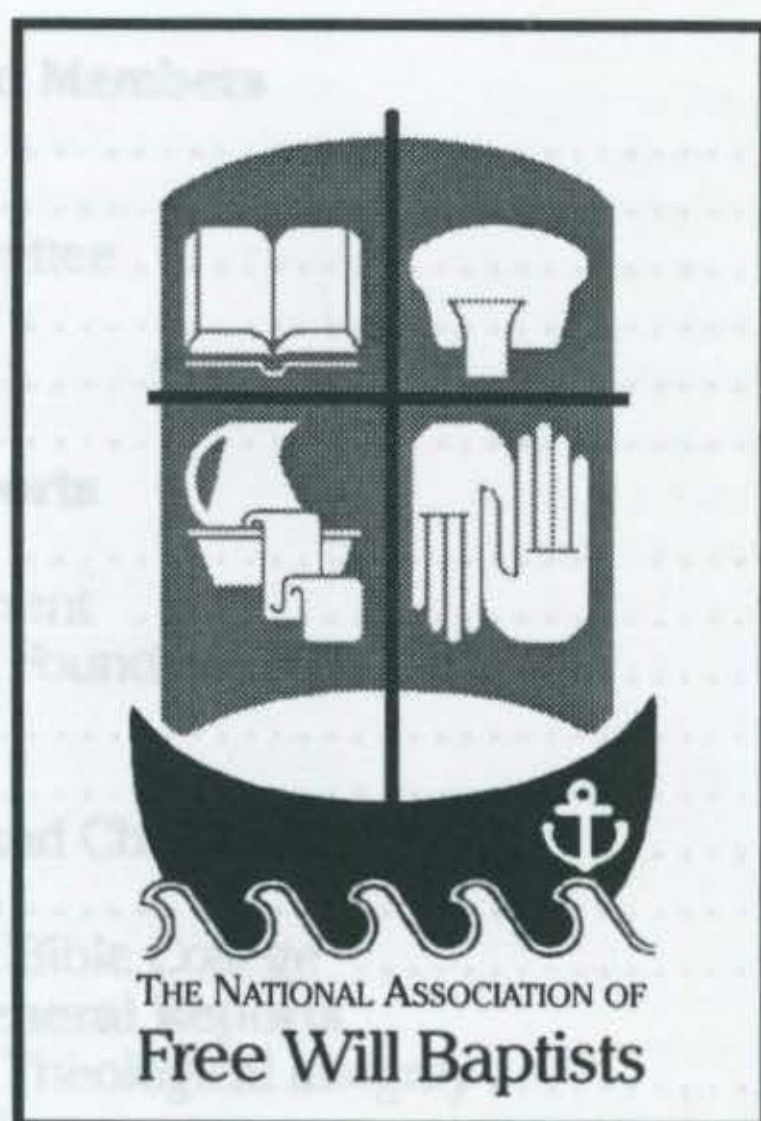


# Table of Contents

## 1999

# 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-Second Annual Session**  
of the  
**National Association**  
of  
**Free Will Baptists, Inc.**  
when convened in  
**Tulsa, Oklahoma**  
**July 12-16, 1998**

**Future Sessions to Be Held In**

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
2008	Charleston, West Virginia	July 20-24



## 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

#### 1999

Alabama: Rick Cash  
 Arizona: David Taylor  
 Arkansas: David Joslin  
 Atlantic Canada: Dwayne Broad  
 California: Doice McAlister  
 Colorado: Mark Thomas  
 Florida: Millard Sasser  
 Georgia: William Smith  
 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

#### 2000

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

## Executive Committee

**Chairman:** Carl Cheshier, P. O. Box 7208, Moore, OK 73153

**Clerk:** Waldo Young, 1938 Haynie Lane, NBU 7410, Prague, OK 74864

#### 1999

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

#### 2000

Delmar Sparks (Ohio)  
 Jack Richey (Okla.)  
 Charles Thigpen (Tenn.)

#### Officers

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

## Bible College Trustees

**Chairman:** Gary Fry, P. O. Box 464, Mountain Grove, MO 65711

**President:** Tom Malone, 3606 West End Avenue, Nashville, TN 37205

#### 2000

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

#### 2002

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

#### 2004

Richard Bowers (Ala.)  
 Larry Powell (Ga.)  
 Steve Ashby (Ind.)

## Foreign Missions Board

**Chairman:** Bill Jones, 2601 Southwest 99, Oklahoma City, OK 73159

**Director:** James Forlines, P. O. Box 5002, Antioch, TN 37011-5002

#### 2000

William Reagan (Canada)  
 Doug Little (Ark.)  
 Milton Worthington (Mich.)

#### 2002

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

#### 2004

David Shores (Ill.)  
 Terry Eagleton (Tenn.)  
 Sherwood Lee (S.C.)

## 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.)  
 Ken Dodson (Mo.)  
 Wendell Walley (N.C.)

#### 2001

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

#### 2003

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

## 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

Robert Morgan (Tenn.)  
 Lincoln Varney (Ky.)  
 Henry Van Kluyve (N.C.)

#### 2001

Bobby Bowers (S.C.)  
 Jack Daniel (Ga.)  
 Waymon Fields (Ala.)

#### 2003

William Ferguson (Mich.)  
 Roger Harwell (Mo.)  
 James Lowe (Ohio)



## Free Will Baptist Foundation Board

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

**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.)	William Ferguson (Mich.)

### Plus these directors of national agencies:

James Forlines, Foreign Missions Department  
 Trymon Messer, Home Missions Department  
 Tom Dooley, Master's Men Department  
 Tom Malone, Free Will Baptist Bible College  
 Alton Loveless, Sunday School and Church Training Department  
 Marjorie Workman, Women Nationally Active for Christ  
 Melvin Worthington, Executive Office

## Sunday School and Church Training Board

**Chairman:** David Sutton, 1412 East Main, Moore, OK 73160

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

2000	2002	2004
Billy Hanna (Ga.)	David Sutton (Okla.)	Will Harmon (Ark.)
Dennis Wiggs (N.C.)	David Reece (Md.)	Brian Hampton (Tenn.)
Jeff Crabtree (Canada)	Nuel Brown (Calif.)	Michael Waddell (Fla.)

## Master's Men Board

**Chairman:** Waymon Ray, 3705 South 65th West Avenue, Tulsa, OK 74107

**Director:** Tom Dooley, P. O. Box 5002, Antioch, TN 37011-5002

1999	2001	2003
Earnie Taylor (Ill.)	Jerry Atwell (Miss.)	Cliff Donoho (Iowa)
Don Neal (Ind.)	Johnny Fowlkes (Ark.)	Clarence Lewis (Tenn.)
Gary Wilson (Ala.)	Waymon Ray (Okla.)	Thurman Pate, Jr. (Tenn.)

## Commission for Theological Integrity

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

1999 Jeff Manning (N.C.)
2000 Daryl Ellis (Ill.)
2001 Paul Harrison (Tenn.)
2002 Leroy Forlines (Tenn.)
2003 Matt Pinson (Ga.)

## Historical Commission

**Secretary:** Jack Williams, P. O. Box 5002, Antioch, TN 37011-5002

1999 Robert Picirilli (Tenn.)
2000 Darrell Holley (Tenn.)
2001 Thomas Marberry (Okla.)
2002 Jack Williams (Tenn.)
2003 Paul Kennedy (Calif.)

## Media Commission

**Chairman:** Steve Faison, P. O. Box 295, Cedar Springs, GA 31732

1999 James Vallance (Tenn.)
2000 Doug Kite (N.C.)
2001 Ron Hunter (Fla.)
2002 Bill Gardner (Tenn.)
2003 Steve Faison (Ga.)

## Music Commission

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

1999 Randy Sawyer (N.C.)
2000 Vernon Whaley (Ohio)
2001 David Bates (Mo.)
2002 Douglas Little (Ark.)
2003 Bill Gardner (Tenn.)



## Proceedings

The 62nd annual session of the National Association of Free Will Baptists met July 12-16, 1998, at the Tulsa Convention Center in Tulsa, Oklahoma. The theme was "Belief Behaves." Randy Sawyer served as music coordinator, Carol Reid as organist, Jerry Carraway as pianist and Matt Schinske as keyboardist. Chris Truett conducted the orchestra. Cathy Mitchell signed for the hearing impaired.

### Sunday School—July 12, 1998

Millard Sasser (FL) presided for the Sunday School and morning worship services at the convention center. Lange Patrick led the congregation in singing, "When We All Get to Heaven," "When the Roll is Called Up Yonder" and "What a Day That Will Be." Presider Millard Sasser led in prayer.

Special music was provided by the Calvaryman Quartet from Hartville, Missouri.

The Adult Sunday School lesson was taught by Garry Richey, deacon at the Southern Oaks FWB Church in Oklahoma City. After announcements the Adult Sunday School was dismissed.

### Sunday Morning—July 12, 1998

The worship service was called to order at 11:00 a.m. Lange Patrick led the congregation in singing, "O Worship the King," "To God Be the Glory" and "My Tribute." Millard Sasser welcomed those present and led in prayer.

The convention offering was received, after which the congregation sang, "It Is Well With My Soul," "He Is Here" and "Surely the Presence."

Lloyd Locklear, pastor of Woodhaven FWB Church in Woodhaven, Michigan, was introduced to bring the message. After announcements the benediction was given.

### Sunday Evening—July 12, 1998

David Shores (IL) presided for the evening service and called it to order at 7:00 p.m. Scott Bullman and Doug Little led the congregation in singing, "Blessed Be the Name," "All Hail the Power," "All Hail King Jesus" and "He is Lord." David Shores led in prayer.

The Mass Choir sang, "Hallelujah, What a Savior." The congregation sang, "Praise the Name of Jesus," "There's Something About That Name," "Blessed is He Who Comes in the Name of the Lord" and "Jesus is the Sweetest Name I Know."

Pittsburg, Illinois, pastor Danny Gray led in the offertory prayer. The instrumentalists provided offertory music as the convention offering was received.

Randy Wilson, pastor of Bethany FWB Church in Broken Arrow, Oklahoma, was introduced as the speaker. Lisa McGee (OK) sang, "One Word is Love."

Pastor Wilson read James 1:22 and brought the message on "How a Believer Behaves."

After the message announcements were made and Mark Shores prayed the benediction.

### Monday Evening—July 13, 1998

Nuel Brown (CA) presided for the Monday evening service with Doug Little and Scott Bullman jointly leading the music. The congregation sang, "Blessed Be the Name," "All Hail the Power" and a praise medley. Presider Brown quoted Psalm 31:10, welcomed those present and led in prayer.

Clerk Waldo Young (OK) called the session to order and introduced Moderator Carl Cheshier, president of Hillsdale FWB College. Moderator Cheshier announced the appointment of committees who will serve during the session.

Those appointed to the Resolutions Committee were Ernie Lewis (IL), Tom Ballard (OK), William Smith (GA), Don Walker (MO) and Robert Prichard (OH).

Those appointed to the Credentials Committee were Millard Sasser (FL), chairman, Thurmon Murphy (TX), Doice McAlister (CA), Gene Norris (MI) and Mark Thomas (CO).

Those appointed to the Obituary Committee were Len Blanchard (NM), chairman, Lester Horton (MD), Herbert Waid (GA), Henry Van Kluyve (NC) and J. L. Gore (MS).

The Nominating Committee consisted of those General Board members representing states beginning with the letters A through M.

Oklahoma executive secretary Jack Richey gave a welcome to Oklahoma and to Tulsa.

Jimmy Aldridge, overseas secretary for the Foreign Missions Department, introduced Russian pastor Nickolay Sobolev who brought greetings. Ramón Sánchez from Cuba also brought greetings.

The Mass Choir and the congregation blended music and sang a medley of praise. The Mass Choir sang, "I Will Praise Thee" and provided offertory music by singing, "Soon and Very Soon" as the convention offering was received.

Presider Nuel Brown (CA) introduced David Taylor, pastor from



Tucson, Arizona, to bring the message. Before the message the praise team sang, "Unto the King Eternal," "Let's Just Praise the Lord" and "Have Thine Own Way."

Pastor Taylor read First Samuel 15:22-23 and brought the message on "Behave—Obey," or "To Obey is Better."

After announcements Wade Jernigan prayed the benediction.

### **Tuesday Evening—July 14, 1998**

Jim Marcum (NC) presided for the Tuesday evening service. Doug Little and Scott Bullman directed the music, both congregational and choir. It was blended music with choir and congregation participating.

A medley about the blood of Jesus was sung including, "O the Blood of Jesus," "Nothing But the Blood," "Are You Washed in the Blood?" and "There is Power in the Blood." Jim Marcum gave the welcome and led in prayer.

The choir sang, "The Lamb Upon the Throne."

The choir and congregation sang, "Thank You, Lord," "Victory in Jesus," "A New Name in Glory," "Since Jesus Came Into My Heart" and "I've Been Changed."

Reuben Cason (NC) led in the offertory prayer. The Stanley Jones Singers from Missouri presented special music while the offering was received.

The congregation sang, "Because He Lives." Edwin Hayes, executive secretary of the Ohio State Association, was introduced as the speaker. The Stanley Jones Singers again presented special music.

Speaker Hayes read Matthew 15:22-28 and brought the message on "Great is Thy Faith."

Henry Home (NC) prayed the benediction.

### **Wednesday Evening—July 15, 1998**

Doug Little led the congregation in singing, "Amazing Grace," a capella, then led in prayer to open the Wednesday evening worship service. The choir then sang, "Carry the Glorious Gospel."

The congregation sang, "I Love to Tell the Story" and "Rescue the Perishing." Ron Moore (SC), presider, called on Robert Rose (SC) to lead in prayer.

David Crowe from the Home Missions Department introduced all home missionaries present for the service. Joe Grizzle introduced all foreign missionaries present for the service. Doug Little led the congregation in singing, "Send the Light."

Special recognition was given to Eugene and Genevieve

Waddell for 39 years of service to the Foreign Missions Department. Brother Waddell is retiring as general director at the end of 1998.

The missions offering was received, an offering that exceeded \$32,000. The youth of Oklahoma, represented by Joey Wilson, presented a check for \$37,000 for missions projects. Mark Barber led in the offertory prayer.

The choir sang, "Lead Me Lord: I Will Follow" and "I'll Go Where You Want Me to Go."

Eugene Waddell was introduced as the speaker. Before he came to bring the message, John Gibbs from Tennessee presented special music.

Eugene Waddell's son, Michael, pastor in Pensacola, Florida, read the scripture for his father. He read James 1:22-25. Director Waddell brought the message on "Be Ye Doers of the Word."

"I Surrender All" was sung as an invitational hymn to which several people responded. After announcements, Theron Scott (SC) led in the closing prayer.

### **Business Sessions**

#### **Wednesday Morning—July 15, 1998**

Moderator Carl Cheshier called the business session to order at 9:00 a.m. He read James 5:7-12 and brought the moderator's message from that text. Mark Elliott from Louisiana who had been seriously burned 18 months before, brought greetings and led in prayer.

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

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

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

The report of the Nominating Committee was distributed in printed form. A motion carried to receive the report and consider each nomination at the appropriate time as needed.

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

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

Board chairman Waymon Ray gave the report of the Master's Men Department. A motion carried to receive the report and adopt the budget. Earnie Taylor (IL) was elected to serve the unexpired



term of Dwight Fletcher who resigned from the Master's Men Board.

Director Trymon Messer gave the report of the Home Missions Department. Assistant board chairman Wendell Walley made a special presentation in memory of Don Guthrie, board member who died during the year, to his wife Elwen Guthrie. Plaques of appreciation for service were also presented to William Reagan, Mike Criswell, Tim Coats and Jim Fairchild. A motion carried to receive the Home Missions report and adopt the budget. Ken Dodson (MO) was elected to fill the unexpired 1999 term of Don Guthrie on the board.

Director Alton Loveless gave the Sunday School and Church Training Department report. A motion carried to receive the report and adopt the budget. Will Harmon (AR), Brian Hampton (TN) and Michael Waddell (FL) were elected to six-year terms on the Sunday School and Church Training Board.

Director Loveless made presentations to Irvin Hyman, James Forlines, Edwin Hayes and Larry Clyatt for service to this department.

President Tom Malone gave the report of Free Will Baptist Bible College. A motion carried to receive the report and adopt the budget. Richard Bowers (AL), Larry Powell (GA) and Steve Ashby (IN) were elected to six-year terms on the Board of Trustees of Free Will Baptist Bible College.

President Malone made a presentation to Doug Little for his years of service on the Board of Trustees.

David Winfrey prayed the closing prayer for the morning session.

### **Wednesday Afternoon—July 15, 1998**

Assistant Moderator Tim York read Ephesians 4:1-3 and led in prayer to open the afternoon session.

Director Eugene Waddell gave the report of the Foreign Missions Department. A motion carried to receive the report and adopt the budget. Doug Little (AR) was elected to fill the unexpired term of James Forlines who resigned from the board to become the new department director. This term expires in the year 2000.

David Shores (IL), Terry Eagleton (TN) and Sherwood Lee (SC) were elected to six-year terms on the Foreign Missions Board.

Following a few moments of silence in memory of veteran missionaries who died during the past year, Joe Grizzle led in a prayer of thanksgiving.

Three individuals paid tribute to retiring director of Foreign Missions, Eugene Waddell: Janice Banks, Don Robirds and Robert Picirilli. Joe Grizzle presented a plaque of appreciation to Director Waddell. He also presented to the body the incoming director and

his wife, Rev. and Mrs. James Forlines.

Chairman Leroy Forlines gave the report of the Commission for Theological Integrity. A motion carried to receive the report and adopt the budget. Matt Pinson (GA) was elected to a five-year term on this commission.

Chairman Steve Faison gave the report of the Media Commission. A motion carried to receive the report and adopt the budget. Steve Faison (GA) was elected to a five-year term on this commission.

Chairman Randy Sawyer gave the report of the Music Commission. A motion carried to receive the report and adopt the budget. Bill Gardner (TN) 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. Paul Kennedy (CA) was elected to a five-year term on this commission.

The clerk read the rest of the report of the General Board. A motion carried to adopt Item #2, pertaining to the convention meeting in Charleston, West Virginia, in 2008.

A motion carried to adopt Item #3 of this report. This recommended reimbursing the Commission for Theological Integrity for funds spent on a study assignment.

A motion carried to adopt Item #4, which recommended that the Executive Office be the agency to handle disaster relief funds when that need arises.

A motion was made and seconded to adopt Item #5, which recommended the return to the By-Laws regarding the Nominating Committee.

A motion was made and seconded to amend by substitution. The substitute is to amend Section 11 to read.

The nominating committee shall be selected one year in advance. The committee shall meet at least three months prior to the annual session and present at least one name for each vacant office, exception the General Board. The funding of the committee shall be done proportionately by the boards and commissions where vacancies are being filled.

A motion was made and seconded to amend the proposed amendment by adding the words, "and a short resume be submitted with the nomination." This amendment was adopted.

A motion carried to place the motion to substitute on the table until Thursday morning.

The clerk read the nominations for General Board members. Rick Cash (AL) and William Smith (GA) were elected to one-year terms replacing members who have resigned.



Those elected to the General Board for two-year terms were Vergel Maness (NJ), Len Blanchard (NM), Jim Marcum (NC), Jim Nason (NE Assoc.), Brent Nix (NW Assoc.), Delmar Sparks (OH), Jack Richey (OK), Joe Cagle (SC), Charles Thigpen (TN), Thurmon Murphy (TX), Glen Johnson (VA) and Carl Vallance (WV).

The clerk read the nominations for the Executive Committee. Delmar Sparks (OH), Jack Richey (OK) and Charles Thigpen (TN) were elected to two-year terms on the Executive Committee.

### Thursday Morning—July 16, 1998

Assistant clerk Keith Burden read Lamentations 3:22-23 and led in prayer to open the final session of the convention at 9:00 a.m.

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

Executive secretary Mary Wisehart gave the report of the Women Nationally Active for Christ. A motion carried to receive the report and give Mary Wisehart a rising vote of appreciation for her work.

A motion carried to take Item #5 of the General Board report from the table.

A motion carried to amend the substitute motion by changing the word "selected" with the words, "appointed by the moderator."

A motion carried to amend the substitute motion by deleting the words, "be done proportionately by the boards and commissions whose vacancies are being filled," and inserting the words, "come from the convention fund." The substitute motion was adopted with the amendments. The motion as adopted with the amendments reads:

Section 11, under "Election of Officers" of the By-Laws to read:

The nominating committee shall be appointed by the moderator one year in advance.

The committee shall consist of seven members, shall meet at least three months prior to the annual session and present at least one name for each vacant office, excepting the General Board. The funding of the committee shall come from the convention fund. A brief resume shall be submitted with each nomination.

The clerk read the registration report. A motion carried to receive the report as information.

The moderator announced the appointment of the Nominating Committee for the 1999 session: Chairman Jack Richey (OK), William Smith (GA), Jim Marcum (NC), Bobby Shepherd (AR), Matt Upton (CA), Ernie Lewis (IL) and David Taylor (AZ).

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

Melvin Worthington also gave the report of the Ministerial Family Life Committee. A motion carried to receive the report and

adopt the recommendation that this committee continue their work for another year.

The clerk read the report of the Obituary Committee. A motion carried to receive the report. Connie Cariker (OK) led in prayer.

The clerk read the report of the Resolutions Committee. A motion carried to receive the report and consider it item by item.

A motion carried to adopt Item #1, pertaining to our stand against homosexuality.

A motion carried to adopt Item #2, expressing thanks to Oklahoma for hosting this convention.

The election of officers was the final item of business. Carl Cheshier (OK) was elected moderator. Tim York (KY) was elected assistant moderator. Waldo Young (OK) was elected clerk. Keith Burden (OK) was elected assistant clerk.

A motion carried to adjourn. Melvin Worthington prayed the benediction.

A committee for the two hymnals, *Rejoice, The Free Will Baptist Hymn Book* and *The Rejoice Hymnal for the Church of Worship*, is being compiled. The Executive Office and Randall House are working together on this project. We do not have an official release date because of delays in the editorial process.

The 1997 convention in Cincinnati, Ohio, went well. We commended the Ohio State Association of Free Will Baptists for their excellent job in hosting the convention. Registration totaled 6,774. The music, meetings and messages were a special blessing. Preparation for the 1998 convention in Tulsa, Oklahoma, went according to schedule. Site inspection visits for the 2000 convention will be made in the spring of 1998.

Speakers and a theme for the 1998 national convention were selected by the Executive Committee during its December 1997 meeting in Nashville, Tennessee. The theme chosen was *Belief Behaves*. The speakers include Garry Richey (OK), Lloyd Locklear (MO), Randy Wilson (OK), David Taylor (AZ), Edwin Hayes (OH), Eugene Waddell (TN), George Lynt (AR), J. L. Gore (MS), Thurmon Murphy (TX).

The Capital Stewardship/Victory Campaign closed on December 31, 1997. Gifts for this campaign totaled \$307,620.33 (including gifts and pledges). A number of state/district associations reached their campaign goal. The indebtedness on the building as of December 31, 1997, was \$262,168.92.

The 1997 Free Will Baptist Leadership Conference addressed the issue of Stewardship. The speakers did an outstanding job. The 1998 Free Will Baptist Leadership Conference will meet December 7-8, 1998, at the Regal Marriott House Hotel in Nashville, Tennessee. We encourage state/district leaders and interested pastors to attend.

The General Assembly of the International Fellowship of Free Will Baptist Churches, Inc., will meet October 12-16, 1998, in Uruguay. The theme of the meeting will be *The Church, Culture, Community*.

The *Treasure of the Faith and Practices of the National Association of Free Will Baptists, Inc.*, and the *Free Will Baptist Hymnal Book*, *Rejoice*, will be



## The Executive Secretary's Report 1997

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

*Contact* subscriptions totaled 5,195 in the December 1997 mailing. *Contact* provides current information regarding denominational life. Subscriptions are \$12 per year. Lifetime subscriptions cost \$500. Each lifetime subscriber, whether church or individual, receives a leather-bound copy of the *Free Will Baptist Hymn Book: Rejoice* (1988). We now have 10 lifetime subscriptions (plus five more pledged). Complimentary copies of *Contact* are provided for students at Free Will Baptist Bible College, Hillsdale Free Will Baptist College, California Christian College and Southeastern Free Will Baptist College during the nine-month academic year.

The Executive Office represented the National Association of Free Will Baptists, Inc., at the Religious Conference Management Association, Christian Stewardship Association, Evangelical Baptist Union Congress (Russia) and at 25 Free Will Baptist state/district meetings.

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. We do not have an official release date because of delays in the editorial process.

The 1997 convention in Cincinnati, Ohio, went well. We commend the Ohio State Association of Free Will Baptists for their excellent job in hosting the convention. Registration totaled 6,774. The music, meetings and messages were a special blessing. Preparation for the 1998 convention in Tulsa, Oklahoma, went according to schedule. Site inspection visits for the 2008 convention will be made in the spring of 1998.

Speakers and a theme for the 1998 national convention were selected by the Executive Committee during its December 1997 meeting in Nashville, Tennessee. The theme chosen was *Belief Behaves*. The speakers include Garry Richey (OK), Loyd Locklear (MI), Randy Wilson (OK), David Taylor (AZ), Edwin Hayes (OH), Eugene Waddell (TN), George Lynn (AR), J. L. Gore (MS), Thurmon Murphy (TX).

The *Capital Stewardship/Victory Campaign* closed on December 31, 1997. Gifts for this campaign totaled \$307,620.33 (including gifts and pledges). A number of state/district associations reached their campaign goal. The indebtedness on the building as of December 31, 1997, was \$282,168.92.

The 1997 Free Will Baptist Leadership Conference addressed the issue of *Stewardship*. The speakers did an outstanding job. The 1998 Free Will Baptist Leadership Conference will meet December 7-8, 1998, at the Regal Maxwell House Hotel in Nashville, Tennessee. We encourage state/district leaders and interested pastors to attend.

The General Assembly of the International Fellowship of Free Will Baptist Churches, Inc., will meet October 12-16, 1998, in Uruguay. The theme of the meeting will be *The Church, Culture, Customs*.

The *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*, and the *Free Will Baptist Hymn Book: Rejoice* may be



ordered from Randall House Publications. The hymn book is in three colors in round or shaped note editions. *The Rejoice Hymnal for the Church at Worship*, available in both shaped and round note editions in two colors, is distributed by Tempo Music Publications, Inc., 3773 West 95th Street, Leawood, Kansas 66206.

*The Together Way Plan* gifts for the Executive Office ministry in 1997 totaled \$322,152.32. Of this amount, \$221,226.99 was cooperative and \$100,925.33 designated. The 1997 Executive Office budget totaled \$366,000. The office had a 1997 budget shortfall of \$43,847.68. Thank you for your systematic and sacrificial support of the Executive Office ministry.

The Rest of the Family Offering totaled \$9,047.76. After expenses, the balance was disbursed to participating national agencies. September 27, 1998, has been designated as Rest of the Family Sunday. We encourage you to give generously in this offering.

Gifts for national ministries in 1997 totaled \$10,020,229.65. Together Way Plan gifts totaled \$3,217,745.48. Of this amount, \$442,453.17 was cooperative and \$2,775,292.31 designated. Per capita giving was \$49.72; our goal was \$45 per member. We appreciate the support you gave to national ministries in 1997. The Together Way Plan stewardship notebook and brochure, *Stewards on Task*, may be ordered at no charge from the Executive Office.

#### The Together Way Totals

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
1992	\$7,832,441.46	1997	\$10,020,229.65

#### Tracking The Together Way Totals (Through the Executive Office)

	Designated	Co-op	Total
<b>1988</b>			
	\$944,949.06 (+7.82%)	\$323,295.09 (+11.66%)	\$1,268,244.15 (+8.78%)
	75%	25%	
<b>1989</b>			
	1,009,688.56 (+6.85%)	319,483.14 (-1.18%)	1,329,171.70 (+4.80%)
	76%	24%	
<b>1990</b>			
	1,035,463.36 (+2.55%)	330,567.40 (+3.47%)	1,366,030.76 (+2.77%)
	76%	24%	
<b>1991</b>			
	1,129,064.33 (+9.04%)	329,050.08 (-0.46%)	1,458,114.41 (+6.74%)
	77%	23%	
<b>1992</b>			
	1,480,847.51 (+31.16%)	243,195.98 (-26.09%)	1,724,043.49 (+18.24%)
	86%	14%	
<b>1993</b>			
	1,786,527.81 (+20.64%)	278,925.67 (+14.69%)	2,065,453.48 (+19.80%)
	86%	14%	
<b>1994</b>			
	2,071,808.59 (+15.97%)	313,198.40 (+12.29%)	2,385,006.99 (+15.47%)
	87%	13%	

<b>1995</b>	2,128,315.33 (+2.73%)	362,694.52 (+15.80%)	2,491,009.85 (+4.44%)
	85%	15%	
<b>1996</b>	2,110,182.97 (-0.85%)	375,760.11 (+3.60%)	2,485,943.08 (-0.20%)
	85%	15%	
<b>1997</b>	2,775,292.31 (+31.52%)	442,453.17 (+17.75%)	3,217,745.48 (+29.44%)
	86%	14%	

The Together Way Totals increase/decrease from 1988-1997:  
Designated 193.69% CO-OP 36.85%

#### Executive Office

	Designated	Co-op	Total
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
1997	100,925.33	221,226.99	322,152.32

#### Foreign Missions

	Designated	Co-op	Total
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
1997	1,652,641.05	50,882.05	1,703,523.10

#### Free Will Baptist Bible College

	Designated	Co-op	Total
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
1997	157,522.68	50,882.05	208,404.73



### Home Missions

	Designated	Co-op	Total
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
1997	723,293.97	39,820.70	763,114.67

### Retirement & Insurance

	Designated	Co-op	Total
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
1997	13,634.99	30,971.63	44,606.62

### Master's Men

	Designated	Co-op	Total
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
1997	20,526.60	30,971.63	51,498.23

### Free Will Baptist Foundation

	Designated	Co-op	Total
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**
1997	13,162.31	13,273.56	26,435.87**

\* 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
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
1997	867.70	1,106.14	1,973.84

### Commission for Theological Integrity

	Designated	Co-op	Total
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
1997	1,077.90	1,106.14	2,184.04

### Media Commission

	Designated	Co-op	Total
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
1997	885.05	1,106.14	1,991.19

### 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
1997	808.02	1,106.14	1,914.16



We encourage local church, district and state association clerks to take the time necessary to fill out the National Association's 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.

Statistical Summary											
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	Total
Beginning Membership Totals	204,382	210,364	215,579	221,533	227,224	232,124	238,359	243,244	249,713	255,883	
Baptisms	7,910	8,678	7,946	8,703	9,283	8,828	7,804	8,089	8,436	8,971	84,648
Members Added	12,436	12,726	12,537	12,931	12,123	12,246	12,393	12,701	12,155	11,946	124,194
Members Lost	6,454	7,511	6,583	7,240	7,223	6,011	7,508	6,232	5,985	6,660	67,407
Net Increase	5,982	5,215	5,954	5,691	4,900	6,235	4,885	6,469	6,170	5,286	56,787
Ending Membership Totals	210,364	215,579	221,533	227,224	232,124	238,359	243,244	249,713	255,883	261,169	

We need to address the need of funding the national convention. In order to have the necessary equipment for sight and sound, we need more resources. Convention sites are increasingly asking for large advance deposits when we sign contracts. This means that we need a larger reserve in the convention fund. Sound for the 1998 national convention costs approximately \$20,000. If we added image magnification (video screens) and special lighting, the cost would be an additional \$27,000 (\$7,000 for lights and \$20,000 for image magnification). At the present time, we do not have the income to do all that could be done. There are at least four possibilities when addressing convention funding.

#### (1) Convention Offerings.

1996 Offerings needed	\$23,325.00	Offerings received	\$7,917.40
1997 Offerings needed	\$39,816.84	Offerings received	\$7,257.29
1998 Offerings needed	\$44,758.15		

(2) **Increase Representation Fee.** Each state/district association holding membership in the National Association pays a representation fee equaling \$25 per church who hold membership in the association. The representation fee could be designed to increase a percentage at periodic intervals, thus taking care of escalating convention costs.

(3) **Charge Registration Fee.** This registration fee would be required of all who attend the convention, including visitors and delegates. This source of income would fluctuate based on the number who attend and are willing to register.

(4) **Continue As We Are.** This means that we would do nothing until a crisis arises. The cost of hosting and attending national conventions in the foreseeable future show no indication of decreasing in cost. Convention facility rental, insurance, deposits, sound systems, lighting, computer registration and image magnification will continue to escalate in cost. We need to address these convention costs now, before there is a crisis.

On May 8, 1998, during the commencement ceremonies at Vanderbilt University, I received the Doctor of Education (Ed.D.) Degree. This was the culmination of the doctoral program which began in the fall of 1986. My dissertation topic was *The Pastor as Educator: A Free Will Baptist Perspective*.

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., Ed.D., CMP

## EXECUTIVE OFFICE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC. Financial Statements December 31, 1997 and 1996 (With Independent Auditors' Report Thereon)

### EXECUTIVE OFFICE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC. Table of Contents

	Page Number
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Costs and Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 8





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, 1997 and 1996 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, 1997 and 1996, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

*Hill, Harper & Associates, P.C.*

May 12, 1998

## EXECUTIVE OFFICE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS

### Statements of Financial Position December 31, 1997 and 1996

	1997	1996
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 239,334	195,858
Funds held by Free Will Baptist Foundation	5,500	4,500
Receivables:		
Hymnal sales	75,906	37,467
Master's Men	3,634	4,454
International Fellowship	2,300	—
Other	1,683	4,258
Total receivables	83,523	46,179
Allowance for Master's Men accounts	—	3,634
Net receivables	83,523	42,545
Inventory, at lower of cost (first-in, first-out method) or market	251,967	279,191
Prepaid expenses	38,832	30,203
Total current assets	619,156	552,297
<b>Office equipment and furniture</b>	110,764	104,732
Less accumulated depreciation	81,471	70,444
	29,293	34,288
	<u>\$ 648,449</u>	<u>586,585</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 62,353	44,104
Notes payable	144,107	151,254
Deferred subscription revenues	20,662	20,708
Total current liabilities	227,122	216,066
<b>Net assets:</b>		
Executive office	199,438	169,943
Net investment in equipment	29,293	34,288
Contact magazine	(863)	(11,558)
Special projects	118,878	120,829
Convention fund	74,581	57,017
Total net assets	421,327	370,519
	<u>\$ 648,449</u>	<u>586,585</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, 1997 and 1996

	1997	1996
<b>Revenues:</b>		
The Together Way Plan receipts	\$ 3,217,745	2,485,942
Disbursed to departments and agencies	(2,895,593)	(2,165,609)
	322,152	320,333
Subscriptions to <i>Contact Magazine</i>	57,624	55,637
Sales of hymnals	75,236	94,782
Gifts and offerings	15,590	10,333
Interest income	9,591	8,299
Convention fees	139,425	122,726
Leadership Conference	—	4,776
Recovery of doubtful accounts	3,634	—
Other income	30,170	10,768
Total revenues	653,422	627,654
<b>Cost of sales and expenses:</b>		
Cost of hymnal sales	51,126	73,131
<b>Expenses of operations:</b>		
Executive Office	324,404	326,609
<i>Contact Magazine</i>	59,684	60,707
Special Projects	36,563	34,099
Convention Fund	130,837	107,023
Total expenses of operations	551,488	528,438
Total costs and expenses	602,614	601,569
<b>Increase in net assets</b>	50,808	26,085
<b>Net assets, beginning of year</b>	370,519	344,434
<b>Net assets, end of year</b>	\$ 421,327	370,519

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, 1997 and 1996

	Executive Office	Contact Magazine	Special Projects	Convention Fund	1997 Totals	1996 Totals
<b>Cost of hymnal sales:</b>						
Beginning inventory	\$ —	—	279,191	—	279,191	271,026
Costs of production	—	—	23,902	—	23,902	81,296
Total cost of inventory	—	—	303,093	—	303,093	352,322
Less ending inventory	—	—	251,967	—	251,967	279,191
Cost of hymnal sales	—	—	51,126	—	51,126	73,131
<b>Expenses of operations:</b>						
Salaries	131,459	—	6,569	1,075	139,103	133,267
Housing allowance	35,000	—	—	—	35,000	35,000
Employee fringe benefits and general insurance	33,684	—	113	—	33,797	36,090
Payroll taxes	19,554	—	724	52	20,330	19,460
Travel	19,204	856	—	25,096	45,156	45,457
Executive committee	1,437	—	—	1,880	3,317	2,532
Occupancy costs	29,892	—	—	—	29,892	30,988
Depreciation	11,028	—	—	—	11,028	10,903
Legal and audit	2,594	646	499	1,010	4,749	7,115
Equipment maintenance/renewals	2,204	—	—	—	2,204	1,268
Supplies, office expense	11,809	1,213	71	5,781	18,874	26,765
Printing and promotion	3,899	34,800	—	26,293	64,992	58,627
Postage / mail services	998	17,890	42	680	19,610	16,953
Dues, subscriptions, books	—	—	—	—	—	4,140
Telephone	2,027	63	4	440	2,534	2,861
Writers' fees	—	3,125	—	—	3,125	3,740
Interest expense	—	—	15,620	—	15,620	13,426
Auditorium	—	—	—	49,700	49,700	31,596
Meal functions	—	—	—	4,829	4,829	—
Music	—	—	—	911	911	485
Leadership Conference	—	—	—	—	—	698
International Fellowship	1,028	—	—	—	1,028	6,172
Rest of the Family	—	—	9,778	—	9,778	—
Ministerial Family Life	—	—	990	—	990	5,941
Ministry to Ethnic Groups	—	—	—	—	—	376
Doctrinal Survey	—	—	1,138	—	1,138	874
The Together Way Plan	1,170	—	—	—	1,170	828
Auto and copier leases	15,464	—	—	—	15,464	14,158
Other	1,953	1,091	1,015	13,090	17,149	18,718
Total expenses	324,404	59,684	36,563	130,837	551,488	528,438
Total costs and expenses	\$ 324,404	59,684	87,689	130,837	602,614	601,569

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, 1997 and 1996**

	<b>1997</b>	<b>1996</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase in net assets	\$ 50,808	26,085
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,028	10,903
Recovery of doubtful accounts	(3,634)	—
(Increase) decrease in:		
Receivables	(37,344)	(18,949)
Inventories	27,224	(8,165)
Prepaid expenses	(8,629)	(2,853)
Increase (decrease) in:		
Accounts payable and accrued expenses	18,249	109
Deferred subscription revenue	(46)	3,060
Net operating activities	<u>57,656</u>	<u>10,190</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Funds held by Free Will Baptist Foundation	(1,000)	(500)
Purchase of equipment	(6,033)	(2,873)
Net investing activities	<u>(7,033)</u>	<u>(3,373)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Proceeds from notes payable	41,090	76,973
Prepayments of notes payable	(48,237)	(65,719)
Net financing activities	<u>(7,147)</u>	<u>11,254</u>
Net increase in cash	43,476	18,071
Cash and cash equivalents at beginning of year	195,858	177,787
Cash and cash equivalents at end of year	<u>\$ 239,334</u>	<u>195,858</u>
Supplemental disclosures:		
Interest paid	<u>\$ 14,329</u>	<u>13,426</u>

See accompanying notes to financial statements.

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

**Notes to Financial Statements**

**December 31, 1997 and 1996**

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.

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. 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.

**Compensated Absences**

Employees of the Fund 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 Fund's policy is to recognize the cost of compensated absences when actually paid to employees.



**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, 1997 as compared to 1996 totals.

			1997	1996
	Designated	Cooperative	Total	Total
<b>Receipts:</b>				
Alabama	\$ 5,809	—	5,809	6,342
Arizona	4,649	498	5,147	6,339
Arkansas	159,233	154,954	314,187	344,014
California	205	11,845	12,050	12,326
Florida	433	24,242	24,675	35,188
Georgia	227,145	33,261	260,406	210,415
Illinois	125,927	28,089	154,016	133,487
Indiana	11,640	1,572	13,212	10,870
Iowa	310	2,439	2,749	—
Kentucky	14,216	5,541	19,757	11,119
Maryland	—	3,244	3,244	2,759
Michigan	186,509	34,288	220,797	207,501
Mississippi	5,075	4,079	9,154	6,130
Missouri	538,372	—	538,372	136,290
New Mexico	11,683	598	12,281	7,687
North Carolina	14,439	12,555	26,994	22,035
Ohio	174,249	40,277	214,526	128,810
Oklahoma	640,595	56,030	696,625	645,714
South Carolina	382,124	1,342	383,466	266,990
Tennessee	128,688	20,919	149,607	127,604
Texas	76,232	5,130	81,362	76,880
Virginia	9,072	275	9,347	16,691
West Virginia	56,099	920	57,019	69,148
Canada	1,588	67	1,655	—
Contributions totaling \$1,000 or less	1,000	288	1,288	1,603
Total receipts	\$ 2,775,292	442,453	3,217,745	2,485,942
<b>Disbursements:</b>				
Executive Office	\$ 100,925	221,227	322,152	320,333
Foreign Missions	1,652,641	50,882	1,703,523	1,203,177
Free Will Baptist Bible College	157,523	50,882	208,405	189,023
Home Missions	723,294	39,821	763,115	620,837
Retirement & Insurance	13,635	30,972	44,607	34,155
Master's Men	20,527	30,972	51,499	42,708
Commission for Theological Integrity	1,078	1,106	2,184	2,121
Foundation	13,162	13,273	26,435	19,660
Historical Commission	868	1,106	1,974	1,906
Music Commission	808	1,106	1,914	1,831
Radio & Television Commission	885	1,106	1,991	2,167
Hillsdale Free Will Baptist College	15,066	—	15,066	15,543
Other, including the Capital				
Stewardship Campaign	74,880	—	74,880	32,481
Total disbursements	\$ 2,775,292	442,453	3,217,745	2,485,942

7

**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 \$15,464 for 1997 and \$14,158 for 1995. The following schedules the required payments under these lease arrangements.

1998	15,464
1999	9,181
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, 1997, warehoused hymnals valued at a cost of \$162,000. 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 \$24,923 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 \$6,045 in 1997 and \$5,637 in 1996. 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 \$144,107 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.

