187)
Exchange of services		908
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(30,000)	135,694
(Increase) decrease in inventories	(3,927)	(1,742)
Increase (decrease) in accounts payable and accrued expenses	6,942	7,419
Increase (decrease) in deferred compensation	17,845	(40,924)
Net cash provided by operating activities	424,555	227,326
<u>Investing activities</u>		
Redemption of investments	25,800	
Purchase of investments	(161,497)	(303,405)
Proceeds on sale of property and equipment	10,295	
Purchases of property and equipment	(24,420)	(79,939)
Net cash used by investing activities	(149,822)	(383,344)
<u>Financing activities</u>		
Payments on notes payable	(20,251)	(15,229)
Net cash used by financing activities	(20,251)	(15,229)
Increase (decrease) in cash and cash equivalents	254,482	(171,247)
Cash and cash equivalents at beginning of years	64,606	235,853
Cash and cash equivalents at end of years	\$ 319,088	\$ 64,606
<u>Supplemental disclosures</u>		
Cash paid during the years for interest	\$ 1,215	\$ 2,171
<u>Noncash investing activity</u>		
Purchases of property and equipment	\$ 24,420	\$ 115,419
Note payable on property		(35,480)
Cash paid for property and equipment	\$ 24,420	\$ 79,939

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

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, 1996 and 1995

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 located in Antioch, Tennessee. The purpose of the Organization is to establish and support Free Will Baptist Mission churches in the United States (including U.S. Virgin Islands and Puerto Rico) and Mexico. The Organization's support comes primarily from donor contributions.

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. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of 509(a) of the Internal Revenue Code. There was no unrelated business income for 1996.

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

Basis of accounting

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

Basis of presentation

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

Use of estimates

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

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, 1996 and 1995

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

Investments

Investments consist of investments in the Church Extension Loan Fund. Investments are stated at cost, which approximates market value at December 31, 1996 and 1995.

Contributions

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

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

Property and equipment and depreciation

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500 and an estimated useful life of at least two years. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows.

Automobile	5 years
Office furniture and equipment	3 - 20 years

The net property and equipment balance has been recorded as a separate component in unrestricted net assets.

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.

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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, 1996 and 1995

Note 2 - Property and equipment

A summary of property and equipment is as follows:

	1996	1995
Land - Puerto Rico	\$105,000	\$105,000
Automobile	35,201	27,460
Office furniture & equipment	97,216	98,585
	237,417	231,045
Less: Accumulated depreciation	(68,316)	(65,369)
	<u>\$169,101</u>	<u>\$165,676</u>

Note 3 - Capitalized leases and change in accounting estimate

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 in 1991 and were to be amortized over a period of twenty years. The Board of Home Missions voted to begin amortizing the remaining balance after a period of five years, beginning in 1996. Amortization expense for the years amounted to \$2,914 (\$940 in 1995).

Note 4 - 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.

	1996	1995
Balance at beginning of years	\$148,755	\$189,679
Contribution for the years		
Missionaries	26,623	26,102
Administrative employees	18,970	26,535
Transfer and terminations	(27,748)	(93,561)
Balance at end of years	<u>\$166,600</u>	<u>\$148,755</u>

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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, 1996 and 1995

Note 5 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	1996	1995
Missionaries	\$1,044,133	\$ 733,339
Church Extension Loan Fund	7,357	(15)
	<u>\$1,051,490</u>	<u>\$ 733,324</u>

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

Note 6 - 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 years, the Church Extension Loan Fund paid the Board of Home Missions a management fee of \$60,000 (\$60,000 at December 31, 1995) 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 years end was \$825,982 (\$690,285 at December 31, 1995). This investment is uncollateralized. The Board of Home Missions' management constantly scrutinizes the monthly financial statements of the Loan Fund to make sure that the Loan Fund is solvent and to minimize the credit risk of the investment. This investment is short term in nature and the interest can be changed, therefore cost approximates fair value.

The Board of Home Missions has a receivable from the Church Extension Loan Fund for unrestricted earnings during the year. The balance on this receivable at year end was \$30,000 (\$-0- at December 31, 1995).

Note 7 - Notes payable - related party

The Board had a note payable to Church Extension Loan Fund secured by a mortgage on property in Puerto Rico at December 31, 1995. This note was repaid during the year ended December 31, 1996. See Note 6 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, 1996 and 1995

Note 8 - 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 years amounted to \$50,220 (\$50,220 in 1995). The term of the lease will expire when all mortgages on the building are satisfied, which approximates 11 years.

The future minimum lease payments are as follows:

	\$ 50,220
1996	50,220
1997	50,220
1998	50,220
1999	50,220
2000	50,220
Thereafter	<u>305,505</u>
	<u>\$556,605</u>

Note 9 - 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.

Note 10 - Concentration of credit risk

The Board maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 1996, the excess amount over the federally insured limit was \$219,088 (\$-0- in 1995). The Board has a cash management agreement with a local bank which invests any excess cash overnight in U.S. Government Securities under a repurchase agreement. Any cash not insured should, under the terms of this agreement, be collateralized by U.S. Government Securities.

The Board also has \$825,982 invested in a demand note of the Church Extension Loan Fund. This note is uninsured.

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, 1996 and 1995

Note 11 - Change for new pronouncements

The Organization elected to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. As permitted by SFAS No. 116, the Organization has retroactively applied the provisions of this new Statement by restating net assets as of December 31, 1994. The adjustment of \$585,235 made to net assets as of December 31, 1994 represents time and purpose-restricted contributions previously reported as deferred revenue. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction. The effect of this new Statements on the Organization's change in net assets for 1995 was an increase of \$148,089.

In 1995, the Organization also elected to adopt SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this new Statements, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net asset required. This reclassification had no effect on the change in net assets for 1995.

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, 1996 and 1995

Note 12 - Fair values of financial instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, investments, receivables and payables: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$319,088	\$319,088
Accounts receivable - related party	30,000	30,000
Investments in Church Loan Fund	825,982	825,982
Financial liabilities:		
Accounts payable and accrued expenses	20,217	20,217
Deferred compensation	166,600	166,600

SUPPLEMENTARY INFORMATION

**HINTON, WARREN,
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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 audits of the basic financial statements of the Board of Home Missions for 1996 and 1995 appears on page 1. We conducted our audits 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 audits 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.

Hinton, Warren, Denney & Wallace

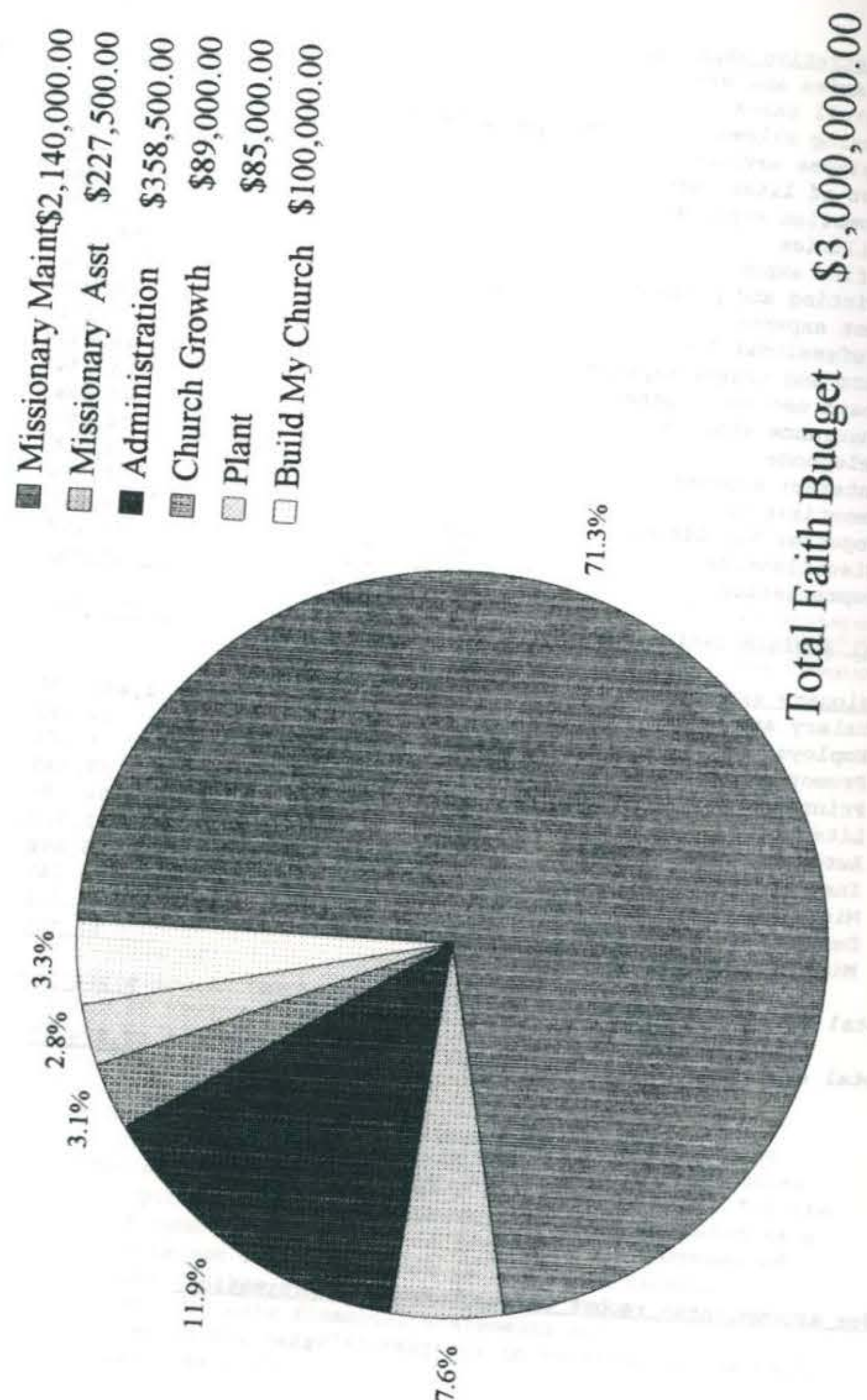
February 6, 1997

**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 Years Ended December 31, 1996 and 1995**

	1996	1995
Administrative expenses	\$ 214,958	\$ 242,424
Salaries and wages	13,650	12,883
Payroll taxes	67,340	69,503
Housing allowance and employee benefits	18,558	20,882
Employee savings	215	3,157
Cost of literature	36,758	24,528
Promotion expense	6,243	5,001
Utilities	15,754	24,879
Office expense	117,238	79,556
Printing and postage	50,220	50,220
Rent expense	3,375	4,412
Professional fees	38,638	29,656
Auto and travel expense	15,734	20,636
Board meeting expense	41,804	38,292
Insurance expense	10,153	10,488
Telephone	1,215	2,171
Interest expense	2,914	940
Amortization	6,566	5,706
Together Way Office	30,105	41,535
Miscellaneous	16,452	15,396
Depreciation		
Total administrative expenses	707,890	702,265
Missionary expenses	1,681,070	1,435,342
Salary and wages	26,623	26,552
Employee savings	6,264	3,818
Promotion expense	57,032	52,381
Printing and postage	26,750	
Literature	162,793	142,656
Auto and travel expense	55,868	52,281
Insurance expense	78,041	141,149
Missionary land & buildings	112,061	66,241
Designated contributions	59,805	42,499
Miscellaneous other expense		
Total missionary expenses	2,266,307	1,962,919
Total expenses	\$2,974,197	\$2,665,184

See accountants' report on supplementary information.

HOME MISSIONS DEPARTMENT Proposed Faith Budget for 1998



Home Missions Department Proposed Faith Budget For 1998

	1997	1998
Missionary Maintenance		
Salaries	\$1,655,000.00	\$1,720,000.00
Travel & Promotion	125,000.00	140,000.00
Employee Savings	30,000.00	30,000.00
Postage & Handling	55,000.00	55,000.00
Miscellaneous	20,000.00	20,000.00
Land & Building Fund	115,000.00	175,000.00
Totals	\$2,000,000.00	\$2,140,000.00
Missionary Assistance		
Printing & Postage	\$ 82,000.00	\$ 110,000.00
Telephone	11,000.00	10,000.00
Board Member Expense	20,000.00	20,000.00
Auditing	4,000.00	4,000.00
Literature	4,500.00	4,500.00
Together Way Office & WNAC	6,500.00	9,000.00
Supplies	15,000.00	25,000.00
Missionary Training		45,000.00
Totals	\$ 143,000.00	\$ 227,500.00
Administration		
Salaries	\$ 265,000.00	\$ 250,000.00
Housing	50,000.00	40,000.00
Payroll Taxes	13,000.00	12,000.00
Employee Savings	20,000.00	10,000.00
Insurance	40,000.00	40,000.00
Utilities	6,000.00	6,500.00
Totals	\$ 394,000.00	\$ 358,500.00
Evangelism and Church Growth		
Auto & Travel	\$ 35,000.00	\$ 40,000.00
Promotion	27,000.00	35,000.00
Revivals	12,000.00	12,000.00
Roll Call Sunday	4,000.00	2,000.00
Totals	\$ 78,000.00	\$ 89,000.00
Plant		
Office Space	\$ 50,000.00	\$ 50,000.00
Equipment & Supplies	20,000.00	20,000.00
Depreciation	15,000.00	15,000.00
Totals	\$ 85,000.00	\$ 85,000.00
Build My Church Campaign	\$ 100,000.00	\$ 100,000.00
Total Faith Budget	\$2,800,000.00	\$3,000,000.00

Salaries

General Director

	1996	1997	1998
Salary	\$44,905.25	\$48,756.48	\$50,706.73
Housing	10,800.00	10,800.00	10,800.00
Utilities	2,500.00	2,600.00	2,700.00
Savings Bonus	2,583.70	2,800.00	3,075.33
Insurance:			
Travel	60.00	60.00	60.00
Life	286.68	286.68	286.68
Health	5,284.22	4,036.92	4,036.92
Dental	391.30	340.20	340.20
Totals	<u>\$66,811.15</u>	<u>\$69,680.28</u>	<u>\$72,005.86</u>
Office car furnished			

Director of Development

Salary	\$31,843.95	\$32,823.00	\$34,135.92
Housing	16,800.00	16,800.00	16,800.00
Utilities	2,700.00	2,800.00	2,900.00
Savings Bonus	2,224.79	2,273.11	2,546.79
Insurance:			
Travel	60.00	60.00	60.00
Life	286.68	286.68	286.68
Health	2,780.62	2,122.92	2,122.92
Dental	191.22	185.52	185.52
Totals	<u>\$56,887.26</u>	<u>\$57,351.23</u>	<u>\$59,037.83</u>
Office car furnished			

Director of Missionary Assistance

Salary	\$37,243.95	\$37,623.00	\$39,127.92
Housing	11,400.00	12,000.00	12,000.00
Utilities	2,100.00	2,200.00	2,400.00
Savings Bonus	819.02	909.22	1,022.55
Insurance:			
Travel	60.00	60.00	60.00
Life	286.68	286.68	286.68
Health	6,604.33	5,524.44	5,524.44
Dental	527.73	488.52	488.52
Totals	<u>\$59,041.71</u>	<u>\$59,091.86</u>	<u>\$60,910.11</u>
Office car furnished			

Bookkeeper

Salary	\$27,668.37	\$27,725.99	\$28,835.02
Social Security	2,116.66	2,121.03	2,205.87
Savings Bonus	1,383.41	1,386.29	1,441.75
Insurance:			
Life	194.28	194.28	194.28
Health		2,122.92	2,122.92
Dental		185.52	185.52
Totals	<u>\$31,362.72</u>	<u>\$33,736.03</u>	<u>\$34,985.36</u>

Publications Editor

	1996	1997	1998
Salary	\$22,370.41	\$24,228.42	\$25,197.55
Social Security	1,711.40	1,853.47	1,927.61
Savings Bonus	406.40	1,211.42	1,259.87
Insurance:			
Life	194.28	194.28	194.28
Health	2,780.62	2,122.92	2,122.92
Dental	191.22	185.52	185.52
Totals	<u>\$27,654.33</u>	<u>\$29,796.03</u>	<u>\$30,887.75</u>

Loan Fund Secretary

Salary	\$18,674.49	\$19,720.20	\$20,509.00
Social Security	1,428.79	1,508.59	1,568.93
Savings Bonus	933.72	986.01	1,025.45
Insurance:			
Life	194.28	194.28	194.28
Health	2,780.62	2,122.92	2,122.92
Dental	191.22	185.52	185.52
Totals	<u>\$24,203.12</u>	<u>\$24,717.52</u>	<u>\$25,606.10</u>

Secretary

Salary	\$18,953.51	\$19,720.20	\$20,509.00
Social Security	1,450.14	1,508.59	1,568.93
Savings Bonus	947.67	986.01	1,025.45
Insurance:			
Life	184.80	184.80	184.80
Health	2,780.62	2,122.92	2,122.92
Dental	191.22	185.52	185.52
Totals	<u>\$24,507.96</u>	<u>\$24,708.04</u>	<u>\$25,596.62</u>

Secretary/CLF Bookkeeper

Salary	\$26,008.10	\$28,058.06	\$29,180.38
Social Security	1,989.49	2,146.44	2,232.29
Savings Bonus	1,300.40	1,402.90	1,459.01
Insurance:			
Life		194.28	194.28
Health		2,122.92	2,122.92
Dental		185.52	185.52
Totals	<u>\$29,297.99</u>	<u>\$34,110.12</u>	<u>\$35,374.40</u>

Proposed State Goals for 1998 Home Missions Department

State	1998 Goal
Alabama.....	\$ 260,000
Arizona.....	25,000
Arkansas.....	185,000
California.....	55,000
Canada.....	12,000
CELF.....	63,000
Colorado.....	45,000
Florida.....	82,000
Georgia.....	76,000
Hawaii.....	1,000
Idaho.....	5,000
Illinois.....	50,000
Indiana.....	30,000
Iowa.....	2,500
Kansas.....	20,000
Kentucky.....	75,000
Louisiana.....	14,000
Maine.....	5,000
Maryland.....	35,000
Massachusetts.....	18,000
Michigan.....	100,000
Mississippi.....	100,000
Missouri.....	160,000
Montana.....	500
New Hampshire.....	19,000
New Jersey.....	3,000
New Mexico.....	10,000
North Carolina.....	215,000
Ohio.....	82,000
Oklahoma.....	280,000
Oregon.....	5,000
Other Income.....	80,000
Other States.....	2,000
Pennsylvania.....	10,000
Puerto Rico.....	5,000
South Carolina.....	140,000
South Dakota.....	8,000
Tennessee.....	380,000
Texas.....	40,000
Virginia.....	100,000
Virgin Islands.....	35,000
Washington.....	7,000
West Virginia.....	55,000
Wisconsin.....	2,000
WNAC.....	85,000
Wyoming.....	18,000
Total 1998 Goal.....	\$3,000,000

CHURCH EXTENSION LOAN FUND

December 31, 1996 and 1995

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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 statements of financial position of the Church Extension Loan Fund (a nonprofit organization) as of December 31, 1996 and 1995, and the related statements of activities and cash flows for the years 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 audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Church Extension Loan Fund as of December 31, 1996 and 1995 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Hinton, Warren, Denney & Wallace

February 6, 1997

CHURCH EXTENSION LOAN FUND
Statements of Financial Position
December 31, 1996 and 1995

	1996	1995
ASSETS		
Cash - Note 7	\$ 2,036,251	\$1,907,109
Notes receivable - Notes 1, 5 & 10	7,830,682	7,103,129
Bonds receivable	61,085	56,206
Accrued interest receivable	64,691	61,491
Property and equipment - at cost, less accumulated depreciation of \$16,552 (\$11,452 in 1995) - Notes 1 & 2	9,799	14,899
Total assets	\$10,002,508	\$9,142,834
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable - related party - Note 5	\$ 30,000	\$ 39,000
Accrued interest	101,770	101,931
Revocable and irrevocable trusts - Note 11	604,005	569,000
Deferred compensation - Note 12	205,774	260,576
Notes payable - Notes 3, 5 & 10	8,270,869	7,492,158
Note payable - other - Note 4	11,281	16,435
Total liabilities	9,223,699	8,479,100
Net assets	778,809	663,734
Unrestricted	778,809	663,734
Total net assets	\$10,002,508	\$9,142,834
Total liabilities and net assets		

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

CHURCH EXTENSION LOAN FUND
Statements of Activities
For the Years Ended December 31, 1996 and 1995

	<u>Unrestricted</u>	
	<u>1996</u>	<u>1995</u>
Revenue:		
Designated contributions - Note 6	\$119,313	\$ 60,453
Investment income	102,942	67,544
Interest income on notes receivable	<u>735,229</u>	<u>694,818</u>
	<u>957,484</u>	<u>822,815</u>
Expenses:		
Interest expense	672,944	602,770
Office expense	5,178	9,433
Auto and travel	17,341	14,898
Management fee - Note 5	66,480	61,420
Promotion	17,483	19,461
Postage	2,519	1,432
Professional fees	3,750	8,697
Depreciation	5,100	4,093
Loan losses	21,614	
Transfer to Free Will Baptists Home Missions	<u>30,000</u>	<u>39,000</u>
	<u>842,409</u>	<u>761,204</u>
Increase in net assets	115,075	61,611
Net assets - beginning of year	<u>663,734</u>	<u>602,123</u>
Net assets - end of year	<u>\$778,809</u>	<u>\$663,734</u>

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

CHURCH EXTENSION LOAN FUND
Statements of Cash Flows
For the Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
<u>Operating activities</u>		
Increase in net assets	\$ 115,075	\$ 61,611
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,100	4,093
Loan losses	21,614	
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(3,200)	(15,111)
Increase (decrease) in accounts payable	(9,000)	(100,642)
Increase (decrease) in accrued interest payable	(161)	42,863
Increase (decrease) in deferred compensation	(54,802)	66,590
	<u>74,626</u>	<u>59,404</u>
Net cash provided by operating activities		
<u>Investing activities</u>		
Purchase of equipment	1,387,243	460,171
Collection on notes receivable	(2,141,289)	(905,324)
Additions to notes and bonds receivable	(754,046)	(450,313)
Net cash used in investing activities		
<u>Financing activities</u>		
Addition to (termination of) trusts	35,005	(10,000)
Additions to notes payable	1,744,831	2,144,462
Repayment of notes payable	(971,274)	(748,960)
	<u>808,562</u>	<u>1,385,502</u>
Net cash provided by financing activities		
Increase (decrease) in cash and cash equivalents	129,142	994,593
Cash and cash equivalents at beginning of year	<u>1,907,109</u>	<u>912,516</u>
Cash and cash equivalents at end of year	<u>\$2,036,251</u>	<u>\$1,907,109</u>
<u>Supplemental disclosures</u>		
Interest received	\$ 830,092	\$ 742,762
Interest paid	\$ 673,105	\$ 559,907

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

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1996 and 1995

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. located in Antioch, Tennessee. 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 Organization's support comes primarily from interest on notes receivable.

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. In addition, the Fund has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 1996.

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

Basis of accounting

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

Basis of presentation

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

Use of estimates

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

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1996 and 1995

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

Contributions

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

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

Property and equipment and depreciation

The Fund follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500 with a useful life of at least two years. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Automobile	5 years
Office equipment	5 years

The net property and equipment balance has been recorded as a separate component in unrestricted net assets.

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1996 and 1995

Note 1 - Organization and summary of significant accounting policies (Continued)
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% (10% beginning with the February 1995 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:

1997	\$ 331,663
1998	366,393
1999	404,759
2000	447,142
2001	493,964
Thereafter	<u>5,786,761</u>
	<u>\$7,830,682</u>

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.

Note 2 - Property and equipment

A summary of property and equipment follows:

	<u>1996</u>	<u>1995</u>
Automobile	\$ 15,714	\$ 15,714
Office equipment	<u>10,637</u>	<u>10,637</u>
	26,351	26,351
Accumulated depreciation	<u>(16,552)</u>	<u>(11,452)</u>
	<u>\$ 9,799</u>	<u>\$ 14,899</u>

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1996 and 1995

Note 3 - Notes payable

Notes payable consist of 6 - 8% 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 Board of Trustees change 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%, 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, 1996 was \$11,281 (\$16,435 at December 31, 1995). The interest rate is comparable to the interest rate that the Fund is paying on its unsecured demand notes. Therefore, the balance approximates fair value.

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 \$66,480 (\$61,420 at December 31, 1995) to reimburse the Board of Home Missions for salary, rent and other expenses paid by the Board. The Fund held a note receivable from the Board of Home Missions in the amount of \$34,866 at December 31, 1995. This note was secured by a deed of trust on land in Puerto Rico. 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 \$552,195 (\$563,667 at December 31, 1995). The Fund had accounts payable to the Board of Home Missions in the amount of \$30,000 (\$39,000 at December 31, 1995).

The Fund holds a note receivable from the National Association of Free Will Baptists, Inc. in the amount of \$798,304 (\$945,945 at December 31, 1995). 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 \$767,728 (\$648,414 at December 31, 1995).

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1996 and 1995

Note 7 - Concentration of credit risk

The Fund maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 1996, the excess amount over the federally insured limit was \$1,936,251 (\$1,807,109 in 1995). The Fund has a cash management agreement with a local bank which invests any excess cash overnight in U.S. Government Securities under a repurchase agreement. Any cash not insured should, under the terms of this agreement, be collateralized by U.S. Government Securities.

Note 8 - Fair value of financial instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, accrued interest receivable, payables, accrued interest payable and deferred compensation: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Notes receivable and bonds receivable: Based on current interest rates, the carrying value approximates the fair value of the notes receivable and bonds receivable at December 31, 1996 and 1995.

Notes payable and trusts: Based on current interest rates, the carrying value approximates the fair value of the notes receivable and bonds receivable at December 31, 1996 and 1995.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes are as follows:

Financial assets:		
Cash		
Notes receivable	\$2,036,251	\$2,036,251
Bonds receivable	7,830,682	7,830,682
Accrued interest receivable	61,085	61,085
Financial liabilities:	64,691	64,691
Accounts payable		
Accrued interest	30,000	30,000
Trusts	101,770	101,770
Deferred compensation	604,005	604,005
Notes payable	205,774	205,774
	8,282,150	8,282,150

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CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1996 and 1995

Note 9 - Change for new pronouncements

The Fund elected to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

In 1995, the Fund also elected to adopt SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Fund is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this new Statement, the Fund has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1995.