8



**1999  
Executive Office Budget**

	1997	1998	1999
Administrative	\$366,000.00	\$370,000.00	\$379,000.00
Convention	115,050.00*	139,466.84**	138,358.15***
Contact	84,000.00	88,000.00	87,000.00
<b>Totals</b>	<b>\$565,050.00</b>	<b>\$597,466.84</b>	<b>\$604,358.15</b>
	*1996	**1997	***1998

**1999  
Administrative Budget**

Projected Expenses	1997	1998	1999
Salaries	\$147,081.73	\$152,499.96	\$153,999.95
Housing	35,000.00	35,000.00	41,000.00
Social Security	20,666.52	21,350.53	22,204.54
Retirement	7,099.24	7,288.88	7,350.42
Employees Insurance (Dental, Hospital, Life, Travel)	30,338.68	26,684.91	26,684.91
Auditing/Legal	4,000.00	4,000.00	5,000.00
Automobile Lease (2 Cars)	9,000.00	10,178.76	11,536.15
Computer Supplies	7,000.00	6,000.00	5,000.00
Copier Lease	4,000.00	3,864.00	3,928.40
Double In A Decade	500.00	500.00	0.00
Equipment Maintenance	3,000.00	3,000.00	3,000.00
Equipment Purchase/Computer	4,500.00	4,500.00	4,000.00
Executive Committee	10,000.00	10,000.00	10,000.00
General Insurance	3,500.00	4,000.00	4,000.00
International Fellowship of Free Will Baptist Churches	600.00	1,200.00	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	7,500.00	7,000.00
Other	821.83	2,040.96	1,703.63
Postage	3,000.00	3,000.00	2,000.00
Printing	5,000.00	4,000.00	3,000.00
Promotion	3,000.00	2,000.00	4,000.00
Subscriptions/Dues/Registrations	2,500.00	3,000.00	2,000.00
Telephone	3,500.00	3,000.00	3,000.00
Together Way Plan/Stewardship Education	2,000.00	1,500.00	1,500.00
Travel	22,000.00	22,000.00	24,000.00
<b>Totals</b>	<b>\$366,000.00</b>	<b>\$370,000.00</b>	<b>\$379,000.00</b>
<b>Projected Income</b>			
The Together Way Plan			
Cooperative Gifts	\$226,000.00	\$228,000.00	\$239,000.00
Designated Gifts	140,000.00	142,000.00	140,000.00
<b>Totals</b>	<b>\$366,000.00</b>	<b>\$370,000.00</b>	<b>\$379,000.00</b>

**Salary Breakdown**

	1997	1998	1999
<b>Executive Secretary</b>			
Salary	\$29,954.86 (4%)	\$26,913.05 (4%)	\$27,949.57 (4%)
Housing and Utilities	19,000.00 (4%)	24,000.00 (4%)	25,000.00 (4%)
Social Security	7,490.09 (15.30%)	7,789.70 (15.30%)	8,101.28 (15.30%)
Retirement	1,497.74 (5%)	1,345.65 (5%)	1,397.48 (5%)
Insurance	4,305.25	3,585.68	3,585.68
Travel/Life/Disability	754.56	815.56	815.56
Hospital	3,319.86	2,547.50	2,547.50
Dental	230.83	222.62	222.62
Note: Office car furnished.	\$62,247.94	\$63,884.08	\$66,034.01
<b>Administrative Assistant/Contact Editor</b>			
Salary	\$23,114.13 (4%)	\$24,678.70 (4%)	\$26,305.85 (4%)
Housing and Utilities	16,000.00 (4%)	16,000.00 (4%)	16,000.00 (4%)
Social Security	5,984.46 (15.30%)	6,223.84 (15.30%)	6,472.80 (15.30%)
Retirement	1,155.71 (5%)	1,233.94 (5%)	1,315.29 (5%)
Insurance	6,816.00	6,303.60	6,303.60
Travel/Life/Disability	609.60	762.48	762.48
Hospital	5,724.58	5,132.88	5,132.88
Dental	481.82	408.24	408.24
Note: Office car furnished.	\$53,070.30	\$54,440.08	\$56,397.54
<b>Bookkeeper</b>			
Salary	\$24,337.71 (4%)	\$25,311.22 (4%)	\$26,323.67 (4%)
Social Security	1,861.83 (7.65%)	1,936.31 (7.65%)	2,013.76 (7.65%)
Retirement	1,216.89 (5%)	1,265.56 (5%)	1,316.18 (5%)
Insurance	6,538.75	5,633.64	5,633.64
Life/Disability	332.35	381.12	381.12
Hospital	5,724.58	4,844.28	4,844.28
Dental	481.82	408.24	408.24
	\$33,955.18	\$34,146.73	\$35,287.25
<b>Editorial Assistant/Secretary</b>			
Salary	\$23,793.56 (4%)	\$24,745.30 (4%)	\$25,735.11 (4%)
Social Security	1,820.21 (7.65%)	1,893.02 (7.65%)	1,968.74 (7.65%)
Retirement	1,189.68 (5%)	1,237.27 (5%)	1,286.76 (5%)
Insurance	3,563.23	3,283.92	3,283.92
Life/Disability	319.78	362.04	362.04
Hospital	3,012.62	2,699.28	2,699.28
Dental	230.83	222.60	222.60
	\$30,366.68	\$31,159.51	\$32,274.53
<b>Yearbook Coordinator/Secretary</b>			
Salary	\$23,348.38 (4%)	\$24,282.32 (4%)	\$25,253.61 (4%)
Social Security	1,786.15 (7.65%)	1,857.60 (7.65%)	1,931.90 (7.65%)
Retirement	1,167.42 (5%)	1,214.12 (5%)	1,262.68 (5%)
Insurance	3,560.71	3,084.96	3,084.96
Life/Disability	317.26	314.88	314.88
Hospital	3,012.62	2,547.48	2,547.48
Dental	230.83	222.60	222.60
	\$29,862.66	\$30,439.00	\$31,533.15



# Salary Breakdown (Cont.)

	1997	1998	1999
<b>Contact Circulation Manager/ Receptionist</b>	75%	60%	60%
Salary	\$17,435.97 (4%)	\$14,846.81 (4%)	\$15,440.68 (4%)
Social Security	1,333.85 (7.65%)	1,135.78 (7.65%)	1,181.21 (7.65%)
Retirement	871.80 (5%)	742.34 (5%)	772.03 (5%)
Insurance (60%)	5,554.74	4,793.11	4,793.11
Life/Disability	244.60	226.73	226.73
Hospital	4,826.88	4,214.59	4,214.59
Dental	483.26	351.79	351.79
	<u>\$25,196.36</u>	<u>\$21,518.04</u>	<u>\$22,187.03</u>
<b>Part-Time Help</b>	82 days	104 days	104 days
Salary (104 days)	\$5,097.12 (\$7.77 hr.)	\$6,722.56 (\$8.08 hr.)	\$6,991.46 (\$8.40 hr.)
Social Security	389.93 (7.65%)	514.28 (7.65%)	534.85 (7.65%)
	<u>\$5,487.05</u>	<u>\$7,236.84</u>	<u>\$7,526.31</u>

## Convention Budget National Association of Free Will Baptists, Inc. July 12-16, 1998 Tulsa, Oklahoma

### Projected Expenditures

	1996 Fort Worth	1997 Cincinnati	1998 Tulsa
Auditorium	\$ 34,500.00	\$ 47,580.00	\$ 47,550.00
Printing and Promotion	27,945.00	28,075.00	28,139.70
Convention Office	13,895.00	16,570.00	18,074.00
Convention Personnel	12,493.80	12,698.34	10,789.89
Meals	2,052.00	2,079.00	2,280.00
Travel	4,004.00	2,372.88	3,421.50
Lodging	6,437.80	8,246.46	5,088.39
Convention Officials	9,124.20	11,805.82	7,619.81
Honorariums	750.00	1,000.00	1,350.00
Decorator Services	5,958.00	6,364.00	6,176.00
Meal Functions	2,109.68	2,073.68	1,858.75
Executive Committee	1,800.00	1,800.00	1,800.00
Meal and Motel Expenses			
Pre-Convention Expenses	6,474.32	11,500.00	15,000.00
<b>Total</b>	<u>\$115,050.00</u>	<u>\$139,466.84</u>	<u>\$138,358.15</u>

### Projected Receipts

Booth Fees	\$ 12,950.00	\$ 14,925.00	\$ 17,650.00
State Assoc. Representation Fees (\$25 per church)	62,275.00	62,225.00	62,350.00
Local Church Delegate Fees (\$25.00)	2,500.00	2,500.00	1,600.00
Host State (Oklahoma)	12,000.00	20,000.00	12,000.00
Offerings	25,325.00	39,816.84	44,758.15
<b>Total</b>	<u>\$115,050.00</u>	<u>\$139,466.84</u>	<u>\$138,358.15</u>

## Convention Budget National Association of Free Will Baptists, Inc. July 12-16, 1998 Tulsa, Oklahoma

### Projected Receipts

	1996	1997	1998
Booth Fees	\$12,950.00	\$14,925.00	\$17,650.00
State Assoc. Representation Fees (\$25/church)	62,275.00	62,225.00	62,350.00
Local Church Delegate Fees (\$25.00)	2,500.00	2,500.00	1,600.00
Host State (Oklahoma)	12,000.00	20,000.00	12,000.00
Offerings	25,325.00	39,816.84	44,758.15
<b>Total</b>	<u>\$115,050.00</u>	<u>\$139,466.84</u>	<u>\$138,358.15</u>

### Projected Expenditures

<b>Auditorium</b>			
Rental	\$ 12,000.00	\$ 19,000.00	\$ 5,400.00
Meeting Rooms	.00	.00	4,600.00
Convention Banner	300.00	300.00	300.00
Flowers	150.00	150.00	150.00
Police Security	6,000.00	4,260.00	3,500.00
Convention Tapes	200.00	250.00	250.00
Other	15,850.00	23,620.00	23,350.00
Music Stand Rental(Decorator)	500.00	270.00	350.00
Sound System/AV Equipment	12,000.00	20,000.00	20,000.00
Usher Badges	200.00	200.00	200.00
Liab.,ASCAP,BMI,Ins.	800.00	800.00	800.00
First Aid Staff	1,500.00	1,500.00	1,500.00
Courtesy Car	150.00	150.00	150.00
Offering Buckets	300.00	300.00	100.00
Signs	400.00	400.00	250.00
<b>Total</b>	<u>\$34,500.00</u>	<u>\$47,580.00</u>	<u>\$47,550.00</u>

### Printing and Promotion

Publicity and Art Work	\$12,000.00	\$13,000.00	\$13,000.00
Photos	500.00	700.00	700.00
Convention Materials	12,445.00	10,375.00	11,439.70
Programs/Song Sheets	3,345.00	3,156.25	3,625.00
Song Sheets/CCLI License	1,224.00	.00	502.20
Digest of Reports	7,876.00	7,218.75	7,312.50
Pre-Convention Printing	3,000.00	4,000.00	3,000.00
(Sunday C.News pre-printed, copier reimb.)			
<b>Total</b>	<u>\$27,945.00</u>	<u>\$28,075.00</u>	<u>\$28,139.70</u>

### Convention Office

Registration/Pre-Reg. (Supplies, Salaries, Pstg.)	\$4,500.00	\$4,500.00	\$3,000.00
Registration Computers/Printers	1,000.00	1,000.00	3,000.00
Paper and Printing Supplies	2,000.00	1,000.00	2,000.00
Equipment Rentals	2,845.00	4,210.00	3,524.00
Copiers (2)/Paper	2,240.00	3,500.00	2,000.00
Typewriters (2)	105.00	100.00	100.00
Computers, Printers—Office/Registration	350.00	250.00	1,000.00
Tables/Chairs (Office)	150.00	360.00	424.00
Telephone	800.00	460.00	600.00
During Convention (Office)	400.00	160.00	300.00
Pre/Post Convention	400.00	300.00	300.00
Office Expense/Supplies	.00	2,500.00	2,500.00



	1996	1997	1998
Postage	800.00	800.00	800.00
Musical Instruments Rental and Service	1,950.00	2,100.00	2,650.00
Piano/Tuning	1,050.00	750.00	1,600.00
Forklift	150.00	150.00	150.00
Organ Shipping	600.00	900.00	600.00
Music	150.00	300.00	300.00
<b>Total</b>	<b>\$13,895.00</b>	<b>\$16,570.00</b>	<b>\$18,074.00</b>

#### Convention Personnel

##### Meals

Dari Goodfellow (27 meals @ \$10.00 each)	\$ 216.00	\$ 216.00	\$ 270.00
Melody Hood (30 meals @ \$10.00 each)	270.00	270.00	300.00
Steve Pate (21 meals @ \$10.00 each)	189.00	189.00	210.00
Marilyn Pritchard (30 meals @ \$10.00 each)	270.00	270.00	300.00
Deanna Hollifield (18 meals @ \$10.00 each)	189.00	216.00	180.00
Jack Williams (36 meals @ \$10.00 each)	324.00	324.00	360.00
Anne Worthington (30 meals @ \$10.00 each)	270.00	270.00	300.00
Melvin Worthington (36 meals @ \$10.00 each)	324.00	324.00	360.00
<b>Total</b>	<b>\$2,052.00</b>	<b>\$2,079.00</b>	<b>\$2,280.00</b>

##### Travel

Dari Goodfellow	\$ 434.00	\$ 186.48	\$ 396.50
Melody Hood	227.00	186.48	193.00
Marilyn Pritchard	227.00	186.48	193.00
Deanna Hollifield	434.00	186.48	.00
Steve Pate(Trans.Coord.,rental)	1,800.00	1,200.00	2,000.00
Motel/Meals on road (6 meals @ \$10.00 each)	228.00	54.00	60.00
Jack Williams	200.00	186.48	193.00
Anne Worthington	227.00	.00	193.00
Melvin Worthington	227.00	186.48	193.00
<b>Total</b>	<b>\$4,004.00</b>	<b>\$2,372.88</b>	<b>\$3,421.50</b>

##### Lodging

Dari Goodfellow (9 nights @ \$89.27)	\$ 793.45	\$ 980.56	\$ 803.43
Melody Hood (9 nights @ \$89.27)	966.15	1,260.72	803.43
Steve Pate (8 nights @ \$89.27)	661.05	838.24	714.16
Marilyn Pritchard (9 nights @ \$89.27)	966.15	1,260.72	803.43
Deanna Hollifield	440.70	824.46	.00
Jack Williams (11 nights @ \$89.27)	1,305.15	1,540.88	981.97
Melvin Worthington (11 nights @ \$89.27)	1,305.15	1,540.88	981.97
<b>Total (Includes applicable tax and parking)</b>	<b>\$6,437.80</b>	<b>\$8,246.46</b>	<b>\$5,088.39</b>

#### Convention Officials

<b>Moderator - Carl Cheshier</b>	<b>\$1,115.55</b>	<b>\$1,915.06</b>	<b>\$1,216.00</b>
Travel (From Oklahoma City, OK to Tulsa, OK—300 miles @ \$.325 per mile)	.00	409.50	97.50
Meals (21 meals @ \$10.00 each)	243.00	216.00	210.00
Lodging (6 nights @ \$84.75)	872.55	889.56	508.50
Honorarium	.00	400.00	400.00
<b>Clerk - Waldo Young</b>	<b>\$1,424.10</b>	<b>\$2,393.64</b>	<b>\$1,216.00</b>
Travel (From Shawnee, OK to Tulsa, OK—300 miles @ \$.325 per mile)	155.00	630.00	97.50
Meals (21 meals @ \$10.00 each)	189.00	243.00	210.00
Lodging (6 nights @ \$84.75)	680.10	1,120.64	508.50
Honorarium	400.00	400.00	400.00

	1996	1997	1998
<b>Assistant Moderator - Tim York</b>	<b>.00</b>	<b>868.68</b>	<b>789.96</b>
Meals (18 meals @ \$10.00 each)	.00	162.00	180.00
Lodging (6 nights @ \$101.66)	.00	706.68	609.96
<b>Assistant Clerk - Keith Burden</b>	<b>839.25</b>	<b>750.90</b>	<b>641.04</b>
Meals (18 meals @ \$10.00 each)	216.00	162.00	180.00
Lodging (6 nights @ \$76.84)	623.25	588.90	461.04
<b>Moderator (Ex-Officio) - Ralph Hampton</b>	<b>1,703.10</b>	<b>1,102.74</b>	<b>.00</b>
Travel	434.00	186.48	.00
Meals	189.00	162.00	.00
Lodging	680.10	754.26	.00
Honorarium	400.00	.00	.00
<b>Usher Coordinator - Raymond Lee</b>	<b>751.45</b>	<b>754.26</b>	<b>535.62</b>
Lodging (6 nights @ \$89.27)			
<b>Music Coordinator - Randy Sawyer</b>	<b>440.70</b>	<b>840.48</b>	<b>593.25</b>
Lodging (7 nights @ \$84.75)			
<b>Pianist-Jerry Carraway</b>	<b>367.25</b>	<b>588.90</b>	<b>609.96</b>
Lodging (6 nights @ \$101.66)			
<b>Organist-Carol Reid</b>	<b>367.25</b>	<b>588.90</b>	<b>508.30</b>
Lodging (5 nights @ \$101.66)			
<b>Registration Coordinator - George Harvey</b>	<b>514.15</b>	<b>706.68</b>	<b>624.89</b>
Lodging (7 nights @ \$89.27)			
<b>Press Officer - Thomas Marberry</b>	<b>440.70</b>	<b>706.68</b>	<b>461.04</b>
Lodging (6 nights @ \$76.84)			
<b>Photographer - Eddie Payne</b>	<b>367.25</b>	<b>588.90</b>	<b>423.75</b>
Lodging (5 nights @ \$84.75)			
<b>Tape Coordinator</b>	<b>793.45</b>	<b>.00</b>	<b>.00</b>
<b>Total (Includes applicable tax and parking)</b>	<b>\$9,124.20</b>	<b>\$11,805.82</b>	<b>\$7,619.81</b>

#### Honorariums

Ron Barber	\$125.00	Bill Sawyer	\$125.00	Garry Richey	\$150.00
Gerald Fowler	125.00	Robert Pritchard	125.00	Loyd Locklear	150.00
Tim Hall	125.00	Matthew Upton	125.00	Randy Wilson	150.00
Trymon Messer	125.00	Earl Hendrix	125.00	David Taylor	150.00
Will Harmon	125.00	Melvin Worthington	.00	Edwin Hayes	150.00
Bob Shockey	125.00	Jerry Norris	125.00	Eugene Waddell	150.00
		Richard Atwood	125.00	George Lynn	150.00
		Ronnie Adkins	125.00	J. L. Gore	150.00
		Connie Coriker	125.00	Thurmon Murphy	150.00
	<b>\$750.00</b>		<b>\$1,000.00</b>		<b>\$1,350.00</b>

#### Decorator Services

Booth (71) Installation & Drape Tables	\$2,580.00	\$2,100.00	\$2,059.00
Stage	1,342.00	2,994.00	2,056.00
Skirting/Draping/Stage Set-Up	220.00	1,490.00	974.00
Skirted Tables/Chairs	190.00	114.00	94.00
Carpet	832.00	1,390.00	667.00
Hanging Banner	100.00	.00	.00
Usher Room Rental	0.00	.00	321.00
Exhibitor Badges	275.00	300.00	300.00
Convention Office (Two-way radio)	.00	.00	.00



Registration	1,761.00	970.00	1,761.00
Desks	500.00	.00	175.00
Skirted Tables	251.00	280.00	390.00
Chairs	490.00	190.00	600.00
Electricity/Masking Drape	300.00	300.00	300.00
Easels/Trash Cans/Carpet	220.00	200.00	296.00
<b>Total</b>	<b>\$5,958.00</b>	<b>\$6,364.00</b>	<b>\$6,176.00</b>
<b>Meal Functions</b>			
Executive Committee	\$ 687.58	\$ 649.08	\$ 580.00
Coffee Breaks (2)	250.00	250.00	250.00
Luncheon (22 people @ \$15.00)	437.58	399.08	330.00
General Board Breakfast (55 people @ \$9.75)	675.95	627.55	536.25
State Leaders Breakfast (45 people @ \$9.75)	482.90	447.75	438.75
State Exec. Sec./Promo. Director's Breakfast (25 people @ \$9.75)	263.25	248.75	243.75
Presidents' Breakfast (5 people @ \$12.00)	.00	100.55	60.00
<b>Total</b>	<b>\$2,109.68</b>	<b>\$2,073.68</b>	<b>\$1,858.75</b>
<b>Executive Committee</b>			
Meal and Motel Expenses (For the Executive Committee Meeting prior to the 1998 National Convention)			
Gene Norris	\$300.00	Gene Norris	\$300.00
Nathan Ruble	300.00	Nathan Ruble	300.00
Thurmon Murphy	300.00	Jack Richey	300.00
Tom Lilly	300.00	Glen Johnson	300.00
David Joslin	300.00	David Joslin	300.00
Charles Thigpen	300.00	Charles Thigpen	300.00
<b>Total</b>	<b>\$1,800.00</b>	<b>\$1,800.00</b>	<b>\$1,800.00</b>
<b>Pre-convention Expenses</b>			
	\$6,474.32	\$11,500.00	\$15,000.00

## 1999 Contact Budget

Projected Expenses	1997	1998	1999
Printing	\$36,000.00	\$42,000.00	\$42,000.00
Postage	17,000.00	17,000.00	17,000.00
Art	2,000.00	2,000.00	1,500.00
Writers' Fees and Photos	4,000.00	4,500.00	4,000.00
Promotion	6,000.00	4,000.00	3,500.00
Computer/Services	5,000.00	3,000.00	3,500.00
Mail Services	3,000.00	5,700.00	6,000.00
Telephone	300.00	200.00	200.00
Office Supplies	3,000.00	3,000.00	3,600.00
Travel	2,700.00	2,500.00	2,500.00
Bound Copies	600.00	600.00	.00
Other	1,000.00	1,500.00	1,200.00
Books, Dues, Registrations	1,000.00	1,000.00	1,000.00
Audit	1,200.00	1,000.00	1,000.00
Debt Retirement	1,200.00	.00	.00
(To reimb. Executive Office)			
<b>Total Expenses</b>	<b>\$84,000.00</b>	<b>\$88,000.00</b>	<b>\$87,000.00</b>
<b>Projected Income</b>			
Convention coverage	\$12,000.00	\$12,000.00	\$12,000.00*
Subscriptions	72,000.00	76,000.00	75,000.00**
<b>Total Income</b>	<b>\$84,000.00</b>	<b>\$88,000.00</b>	<b>\$87,000.00</b>

\*Three issues

\*\*Based on 6,250 subscriptions @ \$12.00 per year



# 1998 Gift Goals for Executive Office

States	Membership	Gift Goals
Alabama	19,128	\$ 35,190.96
Arizona	224	412.11
Arkansas	19,887	36,587.34
California	2,951	5,429.14
Canada	323	594.24
Colorado	355	653.12
Florida	5,385	9,907.12
Georgia	9,882	18,180.53
Hawaii	23	42.31
Idaho	172	316.44
Illinois	4,085	7,515.43
Indiana	1,300	2,391.69
Iowa	52	95.67
Kansas	164	301.72
Kentucky	16,464	30,289.84
Louisiana	49	90.15
Maryland	1,608	2,958.34
Mexico	2,363	4,347.36
Michigan	3,192	5,872.52
Mississippi	3,317	6,102.49
Missouri	14,340	26,382.18
Montana	10	18.40
Nebraska	0	.00
New Jersey	0	.00
New Mexico	70	128.78
North Carolina	18,425	33,897.61
Northeast Assoc.	0	.00
Northwest Assoc.	299	550.09
Ohio	10,420	19,170.32
Oklahoma	21,973	40,425.04
Pennsylvania	0	.00
Puerto Rico	45	82.79
South Carolina	6,998	12,874.65
South Dakota	78	143.50
Tennessee	18,316	33,697.08
Texas	2,315	4,259.05
Virgin Islands	230	423.15
Virginia	5,770	10,615.43
West Virginia	10,844	19,950.38
Wisconsin	56	103.03
Totals	201,113	\$370,000.00

Gift Goals Per Person

\$1.84

## 1998 Gift Goals For National Ministries

States	Membership	Executive Office	Foreign Missions	FWBBC	Home Missions	Retirement & Insurance	Master's Men	FWS Foundation	Theological Integrity	Historical Commission	Music Commission	Media Commission	WNAC	NYC	Totals	%
1998 Budgets		\$370,000.00	\$5,010,401.00	\$1,100,000.00	\$3,000,000.00	\$355,645.00	\$143,000.00	\$108,450.00	\$2,400.00	\$4,375.00	\$11,700.00	\$9,850.00	\$275,516.00	\$50,000.00	\$10,391,357.00	100.00%
Alabama	19,128	35,190.96	476,542.79	104,621.78	285,332.13	33,827.55	13,600.83	10,314.76	228.27	416.11	1,112.80	936.84	21,448.99	4,755.54	988,329.35	9.51%
Arizona	224	412.11	5,580.59	1,275.18	3,341.41	396.14	14,140.51	1,270.79	2.67	4.87	13.03	10.97	251.18	55.69	11,573.90	0.11%
Arkansas	19,887	36,587.34	495,452.03	108,773.18	296,654.12	35,169.83	14,140.51	10,774.05	237.32	432.62	1,156.95	974.01	22,300.08	4,944.24	1,027,546.28	9.89%
California	2,951	5,429.14	73,519.33	16,140.68	44,020.03	5,218.79	2,099.29	1,591.32	35.22	64.20	171.68	144.53	3,309.07	733.67	152,475.95	1.47%
Canada	323	594.24	8,047.02	1,766.67	4,818.19	571.22	229.67	174.18	3.85	7.03	18.79	15.82	362.19	80.30	16,689.17	0.16%
Colorado	355	653.12	8,844.24	1,941.69	5,295.53	627.81	252.42	191.43	4.24	7.72	20.65	17.39	398.08	88.26	18,342.58	0.18%
Florida	5,385	9,907.12	134,158.46	29,453.59	80,327.97	9,523.28	3,828.97	2,903.86	64.26	117.14	313.28	263.74	6,038.41	1,338.80	278,238.88	2.68%
Georgia	9,882	18,180.53	246,193.84	54,050.21	147,409.67	17,476.15	7,025.53	5,328.86	117.93	214.97	574.90	484.00	11,081.08	2,454.83	510,595.50	4.91%
Hawaii	23	42.31	573.01	125.80	343.09	40.68	16.35	12.40	0.27	0.50	1.34	1.13	25.79	5.72	1,188.39	0.01%
Idaho	172	316.44	4,285.10	940.76	2,565.72	304.18	127.30	92.75	2.05	3.74	10.01	8.42	192.87	42.76	8,687.10	0.09%
Illinois	4,085	7,515.43	101,771.08	22,343.16	60,935.89	7,274.25	2,904.61	2,202.83	48.75	88.86	237.65	200.07	4,580.67	1,015.40	211,048.85	2.03%
Indiana	1,300	2,391.69	32,387.37	7,110.43	19,397.08	2,299.03	924.36	701.02	15.51	28.28	75.63	63.67	1,457.74	323.20	67,170.01	0.65%
Iowa	52	95.67	1,295.49	284.42	775.68	91.96	36.97	28.04	0.62	1.13	3.03	2.55	50.31	12.93	2,466.80	0.03%
Kansas	164	301.72	4,085.79	897.01	2,446.39	290.03	116.61	88.44	1.96	3.57	9.54	8.03	183.90	40.77	8,473.76	0.08%
Kentucky	16,464	30,289.84	410,173.59	90,050.87	245,593.27	29,116.31	11,706.61	8,878.20	196.47	358.16	957.81	806.36	18,461.74	4,093.22	850,482.45	8.19%
Louisiana	49	90.15	1,270.75	268.01	730.93	86.66	34.84	26.47	0.58	1.07	2.85	2.40	54.95	12.18	2,531.79	0.07%
Maryland	1,608	2,958.34	40,060.69	8,795.06	23,986.52	2,843.72	1,143.36	867.11	19.19	34.98	93.55	78.76	1,803.11	399.78	83,084.47	0.80%
Mexico	2,363	4,347.36	58,870.27	12,974.57	35,248.84	4,178.93	1,680.19	1,274.25	28.20	51.40	137.47	115.23	2,449.73	587.48	122,094.42	1.18%
Michigan	3,192	5,872.52	79,523.45	17,458.84	47,615.02	5,645.00	2,267.65	1,721.28	38.09	69.44	185.70	156.34	3,570.32	793.58	164,978.23	1.59%
Mississippi	3,317	6,102.49	82,637.62	18,142.54	49,479.65	5,866.06	2,350.53	1,788.69	39.58	72.16	192.97	162.46	3,719.48	824.66	171,386.89	1.65%
Missouri	14,340	26,382.18	357,257.61	78,433.52	213,909.59	25,340.05	10,196.36	7,732.83	171.13	311.95	834.25	702.34	16,080.01	3,565.16	740,936.98	7.13%
Montana	10	18.40	249.13	54.70	149.17	17.68	7.11	5.39	0.12	0.22	0.58	0.49	11.21	2.49	516.69	0.00%
Nebraska	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
New Jersey	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
New Mexico	70	128.78	1,743.94	382.87	1,044.19	123.79	49.77	37.75	0.84	1.52	4.07	3.43	78.49	17.40	3,616.84	0.03%
North Carolina	18,425	33,897.61	459,028.70	100,776.68	274,845.48	32,584.31	13,100.97	9,935.66	219.88	400.82	1,071.90	902.41	20,660.68	4,580.76	952,005.86	9.16%
Northeast Assoc.	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
Northwest Assoc.	299	550.09	7,449.10	1,635.40	4,460.18	528.78	217.60	161.24	3.57	6.50	17.39	14.64	335.28	74.34	15,449.11	0.15%
Ohio	10,420	19,170.32	259,597.23	54,992.83	155,435.00	18,427.60	7,407.07	5,618.98	124.35	226.68	606.20	510.34	11,684.36	2,590.58	538,393.54	5.18%
Oklahoma	21,973	40,425.04	547,421.34	120,182.66	327,770.98	38,858.89	15,623.76	11,848.90	262.21	478.00	1,278.28	1,076.21	24,639.21	5,462.83	1,135,328.31	10.93%
Pennsylvania	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
Puerto Rico	45	82.79	1,121.10	246.13	671.26	79.58	32.00	24.27	0.54	0.98	2.42	2.20	50.46	11.19	2,325.12	0.02%
South Carolina	6,998	12,874.65	174,343.71	38,275.99	104,389.07	12,375.85	4,975.88	3,773.67	83.51	152.23	407.12	342.74	7,847.14	1,739.82	361,581.38	3.48%
South Dakota	78	143.50	1,943.24	426.63	1,163.52	137.94	55.46	42.06	0.93	1.70	4.54	3.82	87.46	19.39	4,080.19	0.04%
Tennessee	18,316	33,697.08	456,313.14	100,180.50	273,219.53	32,391.54	13,023.46	9,876.89	218.58	398.45	1,065.56	897.07	20,538.46	4,553.66	946,373.92	9.11%
Texas	2,315	4,259.05	57,674.43	12,462.04	34,532.82	4,094.04	1,444.06	1,248.36	27.63	50.36	134.68	113.38	2,595.90	575.55	119,614.30	1.15%
Virgin Islands	230	423.15	5,730.07	1,258.00	3,430.91	406.75	163.54	124.03	2.74	5.00	13.38	11.26	257.91	57.18	11,883.92	0.11%
Virginia	5,770	10,615.43	143,750.10	31,559.37	86,071.01	10,204.15	4,102.72	3,111.47	68.86	125.52	335.68	282.60	6,470.13	1,434.52	298,131.56	2.87%
West Virginia	10,844	19,950.38	270,160.50	59,311.93	161,759.81	19,177.43	7,710.55	5,847.62	129.41	235.90	630.86	531.11	12,159.81	2,696.00	540,301.31	5.39%
Wisconsin	56	103.03	1,395.15	306.30	835.35	99.04	39.82	30.20	0.67	1.22	3.26	2.74	67.80	13.92	2,893.50	0.03%
Totals	201,113	\$370,000.00	\$55,010,401.00	\$1,100,000.00	\$3,000,000.00	\$355,645.00	\$143,000.00	\$108,450.00	\$2,400.00	\$4,375.00	\$11,700.00	\$9,850.00	\$275,516.00	\$50,000.00	\$10,391,357.00	100.00%
Gift Goals Per Person		1.84	24.91	5.47	14.92	1.77	0.71	0.54	0.01	0.02	0.06	0.05	1.12	0.25	51.67	



# 1997 Gift Goals For National Ministries

States	Membership	Executive Office	Foreign Missions	FWBCC	Home Missions	Retirement & Insurance	Master's Men	FWB Foundation	Theological Integrity	Historical Commission	Music Commission	Media Commission	WNAC	NYC	Totals	%
<b>1997 Budgets</b>		\$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%
<b>States</b>																
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	2,929.08	350.34	137.98	97.29	2.51	3.01	3.90	8.73	229.20	52.30	9,900.30	1.00%
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	1.59%
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	0.70%
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	135,879.39	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	0.01%
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	0.07%
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	0.02%
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	0.07%
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	0.04%
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	0.72%
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	15,670.01	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	0.03%
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	0.01%
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	0.05%
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	0.03%
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	0.13%

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	0.09%
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	0.03%
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	0.03%
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	0.07%
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	11,066	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	0.01%
Wyoming	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
<b>Totals</b>	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	\$3,725.00	\$8,350.00	\$219,100.00	\$50,000.00	\$9,464,020.00	100.00%
Gift Goals Per Person		1.75	21.17	4.75	13.31	1.59	.63	.44	.01	.01	.02	.04	1.04	.24	45.00	



# 1997 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	\$2,385.99	\$210,544.47	\$58,324.90	\$267,123.02	\$972.59	\$2,268.87	\$46.84	\$5,917.13	\$284.04	\$46.84	\$34.80	\$83.49	\$547,982.98
Alaska	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Arizona	248.85	8,917.48	1,396.99	48,438.85	34.85	287.18	1.24	286.69	14.94	1.24	1.24	1.24	59,630.79
Arkansas	77,476.95	305,389.51	63,728.37	177,469.50	10,846.75	12,081.75	387.38	13,714.93	4,648.61	387.38	387.38	387.38	666,905.89
California	5,922.68	58,993.46	5,137.11	62,598.66	829.16	1,029.16	29.62	2,910.83	355.34	29.62	29.62	29.62	137,894.88
Canada	33.35	6,533.16	550.20	11,145.87	4.67	4.67	.17	.00	1.99	.17	.17	.17	18,274.59
Colorado	.00	9,987.04	250.00	54,257.97	.00	.00	.00	360.00	.00	.00	.00	.00	64,855.01
Connecticut	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Delaware	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Florida	12,383.80	123,169.03	25,899.60	106,800.57	1,686.92	1,771.92	60.61	3,104.84	727.25	60.61	60.61	60.61	275,796.37
Georgia	16,929.30	238,449.97	73,368.22	97,127.73	3,528.24	3,642.37	83.15	7,618.60	997.82	83.15	83.15	83.15	441,994.85
Hawaii	.00	125.00	.00	1,150.00	.00	.00	.00	.00	.00	.00	.00	.00	1,275.00
Idaho	.00	4,245.11	.00	6,589.33	.00	.00	.00	.00	.00	.00	.00	.00	10,834.44
Illinois	14,044.38	154,074.54	25,191.09	49,183.08	1,966.21	2,551.21	70.24	3,389.96	842.67	70.24	70.24	70.24	251,524.10
Indiana	1,299.98	42,119.84	5,429.07	59,220.61	351.06	411.06	184.69	1,108.28	227.92	184.69	3.92	3.92	110,545.04
Iowa	1,356.69	2,062.04	678.38	1,618.70	189.93	579.93	6.80	240.00	81.40	6.80	6.80	6.80	6,834.27
Kansas	.00	7,784.76	200.00	24,398.35	.00	.00	.00	375.00	.00	.00	.00	.00	32,758.11
Kentucky	2,820.58	75,290.70	14,455.46	60,891.57	437.87	537.87	13.85	3,651.13	216.23	13.85	13.85	13.85	158,356.81
Louisiana	140.00	1,785.00	712.26	19,580.72	.00	200.00	.00	.00	.00	.00	.00	.00	22,417.98
Maine	.00	.00	1,290.00	2,860.74	.00	.00	.00	.00	.00	.00	.00	.00	4,150.74
Maryland	1,621.93	46,907.24	1,960.96	34,968.47	227.06	227.06	8.11	1,458.00	97.31	8.11	8.11	8.11	87,500.47
Massachusetts	.00	.00	.00	21,351.15	.00	.00	.00	.00	.00	.00	.00	.00	21,351.15
Michigan	17,265.44	187,275.62	19,258.13	89,690.09	2,400.14	5,824.14	85.71	3,208.59	1,078.61	85.71	85.71	85.71	326,343.60
Minnesota	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Mississippi	2,913.65	72,519.61	20,575.18	76,475.36	461.59	1,724.59	20.58	2,716.17	200.11	20.58	20.58	20.58	177,668.58
Missouri	63,134.82	413,667.01	41,615.91	117,905.76	8,782.29	9,568.05	313.55	10,995.98	3,762.58	313.55	313.51	313.54	670,686.55
Montana	.00	2,100.00	.00	440.00	.00	.00	.00	.00	.00	.00	.00	.00	2,540.00
Nebraska	.00	1,035.00	.00	152.00	.00	.00	.00	.00	.00	.00	.00	.00	1,187.00
Nevada	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
New Hampshire	.00	.00	.00	14,854.75	.00	.00	.00	.00	.00	.00	.00	.00	14,854.75
New Jersey	.00	.00	.00	3,456.65	.00	.00	.00	.00	.00	.00	.00	.00	3,456.65

New Mexico	299.17	3,481.80	337.60	14,033.30	41.86	41.86	1.50	209.60	17.94	1.50	1.50	1.50	18,469.13
New York	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
North Carolina	8,823.07	635,131.45	181,455.26	232,164.09	918.86	2,992.34	77.56	8,758.59	450.79	77.56	37.56	37.56	1,070,924.69
Ohio	20,558.40	185,438.48	19,069.09	134,897.39	2,819.36	3,119.36	100.70	4,942.49	100.70	100.70	100.70	1,208.30	372,455.67
Oklahoma	47,753.86	459,707.90	17,527.37	309,976.51	4,996.40	9,411.17	408.88	21,593.36	2,755.20	408.88	408.88	408.88	875,357.29
Oregon	7.50	.00	1.73	15,321.03	1.05	1.05	.04	.00	.45	.04	.04	.04	15,332.97
Pennsylvania	.00	447.00	100.00	44,691.09	.00	.00	.00	.00	.00	.00	.00	.00	45,238.09
Rhode Island	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
South Carolina	3,431.95	330,589.25	52,665.33	155,601.97	564.80	718.95	5.51	9,459.13	52.34	5.51	5.51	5.51	553,105.76
South Dakota	.00	.00	.00	5,995.00	.00	.00	.00	.00	.00	.00	.00	.00	5,995.00
Tennessee	17,128.82	786,605.45	183,482.55	472,418.68	3,784.13	9,384.05	202.05	10,939.22	1,997.73	57.31	102.05	141.76	1,486,243.80
Texas	2,957.07	76,627.19	9,393.21	76,087.79	436.64	689.52	46.82	2,444.27	187.89	46.82	46.82	46.82	169,010.86
Utah	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Vermont	.00	.00	100.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	100.00
Virginia	423.05	89,435.24	11,596.63	121,848.22	237.84	744.80	.69	2,636.11	8.25	.69	.69	.69	226,932.90
Washington	.00	.00	550.88	5,251.47	.00	.00	.00	.00	.00	.00	.00	.00	5,802.35
West Virginia	791.04	110,543.67	6,152.53	50,205.74	395.43	1,554.89	167.75	2,095.00	27.60	2.29	167.75	2.29	172,105.98
Wisconsin	.00	.00	.00	2,647.93	.00	.00	.00	.00	.00	.00	.00	.00	2,647.93
Wyoming	.00	.00	.00	23,881.40	.00	.00	.00	.00	.00	.00	.00	.00	23,881.40
Mexico	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northeast Assoc.	.00	.00	378.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	3,243.00
Northwest Assoc.	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	6,968.01
Puerto Rico	.00	.00	1,130.00	5,385.00	.00	.00	.00	.00	.00	.00	.00	.00	5,385.00
Virgin Islands	.00	.00	.00	42,888.53	.00	.00	.00	.00	.00	.00	.00	.00	46,649.66
FWB Foundation	.00	.00	.00	7,475.43	.00	.00	.00	.00	.00	.00	.00	.00	27,619.67
WNAC	.00	163,309.68	3,882.74	97,274.51	111.00	.00	.00	.00	.00	.00	.00	.00	264,577.93
Other	.00	127,498.07	169,361.88	204,372.01	.00	.00	.00	.00	3,330.00	.00	.00	.00	504,561.96
<b>Totals</b>	<b>\$322,152.32</b>	<b>\$4,974,279.15</b>	<b>\$1,017,206.63</b>	<b>\$3,432,166.59</b>	<b>\$46,986.70</b>	<b>\$71,367.82</b>	<b>\$2,324.04</b>	<b>\$124,253.90</b>	<b>\$23,573.31</b>	<b>\$2,013.84</b>	<b>\$1,991.19</b>	<b>\$1,914.16</b>	<b>\$10,020,229.65</b>

\*FM—Other includes miscellaneous sources, states and interest.

\*FWBBC—Other includes gifts from College Family, Matching Gifts, Foreign Missionaries, Estates, Alumni Projects and \$49,238.04 Relocation (includes 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.



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

**Financial Statements  
December 31, 1997 and 1996  
(With Independent Auditors' Report Thereon)**

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

	Page Number
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 7



**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.**

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 statements of financial position of Building Services Fund of the National Association of Free Will Baptists, Inc. as of December 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 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, 1997 and 1996, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

*Hill, Harper & Associates, P.C.*

May 12, 1998



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

**Statements of Financial Position**

**December 31, 1997 and 1996**

<u>Assets</u>	<u>1997</u>	<u>1996</u>
Cash and interest bearing deposits	\$ 28,367	\$ 29,736
Accounts receivable:		
Master's Men (rent, interest and other charges)	97,552	110,827
Free Will Baptist Bible College	1,942	—
Other departments and unbilled items	26,632	19,807
Total accounts receivable	126,126	130,634
Allowance for Master's Men outstanding balance	97,500	110,000
Net accounts receivable	28,626	20,634
Prepaid expenses	1,623	1,623
Note receivable:		
Sale of property	—	446,510
Less deferred profits from sale of property	—	319,421
Net note receivable	—	127,089
Property and equipment and capitalized leases:		
Land and land improvements	209,671	209,671
Building	1,300,928	1,299,334
Building services equipment	47,520	47,193
Departmental workstations	64,135	64,135
Departmental van	13,769	8,769
	1,636,023	1,629,102
Less accumulated depreciation and amortization	456,043	388,106
Net property and equipment and capitalized leases	1,179,980	1,240,996
Loan costs, net of amortization	3,214	3,539
	<u>\$1,241,810</u>	<u>\$1,423,617</u>
<u>Liabilities and Net Assets</u>		
Notes payable, long-term debt and capitalized lease obligations	\$282,169	\$798,304
Accounts payable and accrued expenses	2,661	6,230
Rents collected in advance	6,114	—
Accrued realtor fee	—	27,718
Total liabilities	<u>290,944</u>	<u>832,252</u>
Net assets:		
Operations	49,841	145,134
Net investment in property, plant and equipment	901,025	446,231
Total net assets	<u>950,866</u>	<u>591,365</u>
	<u>\$1,241,810</u>	<u>\$1,423,617</u>

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, 1997 and 1996**

	<u>Unrestricted Funds</u>	<u>Capital</u>			
	<u>Operations</u>	<u>Services for Departments</u>	<u>Stewardship Campaign</u>	<u>1997 Totals</u>	<u>1996 Totals</u>
<b>Revenues:</b>					
Building rental and other revenues	\$240,566	—	—	\$240,566	\$246,626
Sale of property: (note 3)					
Interest income	15,450	—	—	15,450	31,200
Gain recognized	319,421	—	—	319,421	50,549
Contributions, net of campaign expenses	—	—	14,525	14,525	5,049
Reimbursement from departments	—	326,584	—	326,584	348,433
Other	619	—	—	619	2,040
Recovery of doubtful accounts	12,500	—	—	12,500	—
Net assets released from restrictions and departmental reimbursements	341,109	(326,584)	(14,525)	—	—
<b>Net revenues</b>	<u>929,665</u>	<u>—</u>	<u>—</u>	<u>929,665</u>	<u>683,897</u>
<b>Expenses:</b>					
<b>Expenses incurred for departments:</b>					
Employee benefits	171,363	—	—	171,363	184,446
The Together Way Plan	25,614	—	—	25,614	28,201
Leadership Conference	22,199	—	—	22,199	23,746
General insurance	12,725	—	—	12,725	26,999
Telephone	19,791	—	—	19,791	21,569
Mailroom and other	63,253	—	—	63,253	60,085
Interest expense - telephone	—	—	—	—	106
	<u>314,945</u>	<u>—</u>	<u>—</u>	<u>314,945</u>	<u>345,152</u>
<b>Building operating expenses:</b>					
Salaries	30,818	—	—	30,818	28,889
Payroll taxes	2,122	—	—	2,122	2,100
Employee benefits	10,489	—	—	10,489	13,811
Janitorial services	19,819	—	—	19,819	12,509
Depreciation	67,938	—	—	67,938	68,628
Amortization of loan costs	325	—	—	325	325
Audit and legal	4,876	—	—	4,876	4,149
General insurance	12,512	—	—	12,512	9,105
Interest expense	48,679	—	—	48,679	74,083
Supplies and office expense	12,294	—	—	12,294	8,610
Utilities / telephone	26,836	—	—	26,836	23,258
Repairs and maintenance	11,865	—	—	11,865	28,872
Mailroom and other	6,646	—	—	6,646	8,393
	<u>255,219</u>	<u>—</u>	<u>—</u>	<u>255,219</u>	<u>282,732</u>
<b>Total expenses</b>	<u>570,164</u>	<u>—</u>	<u>—</u>	<u>570,164</u>	<u>627,884</u>
<b>Increase (decrease) in net assets</b>	359,501	—	—	359,501	56,013
<b>Net assets at beginning of year</b>	591,365	—	—	591,365	591,365
<b>Net assets at end of year</b>	<u>\$950,866</u>	<u>—</u>	<u>—</u>	<u>\$950,866</u>	<u>\$647,378</u>

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, 1997 and 1996**

	<b>1997</b>	<b>1996</b>
<b>Cash Flows from Operating Activities</b>		
Net increase (decrease) in net assets	\$ 359,501	\$ 56,013
Adjustments to reconcile net increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	67,938	68,628
Amortization of loan costs	325	325
Gain recognized on property sale	(319,421)	(50,549)
Recovery of doubtful accounts	(12,500)	—
(Increase) decrease in:		
Receivables	4,508	21,453
Increase (decrease) in:		
Accounts payable and accruals	(3,569)	(1,047)
Rents collected in advance	6,114	—
Deferred rentals	—	(2,678)
Accrued realtor fee	(27,718)	(6,048)
Net operating activities	<u>75,178</u>	<u>86,097</u>
<b>Cash Flows from Investing Activities</b>		
Collections from notes receivable	446,510	69,600
Purchase of equipment	(6,922)	(6,425)
Net investing activities	<u>439,588</u>	<u>63,175</u>
<b>Cash Flows from Financing Activities</b>		
Repayments of debt	(516,135)	(149,911)
Net financing activities	<u>(516,135)</u>	<u>(149,911)</u>
Net decrease in cash	(1,369)	(639)
Cash at beginning of year	29,736	30,375
Cash at end of year	<u>\$ 28,367</u>	<u>\$ 29,736</u>
Supplemental disclosures:		
Interest paid	<u>\$ 52,335</u>	<u>\$ 74,189</u>

See accompanying notes to financial statements.

**BUILDING SERVICES FUND OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.  
Notes to Financial Statements**

December 31, 1997 and 1996

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.

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. 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

**(1) Summary of Significant Accounting Policies, continued**

**Compensated Absences**

Employees of the Fund 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 Fund's policy is to recognize the cost of compensated absences when actually paid to employees.

**(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:

Notes payable and long-term debt consist of the following:

	1997	1996
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, 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 February 2000. The Fund makes additional principal payments as cash flow permits. Further, the note provides for revision of the interest rate annually.	\$282,169	\$798,304

Less scheduled current maturities of notes payable,  
long-term debt and capital lease obligations

Long-term portion

	124,429	78,807
	<u>\$157,740</u>	<u>\$719,497</u>

The following is a schedule, by years, of maturities of long term debt as of December 31, 1997.

	Long-Term Debt
1,998	\$124,429
1,999	135,427
2,000	22,313
Total maturities of long-term debt	<u>\$282,169</u>

See accompanying notes to financial statements.

**BUILDING SERVICES FUND OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**  
Notes to Financial Statements, continued

**(3) Note Receivable - Sale of Property**

This note was collected in full during 1997 in accordance with the terms of the agreement. 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 required 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 was paid in full. The note was 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) was recognized in the financial statements ratably over the collection of the related note receivable. Further, realtor fee payable of 6% relating to this transaction was payable as the note is collected.

The following table summarizes the transactions for the year ended December 31, 1997:

	Note Receivable	Deferred Profits	Realtors Fee
Balance December 31, 1996	\$446,510	\$319,421	\$27,718
Collections on note receivable	\$461,960		
Interest portion of collections	<u>15,450</u>	446,510	—
Gain recognized based on collections	—	319,421	—
Realtor fee paid based on collections	—	—	27,718
Balance December 31, 1997	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

**(4) 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 \$1,372 in 1997 and \$1,319 in 1996. 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.



## 1999 Building Services Budget

Projected Income	1997	1998	1999
Murfreesboro Road Property Payments (7 mo. @ \$8,400 mo.)	\$ 58,800.00	\$ .00	\$ .00
Final Payment (August '97)	403,160.00	.00	.00
Square Footage (20,329 @ \$1.00 = \$20,329.00 mo.)	243,948.00	243,948.00	243,948.00
<b>Total Income</b>	<b>\$705,908.00</b>	<b>\$243,948.00</b>	<b>\$243,948.00</b>
<b>Projected Expenses</b>			
Audit & Legal	\$ 9,000.00	\$ 7,000.00	\$ 6,000.00
General Supplies	3,000.00	3,500.00	3,500.00
Insurance (Plant)	9,000.00	11,000.00	13,000.00
Janitorial Services	21,000.00	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	6,500.00
Mail Truck	4,000.00	4,000.00	3,500.00
Maintenance (General)	25,000.00	25,000.00	15,000.00
Payroll Taxes (Employer's S.S.)	2,489.07	2,948.82	3,066.55
Postage Meter/UPS	1,500.00	2,000.00	1,000.00
Retirement	1,371.99	1,591.19	1,654.85
Salaries	32,536.88	38,546.51	40,085.70
Telephone	5,000.00	5,000.00	4,500.00
Utilities	30,000.00	28,739.06	25,000.00
Home Missions' Note Payable (199,047.19)			
Principal & Interest Payments	491,358.86	72,955.27	86,473.75
Principal	434,242.40	60,745.05	70,549.97
Interest (8.0%)	57,116.46	12,210.22	15,923.78
Insurance (Employee)	12,316.69	11,167.15	11,167.15
Realtor's Fee	27,717.60	.00	.00
Emergency Maintenance Fund	20,116.91	.00	.00
Other	1,000.00	.00	.00
<b>Total Expenses</b>	<b>\$705,908.00</b>	<b>\$243,948.00</b>	<b>\$243,948.00</b>

## Building Services Salary Breakdown

	1997	1998	1999
<b>Maintenance Superintendent</b>			
Salary	\$21,082.77 (4%)	\$21,926.08 (4%)	\$22,803.12 (4%)
Social Security	1,612.83 (7.65%)	1,677.35 (7.65%)	1,744.44 (7.65%)
Insurance	8,987.08	7,971.74	7,971.74
Dental	714.10	586.22	586.22
Health	7,839.50	7,024.32	7,024.32
Life/Disability	433.48	361.20	361.20
Retirement	1,054.14 (5%)	1,096.30 (5%)	1,140.16 (5%)
	<u>\$32,736.82</u>	<u>\$32,671.47</u>	<u>\$33,659.46</u>
*Mail Truck (Drives back and forth to work)			
<b>Receptionist</b>			
Salary	\$6,356.99 (4%)	\$9,897.87 (4%)	\$10,293.78 (4%)
Social Security	486.31 (7.65%)	757.19 (7.65%)	787.47 (7.65%)
Insurance	3,329.61	3,195.41	3,195.41
Dental	230.83	234.53	234.53
Health	3,012.62	2,809.73	2,809.73
Life/Disability	86.16	151.15	151.15
Retirement	317.85 (5%)	494.89 (5%)	514.69 (5%)
	<u>\$10,490.76</u>	<u>\$14,345.36</u>	<u>\$14,791.35</u>
<b>Part-time Worker</b>			
(4% increase)	82 days	104 days	104 days
104 days	\$5,097.12 (4%/7.77hr.)	\$6,722.56 (4%/8.08hr.)	\$6,988.80 (4%/8.40hr.)
Social Security	389.93 (7.65%)	514.28 (7.65%)	534.64 (7.65%)
	<u>\$5,487.05</u>	<u>\$7,236.84</u>	<u>\$7,523.44</u>



## Board of Retirement Report

We entered the year with a great deal of uncertainty in the market. Advisors of all sorts were predicting "an adjustment" or at least a stagnant economy. They were wrong. 1997 was a record year for our department. Total assets reached an all time high, increasing \$2.9 million dollars.

New deposits were the highest ever, exceeding \$1.1 million.

The following chart will help picture those records.

Year	Total Assets Managed	Increase over Prev. Year	Settlements Paid Out	Deposits Added	Cost of Operation (as figure)	Cost of Operation (as %)
1993	\$ 9,896,389 *	\$ 714,739	\$ 493,555	\$ 675,881	\$ 335,917	3.3943%
1994	10,089,373 *	192,984	532,060	693,924	304,272	3.0157%
1995	12,579,377	2,490,004	421,526	773,761	305,699	2.4301%
1996	14,350,073	1,770,696	709,813	995,330	324,314	2.2600%
1997	17,258,246	2,908,173	428,468	1,140,250	330,421	1.9145%

\* In addition to these figures, during 1993 and 1994 the Board of Retirement also managed \$906,888 and \$1,370,732 respectively of funds for the Free Will Baptist Foundation.

The dollar cost of operation remained level, but as a percentage of assets under management was the lowest in our history—only 1.9145%. This shows a steady move toward our goal of less than one percent.

A census of the participants of our plan reveals some additional encouraging facts. The total number of enrollees continues to increase.

In 1996 there were 246 participants 60 years of age or older. There were 264 in the same group in 1997. Although 22 from this group took settlements, there was still a net gain of 18 participants.

### Number of Participants Per Age Group

Year	60-62	63-65	66-68	69-71	72-74	75+	Total
1996	100	64	43	28	8	3	246
1997	104	74	45	26	11	4	264

In our plan retirement settlements may be taken any time after age 62. There are at least three major reason for participants to remain active after reaching 62.

- ♦ there is a desire to continue sharing our good earnings
- ♦ there is a commitment to remain active in the ministry
- ♦ there are inadequate financial means to retire

It is our goal to provide each participant the best retirement income possible.

For most participants, beginning this process is what determines the end results.

There are three factors involved in funding retirement: money contributed, earnings rate and time. The more you have of any one of these, the less you need of the others. Since Christian workers seldom receive large salaries and earnings rates are very difficult to predict, the time factor is generally easiest to control. Starting early, therefore, is very important.

During 1997 we enrolled 66 new participants; 37 were 40 or younger. Both employers and employees are beginning to see the importance of early retirement planning.

Returns continued to be very good in 1997. Plan 1 accounts were credited with 16.5% and 13.5% earnings for the two periods. The following is the history of our returns:

1 year returns - 15.557%  
 3 year returns - 16.575%  
 5 year returns - 11.970%  
 10 year returns - 9.494%  
 Life of Plan - 8.940%  
 (July 1, 1969-Dec. 31, 1997)

While the future of investments and earnings may be uncertain, retirement, death, disability or the return of the Lord are sure. Preparation for each one is both our privilege and our responsibility.

Gratefully,  
 William Evans, Director

## Board of Retirement Summary of Board Meetings

April 29-30, 1997 - Annual meeting, all members were present.

New policies concerning loans to participants and churches effective January 1, 1998 was adopted; for Church loans to offer an option of either a fixed rate or an adjustable rate.

July 21, 1997 - No business conducted, just an information provided opportunity.

December 1, 1997 - Semi-annual meeting, all members present.

Reviewed operations and hired a new auditor.



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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 1997 AND 1996**

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

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2 - 3
Statements of Activities and Changes in Net Assets.....	4 - 7
Statements of Cash Flows.....	8 - 11
Notes to Financial Statements.....	12 - 18



**Williams, Crosslin, Sparks & Vaden, P.C.**

Certified Public Accountants and Consultants

Palmer Plaza • 1801 West End Avenue, Suite 1625, Nashville, TN 37203-2513

P. O. Box 22359, Nashville, TN 37202-2359

615-320-5500 • Fax 615-329-9465

Independent Auditors' Report

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

We have audited the accompanying statement of financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists (the "Board") as of December 31, 1997, 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 Board's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Board of Retirement and Insurance of the National Association of Free Will Baptists as of December 31, 1996, were audited by other auditors whose report, dated April 2, 1997, expressed an unqualified opinion on those statements.

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 1997 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, 1997, and the changes in its net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

*Williams, Crosslin, Sparks & Vaden, P.C.*

February 20, 1998

Member The McGladrey Network  
Worldwide Services Through RSM International



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

**ASSETS**

	December 31,	
	1997	1996
<b>OPERATING ASSETS</b>		
Cash and cash equivalents	\$ 32,260	\$ 21,470
Funds invested with the Free Will Baptist Foundation	11,259	23,893
<b>Total operating assets</b>	<u>43,519</u>	<u>45,363</u>
<b>RETIREMENT ASSETS</b>		
Cash and cash equivalents	466,201	640,327
Investment in marketable securities and instruments, at fair market value (Note C)	13,825,670	10,672,303
Accrued investment income receivable	79,486	118,935
Notes receivable, net of allowance for doubtful accounts of \$30,000 and \$60,000 in 1997 and 1996, respectively (Note B)	2,800,482	2,842,393
<b>Total retirement assets</b>	<u>17,171,839</u>	<u>14,273,958</u>
<b>OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES, at cost, net of accumulated depreciation (Note D)</b>	<u>42,888</u>	<u>30,752</u>
<b>Total assets</b>	<u><b>\$17,258,246</b></u>	<u><b>\$14,350,073</b></u>

**LIABILITIES AND NET ASSETS**

	December 31,	
	1997	1996
<b>LIABILITIES</b>		
Annuities payable (Note F)	\$ 566,401	\$ 404,451
Unearned loan origination fees	35,254	43,757
Accounts payable, accrued expenses and other liabilities	22,046	20,125
<b>Total Liabilities</b>	<u>623,701</u>	<u>468,333</u>
<b>NET ASSETS</b>		
Unrestricted:		
Operations:		
Operating funds	19,981	9,241
Designated for future asset purchases	11,259	21,592
Net invested in equipment	42,888	30,752
<b>Operating net assets</b>	<u>74,128</u>	<u>61,585</u>
Retirement accounts:		
Net assets available for participants	16,498,506	13,700,904
Designated as reserve funds	55,911	115,251
Designated as annuity reserve funds	6,000	4,000
<b>Retirement net assets</b>	<u>16,560,417</u>	<u>13,820,155</u>
<b>Total net assets</b>	<u>16,634,545</u>	<u>13,881,740</u>
<b>Total liabilities and net assets</b>	<u><b>\$17,258,246</b></u>	<u><b>\$14,350,073</b></u>

See accompany 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, 1997 AND 1996

	1997		
	Retirement Accounts	Operations	Total
<b>SUPPORT, REVENUE AND OTHER ADDITIONS</b>			
Contributions from participants	\$ 1,140,250	\$ -	\$ 1,140,250
Investment income:			
Gains of investment portfolio:			
Net realized gains	1,499,083	-	1,499,083
Net unrealized gains (losses)	( 82,985)	-	( 82,985)
Net realized gains	1,416,098	-	1,416,098
Interest and dividends from investments (net of investment fees):	618,691	-	618,691
Total investment income	2,034,789	-	2,034,789
Income earned from interest bearing notes:			
Interest income - notes receivable	336,964	-	336,964
Loans origination fees earned	8,503	-	8,503
Total income earned from interest bearing notes	345,467	-	345,467
Forfeitures and late charges	1,282	-	1,282
Gifts	-	49,936	49,936
Gain on disposal of assets	-	3,855	3,855
Reimbursement from Free Will Baptist Foundation	-	18,000	18,000
Miscellaneous income	-	4,808	4,808
Total Additions	3,521,788	76,599	3,598,387
Allocation for operations	( 266,365)	266,365	-
Net additions after allocation	3,255,423	342,964	3,598,387

	1996		
	Retirement Accounts	Operations	Total
Contributions from participants	\$ 995,330	\$ -	\$ 995,330
Investment income:			
Gains of investment portfolio:			
Net realized gains	630,662	-	630,662
Net unrealized gains (losses)	478,348	-	478,348
Net realized gains	1,109,010	-	1,109,010
Interest and dividends from investments (net of investment fees):	325,637	-	325,637
Total investment income	1,434,647	-	1,434,647
Income earned from interest bearing notes:			
Interest income - notes receivable	371,708	-	371,708
Loans origination fees earned	9,920	-	9,920
Total income earned from interest bearing notes	381,628	-	381,628
Forfeitures and late charges	2,941	-	2,941
Gifts	-	36,876	36,876
Gain on disposal of assets	-	-	-
Reimbursement from Free Will Baptist Foundation	-	15,000	15,000
Miscellaneous income	-	5,132	5,132
Total Additions	2,814,546	57,008	2,871,554
Allocation for operations	( 255,771)	255,771	-
Net additions after allocation	2,558,775	312,779	2,871,554

See accompany 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 - Continued  
YEARS ENDED DECEMBER 31, 1997 AND 1996

	1997		
	Retirement Accounts	Operations	Total
<b>EXPENSES AND OTHER DEDUCTIONS</b>			
Withdrawals by participants	428,468	-	428,468
Insurance deductions from participants accounts	41,683	-	41,683
Income allocated to liability obligations	45,010	-	45,010
Salaries	-	97,659	97,659
Housing	-	38,189	38,189
Fringe benefits	-	52,145	52,145
Travel and promotional	-	18,592	18,592
Office supplies and expense	-	21,991	21,991
Occupancy	-	49,363	49,363
Board members expense	-	12,080	12,080
Legal and auditing	-	14,015	14,015
Depreciation	-	13,487	13,487
Miscellaneous	-	12,900	12,900
Total deductions	<u>515,161</u>	<u>330,421</u>	<u>845,582</u>
Increase (decrease) in net assets	2,740,262	12,543	2,752,805
Net assets at beginning of year	<u>13,820,155</u>	<u>61,585</u>	<u>13,881,740</u>
Net assets at end of year	<u>\$16,560,417</u>	<u>\$ 74,128</u>	<u>\$16,634,545</u>

	1996		
	Retirement Accounts	Operations	Total
<b>EXPENSES AND OTHER DEDUCTIONS</b>			
Withdrawals by participants	\$ 709,813	\$ -	\$ 709,813
Insurance deductions from participants accounts	38,493	-	38,493
Income allocated to liability obligations	33,027	-	33,027
Salaries	-	97,865	97,865
Housing	-	37,440	37,440
Fringe benefits	-	51,087	51,087
Travel and promotional	-	19,981	19,981
Office supplies and expense	-	23,060	23,060
Occupancy	-	55,243	55,243
Board members expense	-	9,575	9,575
Legal and auditing	-	12,866	12,866
Depreciation	-	9,721	9,721
Miscellaneous	-	7,476	7,476
Total deductions	<u>3,267</u>	<u>324,314</u>	<u>1,108,914</u>
Increase (decrease) in net assets	1,774,175	( 11,535)	1,762,640
Net assets at beginning of year	<u>12,045,980</u>	<u>73,120</u>	<u>12,119,100</u>
Net assets at end of year	<u>\$13,820,155</u>	<u>\$ 61,585</u>	<u>\$13,881,740</u>

See accompany 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, 1997 AND 1996

	1997		
	Retirement Accounts	Operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from:			
Contributions from participants and employer	\$ 1,140,250	\$ -	\$ 1,140,250
Gifts	-	49,936	49,936
Income earned from interest bearing notes	306,964	-	306,964
Investment income	658,140	-	658,140
Forfeitures and late charges	1,282	-	1,282
Reimbursement from Free Will Baptist Foundation	-	18,000	18,000
Miscellaneous income	-	3,942	3,942
Cash paid for:			
Supplies and employees	( 37,511)	(319,185)	( 356,696)
Withdrawal of funds by participants	( 428,468)	-	( 428,468)
Allocation of income to annuitants	( 45,010)	-	( 45,010)
Net cash provided (used) by operating activities	<u>1,595,647</u>	<u>(247,307)</u>	<u>1,348,340</u>

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of office furniture and equipment	-	( 6,809)	( 6,809)
Proceeds from the disposal of equipment	-	4,541	4,541
Investments:			
Purchases of investment securities	(13,135,667)	-	(13,135,667)
Funds invested with Free Will Baptist Foundation	-	( 6,000)	( 6,000)
Proceeds from sale of investment securities	11,398,398	-	11,398,398
Notes receivable:			
New loans made	( 266,759)	-	( 266,759)
Collection of notes receivable	338,670	-	338,670
Net cash used by investing activities	<u>( 1,665,358)</u>	<u>( 8,268)</u>	<u>( 1,673,626)</u>

	1996		
	Retirement Accounts	Operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from:			
Contributions from participants and employer	\$ 995,330	\$ -	\$ 995,330
Gifts	-	36,876	36,876
Income earned from interest bearing notes	321,708	-	321,708
Investment income	277,324	-	277,324
Forfeitures and late charges	2,941	-	2,941
Reimbursement from Free Will Baptist Foundation	-	15,000	15,000
Miscellaneous income	-	3,920	3,920
Cash paid for:			
Supplies and employees	( 40,504)	(310,844)	( 351,348)
Withdrawal of funds by participants	( 709,813)	-	( 709,813)
Allocation of income to annuitants	( 33,027)	-	( 33,027)
Net cash provided (used) by operating activities	<u>813,959</u>	<u>(255,048)</u>	<u>558,911</u>

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of office furniture and equipment	-	( 5,093)	( 5,093)
Proceeds from the disposal of equipment	-	-	-
Investments:			
Purchases of investment securities	(8,005,619)	-	(8,005,619)
Funds invested with Free Will Baptist Foundation	-	( 6,000)	( 6,000)
Proceeds from sale of investment securities	6,758,365	-	6,758,365
Notes receivable:			
New loans made	( 224,031)	-	( 224,031)
Collection of notes receivable	676,432	-	676,432
Net cash used by investing activities	<u>( 794,853)</u>	<u>( 11,093)</u>	<u>( 805,946)</u>

See accompany notes to financial statements.



BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
STATEMENTS OF CASH FLOWS - Continued  
YEARS ENDED DECEMBER 31, 1997 AND 1996

	1997		
	Retirement Accounts	Operations	Total
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Allocation for operations	(266,365)	266,365	-
Net additions to annuities payable	161,950	-	161,950
Net cash provided (used) by financing activities	(104,415)	266,365	161,950
Net increase (decrease) in cash	(174,126)	10,790	(163,336)
Cash and cash equivalents at beginning of year	640,327	21,470	661,797
Cash and cash equivalents at end of year	<u>\$ 466,201</u>	<u>\$ 32,260</u>	<u>\$ 498,461</u>

RECONCILIATION OF INCREASE  
IN NET ASSETS TO CASH FLOWS  
FROM OPERATING ACTIVITIES

Increase in net assets	\$ 2,740,262	\$ 12,543	\$ 2,752,805
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities			
Depreciation and amortization	-	13,487	13,487
Allocation for operations	266,365	(266,365)	-
Gains on investment transactions	(1,416,098)	-	(1,416,098)
Decrease in allowance for notes receivable	( 30,000)	-	( 30,000)
Gain on disposal of equipment	-	( 3,855)	( 3,855)
Earnings added to investment with Free Will Baptist Foundation	-	( 866)	( 866)
Decrease (increase) in accrued investment income	39,449	-	39,449
Increase (decrease) in accounts payable, accrued expenses and other	4,172	( 2,251)	1,921
Decrease in loan origination fees	( 8,503)	-	( 8,503)
Total adjustments	<u>(1,144,615)</u>	<u>(259,850)</u>	<u>(1,404,465)</u>
Net cash provided (used) by operating activities	<u>\$ 1,595,647</u>	<u>\$ (247,307)</u>	<u>\$ 1,348,340</u>

	1996		
	Retirement Accounts	Operations	Total
( 255,771)	255,771		
14,549	-	14,549	
( 241,222)	255,771	14,549	
( 222,116)	( 10,370)	( 232,486)	
862,443	31,840	894,283	
<u>\$ 640,327</u>	<u>\$ 21,470</u>	<u>\$ 661,797</u>	
\$ 1,774,175	\$ ( 11,535)	\$ 1,762,640	
-	11,299	11,299	
255,771	(255,771)	-	
(1,109,010)	-	(1,109,010)	
( 50,000)	-	( 50,000)	
-	-	-	
-	( 1,212)	( 1,212)	
( 48,313)	-	( 48,313)	
1,046	2,171	3,217	
( 9,710)	-	( 9,710)	
( 960,216)	(243,513)	(1,203,729)	
<u>\$ 813,959</u>	<u>\$ (255,048)</u>	<u>\$ 558,911</u>	

See accompany notes to financial statements.



BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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. The Board maintains this retirement pension plan pursuant to Section 403(b) of the Internal Revenue Code of 1986, which is an exempt church plan under the provisions of the code.

Accrual Basis and Financial Statement Presentation

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

The Board has presented its Financial Statements consistent with the provisions of Financial Accounting Standards Board Statement of Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations" (SFAS No. 117). This statement specifies that financial statements provided by not-for-profit organizations include statements of financial position, activities, and cash flows.

The provisions of SFAS No. 117 require classification of the Board's net assets and its revenue, expenses, gains, and losses into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that are maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on the related investments for general or specific purposes.

BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The amount for each of these classes of net assets is presented in the statements of financial position, and the amount of change in each class of net assets is displayed in the statements of activities and changes in net assets. The Foundation had no temporarily restricted or permanently restricted net assets at December 31, 1997 and 1996.

Further, the Board follows 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.

Certain reclassifications have been made in the financial statements for 1996 to conform to the presentation adopted for 1997.

Retirement Pension Plan

Under the terms of the retirement pension plan which the Board maintains, contributions may be made to the Plan through employer contributions, salary reduction contributions, voluntary employee contributions and general contributions. The types of contributions made on behalf of each participant depends on the plan type elected by the participant. The participant may elect from 2 plan types. Plan 1 requires employer contributions for such employee to be at least 5% of the employee's compensation. Plan 2 requires the total of employer contributions, salary reduction and voluntary employee contributions to be at least 3% of the employee's compensation. A third plan exists that members may participate in only when they lose eligibility to participate in Plan 1 or 2. Total employer contributions and salary reduction contributions that may be made for a participant in any year shall not exceed the limits imposed by IRS Code Sections 402(g), 403(b) and 415.

Each participant's account is credited with contributions made by and on behalf of the participant. Allocations of Plan earnings are based on account balances and the plan elections made by each participant, as defined in the Plan, on the last day of each adjustment period. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

On retirement, death or disability, participants receive payment of their individual vested account balances based on options and provisions as defined in the Plan. Benefits are recorded when paid.

Although it has not expressed any intent to do so, the Board has the right under the Plan, with the approval of the Association, to terminate the Plan. In the event of Plan termination, participants will become 100% vested in their accounts.



BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Investments**

Investments are reported at fair market value with gains and losses included in the statement of activities and changes in net assets.

**Office Furniture, Equipment and Automobiles**

Office furniture, equipment and automobiles are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, generally 3 years for automobiles and 5 - 10 years for furniture and equipment.

**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 statements 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**

A one-time origination fee of 4% is charged to borrowers to cover service fees on each new church loan throughout the life of the loan. These loan origination fees are amortized to revenue over the life of the related loan.

**Uses of Estimates in the Preparation of Financial Statements**

Judgment and estimation is exercised by management in certain areas of the preparation of financial statements. The more significant areas include the collectibility of notes receivable, the determination of fair value of investments, and the recovery period for office furniture, equipment and automobiles. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

**B. NOTES RECEIVABLE FROM PARTICIPANTS OF THE RETIREMENT PLAN AND CHURCHES AND DENOMINATIONAL AGENCIES OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**

Following is a summary of notes receivable:

	1997	1996
Participant notes secured by retirement account balances	\$ 333,403	\$ 150,363
Churches and agency notes secured by related real property	2,397,978	2,397,978
Less allowance for doubtful accounts	( 30,000 )	( 30,000 )
	<u>\$ 2,601,381</u>	<u>\$ 2,518,341</u>

The notes receivable bear interest at various rates from 8.25% to 12% and mature at various dates from 1998 through 2012.

**C. INVESTMENTS IN MARKETABLE SECURITIES AND INSTRUMENTS**

A summary of investments at market value and cost is as follows:

	Market Value	Cost
Investments:		
Certificates of deposits	\$ 829,000	\$ 829,000
Mutual funds	618,105	618,105
Common stocks	502,050	502,050
U.S. Government issues	101,100	101,100
Total Investments	<u>\$ 2,050,255</u>	<u>\$ 2,050,255</u>

Total investment income relating to marketable securities and instruments amounted to \$2,034,789 for 1997 and consisted of investment gains of \$1,416,038 and interest and dividends of \$618,691. Investment income represents yields of 16.61% and 18.23% based on the average market value and average cost of each investment for 1997.



BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

**B. 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:

	1997	1996
Participant notes secured by retirement account balances	\$ 233,403	\$ 150,767
Churches and agency notes secured by related real property	2,597,079	2,751,626
	2,830,482	2,902,393
Less allowance for doubtful accounts	( 30,000)	( 60,000)
	<u>\$ 2,800,482</u>	<u>\$ 2,842,393</u>

The notes receivable bear interest at various rates from 8.5% to 15% and mature at various dates from 1998 through 2012.

**C. INVESTMENTS IN MARKETABLE SECURITIES AND INSTRUMENTS**

A summary of investments at market value and cost, is as follows:

	Market Value	1997 Cost	Appreciation
Investments:			
Certificate of deposits	\$ 829,000	\$ 829,000	\$ -
Mutual funds	1,255,031	1,162,836	92,195
Common stocks	6,050,269	5,458,141	592,128
U.S. Government issues	5,691,370	5,386,637	304,733
Total Investments	<u>\$13,825,670</u>	<u>\$12,836,614</u>	<u>\$989,056</u>

Total investment income relating to marketable securities and instruments amounted to \$2,034,789 for 1997 and consisted of investment gains of \$1,416,098 and interest and dividends of \$618,691. Investment income represents yields of 16.61% and 18.23% based on the average market value and average cost of such investments for 1997.

**C. INVESTMENTS IN MARKETABLE SECURITIES  
AND INSTRUMENTS - Continued**

	Market Value	1996 Cost	Appreciation
	\$ 35,000	\$ 35,000	\$ -
	1,422,970	1,319,154	103,816
	4,337,962	3,344,758	993,204
	4,876,371	4,785,264	91,107
	<u>\$10,672,303</u>	<u>\$9,484,176</u>	<u>\$1,188,127</u>



BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

C. INVESTMENTS IN MARKETABLE SECURITIES  
AND INSTRUMENTS - Continued

For 1996, total investment income relating to marketable securities and instruments amounted to \$1,434,647 and consisted of investment gains of \$1,109,010 and interest and dividends of \$325,637. Investment income represented yields of 15.11% and 16.57% based on the average market value and average cost of such investments for 1996.

Investment and brokerage fees totaling \$85,644 and \$68,286 for 1997 and 1996, respectively, were netted against interest and dividends from investments.

D. OFFICE FURNITURE, EQUIPMENT, AND AUTOMOBILES

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

	1997	1996
Office furniture and fixtures	\$ 40,203	\$ 39,319
Computer equipment	30,976	29,477
Automobiles	19,500	15,594
	90,679	84,390
Accumulated depreciation	(47,791)	(53,638)
	<u>\$ 42,888</u>	<u>\$ 30,752</u>

E. LEASE AND OCCUPANCY EXPENSE

Under the terms of a lease agreement with an affiliate, the Board leases 3,933 feet of office and storage space for \$1.00 per square foot per month. The lease can only be terminated after any and all mortgages are paid in full on the premises. In addition, the Board pays additional expenses related to their share of operating and maintenance costs of the building. Total lease payments and additional operating and maintenance costs related to the lease were \$49,362 and \$55,243 for the years ended December 31, 1997 and 1996.

BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

F. 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. As of December 31, 1997 and 1996, the recorded liability amounted to \$566,401 and \$404,451, respectively, and is sufficient to provide benefits over the life expectancy of the annuitants.

G. INFORMATION REGARDING FINANCIAL INSTRUMENTS

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, or notes receivable and 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, net of allowance for doubtful collections	\$ 2,800,482	\$2,800,482	\$ -
Cash and cash equivalents	252,280	132,261	120,019
Funds invested with the Free Will Baptist Foundation	11,259	11,259	-
Short term liquid investments	246,181	246,181	-
Certificates of deposit	829,000	829,000	-
Mutual funds	1,255,031	-	1,255,031
Common stocks	6,050,269	-	6,050,269
U.S. Treasury notes and bills	5,691,370	5,691,370	-
	<u>\$17,135,872</u>	<u>\$9,710,553</u>	<u>\$7,425,319</u>

H. RELATED PARTY TRANSACTIONS

The Board provided office space and certain administrative services to the Free Will Baptist Foundation, Inc. The Foundation reimbursed the Board \$18,000 and \$15,000 for these services during the years ended December 31, 1997 and 1996, respectively.



## Board of Retirement and Insurance Proposed Budget for 1999

	1996 Budget	1996 Actual	1997 Budget	1997 Actual	1998 Budget	1999 Proposed
Salaries	\$91,833	97,865	94,547	97,659	96,465	97,105
Employee Benefits	55,421	51,087	53,743	52,145	51,200	53,569
Housing	37,440	37,440	38,189	38,189	46,000	47,840
Travel/Promotion	10,000	15,861	15,000	15,483	17,000	19,000
Auto Maintenance	3,000	4,120	3,000	3,110	1,000	1,000
Future Purchases	6,000	6,100	6,000	6,000	3,000	3,000
Furniture Fund	-0-	-0-	1,000	-0-	1,000	-0-
Plant Fund	50,000	53,665	50,000	49,363	53,000	53,000
Office Expense	21,000	23,060	22,500	21,991	26,000	26,000
Equipment	5,000	5,093	10,000	7,917	30,000	10,000
Publications	5,000	2,100	10,000	6,592	10,000	10,000
Dept's Share of Ins. Premium	-0-	34	-0-	34	-0-	-0-
Alert Ministries	1,000	-0-	-0-	-0-	-0-	-0-
Board Expense	10,000	9,575	12,000	12,080	12,500	14,000
Together Way	1,000	753	750	1,068	1,000	1,000
Legal/Auditing	15,000	12,866	15,000	14,015	16,000	18,000
Miscellaneous	2,500	348	2,500	1,898	1,500	2,500
Education/Training	3,000	4,142	3,000	3,084	4,000	5,000
<b>Total</b>	<b>\$317,194</b>	<b>324,106</b>	<b>337,229</b>	<b>330,627</b>	<b>369,665</b>	<b>361,014</b>

## Board of Retirement and Insurance Salary and Benefits Breakdown

	1997	1998	1999 Proposed
<b>Bill Evans</b>			
Salary	\$23,953.68	\$24,537.09	\$25,518.57
Housing/Utilities	20,367.36	22,000.00	22,880.00
Social Security	8,006.04	8,406.35	8,742.60
Retirement	3,102.47	3,257.60	3,387.90
Insurance	6,939.37	5,630.80	5,888.04
Life	742.68	739.20	739.20
Hospitalization	5,533.68	4,277.40	4,534.08
Dental	401.52	340.20	340.20
Disability	261.49	274.00	274.56
<b>Total</b>	<b>\$62,368.93</b>	<b>\$63,831.84</b>	<b>\$66,417.11</b>

Note: Office Car Furnished

<b>Ray Lewis</b>			
Salary	\$21,296.58	\$17,073.92	\$17,756.88
Housing/Utilities	17,821.44	24,000.00	24,960.00
Social Security	7,066.18	7,419.49	7,716.27
Retirement	2,738.26	2,875.17	2,990.18
Insurance	3,784.00	3,140.46	3,377.52
Life	448.68	451.20	565.20
Hospitalization	2,912.16	2,249.40	2,384.40
Dental	192.36	197.52	185.52
Disability	230.80	242.34	242.40
<b>Total</b>	<b>\$52,706.46</b>	<b>\$54,509.04</b>	<b>\$56,800.85</b>

<b>David Brown</b>			
Salary	\$30,407.83	\$31,928.22	\$33,205.35
Social Security	5,492.79	5,767.44	5,998.13
Retirement	2,128.55	2,234.98	2,324.37
Insurance	8,735.29	6,580.54	6,936.12
Life	382.68	379.20	403.20
Hospitalization	7,578.12	5,524.44	5,856.00
Dental	595.08	488.52	488.52
Disability	179.41	188.38	188.40
<b>Total</b>	<b>\$46,764.46</b>	<b>\$46,511.18</b>	<b>\$48,463.98</b>

<b>Diana Harris</b>			
Salary	\$18,886.40	\$19,830.72	\$20,623.95
Social Security	1,445.08	1,573.19	1,708.43
Retirement	944.32	1,388.15	1,443.68
Insurance	3,516.53	2,925.12	3,055.80
Life	314.28	361.20	361.20
Hospitalization	2,912.16	2,249.40	2,384.40
Dental	192.36	197.52	193.20
Disability	97.73	117.00	117.00
<b>Total</b>	<b>\$24,792.33</b>	<b>\$25,717.18</b>	<b>\$26,831.86</b>

\*\*Disability Insurance is .059 per \$100



## Free Will Baptist Foundation Report

What value is one rain drop? Not much alone, but joined by others they water the earth, fill up the rivers and streams and sustain our lives.

It is the same way with the Foundation. No one person can fund all our denominational needs, but many people, churches and ministries joined together can. Not all gifts will, or should be immediate.

**Revocable Trusts** - The Foundation manages funds for churches and individuals as interest bearing deposits. Those agreements producing income for either present or future projects to the churches or individuals who deposit them. We now offer two types of Revocable trusts; the familiar safe and steady one and a new High Income Revocable Trust.

**Unitrust, Gift Annuities** - We also manage some deferred gifts made by individuals. These agreements provide a good return to the donors throughout life, a significant tax deduction now, management of assets and income throughout life, and a generous gift later to the ministry or ministries of choice.

**Endowments** - Other funds providing a 100% tax deduction to the donor now, direct that the principal is to be invested providing an income stream to some ministry. Endowments can be personalized to reflect individual wishes or additions in any amount may be added to our general endowment agreements.

Together our generous members faithfully give to meet ministry needs. Thank you for your interest, participation and prayers for our "supplying" ministry.

Respectfully,  
William W. Evans  
Director

### Summary of Foundation Board Meetings

**April 28, 1997** - The annual Board meeting was held with all members present or represented by proxy. Operations were reviewed and approved.

## FREE WILL BAPTIST FOUNDATION, INC.

### FINANCIAL STATEMENTS

DECEMBER 31, 1997 AND 1996

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit in order 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 evaluating the accounting principles used and significant accounting policies followed 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 1997 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, 1997, and the changes in its net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

Williams, Crosslin, Sparks & Valen, P.C.

February 20, 1998



# FREE WILL BAPTIST FOUNDATION, INC.

## Free Will Baptist Foundation Report

What value is one rain drop? Not much alone, but joined by others they water the earth, fill up the rivers and streams and sustain our lives. It is the same way with the Foundation. No one person can fund all our denominational needs, but many hands and ministries joined together can. Not all gifts will, or should be immediate.

### Table of Contents

	Page
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2 - 3
Statements of Activities.....	4 - 5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7 - 12

Respectfully,  
William W. Evans  
Director

### Summary of Foundation Board Meetings

April 14, 1997 - The annual Board meeting was held with all members present or represented by proxy. Operations were reviewed and approved.



## Williams, Crosslin, Sparks & Vaden, P.C.

Certified Public Accountants and Consultants  
Palmer Plaza • 1801 West End Avenue, Suite 1625, Nashville, TN 37203-2513  
P. O. Box 22359, Nashville, TN 37202-2359  
615-320-5500 • Fax 615-329-9465

### Independent Auditors' Report

The Board of Directors  
Free Will Baptist Foundation, Inc.

We have audited the accompanying statement of financial position of the Free Will Baptist Foundation, Inc. (the "Foundation") as of December 31, 1997, and the related statements of activities 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. The financial statements of the Free Will Baptist Foundation, Inc. for the year ended December 31, 1996 were audited by other auditors whose report, dated April 2, 1997, on those financial statements included an explanatory paragraph regarding the Foundation giving 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," as discussed in Note 7 of those financial statements.

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 1997 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, 1997, and the changes in its net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

*Williams, Crosslin, Sparks & Vaden, P.C.*

February 20, 1998



FREE WILL BAPTIST FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	1997	1996
Cash and cash equivalents	\$ 350,737	\$ 270,428
Accrued earnings receivable	40,450	51,721
Investments, at fair market value (Note B):		
Certificates of deposit	696,000	693,000
U.S. Government instruments	2,685,478	2,893,872
Common stocks	689,630	259,455
Real estate investments	406,091	-
Mutual funds	178,770	173,923
Corporate bonds	22,145	29,039
Rental property	75,000	75,000
Unimproved land	2,000	2,000
Total Investments	4,755,114	4,126,289
Notes receivable (Note C)	37,959	38,377
Total assets	\$5,184,260	\$4,486,815

LIABILITIES AND NET ASSETS

LIABILITIES

	December 31,	
	1997	1996
Liabilities to beneficial owners:		
Interest bearing revocable and savings trust (Note D)	\$3,339,639	\$2,749,292
Future gift interests payable (Note E)	834,756	795,844
Funds held for Free Will Baptist Foreign Missions	7,441	6,946
Accrued earnings payable	35,108	20,886
Total liabilities	4,216,944	3,572,968

NET ASSETS

	1997	1996
Unrestricted for operations	42,665	49,461
Permanently restricted funds (endowment) (Note F)	924,651	864,386
Total net assets	967,316	913,847

Total liabilities and net assets

\$5,184,260 \$4,486,815

See accompanying notes to financial statements.