Note 10 - Concentration

Included in notes receivable at December 31, 1996 is \$798,304 receivable from the National Association of Free Will Baptists. This one balance represents 10.19% of total notes receivable.

Notes payable include thirty-one notes which total \$4,535,513 or 54.84% of total notes payable. Of these thirty-one notes payable, two total \$1,053,198 or 12.73% of total notes payable.

Note 11 - Revocable and irrevocable trusts

Seven irrevocable and four revocable charitable remainder trusts pay interest at 9% per year. The principal of these trusts was used to make mortgage loans. Interest expense for the years ended December 31, 1996 amounted to \$51,410 (\$52,630 at December 31, 1995).

Note 12 - Deferred compensation

Deferred compensation represents savings trusts transferred from the Board of Home Missions of the National Association of Free Will Baptists for the benefit of their principal employees upon their retirement or departure from Home Missions. These trusts pay interest at a rate of 10% per year. Interest expense for the years ended December 31, 1996 was \$25,807 (\$21,178 at December 31, 1995).

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Report of the Master's Men Department

1996, A Year of Celebration—1997, Reaching for His Will

"Our service in the present is built on a reliable foundation laid in the past, with faith in the future."

The calendar year 1996 marked 40 years of service by Master's Men Department. The July '56 National Convention in Huntington, West Virginia, marked the beginning of this lay ministry. While reading "The Purpose Driven Church," I noted the five dimensions of church growth in Rick Warren's experience with the Saddleback Valley Community Church (CA). He lists fellowship, discipleship, evangelism, worship and ministry. Our Master's Men lists five purposes for existing: Fellowship, Discipleship, Soul-winning, Stewardship and Edification. Our purposes share equal importance. The founders of Master's Men did a pretty good job defining the purposes and ministry area of laymen.

I was reminded recently that our nation has not experienced a spiritual awakening in this century. Over 1400 churches close their doors forever each year. Not one county in America has experienced significant spiritual growth since the 1950's. In a 1961 survey, 98% of the ministers in training in America denied the personal return of Jesus Christ to this earth. America needs godly men.

As a layman, I ask you pastors, "Can you do the job of turning this nation back to Godliness?" Obviously, not by yourselves. This task is so big, it demands the best of every servant of God. God's word still cries out for every believer to get into the harvest! You need your men "sold out" for the Master. The ongoing task of Master's Men is to challenge every man to be motivated for the Master. Perhaps we can help even you!

"You alone can do it, but you cannot do it alone." It sounds like a paradox, yet for Master's Men it is very true. I believe I am here by God's divine appointment, and I serve willingly, with joy and excitement. As Director, I serve without a staff, without office help, use my own vehicle for travel, and basically do whatever gets done from the office of Master's Men Department. Yet, the other work that is accomplished across the denomination is performed by many men, sometimes working alone or in a small group in their area of service, yet as a mighty army. So, while I work alone, I am not by myself. Pastors might think of this situation as trying to pastor a group of several thousand in a very wide area, without a secretary or office staff, or planning/support groups. It's an awesome responsibility. Yet, God blesses.

January 1, 1996, saw groups of men across America praying around the clock for all the missionaries and all the national workers in each office and Department. The special day of intercessory prayer was called "One Sweet Hour of Prayer." Each Master's Men chapter and all our churches were invited to participate, choosing one hour of the day for prayer. The goal is to have people praying during every hour and minute of the first day of the new year. Nearly 450 full time workers need your prayers. Sign up at the Master's Men booth to receive your prayer schedule and the list of all employees in every national ministry.

At the convention last year Waymon Ray, Board Chairman, introduced two honored men. The Layman of the Year was John Fowlkes, chosen for his ser-

vice and witness in the calendar year 1995. John is a member of Centerpoint Free Will Baptist in Vilonia, Arkansas. The Runner-Up Layman of the Year was John P. Seley. John is a member of Tippet's Chapel Free Will Baptist in Clayton, North Carolina. Both these worthy men were nominated by their pastors, and are representatives of the outstanding laymen in Free Will Baptist churches. The humble spirit of both these men add honor to their awards.

The introduction of the new song "God's Men" enjoyed a hearty reception at last year's convention. This song was a gift from Master's Men to the denomination as part of the 40th Anniversary celebration of the founding of Master's Men. Written by Dr. Vernon Whaley, the song is a testimony of the readiness of men to live, love and labor for the Kingdom. Dr. Whaley was given the 1996 Director's Award for his involvement in the production and publication of this song. Churches are enjoying the blessings of the song's message as men use it in special services. The words and music are available at both Master's Men booth and the Music Ministries booth.

The LifeMember Endowment Trust Fund shows slow continuous growth. On 12-31-96, the balance in account was \$103,800.72. In the December '96 Board meeting a decision was made to apply the earnings of this account as payment toward the debt with Building Services Fund of the Executive Office. That debt, at year's end, totaled \$110,266.32. During '96, \$7,749.04 was paid to reduce that debt from designated monies from our volunteer construction crew.

Eighteen individuals are now on the list for future commitments to the Endowment Trust Fund. Their promised funding totals over \$470,000. These funds are committed in wills, insurance payouts, living trusts and from residue of cash remainders after estate settlement. These methods of end of life giving and long term commitments should challenge every Free Will Baptist to consider like action, leaving a wonderful testimony of your love for your denomination and the Lord's work.

The Master's Men Conference held each April continues to provide excellent time for men to share together for an extended weekend. The preaching, teaching, testimonies, singing and food are top quality. All we need are more men to gather in the Lord's name for these opportunities of fellowship and challenge. The 20th National Conference is scheduled for April 24-26, 1998. Plans include a reunion celebration.

The Build-A-House Campaign Fund totals over \$27,000. Of that total, \$17,000 is on loan to John Fowlkes in Arkansas, who is now constructing the second house using these funds. This time, the profit from the sale of the house will be placed back into the BAH Campaign, helping to increase our invested funds. The goal of the campaign is to achieve \$70,000 on deposit in a Revocable Trust held by the Free Will Baptist Foundation. These monies will become a "revolving fund" to help us finance the construction of other houses to sell for a profit. Hopefully, the sale of one house per year could provide a minimum of \$35,000 in ministry funding. You personally can help right now by purchasing as little as one square foot for \$35. We still need just over 1,200 square feet donated to reach the \$70,000 goal. On 12-31-96 we had \$10,281.13 on deposit with the Free Will Baptist Foundation.

The Sports Fellowship concept is generating lots of interest. Sports Fellowship provides a four-fold blessing to Master's Men. More men learn about the ministry and membership opportunities, extra finances are made available for ministry through the registration fees, men are gathered for fellowship, and men

are able to provide a witness to unsaved men at these gatherings.

In August, '96, 118 golfers participated in the annual fund-raiser Golf Tournament in Nashville. The first place winners in the two man scramble, championship flight were Phil Cheshier and Brad Frederickson, from Ft. Smith, AR. The tournament this year is scheduled for August 7, 1997, at Pine Creek Golf Course, Mt. Juliet, TN. A full field of 144 players is expected.

A three day session of golf was offered for the second year in Dothan, Alabama. In 1996, 24 men competed in the 54 hole tournament and 40 golfers participated this year. The third annual competition is set for February 26-28, 1998. Our goal is to get 60 or more men playing in 1998.

The 16th Annual Softball Tournament in Nashville was expanded to use two sports complexes. This allows as many churches to compete as wish to be in the Tournament. In 1996, nearly 900 players participated in 46 teams, 39 men's teams and 7 women's teams. This year's date was moved one week earlier to allow high school players to come without missing school. The date is August 8-9, 1997. Again, material is available at the booth.

Boy Scouts of America continues to be a good ministry platform to utilize the gifts and abilities of church men in leadership roles. This year we had two young men in Oklahoma who earned the God and Country Award. According to BSA statistics, these young men are 14% more likely to remain in the work of God than other boys of similar age without a scouting background. At this time in our communities, over 50% of the children in public schools come from one parent homes, and over 70% of those parents are mothers. They need father role models who love Christ. Your church has an opportunity to expand your prospect base for church attendance through scouting. Consider it. Seriously!

A recent publication (not from our national ministries) suggested that I was ignorant of the Promise Keepers (PK) movement in 1995. There was a grain of truth in the partial quote of the overall miscommunication. Even at that point I was studying the material and learning of the unique ministry of PK. The Master's Men Board had instructed me to learn about their work. I can personally thank God that my vision was enlarged. I am also thankful for the more than 53,000 men who were saved last year in their stadium events.

In March of this year at my invitation, Dan Erickson, Promise Keepers Vice President of Denominational Relations, met with members of our Commission for Theological Integrity and several of our Department Directors in Nashville. He discussed the PK ministry, their goals and desires. He also was questioned for nearly an hour by our men about various aspects of their PK work, doctrinal stance and statement of faith.

Three weeks later, in April, '97, along with 33 representatives from 22 denominations, I was a participant in a Denominational Forum at Promise Keepers National Offices in Denver, Colorado. We were their guests, brought together at their expense. Our discussions centered on how PK might come alongside the men's movements in denominations to help bring more men to Christ and motivate men in His service. We heard about their plans and ministry from their leaders and workers. They openly shared as much information as we desired.

We listened to coach Bill McCartney (CEO) and Randy Phillips (President) as they brought devotions, saw and heard Dale Schaffer weep and preach from his heart about the need for revival in our land. Dale heads the

planning for the "Stand in the Gap" sacred assembly of men, planned for Washington, DC, on Saturday, October 4th, 1997. They told us how 8 million people had already covenanted to pray for that day, asking God for a mighty movement among men, that thousands of men might be saved and that our country will turn from its wicked ways back to a right relationship with God. One of their "minor" goals for the day is to give out 1 million New Testaments with an insert of a 90 day devotional guide. That's 17 fully loaded semi-trailers, and only one small part of a special effort for God.

My own heart was stirred as we entered a time of prayer that day for our nation, our denominations, ourselves as leaders. Promise Keepers organization is not afraid to attempt mighty things for God. My prayer is that Master's Men will show the same courage and vision.

"Where there is no vision the people perish." Where there is no communicated vision the participation perishes. Where there is no shared vision, the processes perish. We need our men in service to their Master in all our churches. I beg you, man to man, layman to pastor, servant to churches, to help me help you, for heaven's sake!

Respectfully submitted,
James E. Vallance, General Director

Summary of Board Activity in 1996

July 23, 1996

Reviewed plans for the 40th anniversary celebration.
Discussed ideas for a combined Jerusalem Conference and Holy Land Tour.

December 3-4, 1996

Voted to accept the invitation of Home Missions Department to study the feasibility of a merger between the two departments.

Voted to designate the interest earned from the Master's Men LifeMember Endowment Trust Fund to be forwarded to the Executive Office, Building Services Fund, to be applied as payment to the existing debt.

Voted to employ Michael Johnston as Auditor for the calendar year 1996.

Voted to recommend the 1998 Budget of \$143,000, and present it to the General Board of the National Association for adoption by the convention delegates.

Noted the Sports Fellowship tournaments in '96 produced nearly one month's average spendable income.

Noted another house is to be built in '97 in Arkansas as part of the Build-A-House campaign. This is the second project to be overseen by John and Jackie Fowlkes.

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

Antioch, Tennessee

Financial Statements

December 31, 1996

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

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MICHAEL JOHNSTON
Certified Public Accountant

13166 Lake Benton Road
Benton, Illinois 62812
Telephone: (618)439-0610

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

I have audited the accompanying balance sheets of The Master's Men, a Department of the National Association of Free Will Baptists, as of December 31, 1996 and 1995, 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, 1996 and 1995 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
June 2, 1997

Member of American Institute of Certified Public Accountants
**THE MASTER'S MEN, A DEPARTMENT OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**

BALANCE SHEET
December 31,

	<u>1996</u>	<u>1995</u>
ASSETS		
CURRENT ASSETS		
Cash	\$2,109	\$891
Trust account - Build A House campaign	10,281	5,835
Trust account - Lifetime membership	103,801	99,029
Prepaid expenses	0	100
Accrued interest receivable	1,069	1,036
Inventories	3,800	2,126
Cash value of endowment insurance	3,420	2,941
Total current assets	\$124,480	\$111,958
NOTES RECEIVABLE (Note 4)	17,000	17,000
PROPERTY AND EQUIPMENT, net (Note 2)	9,243	10,229
CAPITALIZED LEASE, net (Note 3)	2,913	3,114
Total assets	\$153,636	\$142,301

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES		
Accounts payable	\$114,720	\$121,900
Deferred revenue (Note 5)	713	575
Accrued expenses	709	801
Total current liabilities	\$116,142	\$123,276
FUND BALANCE (DEFICIT) (Note 6)		
Unrestricted	(\$110,173)	(\$113,173)
Restricted	147,667	132,198
Total capital	\$37,494	\$19,025
Total liabilities and capital	\$153,636	\$142,301

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

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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,

	1996		1995	
	Unrestricted	Restricted	Total	Total
REVENUE				
Dues from members	\$8,435	\$0	\$8,435	\$8,354
Cooperative program	42,410	0	42,410	40,299
Merchandise sales	2,868	0	2,868	2,766
Interest income	9,194	0	9,194	9,144
Gifts and other income	62,709	29,617	92,326	105,899
	\$125,616	\$29,617	\$155,233	\$166,462
EXPENSES				
Salaries and wages	\$33,600	\$0	\$33,600	\$31,997
Payroll taxes and employee benefits	13,867	0	13,867	13,561
Cost of sales and printing	7,454	0	7,454	11,338
Travel expense	13,445	100	13,545	7,784
Conferences and conventions	10,416	0	10,416	8,690
Office expense	11,300	0	11,300	6,148
Postage	2,626	0	2,626	3,680
Promotion expense	18,032	0	18,032	14,757

Rent expense	7,492	12,800	20,292	19,238
Professional fees	500	0	500	500
Bookkeeping expense	900	0	900	750
Depreciation	986	0	986	919
Amortization	201	0	201	201
Interest expense	128	0	128	2,295
Insurance expense	319	600	919	919
Dues, subscriptions and fees	1,350	0	1,350	633
Helping Hands construction expense	0	0	0	735
Missions projects	0	648	648	130
	\$122,616	\$14,148	\$136,764	\$124,275
REVENUES OVER (UNDER) EXPENSES	\$3,000	\$15,469	\$18,469	\$42,187
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(113,173)	132,198	19,025	(23,162)
RETAINED EARNINGS, ENDING	(\$110,173)	\$147,667	\$37,494	\$19,025

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

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

STATEMENT OF CASH FLOWS Years ended December 31,

	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue over (under) expenses	\$18,469	\$42,187
Adjustments to reconcile to net cash		
Depreciation	986	919
Amortization	201	201
Changes in assets and liabilities		
Change in inventories	(1,674)	670
Change in prepaid expenses	100	(100)
Change in accrued interest receivable	(33)	(1,036)
Change in accounts payable	(7,180)	(2,244)
Change in deferred revenue	138	(105)
Change in accrued expenses	(92)	35
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$10,915	\$40,527
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to trust accounts	(\$9,218)	\$791
Additions to notes receivable	0	(17,000)

Additions to cash value of endowment insurance	(479)	(464)
Additions to property and equipment	0	(1,998)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(\$9,697)	(\$18,671)
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction of long-term debt	\$0	(\$25,307)
Proceeds from long-term debt	0	0
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	\$0	(\$25,307)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$1,218	(\$3,451)
CASH AT BEGINNING OF YEAR	891	4,342
CASH AT END OF YEAR	\$2,109	\$891

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

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

NOTES TO FINANCIAL STATEMENTS December 31, 1996

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, 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, :

	<u>1996</u>	<u>1995</u>
Equipment and furniture	\$26,900	\$26,900
Less: accumulated depreciation	17,657	16,671
Property and equipment, net	<u>\$9,243</u>	<u>\$10,229</u>

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.

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

NOTES TO FINANCIAL STATEMENTS December 31, 1996

NOTE 4 - NOTES RECEIVABLE

Following is a summary of the Department's notes receivable at December 31, :

	<u>1996</u>	<u>1995</u>
Note receivable from John Fowlkes, Vilonia, Arkansas; 9%; dated 4/21/95; due on demand	\$17,000	\$17,000
	<u>\$17,000</u>	<u>\$17,000</u>

NOTE 5 - DEFERRED REVENUE

Deferred revenue consists of dues and golf tournament fees received for future years as of December 31, 1996 and 1995.

NOTE 6 - RESTRICTED FUND BALANCE

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

	<u>1996</u>	<u>1995</u>
Mission projects	\$8,356	\$7,099
Build A House campaign	27,306	23,633
Lifetime Membership	103,932	100,022
Master's Hands projects	7,450	1,000
Endowment insurance	623	444
	<u>\$147,667</u>	<u>\$132,198</u>

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Master's Men Proposed Income 1998

Gifts	\$ 37,500
Dues	7,000
Rest of the Family	500
Together Way Plan	45,000
Promotion/Advertisement	4,000
Conference, National	1,000
Projects:	
Master's Hands/Sp. Proj	10,000
Softball Tournament	4,000
Golf Tournament	4,000
Fishing Tournaments	0
Build-a-House	10,000
MM Dinner	0
Interest Income:	
Savings Account	100
Designated Income:	
Build-a-House Income	6,000
Build-a-House Interest	2,000
Missions Projects	1,000
Endowment Trust	4,000
Endowment Insurance	900
Life Membership	6,000
Total	\$143,000

Master's Men Proposed Expenses 1998

Conference, Leadership	\$ 0
Conference, MM Nat'l	
Convention Booth	500
Debt Retirement	6,000
Dinner, Convention	
Office:	
Audit	600
Bookkeeping Fee	900
Equipment Maintenance	500
Equipment	2,500
Postage	3,000
Printing	8,000
Rent	20,292
Office Supplies	7,500
Telephone	2,000
Promotion/Sales	4,000
Salaries:	
Director	37,044
Secretary	
Casual Labor	1,000
Payroll Taxes	2,782
Director's Health Ins.	8,500
Director's Retirement	1,852
Softball Tournament	
Golf Tournament	
Travel:	
Director	12,000
Board	2,000
Contingency Fund	7,630
Miscellaneous	500
Transfers to Fund Balance	
Endowment Insurance	900
Endowment Trust	4,000
Mission Project	1,000
Build-a-House	8,000
Total	\$143,000

Board of Retirement and Insurance

July 1, 1997, was the beginning of our 28th year of service as the Retirement program of the National Association of Free Will Baptists. A review of our past and present history is important to properly understand our plan and its operation. Please consider these facts:

Growth—of assets under management and participant accounts.

Retirement funds totaled \$11,707 at the close of our first year of operation, December 31, 1969, with 35 participants. We closed 1996 with \$13,881,740 in 1,086 participant accounts. It took ten years to reach our first million dollars, another four to add the second million and two more to reach the third million. In 1995 we added over \$2.4 million (earnings were exceptional) and in 1996 our increase exceeded \$1.7 million.

We added 53 participants in 1995 and 72 more in 1996. We have 24 new accounts so far this year and are aiming for 100.

Growth—in settlements.

What is the purpose of a retirement plan but to provide for retirement income needs? Therefore, it is with satisfaction that we see a rising volume of funds being delivered for these needs.

During the first two years of our operation no funds were paid out. A slow trickle began in our third year of operation that passed \$100,000 in 1987 and exceeded \$700,000 last year.

During the past 26 years we have paid out \$4,377,082 to participants or their heirs to assist in retirement. The most frequent settlement choice has continued to be a lump sum payout. Many choose a direct roll-over to continue deferring taxes, to gain control over investment, and to provide a family benefit at death.

Participants should carefully consider the final tax consequences of any roll-over options, the housing allowance provision available through our plan, the life expectancies for participant and spouse, and the cash flow needs of his/her situation.

Diversification.

The funds under management are invested in the following general areas:

Loans	19.81%
Stocks/Mutual Funds	41.12%
Bonds/Fixed Rate Instruments	32.44%
Cash/Cash Equivalents	6.63%

The Plan began as a fixed income investment plan in 1969. That continued to be our only investments until 1986 when we began slowly to enter the equity market. This shift was brought about by the limited number of quality church loans, the growth of our assets under management and the need to improve returns. We have always used professional management for the purchase, management and sale of equities. Our present investment mix places our plan in a balanced fund class.

Returns.

A detailed report of the earnings each six months of our operation is available at our display. Last year Plan 1 participant accounts earned 9.5% for the January-June period and 14.5% for the July-December period. Our historic returns for each six month earnings period have averaged:

Life of the Plan (7/1/69 - 12/31/96)	8.72%
Last 10 years (1/1/87 - 12/31/96)	8.58%
Last 5 years (1/1/92 - 12/31/96)	9.65%
Last 3 years (1/1/94 - 12/31/96)	12.08%
Last year (1/1/96 - 12/31/96)	12.00%

Status—overview of the plan.

There has been a healthy growth in the number of participants and total assets under management. However, there are several facts of great concern.

1. We are serving only 700 ministers and missionaries of the possible 2,500 to 4,000 prospects.
2. Our churches, as a whole, do not see the need for assisting pastors in retirement planning. This is not surprising since the average pay package is also very low.
3. Participants who are nearing retirement still have very small account balances. Hopefully, they have also made other provisions through IRA's and personal savings.

	No. of Participants	Ave. Account Balance
Age 23-29	39	\$1,549
Age 30-39	181	3,739
Age 40-49	345	7,669
Age 50-59	287	15,140
Age 60-69	178	25,421
Age 70 up	19	19,260

Conclusion.

We honor the Word and the men who preach the Word yet we certainly have not prepared to care for that man at the time of retirement. We can not change the past, but with some effort we can change the present and future. Two things are necessary for adequate preparation for retirement—time and money. We must consider both as we make these retirement plans, remembering that the more we have of one, the less we need of the other.

Summary of Board Meetings

The Board of Retirement met December 3-4, 1996, and April 29-30, 1997, with all members present.

The financial reports and information were reviewed in depth at both meetings. In addition to our regular review of development, growth and future program progress, the following actions were adopted:

1. To continue searching for additional money managers.

2. To revise our loan guidelines and include both floating and fixed rate loans.
3. To request the nominating committee consider our special needs in the areas of legal, fiduciary and business management when considering nominees to this Board.

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

Financial Statements

December 31, 1996 and 1995

(With Independent Auditors' Report Thereon)

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

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Hill, Harper & Associates, P.C.
Certified Public Accountants

Independent Auditors' Report

erry A. Hill
rnest R. Harper

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 303
Brentwood, TN 37027
TEL: 615/377-3485

We have audited the statements of financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists as of December 31, 1996 and 1995 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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, 1996 and 1995, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in note 1 to the financial statements, in 1995 the Board changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

Hill, Harper & Associates, P.C.

April 2, 1997

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

Statements of Financial Position

December 31, 1996 and 1995

	1996	1995
Assets		
Operating Assets:		
Cash and cash equivalents	\$ 21,470	31,840
Funds invested with the Free Will Baptist Foundation	23,893	16,681
Total operating assets	45,363	48,521
Retirement assets:		
Cash and short term liquid investments	640,327	862,443
Investment in marketable securities and instruments, at fair market value	10,672,303	8,316,039
Accrued investment income receivable	118,935	70,622
Notes receivable, net of allowance for doubtful collections of \$60,000 and \$110,000, in 1996 and 1995, respectively	2,842,393	3,244,794
Total retirement assets	14,273,958	12,493,898
Other assets:		
Office furniture, equipment and automobiles, at cost, net of accumulated depreciation	30,752	35,380
Lease costs, net of related amortization	-	1,578
Total other assets	30,752	36,958
	\$ 14,350,073	12,579,377
Liabilities and Net Assets		
Liabilities:		
Annuities payable	\$ 404,451	389,902
Unearned loan origination fees	43,757	53,467
Accounts payable, accrued expenses and other liabilities	20,125	16,908
Total liabilities	468,333	460,277
Net assets:		
Unrestricted:		
Operations:		
Operating funds	9,241	22,148
Designated for future asset purchases	21,592	15,592
Net invested in equipment	30,752	35,380
Operating net assets	61,585	73,120
Retirement accounts:		
Net assets available for participants	13,700,904	12,013,283
Designated as reserve funds	115,251	30,697
Designated as annuity reserve funds	4,000	2,000
Retirement net assets	13,820,155	12,045,980
Total net assets	13,881,740	12,119,100
	\$ 14,350,073	12,579,377

See accompanying notes to financial statements.

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

Statements of Activities and Changes in Net Assets
Years ended December 31, 1996 and 1995

	1996			1995
	Retirement Accounts	Operations	Total	
Additions:				
Contributions from participants	\$ 995,330	-	995,330	773,761
Investment income:				
Gains of investment portfolio:				
Net realized gains	630,662	-	630,662	1,543,322
Net unrealized gains	478,348	-	478,348	325,755
	1,109,010	-	1,109,010	1,869,077
Interest and dividends from investments (net of investment fees):	325,637	-	325,637	401,221
Total investment income	1,434,647	-	1,434,647	2,270,298
Income earned from interest bearing notes:				
Interest income - notes receivable (net of write-downs)	371,708	-	371,708	290,800
Loan origination fees earned	9,920	-	9,920	12,649
Total income earned from interest bearing notes	381,628	-	381,628	303,449
Forfeitures and late charges	2,941	-	2,941	3,326
Gifts	-	36,876	36,876	32,786
Reimbursement from Free Will Baptist Foundation	-	15,000	15,000	22,000
Miscellaneous	-	5,132	5,132	3,396
Total additions	2,814,546	57,008	2,871,554	3,409,016
Allocation for operations	(255,771)	255,771	-	-
Net additions after allocation	2,558,775	312,779	2,871,554	3,409,016
Deductions:				
Withdrawals by participants	709,813	-	709,813	421,526
Insurance deductions from participants accounts	38,493	-	38,493	36,294
Income allocated to liability obligations	33,027	-	33,027	156,108
Salaries	-	97,865	97,865	93,934
Housing	-	37,440	37,440	36,000
Fringe benefits	-	51,087	51,087	52,655
Travel and promotional	-	19,981	19,981	11,565
Office supplies and expense	-	23,060	23,060	22,104
Occupancy	-	55,243	55,243	48,893
Board members expense	-	9,575	9,575	11,867
Legal and auditing	-	12,866	12,866	11,776
Depreciation	-	9,721	9,721	9,669
Miscellaneous	3,267	7,476	10,743	8,882
Total deductions	784,600	324,314	1,108,914	921,273
Increase (decrease) in net assets	1,774,175	(11,535)	1,762,640	2,487,743
Net assets at beginning of year	12,045,980	73,120	12,119,100	9,631,357
Net assets at end of year	\$ 13,820,155	61,585	13,881,740	12,119,100

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years ended December 31, 1996 and 1995

	1996			Total 1995
	Retirement Accounts	Operations	Total	
Cash Flows from Operating Activities				
Cash received from:	\$ 995,330	-	995,330	773,761
Contributions from participants	-	36,876	36,876	32,786
Gifts	321,708	-	321,708	324,924
Income earned from interest bearing notes	277,324	-	277,324	395,721
Investment income	2,941	-	2,941	3,326
Forfeitures and late charges	-	15,000	15,000	22,000
Reimbursement from Free Will Baptist Foundation	-	3,920	3,920	2,085
Miscellaneous	-	-	-	-
Cash paid to / for:	(40,504)	(310,844)	(351,348)	(321,579)
Suppliers and employees	-	-	-	(123,969)
Allocation of income to trusts	(28,053)	-	(28,053)	(26,867)
Allocation of income to annuitants	(700,238)	-	(700,238)	(421,526)
Withdrawal of funds by participants	828,508	(255,048)	573,460	660,662
Net operating cash flows	-	(5,093)	(5,093)	(6,609)
Cash Flows from Investing Activities				
Purchases of office furniture and equipment	-	(5,093)	(5,093)	(6,609)
Investments:	(8,005,619)	-	(8,005,619)	(13,039,711)
Purchases of investment securities	-	(6,000)	(6,000)	(6,000)
Funds invested with Free Will Baptist Foundation	6,758,365	-	6,758,365	14,554,041
Proceeds from sale of investment securities	-	-	-	-
Notes receivable:	(224,031)	-	(224,031)	(446,530)
New loans made	676,432	-	676,432	418,586
Collection of notes receivable	(794,853)	(11,093)	(805,946)	1,473,777
Net investing cash flows	(255,771)	255,771	-	-
Cash Flows from Financing Activities				
Interfund transfers and repayments	-	-	-	(1,614,912)
Net activity - Funds held for Free Will Baptist Foundation, Inc.	(255,771)	255,771	-	(1,614,912)
Net financing cash flows	(222,116)	(10,370)	(232,486)	519,527
Net increase (decrease) in cash	862,443	31,840	894,283	374,756
Cash at beginning of year	\$ 640,327	21,470	661,797	894,283
Cash at end of year	\$ 1,774,175	(11,535)	1,762,640	2,487,743
Reconciliation of increase in net assets to cash flows from operating activities				
Increase (decrease) in net assets	\$ 1,774,175	(11,535)	1,762,640	2,487,743
Depreciation and amortization of lease costs	-	11,299	11,299	12,829
Interfund transfers	255,771	(255,771)	-	-
Realized and unrealized on investment transactions	(1,109,010)	-	(1,109,010)	(1,869,077)
Increase (decrease) in allowance for notes receivable	(50,000)	-	(50,000)	30,000
Earnings added to investment with Free Will Baptist Foundation	-	(1,212)	(1,212)	(1,089)
Increase in accrued investment income	(48,313)	-	(48,313)	(5,722)
Increase in annuities payable	14,549	-	14,549	5,272
Increase in accounts payable, accrued expenses and other	1,046	2,171	3,217	9,231
Decrease in loan origination fees	(9,710)	-	(9,710)	(8,525)
	\$ 828,508	(255,048)	573,460	660,662

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, 1996 and 1995

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.

Basis of Presentation

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

The Board presents its financial statements under the methodology required by Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Board reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets (the Board has no net assets which meet the definition of temporarily restricted net assets or permanently restricted net assets). In addition, a statement of cash flows is required.

Further, the Board will follow the provisions of SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and / or nature of any donor restrictions.

Investments

Investments are reported at market value to comply with Financial Accounting Standards No. 124, "Accounting for Certain Investments of Not for Profit Organizations."

Equipment and Depreciation

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets.

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 an original 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.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) 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:

	1996	1995
Participant notes secured by retirement account balances	\$ 150,767	153,412
Churches and agency notes secured by related real property	2,751,626	3,201,382
	2,902,393	3,354,794
	(60,000)	(110,000)
Less allowance for doubtful collections	\$ 2,842,393	3,244,794

(3) Office Furniture, Equipment, and Automobiles

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

	1996	1995
Office furniture and fixtures	\$ 39,319	36,799
Computer equipment	29,477	26,904
Automobiles	15,594	15,594
	84,390	79,297
	53,638	43,917
Accumulated depreciation	\$ 30,752	35,380
	\$ 9,721	9,669

Depreciation expense

(4) 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 have been amortized against operations over a five year period. During 1996, \$1,578 was charged against operations leaving a resultant balance of zero as of December 31, 1996.

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

(5) Cash and Cash Equivalents and Investments for Retirement Accounts

Cash and cash equivalents and investments for retirement accounts consist of the following:

	Market Value	Cost	Unrealized Cumulative Gains	Unrealized Cumulative Losses	1996 Unrealized Cumulative Gains/ (Losses)	1995 Unrealized Cumulative Gains/ (Losses)	(A) 1996 Unrealized Gains/ (Losses)	(B) 1996 Realized Gains/ (Losses)	1996 Total Investment Gains/ Losses	1995 Total Investment Gains/ Losses
Cash and cash equivalents:										
Interest bearing accounts	\$ 329,742	329,742	-	-	-	-	-	-	-	-
Short term liquid investments held by investment bankers	310,585	310,585	-	-	-	-	-	-	-	-
Total cash and cash equivalents	640,327	640,327	-	-	-	-	-	-	-	-
Investments:										
Certificates of deposit	35,000	35,000	-	-	-	-	-	-	-	-
Mutual funds	1,422,970	1,422,970	103,816	43,750	60,066	(107,276)	167,342	(8,592)	158,750	51,848
Common stocks	4,337,962	3,344,758	959,896	27,943	931,953	379,130	552,823	564,213	1,117,036	1,472,244
Fixed income bonds	-	-	-	-	-	-	-	-	-	27,328
U.S. Government issues	4,876,371	4,785,264	91,107	14,883	76,224	318,041	(241,817)	75,041	(166,776)	317,657
Total investments	10,672,303	9,587,992	1,154,819	86,576	1,068,243	589,895	478,348	630,662	1,109,010	1,869,077
	\$ 11,312,630	10,228,319	1,154,819	86,576	1,068,243	589,895	478,348	630,662	1,109,010	1,869,077

(A) Unrealized gains (losses) is the increase (decrease) in market values of investments from the beginning of year to the end of year.

(B) Realized gains (losses) is the excess (deficit) of cost.

Yield earned on average total assets is computed as follows:

Gains net of losses on investment transactions	\$ 1,109,010	1,869,077
Interest and dividends earned	325,637	464,644
Investment management fees paid	(68,286)	(63,423)
Income earned from interest bearing notes receivable	381,628	303,449
Forfeitures and late charges	2,941	3,326
Total earnings from retirement account assets	\$ 1,750,930	2,577,073
Yield computed from total retirement account assets	13.08%	21.36%
Yield computed from cash and cash equivalents, and investments	13.34%	25.94%
Yield computed from interest bearing notes receivable	12.64%	2.35%

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

(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:

	1996	1995
Balance at beginning of year	\$ 53,467	61,992
Net fees charged on new loans	210	4,124
Amortization of long-term origination fees	(9,920)	(12,649)
Balance end of year	\$ 43,757	53,467

(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, 1996 and 1995, the recorded liability amounted to \$404,451 and \$389,902, respectively, and is sufficient to provide benefits over the life expectancy of the annuitants.

(8) Information Regarding Financial Instruments (see notes 2 and 5)

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,	\$ 2,842,393	2,842,393	-
net of allowance for doubtful collections	329,742	329,742	-
Cash and cash equivalents	23,893	23,893	-
Funds invested with the Free Will Baptist Foundation	310,585	310,585	-
Short term liquid investments	35,000	35,000	-
Certificates of deposit	1,422,970	-	1,422,970
Mutual funds	4,337,962	-	4,337,962
Common stocks	4,876,371	4,876,371	-
U.S. Treasury notes and bills	\$ 14,178,916	8,417,984	5,760,932

(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 \$15,000 and \$22,000 for these services during the years ended December 31, 1996 and 1995, respectively.

Board of Retirement and Insurance Proposed Budget for 1998

	1995 Budget	1995 Actual	1996 Budget	1996 Actual	1997 Budget	1997 Projected	1998 Proposed
Salaries	\$ 90,925	\$ 93,934	\$ 91,833	\$97,865	\$ 92,222	\$ 97,291	\$ 96,465
Employee Benefits	55,381	52,655	55,421	51,087	53,743	60,262	51,200
Housing	36,000	36,000	37,440	37,440	38,189	37,829	46,000
Travel/Promotion	22,000	11,565	10,000	15,861	15,000	7,598	17,000
Auto Maintenance	4,000	1,983	3,000	4,120	3,000	727	2,000
Auto Fund	6,000	6,000	6,000	6,100	6,000	6,000	6,000
Furniture Fund	6,000	3,7170	0	0	1,000	0	1,000
Plant Fund	50,842	45,733	50,000	53,665	50,000	49,780	53,000
Office Expense	21,000	22,104	21,000	23,060	22,500	23,716	26,000
Equipment	5,000	6,609	5,000	5,093	10,000	2,447	10,000
Publications	5,000	2,263	5,000	2,100	10,000	0	10,000
Dept.'s Share of Ins. Premiums	200	34	0	34	0	34	0
Alert Ministries	2,000	0	1,000	0	0	0	0
Board Expense	10,000	11,867	10,000	9,575	12,000	7,037	13,500
Together Way	1,180	849	1,000	753	750	1,068	1,000
Legal/Auditing	15,000	11,776	15,000	12,866	15,000	6,200	16,000
Miscellaneous	2,500	877	2,500	348	2,500	1,083	2,500
Education/Training	3,000	1,230	3,000	4,142	3,000	20	4,000
Totals	\$336,028	\$309,196	\$317,194	\$324,106	\$334,904	\$301,090	\$355,665

Board of Retirement and Insurance Salary and Benefits Breakdown

	1996	1997	1998
Bill Evans			
Salary	\$23,484.00	\$23,953.68	\$24,537.09
Housing/Utilities	19,968.00	20,367.36	22,000.00
Social Security	8,462.00	8,006.04	8,406.35
Retirement	2,596.00	3,102.47	3,257.60
Insurance	6,934.25	6,939.37	5,631.37
Life	\$ 742.68	\$ 742.68	\$ 739.20
Hospitalization	5,533.68	5,533.68	4,277.40
Dental	401.52	401.52	340.20
Disability*	256.37	261.49	274.57
Note: Office Car Furnished			
Totals	\$61,444.25	\$62,368.93	\$63,832.41
Ray Lewis			
Salary	\$20,879.00	\$21,296.58	\$17,073.92
Housing/Utilities	17,472.00	17,821.44	24,000.00
Social Security	7,469.00	7,066.18	7,419.49
Retirement	1,918.00	2,738.26	2,875.17
Insurance	6,610.15	3,784.00	3,140.46
Life	\$ 448.68	\$ 448.68	\$ 451.20
Hospitalization	5,533.68	2,912.16	2,249.40
Dental	401.52	192.36	197.52
Disability*	226.27	230.80	242.34
Totals	\$54,348.15	\$52,706.46	\$54,509.04
David Brown			
Salary	\$29,811.60	\$30,407.83	\$31,928.22
Social Security	5,385.09	5,492.79	5,767.44
Retirement	1,490.58	2,128.55	2,234.98
Insurance	8,731.76	8,735.29	6,580.54
Life	\$ 382.68	\$ 382.68	\$ 379.20
Hospitalization	7,578.12	7,578.12	5,524.44
Dental	595.08	595.08	488.52
Disability*	175.88	179.41	188.38
Totals	\$45,419.03	\$46,764.46	\$46,511.18
Diana Harris			
Salary	\$18,322.00	\$18,886.40	\$19,830.72
Social Security	1,430.32	1,445.08	1,573.19
Retirement	916.10	944.32	1,388.15
Insurance	3,514.61	3,516.53	2,925.12
Life	\$ 314.28	\$ 314.28	\$ 361.20
Hospitalization	2,912.16	2,912.16	2,249.40
Dental	192.36	192.36	197.52
Disability*	95.81	97.73	117.00
Totals	\$24,183.03	\$24,792.33	\$25,717.18

*Disability Insurance is .059 per \$100

Free Will Baptist Foundation

Progress in the Foundation continues to be amazing. Most of our individual members, churches and organizations do not understand the ministry of the Foundation. However, several have enthusiastically responded as evidenced by the increase of assets under management—\$1,690,000 last year alone. How has this happened?

A Win-Win-Win Situation

The majority of 1996 additions were through Revocable Trust agreements. These agreements allow the Foundation to co-mingle funds and invest in large blocks of government guaranteed investments. This gives the individual trust holder higher returns than available locally in certificate of deposits and provides the Foundation a small service fee. The service fee provides funds to assist with cost of operations and to reduce the need for gift income.

Thus we provide the Trustor, whether an individual or organization, an increased income, the Foundation operating funds, and the various agencies of our Denomination a service at minimum cost. A win-win-win situation even though Revocable Trusts are not the primary purpose for the Foundation.

An Economic Situation

The Foundation exists to provide planned and deferred gifts for, and the investment management of, agreements benefiting every branch of our Free Will Baptist work—the National agencies, State Association and District Association projects.

Why promote planned and deferred giving? Because there are times they are the most reasonable way to give. Actually every gift fits into one or both of these areas. The tithe is only achieved when planned. No family or individual ever tithed without a conscience decision being made to do so—a planned gift. However, the Foundation's emphasis on giving begins after the tithe.

Very few have more than they can possibly spend, but many have more than their actual needs require. The remains after the needs are met produce the basis for planned and deferred gifts.

Planned gifts enable wise giving—in the process, amount, manner, time, method of the gift, and in the benefit of the gift, or the recipient agency.

Deferred gifts are made for one or more reasons. Questions concerning management, taxes, and the uncertainty of future needs are three of the more familiar reasons deferred gifts are made. Management of major assets is often difficult for individuals in their latter years. Arrangements for this management are often met through a planned gift. Taxes may be a major consideration. Deferred gifts may provide immediate relief from income taxes, capital gains taxes and future estate taxes. An additional benefit for planned gifts is protection from future assignments or claims. A major question for many generous donors, "How much will I need in this life?" is crucial before making major gifts. Deferred giving makes it possible to guarantee lifetime income first then delivery of the significant gift to a favorite ministry.

Service to All

The Foundation continues to serve our national gift receiving agencies and many on the district and local levels.

Growth of Assets Under Management July 1980 - December 1996

1980	Chartered	1989	420,600.00
1981	425.62	1990	481,127.00
1982	2,797.00	1991	940,309.00
1983	12,673.00	1992	937,407.00
1984	21,212.00	1993	1,461,540.00
1985	33,045.00	1994	2,531,175.00
1986	293,809.00	1995	2,796,842.00
1987	363,506.00	1996	4,486,815.00
1988	258,269.00		

Foundation Endowments & Planned Gifts

Name of Ministry	Current Endowments	Future Planned Gifts	Total
FWBBC	\$115,062.00	\$328,049.00	\$443,111.00
Foreign Missions	281,027.00	231,880.00	512,907.00
Home Missions	83,190.00	15,758.00	98,948.00
Master's Men	102,014.00	7,879.00	109,893.00
Executive Office	46,350.00	70,938.00	117,288.00
Bd. of Retirement	95,638.00	-0-	95,638.00
WNAC & Others	14,025.00	7,128.00	21,153.00
Local/State	124,506.00	134,211.00	258,717.00
Grand Total	\$861,812.00	\$795,843.00	\$1,657,655.00

Progress has been encouraging. Participation has been from a small portion of denominational prospects. Possibilities are great. Please consider the work of the Foundation.

Summary of Board Meeting

The Foundation Board met on April 28, 1997. All members were present or represented by proxy except Ron Barber whose flight did not arrive until after the meeting. Operation policy was reviewed and reaffirmed. Growth in assets managed continued to be encouraging with an increase of \$1,690,000 during the year.

Excerpt from: *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*, Page 63 under "Standing Boards."
 "The Board of Trustees of the Free Will Baptist Foundation shall consist of the members of the Board of Retirement and Insurance, the Director of Foreign Missions, the Director of Home Missions, the Director of Master's Men, the Director of Sunday School and Church Training, the President of Free Will Baptist Bible College, the Executive Secretary of the Women Nationally Active For Christ, and the Executive Secretary of the National Association."

**FREE WILL BAPTIST
FOUNDATION, INC.**

Financial Statements

December 31, 1996

(With Independent Auditors' Report Thereon)

FREE WILL BAPTIST FOUNDATION, INC.

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Hill, Harper & Associates, P.C.
Certified Public Accountants

Independent Auditors' Report

**The Board of Directors
Free Will Baptist Foundation, Inc.**

Terry A. Hill
Ernest R. Harper

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 303
Brentwood, TN 37027
TEL: 615/377-3485

We have audited the statement of financial position of the Free Will Baptist Foundation, Inc. as of December 31, 1996 and the related statements of activities and changes in net assets 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.

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, 1996, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

As explained in note 7 to the financial statements, the Foundation has given retroactive effect to the change in accounting for investments as prescribed by Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments of Not for Profit Organizations."

Hill, Harper & Associates, P.C.

April 2, 1997

FREE WILL BAPTIST FOUNDATION, INC.

Statement of Financial Position

December 31, 1996

Assets

Cash and interest bearing deposits	\$ 161,437
Accrued earnings receivable	51,721
Investments, at fair market value:	
Short term liquid investments	108,991
Certificates of deposit	693,000
U.S. Government instruments	2,893,872
Common stocks	259,455
Mutual funds	173,923
Corporate bonds	29,039
Rental real property	75,000
Unimproved land	2,000

Total investments 4,235,280

Notes receivable 38,377

\$ 4,486,815

Liabilities and Net Assets

Liabilities:

Interest bearing revocable and savings trusts	\$ 2,749,292
Future gift interests payable	795,844
Funds held for Free Will Baptist Foreign Missions	6,946
Accrued earnings payable	20,886

Total liabilities 3,572,968

Net assets:

Unrestricted funds for operations	49,461
Permanently restricted funds (endowment)	864,386

Total net assets 913,847

\$ 4,486,815

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 1996

	Unrestricted	Permanently Restricted	Totals
Revenues:			
Investment income:			
Interest and dividends, net of investment fees	\$ 186,771	-	186,771
Realized net gains on sale of investments	15,340	-	15,340
Unrealized net market value gain from investments	50,172	-	50,172
Earnings allocated to permanently restricted endowments	(49,925)	49,925	-
Total investment income	202,358	49,925	252,283
Support through "The Together Way" plan and other contributions	17,047	13,992	31,039
Interest income notes receivable	829	-	829
Endowment income	295	-	295
Miscellaneous	141	-	141
Total revenues	220,670	63,917	284,587
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	152,179	42,412	194,591
Net revenues	68,491	21,505	89,996
Expenses:			
Reimbursement to the Board of Retirement of the National Association of Free Will Baptists	15,000	-	15,000
Salaries	41,004	-	41,004
Travel and promotion	11,341	-	11,341
Office expense	2,266	-	2,266
Publications	1,614	-	1,614
Training and education	3,774	-	3,774
Legal and auditing	5,306	-	5,306
Miscellaneous	915	-	915
Total expenses	81,220	-	81,220
Increase (decrease) in net assets	(12,729)	21,505	8,776
Net assets at beginning of year as restated	62,190	842,881	905,071
Net assets at end of year	\$ 49,461	864,386	913,847

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.

Statement of Cash Flows

Year ended December 31, 1996

Cash Flows from Operating Activities

Cash received from:	
Contributions	\$ 17,047
Investment income	156,898
Other income	1,265
Cash paid to suppliers and employees	(81,220)
Payments made to beneficiaries and annuitants	(194,591)
Net operating activities	(100,601)

Cash Flows from Capital Activities

Contributions	13,992
Investment income reinvested, net of realized and unrealized gains or losses on security transactions	7,513
	21,505

Cash Flows from Investing Activities

Notes receivable advances	
Repayments received on notes receivable	(40,450)
Proceeds from sale of investment securities	2,073
Purchases of investment securities	682,790
Net investing activities	(2,134,298)
	(1,489,885)

Cash Flows from Financing Activities

Proceeds from additions to revocable and savings trusts	2,774,000
Proceeds from future gift interests	85,392
Net change in funds held for Free Will Baptist Foreign Missions	(1,728)
Withdrawals from future gift interests, revocable and savings trusts	(1,188,582)
Net financing activities	1,669,082
Net increase in cash	100,101
Cash at beginning of year	170,327
Cash at end of year	\$ 270,428
Reconciliation of increase in net assets to cash flows from operating activities	
Increase in net assets	\$ 8,776
Less increase in net assets considered capital additions	(21,505)
Realized and unrealized (gains) losses on investment transactions	(65,512)
Increase in accrued investment income	(22,099)
Increase in accrued earnings payable	(261)
	\$ (100,601)

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.

Notes to Financial Statements

December 31, 1996

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.

Basis of Financial Statements

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

The Foundation presents its financial statements under the methodology required by Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets (the Foundation has no net assets which meet the definition of temporarily restricted net assets). In addition, a statement of cash flows is required.

Further, the Foundation will follow the provisions of SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and / or nature of any donor restrictions.

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 an original maturity of three months or less to be cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments and Realized and Unrealized Gains and Losses

Investments are reported at market value to comply with Financial Accounting Standards No. 124, "Accounting for Certain Investments of Not for Profit Organizations."

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.

FREE WILL BAPTIST FOUNDATION, INC.

Notes to Financial Statements, continued

(2) Permanently Restricted Funds - Endowment

Endowment funds are subject to restrictions by the donor requiring that the principal, and in certain instances earnings, be invested in perpetuity, and only the income be distributed to the beneficiaries of the endowment. The rate of interest paid is dependent upon the amount of income earned from these related investments. As of December 31, 1996, the Foundation held \$864,386 in endowment funds.

(3) Interest Bearing Revocable and Savings Trusts

The Foundation maintains revocable trusts and savings trusts amounting to \$2,749,292 as of December 31, 1996 and pays interest to the trust beneficiaries. The rate of interest paid is dependent upon the amount of income earned from these related investments. Withdrawal from the accounts is without penalty, but withdrawal may require up to a 90 day notice. The trusts are without maturity.

(4) Future Gift Interests Payable

The Foundation maintains charitable unitrusts amounting to \$271,271 and gift annuities amounting to \$524,573 as of December 31, 1996. These future gift interests pay interest at specified rates ranging from 5.0% to 8.7%.

(5) 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 \$15,000 for the year ended December 31, 1996.

(6) Notes Receivable

Notes receivable consist of obligations from related parties as follows:

7.125% to 9.000% note receivable relating to the St. Sebastien church development project in France maturing from the year 2001 through 2006, guaranteed by the Foreign Missions Board of the National Association of Free Will Baptists. \$ 29,000

11.5% note receivable due in monthly installments of \$230 through 2001, relating to the purchase of a copy machine. 9,377

\$ 38,377

(7) Change in Accounting Principle

The Foundation implemented SFAS No. 124, "Accounting for Certain Investments of Not for Profit Organizations." which requires investments to be reported at market value. Accordingly, total net assets have been restated as of December 31, 1995 to reflect the market value of investments as follows:

Net assets as reported as of December 31, 1995	\$ 892,695
Increase in net assets of investments previously accounted for at cost	12,376
Net assets as restated as of December 31, 1995	\$ 905,071

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

(8) Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consist of the following:

	Market /Stated Value	Cost	Unrealized Cumulative Gains (Losses)	Unrealized Cumulative Gains (Losses)	1996 Unrealized Cumulative Gains (Losses)	1995 Unrealized Cumulative Gains (Losses)	(A) 1996 Unrealized Gains (Losses)	(B) 1996 Realized Gains (Losses)	1996 Total Investment Gains (Losses)
Cash and cash equivalents:									
Interest bearing accounts	\$ 161,437	161,437	-	-	-	-	-	-	-
Short term liquid investments held by investment bankers	108,991	108,991	-	-	-	-	-	-	-
Total cash and cash equivalents	270,428	270,428	-	-	-	-	-	-	-
Investments:									
Marketable securities:									
Certificates of deposit	693,000	693,000	-	-	-	(735)	735	1,246	(9,930)
U.S. Government instruments	2,893,872	2,866,123	27,749	11,828	38,925	(8,331)	42,557	15,782	58,339
Common stocks	259,455	225,229	35,658	1,432	34,226	(15,281)	23,955	(1,688)	22,267
Mutual funds	173,923	165,249	4,941	899	8,674	-	(899)	-	(899)
Corporate bonds	29,039	29,938	-	-	(899)	-	55,172	15,340	70,512
Total marketable securities	4,049,289	3,979,539	88,850	19,100	69,750	14,578	-	-	(5,000)
Other investments:									
Rental real property	75,000	80,000	-	5,000	(5,000)	-	-	-	-
Unimproved land	2,000	2,000	-	-	-	-	-	-	(5,000)
Total other investments	77,000	82,000	-	5,000	(5,000)	-	-	-	-
Total investments	4,126,289	4,061,539	88,850	24,100	64,750	14,578	50,172	15,340	65,512
Total investments and cash and cash equivalents	\$ 4,395,717	\$ 4,331,967	88,850	24,100	64,750	14,578	50,172	15,340	65,512
(A) Unrealized gains (losses) is the increase (decrease) in market values of investments from the beginning of year to the end of year.									
(B) Realized gains (losses) is the excess (deficit) of cost.									
Yield earned on average total assets is computed as follows:									
Gains net of losses on investment transactions									\$ 65,512
Interest and dividends earned									197,393
Investment management fees paid									(10,622)
Other income									1,265
Total earnings investment assets									\$ 253,548
Yield computed from average total assets									6.95%

FREE WILL BAPTIST FOUNDATION, INC.