FREE WILL BAPTIST FOUNDATION, INC  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 1997 AND 1996

	1997		
	Unrestricted	Permanently Restricted	Total
<b>REVENUE</b>			
Investment income:			
Interest and dividends, net of investment fees	\$ 284,219	\$ -	\$ 284,219
Realized net gains on sale of investments	107,122	-	107,122
Unrealized net gains from investments	66,420	-	66,420
Earnings added to permanently restricted endowments	( 10,897)	10,897	-
Total Investment Income	<u>446,864</u>	<u>10,897</u>	<u>457,761</u>
Support through "The Together Way"			
Plan and Other Contributions	20,903	49,368	70,271
Interest income - notes receivable	2,340	-	2,340
Endowment income	616	-	616
Miscellaneous	49	-	49
Total Revenue and Support	<u>470,772</u>	<u>60,265</u>	<u>531,037</u>
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	(391,696)	-	(391,696)
Revenue and Support after Allocations	<u>79,076</u>	<u>60,265</u>	<u>139,341</u>
<b>EXPENSES</b>			
Reimbursement to the Board of Retirement of National Association of Free Will Baptists	18,000	-	18,000
Salaries	41,788	-	41,788
Travel and promotion	15,996	-	15,996
Office expense	2,249	-	2,249
Publications	1,167	-	1,167
Training and education	1,039	-	1,039
Legal and auditing	5,159	-	5,159
Miscellaneous	474	-	474
Total Expenses	<u>85,872</u>	<u>-</u>	<u>85,872</u>
Increase (decrease) in Net assets	( 6,796)	60,265	53,469
Net Assets at Beginning of Year (As Restated on January 1, 1996) (Note A)	<u>49,461</u>	<u>864,386</u>	<u>913,847</u>
Net Assets at End of Year	<u>\$ 42,665</u>	<u>\$924,651</u>	<u>\$ 967,316</u>

	1996		
	Unrestricted	Permanently Restricted	Total
<b>REVENUE</b>			
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 gains from investments	50,172	-	50,172
Earnings added to permanently restricted endowments	( 7,513)	7,513	-
Total Investment Income	<u>244,770</u>	<u>7,513</u>	<u>252,283</u>
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 Revenue and Support	<u>263,082</u>	<u>21,505</u>	<u>284,587</u>
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	(194,591)	-	(194,591)
Revenue and Support after Allocations	<u>68,491</u>	<u>-</u>	<u>89,996</u>
<b>EXPENSES</b>			
Reimbursement to the Board of Retirement of 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	<u>81,220</u>	<u>-</u>	<u>81,220</u>
Increase (decrease) in Net assets	( 12,729)	21,505	8,776
Net Assets at Beginning of Year (As Restated on January 1, 1996) (Note A)	<u>62,190</u>	<u>842,881</u>	<u>905,071</u>
Net Assets at End of Year	<u>\$ 49,461</u>	<u>\$864,386</u>	<u>\$ 913,847</u>

See accompanying notes to financial statements.



FREE WILL BAPTIST FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	1997	1996
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Cash received for:		
Contributions	\$ 20,903	\$ 17,047
Investment income	298,815	156,898
Other income	3,005	1,265
Cash paid to suppliers and employees	( 85,872)	( 81,220)
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	( 391,696)	( 194,591)
Net cash used by operating activities	( 154,845)	( 100,601)
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Contributions		
Investment income reinvested, net of realized and unrealized gains or losses on security transactions	49,368	13,992
Net cash provided by capital activities	10,897	7,513
	60,265	21,505
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Notes receivable advances		( 40,450)
Principal payments received on notes receivable	418	2,073
Proceeds from sale of investment securities	1,974,121	682,790
Purchases of investment securities	(2,429,404)	(2,134,298)
Net cash used by investing activities	( 454,865)	(1,489,885)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from additions, net of withdrawals, to future gift interest, revocable and savings trusts		
Net change in funds held for Free Will Baptist Foreign Missions	629,259	1,670,810
Net cash provided by financing activities	495	( 1,728)
	629,754	1,669,082
Net increase in cash	80,309	100,101
Cash and cash equivalents at beginning of year	270,428	170,327
Cash and cash equivalents at end of year	\$ 350,737	\$ 270,428
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 53,469	\$ 8,776
Less increase in net assets considered capital additions	( 60,265)	( 21,505)
Realized and unrealized gains on investment transactions	( 173,542)	( 65,512)
Decrease (increase) in accrued investment income	11,271	( 22,099)
Increase (decrease) in accrued earnings payable	14,222	( 261)
Net cash used by operating activities	( 154,845)	( 100,601)

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Accrual Basis and Financial Statement Presentation

The financial statements of the Foundation have been prepared using the accrual basis of accounting.

The Foundation has presented its Financial Statements consistent with the provisions of Financial Accounting Standards Board Statement of Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations" (SFAS No. 117). This statement specifies that financial statements provided by not-for-profit organizations include statements of financial position, activities, and cash flows.

The provisions of SFAS No. 117 require classification of the Foundation's net assets and its revenue, expenses, gains, and losses into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

The amount for each of these classes of net assets is presented in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities. The Foundation had no temporarily restricted net assets at December 31, 1997 and 1996.

Further, the Foundation follows 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.



FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Certain reclassifications have been made in the financial statements for 1996 to conform to the presentation adopted for 1997.

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 in the Preparation of Financial Statements

Judgment and estimation is exercised by management in certain areas of the preparation of financial statements. The more significant areas include the collectibility of notes receivable and determination of fair value of investments. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

Investments

In 1996, the Foundation adopted Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments held by Not-for-Profit Corporations" (SFAS No. 124) which requires investments to be reported at a fair value with gains and losses included in the statement of activities. Accordingly, total net assets were restated as of January 1, 1996 to reflect the fair value of investments as follows:

Net assets as previously reported at December 31, 1995	\$892,695
Increase in net assets of investments previously accounted for at cost	<u>12,376</u>
Net assets as restated at December 31, 1995	<u>\$905,071</u>

Investments in marketable securities are valued at current quoted or estimated market value. Nonmarketable investments are carried at cost unless a permanent loss of value has occurred.

FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Foundation has recorded investments for 1997 and 1996 at fair value. The Foundation's liability is limited to assets held within a specific trust or account.

INVESTMENTS

At January 1, 1996, investments at market value and cost are as follows:

Investment	1997	1996
Marketable securities	\$1,100,000	\$1,100,000
Nonmarketable securities	100,000	100,000
Real estate investments	100,000	100,000
Other investments	100,000	100,000
Total investments	<u>\$1,400,000</u>	<u>\$1,400,000</u>

Total investment income amounted to \$457,781 for 1997, consisting of investment gains of \$177,543 and interest and dividends of \$280,238. This investment income represents yields of 10.31% and 10.35% based on the average market value and average cost of such investments for 1997.

For 1996, total investment income amounted to \$232,237, consisting of investment gains of \$62,212 and interest and dividends of \$170,025. This investment income represents yields of 7.30% and 7.47% based on the average market value and average cost of such investments for 1996.



FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Liabilities to Beneficial Owners**

The Foundation has recorded liabilities for assets they held as trustee, intermediary, custodian or agent for beneficial owners of income or remainder interests. Generally, the Foundation's liability is limited to assets held within a specific trust or account.

**B. INVESTMENTS**

As summary of investments at market value and cost, is as follows:

	1997		
	Market Stated Value	Cost	Appreciation
<b>Investments:</b>			
<b>Marketable Securities:</b>			
Certificate of deposits	\$ 696,000	\$ 696,000	\$ -
U.S. Government instruments	2,685,478	2,577,301	108,177
Common stocks	689,630	659,652	29,978
Mutual funds	178,770	165,707	13,063
Corporate bonds	22,145	20,254	1,891
Real estate investment trust	406,091	400,000	6,091
<b>Total Marketable Securities</b>	<b>4,678,114</b>	<b>4,518,914</b>	<b>159,200</b>
<b>Other Investments:</b>			
Rental real property	75,000	80,000	( 5,000)
Unimproved land	2,000	2,000	-
<b>Total Other Investments</b>	<b>77,000</b>	<b>82,000</b>	<b>( 5,000)</b>
<b>Total Investments</b>	<b>\$4,755,114</b>	<b>\$4,600,914</b>	<b>\$ 154,200</b>

Total investment income amounted to \$457,761 for 1997, consisting of investment gains of \$173,542 and interest and dividends of \$284,219. This investment income represents yields of 10.31% and 10.57% based on the average market value and average cost of such investments for 1997.

For 1996, total investment income amounted to \$252,283, consisting of investment gains of \$65,512 and interest and dividends of \$186,771. This investment income represents yields of 7.36% and 7.45% based on the average market value and average cost of such investments for 1996.

	1996		
	Market Stated Value	Cost	Appreciation
<b>Investments:</b>			
<b>Marketable Securities:</b>			
Certificate of deposits	\$ 693,000	\$ 693,000	\$ -
U.S. Government instruments	2,893,872	2,866,123	27,749
Common stocks	259,455	225,229	34,226
Mutual funds	173,923	165,249	8,674
Corporate bonds	29,039	29,938	( 899)
Real estate investment trust	-	-	-
<b>Total Marketable Securities</b>	<b>4,049,289</b>	<b>3,979,539</b>	<b>69,750</b>
<b>Other Investments:</b>			
Rental real property	75,000	80,000	( 5,000)
Unimproved land	2,000	2,000	-
<b>Total Other Investments</b>	<b>77,000</b>	<b>82,000</b>	<b>( 5,000)</b>
<b>Total Investments</b>	<b>\$4,126,289</b>	<b>\$4,061,539</b>	<b>\$64,750</b>



FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

C. NOTES RECEIVABLE

Notes receivable consists of obligations from related parties as follows:

	1997	1996
7.125% to 9.00% notes receivable relating to the St. Sebastien church development project in France maturing from 2001 through 2006, guaranteed by the Foreign Missions Board of the National Association of Free Will Baptists.	\$29,000	\$29,000
11.5% note receivable due in monthly installments of \$230 through 2001, relating to the purchase of a copy machine by the Board of Retirement and Insurance of the National Association of Free Will Baptists.	8,959	9,377
	<u>\$37,959</u>	<u>\$38,377</u>

D. INTEREST BEARING REVOCABLE AND SAVING TRUSTS

The Foundation maintains revocable trusts and savings trusts which totaled \$3,339,639 and \$2,749,292 at December 31, 1997 and 1996, respectively. The trusts pay interest to the trust beneficiaries. The rate of interest paid is dependent upon the amount of income earned from the related investments. Withdrawal from the accounts, which may require a 90 day notice, is without penalty, and the trusts are without maturity.

E. FUTURE GIFT INTERESTS PAYABLE

The Foundation maintains charitable unitrusts amounting to \$288,128 and \$271,271 and gift annuities amounting to \$546,628 and \$524,573 as of December 31, 1997 and 1996, respectively. These future gift interests pay interest at specified rates ranging from 5.0% to 8.7%.

FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997 AND 1996

F. PERMANENTLY RESTRICTED NET ASSETS - ENDOWMENT

Permanently restricted net assets (endowment) 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 the related investments. As of December 31, 1997 and 1996, the permanently restricted endowment funds totaled \$924,651 and \$864,386, respectively.

G. 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 fees of \$18,000 and \$15,000 for 1997 and 1996, respectively.

H. INFORMATION REGARDING FINANCIAL INSTRUMENTS

The Foundation has an accounting risk of loss in the areas of cash and cash equivalents and investments to the extent they are not insured or guaranteed by a governmental agency. The Foundation may also be at risk of loss with respect to the market values of other investments. The following table summarizes the Foundation's accounting risk of loss at December 31, 1997:

	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 225,491	\$ 107,263	\$ 118,228
Short term liquid investments	124,246	124,246	-
Certificates of deposit	696,000	696,000	-
U.S. Government instruments	2,685,478	2,685,478	-
Common stock	689,630	-	689,630
Mutual funds	178,770	-	178,770
Corporate bonds	22,145	-	22,145
Real estate investment	406,091	406,091	-
Rental real property	75,000	-	75,000
Unimproved land	2,000	-	2,000
	<u>\$5,104,851</u>	<u>\$4,019,078</u>	<u>\$1,085,773</u>



## 1999 Proposed Budget

Income	Actual 1995	Actual 1996	Approved 1997	Actual 1997	Approved 1998	Proposed 1999
The Together Way	\$ 15,053	\$16,296	\$17,500	\$19,926	\$19,000	\$21,000
Gifts	222	751	500	977	750	1,200
Interest Income	1,046	2,819	500	4,239	1,500	4,500
Endowment	452	295	400	616	300	600
Miscellaneous	147	141	450	49	200	100
Management Fees	87,401	48,188	73,650	53,269	86,700	70,000
<b>Total</b>	<b>\$104,321</b>	<b>\$68,490</b>	<b>\$93,000</b>	<b>\$79,076</b>	<b>\$108,450</b>	<b>\$97,400</b>

Expenses	Actual 1995	Actual 1996	Approved 1997	Actual 1997	Approved 1998	Proposed 1999
Salaries & Benefits	\$18,000	\$54,004	\$59,350	\$57,788	\$62,100	\$69,700*
Travel & Promotion	7,446	11,341	15,000	15,996	18,000	20,000
Office Expense	1,925	2,266	2,000	2,249	14,500	5,000
Rent	4,000	2,000	2,000	2,000	5,000	5,000*
Printing	2,075	1,614	4,500	-0-	3,500	5,000
Publications	700	-0-	650	1,167	650	1,200
Training & Education	385	3,774	3,000	1,039	5,200	5,000
Auditing	3,973	5,186	4,000	5,159	8,000	6,825
Legal	1,222	120	1,000	-0-	500	600
Miscellaneous	328	915	1,500	474	1,000	1,000
<b>Total</b>	<b>\$40,054</b>	<b>\$81,220</b>	<b>\$93,000</b>	<b>\$85,872</b>	<b>\$118,450</b>	<b>\$119,325</b>

(\$21,925)

\* \$22,000 of Salaries and all \$5,000 of rent paid to Board of Retirement as reimbursement for services rendered.

## Salary Breakdown

### Frank Giunta, Field Representative

	1997	1998	1999
Salary	\$28,885.79	\$29,801.60	\$30,546.74
Social Security	5,226.56	5,383.96	5,517.96
Retirement	1,707.96	1,759.32	1,803.36
Health Insurance	4,277.40	4,277.40	4,534.08
Dental Insurance	340.20	340.20	340.20
Life Insurance	283.20	283.20	283.20
Disability Insurance	175.20	175.20	180.24
<b>Totals</b>	<b>\$40,896.31</b>	<b>\$42,020.88</b>	<b>\$43,205.78</b>

## Master's Men Report

Greetings from the Master's Men Board:

The 41st year of the Master's Men Department has been a happy but sad one, a rewarding but trying one. We have seen new chapters started, renewed interest in areas and great fellowship as our men have come together. Excitement has been felt as God's men joined together in meetings, activities and projects for His honor and glory.

The saddest part of the year was the resignation of our director, Jim Vallance, on December 2 at the annual Board Meeting. Bro. Jim had faithfully led the Master's Men Department for fourteen years. He has worked hard to motivate our men, provide opportunities for service and to help the department grow. Under his leadership, the LifeMember/LifeFriend programs were started which resulted in an endowment of over \$100,000. The Helping Hands/Master's Hands Projects resulted in savings of approximately \$4 million in construction costs for our churches. The Build-A-House program was initiated which has already provided \$20,000 for the department with the second project now underway. The Master's Men Department was able to move into the new National Offices Building with the other departments and is paying its way.

The National Board of Free Will Baptist Master's Men Department is pleased to announce the hiring of Rev. Tom Dooley as our new director. The board received several resumes and interviewed four men for the position. The seven members of the board present at the interviews unanimously felt God's leading toward Bro. Tom Dooley. Bro. Tom will assume the leadership of our department in July.

Tom Dooley, who resigned as pastor of Harrison Free Will Baptist Church in Minford, Ohio, to accept the position of Master's Men, said the following concerning Master's Men:

This ministry of the denomination has been a blessing to us in a personal way. Several years ago while serving as a home missionary in Hamilton, Ohio, Master's Men touched our lives by providing our church with several volunteers who assisted us in getting our building under roof. Their spirit of servanthood was an inspiration to me and the young congregation that I pastored.

In April Bro. Tom attended the 24th Annual Master's Men Conference. It was a pleasure for the board members to get to know him. He is talented as a speaker and as a musician. He is the type of person who should be welcomed into any of our churches or homes.

Concerning his desire to serve as leader of the Master's Men Department, Bro. Dooley wrote this:

My vision is to continue the tradition of servanthood, while seeing Master's Men achieve its fullest potential among our Free Will Baptist brethren . . . Men's hearts are hungry for direction, leadership, opportunities to serve, and fellowship. All the men of our denomination, pastors and laymen, need to be equipped and encouraged to fulfill their responsibilities in their homes, churches, and communities. The Master's Men ministry has the unique opportunity to be the catalyst of spiritual awakening among our churches.

In association with his pastoral responsibilities, Bro. Tom has written several publications, including newsletters, brochures, gospel tracts, VBS materials, youth ministry booklets, etc. He established a Ministry Resource web page on the World Wide Web. He has also developed a weekly e-mail publication entitled, "Pastor Tom's Sermon Notes," which is provided to an extensive list of pastors and laymen.



Dr. Alton Loveless, director of Randall House Publications and a LifeMember of Master's Men, has known and worked with Bro. Tom for several years. Dr. Loveless said, "Tom Dooley is a man of great capacity. He is of sterling character and has broad abilities. He will serve the men of our denomination well."

Please continue your prayer and other support of the Master's Men Department. We have a great resource for God's work—the men of our denomination. We must provide opportunities for service and motivate them to follow God's direction in His service.

For the Master's Men Board,

Thurman Pate  
Vice Chairman

## Summary of Board Activity

### December 2, 1997

The board accepted the resignation of Jim Vallance and adopted the budget for 1999.

### April 24, 1998

The board hired Tom Dooley as the new director of Master's Men.

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

Antioch, Tennessee

### Financial Statements

December 31, 1997

Cash	\$ 2,100
Accounts receivable	16,455
Prepaid expenses	2,599
Accrued interest	540
Investment	3,761
Cash value of endowment insurance	3,430
<b>Total Assets</b>	<b>\$28,485</b>
Accounts payable	\$ 1,121
Unearned income	1,121
Unearned contribution	1,121
Unearned interest	1,121
Unearned investment	1,121
Unearned insurance	1,121
<b>Total Liabilities</b>	<b>\$5,665</b>
<b>Net Assets</b>	<b>\$22,820</b>

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

### CONTENTS

	Page
Opinion of Certified Public Accountant	1
Balance Sheet	2
Statement of Activity and Changes in Fund Balance	3
Statement of Cash Flows	4
Notes to Financial Statements	5-6



# 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, 1997 and 1996, 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, 1997 and 1996 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.

Michael Johnston  
Certified Public Accountant

Benton, Illinois  
May 13, 1998

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,

	1997	1996
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 521	\$ 2,109
Trust account - Build A House campaign	16,455	10,281
Trust account - Lifetime membership	106,634	103,801
Prepaid expenses	0	0
Accrued interest receivable	2,599	1,069
Inventories	540	3,800
Cash value of endowment insurance	3,761	3,420
Total current assets	\$130,510	\$124,480
NOTES RECEIVABLE (Note 4)	17,000	17,000
PROPERTY AND EQUIPMENT, net (Note 2)	8,257	9,243
CAPITALIZED LEASE, net (Note 3)	2,712	2,913
Total assets	\$158,479	\$153,636
<b>LIABILITIES AND FUND BALANCE</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$112,955	\$114,720
Deferred revenue (Note 5)	1,606	713
Accrued expenses	1,051	709
Total current liabilities	\$115,612	\$116,142
<b>FUND BALANCE (DEFICIT) (Note 6)</b>		
Unrestricted	(\$116,927)	(\$110,173)
Restricted	159,794	147,667
Total capital	\$42,867	\$37,494
Total liabilities and capital	\$158,479	\$153,636

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



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

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

	1997			1996
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>				
Dues from members	\$ 5,775	\$ 0	\$ 5,775	\$ 8,435
Cooperative program	50,445	0	50,445	42,410
Merchandise sales	148	0	148	2,868
Interest income	14,835	0	14,835	9,194
Gifts and other income	56,461	12,727	69,188	92,326
	<u>\$127,664</u>	<u>\$ 12,727</u>	<u>\$140,391</u>	<u>\$155,233</u>
<b>EXPENSES</b>				
Salaries and wages	\$ 35,280	\$ 0	\$ 35,280	\$ 33,600
Payroll taxes and employee benefits	12,677	0	12,677	13,867
Cost of sales and printing	9,192	0	9,192	7,454
Travel expense	12,965	0	12,965	13,545
Conferences and conventions	7,644	0	7,644	10,416
Office expense	6,921	0	6,921	11,300
Postage	1,964	0	1,964	2,626
Promotion expense	23,858	0	23,858	18,032
Rent expense	20,292	0	20,292	20,292
Professional fees	500	0	500	500
Bookkeeping expense	900	0	900	900
Depreciation	986	0	986	986
Amortization	201	0	201	201
Interest expense	118	0	118	128
Insurance expense	276	600	876	919
Dues, subscriptions and fees	644	0	644	1,350
Master's Hands construction expense	0	0	0	0
Missions projects	0	0	0	648
	<u>\$134,418</u>	<u>\$ 00</u>	<u>\$135,018</u>	<u>\$136,764</u>
<b>REVENUES OVER (UNDER) EXPENSES</b>	(\$ 6,754)	\$ 12,127	\$ 5,373	\$ 18,469
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	(110,173)	147,667	37,494	19,025
<b>RETAINED EARNINGS, ENDING</b>	<u>(\$116,927)</u>	<u>\$159,794</u>	<u>\$ 42,867</u>	<u>\$ 37,494</u>

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

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

**STATEMENT OF CASH FLOWS**  
Years ended December 31,

	1997	1996
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Revenue over (under) expenses	\$5,373	\$18,469
Adjustments to reconcile to net cash		
Depreciation	986	986
Amortization	201	201
Changes in assets and liabilities		
Change in inventories	3,260	(1,674)
Change in prepaid expenses	0	100
Change in accrued interest receivable	(1,530)	(33)
Change in accounts payable	(1,765)	(7,180)
Change in deferred revenue	893	138
Change in accrued expenses	342	(92)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$7,760</u>	<u>\$10,915</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to trust accounts	(\$9,007)	(\$ 9,218)
Additions to notes receivable	0	0
Additions to cash value of endowment insurance	(341)	(479)
Additions to property and equipment	0	0
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<u>(\$9,348)</u>	<u>(\$ 9,697)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Reduction of long-term debt	\$ 0	\$ 0
Proceeds from long-term debt	0	0
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(\$1,588)	\$ 1,218
<b>CASH AT BEGINNING OF YEAR</b>	2,109	891
<b>CASH AT END OF YEAR</b>	<u>\$ 521</u>	<u>\$ 2,109</u>

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



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

**NOTES TO FINANCIAL STATEMENTS  
December 31, 1997**

**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,:

	1997	1996
Equipment and furniture	\$26,900	\$26,900
Less: accumulated depreciation	18,643	17,657
Property and equipment, net	\$ 8,257	\$ 9,243

**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.

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

**NOTES TO FINANCIAL STATEMENTS  
December 31, 1997**

**NOTE 4 - NOTES RECEIVABLE**

Following is a summary of the Department's notes receivable at December 31,:

	1997	1996
Note receivable from John Fowlkes, Vilonia, Arkansas; 9%; dated 4/21/95; due on demand	\$17,000	\$17,000
	\$17,000	\$17,000

**NOTE 5 - DEFERRED REVENUE**

Deferred revenue consists of dues, golf tournament fees, and meal tickets received for future years as of December 31, 1997 and 1996.

**NOTE 6 - RESTRICTED FUND BALANCE**

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

	1997	1996
Mission projects	\$8,366	\$8,356
Build A House campaign	33,206	27,306
Lifetime Membership	105,168	103,932
Master's Hands projects	12,450	7,450
Endowment insurance	604	623
	\$159,794	\$147,667



## Proposed Budget for 1999

### Income

Gifts	\$39,375
Dues	7,350
Rest of the Family Offering	525
Promotion/Advertising	4,200
Together Way Plan	
(14% Undesignated Gifts)	47,250
Master's Men Conference(s)	1,050
Master's Hands Special Projects	10,500
Softball Tournament	4,200
Golf Tournament	4,200
Missions Projects	1,050
Other (savings)	105
Build-a-House Projects	10,500
Life Membership	6,300
Endowment Insurance	945
Endowment Trust	4,200
B-A-H Revocable Trust—Designated	6,300
B-A-H Interest	2,100
<b>Total</b>	<b>\$150,150</b>

### Expenses

Convention Booth	\$ 525
Debt Retirement	6,300
Endowment Insurance	945
Office, Audit	630
Office, Bookkeeping Fee	945
Office, Equipment Maintenance	525
Office Equipment	2,625
Office, Postage	3,150
Office, Printing	8,400
Office, Rent and Utilities (\$1/sq. ft.)	20,292
Office, Supplies	7,875
Office, Telephone	2,100
Promotion/Advertising	4,200
Salary, Casual Labor	1,050
Salary, Retirement (5% salary)	1,945
Salary, Insurance	8,925
Salary, Payroll Taxes (7.51%)	2,921
Salary	39,911
Travel, Board	2,100
Travel, Director	12,600
Contingency Fund	8,011
Miscellaneous	525
Transfers to Fund Balance	
Build-a-House	8,400
Endowment Trust	4,200
Missions Projects	1,050
<b>Total</b>	<b>\$150,150</b>

## Salary Breakdown

Director	1997	1998	1999
Salary	\$35,280	\$37,044	\$39,911
Retirement	1,764	1,852	1,945
Insurance	10,000	9,500	8,925
Social Security	2,650	2,782	2,921
<b>Total</b>	<b>\$49,694</b>	<b>\$51,178</b>	<b>\$53,702</b>

## Home Missions Department Report on 1997

### Greetings:

\* The year 1997 was a good year for the National Home Missions Department. In January we held our Second Annual Missionary Training and Evaluation Conference with approximately 100 missionaries, pastors, and other visitors in attendance. It was a tremendous time of being together and sharing ideas and helps for success in the Lord's ministry.

\* On the last Sunday of March, 1997, the Roll Call was taken setting a new record attendance of 271,457 for Free Will Baptists with 1,410 souls being saved! Our Home Missions churches averaged 109 per church in attendance.

\* On May 19th through the 25th we held our first, and very successful, Cross-Cultural Extension Conference conducted by Hillsdale Free Will Baptist College on the campus of the Seminary Of The Cross in Reynosa, Mexico.

\* There were seven newly appointed home missionary couples . . . *Ron and Janice Wallace*—Fairbanks, Alaska; *Mark and Susan Wheatley*—Louisville, Kentucky; *Tim and Robyn Osborn*—Memphis, Tennessee; *Paul and Patricia Collins*—Harrisonburg, Virginia; *Kerry and Janet Gandy*—Maumelle, Arkansas; *Stephen and Susie Robinson*—Flagstaff, Arizona. *Keith and Janet Bartlett* were approved as home missionaries for Castaic, California. This is a "Seedling Project," a new concept in church planting, sponsored jointly with the National Home Missions Department, California State Mission Board, and the West Coast Association Church Planting Board.

\* Our Free Will Baptist Cross-Cultural Ministry was expanded by the approval of three couples: *Ormar and Maria Alfaro*—Joint Project with Florida; *Carlos and Sarah Rubio*—Joint Project with Tennessee (both in Hispanic Ministry); and *Dr. Paul and Velina Park*—home missionary (a Korean ministry), making a total of 10 newly appointed missionaries. We also had a new chaplain to be approved for service in the U. S. Army—*Rev. Richard Anderson*.

\* We had three missionaries to go self-supporting this year - *Rev. James Childers*, South Carolina; *Rev. Jim Nason*, New Hampshire, and *Rev. Howard Gwartney*, Arizona. We praise the Lord for the faithful work of these missionary families and commend them on a job well done.

\* In the new *Prayer Partners Program* we enlisted over 100 partners who are praying for our department on a daily basis.

\* The Home Missions Department received a record offering of \$3,342,567.36. We ended the year with our General Fund in the black and the missionary deficit of \$111,000. For all that has been accomplished, we give thanks and praise and glory to God!

We want to wish a sincere thanks and a heart filled with gratitude to all of God's people who have made all of this possible by your generous gifts and faithful prayers.

In His service,

Trymon Messer  
General Director



## A Synopsis of Minutes of National Home Missions Board Meetings for 1997

### February 24, 1997

MSC to approve Mark Wheatley as an Associate Missionary to the Abundant Grace Free Will Baptist Church in Louisville, Kentucky.

MSC to dig a new well on the property of the Seminary Of The Cross Bible Institute in Reynosa, Mexico.

MSC that we lend \$50,000 to the Lakeside Free Will Baptist Church in Norman, OK.

### April 3, 1997

MSC to approve Ron and Janice Wallace as missionaries to Fairbanks, Alaska.

### May 5-7, 1997

MSC to approve Paul and Patricia Collins as Joint Project workers with the National Home Missions Board and the Virginia State Home Missions Board. They will be joint project workers to Harrisonburg, Virginia.

MSC to lower the interest rate for CELF loans and investors by 1/2% beginning July 1, 1997.

The Board discussed the Pineville, Louisiana, church and property. MSC to give the General Director authority to pursue everything necessary to retain the property.

MSC to present a plaque and \$500 at the National Association July 1997 to James Childers, Chesnee, SC; Howard Gwartney, Mesa, AZ; Jim Nason, Laconia, NH and a plaque to Mark Vandivort in appreciation for his years of service to the National Home Missions work.

MSC to adopt the proposed Mission Statement. It will read: *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 28:19-20).*

MSC to accept the proposed Code of Ethics.

MSC to recognize Delmar Hopkins as a tentmaker to Nampa, ID.

Discussion was held about the perception and status of the Home Missions Department.

Brother Messer presented *Enough is Enough*. MSC that our Board, in conjunction with Randall House, adopt the program *Enough is Enough* and invite others to join.

### December 1-3, 1997

MSC to approve Carlos Rubio jointly with Tennessee as an associate missionary and to assist us in the cross-cultural ministry.

MSC to approve Keith Barlett as a missionary for the Seedling Project in Castaic, California.

MSC to approve Dr. Paul Park as a Home Missionary to Anaheim, California, and to work in evangelism and the cross-cultural ministry in America.

MSC to grant the request of Rosie Sanchez to move to the Hildago State in Mexico and to also have a cross-cultural ministry with the Aztec Indians. The General Director will determine her title and salary.

MSC to accept the resignation of Miguel Vera, missionary to Puerto Rico.

MSC to place Bill Reagan on designated support starting March 1, 1998.

MSC that we charge a management fee of 1% for each missionary building fund investment account placed in the Church Extension Loan Fund.

MSC that we accept Tim Coats' resignation, but place him on designated support until March 31, 1998.

MSC that we accept July 1, 1998, as the date for Mike Criswell to go self-supporting.

MSC that the Home Missions Board goes on record as adopting church planting as our priority.

### 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 28:19-20).



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

December 31, 1997 and 1996

Contents

Financial Statements

Independent auditor's report .....	1
Statements of financial position .....	2
Statements of activities .....	3
Statements of cash flows .....	4
Notes to the financial statements .....	5-10

Supplementary Information

Independent auditor's report on supplementary information .....	11
Schedule of functional expenses .....	12

HINTON, WARREN,  
DENNEY & WALLACE

CERTIFIED PUBLIC ACCOUNTANTS  
THE SPENCE BLDG. SUITE 200  
640 SPENCE LANE  
NASHVILLE, TN 37217-1150  
(615) 366-5100

Members  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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, 1997 and 1996, 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, 1997 and 1996 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 19, 1998



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, 1997 and 1996

ASSETS

	1997	1996
<u>Assets</u>		
Cash - Note 9	\$ 187,074	\$ 319,088
Investments in Church Extension		
Loan Fund - Note 6	1,029,125	825,982
Accounts receivable - related party - Note 6	90,000	30,000
Inventory - Note 1	8,526	15,742
Property and equipment, at cost		
less accumulated depreciation of \$66,626		
(\$68,316 in 1996) - Notes 1 & 2	167,549	169,101
Capitalized lease - Note 3	8,743	11,657
	<u>\$1,491,017</u>	<u>\$1,371,570</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 25,115	\$ 20,217
Deferred compensation - Note 4	156,284	166,600
Total liabilities	<u>181,399</u>	<u>186,817</u>

Commitments - Notes 7 & 8

Net assets

Unrestricted	289,133	133,263
Temporarily restricted - Note 5	1,020,485	1,051,490
Total net assets	<u>1,309,618</u>	<u>1,184,753</u>
Total liabilities and net assets	<u>\$1,491,017</u>	<u>\$1,371,570</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, 1997 and 1996

	1997	1996
<u>Unrestricted</u>		
Revenue:		
Cooperative program	\$ 114,952	\$ 112,866
Designated contributions	615,688	574,127
Management fees - Note 6	60,000	60,000
Interest income	83,613	57,059
Gain (loss) on disposal of property		
and equipment	4,076	5,752
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>2,660,677</u>	<u>2,266,307</u>
Total revenue	<u>3,539,006</u>	<u>3,076,111</u>
Expenses:		
Administrative expenses	722,458	707,890
Missionary expenses	<u>2,660,677</u>	<u>2,266,307</u>
Total expenses	<u>3,383,135</u>	<u>2,974,197</u>
Increase in unrestricted net assets	<u>155,871</u>	<u>101,914</u>
<u>Temporarily restricted</u>		
Revenue:		
Cooperative program	538,159	507,972
Designated contributions	2,091,512	2,076,502
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>( 2,660,677)</u>	<u>( 2,266,307)</u>
Increase (decrease) in temporarily		
restricted net assets	<u>( 31,006)</u>	<u>318,167</u>
Total increase in net assets	124,865	420,081
Net assets - beginning of year	<u>1,184,753</u>	<u>764,672</u>
Net assets - end of year	<u>\$1,309,618</u>	<u>\$1,184,753</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, 1997 and 1996

	1997	1996
<u>Operating activities</u>		
Increase in net assets		
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	\$ 124,865	\$ 420,081
Depreciation	16,786	16,452
Amortization	2,914	2,914
(Gain) loss on disposal of property and equipment	( 4,076)	( 5,752)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	( 60,000)	( 30,000)
(Increase) decrease in inventories	7,216	( 3,927)
Increase (decrease) in accounts payable and accrued expenses	4,898	6,942
Increase (decrease) in deferred compensation	( 10,316)	17,845
Net cash provided by operating activities	82,287	424,555
<u>Investing activities</u>		
Redemption of investments	161,176	25,800
Purchase of investments	( 364,320)	( 161,497)
Proceeds on sale of property and equipment	11,247	10,295
Purchases of property and equipment	( 22,404)	( 24,420)
Net cash used by investing activities	( 214,301)	( 149,822)
<u>Financing activities</u>		
Payments on notes payable	-0-	( 20,251)
Net cash used by financing activities	-0-	( 20,251)
Increase (decrease) in cash and cash equivalents	( 132,014)	254,482
Cash and cash equivalents at beginning of years	319,088	64,606
Cash and cash equivalents at end of years	\$ 187,074	\$ 319,088
<u>Supplemental disclosures</u>		
Cash paid during the years for interest	\$ -0-	\$ 1,215

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, 1997 and 1996

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 1997.

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, 1997 and 1996

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, 1997 and 1996.

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.

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, 1997 and 1996

Note 2 - Property and equipment

A summary of property and equipment is as follows:

	1997	1996
Land - Puerto Rico	\$105,000	\$105,000
Automobile	36,222	35,201
Office furniture & equipment	92,953	97,216
	234,175	237,417
Less: Accumulated depreciation	(66,626)	(68,316)
	<u>\$167,549</u>	<u>\$169,101</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 (\$2,914 in 1996).

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.

	1997	1996
Balance at beginning of years	\$166,600	\$148,755
Contribution for the years		
Missionaries	26,747	26,623
Administrative employees	11,786	18,970
Transfer and terminations	(48,849)	(27,748)
Balance at end of years	<u>\$156,284</u>	<u>\$166,600</u>



BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC.  
Notes to the Financial Statements  
December 31, 1997 and 1996

**Note 5 - Restrictions on net assets**

Temporarily restricted net assets are available for the following purposes:

	1997	1996
Missionaries	\$1,019,215	\$1,044,133
Church Extension Loan Fund	1,270	7,357
	<u>\$1,020,485</u>	<u>\$1,051,490</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, 1996) to reimburse the cost of the office space and salaries. The Board of Home Missions has invested money in a demand note of the Church Extension Loan Fund. The balance in this investment at year end was \$1,029,125 (\$825,982 at December 31, 1996). 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 \$90,000 (\$30,000 at December 31, 1996).

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, 1997 and 1996

**Note 7 - Lease**

The Board of Home Missions entered into a lease agreement on October 1, 1990 with the National Association of Free Will Baptists, Inc. for office and storage space. The rent expense for the year amounted to \$50,220 (\$50,220 in 1996). The term of the lease will expire when all mortgages on the building are satisfied, which approximates 10 years.

The future minimum lease payments are as follows:

	\$ 50,220
1998	50,220
1999	50,220
2000	50,220
2001	50,220
2002	255,285
Thereafter	<u>\$506,385</u>

**Note 8 - 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 9 - Concentration of credit risk**

The Board maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 1997, the excess amount over the federally insured limit was \$87,074 (\$219,088 in 1996). 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 \$1,029,125 (\$825,982 in 1996) 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, 1997 and 1996

Note 10 - 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.

SUPPLEMENTARY INFORMATION

HINTON, WARREN,  
DENNEY & WALLACE

CERTIFIED PUBLIC ACCOUNTANTS  
THE SPENCE BLDG. SUITE 200  
640 SPENCE LANE  
NASHVILLE, TN 37217-1150  
(615) 366-5100

Members  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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 1997 and 1996 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 19, 1998



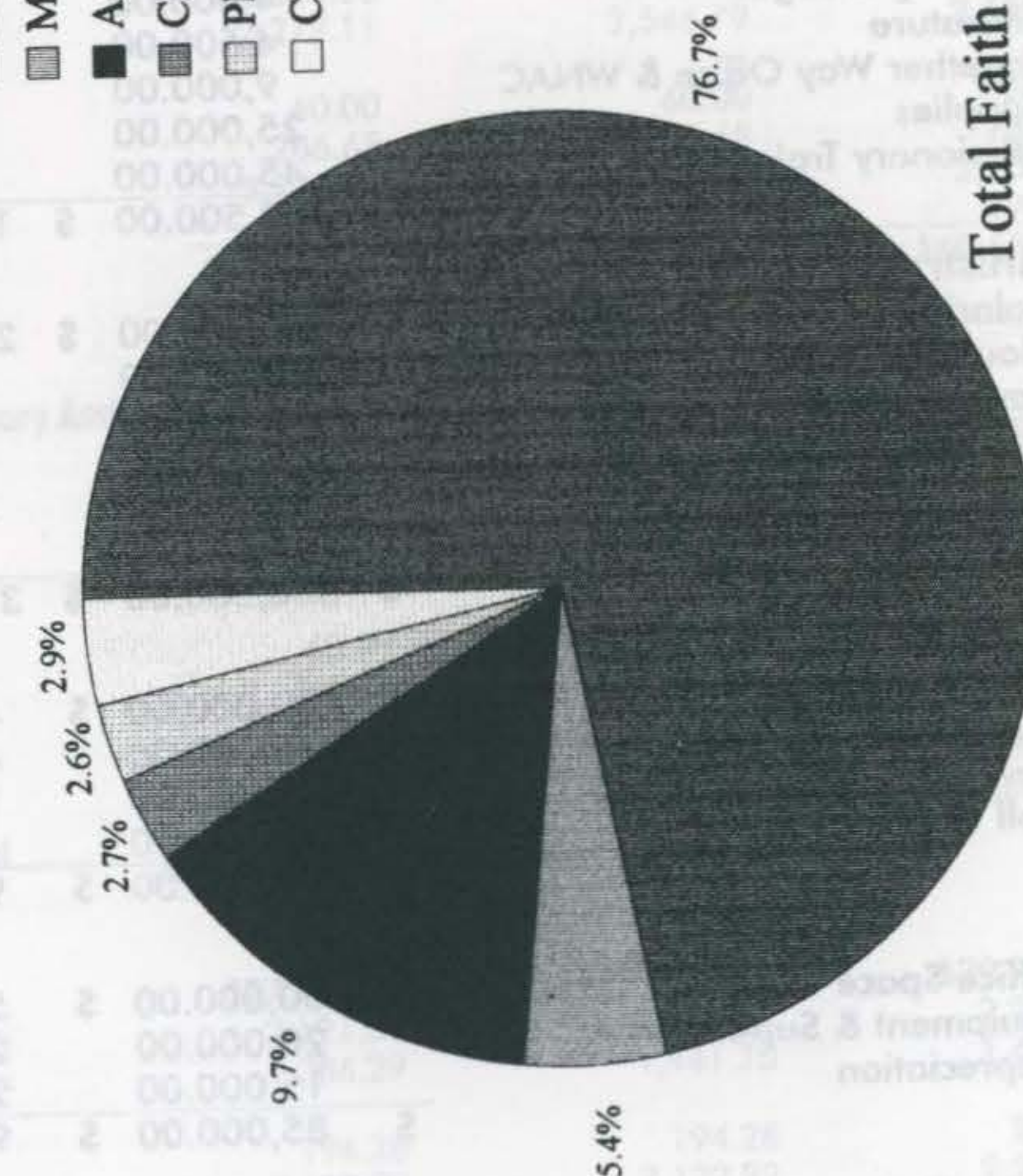
**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC.  
Schedule of Functional Expenses  
For the Years Ended December 31, 1997 and 1996**

	1997	1996
<b>Administrative expenses</b>		
Salaries and wages	\$ 195,850	\$ 214,958
Payroll taxes	7,928	13,650
Housing allowance and employee benefits	77,775	67,340
Employee savings	11,786	18,558
Cost of literature	2,497	215
Promotion expense	35,207	36,758
Utilities	7,728	6,243
Office expense	21,286	15,754
Printing and postage	147,081	117,238
Rent expense	50,220	50,220
Professional fees	17,515	3,375
Auto and travel expense	40,271	38,638
Board meeting expense	15,744	15,734
Insurance expense	38,982	41,804
Telephone	9,874	10,153
Interest expense		1,215
Amortization	2,914	2,914
Together Way Office	8,884	6,566
Miscellaneous	14,130	30,105
Depreciation	16,786	16,452
<b>Total administrative expenses</b>	<b>722,458</b>	<b>707,890</b>
<b>Missionary expenses</b>		
Salary and wages	1,797,580	1,681,070
Employee savings	26,747	26,623
Promotion expense	5,875	6,264
Printing and postage	70,931	57,032
Literature	37,286	26,750
Auto and travel expense	176,205	162,793
Insurance expense	63,219	55,868
Missionary land & buildings	365,243	78,041
Designated contributions	87,565	112,061
Miscellaneous other expense	30,026	59,805
<b>Total missionary expenses</b>	<b>2,660,677</b>	<b>2,266,307</b>
<b>Total expenses</b>	<b>\$3,383,135</b>	<b>\$2,974,197</b>

See accountants' report on supplementary information.