Notes to Financial Statements, continued

(9) Concentration of Credit Risk

The Foundation has an accounting risk of loss in the areas of cash and cash equivalents and investments to the extent cash funds are not insured by a governmental agency, investments are not guaranteed by the United States Government and potential market values of other investments. The following table summarizes the Board's accounting risk of loss:

	Account Balance	Amount Insured / Secured	Amount of Accounting Risk of loss
Cash and cash equivalents	\$ 161,437	106,768	54,669
Short term liquid investments	108,991	108,991	-
Certificates of deposit	693,000	693,000	-
U.S. Government instruments	2,893,872	2,893,872	-
Common stocks	259,455	-	259,455
Mutual funds	173,923	-	173,923
Corporate bonds	29,039	-	29,039
Rental real property	75,000	-	75,000
Unimproved land	2,000	-	2,000
	<u>\$ 4,396,717</u>	<u>3,802,631</u>	<u>594,086</u>

Foundation Proposed Budget

	Approved 1995	Actual 1995	Approved 1996	Actual 1996	Approved 1997	Proposed 1998
Income						
The Together Way	\$14,000	\$ 15,053	\$15,000	\$16,296	\$17,500	\$ 19,000
Gifts	2,500	222	4,000	751	500	750
Interest Income	0	1,046	0	2,819	500	1,500
Endowment	0	452	0	295	400	300
Miscellaneous	500	147	600	141	450	200
Management Fees	36,000	87,401	69,900	48,188	73,650	86,700
Totals	<u>\$53,000</u>	<u>\$104,321</u>	<u>\$89,500</u>	<u>\$68,490</u>	<u>\$93,000</u>	<u>\$108,450</u>
Expenses						
Salaries & Benefits	\$20,000	\$18,000	\$55,000	\$54,004	\$59,350	\$62,100
Travel & Promotion	8,500	7,446	12,500	11,341	15,000	18,000
Office Expense	8,000	1,925	4,000	2,266	2,000	4,500
Rent	0	4,000	0	2,000	2,000	5,000
Printing	8,000	2,075	6,500	1,614	4,500	3,500
Publications	0	700	0	0	650	650
Training & Education	3,500	385	3,500	3,774	3,000	5,200
Auditing	4,000	3,973	6,500	5,186	4,000	8,000
Legal	0	1,222	0	120	1,000	500
Miscellaneous	1,000	328	1,500	915	1,500	1,000
Totals	<u>\$53,000</u>	<u>\$40,054</u>	<u>\$89,500</u>	<u>\$81,220</u>	<u>\$93,000</u>	<u>\$108,450</u>

Frank Giunta, Field Representative

Salary	\$28,885.79
Social Security	5,226.56
Retirement	1,707.96
Health Insurance	4,277.40
Dental Insurance	340.20
Life Insurance	283.20
Disability	175.20
Total	<u>\$40,896.31</u>

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 the commission.

On October 25-26, we sponsored a Theological Symposium. It met at Free Will Baptist Bible College in Nashville, Tennessee. There were over fifty who attended part or all of the meeting. A total of thirteen papers were read. The interest was good. The papers were well prepared. Those in attendance urged the Commission for Theological Integrity to continue sponsoring an annual meeting.

In response to a request from Hillsdale Free Will Baptist College, our next Theological Symposium will meet at Hillsdale in Moore, Oklahoma, October 24-25. We urge all who are interested in hearing challenging papers read on Biblical and theological subjects to attend. Opportunity will be presented to interact with one another on a variety of subjects. We hope that these meetings will furnish an opportunity to help us better understand one another. We will welcome healthy interaction on matters where different opinions prevail among us.

At the 1996 meeting of the National Association of Free Will Baptists in Fort Worth, Texas, a motion was passed which asked the Commission for Theological Integrity to investigate the theological soundness of the men's organization known as Promise Keepers. We were asked to present a written report at the 1997 meeting of the National Association.

Our seminar at this year's convention will present this report and time will be allowed for discussion. Copies of this report will be handed out at this meeting and copies will be made available to the body when we present our report.

We appreciate the opportunity of serving our people.

Leroy Forlines, Chairman
Fred Hall, Secretary
Daryl Ellis
Paul Harrison
Jeff Manning

Commission for Theological Integrity January 1 - December 31, 1996

Bank Balance - January 1, 1996		\$2,807.18
Income		
The Together Way Gifts	\$2,282.41	
December '95	\$160.85	
January	164.01	
February	160.15	
March	205.10	
April	163.73	
May	199.60	
June	158.30	
July	151.29	
August	198.71	
September	172.08	
October	166.16	
November	159.56	
December	222.87	
Miscellaneous Gifts		232.07
Misc. Sales of Literature		42.32
Checking Account Interest Earned		61.56
Theological Trends Registration		341.50
Total Income		\$2,959.86
Expenses		
Shipping Literature	\$ 13.89	
Digest of Reports	65.71	
Bookkeeping	250.00	
Seminar Speakers	600.00	
Seminar Miscellaneous	1,599.23	
Special Mailing	856.15	
Annual Meeting	167.31	
Miscellaneous Office	46.10	
Total Expenses		\$3,598.39
Bank Balance - December 31, 1996		\$2,168.65

Commission for Theological Integrity 1998 Proposed Budget

Anticipated Income	\$2,100.00
Together Way Plan	240.00
Miscellaneous Gifts	60.00
Interest on Bank Account	
Total Income	\$2,400.00
Anticipated Expenses	\$ 200.00
Bookkeeper	75.00
Office Supplies	1,125.00
Annual Meeting	1,000.00
Seminars	
Total Expenses	\$2,400.00

Radio-Television Commission Report

It is the task of the Radio-Television Commission to assist our churches in evangelizing sinners, edifying saints, educating students, and encouraging stewardship. The timeless message of the gospel has not changed, but the means and methods improve with the availability of modern technology. We ask your prayers for the commission as we seek to continue being good stewards of our time, talents and tokens.

We currently provide a 15-minute radio broadcast, *Victorious Faith*, that can be used to air on your local radio station. Jim Vallance serves as host of the program and Rev. Bob Shockey is the preacher. These are powerful and professional programs with a strong evangelistic message. For details on subscribing to this service, simply write or call the commission. The address and phone number are included below.

Our executive secretary addressed a change in the January 1997 issue of *Contact*. Our commission was mentioned in that editorial as being born within the expansive 80s. Building on the past, we must continue to meet the ever-changing needs of the future. Some of what we must send our pastors is obsolete. Communication technology is an ever-changing field, yet the media plays such an important role in society. Through media, we want to make a positive influence for Christ.

The Radio-Television Commission requests this convention to enact a change in our name. We believe the name *Free Will Baptist Media Commission* will better reflect the scope of service we provide to the denomination.

Together with the Florida State Association of Free Will Baptists, we have professionally produced the first television commercial for Free Will Baptists. Titled, *The Arrow*, we specifically target the adult audience with a strong family-oriented message. A video of *The Arrow* is now available for a nominal fee. We also have printed material to share with you information about using *The Arrow* in your area. Other states are encouraged to share Florida's vision and investigate ways to use resources offered by the commission.

The Radio-Television Commission continues to operate on gifts. Thank you for your part in our ministry. Without you, we could not offer what we do and we couldn't look to expand our current ministry. Gifts to the Radio-Television Commission may be sent directly or via the Together Way Plan. Pastor and church member, I ask you today to personally help us with a gift. We need your financial support as do all of our agencies and commissions.

Free Will Baptists, we ask your prayerful consideration and support as we endeavor to lead our denomination into the 21st century using the best materials, methods and means the media has to offer.

Radio-Television Commission • c/o Jim Vallance • P.O. Box 5002, Antioch, TN 37011-5002
615/731-4950 extension 281 • E-mail: jev@NAFWB.org

Your servants through media,
The Radio-Television Commission

Bill Gardner (TN) 1997 Jim Vallance (TN) 1999
Steve Faison (TN) 1998 Doug Kite (NC) 2000
Ron Hunter (FL) 2001

Radio-Television Commission Financial Statement—1996

All funds are on deposit with the Free Will Baptist Foundation, so all funds earn interest.

Beginning Balance, 1-1-96	\$7,582.95
Gifts	228.76
The Together Way Plan	2,167.77
Earnings, 6%, FWBF	453.64

Expenses	\$	21.75
Exec. Ofc. (1-09)		250.00
Nat'l. Conv. (4-15)		240.00
NRB Mem. Fees (4-15)		398.90
Postage (4-15)		500.00
Nat'l. Conv. (7-16)		100.00
Nat'l. Conv. (7-16)		21.75
Exec. Ofc. (11-08)		320.00
Equipment (11-01)		65.71
Convention Prtg. (12-11)		
Total Expenses		\$1,918.11

Ending Balance, 12-31-96 **\$8,515.01**

Budget Notes

1995 income notes	\$	265.27
Arkansas		60.69
Florida		67.95
Georgia		349.88
Missouri		91.79
Ohio		519.56
Oklahoma		100.15
Tennessee		133.04
West Virginia		341.59
All other states combined		
Total		\$1,929.92

1998 Budget Proposal

	1997 Budget	1998 Proposed Budget
Income		
Together Way Plan (.05%)	\$2,500.00	\$2,500.00
Gifts	5,850.00	5,850.00
Sale of Product	.00	1,500.00
Totals	\$8,350.00	\$9,850.00
Expenses		
Promotion	\$1,000.00	\$1,000.00
Commission Expenses	500.00	1,000.00
Bookkeeper	200.00	200.00
Other Help	200.00	700.00
Production Costs	500.00	1,500.00
Supplies	1,000.00	1,000.00
Postage	500.00	500.00
Equipment/Maintenance	250.00	250.00
Telephone	250.00	250.00
Printing	600.00	600.00
Convention Booth	250.00	750.00
Digest of Reports	150.00	150.00
Convention Materials	450.00	450.00
Broadcast time	2,500.00	1,500.00
Totals	\$8,350.00	\$9,850.00

Free Will Baptist Music Commission Report

Greetings from the Free Will Baptist Music Commission: The commission continued development of a number of goals initiated at the Charlotte, North Carolina, Convention.

Sound Tracks for Rejoice Hymnal:

Last year the commission was pleased to premiere the first in a series of products based on our hymnal. The initial product is a sound track of twenty (20) selections for congregation, choir, Bible study, nursing homes, Sunday School classes and youth activities. This split track recording has been accepted enthusiastically by our churches and the broader market.

Since the release of the track, choir books have also been developed, as well as individual octavos for five (5) selections, orchestrations for the entire project, and instrumental arrangements for four (4) tunes.

Presently, the next track of 20 (twenty) songs is being developed. We look forward to its release sometime this year.

The commission receives a percentage of each sale.

Companion to the Rejoice Hymnal:

This book, co-authored by Drs. Vernon M. Whaley and Tim Sharp will contain stories, historical data and short devotional thoughts about each hymn. Most of the research has been completed and we expect the companion's release later this year.

Commission Newsletter:

The commission is pleased to premiere a quarterly publication designed to meet the needs of both the full-time and volunteer local church musicians. The first issue of *Reasons to Rejoice* released in March, included keys to vibrant worship, a resource review, worship windows and other articles. Copies are available at the commission booth as well as sign up forms.

Workshops at the National:

The commission workshop continues to enjoy extraordinary response. A growing number of participants receive more than \$150 worth of music for a registration fee of \$15. Prism Music, Integra Music Group, Cardela Press, Intrada Music, Celebration Press, Fred Bock Music and have provided assistance in making this event successful. Many of the products discussed at the workshop are available at the commission booth.

Planning the Music for the National Convention:

Planning the music for the National Convention continues to be a part of the commission's responsibility. The year the members of the commission were actively involved in planning each service. Our goal is to provide a balance of traditional hymns and gospel songs and to allow many of our quality musicians a chance to minister on the national level. Please feel free to

give any of the commission members the name and addresses of people you wish to see used as well as your comments and suggestions about the music ministry at the convention.

There are a number of other projects presently under consideration by the commission and we look forward to serving you in an expanding way in the future. Thank you for the opportunity to serve our Lord and our denomination.

Yours for a greater harvest,

Randy Sawyer, Chairman
David Bates, Secretary
Vernon M. Whaley
R. Douglas Little
Bill Gardner

Music Commission Financial Statement January - December 1996

Beginning Balance

\$3,491.08

Income

Co-op	\$845.57
Family Ministry Offering	17.86
Music Sales at National Music Booth	7,502.39
Sale of Tracks and CDs	780.00
Music Breakfast	792.03
Reimbursement Income	250.00
States and Churches	1,065.67
Alabama	\$ 24.51
Missouri	329.63
Oklahoma	506.09
South Carolina	5.65
Texas	34.84
Fellowship Church	76.64
Roaring Creek Church	8.31
Ruth's Chapel Church	80.00

\$11,253.52

Total Income

Expenses

Music for Booth	887.95
Music for Commission Meetings	2,817.75
Music Ministry Breakfast	425.00
Music Purchased	6,881.25
Misc. Expense	77.54

(\$11,089.49)

Total Expenses

\$3,655.11

Ending Balance

Proposed Budget for 1998

Income	
Co-op	\$ 900.00
Family Ministry Offering	200.00
Music Sales	4,700.00
Music Breakfast	400.00
States and Churches	1,500.00
Tracks and CD Sales	700.00
Total Income	\$8,400.00
Expense	
Convention	\$1,000.00
Music Conferences	2,000.00
Purchase of Music	2,000.00
Board Meetings	3,000.00
Postage and Telephone	150.00
Publication	250.00
Total Expense	\$8,400.00

1997 Historical Commission Report

The Commission prepared an inventory of minutes in the Historical Collection. The inventory will be distributed to delegates at the national convention.

Dr. William F. Davidson agreed to write historical anecdotes to be placed on the back covers of bulletins printed by Randall House Publications.

The Commission encourages associational clerks to send copies of current minutes to the Historical Collection at Free Will Baptist Bible College.

Free Will Baptist Historical Commission 1996 Financial Report

Balance on hand, December 31, 1995 \$17,141.92

Income for 1996:	
Coop gifts (design./undesign):	\$1,718.36
Ruth's Chapel FWB Church, direct:	80.00
National Ministries Offering:	12.07
Interest (First American Bank)	798.88
Total	\$ 2,609.31

Expenditures for 1996	
National Convention, Digest fee	32.85
Total	\$ 32.85

Balance on hand, December 31, 1996 \$19,718.38

1998 Budget

Income	
Gifts (Together Way)	\$2,000.00
Interest (First American Bank)	850.00
Transfer from cash reserves	1,500.00
Miscellaneous	25.00
Total	\$4,375.00

Expenses	
Books, materials, labor for Historical Commission	\$2,150.00
Historical Articles	500.00
Research Grant	1,000.00
Travel	650.00
Executive Office (Digest Fee)	75.00
Total	\$4,375.00

Double In A Decade Committee Report

The Double in a Decade Committee met May 20, 1997, to discuss the structure and strategies needed to effectively promote church and Sunday School growth among Free Will Baptists.

The committee concluded that the Home Missions Department and the Sunday School and Church Training Service Department should be jointly responsible to implement, direct, promote and supervise the denomination's church and Sunday School growth strategy. The committee unanimously recommends that supervision of church and Sunday School growth be the responsibility of the Home Missions and the Sunday School and Church Training Departments.

We further recommend that the Double in a Decade Committee, composed of representatives from all national departments, the Executive Office and Women Nationally Active For Christ, continue in order to facilitate the cooperation of denominational agencies.

Respectfully Submitted,

Melvin Worthington, Executive Secretary (Chairman)

Trymon Messer, Director of Home Missions

R. Eugene Waddell, Director of Foreign Missions

Alton Loveless, Director of Sunday School and Church Training

Tom Malone, President of Free Will Baptist Bible College

William Evans, Director of Retirement and Insurance;

Director of the Free Will Baptist Foundation

James Vallance, Director of Master's Men

Mary Wisehart, Executive Secretary of Women Nationally Active For Christ

Minutes of the Sixty-Second Annual Session of the Women Nationally Active for Christ Convention of the National Association of Free Will Baptists when convened in Cincinnati, Ohio July 22, 1997

WNAC
P. O. Box 5002
Antioch, TN 37011-5002

Executive Committee

President

Everyl Getz
4304 N. Third
McAllen, TX 78504
Phone: 210/687-4320

Vice President

Marjorie Workman
3601 Central Avenue
Nashville, TN 37205
Phone: 615/298-4929

Secretary

Diana L. Bryant
2156 54th Avenue
Vero Beach, FL 32966
Phone: 407/567-1956

**Members at Large
of the Executive Committee**

Debbie Burden
1201 South Ash
Ada, OK 74820
Phone: 405/436-5605

Joanne King
426 Woodlawn Extension
Cramerton, NC 28032
Phone: 704/827-9772

Debe Taylor
750 South Forgeus
Tucson, AZ 85716
Phone: 520/327-4402

Executive Secretary-Treasurer

Mary R. Wisehart
P. O. Box 5002
Antioch, TN 37011-5002
Phone: 615/731-6812, Ext. 210

Theme: "Expanding Knowledge"

Scripture: II Timothy 2:15

Hymn: "Open My Eyes That I May See"

Music Coordinator: Clara Widdig

Organist: Brenda Collins

Pianist: Deena Armstrong

Tuesday Morning, July 22, 1997

The sixty-second session of the Women Nationally Active for Christ convened in the Cincinnati Convention Center, Cincinnati, Ohio, at 9:00 a.m. Clara Widdig led the opening song, "Open My Eyes That I May See." Jo Ann Wood led in prayer. Debbie Griffin, missionary to Japan, presented the devotional thought, using John 4:7-10. She told of her first visit to a Japanese shrine where she saw a child being taught to worship. Then she knew why she was

there. Her question was, "How do they know unless someone tells them?" She closed with prayer.

Steve and Becky Riggs, missionaries to France sang, "There Is A Savior."

Sandy Mounts, Ohio Women Active for Christ president, welcomed the congregation to Ohio.

Suzanne Franks presented the Creative Arts Awards.

MSC to accept the Credentials Committee report and seat the delegates. (See reports.)

Prayer by Everyl Getz.

MSC to accept the Executive Secretary-Treasurer's report and adopt the budget. (See budget in 1997 Digest of Reports.)

President Everyl Getz announced the retirement of the executive secretary in 1998. She mentioned some qualifications and asked the delegates to submit names for the office to the executive committee.

MSC to accept the Resolutions Committee Report and vote on it item by item. (See reports.)

MS to adopt Item #1 defeated.

MSC to adopt Item #2.

MSC to adopt Item #3.

MSC to accept the Appreciation Committee report. (See reports.)

MSC to accept the Nominating Committee report. With no other nominations the slate of officers was elected by acclamation. (See reports.)

The morning business session was dismissed in prayer by Diana Bryant.

WNAC Missionary Service, 11:00 A.M.

The missionary service opened with singing "Send the Light."

Marjorie Workman led the offertory prayer.

Jan Clay and Sherri Sloan, home missionaries in Indiana, sang "Jesus Saves."

Jeff Crabtree, missionary in Canada, brought the message, using 2 Timothy 2:15 and 2 Peter 3:17. He also referred to Genesis 1 and Romans 12:1,2. He challenged us to grow, to renew our minds, to read and study. Yesterday's knowledge is not sufficient for today. We can honor God by expanding our knowledge and getting deeper into the Word.

Barbara Chaffin dismissed with prayer.

Tuesday Afternoon, 1:30 p.m.

Clara Widdig led in singing "His Name Is Wonderful" and "Spirit of The Living God."

Connie Phipps sang a medley of "Turn Your Eyes Upon Jesus" and "I'd Rather Have Jesus."

MSC to accept the Registration Committee report. (See reports.)

The WNAC special feature was "Parade of Books by Free Will Baptist Women," led by Diana Bryant and Barbara Chaffin with help from Marianne Waddell.

Authors were Shirley Combs, Anita Haney, Eleanor Grindstaff, Lorene Miley, Cleo Pursell, Genevieve Waddell, Winona Riggs, Diane Worthington, Dale Edwards, Pat Thomas, Mary R. Wisehart, Laura Belle Barnard, Elsie Staten, Ruth Bivens.

Adjourned with prayer by Annette Aycock.

Committee Reports

Report of the Credentials Committee

We, the Credentials Committee, submit the following report:

The following 20 state conventions have submitted reports and paid dues: Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

The following 4 districts with no state conventions have submitted reports and paid dues: First Arizona, Kansas First, New Mexico, Rocky Mountain (Colorado).

The following local with no district or state convention has submitted reports and paid dues: Virgin Islands.

In addition, there are 52 delegates from local groups in good standing with their representing higher body (district or state) who have paid their \$5 representation fees.

Respectfully submitted,
Chairman, Marjorie Workman, Tennessee
Betty Hill, North Carolina
Jean Marie Rogers, Oklahoma

Appreciation Committee Report

We, the Appreciation Committee, wish to express our sincere thanks to the following people whose efforts made this year's convention and sessions a success.

1. The Executive Committee
2. WNAC office staff: Yvonne Hampton, Suzanne Franks, Martha Harris
3. The Ohio State Ladies WNAC for all the flowers, favors, center pieces, and Executive Committee Luncheon
4. The musicians and special music
5. All speakers for the seminars and WNAC State Leaders meeting.
6. Also to Dr. Mary Wisehart for being our banquet speaker.

Respectfully submitted,
Gwen Hendrix, South Carolina
Diane Worthington, Michigan
Brenda Doffing, Texas

Registration Committee Report

We, the Registration Committee, submit the following report:

WNAC Officers	7
Foreign Missionaries	28
Home Missionaries	52
Standing Delegates	9
Elected Delegates	138
Local Delegates (with \$5 fee)	52
Visitors	744
Total Registration	1,026

Respectfully submitted,
Linda Harvey, Arizona, Chairperson
Myrtle Reeds, Tennessee
Sandy Mounts, Ohio
Linda Dunn, Ohio

Nominating Committee Report

We, the Nominating Committee, submit the following names for WNAC officers for the years 1997-1999:

President	Everyl Getz, Texas
Vice President	Marjorie Workman, Tennessee
Secretary	Diana Bryant, Florida
Members at Large	Debe Taylor, Arizona Debbie Burden, Oklahoma Joanne King, North Carolina

Respectfully submitted,
Chairman, Lottie Horton, Maryland

WNAC Executive Committee Minutes December 3, 1996 Maxwell House Hotel Nashville, Tennessee

The WNAC Executive Committee met Tuesday evening, December 3, 1996, in the Maxwell House Hotel.

Present were Everyl Getz, Marjorie Workman, Jo Ann Wood, Diana Bryant, Barbara Chaffin, Annette Aycock and Mary Wisehart.

Everyl Getz opened the meeting with prayer.

The committee planned the 1997 convention, using the theme, "Expanding Knowledge," the hymn, "Open My Eyes That I May See," and the scripture, II Timothy 2:15.

The committee selected the following convention personnel.

Music Coordinator: Clara Widdig
 Devotional Speaker: Debbie Griffin, alternate, Traci Epps
 Missionary Speaker: Jeff Crabtree, alternate, Joel Nason
 Fellowship Dinner Speaker: Mary R. Wisehart
 Invocation for Fellowship Dinner: Lynn Wood
 Benediction for Fellowship Dinner: Tom Chaffin
 Barbara Chaffin and Diana Bryant agreed to work together on the special feature for Tuesday afternoon: "Parade of Books by Free Will Baptist Women."

MSC to invite Elizabeth Elliott for the 1998 Fellowship Dinner.

The committee planned the seminar with the theme "Know the Word." Everyl Getz will preside. Lorene Miley will speak on "The Importance of Study." Debe Taylor will speak on "How to Study." Carol Reid, Shirley Sharpston, and Dawn Sweeney will give brief book reviews.

Mary R. Wisehart will be responsible for the State Leaders Meeting.

Meeting adjourned until Wednesday morning at the National Offices Building.

WNAC Executive Committee Minutes December 4, 1996 WNAC Conference Room National Offices Building

The WNAC Executive Committee met Wednesday, December 4, 1996, in the WNAC Conference Room in the National Offices Building.

Present were Everyl Getz, Marjorie Workman, Jo Ann Wood, Diana Bryant, Barbara Chaffin, Annette Aycock and Mary R. Wisehart.

Barbara Chaffin presented a devotional thought, using the theme "Expanding Knowledge" with the object lesson of purple balloons.

Barbara Chaffin led in prayer.

Suzanne Franks, editor, presented the report on the magazine.

MSC that the editor follow through with 4-color cover for the July/August issue.

MSC to pay \$20 to writers of assigned articles for the magazine.

Mary R. Wisehart gave the executive secretary-treasurer's report. The report was accepted and the November financial statement approved.

The committee reviewed the 1996 convention budget and the actual income and expense statement.

MSC to write off student loans in the amount of \$10,916.80 as bad debts.

The secretary was instructed to write Cheri Ham a note of thanks for helping with the computers.

MSC to give Dr. Wisehart approval to put "From My Window" and "Words for Women" with some of her messages and devotionals to form a devotional book for women.

MSC to change the name of Co-Laborer Offering to General Fund Offering.

MSC to approve the budget of \$225,516 for 1998.

MSC to retain Hinton, Warren, Denney & Wallace, CPAS, to audit the books for 1996.

MSC to accept the 1997 convention budget of \$19,565.

MSC to submit the following resolution to the Resolutions Committee: Whereas a great many women are asking for officers' job descriptions, and whereas in years past these have been printed separately, but now appear only in the *Manual*, be it resolved that WNAC be authorized to print and sell job description booklets with officers' duties similar to the "My Job Booklets" printed in the 1950's.

MSC to accept the retreat budget for 1997.

The suggested changes in the Personnel Policy were discussed and approved.

The committee planned the 1997 Glorieta Retreat to begin Friday evening, October 10 and conclude Sunday morning, October 12 after the worship service.

Theme: God's School House

Scripture: Psalm 25:4,5

Music Coordinator: Lisa McGee

Welcome: Mary R. Wisehart with a Tribute to Katy Pinson
Friday, Focus on the Teacher, Praise and Worship Service

Saturday Morning, 7:00 a.m. Breakfast

8:30 a.m. Worship and Congregational Singing

Topic: Focus on the Textbook - The Bible

Methods of Study, Lorene Miley

Small Group Sessions

Suggested leaders: Betty Ferguson, Delois Loveless, Gloria Outlaw, Sue Chaffin, Diana Cox, Jean Marie Rogers, Karen Ferguson, Barbara Cheshier, Linda Harvey, Lynda Blanchard, Debbie Burden, Donna Wade, Dixie Guild.