## HOME MISSIONS DEPARTMENT Proposed Faith Budget for 1999

■ Missionary Maint	\$2,685,000.00
■ Missionary Asst	\$189,000.00
■ Administration	\$340,500.00
■ Church Growth	\$95,000.00
■ Plant	\$90,500.00
□ Cross-Cultural M	\$100,000.00



**Total Faith Budget**  
**\$3,500,000.00**



# **Home Missions Department Proposed Faith Budget for 1999**

	1998	1999
<b>Missionary Maintenance</b>		
Salaries	\$1,720,000.00	\$1,950,000.00
Travel & Promotion	140,000.00	215,000.00
Employee Savings	30,000.00	30,000.00
Postage & Handling	55,000.00	40,000.00
Miscellaneous	20,000.00	30,000.00
Land & Building Fund	175,000.00	420,000.00
<b>Total</b>	<b>\$2,140,000.00</b>	<b>\$2,685,000.00</b>
<b>Missionary Assistance</b>		
Printing & Postage	\$ 110,000.00	\$ 90,000.00
Telephone	10,000.00	10,000.00
Board Member Expense	20,000.00	20,000.00
Auditing & Legal	4,000.00	6,000.00
Literature	4,500.00	5,000.00
Together Way Office & WNAC	9,000.00	8,000.00
Supplies	25,000.00	25,000.00
Missionary Training	45,000.00	25,000.00
<b>Total</b>	<b>\$ 227,500.00</b>	<b>\$ 189,000.00</b>
<b>Administration</b>		
Salaries	\$ 250,000.00	\$ 225,000.00
Housing	40,000.00	40,000.00
Payroll Taxes	12,000.00	12,000.00
Employee Savings	10,000.00	15,000.00
Insurance	40,000.00	40,000.00
Utilities	6,500.00	8,500.00
<b>Total</b>	<b>\$ 358,500.00</b>	<b>\$ 340,500.00</b>
<b>Evangelism and Church Growth</b>		
Auto & Travel	\$ 40,000.00	\$ 40,000.00
Promotion	35,000.00	40,000.00
Revivals	12,000.00	12,000.00
Roll Call Sunday	2,000.00	3,000.00
<b>Total</b>	<b>\$ 89,000.00</b>	<b>\$ 95,000.00</b>
<b>Plant</b>		
Office Space	\$ 50,000.00	\$ 50,500.00
Equipment & Supplies	20,000.00	20,000.00
Depreciation	15,000.00	20,000.00
<b>Total</b>	<b>\$ 85,000.00</b>	<b>\$ 90,500.00</b>
<b>Cross-Cultural Ministry</b>	<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>
<b>Total Faith Budget</b>	<b>\$3,000,000.00</b>	<b>\$3,500,000.00</b>

## **Salaries**

	1997	1998	1999
<b>General Director</b>			
Salary	\$48,756.48	\$50,706.73	\$52,734.99
Housing	10,800.00	10,800.00	10,800.00
Utilities	2,600.00	2,700.00	2,800.00
Savings Bonus	2,800.00	3,075.33	3,176.72
Insurance:			
Travel	60.00	60.00	60.00
Life	286.68	286.68	286.68
Health	4,036.92	4,036.92	4,050.00
Dental	340.20	340.20	350.00
<b>Totals</b>	<b>\$69,680.28</b>	<b>\$72,005.86</b>	<b>\$74,258.39</b>
Office car furnished			
<b>Director of Development</b>			
Salary	\$32,823.00	\$34,135.92	\$35,501.35
Housing	16,800.00	16,800.00	16,800.00
Utilities	2,800.00	2,900.00	3,000.00
Savings Bonus	2,273.11	2,546.79	2,615.06
Insurance:			
Travel	60.00	60.00	60.00
Life	286.68	286.68	286.68
Health	2,122.92	2,122.92	2,200.00
Dental	185.52	185.52	190.00
<b>Totals</b>	<b>\$57,351.23</b>	<b>\$59,037.83</b>	<b>\$60,653.09</b>
Office car furnished			
<b>Director of Missionary Assistance</b>			
Salary	\$37,623.00	\$39,127.92	\$40,693.00
Housing	12,000.00	12,000.00	12,000.00
Utilities	2,200.00	2,400.00	2,500.00
Savings Bonus	909.22	1,022.55	1,053.86
Insurance:			
Travel	60.00	60.00	60.00
Life	286.68	286.68	286.68
Health	5,524.44	5,524.44	5,600.00
Dental	488.52	488.52	500.00
<b>Totals</b>	<b>\$59,091.86</b>	<b>\$60,910.11</b>	<b>\$62,693.57</b>
Office car furnished			
<b>Bookkeeper</b>			
Salary	\$27,725.99	\$28,835.02	\$29,988.42
Social Security	2,121.03	2,205.87	2,294.10
Savings Bonus	1,386.29	1,441.75	1,499.42
Insurance:			
Life	194.28	194.28	200.00
Health	2,122.92	2,122.92	2,200.00
Dental	185.52	185.52	190.00
<b>Totals</b>	<b>\$33,736.03</b>	<b>\$34,985.36</b>	<b>\$36,371.94</b>



**Publications Editor**

	1997	1998	1999
Salary	\$24,228.42	\$25,197.55	\$26,205.45
Social Security	1,853.47	1,927.61	2,004.71
Savings Bonus	1,211.42	1,259.87	1,310.27
Insurance:			
Life	194.28	194.28	200.00
Health	2,122.92	2,122.92	2,200.00
Dental	185.52	185.52	1,310.27
<b>Totals</b>	<b>\$29,796.03</b>	<b>\$30,887.75</b>	<b>\$32,110.43</b>

**Loan Fund Secretary**

Salary	\$19,720.20	\$20,509.00	\$21,329.36
Social Security	1,508.59	1,568.93	1,631.68
Savings Bonus	986.01	1,025.45	1,066.46
Insurance:			
Life	194.28	194.28	200.00
Health	2,122.92	2,122.92	2,200.00
Dental	185.52	185.52	190.00
<b>Totals</b>	<b>\$24,717.52</b>	<b>\$25,606.10</b>	<b>\$26,623.50</b>

**Secretary**

Salary	\$19,720.20	\$20,509.00	\$21,329.36
Social Security	1,508.59	1,568.93	1,631.63
Savings Bonus	986.01	1,025.45	1,066.46
Insurance:			
Life	184.80	184.80	200.00
Health	2,122.92	2,122.92	2,200.00
Dental	185.52	185.52	190.00
<b>Totals</b>	<b>\$24,708.04</b>	<b>\$25,596.62</b>	<b>\$26,617.50</b>

**Secretary/CELF Bookkeeper**

Salary	\$28,058.06	\$29,180.38	\$30,347.59
Social Security	2,146.44	2,232.29	2,321.58
Savings Bonus	1,402.90	1,459.01	1,517.37
Insurance:			
Life	194.28	194.28	200.00
Health	2,122.92	2,122.92	2,200.00
Dental	185.52	185.52	190.00
<b>Totals</b>	<b>\$34,110.12</b>	<b>\$35,374.40</b>	<b>\$36,776.54</b>

**Proposed State Goals for 1999  
National Home Missions Department**

State	1999 Goals
Alabama	\$260,000
Arizona	45,000
Arkansas	180,000
California	60,000
Canada	12,000
CELF	118,000
Colorado	55,000
Florida	105,000
FWB Foundation	13,000
Georgia	96,000
Hawaii	1,000
Idaho	6,000
Illinois	50,000
Indiana	60,000
Iowa	2,500
Kansas	25,000
Kentucky	75,000
Louisiana	20,000
Maine	5,000
Maryland	35,000
Massachusetts	20,000
Michigan	100,000
Mississippi	100,000
Missouri	150,000
Montana	500
New Hampshire	19,000
New Jersey	3,000
New Mexico	15,000
North Carolina	230,000
Ohio	130,000
Oklahoma	310,000
Oregon	10,000
Other Income	110,000
Other States	2,000
Pennsylvania	45,000
Puerto Rico	5,000
South Carolina	155,000
South Dakota	8,000
Tennessee	450,000
Texas	75,000
Utah	2,000
Virginia	120,000
Virgin Islands	40,000
Washington	7,000
West Virginia	55,000
Wisconsin	2,000
WNAC	95,000
Wyoming	18,000
<b>Total 1999 Goals</b>	<b>\$3,500,000</b>



# CHURCH EXTENSION LOAN FUND

December 31, 1997 and 1996

## Contents

### Financial Statements

Independent auditor's report .....	1
Statements of financial position .....	2
Statements of activities .....	3
Statements of cash flows .....	4
Notes to the financial statements .....	5-10

Page

## HINTON, WARREN, DENNEY & WALLACE

CERTIFIED PUBLIC ACCOUNTANTS  
THE SPENCE BLDG. SUITE 200  
640 SPENCE LANE  
NASHVILLE, TN 37217-1150  
(615) 356-5100

Members  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## 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, 1997 and 1996, 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, 1997 and 1996 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 13, 1998



CHURCH EXTENSION LOAN FUND  
Statements of Financial Position  
December 31, 1997 and 1996

ASSETS

	1997	1996
<u>Assets</u>		
Cash - Note 7	\$ 1,094,823	\$ 2,036,251
Notes receivable - Notes 1, 5 & 9	9,426,470	7,830,682
Bonds receivable	65,678	61,085
Accrued interest receivable	75,914	64,691
Property and equipment - at cost, less accumulated depreciation of \$7,079 (\$16,552 in 1996) - Notes 1 & 2	23,089	9,799
Total assets	<u>\$10,685,974</u>	<u>\$10,002,508</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable - related party - Note 5	\$ 90,000	\$ 30,000
Accrued interest	96,139	101,770
Revocable and irrevocable trusts - Note 10	646,868	604,005
Deferred compensation - Note 11	260,657	205,774
Notes payable - Notes 3, 5 & 9	8,610,398	8,270,869
Note payable - other - Note 4	5,810	11,281
Total liabilities	<u>9,709,872</u>	<u>9,223,699</u>
<u>Net assets</u>		
Unrestricted	<u>976,102</u>	<u>778,809</u>
Total net assets	<u>976,102</u>	<u>778,809</u>
Total liabilities and net assets	<u>\$10,685,974</u>	<u>\$10,002,508</u>

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

CHURCH EXTENSION LOAN FUND  
Statements of Activities  
For the Years Ended December 31, 1997 and 1996

	Unrestricted	
	1997	1996
<u>Revenue:</u>		
Designated contributions - Note 6	\$ 182,414	\$ 119,313
Investment income	73,620	102,942
Interest income on notes receivable	831,770	735,229
Gain on sale of property and equipment	1,754	
	<u>1,089,558</u>	<u>957,484</u>
<u>Expenses:</u>		
Interest expense	636,096	672,944
Office expense	9,443	5,178
Auto and travel	22,178	17,341
Management fee - Note 5	66,480	66,480
Promotion	6,990	17,483
Postage	2,209	2,519
Professional fees	4,525	3,750
Depreciation	5,344	5,100
Loan losses		21,614
Transfer to Free Will Baptists Home Missions	<u>139,000</u>	<u>30,000</u>
	<u>892,265</u>	<u>842,409</u>
Increase in net assets	197,293	115,075
Net assets - beginning of year	<u>778,809</u>	<u>663,734</u>
Net assets - end of year	<u>\$ 976,102</u>	<u>\$ 778,809</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, 1997 and 1996

	1997	1996
<u>Operating activities</u>		
Increase in net assets		
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	\$ 197,293	\$ 115,075
Depreciation	5,344	5,100
Loan losses		21,614
Gain on sale of property and equipment	( 1,754)	
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	( 11,223)	( 3,200)
Increase (decrease) in accounts payable	60,000	( 9,000)
Increase (decrease) in accrued interest payable	( 5,631)	( 161)
Increase (decrease) in deferred compensation	54,883	( 54,802)
Net cash provided by operating activities	298,912	74,626
<u>Investing activities</u>		
Purchase of equipment	( 19,530)	
Proceeds from sale of equipment	2,650	
Collection on notes receivable	1,104,993	1,387,243
Additions to notes and bonds receivable	( 2,705,374)	( 2,141,289)
Net cash used in investing activities	( 1,617,261)	( 754,046)
<u>Financing activities</u>		
Addition to trusts	141,892	35,005
Termination of trusts	( 99,029)	
Additions to notes payable	1,640,819	1,744,831
Repayment of notes payable	( 1,306,761)	( 971,274)
Net cash provided by financing activities	376,921	808,562
Increase (decrease) in cash and cash equivalents	( 941,428)	129,142
Cash and cash equivalents at beginning of year	2,036,251	1,907,109
Cash and cash equivalents at end of year	\$1,094,823	\$2,036,251
<u>Supplemental disclosures</u>		
Interest received	\$ 889,764	\$ 830,092
Interest paid	\$ 641,727	\$ 673,105

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

-4-

CHURCH EXTENSION LOAN FUND  
Notes to the Financial Statements  
December 31, 1997 and 1996

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 1997.

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.

-5-



CHURCH EXTENSION LOAN FUND  
Notes to the Financial Statements  
December 31, 1997 and 1996

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, 1997 and 1996

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 9.5% 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:

	\$ 413,308
1998	454,328
1999	499,418
2000	548,984
2001	603,470
2002	6,906,962
Thereafter	<u>\$9,426,470</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:

	1997	1996
Automobile	\$ 18,200	\$ 15,714
Office equipment	<u>11,968</u>	<u>10,637</u>
	30,168	26,351
Accumulated depreciation	( 7,079)	( 16,552)
	<u>\$ 23,089</u>	<u>\$ 9,799</u>



CHURCH EXTENSION LOAN FUND  
Notes to the Financial Statements  
December 31, 1997 and 1996

**Note 3 - Notes payable**

Notes payable consist of 5 1/2 - 7% unsecured demand notes from individuals and churches. The proceeds of these notes are then loaned to churches to help them purchase land and buildings. The 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, 1997 was \$5,810 (\$11,281 at December 31, 1996). 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 (\$66,480 at December 31, 1996) to reimburse the Board of Home Missions for salary, rent and other expenses paid by the Board. The Board of Home Missions has invested in the note payable of the Fund. The balance of this note payable to the Board of Home Missions at year end was \$658,246 (\$552,195 at December 31, 1996). The Fund had accounts payable to the Board of Home Missions in the amount of \$90,000 (\$30,000 at December 31, 1996).

The Fund holds a note receivable from the National Association of Free Will Baptists, Inc. in the amount of \$282,169 (\$798,304 at December 31, 1996). 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 \$950,141 (\$767,728 at December 31, 1996).

CHURCH EXTENSION LOAN FUND  
Notes to the Financial Statements  
December 31, 1997 and 1996

**Note 7 - Concentration of credit risk**

The Fund maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 1997, the excess amount over the federally insured limit was \$994,823 (\$1,936,251 in 1996). 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, 1997 and 1996.

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, 1997 and 1996.

**Note 9 - Concentration**

Included in notes receivable at December 31, 1997 are eight loans which total \$2,575,367. This one balance represents 27.32% of total notes receivable.

Notes payable include thirty-four notes which total \$5,210,623 or 60.52% of total notes payable. Of these thirty-four notes payable, two total \$1,158,246 or 13.45% of total notes payable.



**CHURCH EXTENSION LOAN FUND**  
**Notes to the Financial Statements**  
**December 31, 1997 and 1996**

**Note 10 - Revocable and irrevocable trusts**

Nine 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 year ended December 31, 1997 amounted to \$54,909 (\$51,410 at December 31, 1996).

**Note 11 - 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 year ended December 31, 1997 was \$23,096 (\$25,807 at December 31, 1996).

## Sunday School and Church Training Report

We praise the Lord for allowing your Free Will Baptist Sunday School and Church Training Department—Randall House Publications—to celebrate 36 years of operation this year. We thank the Lord for a denomination with the foresight to permit our existence.

We praise the Lord for the privilege to report an increase in sales. Our prices are reasonable and our student books alone average about \$.50 less than most of our competitors. The sales volume increase permits us to hold our prices down and gives us the opportunity to continue to improve our technology enabling better design, color, and graphics. It enables us to give up-to-date details to our curriculum and to add a number of new products. The Primary and Junior curriculums have new writers and formats. We are re-designing *LifeQuest*, *Lifeline Devotional Calendar/Journal*, *Focus*, *Nursery-Preschool Teaching Pictures*, and *Primary-Junior Teaching Pictures*.

In improving our products, we never sway from staying true to Scripture and Free Will Baptist doctrine. On the other hand, our competitors are not Free Will Baptist and many support the National Council of Churches if they use the International Lesson Series.

Our Spanish sales are up, and we praise the Lord for the opportunity to reach out into our cross-cultural world.

We are appreciative for the 12 years of faithful service of Dr. Irvin Hyman, and for the four years of faithful service given by Rev. James Forlines. We pray God will continue to bless them in their fields of service. We are pleased to have added to our staff as adult editor, Rev. David Kilgore. We have also added a new bilingual employee.

We are happy to announce the publishing of two new books: *A Free Will Baptist Handbook* by Matt Pinson, and *Beyond the Gate*, an autobiography of Mrs. Mabel Willey, written with the aid of Dr. Mary Ruth Wisheart and printed in both English and Spanish.

While our bottom line shows less money left over from last year, you will note that our debts have been reduced greatly with our only long-term debt being \$149,000.00 and nearly \$200,000.00 has been spent for additional computers, folder, IRT software, and numerous other items to better equip us to do our work and produce a better product.

We are grateful to be able to announce that for the first time since 1971, Randall House does not have a long-term debt. Our rapid debt reduction plan was working in reducing the expense of the building payment, but the sell of 3.58 acres of land has allowed us to complete our projections months early. This will save us over \$90,000.00 in interest since the note was not due to be paid off until the year of 2008.

We are asking the convention to approve changing our fiscal year from December 1 - November 30 to the calendar year (January 1- December 31). This will save our employees from doing our inventory during the Thanksgiving weekend and will allow our report to the convention to be more up-to-date.

Alton Loveless, General Director



# **1997-1998 Minutes' Summary of the Sunday School & Church Training Board of the National Association of Free Will Baptists**

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

The first meeting took place at the National Association in Cincinnati, Ohio. In that meeting we elected our officers for the coming year and received our committee assignments. Dean Jones was commended for the fine job he did during this year's NYC program. One individual was added to the approved writers' list and approval was given to pursue the autobiography of Mabel Willey.

The second meeting took place in Nashville, Tennessee, immediately following the December 1-2 Leadership Conference. Two writers were approved and our Editor-in-Chief, Brother Keith Fletcher, was commended for his work. The financial report was accepted and the Board adopted a contract for the General Director. The Board voted to pursue the acquisition of an administrator. Approval was given to print Mabel Willey's autobiography in Spanish as well as English.

The third meeting took place April 27 and 28, 1998, in Nashville. The General Director, Editor-in-Chief, and the NYC Director each gave reports to the Board and each report was approved. Auditors Terry Hill and Ernie Harper gave an overview of the financial statements of RHP and answered questions addressed by the Board. The Board added three individuals to the approved writers' list, voted to change the fiscal year end date for RHP from November 30 to December 31 and voted to approve the 1997 audit. The Board voted to increase the General Director's salary package by 3% and adopt the proposed budget for 1999.

Respectfully submitted,

Jeff Crabtree, Secretary

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

**Financial Statements**

**November 30, 1997 and 1996**

**(With Independent Auditors' Report Thereon)**

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

### **Table of Contents**

	<u>Page Number</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activity and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5-9





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, 1997 and 1996, 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, 1997 and 1996, and the results of its activity and changes in net assets 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.*

March 2, 1998

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

### Statements of Financial Position

November 30, 1997 and 1996

	1997	1996
<b>Assets</b>		
Current assets:		
Cash and interest bearing deposits	\$ 257,602	377,043
Certificates of deposit	100,000	100,000
Accounts receivable:		
Trade, net of allowance for doubtful accounts	280,337	260,434
of \$7,000	2,198	3,690
Employees and other	282,535	264,124
Total receivables	443,200	436,116
Inventory, at lower of cost (first-in, first-out method) or market	30,956	22,156
Deferred charges and prepaid expenses	1,114,293	1,199,439
Total current assets		
Property, plant and equipment and capitalized leases, at cost	140,341	140,341
Land	695,966	685,485
Building	600,210	596,209
Printing service equipment	597,621	543,389
Office and administrative equipment	51,698	51,698
Automobiles and trucks	2,085,836	2,017,122
	1,407,748	1,304,320
Less accumulated depreciation and amortization	678,088	712,802
Net property, plant and equipment and capitalized leases		
Other assets:	3,323	3,642
Loan cost, net of amortization of \$1,462 in 1997, and \$1,143 in 1996	375,237	366,662
Inventory, at lower of cost (first-in, first-out method) or market	378,560	370,304
Total other assets	\$ 2,170,941	2,282,545
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Current installments of long-term debt and capitalized lease obligations	\$ 12,564	26,907
Accounts payable	85,250	102,403
Accrued expenses	64,764	63,312
Due to affiliated organization	2,851	1,567
Total current liabilities	165,429	194,189
Long-term debt and capital lease obligations	137,260	308,084
	1,868,252	1,780,272
Net assets	\$ 2,170,941	2,282,545
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, 1997 and 1996

	1997	1996
<b>Revenues:</b>		
Net sales:		
Curriculum (net of point of sale discounts of \$318,915 in 1997)	\$ 1,873,653	1,832,848
Randall House books	40,700	57,213
Merchandise	-	20,469
Vacation Bible School	3,338	8,739
Bookstore	318,491	244,582
Printing	181,858	109,447
Other sales	72,751	70,491
Net sales	2,490,791	2,343,789
Freight and handling	97,999	96,975
Other income	24,029	22,996
Youth income from conferences and related services	167,644	176,243
Commission income on hymnal sales	50,536	50,679
	2,830,999	2,690,682
<b>Expenses:</b>		
Cost of sales:		
Inventory at beginning of year	802,778	839,798
Merchandise purchases	357,067	244,864
Depreciation	43,552	43,152
Editorial and printing preparation	330,877	340,862
Printing production	774,413	681,541
Spanish department	21,087	23,944
	2,329,774	2,174,161
Less inventory at end of year	818,437	802,778
	1,511,337	1,371,383
Selling, general and administrative:		
Administrative	125,051	118,372
Bookstore	94,634	81,031
Bookkeeping	156,279	174,597
Building	149,018	140,244
Sales and promotion	128,977	122,552
Shipping	224,730	165,373
Youth department:		
Conferences and related services	96,615	120,925
General and administrative	104,057	99,307
General	77,590	74,635
Amortization of loan costs	319	319
Depreciation	59,875	55,358
Interest expense, including finance charges	14,537	34,066
	1,231,682	1,186,779
Total expenses	2,743,019	2,558,162
Increase in net assets	87,980	132,520
Net assets, beginning of year	1,780,272	1,647,752
Net assets, end of year	\$ 1,868,252	1,780,272

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, 1997 and 1996

	1997	1996
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 87,980	132,520
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	103,746	98,829
(Increase) decrease in:		
Receivables	(18,411)	12,504
Inventories	(15,659)	37,021
Deferred charges and prepaid expenses	(8,800)	1,768
Increase (decrease) in:		
Accounts payable	(17,153)	16,749
Accrued expenses	1,452	6,952
Due to affiliated organization	1,284	(9,038)
	134,439	297,305
Net cash provided by operating activities	134,439	297,305
<b>Cash Flows from Investing Activities</b>		
Proceeds from certificate of deposit	-	50,000
Purchase of equipment	(69,249)	(55,411)
	(69,249)	(5,411)
Net cash used by investing activities	(69,249)	(5,411)
<b>Cash Flows from Financing Activities</b>		
Repayments of debt	(184,631)	(143,781)
	(184,631)	(143,781)
Net cash used by financing activities	(184,631)	(143,781)
Net increase (decrease) in cash	(119,441)	148,113
Cash at beginning of year	377,043	228,930
Cash at end of year	\$ 257,602	377,043
<b>Supplemental disclosures:</b>		
Interest, including finance charges paid	\$ 14,537	34,392

See accompanying notes to financial statements.



# SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

## Notes to Financial Statements

November 30, 1997 and 1996

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 discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the classes of net assets required.

#### 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 weighted average 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 is 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.

# SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

## Notes to Financial Statements, continued

### (1) Summary of Significant Accounting Policies

#### Compensated Absences

Employees of the Board are entitled to 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 Board's policy is to recognize the cost of these compensated absences when actually paid to employees.

#### Fair Value of Financial Instruments

The carrying value of cash, accounts receivable, inventory, 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 value of these instruments.

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

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

	1997	1996
Long-term debt:		
9.75% installment obligation payable to a local bank, payable in monthly installments of \$2,377 including interest, through 2000. The note was secured by a \$50,000 certificate of deposit and related equipment. The note was paid off during the year.	-	122,280
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.	149,824	211,541
Total long-term debt	149,824	333,821
Capital lease obligations: 9.1% to 16.8% obligations under capital leases payable monthly \$5,402 - see note 2	-	1,170
	149,824	334,991
Less current maturities of long-term debt and capital lease obligations	12,564	26,907
	\$ 137,260	\$ 308,084

The following is a schedule, by years, of maturities of long term debt as of November 30, 1997.

November 30,	
1998	\$ 12,564
1999	13,533
2000	14,533
2001	15,584
2002	16,710
2003 and thereafter	76,900
	\$ 149,824



# SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

## Notes to Financial Statements, continued

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

Depreciation and amortization charged to operations computed on the straight-line method was \$103,746 for the year ended November 30, 1997, and \$98,510 for the year ended November 30, 1996.

Equipment includes capitalized leases as follows:

	1997	1996
Printing service equipment	\$ 22,000	22,000
Office and administrative equipment	164,157	164,157
	186,157	186,157
Less accumulated amortization	182,066	168,311
	<u>\$ 4,091</u>	<u>17,846</u>

### (4) Pension

The Board participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists. The plan is contributory and is matched up to a maximum of 5% of compensation. Employees with two years of service may participate. Pension expenses amounted to \$31,852 for the year ended November 30, 1997 and \$20,393 for the year ended November 30, 1996. 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.

### (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.

# SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

## Notes to Financial Statements, continued

### (6) Agreement with Affiliated Organization to Distribute Hymnals, continued

#### 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, 1997 the Board was warehousing approximately 22,500 hymnals with an estimated replacement value of \$293,000. The following summarizes the transactions under this agreement as of November 30, 1997.

	1997	Since Inception
Amount due to Executive Office at beginning of period	\$ 99,959	314,721
Total sales of hymnals	(50,536)	(152,221)
Less total fees earned	(46,572)	(159,650)
Less remittances made to the Executive Office		2,851
Amount due to (from) Executive Office at end of period	<u>\$ 2,851</u>	<u>2,851</u>

#### 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, 1997 the Board was Warehousing approximately 26,675 hymnals with an estimated replacement value of \$266,750.

### (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, 1997

	Current Asset	Long-term Asset
Bookstore merchandise	\$ 98,530	-
Printing production and preparation raw materials	61,504	-
Work in process	51,234	-
Finished literature:		
Curriculum	18,597	-
Shipping	108,222	-
Lifquest material	113	84,095
Randall House Books and merchandise	65,000	418,642
Spanish curriculum	40,000	
	443,200	502,737
		127,500
Allowance for obsolescence	<u>\$ 443,200</u>	<u>375,237</u>
Total inventory		



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

## **Notes to Financial Statements, continued**

### **(8) 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.

**Budget  
1999**

### **Revenues**

#### **Total Sales**

#### **Other Income**

#### **Freight & Handling**

#### **Commission on Hymnals**

#### **Youth Division**

#### **Miscellaneous Income**

#### **Grand Total Revenues**

**\$2,957,258.55**

**120,000.00**

**75,000.00**

**174,500.00**

**12,000.00**

**\$3,338,758.55**

### **Cost of Sales**

#### **Cost of Outside Purchases**

#### **Editorial/Graphic Arts**

#### **Printing Production**

#### **Spanish**

#### **Total Cost of Sales**

**\$ 470,000.00**

**418,400.00**

**799,000.00**

**27,650.00**

**\$1,715,050.00**

### **General Expenses**

#### **Youth Division**

#### **Sales Division**

#### **Bookstore**

#### **Sunday School Growth**

#### **Administration**

#### **Accounting**

#### **Shipping**

#### **Building**

#### **General Expenses**

#### **Total General Expenses**

**\$ 236,472.00**

**175,500.00**

**120,800.00**

**69,279.92**

**128,500.00**

**184,150.00**

**234,350.00**

**162,800.00**

**266,700.00**

**\$1,578,551.92**

### **Grand Total of all Expenses**

**\$3,293,601.92**

### **Working Capital**

**\$ 45,156.63**



## Expenses

### Cost of Outside Purchases

Curriculum	\$ 30,000.00
Merchandise	175,000.00
Bookstore	155,000.00
Depreciation	110,000.00
	<u>\$470,000.00</u>

### Editorial/Graphic Arts

Salaries	\$250,000.00
Housing	30,000.00
Travel	1,500.00
Supplies	12,000.00
Curriculum Development	1,000.00
Writer's Fees	35,000.00
Equipment & Maintenance	1,000.00
Color Separations	25,000.00
Freelance Artwork	7,500.00
Conventions & Seminars	2,000.00
Dues & Subscriptions	300.00
Postage	600.00
Telephone	1,200.00
FICA	14,000.00
Retirement	9,000.00
Insurance	28,000.00
Miscellaneous	300.00
	<u>\$418,400.00</u>

### Printing Production

Salaries	\$190,000.00
Travel	1,000.00
Supplies	6,000.00
Equipment Maintenance	8,000.00
Dues & Subscriptions	300.00
Stock	125,000.00
Parts	7,000.00
Ink	12,000.00
Outside Printing	400,000.00
Telephone	600.00
FICA	14,000.00
Retirement	6,000.00
Insurance	16,000.00
Camera Supplies	1,800.00
Camera Maintenance	500.00
Camera Film-Negatives	4,000.00
Plates	6,500.00
Miscellaneous	300.00
	<u>\$799,000.00</u>

### Spanish

Salaries	\$ 14,000.00
Travel	600.00
Supplies	300.00
Equipment Maintenance	300.00
Translation	4,000.00
Postage	700.00
Telephone	2,200.00

### FICA

Retirement	1,400.00
Insurance	800.00
Dues & Subscriptions	3,000.00
Miscellaneous	150.00
	200.00
	<u>\$ 27,650.00</u>
	<u>\$1,715,050.00</u>

### Total Cost of Sales

### General Expenses

#### Youth Division

Salaries	\$ 76,700.00
Entertainment	500.00
Travel	5,000.00
Supplies	500.00
In House Printing	500.00
NYC '99	62,750.00
Truth & Peace '99	37,725.00
NYET '99	5,125.00
Fund Raising Expense	2,000.00
National Youth Workers' Retreats '99	17,250.00
Conventions & Seminars	300.00
Dues & Subscriptions	200.00
Postage	500.00
Telephone	2,000.00
FICA	5,867.00
Retirement	3,055.00
Insurance	10,000.00
Miscellaneous	500.00
Truth & Peace '99	6,000.00
	<u>\$ 236,472.00</u>

#### Sales Division

Salaries	\$ 48,000.00
Housing	10,500.00
Entertainment	500.00
Travel	6,000.00
Supplies	7,000.00
Advertising & Promotion	35,000.00
Printing & Color Separations	25,000.00
Dues & Subscriptions	300.00
Postage	25,000.00
Telephone	800.00
FICA	3,500.00
Retirement	1,600.00
Insurance	8,000.00
Conventions & Seminars	4,000.00
Miscellaneous	300.00
	<u>\$ 175,500.00</u>

#### Bookstore

Salaries	\$ 80,000.00
Entertainment	200.00
Travel	2,500.00
Supplies	6,500.00
In House Printing	3,000.00
Equipment Rental	1,500.00

Postage	5,000.00
Telephone	1,500.00
FICA	5,000.00
Retirement	2,000.00
Insurance	9,000.00
Advertising & Promotion	4,000.00
Dues & Subscriptions	400.00
Miscellaneous	200.00
	<u>\$120,800.00</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
Telephone	600.00
Printing & Supplies	10,500.00
Postage	500.00
FICA	2,700.00
Travel	6,000.00
	<u>\$ 69,279.92</u>

### Administrative

Salaries	\$ 68,000.00
Housing Allowance	22,000.00
In House Printing	200.00
Entertainment	1,200.00
Travel	12,000.00
Auto Expense	1,500.00
Auto Lease	5,300.00
Supplies	2,000.00
Equipment Maintenance	100.00
Equipment Rental	1,300.00
Conventions & Seminars	1,000.00
Dues & Subscriptions	300.00
Postage	400.00
Telephone	600.00
FICA	1,800.00
Retirement	4,300.00
Insurance	6,200.00
Miscellaneous	300.00
	<u>\$128,500.00</u>

### Accounting

Salaries	\$115,000.00
Royalties	8,000.00
Equipment Rental	400.00
Supplies	5,000.00
Equipment Maintenance	4,000.00
Dues & Subscriptions	150.00
Postage	5,400.00
Telephone	19,000.00
FICA	8,000.00
Retirement	2,800.00

Insurance	14,000.00
Travel	900.00
In House Printing	1,200.00
Miscellaneous	300.00
	<u>\$184,150.00</u>

### Shipping

Salaries	\$105,000.00
Supplies	18,000.00
Equipment Maintenance	3,800.00
Equipment Rental	3,200.00
Freight	73,000.00
Postage	6,000.00
Telephone	750.00
FICA	7,300.00
Retirement	2,000.00
Insurance	15,000.00
Miscellaneous	300.00
	<u>\$234,350.00</u>

### Building

Salaries	\$ 58,000.00
Housing	4,000.00
Supplies	12,000.00
Equipment Maintenance	4,000.00
Building Maintenance	6,600.00
Utilities	41,000.00
Insurance (Building)	20,000.00
Telephone	700.00
FICA	3,800.00
Retirement	2,400.00
Insurance	10,000.00
Miscellaneous	300.00
	<u>\$162,800.00</u>

### General Expenses

Auto Expense	\$ 5,500.00
Supplies	2,000.00
Equipment Maintenance	6,000.00
Equipment Rental	2,600.00
Equipment/Lease/Purchase	50,000.00
Employees' Insurance	1,200.00
Board Travel & Expense	16,000.00
Legal & Auditing	11,000.00
Taxes	20,000.00
Payroll Services	4,400.00
Church Directory	25,000.00
Together Way Printing	4,000.00
Interest Expense	15,000.00
Debt Retirement	75,000.00
Service Charge Expense	2,000.00
Miscellaneous	27,000.00
	<u>\$ 266,700.00</u>

### Total General Expenses

**\$1,578,551.92**



## Budget 1999 Sunday School Literature

Quantity	Description	Cost	Revenue
4,493	Nursery Teacher	\$ 3.85	\$ 17,298.05
19,067	Make-N-Do	2.20	41,947.40
15,213	My Bible Lesson Cards	2.20	33,468.60
4,566	Nursery-Preschool Flannelgraph	9.75	44,518.50
2,256	Nursery-Preschool Teaching Pictures	9.75	21,996.00
7,662	Preschool Teacher	3.85	29,498.70
23,349	Preschool Student	3.85	89,893.65
36,433	Preschool Companion	2.20	80,152.60
24,040	Picture Lesson Cards	2.20	52,888.00
6,575	Bible Times	2.45	16,108.75
10,379	Primary Teacher	3.85	39,959.15
38,733	Primary Student	2.20	85,212.60
47,901	Primary Companion	2.20	105,382.20
3,270	Memory Verse Packet	9.25	30,247.50
6,625	Primary Days	2.45	16,231.25
3,866	Primary-Junior Flannelgraph	9.75	37,693.50
3,410	Primary-Junior Teaching Pictures	9.75	33,247.50
11,507	Junior Teacher	3.85	44,301.95
53,989	Junior Student	2.20	118,775.80
49,434	Junior Companion	2.20	108,754.80
8,000	Junior Counselor	2.45	19,600.00
5,626	Turning Point Teacher	3.85	21,660.10
1,829	Turning Point Packet	9.75	17,832.75
2,889	Turning Point Student	2.35	67,893.85
13,198	Teen Power	2.45	32,335.10
7,293	Horizon Teacher	3.85	28,078.05
1,966	Horizon Packet	9.75	19,168.50
38,900	Horizon Student	2.35	91,415.00
39,233	Bible Teacher	3.85	151,047.05
14,098	Bible Challenge	2.20	31,015.60
18,716	Visitor's Lesson Leaflets	2.20	41,175.20
4,079	Power For Living	2.45	9,993.55
15,725	Depth	2.20	34,595.00
112,289	Bible Scholar	2.20	247,035.80
215,436	Bible Scholar LP	2.40	517,046.40
422	Bible Teacher Cassette	19.95	8,418.90

**Total Sunday School Literature Sales** **\$2,385,887.35**

## C. T. S. Literature

Quantity	Description	Cost	Revenue
770	Helpers Leader's Guide	\$ 3.85	\$ 2,964.50
1,854	Helpers Packet	3.85	7,137.90
1,279	Discovers Leader's Guide	3.85	4,924.15
3,199	Discovers Packet	5.10	16,314.90
709	Learners Leader's Guide	3.85	2,729.65
2,944	Learners Student	2.20	6,476.80
790	Adventurers Leader's Guide	3.85	3,041.50
4,131	Adventurers Student	2.20	9,088.20
308	LifeQuest Leader's Guide	17.95	5,528.60
1,450	LifeQuest Student Handouts	2.20	3,190.00
599	Focus Leader's Guide	3.85	2,306.15
8,159	Focus Student	2.35	19,173.65
9,316	Lifeline Students	2.20	20,495.20

**Total C. T. S. Literature Sales** **\$ 103,371.20**

**Total Sunday School & CTS Sales** **\$2,489,258.55**  
**Less Discounts to Bookstores** **\$ (330,000.00)**

**Grand Total Literature Sales** **\$2,159,258.55**

Other Sales & Income	
Spanish Curriculum	\$ 36,000.00
RHP Books	75,000.00
Merchandise	20,000.00
Bulletin Service	25,000.00
VBS	15,000.00
Bookstore Sales	360,000.00
Printing Sales	180,000.00
Miscellaneous Sales	87,000.00

**Total Other Sales & Income** **\$ 798,000.00**

**Total All Sales**

**\$2,957,258.55**

Other Income	
Freight & Handling	\$120,000.00
Commission on Hymnals	75,000.00
Youth Division	174,500.00
Miscellaneous Income	12,000.00

**Total Other Income** **\$ 381,500.00**

**Total Revenue**

**\$3,338,758.55**



## Salaries

	1997	1998	1999
<b>General Director</b>			
Salary	\$32,669.62	\$35,283.18	\$36,311.68
Housing and Utilities	20,000.00	21,849.39	22,504.87
Social Security	4,054.34	4,378.68	4,499.46
Retirement	3,117.40	3,117.40	3,117.40
Insurance:			
Medical	4,562.88	4,927.91	5,805.00
Dental	440.76	440.76	581.88
	\$64,845.00	\$69,997.32	\$72,820.29
(The Board either pays mileage or furnishes a travel car.)			
<b>Editor-in-Chief</b>			
Salary	\$20,000.00	\$23,664.68	\$24,374.62
Housing Allowance	16,000.00	16,640.00	17,139.20
Social Security	2,754.00	3,083.00	3,175.81
Retirement	1,800.00	2,015.00	2,015.00
Insurance:			
Life	164.76	164.76	164.76
Medical	7,770.12	5,278.00	5,805.00
Dental	491.04	582.00	581.88
Disability	.00	213.00	213.00
	\$48,979.92	\$51,640.44	\$53,469.27
<b>Youth Division Director</b>			
Salary	\$30,000.36	\$31,200.00	\$32,136.00
Social Security	2,329.45	2,387.00	2,458.40
Retirement	1,500.00	1,560.00	1,560.00
Insurance:			
Life	85.20	85.20	85.20
Medical	7,770.12	5,278.00	5,805.00
Dental	491.04	582.00	581.00
Long-term Care	18.00	18.00	18.00
Disability	119.40	165.00	165.00
	\$42,313.57	\$41,275.20	\$42,808.60

## Cost Comparisons 1998

	SP	GL	ST	**UGP	AY	DCC	RHP
Nursery Teacher	4.69	4.69	4.59	1.45	4.69	4.69	3.75
Teacher's Resource Packet	9.99	9.99	10.99	6.25	10.99	10.99	8.95
Pupil's Handwork	2.59	2.59	2.49	1.45	2.59	2.59	2.10
Bible Lesson Cards	.00	.00	.00	.85	2.59	.00	2.10
Preschool Teacher	4.69	4.69	4.59	1.45	4.69	4.69	3.75
Teacher's Resource Packet	9.99	9.99	10.99	6.25	10.99	10.99	8.95
Preschool Student	2.59	.00	.00	1.45	.00	2.59	2.10
Preschool Workbook	2.59	2.59	2.49	.00	2.59	2.59	2.10
Picture Lesson Cards	.00	.00	1.99	.85	2.59	.00	2.10
Primary Teacher	4.69	4.69	4.59	1.45	4.69	4.69	3.75
Visual Packet	9.99	9.99	10.99	6.25	10.99	10.99	8.95
Primary Student	2.59	.00	.00	1.45	2.59	2.59	2.10
Primary Workbook	.00	2.59	2.49	1.35	2.59	2.59	2.10
*Memory Verse Packet	.00	.00	.00	.00	.00	.00	8.95
Junior Teacher	4.69	4.69	4.59	1.45	3.69	4.69	3.75
Visual Packet	9.99	9.99	10.99	6.25	.00	10.99	8.95
Junior Student	2.59	.00	.00	1.65	2.89	2.59	2.10
Junior Workbook	.00	2.59	2.49	1.65	2.79	.00	2.10
Teen Teacher	4.69	16.99	4.59	1.55	4.59	4.69	3.75
Visual Packet	9.99	.00	10.99	.00	.00	10.99	9.25
Teen Student	2.59	.00	3.09	1.65	2.89	2.59	2.25
Teen Workbook	.00	.00	.00	.00	.00	.00	***.00
High Teen Teacher	4.69	16.99	4.59	1.75	4.59	4.69	3.75
Visual Packet	9.99	.00	10.99	.00	.00	10.99	9.25
High Teen Student	5.89	.00	3.09	1.65	2.89	2.59	2.25
High Teen Workbook	.00	.00	.00	.00	.00	.00	***.00
Lifeline (Teen Devotional)	.00	.00	.00	.00	.00	.00	*2.10
Bible Teacher (Young Adult)	.00	.00	.00	1.75	4.59	.00	3.75
Bible Challenge	.00	.00	.00	1.65	2.89	.00	2.10
Bible Teacher	4.69	16.99	4.59	3.75	4.59	4.69	3.75
Bible Scholar	2.59	9.99	2.59	1.85	3.19	2.69	2.10
Bible Scholar Large Print	3.59	.00	3.49	.00	3.89	2.99	2.30
Depth (Adult Devotional)	.00	.00	.00	.00	.00	.00	*2.10
Visual Packet	.00	.00	10.99	.00	.00	10.99	.00
Visitor's Lesson Leaflet	.00	.00	.00	.00	2.69	2.59	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

\*Produced only by 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.

\*\*\*The Teen course student book contains both the former student book and handbook. This gives you both books for the price of one.

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 from Randall House Publications.



## Foreign Missions Report

The sixty-second year of the Department of Foreign Missions will be remembered for newly opened doors of ministry and the loss of some of our pioneer missionaries. Yet, in spite of personnel losses by retirement and death, Foreign Missions continues to experience the blessing of the Lord in His Kingdom work.

### Highlights from the Fields

In Brazil 119 people professed faith in Christ in 1997. The Conselheiro Lafaiete church invited Flavio Grossi, a Brazilian preacher, to serve as their pastor. A new work was organized in Araras and another outreach ministry in Campinas was in beginning stages.