Recess, Funtime, Jo Ann Wood

Lunch and afternoon free.

Friday Evening, Campfire

Chapel Service: How God Has Taught Me, Testimonies

Yvonne Hampton, Fay Forlines, June McVay

Sunday Morning, 8:30 a.m. Homework: Applying the Word in Our Daily Living, Donna Wade

Awarding of Diplomas, Diana Bryant

MSC that WNAC support and encourage Tanya Hart in her MK ministry and make every effort to assist her as much as possible.

Dr. Wisehart gave a report on youth materials. New names assigned are Actionettes, 9-12 and Young Women Active for Christ, 13-19.

MSC that WNAC provide Mary Wisehart's travel expenses for the February visit to Côte d'Ivoire for installing officers in the national women's organization there.

Dismissed in prayer by Marjorie Workman.

**WNAC Executive Committee Minutes
July 20, 1997
Salon A, Omni Hotel
Cincinnati, Ohio**

The WNAC Executive Committee met July 10, 1997, in Salon A of the Omni Hotel in Cincinnati, Ohio.

Present were Everyl Getz, Marjorie Workman, Jo Ann Wood, Diana Bryant, Barbara Chaffin, Annette Aycock, and Mary R. Wisehart.

Annette Aycock presented the devotional thought, using Romans 13:11, Matthew 9:36, and Philippians 3:10. She suggested as Christians we need 20/20 vision. We need His power to help us get our priorities straight in order to reach people. Then Annette led in prayer.

Mary R. Wisehart presented the executive secretary's report. She mentioned that she wanted to present the furniture in the executive secretary's office and the curio cabinet in the reception area in memory and in honor of the following individuals: in honor of Cleo Pursell and Eunice Edwards and in memory of Agnes Frazier.

MSC that the rate per mile for travel expense be set at 6¢ per mile less than the current IRS rate, effective immediately.

MSC that we recommend Silas to the resolutions committee to receive the Foreign Student Scholarship of \$1,000 for the coming school year.

MSC to send the following resolution to the resolutions committee: That we publicize in the magazine lists of items suitable for MK's and encourage the women to send these items to the Provision Closet and that we encourage the women to give to the MK Account through regular WNAC channels. That we design, with Tanya Hart's help, a Provision Closet card for MK's. That we understand MK's to mean both Home and Foreign Missionary Children.

The committee deferred until December the question of raising the price of the magazine and using color covers and the request of the executive secretary for approval of the trip to Uruguay for the International Meeting.

The committee then discussed the search for an executive secretary-treasurer.

**Monday Afternoon Seminars
Pavillon, Omni Netherland Hotel
Theme: The Importance of Study**

Challenge to Study the Bible - Lorene Miley
How to Study the Bible - Debe Taylor
Book Reviews: Carol Reid and Shirley Sharpston
Total Attendance: 177

**State Leaders Meeting
Pavillon, Omni Netherland Hotel**

Presiding - Mary R. Wisehart
Speakers - Diana Bryant
Gwen Hendrix
Wanda Powell
Delois Loveless
Total Attendance: 87, with 6 state presidents

**Fellowship Dinner
July 22, 1997
Regency Ballroom, Hyatt Regency Hotel
Cincinnati, Ohio**

Invocation: Lynn Wood
Speaker: Dr. Mary R. Wisehart
Benediction: Tom Chaffin

Report of Women Nationally Active for Christ

Appreciation.

Two groups deserve special appreciation for their work in WNAC during the past year.

The Executive Committee: Everyl Getz, president; Marjorie Workman, vice president; Jo Ann Wood, secretary; and Annette Aycock, Diana Bryant, and Barbara Chaffin, members at large of the executive committee.

The WNAC office staff: Yvonne Hampton, executive assistant; Suzanne Franks, editor, and Martha Harris, bookkeeper.

Blessings.

The Lord has abundantly blessed WNAC since July 1996. I can mention only a few of those blessings.

Giving.

Giving is up this year especially for Foreign Missions with more than \$98,000 over last year. Since overall giving from women is up only slightly more than \$95,000, giving is down in some areas. The general fund giving for WNAC is down more than \$5,000.

New groups.

In 1996 we had 51 requests from new or reorganizing women's groups. The first four months of 1997 we have received 19 requests from new or reorganizing groups.

Retreats.

The Ridgcrest retreat registered 501 women. With the theme "Brighten Your Corner," the speakers and musicians challenged our women to be lights at home, in their churches, communities and around the world. Foreign and Home Missions' displays helped acquaint our women with the work and the personnel. We have scheduled the Glorieta retreat for October 10-12, 1997.

New materials.

We are searching for an editor and writers of material for teens and younger women. These materials will eventually pay for themselves, but we need additional funds for publishing them.

Magazine.

The survey sent out in the May/June 1997 magazine has given us some interesting insights. Our goal is to publish a magazine that strengthens our women in the faith and challenges them to lead others to Christ. The survey will help us decide the magazine's content and format. Subscribers remain steady at about 12,000.

International groups.

In February 1997 I had the privilege of installing and giving the charge to the newly elected officers of the Free Will Baptist women's organization in Côte d'Ivoire. This group brings to six the number of national women's organizations: USA, Cuba, Mexico, Panama, Brazil, and Côte d'Ivoire. These groups are cause for rejoicing and giving thanks to God that we have participated in reaching these women with the gospel. We anticipate reaching many more women through these organizations and through new mission work around the world.

Respectfully submitted,
Mary R. Wisehart
WNAC Executive Secretary-Treasurer

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)

December 31, 1996 and 1995

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Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of the
Women Nationally Active for Christ

We have audited the accompanying statements of financial position of the Women Nationally Active for Christ (an auxiliary of the National Association of Free Will Baptists) (a nonprofit organization) as of December 31, 1996 and 1995, and the related statements of activities and cash flows for the years 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 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 misstatements. 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 statements 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 the Women Nationally Active for Christ as of December 31, 1996 and 1995 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Hinton, Warren, Denney & Wallace

February 5, 1997

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Financial Position
December 31, 1996 and 1995

	1996	1995
ASSETS		
Cash	\$ 89,350	\$130,608
Certificate of deposit	80,000	10,000
Accounts receivable - Note 1	8,272	9,883
Inventory - Note 1	14,552	15,822
Notes receivable, net of allowance for doubtful accounts of \$458 (\$2,438 in 1995)	13,825	21,171
Accrued interest receivable	2,876	6,607
Property and equipment at cost, less accumulated depreciation of \$20,454 (\$20,206 in 1995) - Notes 1 & 2	17,683	17,462
Capitalized lease - Note 3	7,121	7,612
Total assets	\$233,679	\$219,165
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 37,773	\$ 21,388
Deferred revenue - Note 10	32,238	32,262
Total liabilities	70,011	53,650
Commitments - Notes 5 & 7		
Net assets	53,502	54,806
Unrestricted	101,086	102,433
Temporarily restricted	9,080	8,276
Permanently restricted	163,668	165,515
Total liabilities and net assets	\$233,679	\$219,165

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Activities
For the Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
<u>Unrestricted</u>		
Revenue and other support:		
Dues and fees	\$ 72,126	\$ 64,975
Designated contributions	330,728	303,538
Magazine and literature sales	79,035	76,101
Convention and retreat income	15,793	16,194
Gifts and offerings	59,071	62,680
Interest income	2,190	2,351
Loss on sale of equipment	()	(366)
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>8,776</u>	<u>3,483</u>
Total revenue and other support	<u>567,719</u>	<u>528,956</u>
Expenses:		
Salaries and wages	89,546	84,059
Payroll taxes and employee benefits	22,805	23,252
Cost of magazine and literature printing	39,061	35,597
Travel and promotion	5,666	4,680
Conventions and retreats	18,570	23,370
Office expense	10,071	9,879
Postage	4,622	3,867
Rent expense	24,600	24,601
Professional fees	3,307	3,100
Administrative expense		200
Depreciation	3,093	2,637
Amortization	491	491
Bad debt expense	7,516	4,205
Insurance expense	1,429	1,607
Dues and subscriptions	246	254
Special projects	1,507	801
Collection fees		1,465
Continuing education	1,525	2,755
Designated contributions	330,935	303,700
Miscellaneous	<u>4,033</u>	<u>2,868</u>
	<u>569,023</u>	<u>533,388</u>
Increase (decrease) in unrestricted net assets	<u>(1,304)</u>	<u>(4,432)</u>

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Activities
For the Years Ended December 31, 1996 and 1995
(Continued)

	<u>1996</u>	<u>1995</u>
<u>Temporarily restricted</u>		
Gifts and offerings	\$ 4,662	\$ 4,926
Interest income	2,767	5,975
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>(8,776)</u>	<u>(3,483)</u>
Increase (decrease) in temporarily restricted net assets	<u>(1,347)</u>	<u>7,418</u>
<u>Permanently restricted</u>		
Gifts and offerings	<u>804</u>	<u>1,324</u>
Increase in permanently restricted net assets	<u>804</u>	<u>1,324</u>
Total increase (decrease) in net assets	<u>(1,847)</u>	<u>4,310</u>
Net assets - beginning of year	<u>165,515</u>	<u>161,205</u>
Net assets - end of year	<u>\$163,668</u>	<u>\$165,515</u>

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Cash Flows
For the Years Ended December 31, 1996 and 1995

	1996	1995
<u>Operating activities</u>		
Increase (decrease) in net assets		
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	(\$ 1,847)	\$ 4,310
Depreciation		
Amortization	3,093	2,637
Write off of bad debts	491	491
Loss on disposal of equipment	7,516	4,205
Changes in operating assets and liabilities:		366
(Increase) decrease in accounts receivable	1,611	(1,523)
(Increase) decrease in inventory	1,270	(5,518)
(Increase) decrease in accrued interest receivable	954	196
Increase (decrease) in accounts payable	16,385	(4,960)
Increase (decrease) in deferred revenue	(24)	1,650
Net cash provided (used) by operating activities	29,449	1,854
<u>Investing activities</u>		
Purchase of equipment		
Collection of loans receivable	(3,314)	(1,404)
Purchase of certificate of deposit	2,607	7,425
	(70,000)	
Net cash provided (used) by investing activities	(70,707)	6,021
Increase (decrease) in cash and cash equivalents	(41,258)	7,875
Cash and cash equivalents at beginning of years	130,608	122,733
Cash and cash equivalents at end of years	\$ 89,350	\$130,608

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1996 and 1995

Note 1 - Organization and summary of significant accounting policies

The Women Nationally Active for Christ is a nonprofit organization and an auxiliary of the National Association of Free Will Baptists, Inc. located in Antioch, Tennessee. The purpose of the Organization is to publish the Free Will Baptists' magazine for women, to receive and disburse funds for missionaries and provide other services to Free Will Baptist women. The Organization's support comes primarily from donor contributions, dues and fees, and magazine sales.

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. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of 509(a) of the Internal Revenue Code. There was no unrelated business income for 1996.

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

Basis of accounting

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

Basis of presentation

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

Use of estimates

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1996 and 1995

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

Contributions

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

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Property and equipment and depreciation

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500 with a useful life of at least two years. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Equipment	5 - 20 years
-----------	--------------

The net property and equipment balance has been recorded as a separate component in unrestricted net assets.

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. There are numerous loans with varying interest rates and maturity dates. Accordingly, the fair value of these notes approximates the carrying value net of the allowance for doubtful accounts.

Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required for accounts receivable. Management considers the notes receivable that are overdue to be only partially collectible and accordingly has recorded an allowance for doubtful accounts in the amount of \$458 (\$2,438 in 1995).

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WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1996 and 1995

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.

Note 2 - Property and equipment

A summary of property and equipment follows:

	<u>1996</u>	<u>1995</u>
Equipment	\$ 38,137	\$ 37,668
Less: Accumulated depreciation	(20,454)	(20,206)
	<u>\$ 17,683</u>	<u>\$ 17,462</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 in 1991 and will be amortized over a period of twenty years. Amortization expense for the years amounted to \$491 (\$491 in 1995).

Note 4 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	<u>1996</u>	<u>1995</u>
Student Loan	\$ 96,157	\$ 97,996
Foreign scholarship	<u>4,929</u>	<u>4,437</u>
	<u>\$101,086</u>	<u>\$102,433</u>

Permanently restricted assets are restricted to:

Endowment Trust	<u>\$ 9,080</u>	<u>\$ 8,276</u>
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WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1996 and 1995

Note 5 - 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 11 years. The rent expense for the years amounted to \$24,600 (\$24,601 for the year ended December 31, 1995).

The future minimum lease payments are as follows:

1997	\$ 24,600
1998	24,600
1999	24,600
2000	24,600
2001	24,600
Thereafter (estimated)	<u>149,650</u>
	<u>\$272,650</u>

Note 6 - 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 years amounted to \$3,633 (\$3,419 in 1995). 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.

Note 7 - Commitments

The Women Nationally Active for Christ 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.

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1996 and 1995

Note 8 - Change for new pronouncements

The Organization elected to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. As permitted by SFAS No. 116, the Center has retroactively applied the provisions of this new Statements by restating net assets as of December 31, 1994. The adjustment of \$2,959 made to net assets as of December 31, 1994, represents time and purpose-restricted contributions previously reported as deferred revenue. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction. The effect of this new Statements on the Organization's change in net assets for 1995 was an increase of \$1,479.

In 1995, the Organization also elected to adopt SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this new Statements, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1995.

Note 9 - Concentration of credit risk

The Organization maintains cash deposits at a financial institution located in the United States. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 1996 the excess amount over the federally insured limit was \$-0-.

Note 10 - Deferred revenue

Deferred revenue resulted from magazine subscriptions received for 1997 issues.

WOMEN NATIONALLY ACTIVE FOR CHRIST
 (An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1996 and 1995

Note 11 - Fair values of financial instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, accounts receivable, accrued interest receivable, payables, and deferred revenue: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Notes receivable: Based on current interest rates, the carrying value approximates the fair value of the notes receivable at December 31, 1996.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash	\$169,350	\$169,350
Certificate of deposit	80,000	80,000
Accounts receivable	8,272	8,272
Notes receivable	13,825	13,825
Accrued interest receivable	2,876	2,876
Financial liabilities:		
Accounts payable and accrued expenses	37,773	37,773
Deferred revenue	32,238	32,238

Gifts to Missions/Missionary Objectives

January 1, 1996 to December 31, 1996

Cash Gifts		\$408,866.59
Foreign Missions		
Sent through WNAC	221,576.86	
Sent direct to department	187,289.73	
Home Missions		87,697.21
Sent through WNAC	87,697.21	
Sent direct, not available		
Bible colleges		9,801.12
Memorial Student Loan Fund		2,906.05
Other Gifts		10,695.39
Foreign Student Scholarship	1,491.78	
Building Fund	94.00	
Mission Objectives	9,109.61	
Provision Closet		6,441.91
WNAC operating expense		109,126.06
Co-Laborer Offering	24,781.99	
Emphasis Offering	11,478.82	
Endowment Trust Fund	949.00	
Dues	71,916.25	
Non-Cash Gifts		
Provision Closet		34,207.12
Total Cash and Non-Cash Gifts		\$669,741.45

1996 Top Ten Contributors to WNAC

<u>Co-Laborer Offering</u>		<u>Emphasis Offering</u>		<u>Combined</u>	
1. Tennessee	3,715.40	1. Tennessee	1,891.75	1. Tennessee	5,607.15
2. Arkansas	2,656.83	2. Missouri	1,355.78	2. Arkansas	3,936.24
3. North Carolina	2,196.93	3. Arkansas	1,279.40	3. Missouri	3,539.35
4. Missouri	2,183.59	4. North Carolina	1,130.69	4. North Carolina	3,327.52
5. Georgia	1,831.85	5. Alabama	994.00	5. Georgia	2,588.91
6. Oklahoma	1,508.14	6. Oklahoma	920.75	6. Oklahoma	2,428.89
7. Texas	1,458.25	7. Georgia	757.06	7. Alabama	2,349.78
8. Alabama	1,355.72	8. South Carolina	716.00	8. Texas	1,690.25
9. Ohio	1,239.34	9. Virginia	446.25	9. Ohio	1,545.34
10. California	1,055.05	10. Ohio	306.00	10. South Carolina	1,420.29

WNAC Salary Breakdown

	1996	1997	1998
Executive Secretary-Treasurer			
Salary	\$31,181.85	\$32,740.92	\$32,740.92
Social Security	2,431.28	2,552.85	2,552.85
Retirement	1,559.09	1,668.53	1,668.53
Insurance	3,853.20	2,683.32	2,926.81
Travel/Life	277.20	248.40	
Hospital	3,360.00	2,249.40	248.40
Dental	216.00	185.52	2,474.34
Christmas Bonus	599.65	629.63	204.07
Total Salary and Benefits	\$39,625.07	\$40,275.25	\$40,518.74
Executive Assistant			
Salary	\$20,735.63	\$21,772.40	\$22,641.32
Social Security	1,616.78	1,697.52	1,764.66
Retirement	1,036.78	1,109.56	1,153.84
Insurance	3,760.80	2,373.00	2,593.74
Life	184.80	165.60	
Hospital	3,360.00	2,021.88	165.60
Dental	216.00	185.52	2,224.07
Christmas Bonus	398.76	418.70	204.07
Total Salary and Benefits	\$27,548.75	\$27,371.18	\$28,588.97
Editor			
Salary	\$19,492.20	\$20,467.20	\$21,286.20
Social Security	1,519.83	1,595.85	1,627.14
Retirement	584.77	625.83	638.59
Insurance	3,760.80	2,373.00	2,593.74
Life	184.80	165.60	
Hospital	3,360.00	2,021.88	165.60
Dental	216.00	185.52	2,224.07
Christmas Bonus	374.85	393.60	204.07
Total Salary and Benefits	\$25,732.45	\$25,455.48	\$26,555.02
Bookkeeper			
Salary	\$16,114.32	\$16,920.80	\$17,766.84
Social Security	1,256.45	1,319.17	1,358.14
Retirement	483.43	517.28	543.26
Insurance	3,760.80	2,600.52	2,844.01
Life	184.80	165.60	
Hospital	3,360.00	2,249.40	165.60
Dental	216.00	185.52	2,474.34
Christmas Bonus	309.89	325.40	204.07
Total Salary and Benefits	\$21,924.89	\$21,683.17	\$22,853.92

WNAC Receipts for January-December 1996

States	State Programs	Colleges	General Fund	Dues	Emphasis Offering	Endowm. Trust	Together Way	Rest of Family	Foreign Student Scholar.	Provision Closet	Foreign Missions	World Missions	Home Missions	Missions Objectives	Student Loan	Totals
Alabama	\$ 340.00	\$1,355.72	\$ 4,350.00	\$ 994.06	\$ 220.00			\$ 28.51	\$ 175.00	\$ 140.00	\$ 6,627.84	\$ 1,743.64	\$ 9,979.42	\$ 1,133.02	\$ 513.00	\$ 27,550.21
Arizona			290.00	67.00				13.04	30.00		260.00	85.00	178.00		25.00	948.04
Arkansas	\$20,708.93	166.85	2,656.84	16,950.00	1,279.40			31.40	50.00	260.00	7,221.74	2,838.37	12,574.56	1,373.63	344.00	66,455.72
California			1,055.05	2,490.00	159.70					627.00	3,238.01	329.75	1,216.00			9,115.51
Colorado			60.00								2,363.91	548.78	1,050.68	330.00	243.00	6,911.28
Florida			432.17	1,600.00	173.50	25.00		14.24	239.00	264.00	15,115.91	1,934.11	2,805.14	796.00	261.60	29,495.03
Georgia			1,831.85	4,933.25	757.06			17.11								0.00
Hawaii																0.00
Idaho																0.00
Illinois								39.04		223.00	8,856.76	147.00	8,636.34	328.30	15.00	20,976.29
Indiana										65.00	2,420.19	475.00	45.00			3,870.33
Iowa																400.00
Kansas																2,525.95
Kentucky																26,458.66
Louisiana																0.00
Maryland																5,067.62
Michigan																6,910.79
Mississippi																11,151.40
Missouri																37,981.00
Nebraska																549.36
New Hampshire																0.00
New Mexico																1,510.97
North Carolina																50,043.64
Northwest/Washington																0.00
Ohio																23,335.82
Oklahoma																35,724.13
South Carolina																27,439.54
South Dakota																0.00
Tennessee																35,569.38
Texas																10,560.51
Virgin Islands																60.00
Virginia																3,754.01
West Virginia																2,112.12
Retreat																3,636.60
1996 Totals	\$20,708.93	\$9,801.12	\$24,781.99	\$71,916.25	\$11,478.82	\$949.00	\$1,084.02	\$845.29	\$1,491.78	\$6,441.91	\$181,385.61	\$19,482.32	\$87,697.21	\$9,203.61	\$2,906.05	\$450,173.91

Women Nationally Active for Christ

Suggested Budget For the year ending December 31, 1998

Estimated Income

*General Fund Offering	\$ 32,000.00
Convention Offering	1,400.00
Convention Expense Gift	8,000.00
Delegate Fees	400.00
Dues	75,500.00
Interest Income	3,000.00
Literature Sales	15,000.00
Magazine Subscriptions	70,000.00
Miscellaneous	716.00
Retreat Fees	9,500.00
WNAC Emphasis Offering	10,000.00
Total Income	\$225,516.00

Estimated Expense

Salaries	\$ 94,435.00
Employee Benefits	24,081.00
Payroll Tax Expense	7,303.00
Employee Retirement	4,004.00
Health and Life Insurance	10,958.00
Christmas Bonus	1,816.00
Insurance—General & Workers' Compensation	1,000.00
Legal and Professional Services	4,000.00
Convention Expense	7,000.00
Executive Committee Expense	3,500.00
Co-Laborer Magazine Expense	32,950.00
Mailing	2,100.00
Miscellaneous	350.00
Printing	26,000.00
Postage	4,500.00
Miscellaneous Expense	3,000.00
Office Rent	24,600.00
Office Supplies and Materials	5,000.00
Phone	2,000.00
Postage	4,000.00
Printing	7,000.00
Service Contracts	2,000.00
Subscriptions	150.00
Travel and Promotion	4,000.00
Continuing Education	2,000.00
Equipment (additions and repairs)	4,000.00
Special Projects	800.00
Total Expense	\$225,516.00

*The WNAC Executive Committee approved changing the name Co-Laborer Offering to General Fund Offering, December 4, 1996.

The Ministerial Family Life Committee Report

The Ministerial Family Life Committee met in the Executive Office conference room at the national offices building in Antioch, Tennessee, on July 9, 1997. The committee reviewed the materials prepared by attorney Frank Ingraham regarding legal ramifications in the ministerial restoration process and the legal procedure which should be followed when disciplining a Free Will Baptist church member or minister.

The committee continues to work with the attorney in developing suggested procedures in the above areas. The committee's final report and recommendations will be given during the 1998 convention in Tulsa, Oklahoma.

Respectively submitted,
Leroy Forlines (Chairman)
Larry Powell
Eugene Waddell
Trymon Messer
Ralph Hampton (Advisor)
Melvin Worthington (Advisor)

The Report of the General Board

The General Board of the National Association of Free Will Baptists met in the Hyatt Regency Hotel in Cincinnati, Ohio, on Monday, July 21, 1997. As a result of this meeting, we offer the following information and recommendations:

1. We have heard the reports of the Executive Office, Free Will Baptist Bible College, Foreign Missions, Sunday School and Church Training, Home Missions, Retirement, FWB Foundation, WNAC, Music Commission, Commission for Theological Integrity, Radio-TV Commission, Budget Committee, Double in a Decade Committee, and Ministerial Family Life Committee. We recommend that these reports be received and their budgets and recommendations adopted as each is given.
2. We recommend that Little Rock, Arkansas, be the site for the July 15-19, 2007, national convention.
3. The Executive Committee, as requested by the body, reviewed the subject of term limits for the moderator and the assistant moderator. The General Board recommends the adoption of their conclusion that we continue with the present system. Nominations from the floor are encouraged.

Report of the Credentials Committee

We, the Credentials Committee, have examined the letters from the following states, districts and local churches and found them in order as presented below.

1. From the following state associations which are entitled to be represented by five delegates:

Alabama	Illinois	Mississippi	Tennessee
Arkansas	Indiana	Missouri	Texas
California	Kansas	North Carolina	Virginia
Florida	Kentucky	Ohio	West Virginia
Georgia	Maryland	Oklahoma	
Idaho	Michigan	South Carolina	

2. From the following district associations entitled to be represented by three delegates:

Arizona District Association
Atlantic Canada Association
First Colorado Association
First District Association of New Jersey
New Mexico District Association
Northeast Association
Northwest Association
Louisiana Association

3. From the following local churches entitled to be represented by one delegate:

Waipahu FWB Church, Waipahu, Hawaii
Riverview FWB Church, Bettendorf, Iowa
First FWB Church, Billings, Montana
St. Croix FWB Church, Virgin Islands

4. We recommend that the delegates from the state associations, district associations and local churches listed above be seated for this session, along with all their other delegates which are properly registered.

5. We recommend that all lay delegates entitled to represent by virtue of their positions on a standing board be seated if properly registered.

Credentials Committee

J. L. Gore

Ernie Lewis

Jim Marcum

Thurmon Murphy

Richard R. Cordell

Resolutions Committee Report

New NIV Translation

1. Whereas, there is confusion caused among our people by many modern translations of the Bible, and,

Whereas, many of these translations are not reliable and trustworthy, and
Whereas, the new "unisex" version of the NIV is in print and being sold in England, and,

Whereas, this version can be seen as a move to be politically correct and bow to the pressure of the feminist movement, which is close friends with same sex marriage and killing of the unborn, and,

Whereas, this new translation is brought about to compete with other unisex versions for money and not for accuracy, and,

Whereas, this is not just a mere translation but an attack on the inerrancy of Scripture,

Be it resolved that the National Association of Free Will Baptists denounce this new translation as an attack on the inerrancy of Scripture, and,

That the National Association of Free Will Baptists recommend that all Free Will Baptists avoid the New NIV translation, due to the willingness of its translators and publishers to compromise with the politically correct feminist agenda (II Corinthians 6:14-18) whether in England or America.