In Côte d'Ivoire a special evangelistic campaign resulted in 91 professions of faith. Our church in Abidjan witnessed 50 conversions and three baptisms within the last year. A new church building was dedicated in Agnibilekrou where 25 young people turned to Christ during an evangelistic campaign. The Bible institute started its third three-year training program with six ministerial students. These new students have been able to enjoy the new student housing built in '96 with the help of Master's Men teams.

In Creative Access Countries five Free Will Baptist English teachers are sharing their testimonies with interested individuals.

Last summer 455 Cuban young people attended a retreat where some of our missionaries shared the teaching responsibilities. Nearly all of these young people signed pledges committing themselves to sexual purity.

During the past year, eight people in France prayed to receive Christ. After a long wait and many obstacles, the St. Nazaire congregation recently started construction on a classroom/fellowship building.

The attendance at the annual conference in India grew from 1,500 in 1997 to 2,000 in 1998. This growth as well as the dedication of several new church buildings clearly shows how the church in North India is developing.

Although Japan continues to be resistant to the gospel, 16 people have given themselves to the Lord since January 1, 1997. Prayers for Japanese leadership have been answered as two men recently assumed ministry roles in two of our Free Will Baptist churches.

The Parita church in Panama has elected a Panamanian pastor. Our co-laborers witnessed 115 conversions and 35 baptisms in that country within the last year. Outreach to the Kuna Indians has been started by missionaries who have made several introductory trips to some of the remote villages.

In 1997 we conducted two training sessions for the pastors and church leaders of the Southern Ural region of Russia. We encouraged the existing churches to start their own mission works. Following our example of planting new works, these churches now support two Russian church planters. We have just sent our fifth church planter to the city of Troitsk on the border of Kazakhstan. This city has over 100,000 people with 33 known believers. Church planters supported by Free Will Baptists reported 361 converts and 71 baptisms in 1997.

A missionary team is again in formation in Spain. While the Tim Johnsons and the Anthony Edgmons gather support, the missionaries already in the country are assisting the work in Villalba and teaching seminary classes in Alcala.

Our missionaries in Uruguay have reported several conversions in the four

areas where they are working. The camp ministry continues to be fruitful. See statistics in Figure 1.

Figure 1

### STATUS OF FREE WILL BAPTIST OVERSEAS MINISTRIES

Effective December 31, 1997

Field	Missionaries Assigned to Each Field	National Ordained Pastors	Licensed and Lay Preachers	Bible Institutes	Students	Organized Churches	Mission Works	1997 Converts	1997 Baptisms	Average Sunday Attendance
Brazil	22	7	11	1	6	10	7	119	42	683
Cuba		8	146	1	12	24	86	535	260	1,783
France	8						3	8	8	157
India	2	10	60*		3	26	80**	479	334***	3,602
Côte d'Ivoire	31	6	26	1	47	11	41	198	71	2,579
Japan	12	1	6		4	6	3	16	8	155
Panama	10	6	20	1	7	5	6	115	35	523
Spain	9	1	2		4	1		3	2	100
Uruguay	9	3	3	1	8	6	13	35	1	187
Russia	2 plus 4 Russian church planters							361	71	
Totals	105	42	274	5	91	89	239	1,869	832	9,769

\*We support at least 70 pastors, evangelists and partners.

\*\*Incomplete report

\*\*\*South India report unavailable

We have one worker in community development and seven affiliates teaching English in limited access countries.

### Financial Report

Our God graciously met our needs in 1997. Through the generosity of our Free Will Baptist people we received \$4,974,279. This record-breaking income exceeded our budget by \$19,317 and was \$399,857 more than the previous year. In addition, our income exceeded our expenses by \$271,337, resulting in a healthy growth in our cash position.

Our expenses for 1997 were \$4,702,942. I commend our missionaries and home staff for their good stewardship in keeping our expenses \$252,019 below budget. For a breakdown of expenditures by category, see Figure 2. We also show, in Figure 3, how the typical missionary's dollar was spent in 1997. Figure 4 shows how the budget, income and expenses of 1997 compared with those of the previous 19 years.

Last year 1,605 churches supported Foreign Missions. The 166 congregations which contributed \$5,000 or more gave \$2,033,133 or 55 percent of the total income coming from churches. You will find a list of these churches posted at the Foreign Missions booth.

The number of top-giving churches (over \$10,000) also increased from 59 in 1996 to 66 last year:

Central FWB Church	Royal Oak, MI	\$70,461.01
Donelson FWB Church	Nashville, TN	\$69,623.52
Norman First FWB Church	Norman, OK	\$56,535.25



Figure 2

## Total Expenditures for 1997 \$4,702,942

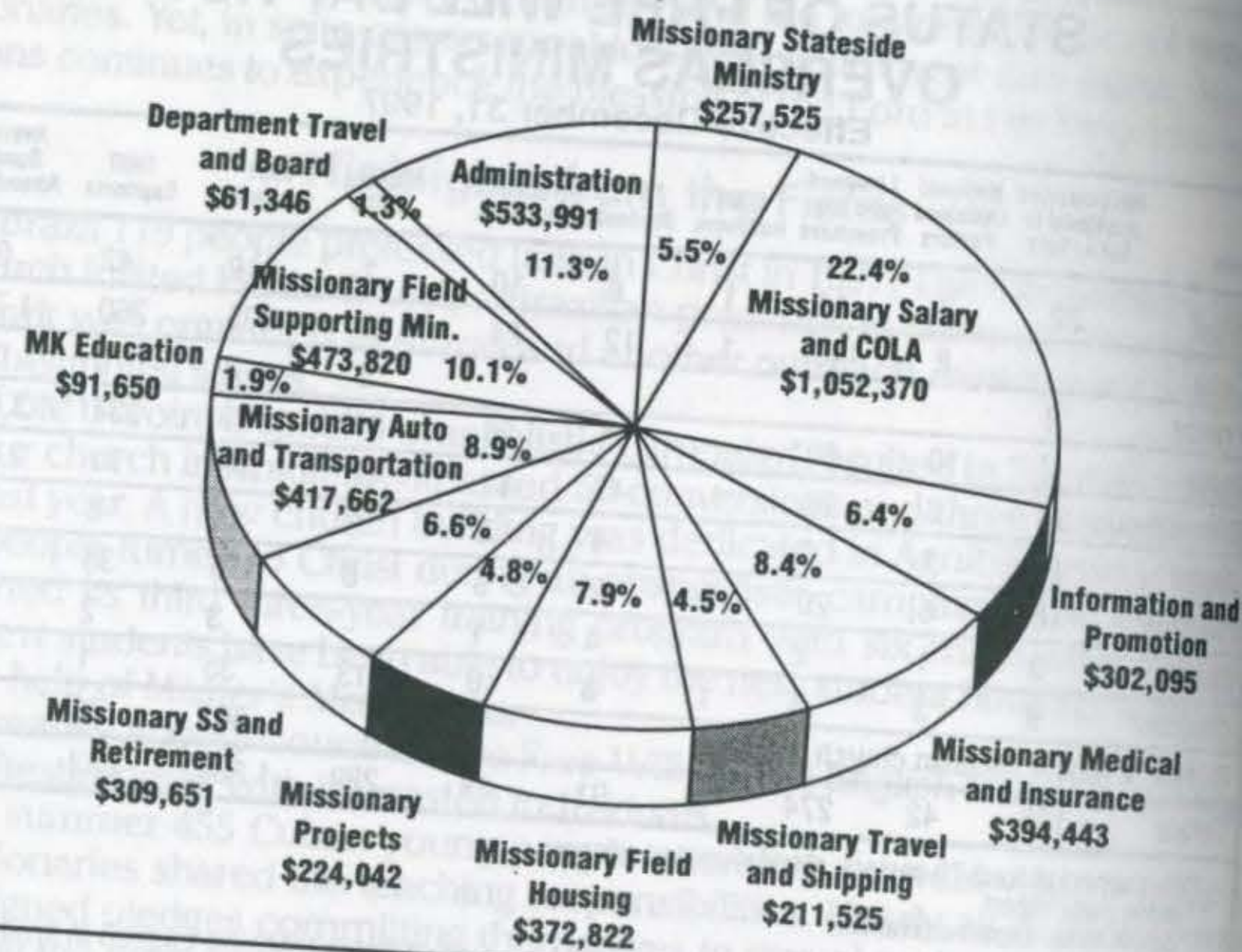


Figure 3

## 1997 Missionary Dollar (How it was spent)

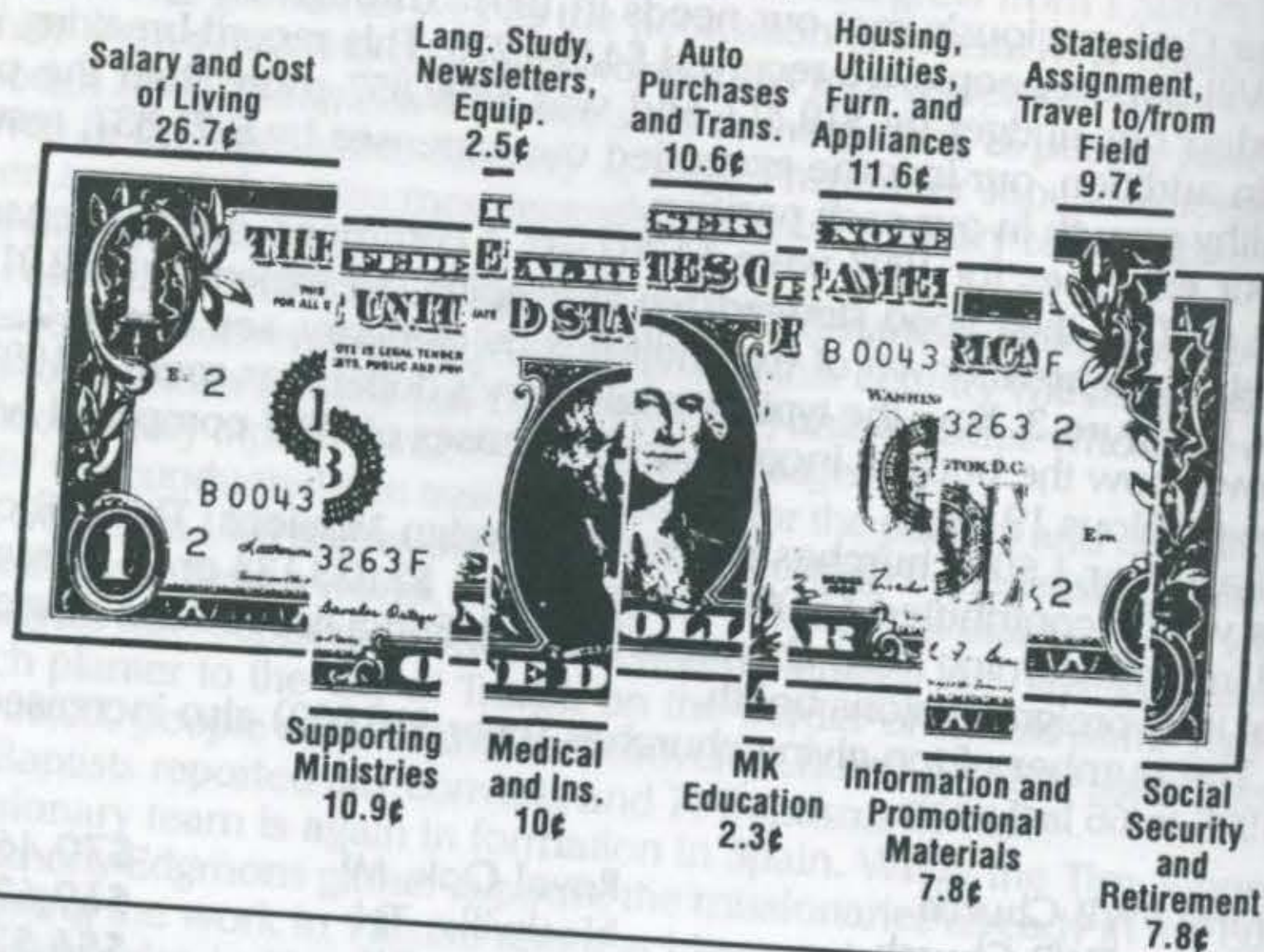
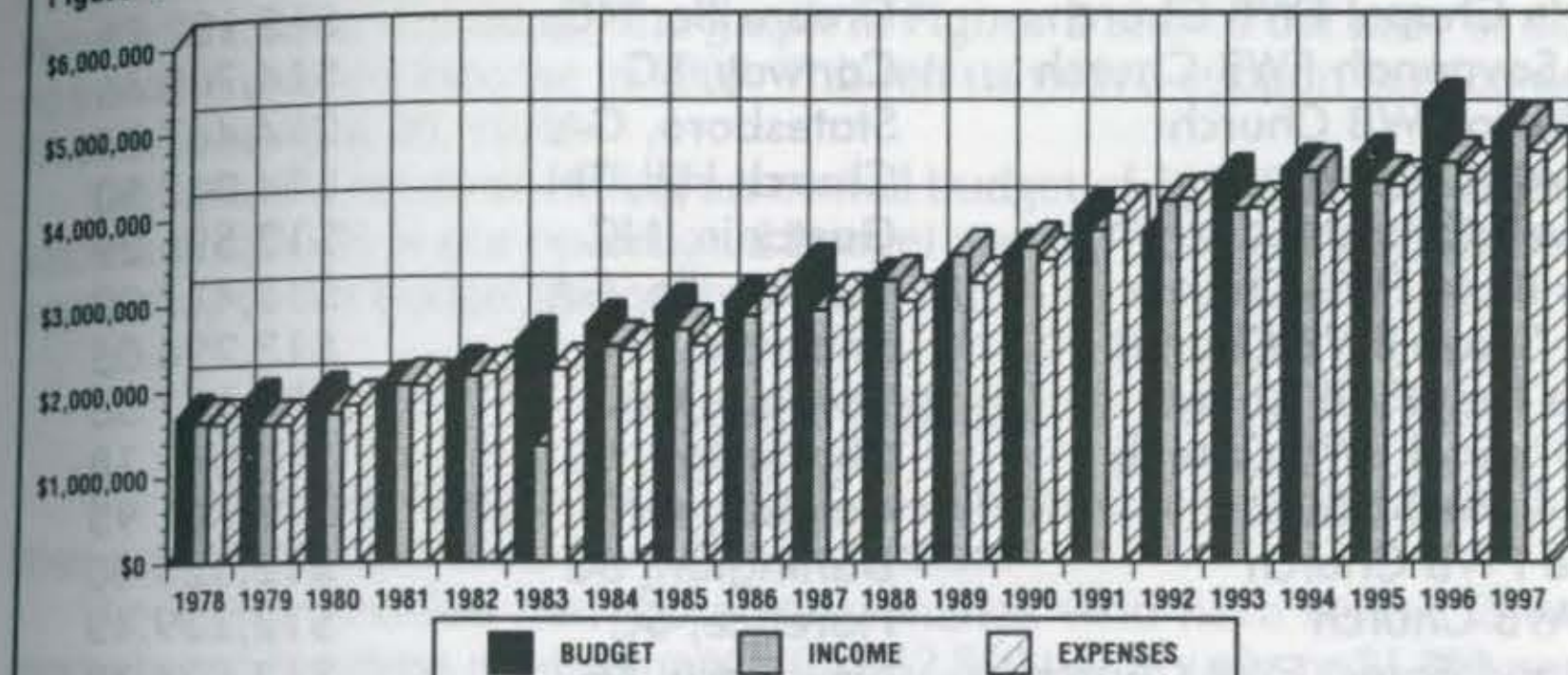


Figure 4

## 20 YEAR LOOK AT BUDGET, INCOME AND EXPENSES

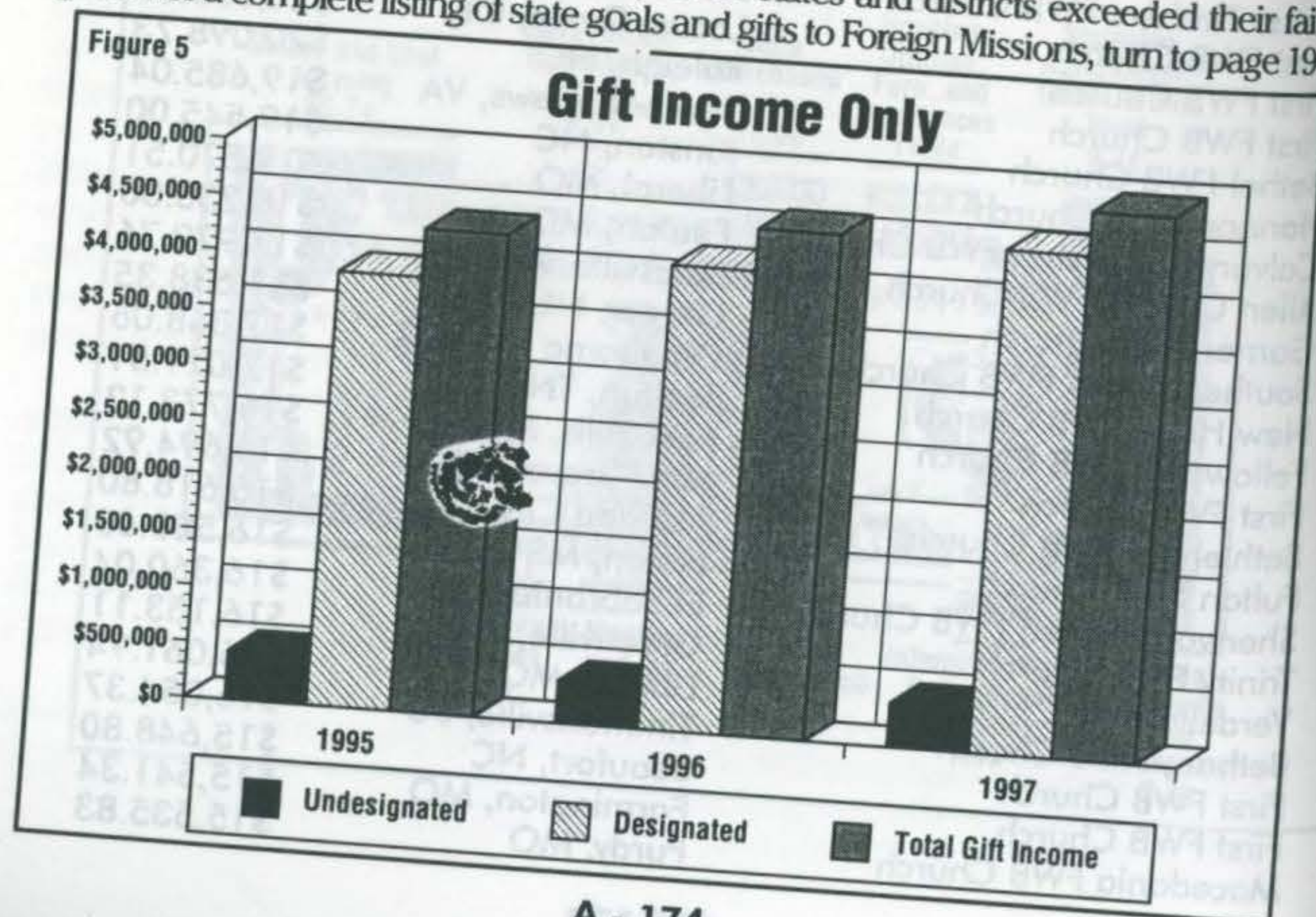


Limestone FWB Church	Limestone, TN	\$47,141.29
Unity FWB Church	Greenville, NC	\$46,145.23
First FWB Church	Russellville, AR	\$45,920.81
Ina FWB Church	Ina, IL	\$44,106.00
Cofer's Chapel FWB Church	Nashville, TN	\$36,849.75
Horse Branch FWB Church	Turbeville, SC	\$30,163.51
Tippett's Chapel FWB Church	Clayton, NC	\$26,766.16
Sand Hill FWB Church	Coward, SC	\$26,755.66
First FWB Church	Albany, GA	\$26,487.37
Fellowship FWB Church	Kingsport, TN	\$25,229.46
Bethany FWB Church	Broken Arrow, OK	\$25,060.31
Forest Valley FWB Church	Springfield, OH	\$23,819.00
First FWB Church	Jacksonville, NC	\$23,642.08
Miamisburg FWB Church	Miamisburg, OH	\$23,269.45
Cross Timbers FWB Church	Nashville, TN	\$21,549.43
First FWB Church	Locust Grove, OK	\$20,353.83
First FWB Church	Raleigh, NC	\$20,098.73
Bethel FWB Church	Newport News, VA	\$19,685.04
Hannon FWB Church	Kinston, NC	\$19,545.00
Calvary Fellowship FWB Church	Liberal, MO	\$19,520.51
Allen Chapel FWB Church	Fenton, MO	\$18,230.06
Garner FWB Church	Batesville, AR	\$17,979.76
Southern Oaks FWB Church	Garner, NC	\$17,638.35
New Hope FWB Church	Oklahoma City, OK	\$17,368.06
Fellowship FWB Church	Joelton, TN	\$17,021.51
First FWB Church	Park Hills, MO	\$16,773.12
Bethlehem FWB Church	Mtn. Grove, MO	\$16,694.92
Fulton FWB Church	Ashland City, TN	\$16,618.80
Sherwood Forest FWB Church	Fulton, MS	\$16,580.66
Trinity FWB Church	El Sobrante, CA	\$16,360.04
Verdella FWB Church	Greenville, NC	\$16,153.11
Bethany FWB Church	Liberal, MO	\$16,061.94
First FWB Church	Timmons ville, SC	\$16,054.37
First FWB Church	Beaufort, NC	\$15,648.80
First FWB Church	Farmington, MO	\$15,541.34
Macedonia FWB Church	Purdy, MO	\$15,535.83



Immanuel FWB Church	Durham, NC	\$15,534.00
Parker's Chapel FWB Church	Greenville, NC	\$15,182.75
White Savannah FWB Church	Conway, SC	\$14,700.66
Statesboro FWB Church	Statesboro, GA	\$14,467.84
First FWB Church	Church Hill, TN	\$14,063.50
First FWB Church	Gastonia, NC	\$13,596.29
Liberty Bible FWB Church	Gainesville, GA	\$13,427.00
Forest Grove FWB Church	Knoxville, TN	\$13,296.05
Rejoice First FWB Church	Owasso, OK	\$13,157.50
First Original FWB Church	Charleston, SC	\$13,009.18
Bellview FWB Church	Colquitt, GA	\$12,791.95
Temple FWB Church	Darlington, SC	\$12,525.00
First FWB Church	Florence, SC	\$12,239.43
Sherwood Forest FWB Church	New Bern, NC	\$12,021.38
First FWB Church	Duncanville, TX	\$11,592.73
Piney Grove FWB Church	Chipley, FL	\$11,570.52
First FWB Church N. Little Rock	No. Little Rock, AR	\$11,496.01
Good Springs FWB Church	Pleasant View, TN	\$11,158.28
Calvary FWB Church	Norman, OK	\$11,055.37
First FWB Church	Darlington, SC	\$10,885.00
Harrison FWB Church	Minford, OH	\$10,631.08
Freeman Chapel FWB Church	Stewartsville, MO	\$10,495.00
Central FWB Church	Grandview, MO	\$10,362.94
Faith FWB Church	Goldsboro, NC	\$10,301.60
Trinity FWB Church	Bridgeton, MO	\$10,233.39
First FWB Church	Ada, OK	\$10,120.36
Poplar Spring FWB Church	Iuka, MS	\$10,009.71

It is encouraging to note that last year 20 states and districts exceeded their faith goals. For a complete listing of state goals and gifts to Foreign Missions, turn to page 194.



In spite of improved giving, for many years the percentage of undesignated income has been shrinking. The graph in Figure 5 shows the ratio of designated to undesignated income in 1997. This left us with a support service deficit of \$76,521 as of April 30, 1998.

The board is recommending an overall budget of \$6,342,171 for 1999. Of this amount \$5,565,821 is our operational budget and \$776,350 is for VISION projects. A summary of the budget appears on page 191.

### Board Action

The board met August 11 - 12, 1997, in conjunction with the annual Foreign Missions Retreat and took the following action:

The board decided that those missionaries who have served 25 years or more should be given a retirement gift of \$2,500 per couple or \$1,500 per single missionary.

The board authorized the establishment of a scholarship fund for MKs. Tanya Hart, coordinator of MK ministries, was given permission to raise the funds.

The semi-annual meeting of the board was held December 3 - 4, 1997, and included the following activities:

The Côte d'Ivoire Field Council was authorized to raise \$100,000 for the Abidjan project.

The board granted a request from Robert Bryan to pursue educational studies in an adult non-formal education program.

The board approved the employment of the accounting firm of Hinton, Warren, Denney and Wallace to serve as our auditors during 1998.

The board approved the construction of a new church building in Goumère, Côte d'Ivoire. Darrel Nichols was authorized to raise \$15,000 toward this project.

The board adopted a strategic plan for our operation over the next 10 years.

The board agreed with the Côte d'Ivoire Field Council that it is time to transfer the curative aspect of the Doropo medical ministry to our African brothers and sisters. We are turning our attention to community health. This program will open many more villages to evangelism and church planting.

The board authorized a \$15,000 VISION project to assist a house church in Cuba to purchase property.

The annual meeting of the board was held April 20 - 23, 1998, with these actions:

The board approved further contacts with a church in Medellin, Colombia, which is seeking identification with Free Will Baptists. Our missionaries will make occasional visits and teach the believers. We hope to provide them with some books and literature regarding Free Will Baptists. The church will be encouraged to send observers to the International Fellowship of Free Will Baptists which will meet in October 1998 in Uruguay.

The board approved fund-raising for the following projects in Cuba:

1. Repairs to the road to Cedars of Lebanon Seminary—\$6,000.
2. \$200 per month subsidy for seminary training.
3. The attendance of a representative of the Cuban Free Will Baptist Convention at the National Association in Tulsa.

The board approved a study of testing procedures which might enable missionary candidates to meet educational requirements for career missionaries other than the traditional classroom setting.



The following officers were elected:  
Chairman - Bill Jones  
Vice-chairman - Milton Worthington  
Secretary - David Shores

### Department Events and Announcements

In April our board conducted a second Foreign Missions Support Forum. Since last year, Alabama, Florida, Georgia and Oklahoma have adopted their own support plans. They join Arkansas, Missouri, South Carolina and Illinois who have each developed their own Acts 1:8-type plan. Since many state associations meet in May and June, I hope to update this list during the convention.

Our department is sponsoring "Missions Awareness Visits" to our fields. Pastors and others who wish to see firsthand what the Lord is doing overseas should contact our office.

The "Together Way Plan" of our National Association calls for our department to assist our congregations in emphasizing foreign missions each April. Accordingly, the last Sunday in April is the designated time for all churches to receive their World Missions Offering. During 1997 we received \$83,162 toward a goal of \$100,000. Our goal for 1998 was again set at \$100,000. As of May 15 we had received \$29,269.

As I look ahead, I see tremendous possibilities. I believe with all my heart that God is going to do some great things through the ministry of Free Will Baptist Foreign Missions in the next few years. But we have those to thank who pioneered the work which is bearing fruit today.

### Veteran Missionaries Promoted to Glory

On October 26, 1997, the Reverend Archie Mayhew died in Modesto, Calif. Archie and his wife, Sarah, served 17 years as missionaries to Côte d'Ivoire. After returning to the States, Archie served on the Board of Foreign Missions for 12 years. He was pastor of his home church, Modesto Free Will Baptist Church, at the time of his death.

The Reverend Daniel Cronk went to be with the Lord on November 20, 1997, in Nashville, Tenn. Dan and his wife, Trula, served as missionaries to India for 25 years. Following his service in India, Dan taught missions at Free Will Baptist Bible College for nine years and served as a member of the Board of Foreign Missions for 15 years.

On December 17, 1997, the Reverend Donald Sexton, former missionary and faithful preacher of the Word, went to be with the Lord in Elizabethton, Tenn. Don and Billie served eight years in France until illness forced them to return to the States. For a number of years, Don and Billie served as missionary representatives for our department, traveling extensively to promote missions. They also actively promoted the Tennessee Walk-a-thon which was later named the "Don and Billie Sexton Walk-a-thon." This is a project of the Tennessee State Association of Free Will Baptists.

Mrs. Mabel "Mom" Willey was 92 years of age when she died on January 16, 1998, in Bryan, Tex. She and her husband, the late Reverend Thomas "Pop" Willey, pioneered missionary work in Panama and Cuba. From 1937 when she began her ministry in Panama until just a few months before her homegoing, Mom was actively involved in behalf of Free Will Baptist Foreign Missions.

More recently, we received the distressing news that Mrs. Marie Hanna, veteran missionary to India, died on April 23, 1998, in Sonapurhat, India. She and her husband, Carlisle, first went to India in 1953. Marie worked in many capacities in helping to develop a strong, rapidly growing missions work in North India. She and Carlisle had returned to India in January after a short time in the States.

On behalf of the Department of Foreign Missions and the entire National Association of Free Will Baptists, we pay tribute to these pioneer missionaries. They laid a good, strong foundation for us. Now it is up to us to build the kind of missionary movement which will take the gospel and plant churches in the uttermost parts of the earth.

### Special Recognition

We also honor those who have recently retired from our department.

The Reverend Fred Hersey has retired after 43 years of service in Japan. He and his wife, Evelyn, who went to be with the Lord on October 4, 1993, entered Japan in 1956. On January 21, 1995, Fred married the former June Wilkinson whose husband, the Reverend Sam Wilkinson, died on April 11, 1988. At the time of Sam's death, he and June were both working at Hillsdale Free Will Baptist College after serving for 20 years as missionaries to Brazil. From 1991 until her marriage to Fred, June worked in the foreign missions office. Fred and June ministered in Japan for two years before returning to the States and announcing their retirement last year. They continued serving with the department until the end of February this year.

The Reverend Earnie and Jean Deeds worked as missionaries to Brazil for 35 years. When they left Brazil for the States in December they were anticipating retirement from active missionary service, which made this departure a difficult one. They left the church in Lafayette where they had served for 24 years in the hands of a Brazilian preacher.

The Reverend Walter and Marcia Ellison have retired after 35 years of service in South America. They began their work in Livramento, Brazil, on the border of Uruguay, and for the last 16 years have ministered in Montevideo, Uruguay. Walter labored with the Bible institute in Montevideo and more recently headed up the reconstruction project of the Central Free Will Baptist Church in Rivera.

We will miss the contributions of these faithful missionaries. We ask you to join us in expressing our appreciation for their dedicated service and wishing them joy as they serve the Savior in the United States.

We are grateful for the years of service given by our two board members who are ineligible for reelection: Joe Grizzle and Dean Dobbs.

From the beginning of our ministry, we have been very generously supported by Women Nationally Active for Christ. We especially honor Dr. Mary Ruth Wisheart who is retiring as Executive Secretary-Treasurer of WNAC this year. We pray for God's best for her as she leaves the office.

### New Appointees

Even though we will miss the five faithful servants who went to be with the Lord in recent months, as well as those who are retiring, we rejoice that the Lord is calling more workers who can make their own impact for the Lord. Last year our board appointed Verlin and Debbie Anderson to Côte d'Ivoire, Anthony and Lea Edgmon and Tim and Kristi Johnson to Spain, Mike and Cathy Corley



to Russia, Justin and Leslie Banks to Panama, Lloyd and Betty Plunkett to Côte d'Ivoire, and Kevin Stacy and Charity VanWinkle for a special assignment. Charity worked as editorial assistant to Don Robirds prior to appointment.

In addition to the 12 college students serving in six countries as overseas apprentices this summer, 10 members of the "Go and Be" Team served from May 17 to June 30 in Côte d'Ivoire. Nineteen members of Teens Equipped and Active in Missions (TEAM) have worked in Cuba and Japan this summer.

### Office Personnel

I want to pay very special tribute to Mrs. Shirley Lauthern, my executive assistant, who insists on simply being recognized as my secretary. She has been far more than that, for she is our family's friend and faithful prayer warrior for us and our ministry.

Don Robirds, director of communications, is the senior staff member, having worked in the office for 26 years. Jimmy Aldridge, overseas secretary, has willingly assumed many responsibilities which were not in his original job description, and his wife, Janie, has worked right along with him. Fred Warner, director of stateside ministries, is almost everyone's favorite preacher. Rob Conley, our treasurer, has proved that a young man can graciously handle a lot of responsibility.

Others who effectively serve in our office include Eddie Payne, support coordinator/communications assistant, and Ken Eagleton, Sr., missionary and TEAM coordinator, and his wife, Marvis, who demonstrate their servant spirit by accepting assignments in many areas.

The ladies in our office render very valuable service also: Carole Ragan, secretary; Barbara Nicholson, bookkeeper; Gladys Gragg, accounting clerk; Nancy Jones, volunteer and part-time accounting clerk; Cheri Ham, computer services coordinator; and Deborah St. Lawrence, editorial assistant.

Our regular faithful volunteers, Charlie Hingst and Jimmie Carter, care for our mailings, and for us, and are constantly securing equipment and supplies that are shipped to our missionaries around the world.

Our staff enjoys the privilege of working in a ministry which we believe is near to the heart of God. Together, with each of them, I pledge my support to the new General Director of the Department of Foreign Missions of the National Association of Free Will Baptists.

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

December 31, 1997 and 1996

### Contents

	Page
<b>Financial Statements</b>	
Independent auditor's report .....	1
Statements of financial position .....	2
Statements of activities .....	3
Statements of cash flows .....	4
Notes to the financial statements .....	5-10
<b>Supplementary Information</b>	
Independent auditor's report on supplementary information .....	11
Schedule of functional expenses .....	12-13



**HINTON, WARREN,  
DENNEY & WALLACE**

CERTIFIED PUBLIC ACCOUNTANTS  
THE SPENCE BLDG. SUITE 200  
640 SPENCE LANE  
NASHVILLE, TN 37217-1150  
(615) 366-5100

Partners  
DAVID C. HINTON, CPA  
ROBERT RAY WARREN, CPA  
WILLIAM H. DENNEY, CPA  
LARRY BRUCE WALLACE, CPA

Members  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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, 1997 and 1996, 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, 1997 and 1996 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*

March 27, 1998

**BOARD OF FOREIGN MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**  
**Statements of Financial Position**  
**December 31, 1997 and 1996**

	1997	1996
<b>ASSETS</b>		
Cash and cash equivalents - Notes 1 & 2	\$1,163,727	\$ 878,947
Investments - Notes 1 & 2	885,541	692,457
Accounts receivable from employees and missionaries - Note 2	65,406	75,814
Other receivables, net of allowance for doubtful accounts of \$29,000 (\$14,333 in 1996)	14,000	32,867
Property and equipment, at cost, net of accumulated depreciation - Notes 1 & 3	151,567	173,367
Prepaid expenses	4,415	3,819
<b>Total assets</b>	<b>\$2,284,656</b>	<b>\$1,857,271</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 256,631	\$ 159,041
Supplemental retirement insurance payable	228,041	195,493
Accrued severance pay payable	152,142	143,920
<b>Total liabilities</b>	<b>636,814</b>	<b>498,454</b>
Commitments - Notes 7 & 8		
Net assets (deficit):	( 94,749)	( 55,791)
Unrestricted	1,742,591	1,414,608
Temporarily restricted - Note 4	1,647,842	1,358,817
<b>Total</b>	<b>\$2,284,656</b>	<b>\$1,857,271</b>
<b>Total liabilities and net assets</b>		

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, 1997 and 1996

	1997	1996
<u>Unrestricted</u>		
Revenue:		
Contributions - Notes 1 & 5	\$ 764,431	\$ 699,433
Investment income	85,998	57,234
Gain on disposal of property & equipment	10,324	15,986
Net assets released from restrictions:		
Restrictions satisfied by payments	3,782,132	3,591,443
Total revenue	4,642,885	4,364,096
Expenses:		
Informational and promotional	153,475	148,839
Travel and board	88,296	84,576
Administrative	663,081	634,278
Missionaries	3,712,604	3,530,432
VISION campaign	69,528	61,010
Total expenses	4,686,984	4,459,135
Decrease in unrestricted net assets	( 44,099)	( 95,039)
<u>Temporarily restricted</u>		
Revenue:		
Contributions - Notes 1 & 5	4,115,256	3,819,442
Net assets released from restrictions:		
Restrictions satisfied by payments	( 3,782,132)	( 3,591,443)
Increase in temporarily restricted net assets	333,124	227,999
Total increase in net assets	289,025	132,960
Net assets - beginning of year	1,358,817	1,225,857
Net assets - end of year	\$1,647,842	\$1,358,817

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

-3-

BOARD OF FOREIGN MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
Statements of Cash Flows  
For the Years Ended December 31, 1997 and 1996

	1997	1996
<u>Operating activities</u>		
Increase in net assets	\$ 289,025	\$ 132,960
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Decrease (increase) in value of investments	54,279	52,618
Depreciation	14,667	14,333
Bad debts	( 10,324)	( 15,986)
Gain on disposal of property and equipment	( 10,324)	( 15,986)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	14,608	98,358
Decrease (increase) in prepaid expenses	( 596)	( 3,819)
Increase (decrease) in accounts payable and accrued expenses	138,360	( 305)
Net cash provided by operating activities	500,019	283,024
<u>Investing activities</u>		
Purchases of equipment	( 136,992)	( 87,066)
Proceeds from sale of equipment	114,837	19,650
Purchases of investment	( 193,084)	( 846,018)
Proceeds of investment redeemed		640,749
Net cash used in investing activities	( 215,239)	( 272,685)
<u>Financing activities</u>		
Net cash provided by financing activities	-0-	-0-
Increase (decrease) in cash and cash equivalents	284,780	10,339
Cash and cash equivalents at beginning of year	878,947	868,608
Cash and cash equivalents at end of year	\$1,163,727	\$ 878,947
<u>Supplemental noncash investing and financing information</u>		
Sale of equipment	\$ 114,837	\$ 66,850
Less: Loan receivable	-0-	47,200
	\$ 114,837	\$ 19,650

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

-4-



BOARD OF FOREIGN MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
Notes to the Financial Statements  
December 31, 1997 and 1996

Note 1 - Organization and summary of significant accounting policies

The Board of Foreign Missions of the National Association of Free Will Baptists 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. 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 1997 and 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 FOREIGN MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
Notes to the Financial Statements  
December 31, 1997 and 1996

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, 1997 and 1996.

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, 1997 and 1996

**Note 2 - Summary of significant concentrations of financial instruments**

As of December 31, 1997, 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. 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. 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	\$1,163,727	\$100,000	\$1,063,727
Total cash and cash equivalents	1,163,727	100,000	1,063,727
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Assoc. of Free Will Baptists	884,891		884,891
Common stock	650		650
Total investments	885,541		885,541
Accounts receivable from employees and missionaries	65,406		65,406
Other receivables	14,000		14,000
	79,406		79,406
Total	\$2,128,674	\$100,000	\$2,028,674

**BOARD OF FOREIGN MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**  
Notes to the Financial Statements  
December 31, 1997 and 1996

**Note 3 - Property and equipment**

A summary of property and equipment is as follows:

	1997	1996
Office furniture and equipment	\$ 48,142	\$ 47,774
Cameras and projectors	86,460	84,876
Automobiles	76,500	92,000
Computer equipment	93,905	143,005
	305,007	367,655
Less: accumulated depreciation	( 153,440)	( 194,288)
	\$ 151,567	\$ 173,367

Depreciation expense, computed utilizing the straight line method amounted to \$54,279 (\$52,618 in 1996).

**Note 4 - Restrictions on net assets**

Temporarily restricted net assets are available for the following purposes:

	1997	1996
Missionaries	\$1,562,779	\$1,323,397
VISION campaign	179,812	91,211
	\$1,742,591	\$1,414,608

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

**Note 5 - 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 6 - 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 \$81,028 (\$121,100 in 1996). 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, 1997 and 1996

**Note 7 - Lease**

The Board entered into a lease agreement on October 1, 1990 with the National Association of Free Will Baptists for office and storage space. The term of the lease is until all mortgages on the building are satisfied, which is approximately 10 years. The rent expense for the year was \$74,988 (\$74,988 in 1996).

The future minimum lease payments are as follows:

1998	\$ 74,988
1999	74,988
2000	74,988
2001	74,988
2002	74,988
Thereafter (estimated)	<u>381,189</u>
	<u>\$756,129</u>

**Note 8 - 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 93 (87 in 1996) 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 \$154,946 (\$170,466 in 1996) in benefit payments and \$65,769 (\$64,779 in 1996) in stop loss premiums.

The Board has entered into an Indemnity and Hold Harmless Agreement with First American National Bank. As part of the agreement, First American National Bank will guarantee to Citibank that it will honor checks written on the Board of Foreign Missions' First American National Bank account by the Board of Foreign Missions' Cote d'Ivoire Mission employees up to \$20,000 per check. In exchange, the Board of Foreign Missions will indemnify and hold harmless First American National Bank from any and all claims, liabilities, actions or causes of action that arise as a result of First American National Bank's agreement to guarantee checks to Citibank.

**BOARD OF FOREIGN MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**  
Notes to the Financial Statements  
December 31, 1997 and 1996

**Note 9 - Reclassification of net assets**

The Organization performed a detailed analysis of the net asset accounts during 1997. 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 \$5,560 and the temporarily restricted net assets were reduced \$5,560. Accordingly, the prior year net assets released from restrictions were restated \$5,560 to account for this correction.

**Note 10 - 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.

**SUPPLEMENTARY INFORMATION**



**BOARD OF FOREIGN MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
Schedule of Functional Expenses  
For the Years Ended December 31, 1997 and 1996**

	1997	1996
<b>Missionary expenses:</b>		
Ivory Coast	\$1,029,539	\$1,044,569
France	364,029	403,391
India	147,206	148,313
Brazil	724,673	588,005
Japan	488,595	409,200
Panama	295,100	234,628
Spain	218,146	179,375
Uruguay	303,962	307,440
Commonwealth of Independent States	83,735	133,695
Summer missionaries	85,419	78,936
Other projects	63,484	54,915
Missionary medical	(91,284)	(52,035)
<b>Total missionary expenses</b>	<b>3,712,604</b>	<b>3,530,432</b>
<b>VISION campaign expenses:</b>		
Project expenses	69,528	61,010
<b>Total VISION campaign expenses</b>	<b>69,528</b>	<b>61,010</b>
<b>Total expenses</b>	<b>\$4,686,984</b>	<b>\$4,459,135</b>

See accountants' report on supplementary information.

-13-

**HINTON, WARREN,  
DENNEY & WALLACE**  
CERTIFIED PUBLIC ACCOUNTANTS  
THE SPENCE BLDG. SUITE 200  
640 SPENCE LANE  
NASHVILLE, TN 37217-1150  
(615) 366-5100

Partners  
DAVID C. HINTON, CPA  
ROBERT RAY WARREN, CPA  
WILLIAM H. DENNEY, CPA  
LARRY BRUCE WALLACE, CPA

Members  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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 1997 and 1996 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*

March 27, 1998

**Free Will Baptist Foreign Missions  
1999 Budget**

**Foreign Fields**

Ivory Coast	\$1,293,215.15
Brazil	719,655.39
France	379,080.39
India	186,222.62
Japan	517,922.58
C.I.S.	175,397.12
Central Asia	161,235.56
Panama	370,736.50
Spain	395,849.50
Uruguay	326,579.03
Cuba	26,750.00
Other Fields	126,300.00
Projected missionary appointments	200,000.00
	<b>\$4,878,943.84</b>

**Other**

Retired missionaries	\$ 2,400.00
----------------------	-------------

**Information and Promotion**

Heartbeat magazine	\$ 52,200.00
Promotional materials	20,000.00
Information services materials	33,710.00
Foreign Missions Month	6,000.00
Other	4,800.00
Film and art supplies	6,300.00
Audio-visual supplies	3,600.00
Video production	11,000.00
Video equipment	16,800.00
Books and subscriptions	3,000.00
Retreat and debriefing sessions	7,500.00
Equipment and vehicle depreciation	13,500.00
Computer equipment	3,000.00
Personnel	151,903.76
	<b>\$ 333,313.76</b>

Less: Transfer of 7% info/promo charges  
from miss. budgets  
**\$ (304,136.51)**  
**\$ 29,177.25**

**Travel & Board Expenses**

Department auto expenses	\$ 14,000.00
Board members' expenses	18,000.00
Board members' overseas travel	1,000.00
Honorariums	1,000.00
Department travel/auto expenses	35,000.00
Travelers' insurance	800.00
	<b>\$ 69,800.00</b>

**Administrative**

Salaries	\$ 233,964.20
Administrative housing	48,200.00
Administrative social security	34,141.13
Health insurance	32,135.66
Retirement	12,392.45
Benevolent insurance fund	1,980.00
Audit	6,000.00
Office rent	75,000.00
Office insurance other	3,300.00
Office equip purchases	8,000.00
Equipment and vehicle depreciation	39,000.00
Maintenance of office equipment	1,500.00
Office and computer supplies	5,000.00
Candidate, recruiting and promotion	6,500.00
Seminars, training and educational	3,000.00
Books and subscriptions	5,000.00
Miscellaneous expenses	27,500.00
Professional services	27,886.57
Payroll taxes	15,000.00
	<b>\$ 585,500.01</b>

**Total Operational Budget**

**\$5,565,821.10**

**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	70,000.00
Brazil - Evangelandia	20,000.00
Brazil - Belo Horizonte	15,000.00
Brazil - Barbacena	50,000.00
Brazil - Campinas apartment	5,850.00
Brazil - Ribeirao Preto 2nd (Marincek)	25,000.00
Brazil - Uberlandia 2nd Church	30,000.00
Brazil - Conselheiro Lafaiete Camp Facilities	30,000.00
Ivory Coast - Abidjan	100,000.00
Unexpected opportunities	50,000.00
	<b>\$ 776,350.00</b>

**Total VISION**

**Total Budget**

**\$6,342,171.10**

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



## Salary Breakdown

	1997	1998	1999
<b>General Director</b>			
Salary	\$24,846	\$27,812	\$33,438
Housing and Utilities	16,800	18,000	20,000
Social Security	6,716	7,388	8,617
Retirement	2,082	2,291	2,672
Insurance	6,222	4,488	5,430
<b>Total Dept. Expense to Employ</b>	<b>\$56,666</b>	<b>\$59,978</b>	<b>\$70,157</b>
<b>Director of Communications</b>			
Salary	\$26,009	\$27,833	\$28,600
Housing and Utilities	9,600	9,600	11,400
Social Security	5,742	6,036	6,450
Retirement	1,780	1,872	2,000
Insurance	8,460	6,085	7,363
<b>Total Dept. Expense to Employ</b>	<b>\$51,592</b>	<b>\$51,426</b>	<b>\$55,813</b>
<b>Overseas Secretary</b>			
Salary	\$23,513	\$25,433	\$25,000
Housing and Utilities	12,000	12,000	15,000
Social Security	5,727	6,036	6,450
Retirement	1,776	1,872	2,000
Insurance	6,222	4,488	5,430
<b>Total Dept. Expense to Employ</b>	<b>\$49,238</b>	<b>\$49,829</b>	<b>\$53,881</b>
<b>Director of Stateside Ministries</b>			
Salary	\$22,265	\$24,233	\$26,800
Housing and Utilities	13,200	13,200	13,200
Social Security	5,719	6,036	6,450
Retirement	1,773	1,872	2,000
Insurance	6,222	4,488	5,430
<b>Total Dept. Expense to Employ</b>	<b>\$49,180</b>	<b>\$49,829</b>	<b>\$53,881</b>
<b>Treasurer</b>			
Salary	\$35,993	\$37,433	\$40,000
Social Security	5,735	5,965	6,374
Retirement	1,949	1,872	2,000
Insurance	8,460	6,085	7,363
<b>Total Dept. Expense to Employ</b>	<b>\$52,137</b>	<b>\$51,355</b>	<b>\$55,737</b>
<b>Support Coordinator/Communications Assistant</b>			
Salary		\$21,280	\$21,600
Housing and Utilities		12,000	14,400
Social Security		2,683	2,903
Retirement		1,664	1,800
Insurance		2,336	2,827
<b>Total Dept. Expense to Employ</b>	<b>0</b>	<b>\$39,964</b>	<b>\$43,530</b>
<b>Editorial Assistant</b>			
Salary	\$17,727	\$18,436	\$19,358
Social Security	1,356	1,410	1,481
Retirement	886	922	968
Insurance	3,299	2,336	2,827
<b>Total Dept. Expense to Employ</b>	<b>\$23,268</b>	<b>\$23,104</b>	<b>\$24,634</b>

	1997	1998	1999
<b>Bookkeeper</b>			
Salary	\$21,687	\$22,555	\$23,683
Social Security	1,659	1,725	1,812
Retirement	1,084	1,128	1,184
Insurance	3,299	2,336	2,827
<b>Total Dept. Expense to Employ</b>	<b>\$27,730</b>	<b>\$27,744</b>	<b>\$29,506</b>
<b>Accounting Clerk</b>			
Salary	\$16,510	\$17,171	\$18,978
Social Security	1,263	1,314	1,452
Retirement	826	859	949
Insurance	3,299	2,336	2,827
<b>Total Dept. Expense to Employ</b>	<b>\$21,898</b>	<b>\$21,679</b>	<b>\$24,205</b>
<b>Secretary to the General Director</b>			
Salary	\$26,048	\$27,090	\$31,751
Social Security	1,993	2,072	2,429
Retirement	1,302	1,354	1,588
Insurance	3,299	2,336	2,827
<b>Total Dept. Expense to Employ</b>	<b>\$32,642</b>	<b>\$32,853</b>	<b>\$38,594</b>
<b>Secretary</b>			
Salary	\$19,619	\$20,404	\$22,281
Social Security	1,501	1,561	1,705
Retirement	981	1,020	1,114
Insurance	3,299	2,336	2,827
<b>Total Dept. Expense to Employ</b>	<b>\$25,400</b>	<b>\$25,322</b>	<b>\$27,927</b>
<b>Part-Time Accounting Clerk</b>			
Salary		\$7,280	\$7,280
Social Security		557	557
Retirement		0	0
Insurance		0	0
<b>Total Dept. Expense to Employ</b>	<b>0</b>	<b>\$7,837</b>	<b>\$7,837</b>
<b>Part-Time Office Staff</b>			
Salary		\$10,000	\$10,000
Social Security		0	0
Retirement		0	0
Insurance		0	0
<b>Total Dept. Expense to Employ</b>	<b>0</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>Computer Services/Associate Support Coordinator</b>			
Salary	\$19,264	\$16,224	\$17,035
Social Security	1,474	0	0
Retirement	963	0	0
Insurance	3,299	0	0
<b>Total Dept. Expense to Employ</b>	<b>\$25,000</b>	<b>\$16,224</b>	<b>\$17,035</b>



### 1999 State Goals With 1997 Comparison

State/Source	1997 Goals	1997 Gifts	1999 Goals
Alabama	\$195,000.00	\$210,544.47	\$245,000.00
Arizona	6,500.00	8,917.48	11,000.00
Arkansas	300,000.00	305,389.51	355,000.00
California	83,000.00	58,993.46	75,000.00
Canada	10,000.00	6,533.16	11,000.00
Colorado	8,000.00	9,987.04	13,000.00
Florida	85,000.00	123,169.03	142,000.00
Free Will Baptist Foundation	23,000.00	20,144.24	27,500.00
Georgia	200,000.00	238,449.97	250,000.00
Hawaii	1,000.00	125.00	1,000.00
Idaho	1,000.00	4,245.11	7,500.00
Illinois	150,000.00	154,074.54	175,000.00
Indiana	40,000.00	42,119.84	50,000.00
Iowa	3,000.00	2,062.04	3,000.00
Kansas	9,000.00	7,784.76	12,000.00
Kentucky	80,000.00	75,290.70	90,000.00
Louisiana	2,000.00	1,785.00	2,500.00
Maryland	29,000.00	46,907.24	60,000.00
Michigan	200,000.00	187,275.62	210,000.00
Miscellaneous	19,365.88	127,498.07	135,821.10
Mississippi	75,000.00	72,519.61	90,000.00
Missouri	325,000.00	413,667.01	460,000.00
Montana	2,500.00	2,100.00	3,000.00
Nebraska	1,000.00	1,035.00	1,500.00
New Mexico	2,000.00	3,481.80	5,000.00
North Carolina	570,000.00	635,131.45	685,000.00
Northeast Assoc	2,400.00	2,865.00	4,000.00
Northwest Assoc.	10,000.00	6,968.01	11,000.00
Ohio	135,000.00	185,438.48	200,000.00
Oklahoma	420,000.00	459,707.90	505,000.00
Pennsylvania	1,000.00	447.00	1,000.00
South Carolina	255,000.00	330,589.25	375,000.00
Tennessee	715,000.00	786,605.45	850,000.00
Texas	100,000.00	76,627.19	95,000.00
Virgin Islands	3,000.00	2,511.13	4,000.00
Virginia	110,000.00	89,435.24	100,000.00
West Virginia	110,000.00	110,543.67	130,000.00
WNAC	170,000.00	163,309.68	170,000.00
<b>Totals</b>	<b>\$4,451,765.88</b>	<b>\$4,974,279.15</b>	<b>\$5,565,821.10</b>

Note: Miscellaneous includes miscellaneous sources, states and interest income.

### Free Will Baptist Bible College Report

With a sense of joy, yet sorrow, I recently shook the hands of 56 graduates—members of one of our largest recent classes. The joy came because they had finished what they started; joy because of the memories we made; joy because of what I anticipate God will do in and through them; joy because, as a faculty, staff, and administration, we had the privilege of being part of their lives for a short time; joy because we helped to mold them and give them direction and purpose. What an awesome responsibility!

The sorrow comes when I realize they will not be back next year. I will miss them. They have become vital expressions of what FWBBC is all about. Their contribution to the college has been significant.

But, I remind myself, we have done what we were charged to do:  
—to love and train them,

—to show them how to know God,

—to challenge them to serve Him,

—to connect with them in lifelong friendships.

In the simplest way I know, I say, "Thank you!" Thank you for helping to make it all possible. You are a vital part of what we are doing, training students to serve Christ and His Church. They are *your* students. Someday, they will be your pastors, your teachers, your missionaries, and your musicians.

We are moving forward in relocating the college. We kicked off the Relocation Campaign in March. People and churches are already responding.

Enrollment last year was up slightly. We are expecting another increase in August.

We set a new record, again, in the 1997 Paul Ketteman Memorial Christmas Drive, raising \$335,508.39.

I commend to you our fine faculty and staff. They are people who love Christ and His Church. They are also dedicated to the training of our students.

As you may know, after 20 years as Dean of Women, Mrs. Marjorie Workman has resigned. Also, after 43 years, Dr. Robert Picirilli has resigned as Academic Dean. He will remain with the college and will assist his successor. Replacements have already been named for these offices, people who are well qualified to do the work.

Thank you for your contributions to the college: prayer, students, encouragement, and support. Continue to remember us when you pray. Send us your best young people. As God enables, support us to the best of your ability. Free Will Baptist Bible College is still *your* college.

Respectfully Submitted,

Tom Malone  
President



## Free Will Baptist Bible College Board of Trustees

### Synopsis of Minutes 1997-98

#### December 4-6, 1997

The Board met on campus to hear reports and conduct necessary business. We received reports from the President and each department head regarding his area of responsibility. Roy Harris was approved to fill the position of Director of Advancement to handle the campus relocation capital campaign and Tim Campbell was assigned to the position of Director of Stewardship Development. The state of the budget was reviewed and updated information on the campus relocation process was considered.

#### May 11-13, 1998

The Board met on campus with all members present. The College President's report of the current school year was received and his evaluation and goals reviewed. The resignations of Dr. Robert Picirilli as Academic Dean and Mrs. Marjorie Workman as Dean of Women were received. Dr. Milton Fields was appointed as Academic Dean and Mrs. Susan Forlines as Dean of Women.

Reports from all department heads were heard; the 1998-99 budget and salary schedule were adopted; faculty appointments were approved. Approval was given to move the retirement investment funds to Suntrust as trustees. Commendation was given to Doug Little for his years of service as board member and chairman.

### Financial Aid Report

Loans Issued.....	137	\$ 166,499.10
Student Workers.....	75	118,567.00
Scholarship Recipients.....	86	60,996.99
State Grant Program.....	15	21,636.00
SEOG Program.....	76	22,311.00
College Work Study Program.....	13	20,863.00
Pell Grant Awards.....	124	161,203.00
Subsidized Stafford Loan Program.....	233	625,905.00
UnSubsidized Stafford Loan Program.....	44	128,577.00
PLUS Loan Program.....	9	15,400.00
Total Financial Aid Administered 1997-98.....		\$1,341,958.09

## Registration Report Annual Report 1997-98

Enrollment .....372

### Enrollment Breakdowns

<b>By State</b>			
Alabama.....	22	Kentucky.....	12
Arkansas.....	18	Louisiana.....	1
Arizona.....	2	Michigan.....	14
California.....	2	Mississippi.....	7
Colorado.....	2	Missouri.....	19
Florida.....	14	Nebraska.....	1
Georgia.....	14	New Mexico.....	1
Idaho.....	1	North Carolina.....	27
Illinois.....	45	Ohio.....	13
Indiana.....	13	Oklahoma.....	6
		South Carolina.....	12
		South Dakota.....	2
		Tennessee.....	79
		Texas.....	3
		Virginia.....	13
		Washington.....	2
		West Virginia.....	4
		USVI.....	1
		*Foreign.....	22

(The student body represents 27 states, USVI, and 8 foreign countries.)

### By Classification

Freshmen.....	114	Juniors.....	75	Special.....	12
Sophomores.....	93	Seniors.....	78		

### Others

Male.....	212	Free Will Baptist.....	346	Single.....	312
Female.....	160	Other.....	26	Married.....	60
New.....	120	Ministerial.....	65	FT.....	308
Returning.....	252	Missionary.....	65	PT.....	64

### \*Foreign

Bahamas.....	4	France.....	1	Russia.....	1
Brazil.....	2	Panama.....	2	Spain.....	2
Canada.....	9	Romania.....	1		

### Welch Library

Total books, bound volumes, microforms, sound recordings,  
video-cassettes, instructional materials, etc.....66,654



## Free Will Baptist Bible College Salary Breakdown

	1996-97	1997-98	1998-99
<b>President</b>			
Salary	\$51,308	\$53,104	\$54,354
Social Security	3,925	4,062	4,158
Retirement	2,960	3,064	2,718
Medical Insurance	2,304	1,964	2,400
Life Insurance	183	183	240
	<u>\$60,680</u>	<u>\$62,377</u>	<u>\$63,870</u>
<b>Academic Dean (New)</b>			
Salary		Unavailable	
Social Security		at time of	
Retirement		printing	
Medical Insurance			
Life Insurance			
<b>Advancement Director Relocation Campaign (New)</b>			
Salary			\$36,208
Social Security			2,770
Retirement			1,810
Medical Insurance			2,400
Life Insurance			240
			<u>\$43,428</u>
<b>Stewardship Development Director (New)</b>			
Salary			\$31,013
Social Security			2,372
Retirement			1,551
Medical Insurance			2,400
Life Insurance			240
			<u>\$37,576</u>
<b>Treasurer</b>			
Salary	\$38,949	\$40,357	\$41,607
Social Security	2,980	3,087	3,183
Retirement	2,247	2,329	2,080
Medical Insurance	2,304	1,964	2,400
Life Insurance	183	183	240
	<u>\$46,663</u>	<u>\$47,920</u>	<u>\$49,510</u>

Salary includes housing allowance where applicable.  
Some administrators have chosen a voluntary reduction from listed salaries.

## General Fund Gift Goals by States for 1998-99

State	1998-99 Goals
Alabama	\$ 86,000
Arizona	3,000
Arkansas	60,000
California	14,400
Canada	1,300
Colorado	1,200
Connecticut	1,800
Delaware	1,100
Florida	30,500
Georgia	90,000
Hawaii	700
Idaho	700
Illinois	48,000
Indiana	16,400
Iowa	1,600
Kansas	2,000
Kentucky	24,000
Louisiana	700
Maryland	12,000
Michigan	42,000
Mississippi	36,000
Missouri	45,800
Nebraska	600
Nevada	600
New Hampshire	200
New Jersey	600
New Mexico	600
North Carolina	178,000
Ohio	24,000
Oklahoma	33,000
Pennsylvania	200
South Carolina	74,100
South Dakota	1,100
Tennessee	210,500
Texas	16,000
Vermont	1,200
Virgin Islands	2,400
Virginia	30,000
WNAC	12,000
Washington	2,400
West Virginia	14,800
Other	78,500
<b>Total</b>	<b>\$1,200,000</b>



**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:

We have audited the statements of financial position of Free Will Baptist Bible College as of May 31, 1998 and 1997, 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, 1998 and 1997, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

As explained in note 11 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.*

June 29, 1998

# 1997-98 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, 1998 and 1997

	1998	1997
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 307,259	379,061
Accounts receivable:		
Student accounts, net of allowance for doubtful accounts of \$6,000 in 1998	23,001	36,131
Pledges	134,250	81,600
Employee and other	34,043	17,393
Prepaid expenses	9,904	6,056
Inventories	41,168	48,427
Total current assets	549,625	568,668
Non current assets:		
Cash restricted for endowments	316,311	270,311
Cash restricted for student loans	439,710	432,881
Cash held under life income agreements	5,000	5,000
Investment securities, at market value	91,147	63,823
Loans to students, less allowance for doubtful loans of \$15,000	248,424	268,017
Total non current assets	1,100,592	1,040,032
Property, plant and equipment:		
Investment in property, plant and equipment	5,650,377	5,391,129
Accumulated depreciation	2,336,338	2,209,167
Net property, plant and equipment	3,314,039	3,181,962
Total assets	\$ 4,964,256	4,790,662
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 97,467	69,018
Student deposits and agency funds	53,250	55,327
Accrued salaries	105,938	79,542
Deferred revenues - summer school and other	8,581	15,693
Total current liabilities	265,236	219,580
Notes payable and long term debt:		
Notes payable and capital lease obligations	7,701	24,760
Notes payable to individuals	172,241	186,589
Total other liabilities and long term debt	179,942	211,349
Total liabilities	445,178	430,929
Net assets:		
Unrestricted funds	3,461,719	3,431,742
Temporarily restricted funds	98,895	51,205
Permanently restricted funds	958,464	876,786
Total net assets	4,519,078	4,359,733
Total liabilities and net assets	\$ 4,964,256	4,790,662

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, 1998 and 1997

	1998				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total	1997
<b>Revenues:</b>					
Tuition and fees	\$ 1,506,307	-	-	1,506,307	1,307,605
Federal grants and contracts	-	32,709	-	32,709	25,615
Private gifts	932,795	201,250	50,515	1,184,560	1,129,984
Endowment income	7,589	14,986	-	22,575	18,626
Investment income	11,418	99	14,088	25,605	26,966
Unrealized gain on investments	-	-	27,324	27,324	4,060
Sales and services of auxiliary enterprises	983,788	-	-	983,788	959,762
Other sources	27,410	-	(10,249)	17,161	8,809
<b>Net assets released from restrictions</b>	3,469,307	249,044	81,678	3,800,029	3,481,427
<b>Total revenues</b>	201,354	(201,354)	-	-	-
<b>Expenditures:</b>	3,670,661	47,690	81,678	3,800,029	3,481,427
<b>Educational and general:</b>					
Instruction	929,429	-	-	929,429	878,416
Academic support	252,160	-	-	252,160	255,130
Student services	318,515	-	-	318,515	302,841
Operation and maintenance of plant	387,423	-	-	387,423	343,107
Institutional support	835,923	-	-	835,923	798,253
Scholarships and fellowships	68,647	-	-	68,647	46,909
<b>Total educational and general expenditures</b>	2,792,097	-	-	2,792,097	2,624,656
<b>Auxiliary enterprises:</b>					
Dormitories	304,824	-	-	304,824	275,042
Dining hall	420,213	-	-	420,213	398,953
Bookstore	96,863	-	-	96,863	85,596
Snackshop	26,687	-	-	26,687	23,837
<b>Total auxiliary enterprises expenditures</b>	848,587	-	-	848,587	783,428
<b>Total expenditures</b>	3,640,684	-	-	3,640,684	3,408,084
<b>Increase in net assets</b>	29,977	47,690	81,678	159,345	73,343
<b>Net assets at beginning of year as restated</b>	3,431,742	51,205	876,786	4,359,733	4,286,390
<b>Net assets at end of year</b>	\$ 3,461,719	98,895	958,464	4,519,078	4,359,733

See accompanying notes to financial statements.

# FREE WILL BAPTIST BIBLE COLLEGE

## Statements of Cash Flows

For the years ended May 31, 1998 and 1997

	1998				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total	1997
<b>Cash flows from operating activities</b>					
Cash collected from students	\$ 2,488,036	-	-	2,488,036	2,270,475
Federal grants	-	32,709	-	32,709	25,615
Pell grants considered to be agency fund transactions	-	161,922	-	161,922	154,870
Private gifts and grants	930,545	43,235	-	973,780	1,060,854
Endowment income	7,589	14,986	-	22,575	18,626
Investment income	11,418	99	-	11,517	17,563
Other revenues	15,849	-	-	15,849	27,514
Cash paid for scholarships, to vendors and for payroll	(3,438,477)	-	-	(3,438,477)	(3,243,141)
Cash paid for Pell grants	-	(161,922)	-	(161,922)	(154,870)
Interest paid	(982)	-	-	(982)	(4,515)
<b>Cash provided from operating activities</b>	13,978	91,029	-	105,007	172,991
<b>Cash flows from investing activities</b>					
Expended for plant assets	(288,635)	-	-	(288,635)	(66,734)
Proceeds from sale of equipment	14,500	-	-	14,500	-
Student notes receivable made	-	-	(183,218)	(183,218)	(120,702)
Student note receivable collections	-	-	185,673	185,673	148,568
<b>Cash provided from (used by) investing activities</b>	(274,135)	-	2,455	(271,680)	(38,868)
<b>Cash flows from capital activities</b>					
Gifts received for:					
Endowments and student loans	-	-	50,515	50,515	81,080
Proposed new campus	-	107,615	-	107,615	63,650
Other student loan transactions:					
Interest income on student loans	-	-	15,669	15,669	7,912
Investment income	-	-	14,088	14,088	9,403
Collection costs and other transactions	-	-	(4,727)	(4,727)	(5,272)
<b>Cash provided by capital activities</b>	-	107,615	75,545	183,160	156,773
<b>Cash flows from financing activities</b>					
Retirement of notes payable and long term debt:					
Related to plant assets	(17,059)	-	-	(17,059)	(41,464)
Interfund activities	205,414	(198,644)	(6,770)	-	-
Notes payable for student loans	-	-	(18,401)	(18,401)	500
<b>Cash provided from (used by) financing activities</b>	188,355	(198,644)	(25,171)	(35,460)	(40,964)
<b>Net increase (decrease) in cash and cash equivalents</b>	(71,802)	-	52,829	(18,973)	249,932
<b>Cash and cash equivalents at beginning of year</b>	379,061	5,000	703,192	1,087,253	837,321
<b>Cash and cash equivalents at end of year</b>	\$ 307,259	5,000	756,021	1,068,280	1,087,253



# FREE WILL BAPTIST BIBLE COLLEGE

## Statements of Cash Flows, continued

For the years ended May 31, 1998 and 1997

	1998				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total	1997
Cash and cash equivalents consist of the following:					
Current assets	\$ 307,259	-	-	307,259	379,061
Non current assets:					
Cash restricted for endowments	-	-	316,311	316,311	270,311
Cash restricted for student loans	-	-	439,710	439,710	432,881
Cash held under life income agreements	-	5,000	-	5,000	5,000
Total cash and cash equivalents	\$ 307,259	5,000	756,021	1,068,280	1,087,253
Reconciliation of increase in net assets to cash flows provided from operating activities					
Increase in net assets	\$ 29,977	47,690	81,678	159,345	73,343
Transactions considered to be capital additions:					
Gifts for endowments and student loans	-	-	(50,515)	(50,515)	(81,080)
Proposed new campus	-	(107,615)	-	(107,615)	-
Net other transactions from student loan funds	-	-	(3,839)	(3,839)	9,302
Depreciation	153,619	-	-	153,619	153,383
Unrealized gain on investments	-	-	(27,324)	(27,324)	(4,060)
Gain on sale of equipment	(11,561)	-	-	(11,561)	-
Net interfund transfers	(201,354)	201,354	-	-	-
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts, net of allowance for	13,130	-	-	13,130	(12,739)
Pledges	(2,250)	(50,400)	-	(52,650)	11,950
Employee and other	(16,650)	-	-	(16,650)	11,412
Inventories	7,259	-	-	7,259	(10,714)
Prepaid expenses	(3,848)	-	-	(3,848)	12,025
Increase (decrease) in current liabilities:					
Accounts payable and accrued expenses	28,449	-	-	28,449	(10,022)
Student deposits and agency funds	(2,077)	-	-	(2,077)	4,589
Accrued salaries	26,396	-	-	26,396	4,344
Deferred revenues	(7,112)	-	-	(7,112)	11,258
Cash provided from operating activities	\$ 13,978	91,029	-	105,007	172,991

See accompanying notes to financial statements.

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements

May 31, 1998 and 1997

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:

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 8)

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 11)

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, 1998				
Common stocks	\$ 38,224	91,147	52,923	52,923
Balance May 31, 1997				
Common stocks	\$ 38,224	63,823	25,599	25,599
Unrealized gain due to change in the cumulative change in market value pools			\$ 27,324	

### (3) Remaining Net Assets of Temporarily Restricted Funds

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

	1998	1997
Proposed new campus	\$ 37,169	-
Scholarships	39,784	33,463
Life income funds	4,725	4,725
Other instructional and institutional	17,217	13,017
	\$ 98,895	51,205

### (4) Net Assets Released From Restrictions

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

Expenditures made for donor imposed restrictions:	\$ 39,289
Private scholarships	17,801
Supplemental Educational Opportunity Grant	14,907
College Work Study Program	5,126
Equipment capitalized	3,385
Other instructional and institutional	120,846
Proposed new campus related costs	\$ 201,354

Net assets released from restrictions

Pell grants to students amounting to \$161,922 and \$154,870 for 1998 and 1997, 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.



# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

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

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	418,067	418,067	-
Buildings	3,374,969	3,374,969	-
Equipment	1,156,564	1,011,240	145,324
Library Books	404,258	404,258	-
	5,650,377	5,505,053	145,324
Accumulated depreciation and amortization	2,336,338	2,191,014	145,324
Net investment in plant	\$ 3,314,039	3,314,039	-

Depreciation and amortization charged to expenditures was \$153,619 and \$153,383 in 1998 and 1997, respectively.

### (6) 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 held and managed by SunTrust, Inc., 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, 1998.

Actuarial present value of benefit obligation:

Accumulated benefit obligation (of which \$1,449,589 is vested)	\$ (1,489,896)
Projected benefit obligation for services rendered to date	\$ (1,828,160)
Plan assets, at fair value	1,626,826
Projected benefit obligation in excess of plan assets	(201,334)
Unrecognized net (gain) or loss	230,204
Prior service cost not yet recognized in net periodic pension cost (benefit)	108,152
Unrecognized net asset at June 1, 1989 being amortized over 15 years	(149,470)
Accrued pension cost, included in accounts payable	\$ (12,448)
Net pension cost for 1998 included the following components:	
Service cost - benefits earned during period	\$ 60,829
Interest cost on projected benefit obligation	108,834
Actual return on plan assets	(129,684)
Net amortization and deferral	11,473
Net pension cost	\$ 51,452

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.

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (7) Notes Payable and Long Term Debt

	1998	1997
Permanently Restricted Funds - Student Loan Funds	\$ 172,241	186,589
5% demand notes payable to individuals		
Unrestricted Funds - Related to Plant Asset Financing		
7% installment obligation payable monthly at \$793 through April 1999 secured by computer equipment.	\$ 7,701	16,414
Capital lease obligation, secured by computer and telephone equipment, as follows: (Note: debt service payments related to capital lease obligations are substantially funded by billing to users)		
7% obligation payable in monthly installments of \$1,421 matured November 1997.	-	8,346
Total notes payable and capital lease installment obligation	\$ 7,701	24,760

Annual maturities of long-term debt installment obligations amounts to \$7,701 for the year ended May 31, 1998.

### (8) Relocation Campaign, New Campus and Pledges Receivable

#### Relocation Campaign and New Campus

The College began its Relocation Campaign in March 1998. The Campaign's purpose is to secure pledges and cash contributions totaling \$12,000,000, to be collected over the next five years. The \$12,000,000 is to fund operating expenses amounting to \$6,000,000 (an average of \$1,200,000 annually) and to relocate and construct the new campus located in Joelton, Tennessee amounting to \$6,000,000. 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 the Relocation Campaign.

#### Pledges Receivable

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. The following summarizes pledges receivable as of May 31, 1998.

The College receives post dated check books, deposited monthly for general operations, which are collectible in the next fiscal year and are considered fully collectible.	\$ 32,750
Remaining pledges outstanding from the "Claim the Land Campaign" for the purpose of securing land for the Joelton, Tennessee campus.	\$ 18,643
Pledges received during 1998 relating to the "Relocation Campaign" for the joint purpose of general operations and relocation to and construction of the new campus in Joelton, Tennessee.	115,600
	134,243
	(13,424)
Less allowance for uncollectible pledges	(19,319)
Less present value of future cash flows discounted at 8%	\$ 101,500
	\$ 134,250



# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (9) Net Assets

Net assets of the College consist of the following as of May 31, 1998 and 1997:

	1998			1997
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operations	\$ 155,381	-	-	155,381
Net investment in plant assets	3,306,338	-	-	3,306,338
Life income funds	-	4,725	-	4,725
Unexpended funds restricted for:				
Operating purposes	-	57,001	-	57,001
Plant facilities	-	37,169	-	37,169
Student loan funds	-	-	551,007	551,007
True endowment funds	-	-	118,513	118,513
Scholarship endowment funds	-	-	288,944	288,944
Total net assets	\$ 3,461,719	98,895	958,464	4,519,078

### (10) 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 \$319,000 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.

### (11) Change in Accounting Principles (see note 1)

#### Changes Made for May 31, 1997 Financial Statements

The College implemented SFAS No. 124, "Accounting for Certain Investments of Not for Profit Organizations" during 1997, which requires investments to be reported at market value. Accordingly, total net assets have been restated as of May 31, 1996, effective May 31, 1997, to reflect market value gains at those dates as follows:

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

## 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, 1998 amount to \$3,670,661. Total Expenditures were \$3,640,684, providing a \$29,977 surplus of income over expenses.

### Negative Cash Flow Statement

The combined cash flow of the College's operating, investing, capital and financial activities showed cash and cash equivalents decreasing \$71,802 in Unrestricted Funds, no change in Temporarily Restricted Funds, and increasing \$52,829 in Permanently Restricted Funds for a cumulative cash flow decrease of \$18,973.

Note: Last year's (1996-97) cumulative cash flow was a positive \$249,932. In 1997-98, the college built an access road at the new campus site. A large portion of the funds that had been given in 1996-97 were held until 1997-98 before release for payment of said road.

### Unrestricted Giving

Private gifts provided \$932,795 in unrestricted funds revenues. Of that amount, \$872,859 was provided from General Fund gifts, \$59,646 from Estate gifts, and \$290 from special gifts. FWBBC thanks all 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" \$100 for every semester hour taken in 1997-98. Or, unrestricted General Fund gifts kept the cost of tuition per semester hour at \$159 instead of \$259. This gift subsidy saved each student taking 30 semester hours (15 hours per semester) a total of \$3,000 this past academic year.

### Relocation Campaign/Claim the Land Update

All totaled, the college has now received \$462,316 in gifts toward the purchase of the Joelton property, construction of the access road and the new Relocation Campaign. Another \$134,243 in pledges remains to be collected.

### Financial Obligations

The College remains, in practicality, debt-free. A loan obligation for computer equipment amounts to \$7,701. Notes Payable to Individuals (the proceeds are restricted for the purpose of providing low-interest student loans) amounts to \$172,241. 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 \$4,964,256. Our debt (listed in "Financial Obligations" above) comes to \$179,942, giving a 27.59 to 1 ratio. Adding all other liabilities to our debt bring the total to \$445,178, and gives a 11.15 to 1 ratio.

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT



Free Will Baptist Bible College  
Proposed Budget for the Year Ending May 31, 1999  
As Compared to  
Actual as Summarized for the Year Ended May 31, 1998

Current Unrestricted Funds

	Proposed Budget May 31, 1999	Audit May 31, 1998
<b>Revenues:</b>		
Tuition & Fees	1,694,224	1,506,307
Gifts:		
Relocation Campaign (Operations)	1,200,000	873,149
Estates & Miscellaneous	17,000	59,646
Endowment Income	7,500	7,589
Investment Income	15,000	11,418
Sales and Services of Auxiliary Enterprises	1,089,000	983,788
Other Sources		
Net Assets Released From Restrictions	15,000	27,410
	100,000	201,354
<b>Total Revenues:</b>	<b>4,137,724</b>	<b>3,670,661</b>
<b>Expenditures:</b>		
<b>Educational &amp; General:</b>		
Instruction	1,038,185	929,429
Academic Support	321,651	252,160
Student Services	358,877	318,515
Operation, Maintenance of Plant	489,304	387,423
Institutional Support	1,000,040	835,923
Scholarship/Contingency		68,647
<b>Total Educational &amp; General Expenditures</b>	<b>3,208,057</b>	<b>2,792,097</b>
<b>Auxiliary Enterprises:</b>		
Expenditures	929,667	848,587
<b>Total Expenditures:</b>	<b>4,137,724</b>	<b>3,640,684</b>
<b>Excess of Revenues over Expenditures</b>	<b>0</b>	<b>29,977</b>

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

## 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 24-25, 1997, we sponsored the second annual Theological Symposium. It met at Hillsdale Free Will Baptist College in Moore, Oklahoma. Seven papers were read on a variety of subjects. The interest was good. On Friday night, October 24, a panel discussion was conducted on Postmodernism. There was a good, healthy interaction during the meeting. Our 1998 Theological Symposium will be conducted November 6-7 at Free Will Baptist Bible College, Nashville, Tennessee.

It is generally recognized that a drastic change has taken place in the secular culture since World War II. A paradigm shift has been made in secular thought from Modernism to Postmodernism. Prior to 1960, Modernism was on the throne in secular thought and culture. From 1960 - 1990 was a period of transition from Modernism to Postmodernism. By 1990, Modernism had been dethroned and Postmodernism had ascended to the throne. At the present time, Postmodernism is the major force in shaping American culture.

While Modernism ignored God in its thinking, it did believe that truth existed. Postmodernism does not believe that truth exists. Modernism recognized the place of the law of non-contradiction in the pursuit of truth. Postmodernism has no trouble with believing ideas that stand in contradiction to one another. Modernism believed that there is a moral nature to reality. There might not have been complete agreement on right and wrong, but it was agreed that there was such a thing as right and wrong. Postmodernism rejects the idea that there is any truth that makes some things right and some things wrong. Modernism believed in the aspiration for high ideals for culture that find expression in beauty and excellence. Postmodernism rejects the concept of high culture and low culture. Everything is democratized. Modernism believed that reality is rational and that a rational Worldview is possible. Postmodernism rejects the idea that reality is rational, and thus rejects the idea of a rational Worldview. The challenge of the church in facing secular culture, as it is being shaped by Postmodernism, is drastically different from the challenge in facing secular culture as it was shaped by Modernism before 1960.

The Commission for Theological Integrity will conduct a seminar at this year's National Association on "Dealing with the Influence of Postmodernism." Panel members will be: Leroy Forlines, Steve Ashby, Matt Pinson, and Randy Sawyer.

In His Service,

Leroy Forlines, Chairman  
Fred Hall, Secretary  
Daryl Ellis  
Paul Harrison  
Jeff Manning



# Commission for Theological Integrity January - December 1997 Financial Report

Bank Balance - January 1, 1997

\$2,168.65

## Income

### Gifts/The Together Way/Rest of the Family Offering

Alabama	\$ 47.54
Arizona	1.50
Arkansas	387.61
California	29.62
Canada	.17
Florida	60.63
Georgia	84.90
Illinois	70.97
Indiana	184.69
Iowa	6.80
Kentucky	14.03
Maryland	8.11
Michigan	87.27
Mississippi	20.82
Missouri	315.75
New Mexico	1.50
North Carolina	78.27
Northwest Assoc.	.04
Ohio	101.87
Oklahoma	409.42
South Carolina	5.71
Tennessee	206.61
Texas	46.83
Virginia	.92
West Virginia	167.75

Theological Trends Registration

Interest on Bank Account

Total Income

\$2,339.33

475.00

34.33

\$2,848.66

## Expenses

Digest of Reports	
Bookkeeping	\$ 75.08
Seminar Speakers	250.00
Seminar/Conference	300.00
Promise Keepers Meeting	2,063.17
Miscellaneous Office	1,385.08
Total Expenses	94.62

Total Expenses

Bank Balance - December 31, 1997

\$4,167.95

\$ 849.36

## 1999 Proposed Budget

### Income

Together Way Plan	\$2,500.00
Miscellaneous Gifts	240.00
Interest on Bank Account	60.00
Total Income	\$2,800.00

### Expenses

Bookkeeper	\$ 200.00
Office Supplies	75.00
Annual Meeting	1,125.00
Seminars	1,400.00
Total Expenses	\$2,800.00

## Media Commission Report

The Media Commission experienced some of God's richest blessings in 1997. We thank God for using Free Will Baptists across the nation for making it one of the best years ever.

We fulfilled a long-time dream in producing the first Free Will Baptist television commercial. Thank you to the Florida State Association for helping defray production costs and giving us permission to use the project denomination wide. It aired in two Florida markets in 1997. We have had a number of inquiries and the commercial has actually also aired now in the Nashville, TN, market.

Titled, *The Arrow*, Free Will Baptists are targeting adults 25-54 years old with an image building commercial. Designed to encourage your church members to talk to the community about strong family values and inviting them to the Free Will Baptist church in their area. It is generic enough for anyone to use, and we personalize it just for you for that local church/association appeal.

Thank you again to Florida for giving another gift enabling the Commission to produce our second television commercial. We are truly excited about the potential Florida is giving our commission to serve our denomination.

In November, Tennessee Free Will Baptists answered the challenge and, similarly to the State Association in Florida, gave our commission \$1,200 to fund the production of radio commercials. The commission was able to produce four radio commercials. Thank you, Tennessee! All these products are available to see/hear at our National Association booth.

We are finding that state associations providing funds to defray production costs is greatly increasing our opportunities to provide more products to you. Perhaps your church or association would be able to help in some of these areas:

1) Church Video Production: A 3-5 minute video about Free Will Baptists with a 30-60 second personal message from the pastor.

2) Postcard Shells: A Free Will Baptist personalized postcard suitable for sending to visitors or church absentees. Also ideal for promoting a special Sunday or series of sermons.

3) Print Slicks: Perhaps you would like to spruce up an advertisement in newspaper, revival posters, or even an ad in your local yellow pages.

Our Commission has no full-time employees and no office space to rent. We receive one half of one percent of the undesignated Together Way offerings. This means of support, coupled with individual gifts, is our means of financial support.

Our financial statement for 1997 and budget request for 1999 follow. We ask that you prayerfully consider what ways you can support this ministry. Thank you for allowing us to serve you through media.

Because of Christ,  
Steve Faison, Chairman (GA, '98)  
Jim Vallance, Secretary/Treasurer (TN, '99)  
Doug Kite (NC, '00)  
Ron Hunter (FL, '01)  
Bill Gardner (TN, '02)



## 1997 Financial Statement

Balance Brought Forward 12/31/96		
Contributions		\$ 8,515.01
Interest earned	\$ 2,475.35	
<b>Total Income</b>	<u>325.29</u>	
		2,800.64
<b>Expenses</b>		
Equipment/Maintenance	555.00	
Convention Booth	1,601.48	
Commission Expenses	1,157.66	
Production	2,673.46	
Promotion	150.00	
Telephone	16.94	
<b>Total Expenses</b>		<u>(6,154.54)</u>
Balance on Hand 12/31/97		<u>\$ 5,161.11</u>

## 1999 Proposed Budget

<b>Projected Income</b>		
Together Way (.5% undesignated funds)	2,500.00	
Gifts		
*Designated	2,850.00	
*Church Videos	5,000.00	
*Print Slicks	500.00	
*Postcard Shells	2,500.00	
**Sale of Products	5,000.00	
Interest	325.00	
<b>Total Projected Income</b>		\$18,675.00
<b>Projected Expenses</b>		
Promotion	1,000.00	
Commission Expenses	600.00	
Bookkeeper	200.00	
Other Help	500.00	
Production	1,000.00	
Supplies	475.00	
Postage	500.00	
Equipment/Maintenance	250.00	
Telephone	750.00	
Printing	500.00	
Convention Expenses	1,500.00	
Broadcast Time	500.00	
Designated Gifts	2,850.00	
*Church Video Production	5,000.00	
*Print Slicks Production	500.00	
*Postcard Shells Production	2,850.00	
<b>Total Projected Expenses</b>		<u>\$18,675.00</u>

\*The execution of these funds depends upon gifts from State Associations or individuals.  
 \*\*Sales of Products is the church video and The Arrow promotional video.

## Music Commission Report

The Music Commission is pleased to announce the completion of the first recording of the National Convention Mass Choir. The joint project involves both the Commission as well as Prism Music. The arrangements are a mixture of the old and new, with a special emphasis on practicality. Each selection or medley can be used as the core of a worship service involving both congregation and choir, or they can stand alone as a special musical presentation. The selections are as follows:

1. That Blessed Name (Medley)  
 Blessed Be the Name ♦ All Hail the Power of Jesus' Name  
 All Hail King Jesus ♦ He Is Lord  
 (Full Orchestration)
2. Jesus What a Friend to Sinners
3. King of Kings (Medley)  
 Crown Him King of Kings ♦ King of Kings  
 Let There Be Glory, Honor and Praises  
 (Full Orchestration)
4. The Lamb Upon the Throne
5. Crown You with Praise (Medley) (a cappella)  
 Jesus, We Crown You with Praise ♦ We Give You Praise
6. The Blood of Jesus (Medley)  
 O the Blood of Jesus ♦ Nothing But the Blood
7. Now Unto the King Eternal
8. Thank You, Lord (Medley)  
 Thank You, Lord (a cappella vocal intro.) (C) (D)  
 Victory in Jesus (F) ♦ New Name in Glory (G)  
 Since Jesus Came into My Heart (Ab) ♦ I've Been Changed  
 (Full Orchestration)
9. Carry the Glorious Gospel
10. Lead Me Lord (Medley)  
 Lead Me Lord, I Will Follow ♦ I'll Go Where You Want Me to Go

Along with the listening cassettes and CDs, the commission is excited to make available a print project of the choral arrangements, along with the accompaniment cassettes and CDs and orchestral charts. The arrangements are written to be easily accessible for any level of choral proficiency. For special convention prices, please stop by the commission booth.