(Tabled)

Commendation of President

2. Whereas President Clinton has taken a stand against the use of tobacco products by minors, and,

Whereas in the past we have not hesitated to be critical toward our elected authorities,

Be it resolved that this body go on record commending President Bill Clinton for his stand against the use of tobacco products by minors.

Be it further resolved that a copy of this resolution be sent to the White House.

Be it further resolved that this body stand now in prayer for our President.

(Amended then Tabled)

Appreciation

3. Be it resolved that the National Association give a rising vote of thanks to the Ohio State Association for their hospitality in hosting the National Association of Free Will Baptists.

(Adopted)

Respectively submitted,

Paul Thompson (AZ), Chairman

David Joslin (AR)

Billy Hanna (GA)

Phil Ange (NC)

Billy Sharpston (OH)

Nominating Committee Report

These individuals will be nominated to fill terms on the following boards and commissions:

Home Missions Board

Ronnie Adkins, TN
Jim Puckett, OK
Loyd Locklear, MI

Master's Men Board

Clarence Lewis, TN
George Brunkhorst, CA
Thurman Pate, Jr., TN

Board of Retirement

Jim Lowe, OH
Robert Harwell, MO
Bill Ferguson, MI

Commission for Theological Integrity

Leroy Forlines (TN)

Radio-Television Commission

Bill Gardner (TN)

Music Commission

Douglas Little (AR)

Historical Commission

Jack Williams (TN)

General Board

North Carolina: Jim Marcum (1 year)
Northwest Association: Brent Nix (1 year)
Alabama: Richard Cordell
Arizona: David Taylor
Arkansas: David Joslin
Atlantic Canada: Dwayne Broad
California: Doice McAlister
Colorado: Mark Thomas
Florida: Millard Sasser
Georgia: Herbert Waid
Idaho: Earl Jenkins
Illinois: Ernie Lewis
Indiana: Robert Helms
Kansas: Larry Collins
Kentucky: Jim Patton
First Louisiana: Ron Parker
Maryland: Lester Horton
Mexico: James Munsey
Michigan: Gene Norris
Mississippi: J. L. Gore
Missouri: Nathan Ruble

Executive Committee

Gene Norris, MI
Nathan Ruble, MO
David Joslin, AR

General Officers

Moderator: Carl Cheshier (AR)
Assistant Moderator: Tim York (KY)
Clerk: Waldo Young (OK)
Assistant Clerk: Keith Burden (OK)

Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 1998:

Executive Office	\$ 597,466.84
Free Will Baptist Bible College (Includes \$1,100,000.00 in unrestricted gifts)	3,891,646.00
Foreign Missions (Does not include \$773,850.00 Vision Projects)	5,010,401.45
Home Missions	3,000,000.00
Master's Men	143,000.00
Retirement and Insurance	355,665.00
Free Will Baptist Foundation	108,450.00
Sunday School and Church Training	2,961,252.35
Commission for Theological Integrity	2,400.00
Historical Commission	4,375.00
Music Commission	8,400.00
Radio and Television Commission	9,850.00
Total	\$16,092,906.64

All these ministries receive funds through The Together Way Plan except for the Sunday School and Church Training Department which is 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 Administration Budget above designated gifts, not to exceed 45% of cooperative gifts.
2. Disburse the balance of cooperative gifts to the following national ministries according to these percentages:

Free Will Baptist Bible College	23.0%
Foreign Missions	23.0%
Home Missions	18.0%
Retirement and Insurance	14.0%
Master's Men	14.0%
Free Will Baptist Foundation	6.0%
Commission for Theological Integrity	0.5%
Historical Commission	0.5%
Music Commission	0.5%
Radio and Television Commission	0.5%
Total	100.0%

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
Trymon Messer, 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

Obituary Committee Report

Alabama:

Clarence Gamble, Deacon
Roy Ashby, Deacon

Arizona:

Jack V. Corn, Deacon

Arkansas:

Thomas Sewell, Minister
Doyne Farmer, Deacon
Tommy Day, Minister

Georgia:

Jimmy Rackmore, Deacon
John A. Grant, Deacon

Illinois:

Alva Darrough, Deacon
Bennie Johnson, Deacon
Sherman Sullivan, Minister

Missouri:

Robert Warner, Minister
Winford Davis, Minister
Orlie Phillips, Deacon

North Carolina:

Frank Davenport, Minister
Billy Jackson, Minister
John Floyd, Minister

Ohio

Clayton Nunn, Deacon
James (Elmer) Sizemore, Minister
Allen Williams, Minister

South Carolina

J. Newton Howle, Jr., Minister
Wesley McLain, Deacon
Wayne Price, Minister
Troy Balwin, Minister

Tennessee:

Frank McCann, Minister
Charles McNeese, Minister
Adrian D. Kidd, Deacon
Jack Churchill, Deacon
Claude Riner, Deacon
Fay Williams, Deacon
Russell Blair
James Case
Vadney Case
Evelyn Powers
Reva Salyers
Charles Davis, Minister

Registration Committee Report

1997 Convention Registration

National Convention	3,833
Ordained Ministers	774
Ordained Deacons	124
Licensed Ministers	20
Local Church Delegates	60
State Delegates	73
Home Missionaries	76
Foreign Missionaries	38
National Board Members	23
National Officers	4
Non-Delegates	2,641
National Youth Conference	2,105
Women Nationally Active for Christ	836
Grand Total	6,774

1997 National Youth Conference Report

The 30th annual National Youth Conference met in Cincinnati, OH, July 20-24, 1997. Our theme, *Walk In The Light Of The Lord*, was based on Isaiah 2:5. A total of 2,105 participants were registered. A total of 612 competitive entries were conducted during the four-day conference.

Worship services were conducted for Preschoolers (ages 3-5), Children (1st-3rd grades), Tweeners (4th-6th grades), and Youth (7th-12th grades) Sunday morning and Sunday through Tuesday evenings. An average of 1,400 students attended the evening services with over 300 decisions made.

Three hundred sixty-six students participated in our Spotlight Cincinnati program. They labored 1,213 hours at 11 different locations during the three-day program. Their service included teaching, cooking, cleaning, serving meals, cleaning out basements and warehouses, yard work, and 17 served an all-day shift on Wednesday to work as counselors at a summer day camp for children who have no stable home life, even sacrificing joining their youth groups' trips to Kings Island.

A total of 33 LightSource Seminars were presented during the conference for children, youth and youth workers.

Our young people made quite an impression on the city of Cincinnati, including the hotel and convention personnel. The positive reports came daily—evidence of their ability to walk in the light.

The 31st annual National Youth Conference is scheduled for Tulsa, Oklahoma, in July 1998. Our theme will be, "Faith Works."

Report on Promise Keepers
By
The Commission for Theological Integrity
July 21, 1997

Commission Members:
Leroy Forlines, Chairman
Jeff Manning
Daryl Ellis
Paul Harrison
Fred Hall, Secretary

Report on Promises Keepers
By the Commission for Theological Integrity
July 1997

During the 1996 National Convention in Fort Worth, Texas, two resolutions regarding Promise Keepers were presented to the delegates. One resolution voiced strong opposition to Promise Keepers and recommended that our churches and pastors avoid any involvement in the movement. The other resolution praised Promise Keepers and encouraged our men to attend a Promise Keepers rally in their area.

After some discussion, a motion passed instructing the Commission for Theological Integrity "to bring a written report back to this body next year dealing with:

- A. The doctrinal beliefs of the Board of Directors and field representatives of the Promise Keepers movement.
- B. The stated goals and practices of Promise Keepers relating to doctrinal purity."

Though it is commonly understood among us that the Commission for Theological Integrity was asked to address the problems raised by these resolutions, that is not what the motion calls for. The motion asked the Commission to give a written report on the doctrinal beliefs and the stated goals and practices of Promise Keepers relating to doctrinal purity. However, in view of the fact that the context in which the motion was made was the two conflicting resolutions, it seems reasonable that our people

were expecting the Commission to give an explanation of why there are conflicting opinions on involvement in the Promise Keepers movement.

In our report we will first present, from Promise Keepers' material, their doctrinal statement, how they suggest that we deal with heresy, and the "Seven Promises of a Promise Keeper." We will then give an evaluation of this material. Then, we will look at the most common concerns about Promise Keepers. That will be followed by positive observations about Promise Keepers. Then we will make some recommendations for those who choose to be involved in Promise Keepers and those who oppose involvement in Promise Keepers. We will conclude with a section on suggestions for those who will lead in criticism. These observations will be applicable to areas other than Promise Keepers.

Doctrinal Statement of Promise Keepers

(See page 17.)

Dealing with Differences

E. Glenn Wagner, Vice President of Ministry Advancement for Promise Keepers makes the following comments in the book, *The Awesome Power of Shared Beliefs*:

If someone disagrees with us in one of the five fundamentals, Matthew 18 comes into play. The so-called believer who does not hold to the truth is committing sin—specially the sin of heresy—and therefore he or she must be put out of the local church fellowship and/or the denomination. It's not our desire to discipline someone in sin and to cut off fellowship, but given a lack of repentance we are left with no other choice when it concerns a primary issue of Scripture.

This includes the person who claims to affirm the basics but also affirms the opposite at the same time—for example, people who say they believe in Christ but also trust in some sort of works to get them to heaven. (Remember, salvation is by Christ alone!)

For additional Scripture on dealing with the primary issues, see Romans 16:17-18; 2 Thessalonians 3:14-15; 1 Timothy 6:20; and 2 Timothy 4:14).¹

Seven Promises of a Promise Keeper

(See page 16.)

Evaluation

Based on the wording of the statement of faith, the quotation from Glenn Wagner, and the wording of the Seven Promises there would be no reason for concern about Promise Keepers. If there is a problem, it will be related to: (1) The way the promises are amplified in the writings and practices of Promise Keepers, and (2) The question of whether what they say and do is fully consistent with their statement of faith and the statement quoted from Glenn Wagner.

Most Common Concerns about Promise Keepers

Since its first rally in July 1991, Promise Keepers has grown at an astounding rate. It has been highly praised by many who have attended their rallies. At the same time, many from various theological positions have expressed serious concern about the movement.

Relationship Between Protestants and Catholics

Without doubt, the way Promise Keepers has implemented Promise 6 has brought about the most criticism. The promise reads: "A Promise Keeper is committed to reaching beyond any racial and denominational barriers to demonstrate the power of biblical unity."

The founder of Promise Keepers is Bill McCartney, former head coach of the University of Colorado football team. In expounding on Promise 6 in *The Seven Promises of a Promise Keeper*, McCartney explains:

Now, I don't mean to suggest that all cultural differences and denominational distinctions are going to disappear. But what I know is that Almighty God wants to bring Christian men together regardless of their ethnic origin, denominational background, or style of worship. There is only one criterion for this kind of unity: to love Jesus and be born of the Spirit of God. Can we look one another in the eye—black, white, red, brown, yellow, Baptist, Presbyterian, Assemblies of God, Catholic, and so on—and get together on this common ground: 'We believe in salvation through Christ alone, and have made Him the Lord of our lives'? Is that not the central, unifying reality of our existence? And if it is, can we not focus on that and call each other brother instead of always emphasizing our differences? Men, we have to get together on this!²

Very few people would take the position that no person in the Roman Catholic Church is saved. However, in light of their official position of rejecting the doctrine of justification by faith alone, many are not ready for a free, open-arms fellowship between Protestants and Catholics. This concern is also based on other doctrines such as Papal authority, praying to Mary, praying to departed saints, purgatory, praying for the dead, etc. It is apparent that Promise Keepers needs to give more attention to this subject.

For those who want to evaluate the issue of Promise Keepers and Catholics, reference will be made to some statements made in an article, "Catholic men eye Promise Keepers, form own groups" which appeared in the November 29, 1996, issue of *The Birmingham News*. Concerning the number of Catholics attending the Promise Keepers rallies, the article states, "Jim Pack, the Texas state manager for Promise Keepers, said that only 2 percent to 5 percent of conference attendees are Catholic. But he said Promise Keepers won't do anything special to attract Catholics."

The article points out that "Catholic interest in Promise Keepers led a Committee of U. S. Bishops last summer to compose a paper titled 'A Perspective on Promise Keepers' to help Catholics understand the group."

The article states:

In their paper, the Catholic bishops pointed out sticking points with the group. Catholics haven't been invited to serve in the group's leadership positions, either as board members or as conference speakers, because leaders must subscribe to Promise Keepers' faith statement. The statement refers to Scripture as "verbally inspired" and to salvation "through faith alone," which could pose a problem for Catholics, the bishops said.³

What the Catholic bishops did not think would take place, according to this article of November 29, 1996, has since taken place. According to *Christianity Today*, Catholic Michael Timmis of Detroit was recently appointed to Promise Keepers' board (Andres T. Tapia, "Candor, Repentance, Mark PK Latino Summit," *Christianity Today* June 16, 1997: 59).

Relationship Between Promise Keepers and Mormons

Much has been said accusing Promise Keepers of a compromising relationship with Mormons. Apparently, many Mormons have attended Promise Keepers rallies and considered themselves a part of the movement.

In the October 1996 issue of *New Man*, an article appeared by the title, "The Culting of Christianity" by Craig Branch. In this article Mormonism was considered to be a cult. In the January/February 1997 issue of *New Man*, there were several letters responding to the article. Some of the letters praised the article. One letter from a former Mormon confirmed the fact that what it said about Mormons was true. Others expressed disappointment and felt that to print the article was a violation of "break down the walls" that had been the 1996 theme of Promise Keepers rallies. Also, some who are currently Mormons responded. One who said that he was a Promise Keeper said he was shocked that Mormons were considered a cult. Another Mormon expressed disappointment that they had printed the article and asked that they discontinue his subscription.

The Editor's Note in response to the article reads:

The straightforward nature of "The Culting of Christianity" may have misled some of our readers to believe we are rejecting people from different religious groups who have shown an interest in Promise Keepers and *New Man*. The last thing that we want to do is alienate our readers. Our intent was to point out the clear doctrinal differences between orthodox Christianity and other groups and to make an appeal to our readers to consider the key distinctions. Our goal was not to build barriers, but rather to provide information for basic understanding. The truth will prevail; however, we are sorry if the tone of the article came across as harsh and divisive.⁴ [Italics his]

We should keep our eyes open to see what the future holds about the relationship between Promise Keepers and Mormons.

There should not be any question about Mormons simply attending Promise Keepers rallies to hear the gospel. However, there would be a problem if Mormons were considered a part of the Christian unity that Promise Keepers is promoting.

Note: It may be of interest that as of March 1, 1997, *New Man* is no

longer associated with Promise Keepers.

Robert Hicks' book: *The Masculine Journey*

Some of the strongest attacks on Promise Keepers have been made against the use of Robert Hicks' book, *The Masculine Journey*, and the study guide, *The Masculine Journey: A Promise Keepers Study Guide* by Robert Hicks with Dietrich Gruen. The use of this book and study guide has been discontinued. However, since it has been one of the chief areas of concern, we feel that we should give some attention to it.

In order to be fair to Hicks, we must say something about how the book came to be written and his purposes in writing the book. In recent years it seems that many men have lost any real understanding of what it means to be a man or what it means to be masculine. We are all probably aware fact that in the last few decades there have been serious questions raised about what it means to be a woman or what it means to be feminine. As Hicks and others see it, there has also been a similar problem among men.

From this struggle to help men understand what it means to be masculine, Hicks came up with the view that there are six stages in the development of manhood. According to Hicks, these six stages are represented in the Old Testament by six Hebrew words. These stages as represented by their Hebrew words are: (1) Creational Male—Adam: The Noble Savage, (2) The Phallic Male—Zakar: The Mysterious Taskmaster, (3) The Warrior—Gibbor: The Glorious Hero, (4) The Wounded Male—Enosh: The Painful Incongruency, (5) The Mature Man—Ish: The Reborn Ruler, and (6) The Sage—Zaken: The Fulfilled Man.⁵

While there are some criticisms about other things in the book, the major criticism is with the treatment of the "Phallic Male." Hicks has had a ministry to men's groups. He has a great deal of concern about the problems facing men in today's world. He is correct in recognizing that many men's problems are sex related. However, it appears that in the minds of the majority of people he went too far in this chapter. Even if we grant the validity of what he says, much of it should be limited to the office of a trained professional and a person who needs help.

We will look at a few areas of concern. When those who wish to identify with Promise Keepers return home, they organize in small groups with a group leader. At the time Hicks' book was being used, a group leader would take the group through the study guide. During one of the lessons they were to play People Bingo. One of the questions asked was who "is wearing boxer shorts or bikini briefs."⁶

In the lesson on the Phallic Male, under the section "EXPLORING THE ISSUES WITH OTHER MEN" [capital letters in the book], the third suggestion reads:

- Our culture has presented many initiation rites, or passages to manhood, that are associated with the phallus. Which ones have you experienced? Do you have a story to share with other men about one such event?

☐ When I was potty trained and stopped wetting my bed

- ☐ Pubic hair and growth
- ☐ An unfortunate experience with pornography
- ☐ My first dating experience
- ☐ My first really embarrassing moment with a girl
- ☐ The wedding night
- ☐ Conceiving my first child
- ☐ Other⁷

One area that has caused concern is Hicks' suggestion about celebrating the first experience with sin. He explains:

I'm sure many would balk at my thought of celebrating the experience of sin. I'm not sure how we could do it. But I do know we need to do it. For example, we usually give the teenagers in our churches such a massive dose of condemnation regarding their first experience with sin that I sometimes wonder how any of them could recover. Maybe we could take a different approach. Instead of jumping all over them when they have their first experience with the police, or their first drunk, or their first experience with sex or drugs, we could look at this as a teachable moment and a rite of passage. Is this putting a benediction on sin? Of course not, but perhaps at this point the true elders could come forward and confess their own adolescent sins and congratulate the next generation for being human. Then they could move on to the all-important issues of forgiveness and restoration, but this time on common ground, with the young person as a fellow sinner!⁸

There has been considerable negative reaction to the following comments about Jesus by Hicks:

I believe Jesus was phallic with all the inherent phallic passions we experience as men. But it was never recorded that Jesus had sexual relations with a woman. He may have thought about it as the movie *The Last Temptation of Christ* portrays, but even in this movie He did not give in to the temptation and remained true to His messianic course. If temptation means anything, it means Christ was tempted in every way as we are. That would mean not only heterosexual temptation but also homosexual temptation! I have found this insight to be very helpful for gay men struggling with their sexuality.⁹

In fairness to Hicks we must point out that it was his aim to help men cope with the problems of life and to live pure lives. However, it has not been just a few extremists and prudes who have raised objections to his approach.

Those in charge of Promise Keepers should have foreseen that this book and study guide would meet with opposition. When one of the basic aims of a movement is to promote unity, the leaders must consider how what they want to do will be received by the people they want to reach. It should not have been hard to foresee the problems in this case.

Note: Promise Keepers is shifting toward working with the existing men's groups in the local churches. For Free Will Baptist churches that would mean Master's Men groups in churches that have a Master's Men group.

Promise Keepers' Position on Homosexuality

Promise Keepers "Homosexuality Statement" reads as follows:

Promise Keepers shares the same historic stance taken by evangelicals and Catholics that sex is a good gift from God to be enjoyed in the context of heterosexual marriage. We believe that the Bible clearly teaches that homosexuality violates God's creative design for a husband and a wife and that it is a sin (Leviticus 18:22; Romans 1:24-27; 1 Corinthians 6:9-10).

Because we have experienced the love of Christ, we desire to share His love with all men. While we have clear convictions regarding the issue of homosexuality, we invite homosexuals to be recipients of God's mercy, and forgiveness, available to everyone through a personal relationship with Jesus Christ. We therefore support their being included and welcomed in all our events.¹⁰

The statement is clear and forthright so far as whether homosexuality is considered a sin. The last statement: "We therefore support their being included and welcomed in all our events" is acceptable if it means that homosexuals are welcome to hear the gospel preached. It is not acceptable if it means that they are welcomed as a part of the unity they are seeking to enhance. That, of course, would be true of all sinners. They would not be a part of the unity. We agree that we must let homosexuals know that Jesus loves them and wants to save them.

Leaders' Claims to be Recipients of Divine Revelation

It is common knowledge that at least three of their leaders are members of the Vineyard Movement. The three are: Randy T. Phillips (President of Promise Keepers), Bill McCartney (Founder of Promise Keepers), and James Ryle (a board member).

Some in the Vineyard Movement claim to have the gift of prophecy and believe that at times God speaks to them by Divine revelation. Of course, the traditional position of Protestantism has repudiated such teaching. It should be pointed out that none of the official documents of the Promise Keepers movement affirms continuing Divine revelation.

On March 18, 1997, Dan Erickson, a staff member from the national office of Promise Keepers met with several department heads and three members (Leroy Forlines, Fred Hall and Paul Harrison) of the Commission for Theological Integrity at our National Offices. The question was raised as to whether some officers or board members of Promise Keepers believed that God spoke to them by Divine revelation. Erickson seemed to think that when they said that God spoke to them they were using the expression the same way preachers among us might use the term. Forlines asked if he could get a signed statement saying that no one officially connected with Promise Keepers believed that God spoke to him by Divine revelation. Erickson said that he could.

Since the request was verbally given, it is possible that it was misunderstood or was not conveyed with exactness. The president of Promise

Keepers, Randy T. Phillips sent the following letter to Master's Men general director Jim Vallance.
(See page 39.)

While the letter does not address the question of whether any officer or board member believes that he is a recipient of Divine revelation, it does make it clear that Promise Keepers is not committed to such a position.

Positive Observations

It was felt that there is a real need among men. Promise Keepers was brought into being to meet that need. It is the opinion of many that Promise Keepers is ministering to that need. Most who attend the rallies are strong in their praise of what took place. The reports indicate that the preaching is good. Many men are saved in the rallies.

The following is a summary of the benefits of Promise Keepers:

1. Their statement of faith is biblically sound.
2. The Seven Promises touch on some important concerns.
3. There is sound biblical preaching at conferences and rallies.
4. There is an emphasis on holiness and a call to sexual purity.
5. In spite of attacks by feminists and homosexuals, they have been unwavering in their commitment.
6. Men are challenged to assume a God-given role of leadership in their churches and in their homes.
7. There is a strong emphasis for men to go back and serve in their local churches.

Recommendations

Promise Keepers is a very sensitive issue among many Free Will Baptists. It may be the most sensitive issue ever to be dealt with by this National Association. Probably, everyone who reads this report will have some concern regarding some of what has been pointed out about Promise Keepers. When all is considered, some will likely feel that it further confirms their decision about not becoming involved in Promise Keepers. Others, while sharing that concern, will probably still be inclined to attend and be involved in Promise Keepers.

It is important for those on all sides of the issue to keep in mind that being a Promise Keeper involves much more than attending a rally. It involves making a commitment to the Seven Promises. It also includes becoming involved with others in small groups and pursuing recommended ways of keeping the Seven Promises. Only those who follow through are real Promise Keepers. Attending a Promise Keepers' rally does not make a person a Promise Keeper. Many who attend the rallies do not become Promise Keepers. In view of these observations, some may oppose a person's doing all that would make him a Promise Keeper, but not oppose attendance at a rally.

There are many opinions about Promise Keepers. There may be many reasons that a particular person may not want to attend Promise

Keepers rallies. It may be a matter of conviction, or it may simply not appeal to him. Others will want, at least in some measure, to actively oppose Promise Keepers. Among those who attend, some will give a total or near total endorsement to all that happens. Some who attend will have concerns about the movement, but will still choose to be involved. Many will limit their involvement in Promise Keepers, while others will sign a commitment to the Seven Promises and will be involved in the small group meetings on the local level. Some will be low-keyed in their promotion of Promise Keepers, while others may be aggressive.

In light of the study we have made, we make the following recommendations:

For those who want to be actively involved in issues related to Promise Keepers (either for or against)

1. Spend time researching the issue. Be fair in what you say about others and be respectful in the way you say it.
2. Document what you say so people can check it out and be guided in doing their own research.
3. As much as is reasonably possible, go to original sources rather than quoting second- and third- hand sources.
4. Encourage others to do their own research.
5. Obey your own conscience and expect others to obey their consciences.
6. Try to use Scripture and sound reasoning in attempting to convince other people. Encourage people to think.

Recommendations for those who want to consider being a Promise Keeper

1. Give careful consideration to that which we have pointed out about Promise Keepers.
2. Study carefully what is involved in the Seven Promises before you sign promising to keep them. You may have a great appreciation of the basic ideas involved in the promises. But you may not be willing to follow through on the instructions. If that is the case, don't sign them.
3. If you should choose to become actively involved,
 - (1) Keep in mind the areas of concern we have addressed.
 - (2) Be sure that you are thoroughly informed on what is involved in Promise Keepers both on the level of rallies and local activities.
 - (3) Share with the appropriate people in the movement what you consider to be valid concerns that people raise.
 - (4) Listen to what those who oppose Promise Keepers are saying, especially those who do it with the right spirit.
 - (5) Encourage those who are in leadership roles in Promise Keepers to listen to the concerns of those critics who are fair-minded.
 - (6) Encourage self-criticism within the movement.

Those who Lead in Criticism

Organizations, institutions, movements and individuals with a high profile should expect criticism. At the same time there are right ways

and wrong ways, good ways and bad ways to go about the criticism. We believe that the cause of Christ will be better served if those on all sides of an issue faithfully follow the suggestions given below.

Maintain Integrity.

Criticism of other Christians or Christian organizations should be done with integrity and fairness. We have the same obligation to be honest about areas where we have negative concerns as we do about that which meets our highest approval. God holds us accountable for being honest. The binding demand for honesty is not altered by whether what we are speaking of is good or evil.

Those who feel deeply must be on guard against drawing conclusions without evidence. We may know by discernment that a person, movement or organization is dangerous. Discernment may be an adequate reason for avoiding an involvement with a movement, but it does not qualify us to actively campaign against a movement.

The same can be said about having an acquaintance through excerpts. By reading a few excerpts from what a person has said or excerpts from material that has been approved by an organization, we may decide that we want to distance ourselves from that person or organization. However, reading a few excerpts does not make us an expert witness. A mere excerpt acquaintance with a person's view may lead to a serious misunderstanding of his view. If we start expanding our comments based on excerpts, we will lose our credibility if we show that we misunderstood what he said. Honesty demands that we not make claims of knowledge beyond what the evidence available to us supports. Until we have made an adequate investigation, honesty demands that we avoid dogmatic conclusions.

Aim to Persuade and Convince.

There is not much controversy these days, but there is a lot of conflict. In a controversy one side states a position and the other side responds to it. Then each side explains why its viewpoint is right and the other side is wrong. Both sides believe that truth exists. In principle, at least, it is possible for the truth to prevail.

Today, once a conflict is started, the tendency is to try to roll out the heavy artillery and blast away the other side, or to piously say, "I don't want to get involved." The tendency is to avoid getting together and by an appeal to Scripture and plain reason try to arrive at a common understanding of what truth is.

Whenever we think something will endanger the doctrinal, moral and spiritual integrity of the church, we have both a right and a responsibility to speak up (Jude 3). However, our aim should be to persuade and convince, not to blast away. Those who expect to take leadership roles in such endeavors must spare no effort in developing an accurate under-

standing of the issues and the particulars. This will take a great deal of work and study.

When dealing with movements and organizations, we need to use reliable sources of information. We need to give the sources of our information so the reader can check to see if our understanding is correct. We need to be fair to those with whom we differ.

Look at All Sides of the Problem.

Proverbs 26:4 reads:

Answer not a fool according to his folly, lest thou also be like unto him.

Proverbs 26:5 reads,

Answer a fool according to his folly, lest he be wise in his own conceit.

One verse tells you not to answer a fool. The other verse tells you to answer a fool. If that be the case, how do you obey these two verses? Obviously you cannot do both of these in every situation. What you have to do is to consider what the greatest risk is. If the greatest risk is that you will be like him, you do not answer him. If the greatest risk is that he will be wise in his own conceit, you do answer him. It will not always be easy to decide which of these to do, but you must do one of them. It is a serious mistake to choose one of these approaches and adopt it as your approach to every situation.

There is an important principle of interpretation for life and thought to be learned here. Some truths cannot be set forth in one principle alone, but must be set forth in two or more principles which counterbalance each other. Here we see tension. There is tension between the different sides or angles of truth. This tension is needed to keep balance. This principle of interpretation guides us in areas where we are dealing with what we might call *general truth* instead of *absolute truth*. As is illustrated in Proverbs 26:4 and 5, there is no absolute truth about whether and when to answer fools. This is similar to the principle: "There are two sides to the same coin." Or, "There are many facets of truth." This can be called: *The principle of tension and counterbalance*.

It is important to remember that there are absolute truths such as the moral teachings of the Ten Commandments. These we are to obey. But there are some areas of life for which we have general principles rather than absolute truths to guide us. In these cases we are, by the help of God, to make wise choices. It is important to remember that on some subjects the truth cannot be set forth in a single statement or principle. We must hear or read a broad range of material on the subject lest our thinking should get out of balance. *One of the reasons for so many unresolved conflicts in the church world is that one side of the truth is made into an absolute by some and the other side of the truth is made into an absolute by others.*

The Christian must be concerned for doctrinal purity on the one hand and the unity of believers on the other hand. It is not always easy to know how to balance these concerns. In this world there will always be some tension about how we fulfill these responsibilities.

Avoid Requiring Perfection for Fellowship.

After Israel divided under Rehoboam into the Southern and the Northern Kingdoms, all of the kings of the Northern Kingdom were wicked kings. It was said of several of the kings of the Southern Kingdom he "did that which was right in the sight of the LORD." Then it was said, "But he did not remove the high places." This was said of Asa (1 Kings 15:9-14); Jehoshaphat (1 Kings 22:41-43); Joash (2 Kings 12:2-3); Amaziah (2 Kings 14:1-4); Uzziah (2 Kings 15:1-4); and Jotham (2 Kings 15:32-35). Only Hezekiah (2 Kings 18:1-7) and Josiah (2 Chron. 34:1-7) of the kings in the Southern Kingdom removed the high places.

Of all the kings mentioned above from the Southern Kingdom, except Hezekiah and Josiah, it was said that they did not remove the high places. At the same time it was said that they did that which was right in the sight of the LORD.

Note: It should be pointed out that 1 Kings 22:43, in summing up the reign of Jehoshaphat, says that "The high places were not taken away; for the people offered and burnt incense in the high places." However, 2 Chronicles in referring to the early reign of Jehoshaphat says, "And his heart was lifted up in the ways of the LORD: Moreover he took away the high places and groves out of Judah," (17:6). It appears that 1 Kings 22:43 is an overall assessment of Jehoshaphat's reign. 2 Chronicles 17:6 refers to what happened early in his reign, but did not last.

There are some observations to be made from the fact that the statements: "He did that which was right in the sight of the LORD," and "But he did not remove the high places" were made about the same person. Keep in mind that God had instructed the people to tear down the high places (Num. 33:52 and Deut. 33:29).

The first observation to be made is that even though they did not remove the high places that did not keep them from receiving the overall evaluation: "He did that which was right in the sight of the LORD." This evaluation is given of Joash, Amaziah, Uzziah, and Jotham in 2 Chronicles without even explaining that they did not remove the high places. The second observation is that even though the good evaluation was given of each of these, there was no cover up made of their gross error in not removing the high places.

There are some lessons to be learned from these observations. The first lesson is that if a person or movement has a good overall evaluation, we do not need to reject the person or movement because there are flaws present. The second lesson is that though a person or movement may be given the overall evaluation of good, we do not let that keep us from calling attention to faults that may be present.

The downward slide in the Southern Kingdom after the time of Jehoshaphat can in many ways be laid at the feet of Jehoshaphat. In addition to the fact that he did not remove the high places, he made an alliance with the wicked King Ahab of the Northern Kingdom. Though not failing to point out his sins, in sizing up his reign the Scripture says, "And

he walked in the way of Asa his father, and departed not from it, doing that which was right in the sight of the LORD" (2 Chron. 20:32).

It is important for us to observe that while Ahab is rejected in Scripture, Jehoshaphat is not. Jehoshaphat is criticized. He made some serious mistakes. The history of Judah following the reign of Jehoshaphat gives evidence that his mistakes had serious negative consequences. But in spite of the seriousness of his mistakes, God still gives a positive assessment of Jehoshaphat.

It is a mistake to reject Jehoshaphat. It is also a mistake to fail to point out his mistakes and their negative consequences.

The biblical treatment of Jehoshaphat and Ahab furnishes a model for us to follow. If a person, institution, or movement is heretical, it should be rejected. If it is right on basic theology, but has serious flaws it should be criticized. The seriousness of its errors should be pointed out. Correction should be sought, but it should not be rejected. The flaws may be of such a nature that we limit our involvement, or we may choose not to get involved, but we do not reject it. We seek to correct, but not destroy. In such cases we need to ask are we dealing with Ahab or are we dealing with Jehoshaphat? When we are dealing with Jehoshaphat, we do not help the cause of Christ by overlooking his faults and errors. The same could be said of Asa, Joash, Amaziah, Uzziah, and Jotham.

There should be no question about separation from those who are heretical in their theology (Romans 16:17-18; 2 Corinthians 6:14-17; Galatians 1:8-9; 2 Timothy 3:1-5; and 2 John 7-11). When we go further than the teaching of these verses in drawing the lines of separation, we will not be able to agree on the point where separation is considered to be either necessary or wise.

We present this report to you for your consideration.

Endnotes

- ¹ E. Glenn Wagner, *The Awesome Power of Shared Beliefs* (Dallas: Word, 1995) 180-181.
- ² Bill McCartney "A Man and His Brothers," in *Seven Promises of a Promise Keeper* (Colorado Springs: Focus on the Family, 1994) 161-162.
- ³ Deborah Kovach Caldwell, *Dallas Morning News*, in "Catholic men eye Promise Keepers, Form Own Group" *The Birmingham News* 29 Nov. 1996.
- ⁴ "Letters" in *New Man* (January/February 1997).
- ⁵ Robert Hicks, *The Masculine Journey* (Colorado Springs: NAVPRESS, 1993) from the Table of Contents.
- ⁶ Robert Hicks with Dietrich Gruen, *The Masculine Journey: A Promise Keepers Study Guide* (Colorado Springs: NAVPRESS, 1993) 16.
- ⁷ Hicks and Gruen 33.
- ⁸ Hicks 177.
- ⁹ Hicks 181.
- ¹⁰ From a copy of "PK PROMISE KEEPERS, HOMOSEXUALITY STATEMENT."



MISSION STATEMENT

Promise Keepers is a Christ-centered ministry dedicated to uniting men through vital relationships to become godly influences in their world.

A sovereign move of God's Spirit is stirring the hearts of men. In a world of negotiable values, confused identities, and distorted priorities, men are encountering God's Word, embracing their identities as His sons, and investing in meaningful relationships with God, their families and each other.

Clearly, Christian men have an unprecedented opportunity to seize this moment and make a difference for Jesus Christ. We believe that God wants to use Promise Keepers as a spark in His hand to ignite a nationwide movement calling men from all denominational, ethnic, and cultural backgrounds to reconciliation, discipleship, and godliness.

Seven Promises of a Promise Keeper

Promise #1

A Promise Keeper is committed to honor Jesus Christ through worship, prayer, and obedience to His Word in the power of the Holy Spirit.

Promise #2

A Promise Keeper is committed to pursue vital relationships with a few other men, understanding that he needs brothers to help him keep his promises.

Promise #3

A Promise Keeper is committed to practice spiritual, moral, ethical, and sexual purity.

Promise #4

A Promise Keeper is committed to build strong marriages and families through love, protection, and biblical values.

Promise #5

A Promise Keeper is committed to support the mission of his church by honoring and praying for his pastor and by actively giving his time and resources.

Promise #6

A Promise Keeper is committed to reach beyond any racial and denominational barriers to demonstrate the power of biblical unity.

Promise #7

A Promise Keeper is committed to influence his world, being obedient to the Great Commandment (Mark 12:30-31) and the Great Commission (Matthew 28:19-20).

STATEMENT OF FAITH

1. We believe that there is one God, eternally existing in three persons: the Father, the Son, and the Holy Spirit.
2. We believe that the Bible is God's written revelation to man, and that it is verbally inspired, authoritative, and without error in the original manuscripts.
3. We believe in the deity of Jesus Christ, His virgin birth, sinless life, miracles, death on the cross to provide for our redemption, bodily resurrection, and ascension into heaven, present ministry of intercession for us, and His return to earth in power and glory.
4. We believe in the personality and deity of the Holy Spirit, that he performs the miracle of the new birth in unbelievers and indwells believers, enabling them to live godly lives.
5. We believe that man was created in the image of God, but because of sin, was alienated from God. Only through faith, trusting in Christ alone for salvation which was made possible by His death and resurrection, can that alienation be removed.

PR PROMISE KEEPERS

STATEMENT OF FAITH

1. We believe that there is one God¹ eternally existing² in three persons: The Father, the Son, and the Holy Spirit.³

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- ¹ Deut. 6:4 Hear, O Israel: The Lord our God, the Lord is one.
- I Cor. 8:4 So then, about eating food sacrificed to idols: We know that an idol is nothing at all in the world and there is no God but one.
- ² Psalm 90:2 From everlasting to everlasting, you are God.
- I Tim. 1:17 Now to the King eternal, immortal, invisible, the only God, be honor and glory for ever and ever. Amen.
- ³ Matt. 28:19 Therefore go and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit.
- 2 Cor. 13:14 May the grace of the Lord Jesus Christ, and the love of God, and the fellowship of the Holy Spirit, be with you all.

2. We believe that the Bible is God's written revelation to man¹ and that it is verbally inspired², authoritative³, and without error in the original manuscripts⁴.

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- ¹ 2 Pet. 1:20-21 Above all, you must understand that no prophecy of Scripture came about by the prophet's own interpretation. For prophecy never had its origin in the will of man, but men spoke from God as they were carried along by the Holy Spirit.
- ² 2 Tim. 3:16 All Scripture is God-breathed and is useful for teaching, rebuking, correcting, and training in righteousness.
- ³ Rev. 22:18-19 I warn everyone who hears the words of the prophecy of this book: If anyone adds anything to them, God will add to him the plagues described in this book. And if anyone takes words away from this book of prophecy, God will take away from him his share in the tree of life and in the holy city, which are described in this book.

⁴ John 17:17 Sanctify them by the truth; your word is truth.

Matt. 5:17-18 Do not think that I have come to abolish the Law or the Prophets; I have not come to abolish them but to fulfill them. I tell you the truth, until heaven and earth disappear, not the smallest letter, not the least stroke of a pen, will by any means disappear from the Law until everything is accomplished.

3. We believe in the deity of Jesus Christ¹, His virgin birth², sinless life³, miracles⁴, death on the cross to provide for our redemption⁵, bodily resurrection and ascension into heaven⁶, present ministry of intercession for us⁷, and His return to earth in power and glory⁸.

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- ¹ John 1:1 In the beginning was the Word, and the Word was with God, and the Word was God.
- Col. 2:9 For in Christ all the fullness of Deity lives in bodily form.
- ² Matt. 1:23 The virgin will be with child and will give birth to a son, and they will call him Immanuel — which means God with us.
- ³ Heb. 4:15 For we do not have a high priest who is unable to sympathize with our weaknesses, but we have one who has been tempted in every way, just as we are — yet without sin.
- ⁴ Acts 2:22-23 Men of Israel, listen to this: Jesus of Nazareth was a man accredited by God to you by miracles, wonders and signs, which God did among you through him, as you yourselves know. This man was handed over to you by God's set purpose and foreknowledge; and you, with the help of wicked men, put him to death by nailing him to the cross.
- ⁵ I Pet. 3:18 For Christ died for sins once for all, the righteous for the unrighteous, to bring you to God. He was put to death in the body but made alive by the Spirit.
- I John 1:7 The blood of Jesus, his Son, purifies us from all sin.
- ⁶ I Cor. 15:4 that he was buried, that he was raised on the third day according to the Scriptures.
- Mark 16:19 After the Lord Jesus had spoken to them, he was received up into heaven, and sat down at the right hand of God.
- ⁷ Heb. 7:25 Therefore he is able to save completely those who come to God through him, because he always lives to intercede for them.

⁸ Matt. 24:30 At that time the sign of the Son of Man will appear in the sky, and all the nations of the earth will mourn. They will see the Son of Man coming on the clouds of the sky, with power and great glory.

4. We believe in the personality¹ and deity² of the Holy Spirit, that He performs the miracle of new birth in an unbeliever³ and indwells believers, enabling them to live a godly life⁵.

¹ I Cor. 2:10-11 but God has revealed it to us by his Spirit. The Spirit searches all things, even the deep things of God. For who among men knows the thoughts of a man except the man's spirit within him? In the same way no one knows the thoughts of God except the Spirit of God.

I Cor. 12:11 All these are the work of one and the same Spirit, and he gives them to each one, just as he determines.

Eph. 4:30 And do not grieve the Holy Spirit of God.

² Acts 5:3-4 Then Peter said, "Ananias, how is it that Satan has so filled your heart that you have lied to the Holy Spirit? ... You have not lied to men but to God."

³ Titus 3:5 he saved us, not because of righteous things we had done, but because of his mercy. He saved us through the washing of rebirth and renewal by the Holy Spirit.

⁴ I Cor. 6:19 Do you not know that your body is a temple of the Holy Spirit, who is in you, whom you have received from God? You are not your own.

⁵ Eph. 5:18 be filled with the Spirit

Gal. 5:16 So I say, live by the Spirit, and you will not gratify the desires of the sinful nature.

Gal. 5:22-23 But the fruit of the Spirit is love, joy, peace, patience, kindness, goodness, faithfulness, gentleness, self-control.

5. We believe that man was created in the image of God¹, but because of sin², was alienated from God³. Only through faith⁴, trusting in Christ alone⁵ for salvation which was made possible by His death⁶ and resurrection⁷, can that alienation be removed.

¹ Gen. 1:27 So God created man in his own image, in the image of God he created him; male and female he created them.

² I John 3:4 Everyone who sins breaks the law; in fact, sin is lawlessness.

Rom. 3:23 for all have sinned and fall short of the glory of God

³ Rom. 6:23 For the wages of sin is death

Isaiah 59:2 But your iniquities have separated you from your God; your sins have hidden his face from you, so that he will not hear.

⁴ Eph. 2:8-9 For it is by grace you have been saved, through faith — and this not from yourselves, it is the gift of God — not by works, which God prepared in advance for us to do.

Phil. 3:9 and be found in him, not having a righteousness of my own that comes from the law, but that which is through faith in Christ — the righteousness that comes from God and is by faith.

Rom. 3:28 For we maintain that a man is justified by faith apart from observing the law.

⁵ John 14:6 Jesus answered, "I am the way, and the truth, and the life. No one comes to the Father, except through Me."

Acts 4:12 Salvation is found in no one else, for there is no other name under heaven given to men by which we must be saved.

I Jn. 5:11-12 And this is the testimony: God has given us eternal life, and this life is in his Son. He who has the Son has life; he who does not have the Son of God does not have life.

⁶ Rom. 3:24 and are justified freely by his grace through the redemption that came by Christ Jesus.

Rom. 5:8 But God demonstrates his own love for us, in this: While we were yet sinners, Christ died for us.

John 3:16 For God so loved the world, that he gave his one and only Son, that whoever believes in him shall not perish, but have eternal life.

Eph. 1:7 In Him we have redemption through His blood, the forgiveness of sins, in accordance with the riches of God's grace.

⁷ I Cor. 15:3-8 For what I received I passed on to you as of first importance: that Christ died for our sins according to the Scriptures, and that he appeared to Peter, and then to the Twelve. After that, he appeared to more than five hundred of the brothers at the same time, most of whom are still living, though some have fallen asleep. Then he appeared to James, then to all the apostles, and last of all he appeared to me also, as to one abnormally born.

All Scripture references are taken from the *New International Version* (NIV).

HISTORY AND MISSION OF PROMISE KEEPERS

The History of Promise Keepers

March 20, 1990: The Birth of an Idea

Bill McCartney, head football coach for the University of Colorado, and Dr. Dave Wardell traveled to a Fellowship of Christian Athletes banquet in Pueblo, Colorado. In the context of praying and worshipping together, Coach asked Dave, "What do you feel is the most important factor in changing a man spiritually, from immaturity to maturity?"

Dave immediately replied, "Discipleship."

Coach then shared how there is a special dynamic when men come together to honor Jesus Christ. He envisioned a gathering of 50,000 men at the University of Colorado's Folsom Field for training and teaching on what it means to be godly men. He was imagining a revival among Christian men who were willing to take a stand for God in their marriages, families, churches, and communities. The two elements of *revival* and *discipleship* became the foundation and focus of Promise Keepers.

Spring/Summer 1990: The Core Group

Dave and Coach met weekly in March and April of 1990 to pray and petition God for direction concerning these large gatherings of men. Chuck Lane, who was working with Campus Crusade, and Dan Schaffer, who had disciplined men for years, later joined Bill and Dave for these prayer meetings. Dave, Dan, and Chuck each brought to this initial core group experience and gifts in discipling men one-on-one. They began to model one of Promise Keepers' core values -- the men's small group.

1990 Men's Gathering

In July 1990 seventy-two friends and associates of the core group gathered at a local church to discuss a conference for the men of Colorado. The name Promise Keepers evolved out of Coach Mac's messages given to a number of churches along the Front Range of Colorado. His theme was "personal integrity." By definition, integrity is comprised of six components: (1) utter sincerity, (2) honesty, (3) candor, (4) not artificial, (5) not shallow, (6) no "empty promises." Additionally, the board committed to pray and fast on Wednesdays for a men's conference in July, 1991.

Promise Keepers '91: Where Are The Men?"

The first conference was a success as 4200 men gathered at the University of Colorado Events Center. This conference was conducted entirely by volunteers. The men who attended were each challenged to bring 12 others to the next year's conference.

Field Ministry Developed

Following Promise Keepers '91, the Field Ministry Team strategically reached out to churches throughout Colorado. Two ministries were developed: the Point Man and Ambassador. The Point Man ministry grew the first year to approximately 1,000 participating churches. Another core value of Promise Keepers was established -- men's ministries in the local church.

During this year, Dr. James Dobson of Focus on the Family promoted Promise Keepers '92, and Promise Keepers witnessed extraordinary constituent growth. The board and staff planned for a two-day men's conference and a three-day leadership conference for 1992.

Promise Keepers '92: What Makes A Man?

Fifteen-hundred pastors and lay leaders gathered for the first National Leadership Conference, and 22,000 men from virtually every state in the nation convened at Folsom Field at the University of Colorado for the first National Men's Conference. A Staff of five people and hundreds of volunteers made this possible. During this conference, the mandate was issued for men to pursue reconciliation across racial and denominational lines.

Promise Keepers '93: Face To Face

The initial goal of Promise Keepers to fill C.U.'s Folsom Field with 50,000 men gathered to honor Jesus Christ and to learn more about becoming godly men was realized at Promise Keepers '93. Men from every state in the nation and 16 foreign countries came to Boulder. In addition, over 3,000 pastors and lay leaders gathered for the second National Leadership Conference.

Since then, God has expanded our vision to gather men in stadiums throughout the nation. More than events, we believe that God wants Promise Keepers conferences to be a spark in His hand to ignite a nationwide movement calling men to reconciliation, discipleship, and godliness.

The Field Ministry Staff at Promise Keepers continues to train men throughout the nation in men's small group dynamics and in developing effective men's ministries, with a special emphasis on racial and denominational reconciliation.

Promise Keepers '94: Seize The Moment

This year brought an increase in our conference schedule to include, Anaheim, CA; Boise, ID; Indianapolis, IN; Denton, TX; and Portland, OR; in addition to the regular Boulder conferences. Over 230,000 men were able to attend these sold-out events, bringing honor to Jesus Christ and reaching out through teaching and worship to encourage the men of our world to make a decision *now* to become godly influences.

Mission Statement

Promise Keepers is a Christ-centered ministry dedicated to uniting men through vital relationships to become godly influences in their world.

A sovereign move of God's Spirit is stirring the hearts of men. In a world of negotiable values, confused identities, and distorted priorities, men are encountering God's Word, embracing their identities as His sons, and investing in meaningful relationships with God, their families and each other.

Clearly, Christian men have an unprecedented opportunity to seize the moment and make a difference for Jesus Christ. We believe that God wants to use Promise Keepers as a spark in His hand to ignite a nationwide movement calling men from all denominational, ethnic, and cultural backgrounds to reconciliation, discipleship, and godliness.

Our Statement of Faith

1. We believe that there is one God eternally existing in three persons: the Father, the Son, and the Holy Spirit.
2. We believe that the Bible is God's written revelation to man and that it is verbally inspired, authoritative, and without error in the original manuscripts.
3. We believe in the deity of Jesus Christ, His virgin birth, sinless life, miracles, death on the cross to provide for our redemption, bodily resurrection and ascension into heaven, present ministry of intercession for us, and His return to earth in power and glory.
4. We believe in the personality and deity of the Holy Spirit, that He performs the miracle of new life in an unbeliever and indwells believers, enabling them to live a godly life.
5. We believe that man was created in the image of God, but because of sin, was alienated from God. That alienation can be removed only by accepting through faith God's gift of salvation which was made possible by Christ's death.

Our Statement of Financial Integrity

As a rapidly growing Christian ministry, Promise Keepers is dedicated to maintain financial integrity at all times. Despite the increasing pressure of providing services to men and of providing resources to our staff, we consistently affirm God's grace in all that we do. We acknowledge His favor in this growth and endeavor to be faithful stewards of all His provisions.

Jesus admonished us to let our "yes" be "yes" and our "no" be "no." This simple but profound statement is at the heart of our commitment to financial integrity. To the best of our ability, we are committed to dealing honestly and fairly with other organizations, properly recording transactions according to accepted accounting principles and making our annual financial statements available to interested parties.

In order to facilitate this, we are committed to maintaining adequate staff and resources. Further, due to the increasingly complex regulatory environment in which we operate, we are committed to making ourselves accountable to independent experts.

We have engaged the audit firm of Capin, Crouse & Co. to perform our annual audit. We have also made ourselves accountable to the Evangelical Council for Financial Accountability (ECFA). As members of ECFA, we will fully comply with their standards and guidelines. Membership in this organization represents the highest level of financial responsibility for the evangelical community of ministries.

Our Commitments

Promise Keepers:

We base our commitment to become promise keepers in the covenant-keeping nature of God.

God is not a man, that he should lie, nor a son of man, that he should change his mind. Does he speak and then not act? Does he promise and not fulfill?
(Numbers 23:19)

The Lord is faithful to all his promises and loving toward all he has made.
(Psalms 145:13)

God is our model. Consequently, a promise keeper chooses to reflect the trustworthy nature of his Lord. This character is summed up in the word *integrity*. Integrity by definition is a "firm adherence to a code of moral values." Actually, one could say that a man in the process of becoming a man of integrity is a *Promise Keeper*.

Wives, children, churches, and communities all seem to agree that what we desperately need today are men who are promise keepers: men who won't compromise the truth, men who are true to their word, men who are trustworthy. This is why we have chosen Promise Keepers as the name of this ministry.

Christ-centered ministry:

We adhere to the foundational truths of historic Christianity which are centered in the person and work of Jesus Christ. Above all else, we are devoted to honor Him in our gatherings, bringing prominence to His name. "For no matter how many promises God has made, they are 'Yes' in Christ" (2 Corinthians 1:20). Additionally, we are committed to the absolute, unchanging directives in God's written Word.

Dedicated to uniting men through biblical reconciliation:

Throughout the pages of scripture, God expresses His love to nations and individuals who were alienated from Him. These stories reveal God seeking out His enemies with the intention of restoring fellowship with them. That's what biblical reconciliation is: the process of two previously alienated parties coming to peace with each other.

Because God has reconciled us to Himself through Jesus Christ, we can reconcile with each other, not counting our offenses against one another. The scope of reconciliation, then, includes unbeliever to God, man with himself, brother to brother, man to woman, spouse to spouse, parent with child, child with parent, church to church, and people-groups to people-groups.

Biblical reconciliation is greater than humanistic unification and more powerful than political equality. It means that we allow God to replace our personal prejudice with His perspective and compels us to accept the essential value of every believer, understanding that we need each other to be complete. Reconciliation requires that we come together in our common poverty, weakness and sin, in order to receive God's riches, strength and grace. Our unity and common labor are a testimony to the power of Jesus Christ to break down racial and denominational divisions. Biblical passages in support of reconciliation include I John 4:19-21, John 17:20-23, Ephesians 2:13-16, and II Corinthians 5:18-19.