The commission continues to make available a quarterly publication. The periodical, *Reasons to Rejoice*, provides readers with a variety of helps for the development of an effective music ministry. Subscriptions are available at the commission booth.

The convention music reading session, held during the convention on Wednesday at 1:30 p.m., is yet another ministry of the commission designed at making available to our churches a wide variety of musical works. The music packets provided upon registration are well worth the price of admission. In addition, many of the pieces introduced at the seminar are on sale at the booth at convention prices.

Again, as in previous years, the commission has been responsible for the planning and direction of the convention music program. Because of the spe-



cial choral project, the mass choir has been featured during each evening service. Next year we anticipate returning to the former format of utilizing various local church personnel.

We are pleased with the continued success of the Rejoice Hymnal. Sales of both editions have been good this year.

The commission is thoroughly committed to the task of encouraging, instructing, and providing resources that will help each Free Will Baptist church grow in its music ministry. Your comments and suggestions are welcome.

Respectfully submitted,

Music Commission  
Randy Sawyer, Chairman

## Music Commission Financial Statement

January - December 1997

Beginning Balance \$3,655.11

### Income

Co-op	\$1,106.14
Family Ministry Offering	26.32
Music Sales National	458.85
Sale of Tracks	45.00
National Packets	2,276.70
States and Churches	
Alabama	83.49
Missouri	313.54
Mississippi	7.14
Oklahoma	268.81
South Carolina	2.16
Texas	33.99
Cross Creek Church, MS	3.26
Fellowship Church, TN	89.45
Roaring Creek Church, NC	6.18
Ruth's Chapel Church, NC	40.00

Total Income \$4,761.03

### Expenses

Music—Candela	500.00
Music Commission Meeting 9/23/97	1,988.74
National Association	1,400.56
Music Ministries Breakfast	1,020.00
Reason to Rejoice (publication)	464.58
Miscellaneous Expense	19.77

Total Expenses (\$5,393.65)

Ending Balance \$3,022.49

## Proposed Budget for 1999

### Income

Co-op	\$1,000.00
Family Ministry Offering	100.00
Music Sales	700.00
National Seminar	2,500.00
States and Churches	800.00
Tracks and CD sales	2,000.00

Total Income \$7,100.00

### Expenses

National Convention	\$1,550.00
Purchase of Music	1,000.00
Board Meetings	2,000.00
Postage and Telephone	50.00
Publication	500.00
National Choir Project	2,000.00

Total Expenses \$7,100.00

## Historical Commission Report

The Commission prepared an inventory of minutes in the Historical Collection which will be distributed to delegates at the national convention in Tulsa.

In order to encourage historical research, the commission is in the process of drawing up guidelines regarding requests for loans or grants from state/district associations and from individuals.

Dr. William F. Davidson wrote 25 short history articles 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

### Financial Report, 1997

Balance on hand, December 31, 1996 \$19,718.38

### Income for 1997:

Coop gifts (designated/undesignated)	\$1,836.33
Ruth's Chapel FWB Church, direct	40.00
National Ministries Offering	19.53
Interest (First American Bank)	885.57

Total \$2,781.43

### Expenditures for 1997

National Convention Fund, Digest fee	\$37.54
Two fire-resistant storage cabinets	599.98
Commission travel expenses (Marberry)	503.15
Writing bulletin articles (Davidson)	500.00
Labor in collection (VanWinkle)	26.25

Total \$1,666.92

Balance on hand, December 31, 1997 \$20,832.89

### 1999 Budget

### Income

Gifts (Together Way)	\$2,000.00
Interest (First American Bank)	900.00
Transfer from cash reserves	1,415.00
Miscellaneous	60.00

Total \$4,375.00

### Expenses

Books, materials, labor for Historical Commission	\$2,150.00
Inventory printing	500.00
Research grant	1,000.00
Travel	650.00
Executive Office (Digest Fee)	75.00

Total \$4,375.00



## Report of Women Nationally Active for Christ

Members of the WNAC Executive Committee had heavy duty in 1997. They are responsible for presenting a nomination for executive secretary-treasurer to the 1998 convention. Committee members deserve special commendation for their work on this nomination and planning conventions and retreats. They are Everyl Getz, president; Marjorie Workman, vice president; Diana Bryant, secretary; Debbie Burden, Joanne King, and Debe Taylor, members of the committee.

Our reports for 1997 showed 649 local groups with 7,138 dues paying members. We also had reports of 15 Actionette groups with 93 members.

The Lord continues to bless WNAC. In 1997 we had requests from 45 new or reorganizing women's groups. From January through April of 1998, we received 19 requests from new and reorganizing women's groups.

Materials for the Young Women Active for Christ are in preparation to be available for 1999. Our thanks to Patty McCullough and Charity VanWinkle, who have worked and are working on the project.

Women had a blessed time at the Glorieta Retreat last October. This year women will meet at Ridgecrest Baptist Conference Center in North Carolina, September 24-26 for a retreat with the theme "Order My Steps, Lord." At this retreat we hope to introduce the new executive secretary and give the women a chance to meet her with any requests and suggestions they may have.

This is my last year to serve in this position, and I thank women who have supported me with prayer, encouraged me with cards and letters and expressed appreciation for my writing. I want to express appreciation to the executive committee members that have served through the years. My staff also deserves commendation for working with me in the office and in various meetings.

You will find among Free Will Baptist women some of the most beautiful, godly, talented and dedicated women you will find anywhere in the world. Sometimes they amaze us with their giving and service.

I have not achieved all the goals or fulfilled all the dreams for this organization. Nevertheless, the goals and the dreams remain. I simply pass them on to the next person who can go forward and exceed what we have done in the past with the generous support and encouragement of Free Will Baptist women.

Respectfully submitted,  
Mary R. Wisehart  
WNAC Executive Secretary-Treasurer

Income & Expense (Publication)	4/1/98
Net Assets (Expense)	10/77
Total Expenses	(53,373.05)
Ending Balance	53,022.49

## WOMEN NATIONALLY ACTIVE FOR CHRIST (An Auxiliary of the National Association of Free Will Baptists)

December 31, 1997 and 1996

### Contents

### Financial Statements

Independent auditor's report .....	1
Statements of financial position .....	2
Statements of activities .....	3-4
Statements of cash flows .....	5
Notes to the financial statements .....	6-10

### Page

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998

17, 1998



**HINTON, WARREN,  
DENNEY & WALLACE**

CERTIFIED PUBLIC ACCOUNTANTS  
THE SPENCE BLDG. SUITE 200  
640 SPENCE LANE  
NASHVILLE, TN 37217-1150  
(615) 366-5100

**Partners**

DAVID C. HINTON, CPA  
ROBERT RAY WARREN, CPA  
WILLIAM H. DENNEY, CPA  
LARRY BRUCE WALLACE, CPA

**Members**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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, 1997 and 1996, 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, 1997 and 1996 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 17, 1998

**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
(An Auxiliary of the National Association of Free Will Baptists)  
**Statements of Financial Position**  
**December 31, 1997 and 1996**

	1997	1996
<b>ASSETS</b>		
Cash	\$ 78,689	\$ 89,350
Certificate of deposit	80,000	80,000
Accounts receivable - Note 1	6,641	8,272
Inventory - Note 1	13,043	14,552
Notes receivable, net of allowance for doubtful accounts of \$632 (\$458 in 1996)	15,139	13,825
Accrued interest receivable	2,655	2,876
Property and equipment at cost, less accumulated depreciation of \$23,250 (\$20,454 in 1996) - Notes 1 & 2	14,887	17,683
Capitalized lease - Note 3	6,630	7,121
<b>Total assets</b>	<b>\$217,684</b>	<b>\$233,679</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 29,660	\$ 37,773
Deferred revenue - Note 9	30,541	32,238
<b>Total liabilities</b>	<b>60,201</b>	<b>70,011</b>
<b>Commitments - Notes 5 &amp; 7</b>		
<b>Net assets</b>		
Unrestricted	37,621	53,502
Temporarily restricted	109,547	101,086
Permanently restricted	10,315	9,080
	157,483	163,668
<b>Total liabilities and net assets</b>	<b>\$217,684</b>	<b>\$233,679</b>

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, 1997 and 1996

	1997	1996
<b>Unrestricted</b>		
Revenue and other support:		
Dues and fees	\$ 82,138	\$ 72,126
Designated contributions	310,810	330,728
Magazine and literature sales	73,235	79,035
Convention and retreat income	9,530	15,793
Gifts and offerings	57,587	59,071
Interest income	2,450	2,190
Collection of bad debts	1,185	
Net assets released from restrictions:		
Satisfaction of program restrictions	935	8,776
<b>Total revenue and other support</b>	<b>537,870</b>	<b>567,719</b>
Expenses:		
Salaries and wages	94,176	89,546
Payroll taxes and employee benefits	22,011	22,805
Cost of magazine and literature printing	38,591	39,061
Travel and promotion	8,784	5,666
Conventions and retreats	22,832	18,570
Office expense	10,894	10,071
Postage	4,137	4,622
Rent expense	24,600	24,600
Professional fees	3,660	3,307
Administrative expense	300	
Depreciation	2,796	3,093
Amortization	491	491
Bad debt expense	174	7,516
Insurance expense	641	1,429
Dues and subscriptions	143	246
Special projects	1,742	1,507
Collection fees	592	
Continuing education	1,131	1,525
Designated contributions	310,688	330,935
Miscellaneous	5,368	4,033
	<b>553,751</b>	<b>569,023</b>
<b>Increase (decrease) in unrestricted net assets</b>	<b>( 15,881)</b>	<b>( 1,304)</b>

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

-3-

**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
(An Auxiliary of the National Association of Free Will Baptists)  
**Statements of Activities**  
For the Years Ended December 31, 1997 and 1996  
(Continued)

	1997	1996
<b>Temporarily restricted</b>		
Gifts and offerings	\$ 3,663	\$ 4,662
Interest income	5,733	2,767
Net assets released from restrictions:		
Satisfaction of program restrictions	( 935)	( 8,776)
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>8,461</b>	<b>( 1,347)</b>
<b>Permanently restricted</b>		
Gifts and offerings	1,235	804
<b>Increase in permanently restricted net assets</b>	<b>1,235</b>	<b>804</b>
<b>Total increase (decrease) in net assets</b>	<b>( 6,185)</b>	<b>( 1,847)</b>
<b>Net assets - beginning of year</b>	<b>163,668</b>	<b>165,515</b>
<b>Net assets - end of year</b>	<b>\$157,483</b>	<b>\$163,668</b>

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

-4-



**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, 1997 and 1996

	1997	1996
<b>Operating activities</b>		
Increase (decrease) in net assets	(\$ 6,185)	(\$ 1,847)
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,796	3,093
Amortization	491	491
Write off of bad debts	174	7,516
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,631	1,611
(Increase) decrease in inventory	1,509	1,270
(Increase) decrease in accrued interest receivable	221	954
Increase (decrease) in accounts payable	( 8,113)	16,385
Increase (decrease) in deferred revenue	( 1,697)	( 24)
Net cash provided (used) by operating activities	( 9,173)	29,449
<b>Investing activities</b>		
Purchase of equipment	1,812	( 3,314)
Collection of loans receivable	( 3,300)	2,607
New loan made		( 70,000)
Purchase of certificate of deposit		( 1,488)
Net cash provided (used) by investing activities	( 1,488)	( 70,707)
Increase (decrease) in cash and cash equivalents	( 10,661)	( 41,258)
Cash and cash equivalents at beginning of years	89,350	130,608
Cash and cash equivalents at end of years	\$ 78,689	\$ 89,350

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, 1997 and 1996

**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 1997.

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, 1997 and 1996

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 \$632 (\$458 in 1996).

-7-

WOMEN NATIONALLY ACTIVE FOR CHRIST  
(An Auxiliary of the National Association of Free Will Baptists)  
Notes to the Financial Statements  
December 31, 1997 and 1996

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:

	1997	1996
Equipment	\$ 38,137	\$ 38,137
Less: Accumulated depreciation	( 23,250)	( 20,454)
	<u>\$ 14,887</u>	<u>\$ 17,683</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 1996).

Note 4 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	1997	1996
Student Loan	\$103,831	\$ 96,157
Foreign scholarship	5,716	4,929
	<u>\$109,547</u>	<u>\$101,086</u>

Permanently restricted assets are restricted to:

Endowment Trust	<u>\$ 10,315</u>	<u>\$ 9,080</u>
-----------------	------------------	-----------------

-8-



WOMEN NATIONALLY ACTIVE FOR CHRIST  
(An Auxiliary of the National Association of Free Will Baptists)  
Notes to the Financial Statements  
December 31, 1997 and 1996

**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 10 years. The rent expense for the years amounted to \$24,600 (\$24,600 for the year ended December 31, 1996).

The future minimum lease payments are as follows:

1998	\$ 24,600
1999	24,600
2000	24,600
2001	24,600
2002	24,600
Thereafter (estimated)	<u>125,050</u>
	<u>\$248,050</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 \$3,900 (\$3,633 in 1996). 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, 1997 and 1996

**Note 8 - 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, 1997 the excess amount over the federally insured limit was \$-0-.

**Note 9 - Deferred revenue**

Deferred revenue resulted from magazine subscriptions received for 1998 issues.

**Note 10 - 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, 1997.



**HINTON, WARREN,  
DENNEY & WALLACE**

CERTIFIED PUBLIC ACCOUNTANTS  
THE SPENCE BLDG. SUITE 200  
640 SPENCE LANE  
NASHVILLE, TN 37217-1150  
(615) 366-5100

Partners  
DAVID C. HINTON, CPA  
ROBERT RAY WARREN, CPA  
WILLIAM H. DENNEY, CPA  
LARRY BRUCE WALLACE, CPA

Members  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

To the Executive Committee of the  
Women Nationally Active for Christ

We have audited the financial statements of the Women Nationally Active for Christ (an auxiliary of the National Association of Free Will Baptists) for the year ended December 31, 1997, and have issued our report thereon dated February 17, 1998. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated December 3, 1997, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Women Nationally Active for Christ. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Women Nationally Active for Christ are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1997. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

To the Executive Committee of the  
Women Nationally Active for Christ  
Page two

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Organization that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Organization's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Executive Committee, and management of the Women Nationally Active for Christ and should not be used for any other purpose.

Very truly yours,

HINTON, WARREN, DENNEY & WALLACE

*Hinton, Warren, Denney & Wallace*

February 17, 1998

## Gifts to Missions/Missionary Objectives

January 1, 1997 to December 31, 1997

### Cash Gifts

Foreign Missions		\$229,578.15
Sent through WNAC	182,491.59	
Sent direct to department	47,086.56	
Home Missions		106,153.36
Sent through WNAC	106,153.36	
Sent direct, not available		
Bibles colleges		7,926.04
Memorial Student Loan Fund		1,836.66
Other Gifts		16,727.20
Foreign Student Scholarship	1,787.28	
Mission Objectives	14,939.92	
Provision Closet		8,918.49
WNAC operating expense		115,335.41
Co-Laborer Offering	23,732.29	
Emphasis Offering	8,847.88	
Endowment Trust Fund	1,185.24	
Dues	81,570.00	

### Non-Cash Gifts

Provision Closet	44,600.00
------------------	-----------

Total Cash and Non-Cash Gifts \$531,075.31

### 1997 Top Ten Contributors to WNAC

General Fund Offering		Emphasis Offering		Combined	
1. Arkansas	\$3,221.15	1. Arkansas	\$1,581.85	1. Arkansas	\$4,803.00
2. Tennessee	3,113.66	2. Tennessee	1,411.08	2. Tennessee	4,524.74
3. Missouri	1,999.86	3. South Carolina	1,308.71	3. Missouri	2,830.58
4. Georgia	1,918.54	4. Missouri	830.72	4. Georgia	2,457.54
5. Oklahoma	1,558.66	5. Alabama	743.00	5. Oklahoma	2,187.64
6. North Carolina	1,534.94	6. Oklahoma	628.98	6. South Carolina	1,794.75
7. Ohio	1,108.04	7. Georgia	539.00	7. North Carolina	1,741.54
8. Alabama	890.75	8. Virginia	400.00	8. Alabama	1,633.75
9. Illinois	770.20	9. Ohio	310.00	9. Ohio	1,418.04
10. California	690.83	10. Florida	268.19	10. Virginia	1,003.80



## WNAC Salary Breakdown

### Executive Secretary-Treasurer

	1997	1998	1999
Salary	\$32,740.92	\$32,740.92	\$32,740.92
Social Security	2,552.85	2,552.85	2,552.85
Retirement	1,668.53	1,668.53	1,668.53
Insurance	2,683.32	2,926.81	3,208.62
Travel/Life	248.00	248.40	270.00
Hospital	2,249.40	2,474.34	2,718.22
Dental	185.52	204.07	220.40
Christmas Bonus	629.63		
<b>Total Salary and Benefits</b>	<b>\$40,275.25</b>	<b>\$40,518.74</b>	<b>\$40,800.55</b>

### Executive Assistant

Salary	\$21,772.40	\$22,641.32	\$23,547.00
Social Security	1,697.52	1,764.66	1,836.07
Retirement	1,109.56	1,153.84	1,177.35
Insurance	2,373.00	2,593.74	2,973.40
Life	165.60	165.60	193.20
Hospital	2,021.88	2,224.07	2,559.80
Dental	185.52	204.07	220.40
Christmas Bonus	418.70		
<b>Total Salary and Benefits</b>	<b>\$27,371.18</b>	<b>\$28,588.97</b>	<b>\$29,987.65</b>

### Editor

Salary	\$20,467.20	\$21,286.20	\$22,137.65
Social Security	1,595.85	1,627.14	1,758.66
Retirement	625.83	638.59	664.13
Insurance	2,373.00	2,593.74	2,960.20
Life	184.80	165.60	180.00
Hospital	3,360.00	2,224.07	2,559.80
Dental	216.00	204.07	220.40
Christmas Bonus	393.60		
<b>Total Salary and Benefits</b>	<b>\$25,455.48</b>	<b>\$26,555.02</b>	<b>\$27,946.36</b>

### Bookkeeper

Salary	\$16,920.80	\$17,766.84	\$18,477.61
Social Security	1,319.17	1,358.14	1,440.71
Retirement	517.28	543.26	554.33
Insurance	2,600.52	2,844.01	3,131.32
Life	184.80	165.60	193.20
Hospital	3,360.00	2,474.34	2,718.22
Dental	216.00	204.07	220.40
Christmas Bonus	325.40		
<b>Total Salary and Benefits</b>	<b>\$21,683.17</b>	<b>\$22,853.92</b>	<b>\$23,959.31</b>

## WNAC Receipts for January-December 1997

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		290.00	890.75	4,190.00	743.00	22.50		70.88	240.00		6,343.54	611.80	9,644.69	2,242.04	134.00	25,423.20
Arizona				260.00				26.69			10.00	43.00	40.00			379.69
Arkansas		294.00	3,221.15	8,210.00	1,581.85			22.99	311.00	678.94	2,515.27	2,105.94	18,374.15	1,576.50	182.00	58,491.66
California			690.83	1,950.00	100.00					170.00	1,291.67	508.60	1,344.50	636.63		6,692.23
Colorado			300.00	60.00							150.00		300.00			810.00
Florida		40.63	359.40	1,750.00	268.19	450.00		2.25	16.20	275.00	2,763.97	1,089.87	1,932.65	490.00	170.00	9,608.16
Georgia		663.50	1,918.54	4,870.00	539.00			178.06	193.00	113.00	16,236.98	1,638.30	3,270.82	1,181.92	95.00	30,898.12
Illinois		5.00	770.20	2,060.00	110.00	25.00		74.76		350.00	8,065.71	123.00	9,211.81	180.00	15.00	20,990.48
Indiana				740.00	108.75		259.53				432.28		634.06			2,174.62
Iowa			40.00				200.00									240.00
Kansas		10.00	25.00	310.00	40.00		50.00	18.63		250.00	1,383.67	55.00	38.00	1,501.31	5.00	1,866.67
Kentucky		242.25	507.50	2,700.00	125.00					328.00	10,222.87	797.69	10,186.72		55.00	26,656.97
Maryland		583.00	360.00	770.00							1,156.24	459.06	2,150.00	690.00		4,313.06
Michigan			560.00	2,490.00				158.59			1,566.24	2,471.00	1,338.24	80.00		5,783.07
Mississippi			531.20	1,670.00	51.00			23.97	25.00	440.00	2,755.00	1,253.88	3,592.67	1,525.00	105.00	13,189.84
Missouri		486.49	1,999.86	5,600.00	830.72	201.00		223.60		2,140.80	15,124.07	1,253.88	6,688.40	731.62	313.18	35,593.62
New Mexico			44.60	120.00	45.00						193.30	5.00	347.50			755.40
N. Carolina		3,005.31	1,534.94	6,740.00	206.60	86.00		72.30	51.00	118.75	15,161.64	529.67	3,623.16	651.01	206.07	31,986.45
NW/Wash.																0.00
Ohio			1,108.04	2,920.00	310.00			119.45		485.00	10,441.14	1,857.66	3,444.37	658.78	51.05	21,395.49
Oklahoma			1,558.66	18,280.00	628.98	243.74		54.98	155.00	827.00	18,938.26	1,956.92	11,532.56	1,055.00	86.00	55,317.10
South Carolina		112.00	486.04	5,670.00	1,308.71		194.00	20.38		1,780.00	11,965.63	1,347.35	11,378.10	261.75	266.00	34,789.96
Tennessee		968.86	3,113.66	4,790.00	1,411.08	145.00	337.52	463.96	796.08	678.00	13,679.51	2,234.60	7,621.49	1,349.64	128.36	37,717.76
Texas		1,275.00	326.40	1,890.00	40.00	12.00	50.00	0.87		125.00	1,795.10	905.19	112.36	103.72		6,585.64
Virgin Islands				120.00							10.00					130.00
Virginia			603.80	1,450.00	400.00		125.00	23.31		159.00		172.05	672.83	25.00	25.00	3,555.99
West Virginia			10.00	1,960.00							755.00		25.00			2,875.00
Retreat											584.29		584.28			1,716.86
<b>1997 Totals</b>	<b>\$19,417.87</b>	<b>\$7,976.04</b>	<b>\$20,960.57</b>	<b>\$81,570.00</b>	<b>\$8,847.88</b>	<b>\$1,185.24</b>	<b>\$1,216.05</b>	<b>\$1,555.67</b>	<b>\$1,787.28</b>	<b>\$8,918.49</b>	<b>\$142,872.14</b>	<b>\$20,165.58</b>	<b>\$106,153.36</b>	<b>\$14,939.92</b>	<b>\$1,836.66</b>	<b>\$440,521.32</b>



## Women Nationally Active for Christ

Suggested Budget  
For the Year Ending December 31, 1999

### Estimated Income

*General Fund Offering	\$35,000.00
Convention Offering	1,500.00
Convention Expense Gift	8,000.00
Delegate Fees	500.00
Dues	75,000.00
Interest Income	5,000.00
Literature Sales	16,000.00
Magazine Subscriptions	80,375.00
Miscellaneous	1,000.00
Rest of the Family Offering	2,000.00
WNAC Emphasis Offering	14,000.00
<b>Total Income</b>	<b>\$238,375.00</b>

### Estimated Expense

Salaries	\$96,903.00
Employee Benefits	25,839.00
Payroll Tax Expense	7,636.00
Employee Retirement	4,064.00
Health and Life Insurance	12,274.00
Christmas Bonus	1,865.00
Insurance—General & Workers' Compensation	1,000.00
Legal and Professional Services	4,500.00
Convention Expense	8,000.00
Executive Committee Expense	3,570.00
Co-Laborer Magazine Expense	37,463.00
Mailing	3,000.00
Miscellaneous	500.00
Printing	29,463.00
Postage	4,500.00
Miscellaneous Expense	3,000.00
Office Rent	24,600.00
Office Supplies and Materials	3,000.00
Phone	2,000.00
Postage	4,500.00
Printing	7,500.00
Service Contracts	5,000.00
Subscriptions	200.00
Travel and Promotion	4,500.00
Continuing Education	2,000.00
Equipment (additions and repairs)	4,000.00
Special Projects	800.00
<b>Total Expense</b>	<b>\$238,375.00</b>

\*The WNAC Executive Committee approved changing the name Co-Laborer Offering to General Fund Offering, December 4, 1996.

## The General Board Report

The General Board of the National Association of Free Will Baptists met Monday, July 13, 1998, in the International Ballroom of the Doubletree Hotel, Tulsa, Oklahoma. As a result of this meeting we offer the following information and recommendations.

1. We heard the reports of WNAC, the Historical Commission, Executive Office, Board of Retirement, Free Will Baptist Foundation, Master's Men Department, Music Commission, Home Missions Department and Church Extension Loan Fund, Media Commission, Sunday School and Church Training Department, Foreign Missions Department, Free Will Baptist Bible College, Commission for Theological Integrity, and Ministerial Family Life Committee. We recommend that the reports be received and the budgets adopted as each is presented. We also recommend the adoption of the request in the Sunday School and Church Training report to allow them to change their fiscal year, and the request of the Ministerial Family Life Committee that they continue their work another year.
2. We recommend that we accept the invitation from West Virginia and meet in Charleston, West Virginia, for our national convention July 20-24, 2008.
3. We recommend that the Commission for Theological Integrity be reimbursed from the convention fund for money expended in their study of the Promise Keepers movement in 1997. The amount is \$1,385.08.
4. We recommend that the Executive Office be the agency to handle disaster relief funds if and when the need arises.
5. We recommend that the national body return to the procedure given in the By-Laws with regard to the nominating committee. Such procedure is given on page 61 of the *Treatise*, Section 11, of the By-Laws, and is also mentioned in Section 23B, page 65.

### Report of the Ministerial Family Life Committee 1998

The Ministerial Family Life Committee has been working on "Step-by-Step Procedures" for discipline of Free Will Baptist local church members and Free Will Baptist ministers. At the present time, these plans are in the hands of an attorney for his examination. Our purpose for having these recommendations reviewed by an attorney is so we can have reasonable assurance that a trial conducted by these procedures would stand up in a court of law. When we receive these plans back from the attorney, we will meet and make the necessary revisions and have this report ready for the convening of next year's National Association.

The Ministerial Family Life Committee requests that we be given one more year so we can finish the work on these "Step-by-Step Procedures."

Leroy Forlines, Chairman  
Trymon Messer  
Larry Powell  
Eugene Waddell  
Ralph Hampton, Advisor  
Melvin Worthington, Advisor



## 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	

All fees paid or accounted for.

2. From the following district associations entitled to be represented by three delegates:

Arizona District Association	New Mexico District Association
Atlantic Canada Association	Northeast Association
First Colorado Association	Northwest Association
First District Association of New Jersey	

All fees paid except Mexico.

3. From the following local churches entitled to be represented by one delegate:

Waipahu — Hawaii	Virgin Islands
Cross Roads — Montana	West Madison — Wisconsin

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.

6. We recommend that the delegates from Mexico be seated if their fees are accounted for and letter received.

Signed, Committee  
Millard Sasser  
Mark A. Thomas  
Doice McAlister  
Thurmon Murphy

## Nominating Committee Report

	Terms
<b>Sunday School and Church Training Department</b>	
replacing Will Harmon	2004
replacing Edwin Hayes	2004
replacing Larry Clyatt	2004
<b>Home Missions Department</b>	
replacing Don Guthrie	1999
<b>Foreign Missions Department</b>	
replacing David Shores	2004
replacing James Forlines	2000
replacing Joe Grizzle	2004
replacing Dean Dobbs	2004
<b>Free Will Baptist Bible College</b>	
replacing Richard Bowers	2004
replacing Larry Powell	2004
replacing Doug Little	2004
<b>Master's Men Department</b>	
replacing Dwight Fletcher	1999
<b>Media Commission</b>	
replacing Steve Faison	2003
<b>Theological Integrity Commission</b>	
replacing Fred Hall	2003
<b>Music Commission</b>	
replacing Bill Gardner	2003
<b>General Officers</b>	
Moderator, replacing Carl Cheshier	1 year
Assistant Moderator, replacing Tim York	1 year
Clerk, replacing Waldo Young	1 year
Assistant Clerk, replacing Keith Burden	1 year
<b>Executive Committee</b>	
replacing Glen Johnson	2 years
replacing Jack Richey	2 years
replacing Charles Thigpen	2 years
<b>General Board</b>	
Alabama, replacing Richard Cordell	1 year
Georgia, replacing Herbert Waid	1 year
New Jersey	2 years
New Mexico	2 years
North Carolina	2 years
Northeast Association	2 years
Northwest Association	2 years
Ohio	2 years
Oklahoma	2 years
South Carolina	2 years
Tennessee	2 years
Texas	2 years
Virginia	2 years
West Virginia	2 years



## Resolutions

1. **Whereas**, Free Will Baptists believe and have affirmed that the Bible teaches that homosexuality is a sin, and **Whereas**, Senate Majority Leader Trent Lott has recently publicly stated this belief, and **Whereas**, the media ridiculed and attacked this position, questioning his claim that a majority of people have like feelings, **We, therefore, resolve** that the National Association of Free Will Baptists direct our clerk and encourage our people to write Senator Lott, thanking him for his stand. We re-affirm our position that homosexuality is a sin, yet we must seek to reach the homosexual with the gospel in a spirit of love.
2. **Whereas**, the Oklahoma State Association of Free Will Baptists have worked hard to host this 62nd annual convention of the National Association of Free Will Baptists, and **Whereas**, the people of Oklahoma have welcomed us to Tulsa for the convention, then **We, therefore, resolve** that we give a rising vote of appreciation to the Free Will Baptists of Oklahoma for their work and hospitality.

Respectfully Submitted,

Resolutions Committee  
Ernie Lewis, IL  
Tom Ballard, OK  
William Smith, GA  
Don Walker, MO  
Robert Prichard, OH

## 1998 Registration Report

The 1998 Tulsa Convention registered the following:

<b>National Convention</b>	
Ordained Ministers	4,108
Ordained Deacons	785
Licensed Ministers	166
Local Church Delegates	14
State Delegates	68
Home Missionaries	82
Foreign Missionaries	79
National Board Members	46
National Officers	19
Non-Delegates	14
<b>National Youth Conference</b>	<b>2,835</b>
<b>Women Nationally Active for Christ</b>	<b>2,035</b>
<b>Grand Total</b>	<b>963</b>
	<b>7,106</b>

## 1998 National Youth Conference Report

The 1998 National Youth Conference met for its 31st annual conference in Tulsa, Oklahoma, July 12-15. The theme of *Faith Works* was emphasized in many ways. A total of 2,035 participants were registered.

A total of 558 competitive entries were conducted during the four day conference, with a total of 1,344 young people participating in the competitive activities. A complete list of NYC winners will be sent to each state office, but a special recognition of Mr. Marlin Saint, whose Red Bay, Alabama Bible Bowl team experienced its seventh consecutive win!

Worship services were conducted for Preschool (ages 3-5), with an average of 75 attending, Children (1st-3rd grade) and Tweeners (4th-6th grade) with an average of 375 attending, and Youth (7th-12th grade) with an average of 1,400 attending Sunday Morning and Sunday through Tuesday nights. Over 300 decisions were made.

Over 350 students participated in Touching Tulsa with Love, our area service projects. The five service project opportunities were a daytime shelter for the homeless, the Tulsa Food Bank, Goodwill Industries, a women's and children's shelter, and an outreach program for underprivileged children. Individuals and entire youth groups joined the projects.

A total of 33 Faith Builder Seminars were presented during the conference for children, youth, and youth workers.

Over 1,200 Love Boxes, containing school supplies and personal hygiene items were donated by youth and adults from across the country. These were presented to Larry Jones of Feed the Children during our Monday evening worship service, who in turn donated them to a Tulsa area street children's outreach program.

The 32nd annual National Youth Conference is scheduled for Atlanta, Georgia, in July 1999 where our theme will be *No Wall Too High*, II Samuel 22:30, which says with my God I can scale a wall!



## Obituary Committee Report

We, the Obituary Committee, want to recognize the following as faithful followers of the Lord Jesus Christ and commend them as servants of our Free Will Baptists churches and denomination. They have gone to be with the Lord, and we would like for everyone to honor them, while standing, with a moment of silent prayer, followed by an audible prayer of thanksgiving for them.

Len Blanchard, Chairman  
Henry Van Kluyve  
J. L. Gore  
Lester Horton  
Herbert Waid

### Alabama

Clyde M. Blanchard  
James Beasley, Deacon  
Arnold Harper, Deacon  
Johnnie Daugherty  
Ruth Walton  
Palmer Winsett  
Trellis Mayhall, Minister  
Houston Ham

### Arkansas

Don Guthrie, Minister  
Charles Davis, Minister  
Norman Melton  
Bea Hooper  
Sheila Johnson  
Randy King  
J. C. Elsberry, Deacon

### Florida

Bill George, Minister  
Willie "Ted" Davis, Deacon

### Georgia

Robbie Griffin, Deacon  
John Henry Ivy, Deacon  
Tom Carlton, Deacon  
Jimmy Rockmore, Deacon  
Richard Roberts, Deacon  
Hazel Cartey  
Fletcher Moss  
Odell Colvin  
Pauline Mallard  
Paul Murphy  
Nora Weeks

Fannie Mizzell  
Duncan Coursey  
Leroy Lowe, Deacon  
Florine Nobles  
Berta Duncan  
Lucille Douglas  
Oscar Dykes  
Cleo Morris  
Genie Morris  
Inez Barthelemy  
Ronnie Barthelemy  
Adam Powell  
Jeffie Arnold  
Abbie Calhoun, Deacon  
Horace Lovering, Deacon  
Junior Williams  
Calista Cofty

### Maryland

Riley Hensley, Minister  
Winford Brown

### Michigan

Bess Lusk

### Mississippi

Millie Wright  
Edna Lindsey  
Hubert Lester  
Mel Horne, Jr., Deacon

### New Mexico

Mary Fields  
Clifford Grogan

### New Jersey

George Messer  
Winford Brown

### North Carolina

Franklin Ray Thomas  
Charles W. Brown, Minister  
Sadie Flanagan  
Clyde Nations, Minister

### Ohio

Hobert Ashby, Minister

### Oklahoma

Robert Mantooth, Minister  
Jennifer Field

### South Carolina

Jason Bennie Turner, Minister  
Euzeal S. Jordan

### Tennessee

Steve Hasty, Minister  
Guy Foster  
John Robert "Bob" Salyer, Deacon

### Texas

Lee Roy Anderson, Sr.

### Virginia

George Mende

### Foreign Missionaries

Mabel Willey, TX  
Marie Hanna, India  
Archie Mayhew, CA  
Don Sexton, TN  
Daniel Cronk, TN



## Budget Committee Report

The National Association of Free Will Baptists, Inc. has approved in this convention the following budgets for 1999:

Executive Office	\$ 604,358.15
Free Will Baptist Bible College (Includes \$1,200,000.00 in unrestricted gifts)	4,137,724.00
Foreign Missions (Does not include \$776,350.00 Vision Projects)	5,565,821.10
Home Missions	3,500,000.00
Master's Men	150,150.00
Retirement and Insurance	361,014.00
Free Will Baptist Foundation	119,325.00
Sunday School and Church Training	3,263,383.15
Commission for Theological Integrity	2,800.00
Historical Commission	4,375.00
Music Commission	7,100.00
Media Commission	18,675.00
<b>Total</b>	<b>\$ 17,734,725.40</b>

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%
Media Commission	0.5%
<b>Total</b>	<b>100.0%</b>

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  
Tom Dooley, General Director of Master's Men Department  
Alton Loveless, General Director of Sunday School and Church Training Department

## Statistical Report Reporting Period 1997-1998

	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	170	168	64	104	80	87	489	19,128	765	391	374	19,502	18,479	2,396,513
Arizona	1	1	9	9	8	1	4	5	27	224	62	24	38	262	247	355,775
Arkansas	15	15	216	203	91	125	94	98	817	19,887	1,375	593	782	20,669	19,701	7,979,797
California	8	8	60	56	50	10	43	17	414	2,951	397	243	154	3,105	3,209	2,600,637
Canada	1	1	9	9	4	6	5	5	10	323	8	11	(3)	320	259	295,402
Colorado	1	1	6	4	6		1	4	33	355	42	43	(1)	354	143	159,456
Florida	8	8	68	61	35	33	41	27	457	5,385	406	190	216	5,601	5,730	2,042,583
Georgia	10	10	121	121	46	75	84	37	223	9,882	503	233	270	10,152	9,906	3,923,023
Hawaii			1	1	1		1		18	23	18		18	41	40	74,660
Idaho	2	2	7	7	7		4	3	38	172	49	10	39	211	256	112,030
Illinois	7	7	46	45	23	22	21	15	167	4,085	166	104	62	4,147	3,606	2,053,467
Indiana	3	3	24	24	8	16	13	9	145	1,300	155	68	87	1,387	1,697	
Iowa													0	0		
Kansas	2	2	8	8	8		2	4	21	164	14	20	(6)	158	135	119,316
Kentucky	10	10	151	149	39	111	47	102	945	16,464	889	658	231	16,695	16,648	2,278,841
Louisiana	1	1	3	2	2	1	2	1	10	49	16		16	65	106	59,372
Maryland	3	3	25	24	12	13	16	8	313	1,608	239	79	160	1,768	1,768	1,179,869
Mexico													0	0		
Michigan	6	6	46	43	27	6	19	11	119	3,192	252	96	156	3,348	3,544	703,895
Mississippi	4	4	52	45	12	40	27	16	168	3,317	228	104	124	3,441	3,934	1,410,540
Missouri	17	17	183	172	85	98	70	102	575	14,340	855	450	405	14,745	14,813	6,080,015
Montana			1	1	1		1		2	10	0		0	10	10	
New Jersey	1	1	4	3	3	1	4				8	8	0	0	110	
New Mexico	1	1	4	4	3	1	1	2	9	70	23	4	19	89	84	68,650
North Carolina	8	8	188	149	60	47	91	17	1,370	18,425	1,826	913	913	19,338	23,341	13,336,024
Northeast Assoc.	1	1	5	5	1	4	5		7		8	3	5	5	238	
Northwest Assoc.			6	5	6		3	2	37	299	35	6	29	328	328	246,590
Ohio	19	19	149	146	66	83	43	99	902	10,420	912	454	458	10,878	10,194	4,565,529
Oklahoma	22	22	244	236	152	90	141	90	844	21,973	1,641	549	1,092	23,065	23,369	9,971,282
Puerto Rico													0	0		
South Carolina	7	7	118	114	53	65	102	16	528	6,998	667	244	423	7,421	8,987	3,684,401
South Dakota										78			0	78		
Tennessee	8	7		175	90	119	130	69	470	18,316	1,172	480	692	19,008	19,461	4,191,721
Texas	6	4	49	40	25	15	22	16	134	2,315	248	94	154	2,469	2,590	2,613,380
Virgin Islands	1	1				1	1		28	230	44	73	(29)	201	201	86,000
Virginia	6	6	87	86	23	64	24	63	279	5,770	387	200	187	5,957	5,779	1,160,870
West Virginia	20	20	181	181	30	151	88	93	564	10,844	679		679	11,523	11,523	1,559,217
Wisconsin			1	1	1		1		6	56			0	56	25	13,205
<b>Totals</b>	<b>213</b>	<b>210</b>	<b>2,242</b>	<b>2,297</b>	<b>1,042</b>	<b>1,302</b>	<b>1,231</b>	<b>1,018</b>	<b>10,169</b>	<b>198,653</b>	<b>14,089</b>	<b>6,345</b>	<b>7,744</b>	<b>206,397</b>	<b>210,461</b>	<b>75,322,059</b>



## Statistical Report

### Reporting Period 1997-1998

	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	23	38	15,828,220	8,687	1,592	685	147	253	42	431	8	7	5	1		
Arizona	4	3	2,749,000	379	101	43	19	9		5						
Arkansas	50	67	140,436,340	12,565	2,580	1,169	167	335	58	532	2	4	3			882,308
California	26	23	21,417,959	4,101	266	290	45	95	31	97		5	5		1	1,172,679
Canada	2	3	1,232,967	328	30	89		4	3	12						
Colorado			550,000	59				5		2						
Florida	26	38	13,972,300	3,240	586	528	220	116	18	139	5	2	2			
Georgia	50	55	26,581,658	5,298	1,032	692	117	152	21	408	2	2	2			
Hawaii	1	1	3,500,000	42	33			1	1	1						3,500,000
Idaho	3	3	650,000	304	12	7		10	3	6						
Illinois	21	15	11,611,000	2,582	444	329	100	68	11	107		1	2			855,000
Indiana		10	5,000,000	855	95	168	93	42	4	58	1	2	2			
Iowa																
Kansas	2	1	2,025,990	191		33	11	6		4						
Kentucky	14	6	13,637,000	8,306	1,044	600	27	398	27	374	1			1		
Louisiana	1		500,000	60			3	4			1					
Maryland	16	7	9,008,696	1,555	44	174	222	38	7	37						
Mexico																
Michigan	9	10	6,477,584	1,904	63	243	51	75	5	59	1					
Mississippi	9	25	6,607,400	2,398	743	259	85	58	14	118	1	2	2	1		
Missouri	36	44	30,726,297	8,978	1,040	808	196	281	33	363	5	6	6	4		450,000
Montana			150,000	25				1			1					
New Jersey	1	1						5	1	1						
New Mexico	1	2	450,000	61		14	5	6		4						
North Carolina	82	45	36,704,000	13,448	1,404	1,171	239	247	58	468	12	14	14		1	
Northeast Assoc.		1		250	28	17	10	5		8						
Northwest Assoc.	2		2,500,000	277		18		5		3			1	1		
Ohio	29	26	30,049,561	9,197	459	742	75	324	23	267		1	1	1		311,018
Oklahoma	47	67	57,891,908	17,678	3,406	1,182	226	396	39	520	5	4	2		1	3,200,000
Puerto Rico																
South Carolina	45	35	7,581,320	6,532	1,114	767	448	175	9	154		4	5	5		150,000
South Dakota																
Tennessee			34,829,450	11,709	1,286	839	147	380	84	522	5	1	2	1	1	
Texas	13	11	6,370,105	1,382	161	251	37	59	14	76						
Virgin Islands	1	1	2,350,000	180		16	8	2		2	1	1	1			
Virginia	13	5	16,325,416	3,551	495	494	77	190	7	262	1	2	2			
West Virginia	11	14	15,921,100	9,722	678	887	59	421	25	360	1	1	1			
Wisconsin	1			23				1	1							
<b>Totals</b>	<b>539</b>	<b>557</b>	<b>523,635,271</b>	<b>135,867</b>	<b>18,736</b>	<b>12,515</b>	<b>2,834</b>	<b>4,167</b>	<b>539</b>	<b>5,400</b>	<b>53</b>	<b>59</b>	<b>58</b>	<b>15</b>	<b>4</b>	<b>10,521,005</b>