Promise Keepers is committed to encourage relationships that facilitate reconciliation. For too long the body of Christ has been divided. We believe that now is the time to come together and genuinely demonstrate biblical unity.

Through vital relationships:

Biblical unity spawns vital relationships: life changing, interdependent, living, dynamic, face to face covenant relationships. Through vital relationships we can embrace one another's pains and triumphs. By this we express our honor for one another as equals while respecting our diverse heritages. We believe that vital relationships among men are the foundation for helping one another become promise keepers. We contend that this is best accomplished when a small group of men agree to pursue God—face to face, shoulder to shoulder, and back to back—and establish covenant relationships with one another to affirm, to be available for, study God's word with, and to pray for each other, to be honest with each other, and to be accountable to each other.

To become godly men:

Because God does not default on His promises, through His power we have the resources to make and keep Spirit-led, biblically based promises.

His divine power has given us everything we need for life and godliness through our knowledge of Him who called us by His own glory and goodness. Through these he has given us His very great and precious promises, so that through them you may participate in the divine nature and escape the corruption in the world caused by evil desires. (2 Peter 1:3-4)

With this understanding, Promise Keepers is dedicated to calling men to the ongoing process of godliness.

Influencing their world:

Promise Keepers heeds Christ's directive to be "the salt" and "the light" of the world (Matthew 5:13-14). We are committed to motivating men to "call on the name of the Lord and serve Him shoulder to shoulder" (Zephaniah 3:9), thus advancing the Kingdom. We believe that men can significantly influence their world for Jesus Christ by making and keeping promises that last a lifetime.

Seven Promises of a Promise Keeper

1. Honoring Jesus Christ through prayer, worship, and obedience to His Word, in the power of the Holy Spirit
2. Pursuing vital relationships with a few other men, understanding that he needs brothers to help him keep his promises
3. Practicing spiritual, moral, ethical, and sexual purity
4. Building strong marriages and families through love, protection, and biblical values
5. Supporting the mission of his church by honoring and praying for his pastor and by actively giving his time and resources
6. Reaching beyond any racial and denominational barriers to demonstrate the power of biblical unity
7. Influencing his world, being obedient to the Great Commandment (Mark 12:30-31) and the Great Commission (Matthew 28:19-20)

Our Six Primary Resources

As a ministry, we intend to serve the leadership of local churches and their men by offering six resources that are designed to help men become promise keepers.

1. **Conferences:** These catalytic events (which include Leadership Conferences) unite men to honor Jesus Christ in the context of celebration, providing motivation, teaching, and fellowship with men of diverse heritages.
2. **Educational Services:** These leadership seminars train pastors and leaders to equip their men to become promise keepers.
3. **Field Ministry:** Our field ministry team, including Ambassadors on the local level, is available to assist Point Men to develop men's ministries in their local churches.
4. **Productions:** This resource includes all forms of media -- audio and video.
5. **Publications:** Includes all written resources.
6. **Products:** This resource serves any constituent or church which request Promise Keepers informational materials, products, or resources.

Our Primary Result

Our primary result is men who are willing to make a life-long commitment to become a *promise keeper*. We are seeking men who understand that becoming a promise keeper is a process and who acknowledge the grace and strength available through Jesus Christ.

By God's grace, the end result will be a world-wide movement of men who have been stirred by God to pray, repent of their sins, reconcile to God and others, grow in understanding of His Word, walk in newness of life, and advance the Good News of Jesus Christ. That means revival!



BOARD OF DIRECTORS

Bishop Phillip H. Porter - Chairman of the Board - Senior Pastor at All Nations Pentecostal Center (Church of God in Christ)-Aurora, CO; has been active for many years in civil rights organizations.

Dick Blair - Co-Chairman, Finance Committee - former owner and CEO of Colorado Aero Tech; devotes most of his time to ministry work such as Friends In Transition, Harvest Foundation Ministry, and Promise Keepers.

Ron Blue - Founder, Ronald Blue & Co. (financial planning firm), Atlanta, GA; former Administrative Vice President of Leadership Dynamics International; author of six books on personal finance; also serves on the Board of Directors for Insight for Living, Family Research Council, and Campus Crusade for Christ International.

Huron Claus - North American Director, CHIEF, Inc., Phoenix, AZ; partnership with 50 different evangelical denominations and mission agencies working with Native American people; ministers internationally through cultural exchange; former Executive Board member for the Arizona Association of Evangelicals.

Dr. Jack Hayford - Senior Pastor, Church On The Way (First Foursquare), Van Nuys, CA; popular conference speaker who has authored more than 20 books and written hundreds of hymns and songs; also serves on the Board of Directors for National Religious Broadcasters and World Impact.

Dr. Howard Hendricks - Chairman, Center for Christian Leadership, Dallas Theological Seminary, Dallas, TX; pastor for 14 years; author of 11 books, and producer of five films; former chaplain for the Dallas Cowboys.

E. Peb Jackson - Senior Vice President of Public Affairs for Young Life, Colorado Springs, CO; previously with Focus on the Family, both on its board and as a staff member; trained at Azusa Pacific University with graduate work at Claremont and California State University.

(more)

Bill McCartney - Founder - former Head Football Coach at University of Colorado; awards include "Kodak Coach of the Year" - AFCA, "Bear Bryant Coach of the Year" - FWAA, Walter Camp Foundation Coach of the Year, UPI Coach of the Year, and three-time Big Eight Conference Coach of the Year; autobiography entitled *From Ashes To Glory* (Thomas Nelson, 1995).

Dr. Jesse Miranda - Associate Dean - Urban and Multi-Cultural Affairs, Haggard School of Theology-Azusa Pacific University, Azusa, CA; President and founding member of Alianza de Ministerios Evangélicos Nacionales (AMEN-Alliance of Transnational Evangelical Ministries); well-known educator, author and speaker.

George Morrison - Chairman, Program Committee - Senior Pastor at Faith Bible Chapel, Arvada, CO; author of *If It's Not Broken, Break It* (Vincom, 1992); frequent speaker at conferences across the nation and overseas.

Gary J. Oliver, Ph.D. - Clinical Director, Southwest Counseling Associates, Littleton, CO; advanced degrees include M.Div. and Th.M. as well as an M.A.; 25 years as a Christian counselor; author of *Real Men Have Feelings Too* (Moody, 1993) and several other books; host of national radio program "Confident Living"; popular speaker.

Sid Overton - Secretary/Treasurer - Denver attorney, legal advisor for Promise Keepers.

Hank Peters - Chairman of the Board of Day, Peters & Co.; extensive business experience; formerly worked with American Resource for Missions and Youth With A Mission.

David Roadcup - Vice Chairman of the Board - Atlanta, GA; has served as a full-time pastor since 1969 with special ministry in discipleship, marriage, home and family issues, and Christian discipline.

James Ryle - Pastor of Boulder Valley Vineyard since 1982; author of *Hippo in the Garden*, and *A Dream Come True* (Creation House); Chaplain for University of Colorado Buffaloes football team; popular conference speaker in U.S. and abroad; is married and the father of four.

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STATEMENT OF FINANCIAL INTEGRITY

As a rapidly growing Christian ministry, Promise Keepers is dedicated to maintain financial integrity at all times. Despite the increasing pressure of providing services to men and of providing resources to our staff, we consistently affirm God's grace in all that we do. We acknowledge His favor in this growth and endeavor to be faithful stewards of all His provisions.

Jesus admonished us to let our "yes" be "yes" and our "no" be "no". This simple but profound statement is at the heart of our commitment to financial integrity. To the best of our ability, we are committed to dealing honestly and fairly with other organizations, properly recording transactions according to accepted accounting principles and making our annual financial statements available to interested parties.

In order to facilitate this, we are committed to maintaining adequate staff and resources. Further, due to the increasingly complex regulatory environment in which we operate, we are committed to making ourselves accountable to independent experts.

We have engaged the audit firm of Capin, Crouse & Co. to perform our annual audit. We have also made ourselves accountable to the Evangelical Council for Financial Accountability (ECFA). As members of ECFA, we will fully comply with their standards and guidelines. Membership in this organization represents the highest level of financial responsibility for the evangelical community of ministries.

General Response to Questions about Conference Finances

By Dave Teraberry

Vice President, Administrative Services

We sometimes receive questions relating to the propriety of the prices charged for conference registrations. In partial response to these questions, Promise Keepers contracted our independent auditors, Capin, Crouse & Co., to review our costs related to our conferences in 1994. Attached, as an addendum to this document, is the resulting *Schedule of Conference Activity* which defines our 1994 revenues and costs for conferences.

(Please note: This separate audit of strictly conference costs is not required of us by either the I.R.S. or the Evangelical Council for Financial Accountability. It was done in 1994 to facilitate a better understanding of the costs involved. We make current *Financial Statements* available every year upon request; however, the attached addendum from 1994 is the most-current, specific *Schedule of Conference Activity* available. While the numbers for 1995 and subsequent years will understandably differ, the general conclusion will remain the same: the overwhelming majority of conference fees go directly towards conference expenses.)

The purpose of this paper is to explain the thinking behind our pricing structure.

How does Promise Keepers set the prices charged for attendance?

It is our goal that the conferences should at least pay for themselves and at best provide a surplus to help offset other ministry expenses. It is also our goal that the price be kept as low as possible in order that the fewest potential number might be precluded from coming. Promise Keepers is further committed to provide scholarships to a significant percentage of attendees that would otherwise be unable to attend a conference due to insufficient financial resources. Therefore a portion of the price charged to most attendees is used to offset the inability of some to pay the full amount needed. Given these mixed objectives, the process of determining an exact dollar amount can be affected by many factors.

In setting fees, one important point to consider is that the vast majority of the expenses incurred for a conference are fixed expenses. For example, the stage is not halved in size or cost if the conference has 30,000 attendees rather than 60,000. The point is that the fixed expenses must be absorbed by the expected number of attendees. If we are confident that 40,000 will come and we can cover the expenses with that number of attendees, then we have been good stewards. If we leave ourselves short, we have damaged not only the ministry but also its future.

To be responsible with God's resources, we must use conservative figures in planning attendance at an event. Naturally, we have been humbled (and awed) that He has seen fit to exceed our wildest attendance expectations. Nevertheless, it would be irresponsible of us to simply assume that every event will be filled — especially in light of our ongoing expansion to new regions.

To sum up, although conference revenues are very good they are probably not quite as favorable as perceived. Further, the expenses are high and they must be covered by a sober and conservative estimate of expected attendees. Our fundamental price structure for a conference is set largely on these factors.

There are several other logical viewpoints that we might take in setting fees. One would be the "value received" perspective. In any assessment of an item or service, the first notion of fairness hinges on what one considers to be valuable. There are several distinct and unrelated observations that could be made in this regard.

First of all, value is a *subjective* criterion. Where one individual might pay a significant amount for an older "classic" car, another would view it as a potentially frivolous use of those same resources. In other words, the value to one is not equivalent to the value to another. Because value is a subjective measurement, there will inevitably be some individuals that feel that they received more than fair value while other individuals — despite having been to exactly the same conference under exactly the same physical surroundings and general circumstances — may view it as less valuable. Because of this, it is very difficult to take isolated comments and determine whether or not the value received is "fair." What other measurement that might be used that would be more objective?

One possible measure would be to compare the cost of the event with similar types of events. Admittedly, this is a difficult measure since no two events are exactly the same. In light of this, what might you be willing to pay to attend a conference with one major speaker or possibly a music group?

In a very informal analysis, it would appear that the costs would likely range from \$20 to \$35. But do remember that this is for a single group or speaker and no food. It also would not generally include a worship tape or an after-conference highlight tape as added for 1996. In other words, given the items that are provided — including food, an audiotape, and a video — and given the number and quality of the speakers and performers involved in any given event, the price charged would seem to be very reasonable.

Another measure that we might employ would be to consider the price on a pure supply and demand basis. In other words, we are currently turning men away from the stadium since demand exceeds the supply of seats at most locations. From a purely commercial perspective, the rational organization would set the price at a level at which the stadiums would continue to be full but without any unmet demand. In other words, from this more objective measure of pure supply and demand, it is clear that the price is set too low. The "right" price would not have any unmet demand given a fixed supply.

For the sake of clarity, let me state that registration costs are *not* set according to the "highest price that can be obtained and still fill stadiums." Promise Keepers is not a commercial venture; we are not looking to maximize revenues given any level of demand. Yet it is a vital element in understanding whether or not the price charged is fair and reasonable. Based on the clear feedback that we receive, the vast majority of men who have attended an event do feel as though they received fair value.

Promise Keepers is not about stage shows or entertainment. We believe that God has called us to simply provide a platform for Him to work by His Spirit. The general consensus seems to confirm that this is exactly what is happening. The fundamental purpose of *any* charge is to cover the expenses that are necessarily incurred in providing that platform. But it does leave one remaining issue that needs to be addressed.

Guidelines for Using "Surplus" Revenue from Conferences

If conferences represented the totality of our ministry, it would be reasonable for us to absorb any conference shortages through gifts and revenues. However, we believe the Lord has impressed on us the need to *seize the moment* — to support the increasing momentum that He is building through Promise Keepers and other organizations. Thus, conferences must be fully self-supporting and thereby free up contributions and other revenues to fund the growth of the ministry.

The more fundamental issue is financial integrity and use of ministry funds. Promise Keepers is a 501(c)(3) organization under the guidelines set forth by the Internal Revenue tax code. With this comes certain oversight and some definition of propriety with regard to the use of ministry funds. But we have gone further than this.

We have chosen to become members of the Evangelical Council for Financial Accountability (ECFA). The ECFA has further requirements including a full and independent audit on an annual basis by a qualified outside auditor. The audit, ECFA requirements, and corresponding reporting provide a structure of accountability that ultimately benefits you as our constituent.

We believe strongly that the issue is ultimately not about any financial surplus that may or may not be generated by the conferences. The real issue has far more to do with what is done with the financial resources of Promise Keepers — regardless of how they were generated. On this point let me be clear.

We have stated publicly on many occasions that we *are* soliciting "excess" funds for Promise Keepers. We have been equally clear that our intent in doing this is to continue to fuel the dynamic growth that we have seen to date. The purpose of fostering this dynamic growth is a direct result of our belief that God is using Promise Keepers (among other ministries) to reach the men of this nation and, we hope, the world. It is our clear goal and desire to work with you to seize the moment!

There are many other ministry activities that would not be possible without adequate funding. For example, our heartfelt desire is to see men keeping their promises and we believe this can only happen (long term) in the environment of the local church. Promise Keepers finances training, resources, and a significant network of state offices and volunteers to facilitate this vision.

Financial resources provided through purchases, conference fees, and contributions also allow us to publish newsletters and other resources, publish information on our world wide web site, launch our radio program, hold local meetings aimed at uniting the Christian community by breaking down racial and denominational barriers, promote local communities through our serve the cities project, and many similar activities.

Through you, the Lord will provide a surplus at the end of each year. It is our further hope that this surplus will be sufficient to provide for the continuation of the activities that are in place and already successful as well as for new efforts in new areas. Surpluses may fund travel, equipment, stadium rental, salaries, or a myriad of other items. Regardless, the intent of the expenditure in every case will be to advance the kingdom and further the cause of Jesus Christ.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Promise Keepers
Wheat Ridge, Colorado


Capin Crouse LLP
ACCOUNTANTS & CONSULTANTS
4465 KELLY JOHNSON BLVD.
SUITE 230
COLORADO SPRINGS, CO 80920
719/528-6225
FAX: 719/528-5910

We have audited, in accordance with generally accepted auditing standards, the financial statements of Promise Keepers for the year ended December 31, 1994, and have issued our report thereon dated February 8, 1995. We have also audited the accompanying Schedule of Conference Activity of Promise Keepers for the year ended December 31, 1994. This schedule is the responsibility of Promise Keepers' management. Our responsibility is to express an opinion on this schedule based on our audit.

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

In our opinion, the Schedule of Conference Activity referred to above presents fairly, in all material respects, the income and related expenses for conferences of Promise Keepers for the year ended December 31, 1994, in conformity with generally accepted accounting principles.



Colorado Springs, Colorado
May 5, 1995

PROMISE KEEPERS

Schedule of Conference Activity

For the Year Ended December 31, 1994

Conference Fees	<u>\$ 14,476,288</u>
Conference Expenses:	\$ 5,742,961
Conference logistics	2,418,683
Salaries and benefits	1,048,851
Travel	1,036,736
Occupancy and equipment	771,631
Postage and handling	721,934
Printing	540,415
Advertising and promotion	225,270
Credit card and banking fees	160,567
Supplies	153,880
Telephone and utilities	90,865
Professional fees	<u>73,555</u>
Other	<u>12,985,348</u>
Total conference expenses	
Conference Fees Over Expense	<u>\$ 1,490,940</u>



Statement on *The Masculine Journey*

(For information contact Steve Chavis, Manager of Public Relations, 303-964-7759)

Several passages in *The Masculine Journey* by Robert Hicks (1993, NavPress) could be understood in more than one way. Some of the content of the book has unfortunately lent itself to a wide range of interpretations and responses involving theological issues which Promise Keepers does not feel called to resolve. These are controversies which neither Promise Keepers nor the author could have foreseen, and which have proven to be a distraction from the focus of our ministry. Therefore, Promise Keepers has discontinued marketing and distributing *The Masculine Journey*.

At the same time, we believe Mr. Hicks's core theology is consistent with orthodox evangelical Christianity, and that *The Masculine Journey* was a forthright attempt on his part to deal with male issues from a biblical context.

The theological foundation for the ministry of Promise Keepers is found in our Statement of Faith. Our Mission Statement and "Seven Promises" serve as our guiding objectives. All three documents are attached.

Other resources produced by Promise Keepers include Christian music cassettes and CD's, teaching video tapes, and books and Bible studies, including: *The Seven Promises of a Promise Keeper* (Focus on the Family Publishing, 1994), *The Power of a Promise Kept* (Focus on the Family, 1995), *Go the Distance* (Focus on the Family, 1996), *Strategies for a Successful Marriage* by E. Glenn Wagner, Ph.D. (NavPress, 1994), *What God Does When Men Pray* by William Peel (NavPress, 1993), *Daily Disciplines for the Christian Man* by Dr. Bob Beltz (NavPress, 1993), and others.

It is our hope and prayer that Promise Keepers resources will continue to help men become promise keepers in the context of their local church.

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May 20, 1997

Jim Vallance
Master's Men National Director
5233 Mt. View Road
Antioch, TN 37013-2306

Dear Jim;

It has come to our attention there has been expressed a concern that Promise Keepers believes that "new revelation" is possible. We want to assure you, and the national Association of Free Will Baptists' leadership, that we do not hold to any view that accepts "new revelation," or any revelation apart from the pure word of God. Please refer to the back page of the enclosed brochure entitled *Biblical Unity and Biblical Truth* for our Statement of Faith.

Thank you for your concern, and if you have any other question, please feel free to give my office a call at (303)-964-7737.

In Christ,

Randy T. Phillips
President, Promise Keepers

Statistical Report Reporting Period 1996-1997

	Associations	Number Reporting	Churches	Number Reporting	City	Rural	Full-Time Pastors	Part-Time Pastors	Baptisms	Reported 1995-96 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 1996-97 Membership	Reported 1996-97 Membership	Combined Income of All Churches
Alabama	14	14	172	171	65	107	101	64	476	19,216	863	425	438	19,654	19,128	\$2,024,257
Arizona	1	1	9	9	8	1	3	6	30	220	18	24	(6)	214	224	380,448
Arkansas	15	15	218	206	95	123	89	113	677	19,421	1,136	568	568	19,989	19,887	6,941,075
California	8	7	59	56	49	10	39	15	515	2,985	332	341	(9)	2,976	2,951	2,328,862
Canada	1	1	13	13	3	10	3	10	14	323	15	11	4	327	323	236,763
Colorado	1	1	7	7	7		2	2	26	148	19	6	13	161	355	345,763
Florida	8	8	71	67	36	35	44	24	235	5,841	360	291	69	5,910	5,385	2,063,393
Georgia	10	10	123	120	49	74	73	50	299	10,202	565	296	269	10,471	9,882	3,999,477
Hawaii	1		1	1	1		1		4	27			0	27	23	71,315
Idaho	2	2	7	7	7		4	3	39	141	40	1	39	180	172	
Illinois	6	6	45	45	27	18	25	18	124	3,924	214	62	152	4,076	4,085	1,935,583
Indiana	3	3	24	24	18	6	18	6	59	3,314			0	3,314	1,300	
Iowa			1	1	1		1		3	51			0	51	52	44,746
Kansas	2	2	8	8	8		4	4	11	156	16	14	2	158	164	157,088
Kentucky	10	10	154	150	43	111	24	84	879	16,009	952	683	269	16,278	16,464	1,876,283
Louisiana	1	1	3	2	2	1	2	1	3	77	10		10	87	49	51,119
Maryland	3	3	23	23	11	12	14	9	163	1,516	195	103	92	1,608	1,608	1,091,976
Mexico			31							2,499			0	2,499	2,363	
Michigan	6	6	46	46	39	7	29	17	112	2,773	225	82	143	2,916	3,192	702,595
Mississippi	4	4	52	50	12	40	34	10	142	3,526	221	76	145	3,671	3,317	511,759
Missouri	17	17	180	166	81	99	82	98	565	14,993	812	301	511	15,504	14,340	5,638,180
Montana			1	1	1		1		1	62			0	62	10	
Nebraska										29			0	29		
New Jersey	1	1	5	2	3	2	4	1		108	3	1	2	110		
New Mexico	1	1	4	4	3	1	1	3	5	66	15	6	9	75	70	58,871
North Carolina	8	8	174	123	82	10	144	18	1,066	20,254	1,447	738	709	20,963	18,425	10,234,034
Northeast Assoc	1	1	5	5	4	1	3			276			0	276		
Northwest Assoc	1		6	6	6		3	2	56	181	66	9	57	238	299	185,337
Ohio	19	19	149	147	70	77	52	92	644	10,201	633	380	253	10,454	10,420	4,236,154
Oklahoma	23	23	252	239	155	99	151	97	983	20,830	1,410	607	803	21,633	21,973	10,176,376
Puerto Rico			1							70			0	70	45	
South Carolina	7	7	118	97	54	64	85	24	433	8,151	689	255	434	8,585	6,998	2,667,411
South Dakota			1							63			0	63	78	
Tennessee	8	8	217	217	75	102	82	78	423	22,440	1,069	373	696	23,136	18,316	5,313,176
Texas	6	4	49	44	33	11	18	21	118	2,944	185	66	119	3,063	2,315	1,204,513
Virgin Islands	1	1	1			1	1		32	149	35		35	184	230	67,000
Virginia	6	6	87	87	24	63	24	63	170	6,006	401	699	(298)	5,708	5,770	606,571
West Virginia	19	19	176	176	35	86	75	86	664	11,086		242	(242)	10,844	10,844	1,781,965
Wisconsin			1							27			0	27	56	
Totals	214	209	2,494	2,320	1,107	1,171	1,236	1,019	8,971	210,305	11,946	6,660	5,286	215,591	201,113	\$66,932,090

Statistical Report Reporting Period 1996-1997

	Number of Churches with Budgets	Parsonages	Value of Church and Parsonage Property	Sunday School Enrollment	CTS Enrollment	WNAC Enrollment	Master's Men Enrollment	Ordained Ministers	Licensed Ministers	Deacons	Day Cares	Kindergartens	Christian Day Schools	Bible Institutes	Colleges	Value of Associational Property
Alabama	22	31	\$10,331,220	10,185	2,528	855	189	260	26	450	8	7	5	1	1	5
Arizona	4	3	2,697,000	341	83	40	22	8		5						882,308
Arkansas	49	67	146,479,530	12,380	2,542	1,135	120	369	36	541	1	2	3			
California	22	13	29,140,041	3,981	277	226	5	93	18	94	1	4	6		1	265,000
Canada	6	3	1,032,242	345				6	3							
Colorado	3		1,507,700	298	16	19		8	4	1						
Florida	27	41	12,731,846	3,072	781	546	192	107	17	131	4	2	2			400,000
Georgia	41	63	24,289,073	5,031	1,064	711	159	162	26	387	2	2	2			3,500,000
Hawaii	1	1	3,500,000	40	22	11	6	1	1	1						
Idaho	1	3	680,000	187		25		9	4	6						600,000
Illinois	19	15	7,936,750	2,558	660	328	101	68	10	106	2	1	2			
Indiana								35	3	43						
Iowa	1	1	308,000	75		10	7	1								
Kansas	2	1	1,242,780	224		29	11	9		5					1	
Kentucky	9	6	13,098,302	8,086	1,052	542	43	397	49	399	2					
Louisiana	1		500,000	53			5	4								
Maryland	15	7	7,293,000	1,500	100	177	21	39	2	37						
Mexico																
Michigan	17	13	5,143,501	2,500	70	262	75	77	6	74	1					
Mississippi	7	28	2,998,000	2,493	725	227	69	53	10	131	1	1	1			450,000
Missouri	35	42	30,636,104	8,995	1,086	695	171	283	55	334	4	4	4	2	1	
Montana			150,000	15				1								
Nebraska									6		1				1	
New Jersey	1	1		86												
New Mexico	1	2	450,000	57		15	5	6		4						250,000
North Carolina	69	61	57,052,088	12,422	1,265	795	171	370	92	552	6	10	12			
Northeast Assoc		1						5								
Northwest Assoc	4		2,543,500	293	48	61	21	6		4				1		
Ohio	26	22	31,115,079	9,641	489	802	103	322	20	269		1	1	1		311,018
Oklahoma	66	80	53,785,753	18,855	4,084	1,126	282	421	52	606	7	8	6		1	3,173,931
Puerto Rico																
South Carolina	42	47	19,573,894	6,720	1,150	960	310	177	18	220	3	4	4	5		475,000
South Dakota																
Tennessee			26,791,752	9,954	2,332	995	297	297	72	542	4	2	3	2	1	
Texas	9	12	7,137,900	1,331	293	223	61	49	8	68						
Virgin Islands	1	1	2,350,000			15	10	3		2	1	1	1			
Virginia	20	3	16,596,557	3,468	666	531	86	191	16	272			3	3		
West Virginia	12	7	29,871,395	7,673	302	828	32	401	12	376			1	2		
Wisconsin																
Totals	533	575	\$548,963,007	132,859	21,635	12,189	2,574	4,244	560	5,661	49	53	58	13	6	\$10,307,257